



Dear Customer and Business Partner,

As we have already informed you, we are a CTPAT Certified Company. As you know the CBP requires that security measures must be implemented and maintained throughout the importer's supply chains.

We place an uncompromising emphasis on identifying the risk through our supply chain and measure it through external auditing and reporting processes.

For this reason we are required to work with business partners to ensure that pertinent security measures are in place and adhered to all our supply chains. The supply chain for C-TPAT purposes is defined from point of origin (manufacturer/supplier/vendor) through to point of distribution.

Our focus on cargo security provides the framework in which our business operates, for this reason we'd like to make a compromise to our business partners and to communicate the following C-TPAT security measures:

We do not seal the containers/trailers that come from abroad to our premises. But we have implemented Procedures for Cargo Security and we want to make available the following information to all of our business partners:

C-TPAT is requiring to TDS, Inc. to **convey** to all Business Partners and Clients to have Implemented Procedures to Develop an Inspection Process. To verify the physical integrity of the container structure prior to stuffing; to include the reliability of the locking mechanisms of the doors. All TDS's business partners and clients must have Implemented Procedures to Document the Inspection Process. A seven-point documented inspection process is recommended for all containers/trailers:

- Front wall
- Left side
- Right side
- Floor
- Ceiling/Roof
- Inside/outside doors
- Outside/Undercarriage

The C-TPAT Program requires that all C-TPAT Members must **convey** to business partners and clients to implement security Procedures to maintain Container Integrity. Containers and trailers in all of our supply chains must utilize a high security seal that meets or exceed the current PAS ISO 17712 standards, it also states that seals must be distribute it only to authorized persons and by seal number. Seals must be stored inside a locked drawer. Damaged seals must be carefully tracked.

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The C-TPAT Program requires the use of a high security padlock or similarly appropriate locking device when picking up local freight in an international LTL environment. Strict controls must be implemented to limit the access to keys or combinations that can open these padlocks.

Business partners who bring the merchandise to us are required that after the freight from the pickup and delivery run is sorted, consolidated and loaded onto a line haul carrier destined to cross the border into the U.S., must seal the container/ trailer with a high security seal. The C-TPAT Program is requiring to all members to **convey** to Business Partners the mandatory usage of High Security Seals which meets or exceeds the current PAS ISO 17712 standard for high security seal

TDS **conveys** to the long haul highway carrier to have the following implemented procedures in place: The driver must report if the trailer is open by authorities during transit, C-TPAT requires to affix another seal and to report the new seal number to everyone in the supply chain.

When loaded trailers/containers are being transferred to another carrier for immediate transport across the U.S. border, the Long Haul Highway Carrier must ensure that the location of the transfer is in an area is secure to prevent un-manifested material and or unauthorized personnel from gaining access to the trailer/conveyance. If the loaded trailer/container is not going to be immediately transported across the border the trailer must be staged or stored in a facility with physical barriers and deterrents that guard against unauthorized access to the trailer/container. The driver must also call the dispatcher to notify the time and location where the trailer/container was dropped or transferred to the highway carrier that will transport the cargo across the U.S. border

TDS **conveys** to the transport company that crosses the merchandise that C-TPAT requires that all seal numbers on the e-manifest have to be cross checked against actual seal number which must be cross checked against the seal number forwarded by originating plant. We also **convey** and recommend that written procedures must be implemented that stipulates how seals are to be controlled and affixed to loaded containers and trailers, and must include procedures for recognizing and reporting compromised seals and/or containers/trailers to US Customs and Border Protection or the appropriate foreign authority.

We thank you in advance for the attention given to this letter and we ask all our partners in the supply chain to take part of the C-TPAT Program and to follow effective safety measures.

Warm regards,

President
Transcontinental Distribution Services Inc.

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