

Cargo Security Requirements for Shipping to the United States

1.0 PURPOSE

To ensure compliance with U.S. Customs cargo security programs by adhering to the requirements of C-TPAT; expedite the clearance of imported items; lower the potential for fines, penalties, forfeitures, and the seizure of inbound shipments.

2.0 SCOPE

This procedure applies to any country preparing a shipment to the United States which will be consigned to any Hobby Lobby location including their sister companies such as Hemispheres, Crafts! Etc, Mardel and Endless Possibilities.

3.0 REFERENCES

C-TPAT Guidelines, as outlined on the Customs website at www.cbp.gov

4.0 DEFINITIONS

Business Partners: Any company, individual or entity doing business with Hobby Lobby and its affiliates providing services or products. This includes all Foreign and U.S. based Suppliers, Customs Brokers, Freight Forwarders and Carriers, as well as consolidators and other service providers.

C-TPAT: Customs – Trade Partnership Against Terrorism

5.0 SUPPLIER RESPONSIBILITY FOR SHIPPING CONTAINERS

5.1 Container Security – Inspection

Prior to stuffing a container, the supplier will verify the physical integrity of the container structure by reviewing the following:

- Front Wall, Left side AND Right side
- Floor, Ceiling and roof
- Inside AND Outside Doors
- Outside / Undercarriage

All locking mechanisms will be checked for integrity.

5.2 Container Security – Seals

Secure all containers by review of the following:

- ❑ **Attach a high security seal to all loaded containers bound for the U.S**
- ❑ **Ensure the seal meets or exceeds current PAS ISO 17712 standards for high security seals.**
- ❑ **Outline written procedures for**
 - ❑ **Controlling seals and how they are to be affixed to loaded containers.**
 - ❑ **Recognizing AND reporting compromised seals and/or containers to the Hobby Lobby International Department**
- ❑ **Confirm only designated employees can distribute container seals for integrity purposes.**

6.0 SECURITY REQUIREMENTS FOR SUPPLIERS AND BUSINESS PARTNERS

Suppliers to Hobby Lobby will develop and implement a sound plan to enhance security procedures. These are general recommendations that should be followed on a case by case basis depending on the Company's size and structure. The Supplier should have a written security procedure plan in place that addresses the following:

Physical Security:

All buildings should be constructed of materials, which resist unlawful entry and protect against outside intrusion. Physical security should include:

- ❑ Adequate locking devices for external and internal doors, windows, gates and fences.
- ❑ Segregation and marking of international, domestic, high-value and dangerous goods cargo within the warehouse by a safe, caged or otherwise fenced-in area.
- ❑ Adequate lighting provided inside and outside the facility to include parking areas.
- ❑ Separate parking area for private vehicles separate from the shipping, loading dock, and cargo areas.
- ❑ Having internal/external communication systems in place to contact internal security personnel or local law enforcement police.

Access Controls:

Unauthorized access to the shipping, loading dock and cargo areas should be prohibited. Controls should include:

- ❑ The positive identification of all employees, visitors, and vendors.
- ❑ Procedures for challenging unauthorized/unidentified persons.

Procedural Security:

Measures for the handling of incoming and outgoing goods should include the protection against the introduction, exchange, or loss of any legal or illegal material. Security controls should include:

- ❑ Having a designated security officer to supervise the introduction/removal of cargo.
- ❑ Properly marked, weighted, counted and documented products.
- ❑ Procedures for verifying seals on containers, trailers, and railcars.
- ❑ Procedures for detecting and reporting shortages and overages.
- ❑ Procedures for tracking the timely movement of incoming and outgoing goods.
- ❑ Proper storage of empty and full containers to prevent unauthorized access.
- ❑ Procedures to notify Customs and other law enforcement agencies in cases where anomalies or illegal activities are detected or suspected by the company.

Personnel Security:

Companies should conduct employment screening and interviewing of prospective employees to include periodic background checks and application verifications.

Education and Training Awareness: A security awareness program should be provided to employees including the recognition of internal conspiracies, maintaining cargo integrity, and determining and addressing unauthorized access. These programs should offer incentives for active employee participation in security controls.

Vendor Signature

Date