

HOMELAND SECURITY DIRECTIVES

Summary

This chapter defines Burlington Stores' Homeland Security directives. All vendors who conduct business with Burlington Stores must abide by these procedures.

Special Note:

We will be unable to process any bookings and/or shipments, if you cannot return a current valid C-TPAT report and positive anti-slavery audit (California Transparency in Supply Chain Act (SB 657)) prior to shipping for the purchase order(s). Burlington Stores suggests you have a combined C-TPAT and social compliance audit performed before booking your goods to ship. You may use any third party auditing company of your choosing and/or a current report you may have on file that was conducted within the last year for another retailer as long as the audit meets all minimal security requirements and social compliance attributes. Failure to produce a current CTPAT and Social Compliance audit report will result in a re-assessment of your PO. From time to time, Burlington Stores representatives may review your security measures, and if they are deemed insufficient, we will expect you to immediately take steps to correct the deficiency. This review may include a Burlington associate to visit your factory where goods are manufactured.

NOTE: Vendor/factory bears the responsibilities of all charges concerning validation services and related security and social compliance matters.

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

It is a Burlington Stores' requirement that vendor/factories be compliant with the US Homeland Security Parameters as part of your fulfillment obligation.

All Social Compliance audit reports must contain California Transparency in Supply Chain Act (SB 657).

Copies of these documents must also be submitted for review to: ctpat@burlington.com If you have any questions, please contact ctpat@burlington.com.

Introduction

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

Burlington Stores is a Tier 3 member of the U.S. Customs and Border Protection (CBP) cargo security program, Customs-Trade Partnership Against Terrorism ("CTPAT"). CTPAT 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, raw material suppliers, all transportation networks, etc. In view of these changes, we have updated our own required security procedures herein for all Burlington Stores' vendors and service providers.

Homeland Security Mandatory Checklist

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

1. Read the following Cargo Security Procedures. You must observe these procedures in order to be an approved Burlington Stores vendor.
2. If necessary, implement changes in order to conform to Burlington Stores security requirements and inform Burlington Stores of such changes immediately by contacting imports@burlingtonstores.com
3. If your company is a certified C-TPAT member, forward a copy of the certification to ctpat@burlingtonstores.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 Stores POs will not be accepted without disclosure of this information.

The following are recommended procedures:

1. Advise Burlington Stores 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 Stores 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.
3. 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.
4. 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.
4. 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 ISO 17712 standards.
 - e. Only designated employees should distribute container seals for integrity purposes.
5. 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.
6. 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.
7. 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.

8. Burlington Stores reserves the right to visit or have a contracted third party visit international proprietary (or contracted) facilities.
9. All inland carriers are required to acknowledge in writing the quantity of cartons, by marks and number, picked up from vendor.
10. 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.
11. 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.
12. Records relating to cargo security are to be maintained for a period of one year and produced upon request.
13. 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.
14. 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.