

Milestone AV Technologies

TECHNICAL SPECIFICATION

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	Title:	Purchasing Specification	
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Revision History

Date	Rev	Reason for Change
3/1/05	A	Initial Release
4/1/05	B	Modified packaging requirements
4/27/05	C	Changed order of precedence to have printed drawing before electronic drawing.
8/19/05	D	Added dock truck requirement, flatness specification, and 90° tolerance
9/22/05	E	Added max bend radius and further specified acceptable pallet sizes
1/16/06	F	Multiple changes including: Changed to CSAV and included Sanus Systems in the scope, changed drawing dimensions to be prior to finishing, changed order on-time to promise date, defined "deep scratches", added pallet load height requirement, added exceptions for package weight of container shipments, added exception to pallet requirements for oversized items.
6/20/07	G	Added requirements for RoHS, added receiving hours, changed labeling requirements to "marking" requirements, created new marking format to facilitate use of barcodes for transactions, added that non-palletized markings shall be on the smaller sides of the packaging, added fastener requirements.
11/20/07	H	Per ECO 5390. Added to Mechanical dimensions requirement for ASTM A 568/A 568M for sheet metal and additional clarification on the material block for vendors. Also updated section 6 of the attachment for metric grades of screws.
12/23/08	00	ECO 500000120 Updated logo and CSAV to Milestone. Rev change to 00 for SAP conversion
6/19/09	01	ECO 500000842. Added additional reference documents to section 3.2 Added new section 4.1 requirements for Milestone suppliers and re-numbered remaining sections Added to 4.6 Quality section Deleted section 4.6.8 (markings on component packaging- new tech spec being created to address labeling) Added 4.7 Third Party Certification Marks section Added 4.8 Security section Added 4.9 Environment section Added Shipping Documents – Foreign section 4.10 Re-numbered Packaging section to 4.11 Added Contract Requirements section
08/05/2009	02	ECO 500001204 Added "Suppliers shall not outsource the production of die cast components without prior consent from the Milestone buyer" to the 4.6 quality section. Added back section 4.6.8 previously removed in rev 01.
1/18/2010	03	ECO 500002057 Updated section 3.2 to put reference documents in numerical order and added three new reference documents (8900-000005, 8900-000006 and ISTA) Sections 4.5.1.6 and 4.5.1.7: Added requirements for thread class Section 4.6.7: Added inspection requirements to Milestone AP insp. section Section 4.9: Added section on corporate social responsibility and re-numbered remaining sections Section 4.12: Added reference to 8900-000005 packaging tech spec
10/07/10	04	ECO 500003378 Added paragraph 4.7.5 Third Party label specification
6/6/2011	05	ECO 500004561: Added reference to OP-0217 MDA procedure to section 3.2 Added 4.2.1 Material Deviation Request (MDA) process in Purchasing section
8/15/2011	06	ECO 500004902. Changing on Attachment B Fastener Table 3 - BA to Black Phosphate, BO to include Black alloy, and removing BP

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1/20/2014	07	ECO 500007682 – ECO cancelled update request Planned to add sections 3.2 and 4.5.1.2: weldment symbols shall comply with AWS A2.4:2007 and re-numbered section 4.5.1 Weld project was cancelled – Revision 07 was obsoleted
9/21/2016	08	ECO 500014263 Section 3.2.6: Added 8900-000007 tech spec and renumbered Attachment A Page 19 and 20: #1: Added dash and enlarged image #2: Changed notes about nonstandard thread pitches and tolerances, clarified thread class and add note about thread pitch #3: Clarified #6: Rearranged to grade section, added SAE J429, gave examples of when grade is expected to appear as part of the code, changed grade 8 equivalency from property class 12.9 to 10.9 #7: Added option for multiple after finish codes and created a table explaining what the codes mean Attachment B: Added table 4 Section 4.6.7: Added (applicable only to China-Based suppliers) to “Inspection at Supplier Premises” and removed all other references to “in China” from section 4.6.7 Added SIP (Self-Inspection Project) requirements in sections 4.6.7.6 through 4.6.7.7 and renumbered specification
12/28/2016	09	ECO 500014778 Updated step 4.2.1.2 to state “The buyer/planner will inform the vendor whether the deviation request was approved or rejected either directly or via the Supplier Development Engineer”. Step 4.2.2: Changed Orders must be delivered by 3:30 PM to 3:00 PM.
4/26/2017	10	ECO 500015531 Step 4.2.2: Updated to indicate Shakopee MOC warehouse Step 4.2.2: Added Vaddio Minnetonka delivery time cut-off of 2:00 PM

