TRADE COMPLIANCE AT BRIGGS & STRATTON CORPORATION
FOCUS ON EXPORTS

Presentation for:
Wisconsin International Trade Conference

Grant Smith LCB
Global Trade Compliance Manager
5/09/2018
AGENDA

• WHO IS BRIGGS & STRATTON? (BRANDS, PRODUCTS, LOCATIONS)

• WHERE DOES TRADE COMPLIANCE FIT AT BRIGGS?

• DEPARTMENT STAFFING, LEGAL AND LOCAL SUPPORT

• WHO DOES TRADE COMPLIANCE SUPPORT?

• WHAT PROGRAMS DO WE PARTICIPATE IN?

• TRADE COMPLIANCE MANUAL & SOFTWARE

• TRADE COMPLIANCE OUT REACH & TRAINING
Briggs & Stratton Corporation (NYSE: BGG), headquartered in Milwaukee, Wisconsin, is focused on providing power to get work done and make people’s lives better. Briggs & Stratton is the world’s largest producer of gasoline engines for outdoor power equipment, and is a leading designer, manufacturer and marketer of power generation, pressure washers, lawn and garden, turf care and job site products through its Briggs & Stratton®, Simplicity®, Snapper®, Ferris®, Vanguard™, Allmand®, Billy Goat®, Murray®, Branco® and Victa® brands. Briggs & Stratton products are designed, manufactured, marketed and serviced in over 100 countries on six continents. These products are sold through consumer home centers, department stores, mass merchants, warehouse clubs, independent dealers and online. In fiscal 2017, Briggs & Stratton Corporation reported $1.79 billion in sales.
Global Footprint

Global Coverage and Investment

5 Regional Headquarters
16 In-country Sales Offices – AE, CA, DE, CZ, FR, GB, IN, IT, MX, MY, NL, NZ, PL, RU, SE, ZA
Over 40,000 Service Dealers Worldwide
OUR PRIMARY BRANDS

- Briggs & Stratton
- Simplicity
- Snapper
- Ferris
- Vanguard
- Murray
- Victa
- Allmand
- Branco
- Billy Goat
## Products

### Yard Care Products

<table>
<thead>
<tr>
<th>Walk &amp; Ride Mowers</th>
<th>Handheld</th>
<th>Snow</th>
<th>Chore/Specialty</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="mowers.png" alt="Mowers" /></td>
<td><img src="handhelds.png" alt="Handhelds" /></td>
<td><img src="snowblowers.png" alt="Snowblowers" /></td>
<td><img src="chore_specialty.png" alt="Chore/Specialty" /></td>
</tr>
</tbody>
</table>

### Utility Products

<table>
<thead>
<tr>
<th>Power Generation</th>
<th>Outdoor Cleaning</th>
<th>Water Pumps</th>
<th>Jobsite</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="generators.png" alt="Generators" /></td>
<td><img src="cleaners.png" alt="Cleaners" /></td>
<td><img src="water_pumps.png" alt="Water Pumps" /></td>
<td><img src="jobsite.png" alt="Jobsite" /></td>
</tr>
</tbody>
</table>
WHERE CAN I FIND YOUR PRODUCTS?
WE SELL TO OEM’s, DISTRIBUTORS, RETAILERS

THE HOME DEPOT
LOWE’S Hardware
Husqvarna
Walmart
MILLS FARM
CRAFTSMAN
BLAIR’S FARM & FLEET
ACE Hardware
SEARS
MENARDS
BRUTE
POWER EQUIPMENT DIRECT
TROY-BILT

LAWN AND GARDEN CENTERS AROUND THE WORLD
WHERE DOES TRADE COMPLIANCE FIT AT BRIGGS?
WHO DOES TRADE COMPLIANCE SUPPORT?

GLOBAL SUPPLY CHAIN STRATEGIC PLAN
Supporting the Enterprise Strategy

Providing the principles, tools, and processes to generate value in the supply chain, enabling every division of Briggs & Stratton to achieve its goals and objectives.

