

Best Practices For Supply Chain Security





Document Information

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What is C-TPAT?

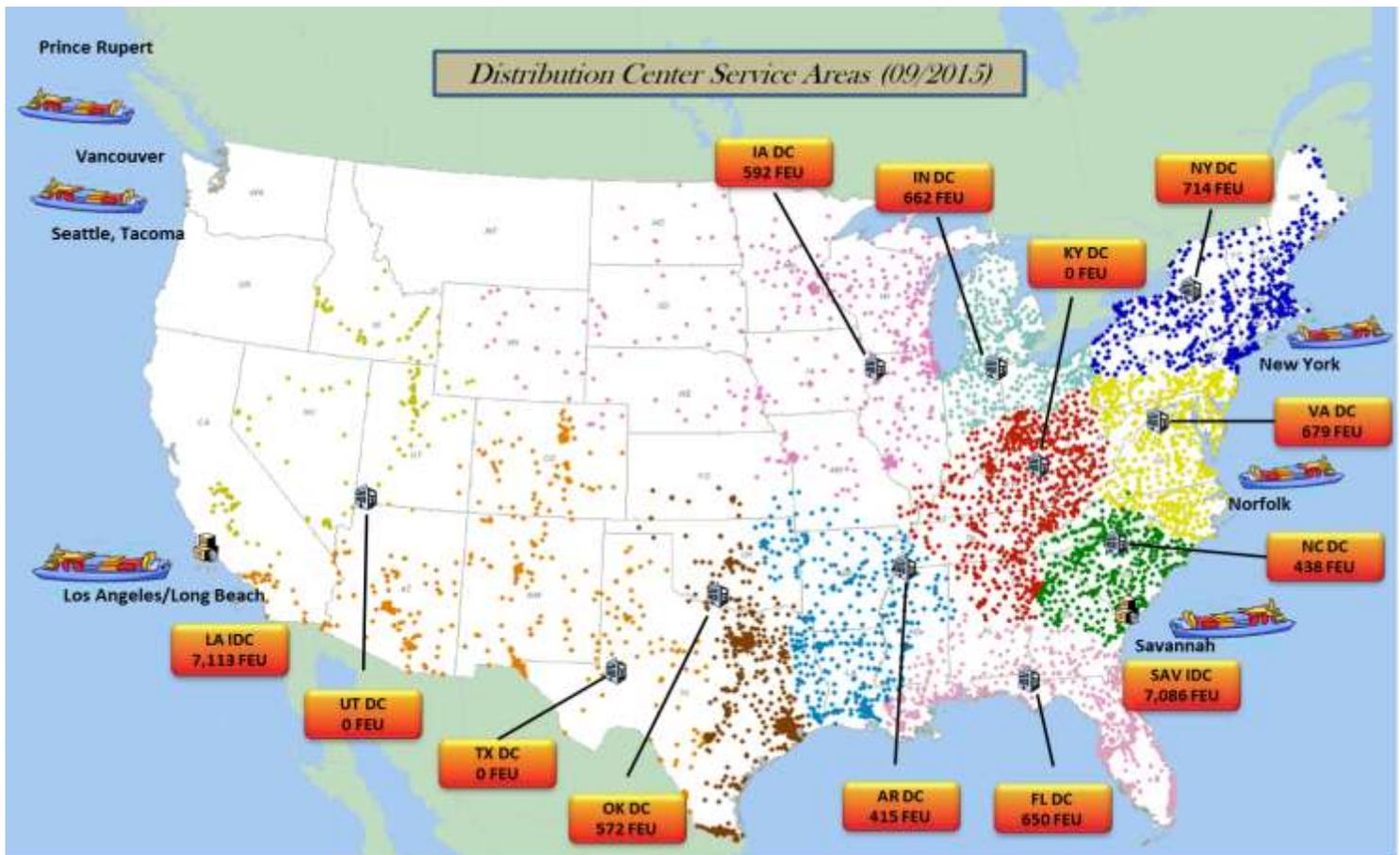
C-TPAT is a voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security. C-TPAT recognizes that U.S. Customs and Border Protection (CBP) can provide the highest level of cargo security only through close cooperation with the ultimate owners of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers. Through this initiative, CBP is asking businesses to ensure the integrity of their security practices and communicate and verify the security guidelines of their business partners within the supply chain.

The security measures within this guide are minimum guidelines to use as a starting point for ensuring security within your facility.