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1.0 Purpose

The purpose of this specification is to define the standard minimum requirements products and vendors that supply products purchased by Milestone.

2.0 Scope

The scope of this specification includes all vendors and supplied parts purchased by Milestone.

3.0 Documents

3.1 Order of precedence

In the event of conflicting requirements, the following order of precedence shall apply:

- 1) Purchase order
- 2) Part drawing (print)
- 3) Part drawing electronic file (model)
- 4) Purchasing specification (this document)
- 5) Contract (if applicable)
- 6) Other reference documents

3.2 Reference documents

- 3.2.1 Milestone Materials & Finishing Specification 8900-000002
- 3.2.2 Milestone Fastener Specification 8900-000003
- 3.2.3 Milestone C-TPAT Importer Security Technical Specification 8900-000004
- 3.2.4 Milestone Packaging Specification 8900-000005
(8900-000005 is applicable to non-U.S. suppliers only)
- 3.2.5 Milestone Corporate Responsibility Specification 8900-000006
- 3.2.6 Milestone 161 Outdoor Paint Test Specification 8900-000007
- 3.2.7 Milestone Supplier Qualification Survey Form F-0105
- 3.2.8 Milestone Supplier Qualification Audit Form F-0106
- 3.2.9 Milestone C-TPAT Supplier Questionnaire F-0146
- 3.2.10 ASME Y14.5M – 1994 Dimensioning and Tolerancing
- 3.2.11 European Community Directive 2002/95/EC
- 3.2.12 ANSI/ASME B1.13M Metric Screw Threads: M Profile
- 3.2.13 ANSI/ASME B1.1 Unified Inch Screw Threads, UN and UNR Thread Form
- 3.2.14 ASTM A 568/A 568M Standard Specification for Steel, Sheet, Carbon, Structural, and High-Strength, Low-Alloy, Hot-Rolled and Cold-Rolled
- 3.2.15 U.S. Treasury Directive 02-62
- 3.2.16 Title 19 Code of U.S. Federal Regulations (19 CFR §141.86)
- 3.2.17 ISTA International Safe Transit Association
- 3.2.18 OP-0217 Material Deviation Request (MDA) Procedure

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4.0 Requirements

4.1 Supplier selection, evaluation, and continuous improvement

Milestone is committed to identifying, evaluating and selecting suppliers that produce the highest quality products while continuing to conduct business in a legal and ethical manner. Ensuring product safety as well as superior functionality requires our supplier's utmost attention to quality, environment, security, and social responsibility. Selecting suppliers with quality systems in place that continuously deliver to Milestone requirements is critical.

4.1.1 Supplier selection

Suppliers are selected based on their ability to meet the requirements outlined in this specification at a competitive cost. Milestone's supplier selection criteria are based on the nature of the products and services being sourced. Methods may include: Supplier Qualification Surveys, Supplier Questionnaires, Supplier Qualification Audits, Third Party QMS Certification, evidence of RoHS compliance, etc.

4.1.2 Contracts

In the interest of partnering for the long term, Milestone may require our suppliers to have a signed contract/business agreement in place. At a minimum, contracts are required for all non-U.S. suppliers and all warehouse providers. Components of the contract will vary dependant on the supplier and typically include order planning and confirmation, intellectual property, proprietary information, quality control, delivery, price and payment, entrusted equipment, product liability and confidentiality clauses.

4.1.3 Supplier evaluation

Supplier performance will be monitored. Key suppliers will receive a report card showing their performance. Primary performance indicators are quality, cost, and delivery. Other performance indicators may include environment, social responsibility and security. Suppliers with sub-standard performance may be placed on "probation", which will affect their ability to gain new business from Milestone. Suppliers that remain on probation without evidence of improvement will be subject to a decrease or discontinuance in business. Milestone will make every effort to assist our suppliers in improving their performance.

