Family Dollar
Quality & Compliance Program
December 2016
QUALITY AND COMPLIANCE

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Section 1: General Information

Purpose and Application

1.1 Purpose

Family Dollar Stores, Inc. and its related entities and affiliates (hereinafter “Family Dollar”) is committed to providing its customers with quality products at a great value. Family Dollar established the Quality & Compliance Program to monitor and ensure compliance with applicable laws, regulations and corporate quality standards. It is the intention of Family Dollar to provide foundational guidelines to its suppliers with the expectation that they are committed to delivering merchandise that meets Family Dollar’s requirements.

*Family Dollar reserves the right to adjust and apply requirements as business warrants.*

Please note that this program is not intended to replace the suppliers’ own quality assurance processes nor is it meant to be a substitute for the suppliers’ responsibility to monitor and supply safe, compliant merchandise.

1.2 Applies To

This Quality & Compliance Program applies to all suppliers of private brand and non-national brand products as defined by Family Dollar, regardless of origin. Additionally, any National Brand product that is a direct import, wherein Family Dollar is the Importer of Record (IOR) is required to comply with the program. Private Brand is defined as any product manufactured uniquely for Family Dollar. A supplier is defined as any manufacturer, factory, agent, or party that provides merchandise to Family Dollar.

1.3 Timeline

It is the suppliers’ responsibility to work within the merchandise calendar and associated program timelines to ensure timely application of the Quality & Compliance Program.

1.4 Program Compliance

All products shipped to Family Dollar must comply with the Family Dollar Quality & Compliance Program. Failure to comply with program requirements may result in, but may not be limited to, delayed shipments, increased financial liability, canceled purchase orders and/or discontinued business partnerships.

1.5 Tar Heel Trading Company

Tar Heel Trading International S.a.r.l. (and its offices) (hereinafter “Tar Heel Trading”) is a wholly owned subsidiary of Family Dollar Stores. As our international entity, Tar Heel Trading is responsible for the execution of sourcing, quality and supplier development activities related to foreign made products, wherein Family Dollar is Importer of Record (IOR), that are supplied to Family Dollar and are intended for retail sale. All policies, procedures and standard operating processes (SOP’s) defined by Family Dollar apply to any interaction with Tar Heel Trading.
1.6 Program Lab Partners

Family Dollar partners with Bureau Veritas (BV) and Intertek (ITS) for our Quality & Compliance Program. Program includes Factory Technical Audits, Social Compliance (Intertek lab only), Product Testing, and Product Inspections for all categories. Below outlines category assignments by lab.

<table>
<thead>
<tr>
<th>Lab Partner</th>
<th>Assigned Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau Veritas (BV):</td>
<td>Apparel, Accessories, Soft Home (Bedding, Window, Bath), Baby Basics, Electronics, Footwear, <strong>Household Chemicals</strong>*, <strong>Laundry Chemicals</strong>*, <strong>Household Paper Products</strong>*, <strong>Health &amp; Beauty</strong>*, <strong>Automotive</strong>*, <strong>Food</strong>*, <strong>Pet Food/Treats</strong>*, Paint, and Paint Accessories.</td>
</tr>
<tr>
<td>Intertek (ITS):</td>
<td>General Merchandise (Stationary, Toys, Lawn and Garden, Storage/Household Tools, Laundry Accessories, Pet Accessories, Hardware, Costumes), and Hard Home (Tabletop, Home Décor).</td>
</tr>
<tr>
<td>Intertek (ITS):</td>
<td>Social Compliance Audits for ALL categories**</td>
</tr>
</tbody>
</table>

*Categories in **bold** may contain products that are defined as consumables. See Family Dollar Q&C Program Directory for lab contacts in appendix of this document.

**Intertek (ITS) is the designated lab partner for all Social Compliance Audits for Family Dollar / Tar Heel Trading. Factory Technical Audits, Product Testing and Product Inspections are based on assigned lab partner noted above.

NOTE: All Testing for Family Dollar Private Brand consumables that are National Brand Equivalents (NBE) are required be tested only in US based laboratories.

NOTE: All costs associated with the Quality and Compliance program are the responsibility of the supplier.
Section 2: Quality & Compliance Program Requirements

2.1 Corporate Compliance Policy

Family Dollar is committed to providing quality products to its Customers and developing meaningful relationships with its suppliers who share common principles of social responsibility. Family Dollar looks to partner with its suppliers to ensure the ethical quality of its merchandise including socially responsible manufacturing practices. As a result, Family Dollar is urging all of its suppliers to assume a proactive and committed position to social responsibility.

Suppliers are required to sign and follow Family Dollar’s “Code of Conduct”, which outlines our policies in regard to child labor, involuntary labor, disciplinary practices, nondiscrimination, health and safety, environmental protection, wages and benefits, working hours, employee relations, etc. (see Section 5).

