



February 1, 2021

Subject: California Transparency in Supply Chains Act of 2010 – Disclosure for Colony Brands, Inc. and its retail subsidiaries

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. and its retail subsidiaries (hereinafter collectively referred to as “Colony Brands”), does not own, operate, or manage any of the factories that manufacture a majority of 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 businesses with high ethical, legal, and social standards as identified by Colony Brands in its [Supplier Code of Conduct](#), which is part of Colony Brands’ supplier requirements. Colony Brands endeavors to have all suppliers sign and acknowledge “Colony Brands’ Policy on Combatting Forced Labor in the Supply Chain” supporting the International Labour Organization’s (ILO) Declaration on Fundamental Principles and Rights at Work and the United Nation’s Universal Declaration of Human Rights.

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. **Verification** - Verification of a manufacturer’s adherence to our Supplier Code of Conduct and contractual obligations is conducted internally and/or by third parties. Colony Brands’ employees or designated third parties traveling to a manufacturing facility will report on their visits, including the completion of an internal audit questionnaire (when applicable) that documents what Security, Quality Assurance, and Supplier Ethics programs each manufacturer has in place (i.e. anti-human trafficking & anti-slavery). Supplier and manufacturer visits and/or audits may be unannounced.
- b. **Risk-Based Assessment and Supplier Audits** – Colony Brands and/or designated third parties, conduct random audits of Suppliers to evaluate their compliance with company standards for anti-human trafficking and anti-



slavery in its supply chain. Supplier and manufacturer visits and/or audits may be unannounced. If corrective actions are needed, Colony Brands will work with the Supplier to make necessary improvements. If Suppliers cannot maintain compliance, they will be subject to disciplinary actions up to and including possible termination of business.

- c. **Certification / Acknowledgement of Standards** – Each of our Suppliers is required to commit to us that it adheres to our Supplier Code of Conduct when confirming our Purchase Orders. The Code of Conduct specifically addresses compliance with U.S. laws regarding prohibition of forced labor, slavery, and human trafficking. Our expectations are communicated to prospective Suppliers during the on-boarding process. Suppliers must agree to read, understand and comply with the [Supplier Code of Conduct, and we seek written acknowledgement of compliance](#). All allegations of violations of the Supplier Code of Conduct are investigated and appropriate responsive action taken.
- d. **Internal Accountability & Non-Compliance** – Employees are required to comply with the company’s Conflict of Interest policy, which requires employees to represent the company in a positive and ethical manner. It also requires all employees to follow all company policies and procedures while performing their work to the highest standards. Failure to follow the company policy will result in disciplinary action, up to and including termination of employment. Suppliers’ and Colony Brands’ employees are encouraged to contact us with any questions or concerns regarding our requirements and are expected to report any violations of the Supplier Code of Conduct and Conflict of Interest policies.
- e. **Training Programs** - Colony Brands actively trains its applicable team members to identify and respond to supply chain risk issues, which include policies prohibiting human trafficking and slavery, as part of our sourcing and procurement process. Additional updates and refreshers will be provided as required.

Additionally, key employees are required to take Supplier Code of Conduct training on an annual basis.

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 legal@sccompanies.com