4.1.4 Milestone reserves the right to conduct unannounced assessment activities at supplier premises to confirm compliance with our requirements. Assessments may be conducted by Milestone employees, Milestone customers, and/or third parties contracted by Milestone or Milestone customers.

4.1.5 Continuous improvement

Suppliers are expected to continuously improve in all areas of performance. Milestone may request corrective action for specific areas of improvement. Suppliers shall respond to corrective action requests within fourteen (14) days of receiving the request. Responses shall include containment actions, root cause investigation, actions taken to address the root cause, and verification showing the actions effectively eliminated the root cause.

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4.2 Purchasing

4.2.1 Purchase order requirements shall be reviewed prior to acceptance of the order and acknowledged via fax or email. Any requested changes to requirements will nullify the purchase order until acknowledged by the buyer. Purchase order changes must be acknowledged with a revised purchase order with the exception of changes to delivery dates. All other verbal or hand written changes to purchase orders are not acceptable. Changes to pricing may require a new full quote with pricing at each quantity level. The vendor may request a Material Deviation (MDA) on a Purchase Order for product that does not conform to established requirements. An MDA is a written authorization to temporarily depart from a particular performance specification or design requirement. Reference OP-0217 Material Deviation Request (MDA) Procedure.

4.2.1.1 To request an MDA, the vendor will contact the Milestone procurement group. The deviation request shall be made prior to the goods receipt. Required information includes:

- Purchase Order (PO) number and the line item number
- A clear, precise, detailed description of the deviation
- The quantity of product being deviated
- Material number

4.2.1.2 The deviation request will be evaluated by the appropriate U.S. buyer/planner and routed for approvals. The buyer/planner will inform the vendor whether the deviation request was approved or rejected either directly or via the responsible Supplier Development Engineer.

4.2.2 Orders delivered to the Shakopee MOC facility must be delivered by 3:00 PM on the promised delivery date or up to three business days prior to be considered on-time.

Orders delivered to the Vaddio Minnetonka facility must be delivered by 2:00 PM on the promised delivery date or up to three business days prior to be considered on-time.

4.2.3 Kanban shipments shall be for the specified release quantity only.

4.2.4 Overages on custom manufactured parts that exceed 10% of the line item quantity must be approved prior to delivery.

4.2.5 Shipments under the specified line item quantity must be approved prior to delivery.

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4.3 Restriction of Hazardous Substances (RoHS)

4.3.1 General

Purchased parts shall not contain levels of hazardous substances over the threshold limits specified in the following table:

Substance	Threshold Limit by weight	
	(%)	(PPM)
Lead	0.1	1000
Mercury	0.1	1000
Cadmium	0.01	100
Hexavalent Chromium	0.1	1000
Polybrominated Biphenyls (PBB)	0.1	1000
Polybrominated Diphenyl Ethers (PBDE)	0.1	1000

NOTE: As governmental regulatory agencies and customer specific requirements change, this list of hazardous substances and threshold limits may not reflect the limits as specified by the European Community directives on RoHS.

4.3.2 Exemptions

Milestone has adopted the exemptions to the threshold limits for hazardous substances outlined in the European Community directives regarding the Restriction of Hazardous Substances (RoHS) (2002/95/EC and amendments). Any other exemptions will be noted on part drawings or purchase orders.

4.3.3 Proof of Compliance

Suppliers may be required to submit letters of compliance, testing results, and/or be subject to audit for RoHS compliance.

4.4 Fasteners

4.4.1 Refer to Milestone Fastener Specification 8900-000003 for fastener requirements based on the type of fastener. The part description should indicate the type of fastener and the necessary fastener attributes. Many Milestone fastener descriptions are in code to minimize the length. Attachment A describes the coding system.

4.4.2 Fasteners without published international standards or written Milestone technical specifications will be specified with a Milestone drawing or a specific manufacturers part number.

