



QUALITY AND COMPLIANCE

Family Dollar
Quality & Compliance Program
August 2017





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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.

1.4.1 California Prop 65 – All products sold to Family Dollar must be compliant for all stores, which includes California. We do not allow warning labels for California – product must pass all Prop 65 testing.

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



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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. Below outlines category assignments by lab.

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

*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. 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.



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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. A social compliance audit is required for certification. 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 or Tar Heel Trading Company. Family Dollar or Tar Heel Trading will then request the audit from the lab.

FDA Regulated Product Factory Requirement

Factories producing product that is regulated by the FDA are required to have a valid GMP or BRC certificate. Any factory that does not have this will be required to audit.

Factory Audit Cadence

- Factory audit cadence will vary, based on the factory audit scores and length of approval period. See chart 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, a new audit is required.

Note: All costs associated with the Factory Certification Program are the responsibility of the supplier.

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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. The audit required is Intertek's Workplace Conditions Assessment (WCA). Suppliers can proactively obtain information on the WCA directly from ITS.

Social Compliance Audit Scheduling

- An audit is required to be conducted by the due date assigned by Family Dollar / Tar Heel Trading in PLM. Intertek will give the factory a 2 week window in which the audit will occur.
- A factory is allowed to reschedule the audit once, but it must still be completed by the due date. Any additional reschedule requests are referred by ITS to Family Dollar or Tar Heel Trading.

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The chart below reflects key scoring metrics for Social Compliance Audits:

WCA AUDIT SCORE	FD RISK RATING	FACTORY/PLM STATUS	FOLLOW UP/REAUDIT	CERTIFICATION DETAILS
85-100	Green Low Risk	Approved	Re-audit within 2 years	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 issued found on initial audit meet ITS criteria for a desk top audit
ANY ZERO TOLERANCE ISSUES	Red Unacceptable Risk	Rejected	N/A	<ul style="list-style-type: none"> - 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



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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.



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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.**



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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.



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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.

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Testing and Inspection Requirement Overview

	Product Type		Program Requirements			
	Is Product Made for FD?	Is FD Importer of Record?	Social Audit	Product Testing	Product Inspection w/ Sample Collection	In Store Testing
1.	Yes	Yes	✓	✓	✓	Upon Request
2.	No	Yes	Upon Request	✓	Upon Request	Upon Request
3.	Yes	No	✓	✓	Upon Request	Upon Request

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.



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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.

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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)

Sample Description	Timing / Detail	Total # required to submit	# Required for Tar Heel Trading	# Required for Family Dollar
Pre-Production Sample (PP)	<ul style="list-style-type: none"> • Samples submitted 7 days prior to production start. • PP Sample must include all final packaging & trims. • The approved PP Sample will be used by the 3rd party inspector during the inspection. 	3-4*	2	1-2*
Top of Production Sample (TOP)	<ul style="list-style-type: none"> • Submitted to Tar Heel within 3-5% of production run 	2	2	-*

***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.



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Domestic Sample Requirements (Family Dollar is NOT Importer of Record)

Sample Description	Timing / Detail	# Required for Family Dollar*
Pre-Production Sample (PP)	<ul style="list-style-type: none">• Samples submitted 7 days prior to production start. PP Sample must include all final packaging & trims	2-3*
Top of Production Sample (TOP)	<ul style="list-style-type: none">• Submitted to Family Dollar within 3-5% of production run	1

***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



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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.



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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



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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.

4.12 Chemicals of High Concern for Children (CHCC)

Washington's Children's Safe Product Act (CSPA) enacted in 2009 requires retailers to report to the state the presence of certain chemicals in all children's products. A list of these Chemicals of High Concern for Children (CHCC) is maintained by the state. CHCC testing is conducted on all children's products (defined as products intended for use by children ages 12 and under). Similar legislation has been enacted by the states of Vermont and Maine.



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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



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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.



QUALITY AND COMPLIANCE

Family Dollar reserves the right to monitor and ensure compliance to the Family Dollar Business Code of Conduct at its discretion.

QUALITY AND COMPLIANCE

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.)

<p>Includes “Family” in the Label Name</p>	<p>FamilyDollar + UPC # + date of manufacturer (month and year)</p> <p>FamilyDollar032251027880709</p> <p style="text-align: center;"> Identifies Product UPC Date </p> <p style="text-align: center;"> Family Dollar </p>
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All other Private Brand or Non-National Brand / Licensed Brand

<p>All other Private Brand or Non-National Brand / Licensed Brand</p>	<p>Products with UPCs</p> <p>Use MidwoodBrandsLLC+ product UPC # + date of manufacture (month and year)</p> <p>MidwoodBrandsLLC032251027880709</p> <p style="text-align: center;"> Identifies Product UPC Date </p> <p style="text-align: center;"> Family Dollar </p> <p>Products without UPCs (only SKU #)</p> <p>Use MidwoodBrandsLLC+ Supplier # + SKU # + date of manufacture (month and year)</p> <p>MidwoodBrandsLLC12345616002410709</p> <p style="text-align: center;"> Identifies Supplier # SKU Date </p> <p style="text-align: center;"> Family Dollar </p>
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QUALITY AND COMPLIANCE

6.2 Direct Import Children’s Sleepwear Process

Family Dollar expects all Suppliers from which we purchase children’s sleepwear to be in full compliance with all CPSC (Consumer Product Safety Commission) regulations for both flame resistant and tight fit garments.