For more information, please visit www.cbp.gov.

Family Dollar's Distribution Network



Distribution Centers (DCs)

Location	DC Code	Routing Method
Ashley, IN	9510	Direct / IDC
St. George, UT	9515	IDC Only
West Memphis, AR	9520	Direct / IDC
Odessa, TX	9530	IDC Only
Front Royal, VA	9540	Direct / IDC
Marianna, FL	9550	Direct / IDC
Duncan, OK	9560	Direct / IDC
Rome, NY	9570	Direct / IDC
Morehead, KY	9580	IDC Only
Maquoketa, IA	9590	Direct / IDC
Matthews, NC	9990	Direct / IDC
East Coast (SAV) Import DC	9525	Direct / IDC
West Coast (LA) Import DC	9535	Direct / IDC

Supply Chain Security

Security Basics

- 🔒 Companies should establish a documented security policy (system, procedure or manual). This may be a stand alone document or part of a Quality Manual or Procedures Manual.
- 🔒 A designated person must be responsible for the implementation of security policy and procedures.
- 🔒 Business documents, including stationary, invoices, purchase orders, manifests and customer information must be restricted and secure.

Maintaining Visibility

- 🔒 Procedures must be in place to protect against unmanifested or unapproved parts, components or raw materials being introduced into production or finished products.
- 🔒 The movement of incoming and outgoing products must be documented and monitored.
- 🔒 Timely movement of containers from facility to port must be tracked (records of truck #, seal # and container #).

Documentation & Verification

- 🔒 Cargo must be properly compared against manifest documents (proper marking, weight, count, etc.).
- 🔒 System must be in place to notify foreign customer in a timely manner of any changes in type or quantity of actual goods shipped.
- 🔒 Quantity of product being shipped must be verified against purchase orders at point of loading.
- 🔒 Commercial documentation must be provided prior to actual export.
- 🔒 Procedures must be in place for notifying local law enforcement in cases where anomalies or illegal activities are suspected.

Random documented security assessments should be conducted regularly.

Personnel Security

All vendors must establish employee screening procedures, such as pre-employment verification and background checks, and a termination procedure to ensure that they have up-to-date information on employees. Review the proceeding instructions to ensure your personnel security practices are appropriate.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

Screen Employees

- 🔒 A process must be in place to screen prospective employees.
- 🔒 Application information, such as employment history and references must be verified prior to employment.
- 🔒 Companies must have a master list of all employees, current or terminated.
- 🔒 An employee identification system must be in place for positive identification and access controls.



Background Checks

- 🔒 Be consistent with foreign, federal, state, and local regulations.
- 🔒 Periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.

Termination Procedures

- 🔒 Companies must have documented procedures in place for terminated employees.
- 🔒 This includes the removal of:
 - ↔ Identification cards/badges/uniforms
 - ↔ Facility access (including keys)
 - ↔ System access

A written company code of conduct or policy that addresses security practices and violations must be read and understood by all employees.

Information Technology Security

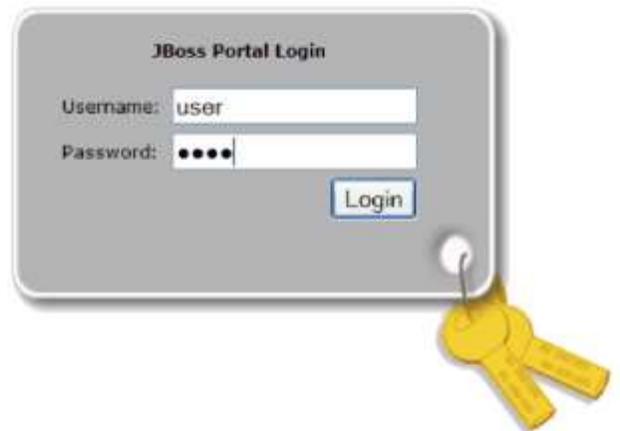
All vendors must understand common security practices that exist both internally and externally for computers and software. Review the following information to ensure your personnel security practices are appropriate.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

Internal Technology Security

Access Restrictions

- 🔒 **Changing Passwords** - Passwords should be reset at least every 90 days and cannot be reused.
- 🔒 **System Lock Out** - After three unsuccessful attempts to log-in the user will be locked out of the system until the IT administrator reinstates the user's access.
- 🔒 **Monitoring and Limiting Internet Access** - Companies should require that employees sign an agreement that outlines internet restrictions.
- 🔒 **Establishing and Reviewing Access Levels** - Companies should create different access levels for different job categories.
- 🔒 **Temporary Access Suspension** - Employees that take extended leaves should have access blocked until they have returned to active service.