4.4.3 It is the supplier's responsibility to discuss ambiguous or unknown nomenclature with the buyer.

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4.5 Mechanical

4.5.1 Dimensional

4.5.1.1 Dimensions and tolerances shall comply with ASME Y14.5M – 1994 requirements unless otherwise specified.

4.5.1.2 All dimensions are prior to finishing unless otherwise specified.

4.5.1.3 Angles are $90^{\circ} \pm 0^{\circ} 30'$ unless otherwise specified.

4.5.1.4 Flatness for sheet metal shall be less than or equal to .005" per inch of material unless otherwise specified. It will also meet or exceed specification called out in ASTM A 568/A 568M.

4.5.1.5 Radius on all sheet metal bends shall be a maximum of one material thickness unless otherwise specified.

4.5.1.6 All American National Standard Unified Screw Threads will meet Class 2 thread requirements unless otherwise specified.

- o 2A - applies to external threads
- o 2B - applies to internal threads

4.5.1.7 All American National Standard Metric Screw Threads will meet Grade 6 thread requirements unless otherwise specified.

- o 6g - applies to external threads
- o 6H - applies to internal threads

4.5.2 Finish

Unless otherwise noted on the part drawing, the part finish is designated by the three digit suffix of the part number. E.g. for part #1021-000004-002, 002 is the finish code. Refer to Milestone Materials & Finishing Specification 8900-000002 for finishing requirements.

4.5.3 Material

Material callouts will be noted in the material block of the part drawing, and/or within the notes section of the print, and/or designated by the three digit suffix of the part number. E.g. for part #3090-000002-261, 261 is the finish code (in this case, material and color). Refer to Milestone Materials & Finishing Specification 8900-000002 for finishing/material requirements. Industry standard specifications apply for the material(s) listed. It is the supplier's responsibility to meet minimum callouts and to discuss ambiguous or unknown material nomenclature with the appropriate purchasing department buyer. No assumptions will be made in regards to material callouts.

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4.6 Quality

4.6.1 Milestone expects that our suppliers will work towards developing and maintaining a quality management system based on the requirements of the ISO 9000 series standards.

4.6.2 First Articles

Milestone may make purchase orders contingent on the approval of first article samples. Suppliers will receive specific requirements for the first article submission. Requirements may include the following:

Layout inspection: A physical measurement of each dimension indicated on the drawing with a comparison to the tolerance indicated on the drawing.

Material Certification: Document provided by the producer of a raw material (aluminum, plastic, wood, etc.) that certifies that it meets the requirements of the standard called out on the drawing.

Capability Study: A test at the outset of a process to see whether particular conditions of manufacturing are likely to result in acceptable products. Tests would typically consist of a minimum 40 piece sample, with a completed CPK calculation on the dimensions requested.

4.6.3 Changes in the design or process that may affect form, fit, or function are not acceptable after initial production order without written authorization of the buyer.

4.6.4 Suppliers shall not subcontract the production of Milestone designed die cast components without prior consent from the Milestone buyer.

4.6.5 Milestone reserves the right to return at the manufacturer's expense any nonconforming material or lots of material for which samples have been found to be nonconforming.

4.6.6 Purchased products are typically appearance parts that will be handled by consumers. There shall be no burrs or sharp edges that may cause injury during handling. There shall be no scratches or gouges that go completely through the finish. There shall be no rust.

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4.6.7 Inspection at Supplier Premises – Applicable only to China-Based Suppliers

4.6.7.1 Each supplier should submit a weekly inspection plan for the next week to "qc-sip@milestone.com" no later than Thursday, 12:00 A.M. Any changes to the inspection plan must be communicated at least one day (24 hours) in advance.

All purchase orders to suppliers must be signed off and approved by Milestone inspection personnel or selected 3rd party personnel prior to shipment. All products will be shipped with the Milestone QC "Passed" report or Milestone's written permission for shipment release for any pending issues. Suppliers that do not comply with these requirements will be fined \$200 USD (United States Dollar) per purchase order. Milestone reserves the right to delay payment until the product has been verified as acceptable at the receiving destination.

