

SARAH A. POLWORTH

DIRECTOR
VENDOR RELATIONS

To: All SFA Vendors of Clothing and Other Products
From: Sarah Polworth
Date: November 2011
Re: Important Reminder Re Fair Labor Standards Act Requirements

To Our Valued Business Partners

Our Company is committed to ensuring that the products we sell are produced in compliance with all applicable laws and regulations and that our vendors satisfy their obligations under the Fair Labor Standards Act ("FLSA") as well as all other applicable state and local laws and regulations regarding minimum wages and overtime pay provisions with respect to goods produced and/or sourced in the U.S. Under applicable law, the U.S. Department of Labor ("DOL") may designate merchandise that is not produced in compliance with the FLSA to be "hot goods" and to bar them from shipment and sale. We expect all of our vendors to share this commitment and to take the necessary actions to confirm that their respective suppliers, contractors and subcontractors understand that they too are to ensure compliance with the FLSA where it applies with respect to all merchandise shipped to Saks. Vendors are also encouraged to take action to monitor and ensure compliance with such laws and regulations by their suppliers, contractors and subcontractors as well. This should include but not be limited to the following steps:

1. Confirm that you, your suppliers, contractors and subcontractors are aware of their obligations to comply with the FLSA and any other applicable wage and hour laws and regulations with respect to goods produced in the U.S.

2. Ensure that you, your suppliers, contractors and subcontractors monitor all practices as they relate to paying the proper minimum wage and overtime rates and maintaining accurate records of hours worked. Many vendors choose to rely upon an outside agency or dedicated employees tasked with these responsibilities.

3. Maintain legally required reports, which document that the goods produced for Saks are made in compliance with the FLSA and/or other applicable laws and regulations.

4. As applicable, discuss with your suppliers, contractors and subcontractors pricing of the cost of the labor needed to ensure that those who work on goods produced for our company will be paid properly and that the goods they are producing will be made in compliance with the FLSA under the terms of your arrangements with them.

5. You, your suppliers, contractors and subcontractors should each consider posting 1-800 numbers at your respective locations to ensure that employees working at each such location have the means to report minimum wage, overtime and child labor violations which could result in a finding of a "hot goods" violation if such goods were shipped to Saks for public sale.

Please be advised that Saks maintains the right to RTV any and all non-compliant merchandise at the vendor's expense.

Please consult your legal counsel if you have any questions about how these requirements apply to a particular product.

We thank you in advance for your cooperation and commitment to compliance with these requirements.

Best regards,

A handwritten signature in cursive script that reads "Sarah Polworth". The signature is fluid and elegant, with a prominent initial 'S'.

Sarah Polworth