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Dear Business Partner;

As part of the C-TPAT (Customs-Trade Partnership Against Terrorism) agreement between Staples, The Office Superstore, LLC and US Customs and Border Protection (CBP), Staples must have written and verifiable processes from each of our business partners that they meet criteria set forth by C-TPAT.

As a factory, you perform the initial line of defense in a foreign country to protect, identify and report breaches in security as it pertains to our products to be imported into the United States. Staples will therefore require each factory to undergo a Factory Security Assessment prior to manufacture and/or shipping of our products. As outlined in the Staples Manufacturing Agreement/Direct Import Rider (as applicable), all Factory Security Assessments are paid for by the factory or their Agent.

What can you expect as a new factory for Staples as it pertains to the Factory Security Assessment?

- You will be contacted by our auditing company to set up a date for a Factory Security Assessment
- Factory Security Assessment will occur within weeks of orders being placed.
- Initial audit will normally take a full day and a factory representative must be with the auditor at all times.

What will be covered by the auditor during the Factory Security Assessment?

- **Physical Security** – buildings, lighting, fencing, admittance, security systems and locking of the property
  - Are all buildings able to stop unauthorized access?
    - No holes in walls, ceilings, doors, etc.
    - Do all entrances, windows and doors have locks?
    - Are buildings constructed of solid materials?
  - Are all critical areas well lighted throughout the factory and its grounds?
    - Are all entrances, exits and loading areas?
    - Are all inside areas of the factory?
    - Are all parking lots?
    - Is the perimeter and all access areas of the factory grounds well lit?

- **Access Controls** – What is in place to prevent unauthorized access to the warehouse?
  - Security guards
    - Number of hours per day?
    - How many personnel?
    - What areas do they cover?
  - Fencing – perimeter fencing and gates
  - Employee and visitor control
    - Is “everyone” issued ID badges no matter who they are?
      - Employees, Management, visitors, auditors, government personnel
    - Card Access systems if affordable and practicable for number of employees?
    - If there is no card access system, is everyone required to sign in or somehow record their entry and exit?
    - Fingerprint recognition system if affordable and practicable for number of employees?
  - Alarm systems
    - Door/window opening systems?
    - Motion detectors inside and outside the factory?
    - At all key areas of factory including the outside grounds?
    - Are alarm systems connected to the local police or security company?
  - Camera systems
    - Do CCTV cameras or similar devices cover all essential internal and external areas of the factory?
    - Are tapes or discs of these images kept for a minimum of 30 days?
  
- **Procedural Security** – What procedures are in place to protect against unmanifested material from being introduced into the warehouse?
  - Does the factory have a Security Policy that is documented in writing?
  - Is there a designated person or group in charge of security?
  - Does the factory have adequate procedures for verifying and securing seals on all conveyances?
  - Are all trucks and containers checked and recorded before/while entering factory grounds?
  - Is finished product area secured from non-essential employees?
  - Are security and/or management present during loading of all trucks and containers?
  - Are all trucks and containers checked and recorded before/while exiting factory grounds?

- **Personnel Security** – What procedures are in place for:
  - Screening and interviewing prospective employees
  - Verify application information
  - Periodic employee checks for due cause
  - Retrieving all factory identification and property upon end of employment
  
- **Education and Training Awareness** – Are security awareness programs in place to:
  - Recognize internal conspiracies
  - Maintaining cargo integrity
  - Determine and address unauthorized access
  - Are these programs documented and kept on file?

All factories are expected to pass with a score of 80% or above. Passing of the Factory Security Assessment is mandatory for our continued business relationship.

We look forward to a continued prosperous business relationship for all parties.

Thank you in advance for your cooperation.

Sincerely,

Staples' Customs Compliance Team