OUR VISION
Deliver a distinctive competitive advantage in supporting company aspirational targets

- Innovation and quality
- Total cost reduction
- Asset optimization
- In Time

OUR MISSION AS AN INTEGRATED FUNCTION
Support enterprise critical initiatives, functional excellence & optimization

- Profitable Perfect Orders
- Planning Excellence
- Sourcing Excellence
- Logistics Excellence
- Distinctive Supplier Quality

Supply Chain Principles
Define how we operate with suppliers, and each other, to achieve our business goals

- Integrity in everything
- Innovation and value created from the beginning
- Mutually beneficial relationships
- Team ego vs me ego
- Expect greatness

STRATEGIC PISTONS
Further develop Supply Chain capabilities
Essential to reaching enterprise goals

Engaged and inspired Global Team

- Diverse and Inclusive Global Team
- Centers of Excellence
- Digital Workforce
- Emotional Fortitude
- 24 / 7 / 365 Engagement

Supply Base Excellence

- Sourcing Strategy
- Strategic Relationship Management
- Cost Leadership
- Part Life Cycle Management
- Supplier Innovation

Digital Supply Chain

- Future State Technology Strategy
- Data and Analytics
- Process Innovation
- Common Tools and Processes
- Supplier Innovation

Integrated Order Fulfillment & Logistics

- Inbound Process Execution
- Global Trade Compliance
- Zero Dwell Time
- Real Time Track, Trace & Display
- Fair Freight for Customers

Contract Manufacturing Integrated Business Planning

- Strategic Partnership
- Information Sharing
- Act as One
- Extreme Quality
- 4-24 month, 1 - 120 days, daily
- Supply = Demand
- Inventory Optimization
- Forecast Accuracy

TRADE COMPLIANCE SUPPORTS CUSTOMERS, SUPPLIERS, PARTNERS (BROKERS, FORWARDERS, GOVERNMENT AGENCIES)
BRIGGS WENT THROUGH A RISK ANALYSIS EXERCISE
(Created in house using various models public/private)

**Key Risk (1):**
Complex global import/export regulations and Briggs & Stratton’s decentralized approach to handling trade compliance and its focus on new technologies (i.e. lithium batteries) and customer channels could decrease efficiency and increase cost within our supply chain and go-to-market processes.

**Update / Situation:**
- HS Classification
- Regulatory
- Government

**Mitigation:**
- Denied Party Screening
- Real time tracking:
  - Manage in event of emergency; hurricane, strike etc.
  - Manage Mass Retail requirements for on time delivery
- Monthly reporting for Briggs & Stratton Roedel Warehouse in the Netherlands

**Steps to take to build a compliance program - can be used for export & import**

1. Risk Analysis
2. Process Mapping of each area (Or written statements of what you do and who does it)
3. Import Compliance Manual (Living document that is regularly updated)
4. Export Compliance Manual (Living document)
5. Joined Security Programs - Must be in C-TPAT to join ISA
**BRIGGS IMPORT/EXPORT VOLUMES**
(Data is from F17 and not for full calendar year)

<table>
<thead>
<tr>
<th></th>
<th>United States</th>
<th>Briggs&amp;Stratton</th>
<th>Allmand</th>
<th>Billy Goat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports Shipments</td>
<td></td>
<td>2224</td>
<td>51</td>
<td>35</td>
</tr>
<tr>
<td>Imports Value</td>
<td>$</td>
<td>$200,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imports Duties Paid</td>
<td>$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Import Brokers Used</td>
<td></td>
<td>1</td>
<td>3</td>
<td>2</td>
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<tr>
<td>Export Shipments</td>
<td></td>
<td>2038</td>
<td>24</td>
<td>239</td>
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<tr>
<td>Export Dollars</td>
<td>$</td>
<td>$180,000</td>
<td></td>
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<tr>
<td>Free Trade Agreement &amp; Bonded Warehouse Savings</td>
<td>$</td>
<td>$200,000</td>
<td></td>
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<tr>
<td>Duty Drawback</td>
<td>$</td>
<td></td>
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</tr>
<tr>
<td>Import Security Filings (ocean)</td>
<td>1861</td>
<td>1861</td>
<td></td>
<td></td>
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<tr>
<td>Late Security Filings</td>
<td>37</td>
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<tr>
<td>Rejected Security Filings</td>
<td>10</td>
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</tr>
</tbody>
</table>