2.2 Factory Certification

Factories must be certified before order commitments can be made. If you are currently a supplier or have been identified as a potential supplier to Family Dollar, you will be required to complete a Family Dollar Supplier/Factory Profile through Family Dollar Global Sourcing or Tar Heel Trading Company. Family Dollar Global Sourcing or Tar Heel Trading will then request the required audits from the appropriate lab. Factory Technical Audits are conducted by both ITS and BV, depending on the lab assigned by Family Dollar based on product line of business. Social Compliance Audits are conducted by ITS, regardless of line of business.

Factory Audit Cadence

- Factory audit cadence will vary, based on the factory audit scores and length of approval period. See charts to follow.
- Suppliers are accountable to ensure renewal audits are conducted within the appropriate timeline to avoid shipment delays, added costs, or cancellations due to expired factory certification.
- All factory changes must be approved by Family Dollar or Tar Heel Trading Company.
- If a factory moves or remodels, new audits are required.

Note: All costs associated with the Factory Certification Program are the responsibility of the supplier.
2.2.1 Social Compliance Audit

ALL direct import and domestic import factories are required to conduct a Social Compliance Audit on an annual basis, or as specified by Family Dollar / Tar Heel Trading.

A Social Compliance Audit assesses a factory’s level of compliance to standards in areas such as workplace conditions, treatment of employees, safety of employees, working hours and wages, and child labor. Suppliers can proactively obtain information on the Social Compliance Audit directly from ITS. The ITS audit required is called WCA- Workplace Conditions Assessment.

Transition Plan (for factories previously approved only for technical audit)

- Factories that passed the technical audit requirement (scores 65-100) are required to conduct a Social Compliance Audit for Family Dollar.
- Factories that failed the technical audit requirement (scores 50-64) must conduct both a Factory Technical Audit and a Social Compliance Audit.
- Once a factory passes the technical audit requirement only a Social Compliance Audit is required unless the factory moves, remodels, or a product quality issue arises.

Social Compliance Audit Scheduling

- Intertek will give the factory a 2 week window in which the audit will occur. The audit is required to be conducted by the due date assigned by Family Dollar / Tar Heel Trading in PLM.
- A factory is allowed to reschedule the audit once, but it must still be completed in the assigned time frame. Any additional reschedule requests are referred to Family Dollar or Tar Heel Trading.
The chart below reflects key scoring metrics for Social Compliance Audits:

<table>
<thead>
<tr>
<th>WCA AUDIT SCORE</th>
<th>FD RISK RATING</th>
<th>FACTORY/PLM STATUS</th>
<th>FOLLOW UP/REAUDIT</th>
<th>CERTIFICATION DETAILS</th>
</tr>
</thead>
</table>
| 85-100          | Green Low Risk | Approved            | Re-audit within 2 years | - Factory Certified for 2 years  
- Correction Action Plan (CAP) required within 30 days if major issues found on WCA  
- Shipping allowed |
| 71-84           | Yellow Moderate Risk | Approved with CAP | Re-audit within 1 year | - Factory Certified for 1 year  
- CAP required within 30 days  
- Shipping allowed |
| 0-70            | Orange High Risk | Restricted with Cap | Follow up audit within 6 months | - Certification requires written approval from Family Dollar or Tarheel Trading  
- Shipping allowed for 6 month period only  
- CAP required within 30 days. 3 consecutive orange ratings will result in rejection; red risk level criteria will apply  
- Follow-up audit can be a desk top audit if all issues found on initial audit meet ITS criteria for a desk top audit |
| ANY ZERO TOLERANCE ISSUES | Red Unacceptable Risk | Rejected | N/A | - Factory is not permitted to be used  
- If factory is Rejected after business is placed, factory allowed to ship completed product only  
- Re-audit is not allowed |

ANY FAMILY DOLLAR ZERO TOLERANCE ISSUES FOUND RESULT IN AUTOMATIC REJECTION OF FACTORY
2.2.2 Factory Technical Audit

A Factory Technical Audit assesses both qualitative and quantitative elements of a factory. This includes areas such as good manufacturing practices, employee training and safety, and quality processes and procedures. Suppliers can proactively obtain the Factory Technical Audit criteria directly from the designated Quality and Compliance Program lab partner (as noted in Section 1.6).

A Factory Technical Audit is required for all factories producing goods for which Family Dollar is the importer of record (direct import goods). For factories producing goods for which the Family Dollar SUPPLIER is importer of record (domestic import goods), Family Dollar reserves the right to require a factory technical audit if deemed necessary.

The chart below reflects key scoring metrics for Factory Technical Audits.