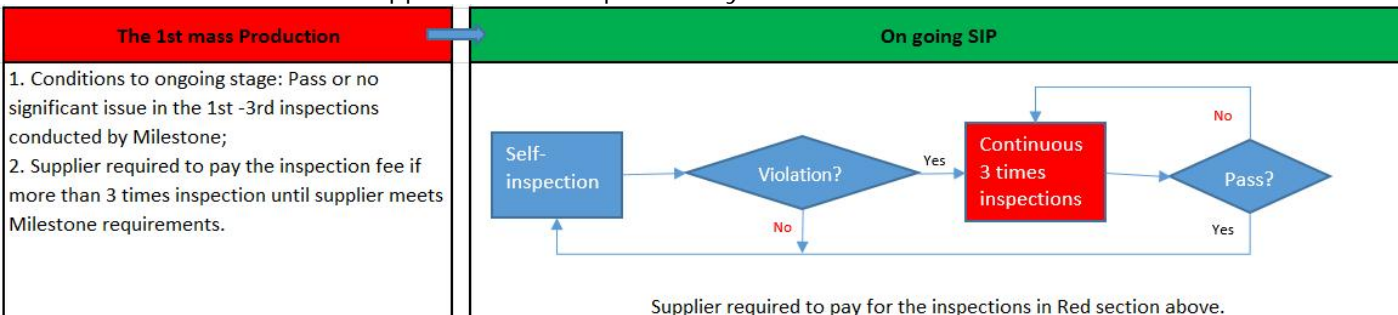
4.6.7.2 Milestone QC Inspection operates on a 5 working days per week system (9:00 A.M. to 6:00 PM). Inspection arrangements scheduled by the supplier must adhere to this timeframe.

4.6.7.3 Weekend inspections and weekday inspections after 6:00 PM are not allowed. Supplier requests for exceptions require advanced notification and approval.

4.6.7.4 Suppliers that require Milestone Quality Control personnel to work past arranged inspection hours will be charged an overtime fee of \$25 USD per man hour plus the traveling and hotel expense if there is any or the quotes from the 3rd party .

4.6.7.5 Nonconforming/rejected product requires re-inspection. Suppliers will be charged an inspection fee of \$200 USD per man day or the quotes from the 3rd party for all re-inspections. A \$200 USD per man day fees will be charged for inspections when schedules are postponed, cancelled or divided into multiple days.

4.6.7.6 In order to emphasize and enhance the quality ownership of the suppliers and continuously improve suppliers' product quality, Milestone has implemented the SIP (Self-Inspection Project) for the suppliers who are qualified by Milestone SIP.



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4.6.7.6.1 For the 1st mass production of new products, a Milestone inspector will perform the inspection 1~3 times (including re-inspection) and will consider authorizing the supplier to perform self-inspection (ongoing SIP) if the first inspection is accepted.

