

COLONY BRANDS / SC GLOBAL SOURCING POLICY ON COUNTRY OF ORIGIN AND ILLEGAL TRANSSHIPMENT

All partners must comply with applicable U.S. Customs and Border Protection import regulations and establish and maintain procedures and documentation to ensure accurate country of origin declarations, support production verification audits, and avoid illegal transshipment.

It is our expectation that all suppliers doing business with Colony Brands, Inc., or SC Global Sourcing (collectively “Colony Brands”) are fully aware of the importance of accurate country of origin declarations and consequences surrounding illegal transshipment. The reporting accuracy for country of origin of merchandise imported into the customs territory of the United States is important for several reasons. It can affect the rate of duty, the applicability of antidumping or countervailing duty orders, the eligibility for special programs, admissibility, quota, and marking requirements. For Customs purposes, unlawful transshipment involves claiming a false country of origin to circumvent quota, avoid paying higher duties such as antidumping or countervailing, or to receive benefits from special trade programs such as GSP.

Therefore it is important that the true origin of an item is correctly reported throughout the lifecycle of the product. This includes what is documented on the initial Finished Spec Pricing (FSP) quote including the listed manufacturing location, shipper’s letter of instruction (SLI), commercial invoices, origin certificates or other declarations; ongoing monitoring of changes to material input or production location that would affect the origin and product and package marking. If the product is not wholly manufactured by the supplier, the product is manufactured in multiple countries, or the supplier does not know the U.S. rules of origin to accurately determine the country of origin of their product they must contact Colony Brands Trade Compliance group for guidance, trade.compliance@colonybrands.com.

- Customs publication Rules of Origin:
http://www.cbp.gov/sites/default/files/documents/icp026_3.pdf

Based on Colony Brands’ internal audit criteria or in the event U.S Customs and Border Protection is not satisfied with the country of origin being claimed on the commercial documentation and makes an inquiry, the supplier must provide all documentation necessary to substantiate the country of origin claim. This includes, but is not limited to raw material inventory transactions, production records, timecards, inspection certificates, bills of lading, utility bills, and any other documentation that will assist us in proving the country of origin. As Customs’ response times are limited, we will require that the below documentation be emailed as well as sent via courier within 5 business days of agent/supplier receipt of our request.

Should a supplier factory be inspected by a U.S. Verification team or be under investigation by local authorities for transshipping violations, the Colony Brands’ Trade Compliance department must be notified regardless of the outcome. Notification is required within 3 business days of initiation of the investigation and must be in writing either by letter via courier or by email to trade.compliance@colonybrands.com.

PROOF OF PRODUCTION-GENERAL NON-PREFERENTIAL ORIGIN

The following documentation must be available on every shipment. Depending on the shipment and if requested by U.S. Customs and Border Protection, additional documentation may be required to back up our origin claim.

Please number each page clearly and provide a description for each document via e-mail or separate letter. Please translate documents into English for review by U.S. Customs and Border Protection.

- I. TIME LINE
 - a. Clear and detailed time lime prepared by the factory outlining the dates and details as outlined below. Time line should include the event (i.e. raw material purchase, processing, shipment, etc.), and the date it occurred in chronological order.

- II. RAW MATERIALS
 - a. Invoices from the supplier for the raw materials used in questioned shipment
 - b. Shipping documents from the raw material supplier to production factory
 - c. Clearance documentation of raw materials into country of production (Government Import License).
 - d. Additional documentation on labels, other materials incorporated on a case-by-case basis.

- III. PRODUCTION RECORDS
 - a. Internal Factory Production Order or Bills of Material

- b. List number and types of machinery available at production factory/List number of machines used in production
- c. Time cards of employees involved in Production Order with highlights of times employee worked on the order
- d. All production or assembly records. These should include records maintained on the factory floor describing the operations performed, employees performing the operations, and the dates the operations were performed.
- e. Proof of factory operation during time of production (e.g. electric bills)
- f. Proof of export from country of export

Additionally for textiles only:

- g. If production in multiple countries OPA (Outward Processing Arrangement) documentation.
- h. HKTD Production Notification of cut and sewn garments
- i. All shipping details documenting movement of fabric/knit panels/assembled and unassembled garments/finished garments between countries (must be able to trace by production number/PO, including Customs clearance records, detailed truck manifests)
- j. a. thru f. above for production in second country.