**Technical Audit Score**: Numerical score received based on 3rd party audit results  
**FD Status**: Denotes pass, fail, or rejected factory technical audit  
**Factory/PLM Status**: N/A- PLM status is based on social compliance audit (unless Technical Audit is rejected)  
**Action**: Required action to meet technical audit requirement

<table>
<thead>
<tr>
<th>Technical Audit Score</th>
<th>FD Status</th>
<th>Factory/PLM Status</th>
<th>Follow Up/Re-Audit</th>
<th>Action</th>
</tr>
</thead>
</table>
| 65-100                | Pass      | N/A                | N/A                | • Factory required to conduct social compliance audit  
|                       |           |                    |                    | • Another technical audit is required only if factory moves, remodels, or a product quality issue arises. |
| 50-64                 | Fail      | N/A                | Follow up audit within 6 months | • Corrective action plan (CAP) required and must be approved by Family Dollar or Tar Heel Trading Q&C  
|                       |           |                    |                    | • Follow up audit required after CAP completed  
|                       |           |                    |                    | • Score of 65 or better required on follow up audit or factory is rejected  |
| 0-49                  | Rejected  | Rejected           | N/A                | • None- factory not permitted to be used  
|                       |           |                    |                    | • Factory may re-audit not sooner than 6 months from date of failure at discretion of Family Dollar.  
|                       |           |                    |                    | • Corrective action plan (CAP) required and must be approved by Family Dollar or Tar Heel Trading Q&C if supplier plans to re-audit |
2.3 Product Testing Program

All products manufactured for Family Dollar must comply with all applicable laws, regulations, guidelines and rules, as well as Family Dollar’s quality standards. If a product does not meet these requirements, the supplier must notify Family Dollar Quality and Compliance as soon as the supplier is aware of such noncompliance. It is the absolute right of Family Dollar, among other things, to cancel or return any noncompliant order(s) or products at the expense of the supplier without financial impact to Family Dollar.

Quality standards (Protocols) have been developed for Family Dollar products. Laboratory evaluations, in accordance with such standards, are comprehensive and will include packaging, labeling, product performance and regulatory compliance. It is the supplier’s responsibility to work directly with the designated laboratory to submit all necessary on-line forms, including any applicable supplemental documents, and successfully complete testing requirements within the required timeline to meet business obligations and shipping schedules. Please note that the supplier is responsible for obtaining Family Dollar testing protocols from the lab responsible for the product category. All Family Dollar protocols are available on each lab’s website. See Family Dollar Q&C Program directory for laboratory contacts and for access to lab websites.

All product testing must be submitted to designated labs under the Family Dollar Quality & Compliance Program utilizing Family Dollar Protocols. The designated laboratory will send completed test reports under the Family Dollar Quality & Compliance Program directly to Family Dollar and/or Tar Heel and the supplier, as applicable. All charges related to product testing are the responsibility of the supplier. Please note that labs will quote testing costs upon receipt of product samples. Quotes will not be released without physical samples.

Pre-Production Testing
Prior to going into production, suppliers are strongly encouraged to submit pre-production samples to the designated laboratory for testing or use supplier owned resources to accomplish this objective. This enables potential quality problems to be corrected before production of product or packaging begins. Samples tested during pre-production stage must be representative of production. Note: Family Dollar private brand consumable products require pre-production product testing and pre-production packaging label review testing to ensure quality and compliance. See Section 1.6 for categories that may contain consumables. Pre-Production testing is highly recommended for discretionary areas.

Production Testing
Samples must be taken from bulk production specific to Family Dollar orders. All Samples(s) must include final packaging and should be representative of the product quality, workmanship, construction, and labeling as it will be shipped to Family Dollar stores and offered for sale to our customers.
Types of Production Testing

1. Sample Collection Testing

During Sample Collection, random product samples will be pulled by an authorized inspector during the DUPRO inspection (taken at 40 to 60% 40—25% completion of production). Samples will be packaged and sealed by the inspector for shipping to the lab for testing. Samples should be shipped to the lab by the supplier to avoid shipping delays or additional incremental cost. Application of appropriate testing timeline is the responsibility of the supplier. See Section 2.5 for product inspections (DUPRO) details.

Sample Collection Testing applies to:

- Products manufactured for Family Dollar wherein Family Dollar is Importer of record
- Poor performing suppliers may be required to perform Sample Collection based on past testing history (regardless of importer of record)

2. Sample Submission Testing

Production samples including all final packaging will be submitted by the supplier to Family Dollar’s designated Lab for testing. Family Dollar’s test protocols must be used.

Sample Submission Testing applies to:

- National Brand products wherein Family Dollar is Importer of Record
- For product manufactured uniquely for Family Dollar wherein supplier is Importer of Record or manufactured in the US

Test Submission Guidelines

Family Dollar Quality and Compliance on-line Test Request Forms (TRF) shall be completed by the supplier when submitting product and packaging test requests to the designated lab. A copy of the TRF should be included in the package of products submitted for testing. Complete and accurate test request forms are the supplier’s responsibility and are a critical element to ensure required testing is performed. TRF’s are available on the ITS and BV web sites. See Family Dollar Q&C program directory for contact information.