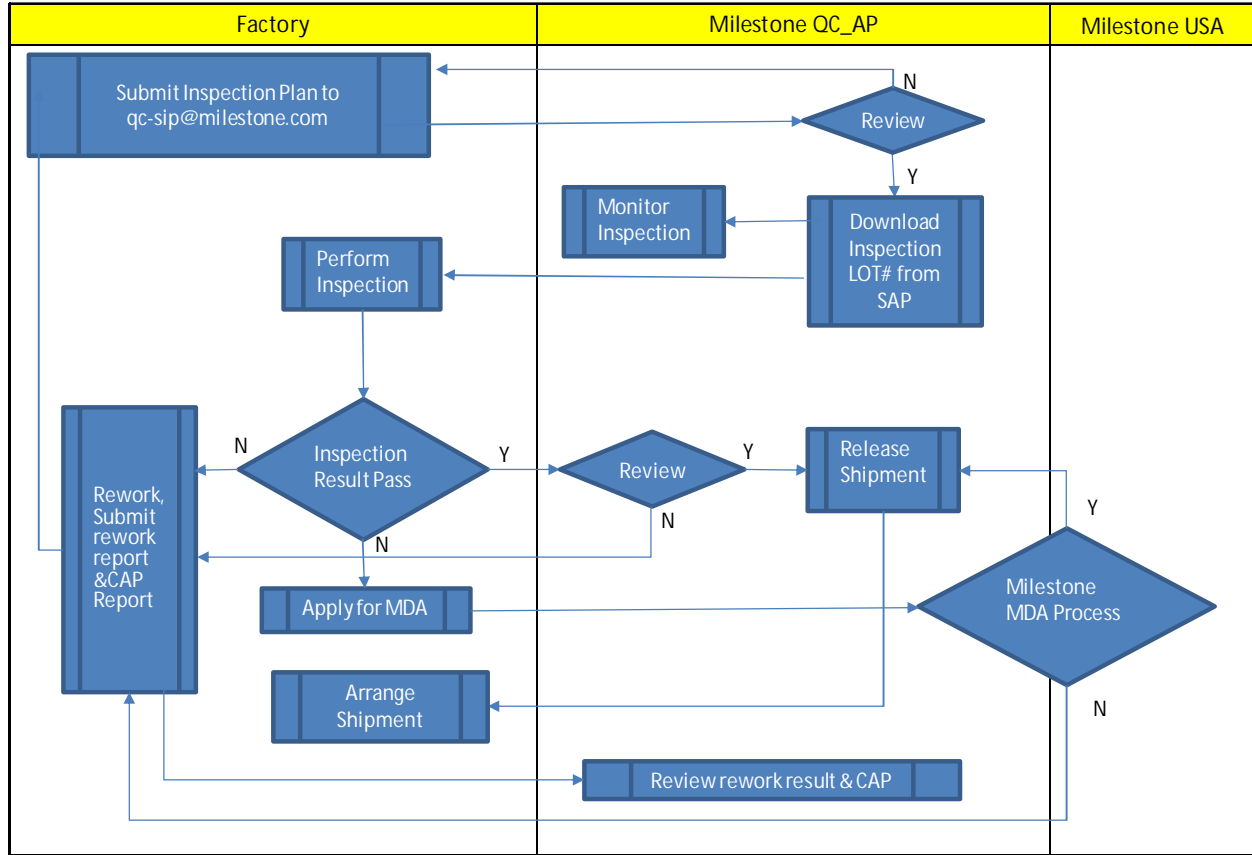
If the first inspection is not accepted, the Milestone inspector will continuously perform inspections 2~3 times.

If the third inspection is rejected, suppliers will be charged an inspection fee of \$200 USD per man day plus traveling and hotel expense if there is any or the quotes from the third party until the quality is significantly improved to meet Milestone requirements. These inspections will be conducted by a Milestone inspector or by a Milestone qualified third party.

4.6.7.6.2 For ongoing SIP, suppliers will perform the inspection and re-inspection. The supplier inspectors who inspect Milestone's goods must be qualified by Milestone in advance. In ongoing SIP (see SIP flow chart below), the supplier can create the inspection schedule according to their production plan, but they should still follow 4.6.7.1 requirements.

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4.6.7.6.3 In ongoing SIP, Milestone will periodically assess suppliers' inspection reports and monitor suppliers' self-inspection process. The following violations will cause the probation of supplier's SIP qualification.

In the probation of SIP, at least three continuous inspections will be performed by a Milestone inspector or a Milestone qualified third party. The suppliers will be charged an inspection fee of \$200 USD per man day plus traveling and hotel expense if there is any or the quotes from the third party.

- i) Supplier did not follow Milestone quality inspection standard to perform the inspection three continuous times;
- ii) Supplier inspector performing Milestone inspection was not qualified by Milestone with three continuous times;
- iii) Supplier shipped the Milestone goods without Milestone's written permission for shipment release;