External Technology Security

Virus Protection, Firewalls, and Tampering Prevention

Virus Protection should be done on a regular basis to ensure your system is not vulnerable to outside sources. Below are some examples of proper steps to take:

- 🔒 Educating Employees on System Vulnerabilities
- 🔒 Utilize Data Encryption
- 🔒 Virus Quarantine Software
- 🔒 Securing Remote Access
- 🔒 Testing System Security

Information Technology Security (continued)

Policies, Procedures, Management Support, and Training

Comprehensive approach to IT Security, plans should be put into place to protect systems from new viruses as well as having a data recovery plan.

Data Back-Ups and Recovery Plans

Companies should take steps to ensure data is never lost. Below are some examples of steps that should be taken:

- 🔒 Contingency Planning - Should include a full disaster recovery plan.
- 🔒 Data Storage - Systems should be backed up on a daily basis to ensure no data is hacked or lost.

Hardware Security

- 🔒 Controlling workstation access
- 🔒 Securing servers
- 🔒 Password protected screen savers



For more information, please visit the following site: <http://www.cbp.gov>.

Vendor Warehouse Security

All vendors must be aware of processes and procedures for securing their shipments while they are in their warehouses and container loading areas. Review the information below for guidance.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

Warehouse Security Basics

- 🔒 Restrict access to the warehouse.
- 🔒 Use good lighting throughout the warehouse and grounds.
- 🔒 Security systems should cover all critical areas: external doors, loading docks, production, etc.
- 🔒 Exterior should be enclosed with secure fencing.
- 🔒 Periodically check the outer fence for damage or tampering.

Surveillance Cameras



- 🔒 Equip the warehouse with close circuit TVs.
- 🔒 Camera surveillance should cover the following areas:
 - ↔ Inside warehouse
 - ↔ Outside perimeter
 - ↔ Guard gate

Control Access



- 🔒 Verify the driver's information when they drop off and pick up the containers.
- 🔒 Record the container number and date.
- 🔒 Only authorized personnel can be allowed past the guard gate.
- 🔒 All visitors must be positively identified and properly escorted while in the facility.
- 🔒 Monitor the actions of all drivers and trucks while in the facility.
- 🔒 Inspect the seals and record their numbers when they are placed on the containers.
- 🔒 Record the container's time and date of arrival and departure with truck number and driver name.

Container Security

All vendors must be aware of the security process and procedures for inspecting a container. Please review the following information.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

7-Point Container Inspection

Container Inspection

3. Right Side



- 🔒 All containers must go through a 7-point inspection.
 - ↔ Verify that containers are in good working order
 - ↔ Verify that containers have not been altered
- 🔒 Containers should be inspected prior to loading. If containers cannot be loaded immediately after inspection, they should be re-inspected prior to loading. Containers must be secured after loading.
- 🔒 After inspection, the Container Inspection Certificates should be completed and submitted with the shipping documents to the forwarder.

1. Inspect the Outside and Doors



- 🔒 Ensure the number has not been altered.
- 🔒 Check for new welds.
- 🔒 Check for fresh paint.
- 🔒 Ensure the doors are sound and have not been tampered with or altered.

2. Inspect the Undercarriage



- 🔒 Check for fresh paint or welding burns.
- 🔒 Ensure nothing has been concealed under the container.
- 🔒 Ensure support beams are visible.
- 🔒 Ensure container number has not been altered.
- 🔒 Ensure doors are sound and have not been tampered with.
- 🔒 Check for secure and reliable locking mechanisms.
- 🔒 Check for any signs of alteration.

3. Inspect the Floor



- 🔒 Ensure the floor is level throughout the container.
- 🔒 Ensure the floor is flush with the door frame.
- 🔒 Look for new wood.
- 🔒 Ensure the floor is against the walls.

(Continued on the next page.)

Container Inspection (continued)

4. Inspect the Front Walls



- 🔒 Check for false front walls.
- 🔒 Measure the length of the container.
- 🔒 Look for weld burns or fresh paint.
- 🔒 Ensure the corner block is not covered.