Total number of samples

Quantity of test samples required can be found in the product protocol available from the designated lab.

Testing Cadence

- Product tests are valid for 1 year from the date of the most recent full protocol test report or until next defined test period is required, whichever is earlier.
- Suppliers are accountable for renewal testing within the appropriate timeline to avoid delays, added cost, or cancelations due to expired testing.
• **Direct Import** product tests must be current from cargo ready date plus 45 days (CRD+45) post shipment. Product tests cannot expire while in transit to Family Dollar.

**Note:** All costs associated with the Product Testing are the responsibility of the supplier.

**Item Grouping**

- If there are multiple items assigned to one Family Dollar SKU that vary in construction and content, all items must be tested.
- If items are identical with limited exceptions, full protocol should be conducted for one item with remaining items being tested for exception trait only. It is in the supplier’s best interest to fully understand this requirement to avoid delays or added costs due to inaccurate testing.
  - Item Grouping Examples:
    - One t-shirt style with multiple color-ways
    - Floral item with same green base but multiple color-ways
    - Plastic beverage container with same straw but three different color lids
- If there are any questions regarding the item grouping requirements, contact Family Dollar or Tar Heel Trading Quality & Compliance.

**2.4 In Store Testing**

Family Dollar will execute random product testing to assure compliance to Family Dollar quality standards. Items will be selected by Family Dollar Quality & Compliance from Family Dollar inventory and tested to Family Dollar protocol by designated laboratories, at the expense of the supplier. The supplier will be notified prior to testing by the 3rd party lab and advised of results upon test completion. Should product fail testing requirements, the supplier shall be notified and is wholly accountable for corrective actions and costs associated with bringing product into compliance and/or removal from sale.

**2.5 Product Inspections**

**During Production Inspection (DUPRO)**

As an additional point of quality assurance, an inspection of key product characteristics during production may be required. DUPRO inspections take place at the factory when 40 to 60% of total purchase order quantity is produced. The DUPRO covers completed products, and/or finished products and packaging. **NOTE:** If an item’s production quantity is not at minimum 40% produced, inspection will be cancelled and rescheduled inspection will be required. This applies to ALL items during a multiple item inspection. Detailed inspection requirements can be obtained from the Family Dollar approved lab partner. (See section 1.6) A DUPRO will be performed upon request from Family Dollar or Tar Heel Trading, at the supplier’s expense.

If Sample Collection testing is also required at the time of DUPRO, samples will be pulled and packaged by approved lab partner. The lab partner will photograph the samples and seal the cartons with tamper proof closures. **The factory/supplier is responsible for shipping the**
sealed carton to the lab for production testing. (See Section 2.3 Product Testing). The supplier will be notified of this requirement as soon possible.

Failure to comply and pass the DUPRO can result in late shipment, product rework, added expediting cost or canceled purchase orders. See Family Dollar Quality and Compliance program directory for lab contact information.

Final Random Inspection (FRI)

At the end of production, a FRI may be required to further assure quality compliance. A FRI will occur when a purchase order is 100% manufactured and at least 80% packed. Detailed inspection requirements can be obtained from the Family Dollar approved lab partner (see Section 1.6). A FRI will be performed upon request from Family Dollar at the supplier’s expense.

A FRI shall also be required if there is a significant failure during a DUPRO inspection, or at the discretion of Family Dollar / Tar Heel Trading. The supplier will be notified of this requirement as soon as possible. Failure to comply and pass the FRI can result in late shipment, product rework, added expediting cost or canceled purchase orders. See Family Dollar Quality and Compliance Program Directory for lab contact information.

Witness Destruction Inspection

Witness Destruction Inspections by our approved 3rd party is required for regulatory failures for children’s products and may be required upon request for other regulatory product failures.

Inspection Requirements

- Product Inspections apply to:
  - Products manufactured for Family Dollar wherein Family Dollar is Importer of record
  - Poor performing suppliers may be required based on past testing history (regardless of importer of record)
- Family Dollar Quality and Compliance on-line Booking Forms shall be completed by the supplier when requesting an inspection. **Complete and accurate booking forms are the supplier’s responsibility.** Booking forms are available on the ITS and BV websites. See Family Dollar Q&C Program Directory for contact information.
- Product specifications and Family Dollar approved reference samples are required to be at the factory for inspections to take place.

Note: All costs associated with the Product Inspection are the responsibility of the supplier.

Testing and Inspection Requirement Overview
# QUALITY AND COMPLIANCE

## Definitions
- **Made for Family Dollar**: Includes Family Dollar Private Brands, products sold only at Family Dollar or a style, feature or formulation unique to Family Dollar.
- **FD Importer of Record**: Product brought in to the US by Family Dollar, sourced by Tarheel Trading. I.e. Direct Import
- For products manufactured outside the US wherein FD is not the importer of record, a Social Factory audit and Product Testing is required. Product inspection w/ Sample Collection may be required based on supplier performance.
- **Note**: License product is not considered National Brand
- For questions about requirements, please contact Family Dollar Quality & Compliance.

## Table for Program Requirements

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Is Product Made for FD?</th>
<th>Is FD Importer of Record?</th>
<th>Factory Audit (Technical &amp; Social)</th>
<th>Product Testing</th>
<th>Product Inspection w/ Sample Collection</th>
<th>In Store Testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Yes</td>
<td>Yes</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>Upon Request</td>
</tr>
<tr>
<td>2.</td>
<td>No</td>
<td>Yes</td>
<td>Upon Request</td>
<td>✔</td>
<td>Upon Request</td>
<td>Upon Request</td>
</tr>
<tr>
<td>3.</td>
<td>Yes</td>
<td>No</td>
<td>✔ Social Audit</td>
<td>✔</td>
<td>Upon Request</td>
<td>Upon Request</td>
</tr>
</tbody>
</table>
2.6 Children’s Product Certificates (CPC)

The manufacturer or importer of children’s products is required to issue a written Children's Product Certificate (CPC) which certifies that its children's product complies with all applicable children’s product safety rules (or similar rules, bans, standards, or regulations under any law enforced by the Commission for that product).

Certification of children's products must be based upon the passing test results of third party testing by a CPSC-accredited lab. The third party testing laboratory provides the testing services and results but does not issue the Children's Product Certificate.

2.7 General Certification of Conformity (GCC)

GCC’s are required for all non-children's products regulated by the CPSC that are subject to a safety rule, ban, standard, or regulation. GCC’s will be produced upon the passing of required testing and will be provided to the supplier. Products that require a GCC cannot ship without passing product testing and GCC documentation.

Section 3: Product Specifications & Samples

3.1 Product Specifications and Raw Materials:

Suppliers must provide detailed product specification sheets for every item to Family Dollar/Tar Heel Trading upon initial quote and item finalization. Final manufacturing product specifications must be approved by Family Dollar / Tar Heel Trading before a commitment and/or purchase order is issued. Product specifications must be submitted with samples for all pet and human food at the time of testing.

No changes can occur to final manufacturing product specifications unless approved by Family Dollar and/or Tar Heel Trading. If product specification changes are approved, product must be re-tested in accordance with the Family Dollar Quality & Compliance Program.

All suppliers are required to provide complete and accurate product manufacturing specifications for product(s) sold to Family Dollar.
3.2 Sample Requirements

Below is a listing of samples required for submittal to Family Dollar / Tar Heel Trading

**Import Sample Requirements (Family Dollar is Importer of Record)**

<table>
<thead>
<tr>
<th>Sample Description</th>
<th>Timing / Detail</th>
<th>Total # required to submit</th>
<th># Required for Tar Heel Trading</th>
<th># Required for Family Dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Production Sample (PP)</td>
<td>• Samples submitted 7 days prior to production start.</td>
<td>3-4*</td>
<td>2</td>
<td>1-2*</td>
</tr>
<tr>
<td></td>
<td>• PP Sample must include all final packaging &amp; trims.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• The approved PP Sample will be used by the 3rd party inspector during the inspection.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Top of Production Sample (TOP)</td>
<td>• Submitted to Tar Heel within 3-5% of production run</td>
<td>2</td>
<td>2</td>
<td>-*</td>
</tr>
</tbody>
</table>

*Note: The number of samples required is a minimum quantity, additional samples may be requested. Sample may not be required, however, may be requested for merchandising display, etc.
Domestic Sample Requirements (Family Dollar is NOT Importer of Record)

<table>
<thead>
<tr>
<th>Sample Description</th>
<th>Timing / Detail</th>
<th># Required for Family Dollar*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Production Sample (PP)</td>
<td>Samples submitted 7 days prior to production start. PP Sample must include all final packaging &amp; trims</td>
<td>2-3*</td>
</tr>
<tr>
<td>Top of Production Sample (TOP)</td>
<td>Submitted to Family Dollar within 3-5% of production run</td>
<td>1</td>
</tr>
</tbody>
</table>

*Note: The number of samples required is a minimum quantity, additional samples may be requested. If Sample Collection with Inspection is required, Family Dollar will require two to three Pre-Production Samples.

3.3 Pre-Production Sample Approval

Suppliers must provide Family Dollar and / or Tarheel Trading with pre-production sample(s) for new item(s). The samples will be evaluated for overall appearance and visual conformance to product specifications and packaging, inclusive of PDQ’s and any/all product packaging, as it is to be seen by the Customer. The US Global Sourcing / Buyer or Private Brands (if applicable) will sign off on the pre-production sample(s). Once sample is approved, production may begin. In the case where an inspection is required, one set of approved samples will be mailed to the factory for the 3rd party DUPRO inspection by FD/THT.

This approval shall not relieve the supplier of its own obligation to comply with all applicable government regulations, applicable labeling requirements and Family Dollar Quality & Compliance Program requirements as communicated in Section 2.

Pre-Production Samples are required for:

- New or Revised Products
- New or Revised Packaging
- New Factories or a Change in Factory
3.4 Top of Production Samples

Suppliers must provide Family Dollar and / or Tarheel Trading with a top of production (TOP) sample(s) from the initial production run for a new Family Dollar item. The samples will be evaluated for overall appearance and visual conformance to product specifications and packaging, inclusive of PDQ’s and any/all product packaging, as it is to be seen by the Customer.

This approval shall not relieve the supplier of its own obligation to comply with all applicable government regulations, applicable labeling requirements and Family Dollar Quality and Compliance Program requirements as communicated in section 2.

TOP Production Samples are required for:

- New or Revised Products
- New or Revised Packaging
- New Factories or a Change in Factory

Section 4: Legal Requirements

It is imperative that all products manufactured for Family Dollar are in compliance with all applicable U.S. and international laws, regulations, guidelines and rules.

If it is determined that a product produced for Family Dollar is not in compliance with such requirements or Family Dollar standards, Family Dollar has the right to reject delivery or issue a product withdrawal for disposition of the product at the supplier’s expense. The supplier will be liable for Family Dollar fines, penalties, or further damages imposed by any other regulatory agency in the United States or international markets.

All suppliers are responsible for maintaining the documentation necessary to show compliance with applicable regulations, including copies of test reports. Following is a brief summary of laws that may be applicable to Family Dollar supplier’s product.

This is intended for directional use only and is not comprehensive in nature. Family Dollar requires all suppliers to fully understand and comply with all regulatory requirements relative to their product.
4.1 Federal Hazardous Substance Act (16 CFR 1500 et)

This law covers all hazardous substances (including household chemicals, cleaners, paints, etc.), toys, and other articles intended for children. This law contains labeling and warning requirements and states that certain products, especially toys and other children’s articles, must pass specific tests.

4.2 Federal Food, Drug, and Cosmetic Act (FD&C 21 CFR 1 et)

This Act created the Food and Drug Administration (FDA), and provides key regulations for all products that are used in or on the consumer’s body.

4.3 Flammable Fabrics Act (16 CFR 1602-1632)

The Flammable Fabrics Act established regulations for the flammability of clothing, carpets, rugs, children's sleepwear, mattresses and mattress pads.

4.4 Fair Packaging and Labeling Act (16 CFR 500)

This Act provides regulations for the manufacturer name, statement of identity, net quantity and units of measure used in the labeling of packages for consumer goods.

4.5 The Federal Insecticide, Fungicide and Rodenticide Act (FIFRA)

The Federal Insecticide, Fungicide and Rodenticide Act provides regulations for consumer products that make a “kill claim” and are not used in or on the consumer’s body. Examples of “kill claim” statements include, but are not limited to: "protects against germs," "anti-bacterial protection", or "anti-microbial protection". Other “kill claims” may refer to protection against viruses, mildew, mold, fungus, algae, dust mites and microbes. In addition, to the extent a product is deemed a “device” under FIFRA, suppliers may be required to obtain an establishment number for the place of manufacture, and that establishment number must be included on the product label.

4.6 Textile Fiber Identification Act

The Textile Fiber Identification Act requires textile products to be labeled with the generic names and percentages by weight of each fiber in the garment or textile product. The textile must also be labeled with the name of the responsible party or RN number either of which must be accompanied by the name of the country where the product was manufactured.

4.7 The Model Toxics in Packaging Act (formerly known as CONEG)

This legislation prohibits the intentional addition to packaging of any amount of lead, cadmium, hexavalent chromium, or mercury and otherwise places limits on the amounts of lead, cadmium, hexavalent chromium, and mercury that can be in product packaging and requires suppliers to
obtain and retain certificates of conformity confirming that the product packaging complies with this legislation.

4.8 Consumer Product Safety Improvement Act (CPSIA)
The Consumer Product Safety Improvement Act provides regulations for thousands of products, not only children’s products. The regulations cover mandatory testing requirements, product safety standards, and recall procedures.

4.9 Airborne Toxic Control Measure to Reduce Formaldehyde Emissions
The Airborne Toxic Control Measure (ATCM), approved by the California Air Resources Board (CARB) to reduce the formaldehyde emissions from composite wood products requires that all products containing composite wood panels comply and be labeled with the following information: the fabricator’s name, the date the finished good was produced and a marking to denote that the product was made with HWPW, PB, or MDF that complies with the applicable Phase 1 or Phase 2 emission standards in section.

4.10 Bisphenol A (BPA)
BPA has been banned by the FDA for use in certain baby care items and has been added as a hazardous chemical under California’s Safe Water and Toxic Enforcement Act, also known as "Prop 65". Other state and municipality governing agencies have instituted additional regulations that further restrict the use/content of BPA in other consumer products.

4.11 Conflict Mineral
Section 1502 of the Dodd-Frank Act was recently enacted because of concerns that exploitation and trade of conflict minerals by armed groups is helping to finance conflict in the Democratic Republic of Congo Region and is contributing to an emergency humanitarian crisis. Any products containing tin, tantalum, gold or tungsten (“conflict minerals”) supplied to Family Dollar may not be from the Congo Region. Disclosure of the origin of such minerals may be required in certain circumstances.
Section 5: Business Code of Conduct

Family Dollar’s Business Partner Code of Conduct

Family Dollar conducts our business in accordance with high ethical and legal standards and expects our business partners to share in this philosophy. We utilize these standards in the selection of our business partners, expecting full compliance from our business partners, including manufacturers, service providers, contractors, subcontractors and suppliers who provide products to FDS. FDS will always strive to improve the working environment for those involved in providing products to us. It is imperative that our customers and shareholders have confidence that our business partners are in full compliance with regulatory requirements regarding workers’ rights, provide a safe and healthy work environment and adhere to all FDS Business Partner Code of Conduct policies as set forth herein. Participation in this program and adherence to program policy is mandatory for all FDS business partners.

All Business Partners must visibly post the Business Partner Code of Conduct in English and in the shared language(s) of its employees in a common area at all facilities that provide products to Family Dollar.

I. WORK AND RESIDENTIAL ENVIRONMENT

Business partners must provide a safe and healthy workplace that complies with all local, state and national laws. Business partners who provide dormitory and/or residential facilities for their workers must ensure these facilities are safe, healthy and in compliance with local and national standards. Business partners must promote employee health and safety through internal training and awareness programs.

II. LABOR POLICY

Business partners must not use slave, child, underage, forced, bonded or indentured labor, perceived or otherwise, in the manufacture of products or procurement of materials used in products. Business partners shall not engage in or support the trafficking of human beings. Labor, including overtime, shall be voluntary at all times.

III. EMPLOYEE DISCIPLINE

Business partners must not utilize physical or mental punishment, including psychological coercion, against their employees, perceived or otherwise. Employees shall be treated with dignity and respect at all times.

IV. NON-DISCRIMINATION

Business Partners must not discriminate against their employees on the basis of their race, gender, personal characteristics or beliefs. Evidence of discrimination or discriminatory behavior in the workplace, of any form, will not be tolerated.

V. WORKERS’ RIGHTS

Business partners must abide by all applicable local, state and national laws respecting the rights of workers. Business partners must develop internal programs, policies and procedures that clearly define their business practices, including age and legal right to work in the country, and provide employees with a viable means of managing conflict
and resolving disputes.

VI. WORKING HOURS
Business partners must not require employees to work a number of hours, during a week, that exceed, state local or national laws or business customs. Business partners must maintain a workweek consistent with normal hours of operation for their industry, with compensated overtime, in compliance with local and national laws.

VII. WAGES & BENEFITS
Business partners must provide wages and benefits in compliance with local, state and national laws and be committed to the betterment of wage and benefit levels and provide a living wage for workers and their families.

VIII. CHILD LABOR
Business partners must not utilize child labor. Child labor is defined as either being below the local minimum working age, or below the age of 16, whichever is greater.

IX. COUNTRY OF ORIGIN
Business partners must not use deceptive trade practices to deliberately misrepresent country of origin in order to evade quota or other import restrictions or duties on any product(s) that will be sold in our stores.

X. ENVIRONMENTAL
Business partners must, at a minimum, be fully compliant with all applicable environmental regulations, including international treaties and protocols in addition to local laws and regulations. In addition, business partners must comply with any additional guidelines provided by FDS which may exceed standards set forth in existing laws and regulations.

XI. ANTI-CORRUPTION
Business Partners must not tolerate, permit, or engage in bribery, corruption, or unethical practices whether in dealings with public officials or individuals in the private sector.

Business Partners may not provide, or offer to provide, anything of value to FDS Team Members or their family members. If a FDS Team Member requests anything of value from a Business Partner, the Business Partner must report the request by sending an email to codeofconduct@familydollar.com.

Reporting Violations:
Violations of the Code can be reported confidentially. If you have knowledge that any of these standards are being violated, please report such violations through any of the means listed below:

Code of Conduct email – CodeofConduct@FamilyDollar.com
Integrity Line - 1-855-331-8326. Anonymous and available 24/7
Legal Department – 1-800-547-0359, to report any legal concerns or violations.
Family Dollar reserves the right to monitor and ensure compliance to the Family Dollar Business Code of Conduct at its discretion.
Section 6: Appendix

6.1 Children’s Tracking Labels
- Family Dollar requires our own tracking label identification for all Children’s products intended to be used by children age 12 years-old and under.
- This is applicable to our private label brands, non-national brands and licensed brands.
- Tracking labels must be permanent on packaging and hangtag (if hangtag is included) and permanent on the product itself.
- Tracking label must be in the mold or stamped on product (stickers are not acceptable).
- National Brand: Any Family Dollar approved National Brand can use its own tracking information which must comply with CPSC requirements. Contact Family Dollar Quality and Compliance to determine if your product is categorized as a National Brand.

Examples:

For products including “Family” in the label name (i.e. Family Dollar, Family Pet, etc.)

<table>
<thead>
<tr>
<th>Includes “Family” in the Label Name</th>
<th>Family Dollar + UPC # + date of manufacturer (month and year)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Family Dollar032251027880709</td>
</tr>
</tbody>
</table>

All other Private Brand or Non-National Brand / Licensed Brand

<table>
<thead>
<tr>
<th>All other Private Brand or Non-National Brand / Licensed Brand</th>
<th>Products with UPCs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Use MidwoodBrandsLLC + product UPC # + date of manufacture (month and year)</td>
</tr>
<tr>
<td></td>
<td>MidwoodBrandsLLC032251027880709</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>All other Private Brand or Non-National Brand / Licensed Brand</th>
<th>Products without UPCs (only SKU #)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Use MidwoodBrandsLLC + Supplier # + SKU # + date of manufacture (month and year)</td>
</tr>
<tr>
<td></td>
<td>MidwoodBrandsLLC12345616002410709</td>
</tr>
</tbody>
</table>
6.2 Distribution Statements
- Family Dollar distribution statements are required for all private label brands, non-national brands and licensed brands.

<table>
<thead>
<tr>
<th>Private Label Brand (Includes “Family” in the label name)</th>
<th>For all other private label, Non-National brand and Licensed brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributed by Family Dollar Services, Inc. 10401 Monroe Rd, Matthews, NC 28105 USA</td>
<td>Distributed by Midwood Brands, LLC 10611 Monroe Rd., Matthews, NC, 28105 USA</td>
</tr>
</tbody>
</table>

6.3 Important Links and other information
- **Quality Program Document**
  Go to www.familydollar.com ➔ Business Partners ➔ Merchandise Suppliers
  - Family Dollar Quality & Compliance Program
  - QC Communication Directory (includes Lab contacts)
  - Family Dollar / Tar Heel Trading Common Compliance Policy

- **Family Dollar Routing Guide**

- **Family Dollar / Tarheel Trading Email Contact information**
  For Tarheel Quality and Compliance Team – China office:
  - [QualityandCompliance-DirectImport@familydollar.com](mailto:QualityandCompliance-DirectImport@familydollar.com)
  For Quality and Compliance Team – US office:
  - [QualityandCompliance-Domestic@FAMILYDOLLAR.com](mailto:QualityandCompliance-Domestic@FAMILYDOLLAR.com)

- **Lab Directory information**

  All Family Dollar protocols are available on each lab’s website noted below

**Bureau Veritas (BV)**
[https://docushare.cps.bureauveritas.com/docushare/dsweb/HomePage](https://docushare.cps.bureauveritas.com/docushare/dsweb/HomePage)

**Intertek (ITS)**
[https://getprotocol.intertek.com/FD/default.aspx](https://getprotocol.intertek.com/FD/default.aspx)

Please contact the Family Dollar lab representatives for the login information. Please be aware the Lab login information will periodically change.
# Addendum: Revision Comments

<table>
<thead>
<tr>
<th>Date of Revision</th>
<th>Section of Document</th>
<th>Revision Comments</th>
</tr>
</thead>
</table>
| Dec 2016         | Revision to During Production (DUPRO) Inspections and minimum produced quantity | • DUPRO product inspections are now required to take place at the factory when 40-60% of total purchase order quantity is produced. This is a change from 10 to 25% produced.  
• If an item’s production quantity is not at minimum 40% produced, inspection will be cancelled and rescheduled inspection will be required. |
| Dec 2016         | Revision to Mechanical Hazard Testing for certain children’s products. | • Additional 12 samples are required for use and abuse testing. |
| Dec 2016         | Witness Destruction Inspections by 3rd party is required | • Witness Destruction Inspections by our approved 3rd party is required for regulatory failures for children’s products and may be required upon request for other regulatory product failures. |
| Dec 2016         | Factory Social Audit rating revisions for Orange High Risk level | • Factory Social Audit rating revisions for Orange High Risk level to include rating from 0 to 70 with no zero tolerance issues and written approval from Family Dollar or Tarheel Trading. |
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