**BRIGGS & STRATTON IMPORTS**

<table>
<thead>
<tr>
<th>Container Size</th>
<th>Count of Containers</th>
</tr>
</thead>
<tbody>
<tr>
<td>20S</td>
<td>117</td>
</tr>
<tr>
<td>40S</td>
<td>1,482</td>
</tr>
<tr>
<td>LCL</td>
<td>338</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>1,937</td>
</tr>
</tbody>
</table>

**BRIGGS & STRATTON EXPORTS**

<table>
<thead>
<tr>
<th>Container Size</th>
<th>Count of Containers</th>
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</thead>
<tbody>
<tr>
<td>20S</td>
<td>250</td>
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<tr>
<td>40S</td>
<td>1,700</td>
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<tr>
<td>LCL</td>
<td>700</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>2,650</td>
</tr>
</tbody>
</table>

**Notes:**
- Use ACE to track exports/imports
- Use this data to set up audits
- Capture ROI from trade compliance
TO SUPPORT OUR EXPORT COMPLIANCE PROGRAM WE:

AES/EEI FILING

BRIGGS SELF-FILES AND HAS SEVERAL FORWARDERS FILE ON OUR BEHALF
BRIGGS HAS POA's WITH ALL MAJOR FORWARDERS
WE HAVE FORWARDERS FILE TO AVOID MOST CORRECTIONS (SAILING/FLIGHT DETAIL CHANGES)
SELF FILE MOST SMALL PACKAGE ORDERS

SNAP-R PROGRAM
BRIGGS USES THE SNAP-R PROGRAM TO CHECK FOR:
- Export and Reexport License Applications,
- Commodity Classification Requests, and
- Agricultural License Exception Notifications

EMBARGOED COUNTRIES/RESTRICTED PARTIES SCREENING

BRIGGS USES A AUTOMATED SOFTWARE SOLUTION TO SCREEN CUSTOMERS/SUPPLIERS

BRIGGS USES BATCH SCREENING DAILY AND MANUAL ONE OFF SCREENING AS NEEDED

BOTH TRADE COMPLIANCE AND GLOBAL COMPLIANCE USE THE TOOL

OUR CURRENT PROVIDER IS SUPPORTED BY EXPEDITORS INTERNATIONAL - TRADEFLOW
RESTRICTED/EMBARGOED PARTIES SCREENING

Tradeflow® Restricted Party Screening – Best Practice Process Flow

Customer ERP

Start

Extract of New & Updated Trade Partners

Optional

Option to intake data and use Yes/No values for the “Restricted Party Status” to update block/hold status on trade partner

Updates Sent & Loaded back to Customer ERP

Network Firewall

EDI Translation to Tradeflow® XML/CSV Upload Format

Output File

Restricted/Denied Party Updates

FTP

Government Restricted/Denied Party Lists

Collect

EDI Translation to Tradeflow® XML/CSV Upload Format

Optional

Extract of New & Updated Trade Partners

Output File

Daily Automated Full Screening for New/Updated Trade Partners

Weekly Automated Screening for All Trade Partners against List Updates

Human Review Required?

