



January 1st, 2013

Subject: California Transparency in Supply Chains Act of 2010 – Disclosure for Colony Brands, Inc, Seventh Avenue, Inc., Ashro, Inc., and SC Global Sourcing, Inc.

In 2010, a law was passed in the State of California requiring companies to disclose what they are doing to address human trafficking in their supply chain. Referred to as SB 657, the California Transparency in Supply Chains Act seeks to “educate consumers on how to purchase goods produced by companies that responsibly manage their supply chain...to improve the lives of victims of slavery and human trafficking.”

Colony Brands, Inc., including its subsidiary and affiliate companies (hereinafter referred to as “Colony Brands”), does not own, operate, or manage any of the factories that manufacture its non-food merchandise – but instead purchases goods from hundreds of independent suppliers in the United States and throughout the world.

In selecting suppliers, Colony Brands tries to identify reputable companies that have the willingness and ability to conduct their business with high ethical, legal, and social standards as identified by Colony Brands in its *Supplier Code of Conduct*.

As such, Colony Brands prohibits any form of forced labor, including slavery and human trafficking in its supply chain. This is a zero tolerance issue. Should this concern ever be discovered within its supply chain, the manufacturer / factory would be subject to disciplinary actions up to and including possible termination of business.

Our disclosure statement below includes information on how we monitor our manufacturers for all forms of forced labor, including human trafficking and slavery, and how we’ve enhanced our program. The new California law only requires us to disclose our due diligence in these areas; however, we have added additional information to our disclosure statement about the steps we’ve taken to ensure there is no child labor in our supply chain.

We fully support the efforts of a growing number of federal, state, and local governments to eradicate the use of human trafficking, slavery, and child labor in the supply chain. The steps we have taken so far are part of our mission to fulfil our companies’ core values.

Below is our disclosure statement pursuant to the California Transparency in Supply Chains Act:

Disclosure Pursuant to California Transparency in Supply Chains Act of 2010 (SB 657)

The disclosure described below shall at a minimum disclose to what extent, if any, that Colony Brands does each of the following:

- a. **Acknowledgement of Standards** – Each of our suppliers is required to commit to us that they adhere to our Supplier Code of Conduct when confirming our Purchase Orders. Verification of a manufacturer’s adherence to our Supplier Code of Conduct is conducted internally. Colony Brands’ employees traveling to a manufacturing facility will report on their visit including the completion of an internal audit questionnaire (when applicable) that documents what Security, Quality Assurance, and Supplier Ethics programs the manufacturer has in place. Supplier and manufacturer visits may be conducted either announced or unannounced.



- b. **Risk-Based Assessment and Audits** – Colony Brands reviews its supplier base and assesses all current and potential suppliers to determine the level of risk associated with each supplier based on their location, manufacturer base, product, security standards, etc.
- c. **Non-Compliance** – Suppliers are required to comply with all applicable local and national laws and regulations of the jurisdictions in which they are doing business. In addition, suppliers will comply with all applicable United States laws, codes, regulations, and industry standards governing the manufacture, sale, labelling, branding, packaging, shipment, importation, and distribution of Colony Brands’ product.

If we believe that a supplier is not in compliance with our Supplier Code of Conduct, which includes the elimination of slavery and human trafficking, the supplier/manufacturer/factory will be subject to disciplinary actions up to and including possible termination of business.

- d. **Training Programs** - Colony Brands will actively train its applicable team members to identify and respond to supply chain risk issues, which include forced or child labor, as part of our sourcing and procurement process. Though risk awareness training was provided in previous years to multiple groups within the company, a more formal training program will be developed and implemented. Additional updates and refreshers will be provided as required.

Additionally, all employees are required to acknowledge and adhere to our Supplier Code of Conduct.

Colony Brands believes that the elements of the above approach will help prevent human trafficking and slavery within our supply chain. Should you have any feedback or questions, please direct them to the Colony Brands’ Global Compliance Group at 608-328-8747 (phone), 608-328-8846 (fax), or via email at michaelw@sccompanies.com.