5. Inspect the Ceiling



- 🔒 Check the ceiling from inside and outside the container.
- 🔒 Ensure the ceiling is flush with the corner blocks.
- 🔒 Measure for consistent height throughout the container.

6. Inspect the Left & Right Side Walls



- 🔒 Ensure corner blocks are visible.
- 🔒 Measure width of container.
- 🔒 Check for weld burns or fresh paint.
- 🔒 Ensure ventilation holes are present and not covered.

7. Inspect the Frame



- ⦿ Ensure the framework is visible.
- ⦿ Tap framework with a wooden handle to ensure the frame is hollow throughout the container.
- ⦿ Corner blocks should be flush with ceiling.

After Inspection

- ⦿ After inspection, store containers in a secure yard.
 - ↪ Park end to end to prevent door opening
 - ↪ Park with end against wall or other structure to prevent door opening



Container Seals Security

All vendors must establish seal handling procedures, affix seals to containers, and inspect seals to ensure that they have properly secured the container and its cargo. Review the proceeding instructions to ensure your container seal practices are appropriate.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

High Security Seals



- 🔒 Use seals from the forwarder or steamship line.
- 🔒 Do not use the trucker's seals.
- 🔒 Store seals in a secure area with restricted access.
- 🔒 Use high security bolt seals. (ISO 17712:2013)

Control Access



- 🔒 Only authorized employees can have access to the seals.
- 🔒 Only authorized employees can seal the containers.
- 🔒 Authorized employees must inspect the seal and ensure that it is secure.

Inspect the Seal



- 🔒 Verify the seal number.
- 🔒 Ensure the seal has not been damaged or altered.
- 🔒 Check for any signs of tampering on both the cap lock and bolt.

Seal the Container



- 🔒 Monitor the closing and sealing of the container.
- 🔒 Seals should go on the right door on the hasp with the welded rivet.
- 🔒 Record the seal number.

V.V.T.T. Inspection



- 🔒 **V** – View the seal and container locking mechanism.
- 🔒 **V** – Verify the seal number for accuracy.
- 🔒 **T** – Tug on the seal to make sure it locked properly.
- 🔒 **T** – Twist and Turn the seal to make sure it does not unscrew.

Good Security



- 🔒 Use ISO 17712:2013 high security bolt seals.
- 🔒 Restrict access to the seals.
- 🔒 Monitor the sealing of the container.
- 🔒 V.V.T.T. inspect the seal on the container.

Container Inspection Certificate

All vendors should be aware of Container Inspection Certifications. Review the following for more information.

**Any problems, questions, or concerns should be immediately addressed to
CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.**

- 🔒 Required prior to stuffing any container.
- 🔒 Verifies security of the container.
- 🔒 Identifies the original seal.
- 🔒 Must be given to Yusen Logistics with CY documents.
- 🔒 Used to verify seal number at the Family Dollar DC.


PRE-LOADING CONTAINER INSPECTION CERTIFICATE
"Must be filled out in English"

Prior to loading the container, Vendor/Consolidator must inspect and verify:

- (1) The container structure is intact (e.g. no false walls, floors, or tampering evident in the physical structure)
- (2) The locking mechanism of the doors is in good working order

Container Number: (4 character alpha + 7 numeric)

By checking the boxes and signing below, the undersigned certifies that he/she physically inspected the container designated above on the _____ day of _____, 20____, and verifies the container structure is intact and free from tampering and that the locking mechanisms on the doors are in good working order and reliable.

Interior Front Wall (opposite end from rear doors)

Interior Left Side (from rear doors of container)

Interior Right Side (from rear doors of container)

Interior Floor

Ceiling/Roof

Doors: Inside Outside Locking Mechanisms Operational and Intact

Container Exterior

Undercarriage

Print Vendor/Consolidator Name: _____ Vendor/Consolidator Print PO and L/C Number: _____

Print Name and Title of Individual Conducting Container Inspection: _____

Authorized Signature: _____ Date _____

This form can be found at: <http://corporate.familydollar.com/pages/transportation.aspx>

Importer Security Filing: 10 + 2

All vendors must be aware of the new required data elements that must be transmitted to Customs before cargo is loaded on a vessel. Please review the following information.

Any problems, questions, or concerns should be immediately addressed to CTPAT@familydollar.com and THTlogistics@tarheeltrade.com.