Yes

No

Confirmed Match Found

No

Yes

User Logs into Tradeflow® to closely review possible matches

Compare Trade Partner to denied party results

Review source citation if necessary for further details

(Optional) User fills out comments to clarify the conditional match reason

Screening & Determination Process
BUSINESS TAKES BRIGGS TO ALL MAJOR MARKETS - SOME HAVE MORE REGULATORY FOCUS THAN OTHERS
U.S. DEPARTMENT OF THE TREASURY

TRADEFLOW LINKS BRIGGS TO:

Resource Center

Ukraine-/Russia-related Designations and Identification Update; Syria Designations; Kingpin Act Designations; Issuance of Ukraine-/Russia-related General Licenses 12 and 13; Publication of New FAQs and Updated FAQ

4/6/2018

Today, the Department of the Treasury’s Office of Foreign Assets Control (OFAC) is designating certain persons pursuant to the Ukraine-/Russia-related authorities and two persons pursuant to the Government of Syria authorities (see below). In addition, OFAC is issuing the following two Ukraine-/Russia-related general licenses in connection with these designations: General License 12, "Authorizing Certain Activities Necessary to Maintenance or Wind down of Operations or Existing Contracts"; General License 13, "Authorizing Certain Transactions Necessary to Divest or Transfer Debt, Equity, or other Holdings in Certain Blocked Persons". OFAC is also publishing eight new FAQs relating to today’s action and publishing one updated FAQ related to the Countering America’s Adversaries Through Sanctions Act (CAATSA).

In addition, OFAC has added the following names to its SDN List.

OFFICE OF FOREIGN ASSETS CONTROL

Specially Designated Nationals List Update
SNAP-R & END USE LETTERS

Export License
RWA Notice
Z1562067
Action Date: February 15, 2018

The reason printed below explains why the referenced Export License Application is (R)eturned (W)ithout
(A)ction. When an application has been Returned Without Action and is being resubmitted, a new
application form must be submitted. When a new form is submitted, it must reference the original
application. The resubmission must be in accordance with the requirements existing at the time of the
resubmission (See Section 748 of the Export Administration Regulations).

Applicant Reference Number: BR0003E

APPLICANT: 8707434
Briggs and Stratton Corporation
12301 W Wirth Street
Wauwatosa, WI 53222
United States
ATTN: Grant Smith

ULTIMATE CONSIGNEE:
Future Hopes Trading LLC
Basrah Ashar Al Jazir St
Basrah
Iraq

REASON:
This application was processed for Return Without Action (RWA). The items listed for export
are classified as EAR99 and destined to a non-listed entity with no apparent end user / end
use concerns. As such, the item(s) may be exported to the Ultimate Consignee / End User.

Items otherwise eligible for export under NLR may require a license if the exporter knows or is
informed that the end use of the item(s) present an unacceptable risk of contributing to activities
detrimental to U.S. foreign policy.

Refer Inquiries to: Outreach and Educational Services Division at 202-482-4811 or
ECDOEXS@bis.doc.gov OR Western Regional Office at 949-660-0144.

COMMODITIES:

<table>
<thead>
<tr>
<th>QTY</th>
<th>DESCRIPTION</th>
<th>ECON</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Date: 13.11.2017

On behalf of Chehab Brothers S.A.L. (DISTRIBUTOR), I declare that I am acting on behalf of the
Company (COMPANY) articles, software, technology, and technical data purchased by DISTRIBUTOR from COMPANY for resale in accordance with the
International Distribution Agreement between DISTRIBUTOR and COMPANY subject to the Export Administration Regulations (EAR). I further acknowledge that the Articles acquired by DISTRIBUTOR pursuant to the Agreement or otherwise have not been exported to any country, entities, or persons prohibited under the EAR or other economic sanctions laws.

I confirm DISTRIBUTOR has not and will not transfer, or permit to be transferred, any person, entity or destination that is restricted for export under the EAR, the Arms Regulations (ITAR), or economic sanctions programs enforced by the U.S. Treasury's Office of Foreign Assets Control (OFAC). I further affirm that the Articles acquired by DISTRIBUTOR pursuant to the Agreement or otherwise have not been exported to any country, entities, or persons prohibited under the EAR or other economic sanctions laws.

I certify that all of the following representations are true and complete.