The chart below shows a high level summary of requirements for each type of sleepwear garment. It is not intended to represent all requirements. Please go to <http://www.cpsc.gov> for complete information. A business guidance document from the CPSC is available here: [CPSC Business Guidance- Children’s Sleepwear](#)

Type of Sleepwear Garment	Flammability Testing Requirement	Labeling	Other Requirements
Flame Resistant Garments that are “loose fit”, ages over 9 months to 14 yrs.	16 CFR Part 1615 (sizes 0-6x) 16 CFP Part 1616 (sizes 7-14)	*Permanent label with instruction on how to care for garments in order to not reduce its flame resistance (each piece) *Permanent label with required CPSC identification/tracking information	Testing required for fabric, prototypes for seams, trims and for garments.
Tight Fit Garments that are intended to be work tight fitting, ages over 9 months to 14 yrs.	16 CFR Part 1610 (general wearing apparel)	*Hang tag (or label on exterior packing if packaged) indicating not flame resistant /wear snug fit (the “yellow “tag). *Permanent label indicating not flame resistant /wear snug fit	Must also meet size specifications defined by the CPSC
Infant Sleepwear Garments for ages 9 months or younger	16 CFR Part 1610 (general wearing apparel)	Label stating in months the age of the child for whom the garment is intended	Must also meet CPSC size specifications

FPU#s and GPU#– Applicable to Flame Resistant Sleepwear

Each fabric production unit (FPU) to be tested must have a unique, identifying FPU#.

Each garment production unit (GPU) to be tested is required to have a unique, identifying GPU#.

The FPU and GPU#s will be assigned by Family Dollar, the format is noted below for reference.

- Each FPU# shall consist of the Family Dollar PO# and the SKU # separated by a dash.
(EX: FPU# 12345678-0456789)
- Should more than 1 FPU be required, letters are added at the end of the FPU#, preceded by a dash.
(EX: FPU# 12345678-0456789-A)
- Each GPU# shall consist of the Family Dollar SKU# and the start ship date separated by a dash.
(EX: GPU# 0123456-0317)

Testing and Completing the Test Request Form (TRF)

- Testing must be conducted by the assigned Family Dollar lab partner, under the FD program.
- Please note “**Flammability Testing for Children’s Sleepwear**” in comment section of the test request form.
- The FPU# and GPU# must be noted on the test request form.
- In the “Report Recipient Email” field on the test request form, enter both of the following email addresses:

QualityandCompliance-DirectImport@familydollar.com

QualityandCompliance-Domestic@familydollar.com

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SUBMITTER INFORMATION

Company Name: BUREAU VERITAS CONSUMER PRODUCTS SERVICES, INC. (BUFFALO)

Address: 100 NORTHPOINTE PARKWAY

Contact Person: ROBERT MOSS

Telephone Number: 704-814-5631

Email Address: robert.moss@us.bureauveritas.com

Report Recipient:

Report Recipient Email:

Report cc Emails:

CPSC Required Record Keeping – Applicable to Flame Resistant Sleepwear

Family Dollar maintains all necessary documents and samples at the US office, Quality and Compliance Department.

Each supplier must submit the following to Family Dollar US QC.

1. Finished fabric samples just as you sent to the lab for FPU testing (in case CPSC requires retesting).
2. Prototype test samples just as you sent to the lab for prototype testing of seams and trims.
3. A complete untested garment from each GPU (in addition to any PP, TOP or other samples).
4. Source and FPU#s of all fabrics in a GPU. Purchase orders for fabric preferred, indicating the fabric maker, location and the applicable FPU#. If fabric is supplier made, production document indicating same information is required.
5. If any flame retardants are used on the fabric, the name, chemical make-up and method of application are also required.

6.3 Distribution Statements

- Family Dollar distribution statements are required for all private label brands, non-national brands and licensed brands.

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

6.4 Special Mechanical Hazards Testing

Family Dollar requires additional Mechanical Hazards testing for Toys and Children’s Products. This includes testing twelve additional samples per SKU beyond the normal amount for the regular protocol testing. These samples are evaluated by exposure to impact, torque/tension, compression, flexure, and seam pull. The products are then evaluated for small parts, sharp points, sharp edges, small balls, and rattles.



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Note - Sample size of each color shall be even within the 12 samples.

Please contact the Lab to determine if your children's products apply.

6.5 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**

<http://corporate.familydollar.com/pages/distribution.aspx>

- **Family Dollar / Tarheel Trading Email Contact information**

For Tarheel Quality and Compliance Team – China office:

– QualityandCompliance-DirectImport@familydollar.com

For Quality and Compliance Team – US office:

– 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>

Intertek (ITS)

<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.

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Addendum: Revision Comments

Date of Revision	Section of Document	Revision Comments
Dec 2016	Revision to During Production (DUPRO) Inspections and minimum produced quantity	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> Additional 12 samples are required for use and abuse testing.
Dec 2016	Witness Destruction Inspections by 3 rd party is required	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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.
May 2017	Addition of Children's Direct Import Sleepwear process	<ul style="list-style-type: none"> Supplier Guidance for new Children's Sleepwear process added. Includes supplier providing required retention samples and other documents. Primarily for flame resistant styles.
July 2017	Update factory audit requirements	<ul style="list-style-type: none"> Removed references to technical audits. Noted for product regulated by FDA a valid GMP or BRC certificate is required.
Aug 2017	Legal Requirements	<ul style="list-style-type: none"> Added CHCC testing information

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