

February 2<sup>nd</sup>, 2009

Dear Valued Suppliers:

Thank you for being a part of our Supplier family. Our Supplier relationships have always played a valuable part in our business. Maintaining strong partnerships with our Suppliers allows us to provide our customers with quality products and services.

Our companies maintain Supplier Compliance Manuals ([www.theswisscolony.net](http://www.theswisscolony.net)) that outline our policies, procedures, and expectations of the Suppliers that do business with us. These Supplier Compliance Manuals are vital parts of our quality initiative. We require your support so that we may reduce shipping costs, product damages, and replacements by designing the best quality product with highly protective packaging. Our goal is to receive shipments that can be placed directly into stock upon receipt and to fulfill our customers' orders as quickly as possible.

Recently, our Supplier Compliance Manuals have been revised / enhanced. These newly updated documents contain a comprehensive list of what we expect from all of our Suppliers, as well as what our Suppliers can expect from us.

Please find below the major changes as identified in the February 1<sup>st</sup>, 2009 update to the manuals. *Note, however, the **full manual** for each company to which you sell products should be reviewed in its entirety for compliance purposes.*

Major Updates / Revisions

- a. The **Purchase Order and Corresponding Purchase Order Documents** (See the Appendix) have been updated. Please review this section in its entirety.
  - i. Updated Purchase Order Transmittal Letter
  - ii. Updated Purchase Order Format
  - iii. Updated Purchase Order Terms and Conditions
  - iv. Updated Standard Purchase Order Requirements – Domestic Shipments
  - v. Updated Standard Purchase Order Requirements – International Import Shipments
  
- b. The **Quality Assurance Requirements and Product Specifications Section** has been updated. Please review this section in its entirety.
  - i. Updated information regarding the Consumer Product Safety Improvement Act (CPSIA)
  - ii. Updated US Regulations and Industry Standards by Product Category chart (Carb, CA Title 17)
  - iii. Updated Supplier Expectations Information
  - iv. Updated list of US Laws and Regulations reference websites (Carb, CA Title 17)
  - v. Updated Defective Products, Warranty Violations, and Product Specifications Violation Chargeback Fee Schedule
  
- c. The **Packaging and Labeling Requirements Section** has been updated. Please review this section in its entirety.
  - i. Updated Package Testing section that includes both Small Package and Large Package Test Procedures (Seventh Avenue Only)

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- ii. Small Package and Large Package Test Procedures links on the Supplier Compliance Homepage for Seventh Avenue -- <http://www.theswisscolony.net/samannual.htm>
  - iii. Updated Package Tests Required by Product Chart (Seventh Avenue)
  - iv. Ashro Wig and "Do Not Remove" Tag Examples (Ashro)
- d. The **Chargebacks Section** has been updated in the Appendix. Please review this section in its entirety.
- i. Updated Distribution Center Handling Charges / Chargeback Fee Schedule

**Note that the New Chargeback Fees will go into effect for all Shipments Received in our Facilities Beginning March 1<sup>st</sup>, 2009.**

Please read the Supplier Compliance Manual for each company to whom you sell products carefully and copy/forward this memo to the appropriate parties within your company and/or companies that you represent. If a shipment is received that does not conform to our requirements, chargebacks could result.

Should you have any questions, please contact your respective Inventory Manager or Buyer – or one of the primary contacts as identified in the Supplier Compliance Manuals.

Thanks in advance for your assistance.

*The Swiss Colony*

SEVENTH AVENUE

ASHRO®