(Signature of authorized representative)
L.O.M. Ahmad
(President and CEO)

(Print name and title)
SUPPLY CHAIN SECURITY – To curb thefts from our exports and imports we:

• C-TPAT – Briggs participates in the Customs & Trade Partnership Against Terrorism Program
  - Import/Exports both use this model to improve security (C-TPAT and ISO 17712 Compliant container seals)
  - ISA
  - ISF
  - In House Seal Security Report (see below)

• Record Retention for Export/Import:
  - We use a single repository & complete documentation with Export AES #, and a complete set of Import documents + ISF data.

• We Work to Prevent Theft - but it does occur. Most of our issues were full container/trailers. Most were recovered.

• International Logistics Tracks all Seal Discrepancies (Google Doc) and resolves all issues. Reports to Customs as required.
QUICK REVIEW OF PROGRAMS BRIGGS PARTICIPATES IN

• **C-TPAT** - Customs/Trade Partnership Against Terrorism

• **ISA** – Importer Self-Assessment Program

• **SNAP-R** – Simplified Network Application Process Redesign

• **ACE** – Automated Commercial Environment  
  Mar 30, 2018 - The Automated Commercial Environment (ACE) is the primary system through which the trade community reports imports and exports and the government determines admissibility. … CBP is working to complete the final deployment of core trade processing capabilities in ACE.

• **EEI/AES** – Electronic Export Information gets filed in AES Direct (when the value of a individual HTS/ScHB over $2,500 USD

• **ISF** – Importer Security Filing (all ocean shipments to the US must have this filing 24hrs before sailing ) 10+2
Electronic Export Information (EEI) using AES Direct

General Information on Shipments

Before learning to file Electronic Export Information (EEI) using AESDirect, here is some general information regarding EEIN. We will refer to EEI as “Shipments” from this point forward.

Sections in each shipment

1. **Shipment**
   - Contains general shipment information.
   - *(Required for all Shipments)*

2. **Parties**
   - Contains information about the USPPI (the person or entity in the United States that receives the primary benefit, monetary or otherwise, from the export transaction), the Ultimate Consignee (the person or entity overseas who receives the product), and the Freight Forwarder and Intermediate Consignee (if applicable).
   - *(Required for all Shipments)*

3. **Commodities**
   - Contains commodity information.
   - *(Required for all Shipments)*

4. **Transportation**
   - Contains transportation details for the shipment, including carrier information.
   - *(Required for Mode of Transports: Vessel, Rail, Truck, Air)*

Shipment Details

Parties Related to the Shipment

Goods being exported

Transportation Details
TRADE COMPLIANCE SOFTWARE AND ADDITIONAL SUPPORT

CURRENT STATE WE USE:

- Restricted Parties Software
- Subscriptions to Harmonized Notes
- Subscriptions to Trade Organizations Libraries (ICPA)

• WE ALSO USE (PURCHASE) OTHER SERVICES FROM:

- TRADE COMPLIANCE CO’s - FTA Projects
- PRIVATE CONSULTANCY - CLASSIFICATION AND FTA VERIFICATION
- BROKERAGE PARTNERS - CLASSIFICATION & QUALIFICATION
TRADE COMPLIANCE
OUT REACH & TRAINING

• TRADE COMPLIANCE WORKS WITH ALL INTERNAL SUPPLY CHAIN GROUPS TO SUPPORT AND TRAIN (PURCHASING, SALES, LOGISTICS, OTHER COMPLIANCE)

• TRADE COMPLIANCE VISITS OUR SITES THAT EXPORT AND IMPORT. WE COMPLETE A ASSESSMENT OF EACH LOCATION, PROVIDE UP DATE/REFRESHER TRAINING (GLOBALLY)

• OFFER SPECIALIZED TRAINING TO SPECIFIC GROUPS INTERNALLY

• WE CHAMPION OUTSIDE TRAINING – MANDATORY IN PERSON FOR SPECIFIC POSITIONS, AND WEB TRAINING.

• SHARE OPPORTUNITIES WITHIN THE ORGANIZATION.

• TRADE COMPLIANCE ATTENDS OTHERS TRAINING (SUPPLY CHAIN EXPERTS, ENGINEERING, OTHER COMPLIANCE)
THANK YOU!

QUESTIONS?