IV. SUB-CONTRACTOR RECORDS

- a. All of the same records as in C/Production Records for sub-contractor.

V. INSPECTION CERTIFICATES

- a. In-line inspection report
- b. Final inspection report

PROOF OF QUALIFICATION – GSP, NAFTA, AGOA, ATPDEA, ISRAEL, QUALIFYING INDUSTRIAL ZONE (QIZ), INSULAR POSSESSIONS, U.S.-SINGAPORE FREE TRADE AGREEMENT

In addition to the above General Origin requirements, every supplier, agent or factory working with product eligible for duty free treatment or reduced duty under a Preferential Trade Agreement (PTA) should maintain procedures detailing the qualification requirements of the PTA and documenting their internal procedures that prove the product is eligible for the benefits of the program.

COLONY BRANDS SC GLOBAL SOURCING COUNTRY OF ORIGIN VERIFICATION
QUESTIONNAIRE

All partners must comply with applicable U.S. Customs and Border Protection import regulations and establish and maintain procedures and documentation to ensure accurate country of origin declarations, support production verification audits, and avoid illegal transshipment.

It is our expectation that all suppliers doing business with Colony Brands, Inc., or SC Global Sourcing (collectively “Colony Brands”) are fully aware of the importance of accurate country of origin declarations and consequences surrounding illegal transshipment. Based on Colony Brands’ internal audit criteria or in the event U.S Customs and Border Protection is not satisfied with the country of origin being claimed on the commercial documentation and makes an inquiry, the supplier must provide all documentation necessary to substantiate the country of origin claim. This includes, but is not limited to raw material inventory transactions, production records, timecards, inspection certificates, bills of lading, utility bills, and any other documentation that will assist us in proving the country of origin.

The basic documentation we will always require is listed below. Depending on the shipment and if requested by U.S. Customs and Border Protection, additional documentation may be required to back up our origin claim.

Based on the product you are manufacturing / selling to our companies, please provide the following:

Name of Supplier: _____

Description of Items Being Produced: _____

Colony Brands’ SKU Numbers: _____

Name of Manufacturer (If Different): _____

Address of Manufacturer: _____

General Information

1. Please provide us with a profile sheet and photographs of the above said manufacturing facility. Please include facility size, number of employees, production capabilities, number of machines, product manufactured, etc.

Response:

General Production

2. Are the above said items wholly produced, manufactured, and/or assembled in the above said manufacturing facility? If no, then please explain. (Example – Origin of sub-assemblies, any outsource production, etc.)

Response:

Proof of Production

1. Please provide a clear and detailed time line prepared by the factory outlining the dates and details including raw material purchases, processing steps, testing, inventory transactions, etc. and the date they occurred in chronological order.

Response:

2. Please provide detailed information on the raw materials used in the production of our product(s). This includes but is not limited to:
 - a. Invoices from the supplier for the raw materials used in questioned shipment
 - b. Shipping documents from the raw material supplier to production factory
 - c. Clearance documentation of raw materials into country of production (Government Import License).
 - d. Additional documentation on labels, other materials incorporated on a case-by-case basis.

Response:

3. Please provide clear and detailed production records for our product(s). This includes but is not limited to:
 - a. Internal Factory Production Order or Bills of Material
 - b. List number and types of machinery available at production factory/List number of machines used in production
 - c. Time cards of employees involved in Production Order with highlights of times employee worked on the order
 - d. All production or assembly records. These should include records maintained on the factory floor describing the operations performed, employees performing the operations, and the dates the operations were performed.
 - e. Proof of factory operation during time of production (e.g. electric bills)
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- j. a. thru f. above for production in second country.

Response:

4. Please provide clear and detailed sub-contractor records for our product(s).

Response:

5. Please provide clear and detailed inspection records for our product(s). This includes but is not limited to:
 - a. In-line inspection report
 - b. Final inspection report

Response: