

HOMELAND SECURITY DIRECTIVES

Summary

This chapter defines Burlington Coat Factory's (BCF) newly revised Homeland Security directives. All vendors who conduct business with Burlington Coat Factory must abide by these procedures.

Special Note: To ensure that there is no misunderstanding, you are instructed and directed to comply with our security requirements as follows:

If you cannot return a current valid assessment of your factory facilities from our Burlington Coat Factory-appointed validation service, Omega Compliance www.omegacompliance.com, (or any one of the ten other acceptable validation services listed below) or Omega Compliance acknowledges that you have made an advance deposit (\$100.00 US) for an assessment that will be completed within 45 days (or prior to sailing of your PO, whichever comes first), we will be unable to process any merchandise purchase orders from your firm. Further, from time to time, our Burlington Coat Factory or Omega representatives may review your security measures, and if they are deemed insufficient, we will expect you to immediately take steps to correct the deficiency.

To be clear, the vendor/factory bears the responsibilities of all charges concerning validation services and related security matters.

You may be required at the instruction of Homeland Security or Burlington Coat Factory to undergo an evaluation of your security practices. These evaluations are supervised by the Burlington Coat Factory appointed security agent in the Pacific Rim. They are also available to assist you with any other security issues as you may deem appropriate. Our Homeland Security firm is:

Omega Compliance Ltd.
809 The Harbourfront II
18-22 Tak Fung Street
Hung Hom, Kowloon
Hong Kong

Tel : (852)2621-5622
Fax : (852)2992-5151
[Email:info@omegacompliance.com](mailto:info@omegacompliance.com)

It is a Burlington Coat Factory requirement that vendor/factories be compliant with the US Homeland Security parameters as part of your fulfillment obligation.

Vendors will be required to register themselves at the domain name <http://vendor-reg.omegacompliance.com>. Unique registration number will be provided from this site once all screens are completed. Within 24 hours the vendor will be sent either an invoice for the full audit, or an invoice for the 100USD deposit. Once payment has been settled, Omega shall issue a Letter of Confirmation to the vendor which will also give BCF notice not to hold cargo overseas for non-compliance

Vendors must complete the assessment within 45 days of the initial deposit or before the first sail date, whichever is sooner. Acknowledgement of vendors compliance will be the posting of Omega's letter of confirmation on their website

Should the vendor have a C-TPAT audit report for that factory, it may submit it for consideration to OMEGA, prior to the PO being issued. Omega will initially screen the document to make sure that it was performed within 12 months of the ship date and was undertaken by an accredited third party. If the report is deemed acceptable then cargo will not be delayed.

As stated above, we are willing to *review* current vendor/factory documentation from the following Homeland Security certified firms:

ABS Group
Cotecna
CSCC/STR
Bureau Veritas Group Company
Det Norske Veritas
Intertek
Omega Compliance
Pinkerton
Sharp Global
SGS North America
TUV Rheinland

If your vendor can provide a current certificate AND the supporting audit forms and detail, we will *consider* them for an extension, depending upon the dates involved and the nature of the supporting documentation.

These documents can be submitted for review to: ctpat@coat.com as designated in the Burlington Coat Factory vendor manual.

In the event that your vendor/factory cannot produce valid documentation, Omega will support the audit procedure with that non-compliant vendor/factory.

If you have any questions, please contact ctpat@coat.com.

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Introduction

In order to participate in the war against terrorism and to insure that shipments from your company to Burlington Coat Factory are not contaminated by terrorists, Burlington Coat Factory has a supply chain security system in place to safeguard our shipments from being used as vehicles for terrorist action.

Burlington Coat Factory is a certified member of the U.S. Customs and Border Protection (CBP) cargo security program, Customs-Trade Partnership Against Terrorism ("C-TPAT"). CBP has developed new security criteria for importers, which include the mandate that importers enforce such requirements with respect to their service providers, including vendors, manufacturers, carriers, brokers, warehouses, distribution centers, etc. In view of these changes, we have updated our own required security procedures herein for all Burlington Coat Factory vendors and service providers.

Homeland Security Mandatory Checklist

The following *must* be completed before conducting business with Burlington Coat Factory:

1. Read the following Cargo Security Procedures. You must observe these procedures in order to be an approved Burlington Coat Factory vendor.
2. If necessary, implement changes in order to conform to Burlington Coat Factory security requirements and inform Burlington Coat Factory of such changes immediately by contacting imports@coat.com.
3. If your company is a certified C-TPAT member, forward a copy of the certification to ctpat@coat.com.
4. In order to properly satisfy Homeland Security requirements, the factory (factories) addresses, contact information, telephone number and email address (or fax number) must be disclosed at the time of booking with MCS/MOL. Bookings for Burlington Coat Factory POs will not be accepted without disclosure of this information.

The following are recommended procedures:

1. Advise Burlington Coat Factory regarding status of foreign customs certifications.
2. CBP encourages all business partners to conduct self-assessments.

Cargo Security Procedures

In the post-World Trade Center era, it is the duty of everyone to create a more security-conscious environment to eliminate the possible contamination of legitimate business shipments by terrorists. In view of the U.S. Customs & Border Protection's revised importer standards for participation in C-TPAT, Burlington Coat Factory has updated our required security procedures for all of our vendors and service providers, as follows:

1. All trading partners must acknowledge in writing that their facilities are secure in terms of the buildings themselves, the perimeters, and the individuals who have access to factories and cargo storage areas.

2. All trading partners must designate a security director, institute a security awareness program for all personnel to heighten personnel security consciousness, and have written security procedures in place.
3. All trading partners must have, at a minimum, the following physical security measures, unless they are able to prove to our satisfaction that they are not applicable to their particular facilities or industry:
 - a. Perimeter fencing and manned or monitored gates.
 - b. No private parking near cargo handling/storage areas.
 - c. Buildings constructed of appropriate materials and protection of windows, gates, and fences with locking devices.
 - d. Adequate lighting, alarm systems, and monitoring.
4. All trading partners must have, at a minimum, the following physical access controls, unless they are able to prove to our satisfaction that they are not applicable to their particular facilities or industry:
 - a. Employee identification system with written procedures for issuance, removal, and changing.
 - b. Visitor monitoring system, including requirement of presentation of photo identification, maintenance of a log, and escorts of all visitors.
 - c. Written procedures for addressing the entry of unauthorized personnel.
5. All trading partners must have, at a minimum, the following procedural security measures, unless they are able to prove to our satisfaction that they are not applicable to their particular facilities or industry:
 - a. Incoming shipments are counted, weighed, and verified against shipping documents, and there are procedures for reporting shortages or overages.
 - b. Departing shipments are verified against purchase or delivery orders, including piece count, marks, and weights.
 - c. Drivers delivering or receiving cargo are required to be positively identified before receipt or release.
 - d. Incoming and outgoing vehicles are checked and logged.
 - e. Procedures are in place to ensure that shipping documentation is in order.
6. All trading partners must have, at a minimum, the following container security procedures in place, unless they are able to prove to our satisfaction that they are not applicable to their particular facilities or industry:
 - a. Containers are stored in secure areas to prevent unauthorized access.
 - b. Procedures are in place to inspect and verify physical integrity and locking mechanism of container and the 7-point inspection process is used. The 7-point inspection process includes:
 - i. Front wall
 - ii. Left side
 - iii. Right side
 - iv. Floor Ceiling/roof
 - v. Inside/outside doors
 - vi. Outside/undercarriage

- c. There are written procedures for controlling and affixing seals to loaded containers and for recognizing, neutralizing, and reporting compromised seals or unauthorized entry.
 - d. All container seals affixed to loaded containers meet the PAS ISA 17712 standards.
 - e. Only designated employees should distribute container seals for integrity purposes.
- 7. All trading partners must have, at a minimum, the following personnel security procedures in place, unless prohibited by applicable laws:
 - a. Application information is verified prior to employment.
 - b. Background checks and investigations are conducted for prospective employees.
 - c. Procedures are in place for the removal of identification and access to terminated employees.
- 8. All trading partners must have, at a minimum, the following security training and threat awareness programs, as they apply to their particular industry:
 - a. There is a security awareness program in place for employees.
 - b. There is a threat awareness program for the facility's employees.
 - c. Employees are aware of the procedures for addressing and reporting possible threats.
 - d. Security awareness programs offer incentives for active employee participation, unless prohibited by applicable laws or labor contracts.
- 9. All trading partners must have, at a minimum, the following Information Technology (IT) procedures in place:
 - a. Documentation control for safeguarding computer access and information.
 - b. Automated systems that use individually assigned accounts that require a periodic change of password. IT security policies, procedures, and standards must be in place and provided to employees in the form of training.
 - c. A system to identify the abuse of IT including improper access, tampering, or the altering of business data. All systems violators must be subject to appropriate disciplinary actions for abuse.
- 10. Burlington Coat Factory reserves the right to visit or have a contracted third party visit international proprietary (or contracted) facilities.
- 11. All inland carriers are required to acknowledge in writing the quantity of cartons, by marks and number, picked up from vendor.
- 12. Consolidators and international carriers are required to acknowledge to the inland carrier that they received the cartons that the inland carriers received from the vendor in sealed condition.
- 13. Any variances in the number of cartons delivered or evidence of tampering must be immediately reported to us and the shipment shall be detained until the variance is resolved.
- 14. Records relating to cargo security are to be maintained for a period of one year and produced upon request.

15. All vendors are required to provide a production schedule that identifies, by name, address, and production steps, all sub-contractors that will be used to manufacture the merchandise. Vendors must ensure that their sub-contractors and vendors of materials, etc., are also in compliance with our security standards.
16. Before a vendor is permitted to change the country of origin or delivery schedule, a detailed explanation must be provided and approved by the company. All discussions regarding these changes should be recorded and dated in the purchase order file.