Vendor Information Requirements

- 🔒 Manufacturer (Factory) name and address.
- 🔒 Seller (Vendor) name and address.
- 🔒 Country of origin.
- 🔒 Commodity HTSUS number.
 - ↔ As provided on the Purchase Order
 - ↔ If unknown, contact fdscompliance@familydollar.com
- 🔒 Container stuffing location.
 - ↔ If CY, Vendor must provide address
 - ↔ If CFS, Yusen Logistics will provide address

Information on File with Yusen Logistics

Vendors are NOT responsible for this information.

- 🔒 Importer of Record (IOR) Identification Number - Always Family Dollar Services, Inc.
- 🔒 Consignee Number - Always Family Dollar Services, Inc.
- 🔒 Buyer Name and Address - Always Family Dollar Services, Inc.
- 🔒 Consolidator (stuffer) Name and Address - If CFS freight, CFS location.
- 🔒 Ship to Name and Address - Always the distribution center of destination.

Carrier Requirements

Vendors are NOT responsible for this information.

- 🔒 Vessel stow plan
- 🔒 Container status messages

Important Notes:

- 🔒 This information must be filed with Customs 24 hours before cargo is placed on the vessel at port of export (destined for the United States).
- 🔒 Yusen Logistics must have all information at the time of booking.

Security Compliance Check List

Checklist to ensure compliance with Family Dollar minimum security requirements. Your company does/has the following:

Personnel Security

- Employment screening and interviewing of prospective employees.
- Written code of conduct provided to all employees.
- Personnel termination procedures in writing.

Physical Security

- Buildings are of solid structure to prevent unlawful access.
- Exterior yards are enclosed with fencing to prevent unlawful access.
- Major access and security points are well lit.
- Segregated area for international, domestic, high value and dangerous goods.
- Defined parking area for private vehicles, separate from loading/cargo area.
- Facility is well protected by security systems (alarm system, CCTV, and/or guards).
- Security systems (guard, alarm, etc.) cover all critical areas (doors, loading docks, production areas, etc.).
- Incoming trucks/containers are subject to inspection.
- Outgoing trucks are subject to inspection.
- Security tapes are maintained for a minimum of 30 days.

Access Controls

- Procedures are in place to prevent unauthorized access (Photo ID badges, key cards, etc.).
- Employees have limited access to finished products and storage areas.
- Visitors/vendors are positively identified upon arrival at the facility.
- Drivers of delivery vehicles are positively identified upon arrival at facility.
- Procedures are in place to screen incoming packages.

Supply Chain Security

- Documented security policy in place (written procedures, manuals, systems, etc.).
- Procedures in place to identify and address unauthorized persons and items in the facility.
- Designated person is responsible for the implementation of security procedures.
- Procedures in place to prevent unmanifested items from being introduced into production or finished products.
- Procedures for monitoring the movement of products into and out of the facility.
- Procedures for verifying and securing seals on incoming and outgoing containers.
- Procedures for comparing cargo against manifest documents.
- Customers are notified of any changes to type/quantity of goods actually shipped.
- Commercial documentation is provided prior to actual exportation.
- Quantity of product shipped is verified against purchase orders.
- Procedures for tracking timely movement of containers from facility to port.
- Procedures for notifying local law enforcement when illegal activities are detected.
- Procedures for restricting access are reviewed annually.
- Procedures for reporting and addressing unauthorized entry to containers.
- Adequate supervision of subcontractors to ensure compliance with safety issues.
- Regular, random and documented security assessments are completed.
- Business documents (stationary, invoices, manifests, etc.) are kept in a secure location.

IT Security

- Written computer security policies are established.
- Individual accounts and passwords are created for all users.
- Passwords are changed periodically (at least every 90 days).
- Access to computer systems is monitored and reviewed regularly.
- Firewalls/antivirus/tampering prevention software is used.

Training and Education

- Training on all security topics is provided to all employees on a regular basis.

Procedural Security

- Procedures for empty container inspection (7-point inspection).
- Procedures for inspection of container door locks.
- Documented records to validate that empty containers have been inspected properly.
- Documented records to validate that container locks have been inspected properly.
- Container seals are obtained from the freight forwarder or steamship line.
- Container seals are kept in a safe and secure location.
- A designated person is responsible for maintaining and distributing seals.
- Procedures in place to effectively secure containers stored overnight.

***Procedures must be documented in writing to be in compliance with Family Dollar standards.**

Best Practices For Supply Chain Security