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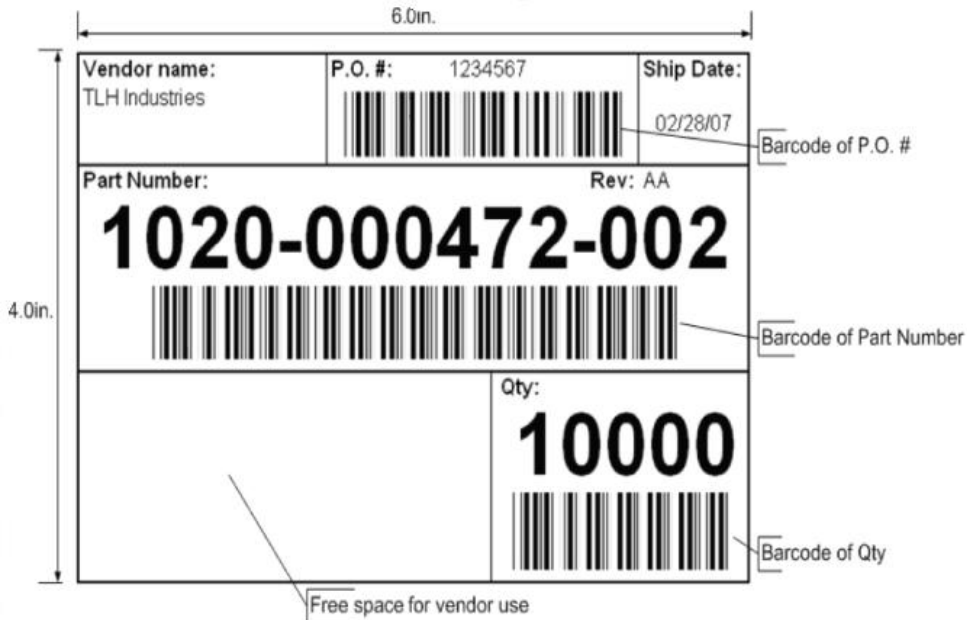
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- iv) Products were inspected and accepted by the suppliers, but Milestone received more than two quality customer complaints soon after;
- v) Products were inspected and accepted by the suppliers, but Milestone received a serious complaint or a batch of quality customer complaints soon after;
- vi) Supplier did not take effective timely corrective action when there were serious quality issues detected during Milestone process audits and product audits.

4.6.7.7 Inspections for suppliers who are not qualified by Milestone SIP, will be performed by Milestone QC or Milestone qualified third party.

4.6.7.8 Suppliers will receive a monthly debit note for all acquired fees.

4.6.8 Markings on component packaging shall be in the following format



NOTE: Marking templates for LabelVision® and Microsoft® Excel are available from Milestone.

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- 4.6.8.1 P.O. # field shall be the Milestone purchase order number without preceding zeros or additional characters.
- 4.6.8.2 Part Number shall be the part number in the package and should match the part number as shown on the purchase order without additional characters.
- 4.6.8.3 Qty shall be the quantity of parts in the package, which will not necessarily be the quantity on the purchase order or the total quantity shipped if there are multiple packages.
- 4.6.8.4 Part Number and Quantity text fields shall be 48pt Arial font
- 4.6.8.5 All other text shall be 12pt Arial font
- 4.6.8.6 Barcode heights shall be at least 0.5 inches
- 4.6.8.7 Barcodes shall have 0.10 inch or greater quiet zone
- 4.6.8.8 Barcodes must accurately scan using Milestone scanners. The barcode parameters below have been tested; all others must be approved by the Milestone buyer:
 - Code 3 of 9: 16.7 narrow element, 46.7 wide element, 2.1:1 ratio
 - Code 128: Subset B, 16.7mil module width

4.7

Third party certification marks

Milestone works with third party testing agencies such as UL (Underwriters Laboratories), TUV, and GS, to evaluate specific types of products. The agencies examine how our products are constructed, conduct tests, and evaluate results to confirm that products bearing the third party marking meet applicable safety requirements. The agencies also have field representatives who visit manufacturers' facilities to ensure our products continue to meet their requirements.

- 4.7.1 Suppliers may not mark products with third party certification marks without authorization.
- 4.7.2 Authorization for UL, TUV, and GS marks are specific to the factory location and part.
- 4.7.3 UL authorized factories are listed in the UL file. Authorized factories will receive the file from UL. UL files must be available at the factory and be updated with updates from UL.
- 4.7.4 Issues resulting from third party inspections shall be communicated immediately to the appropriate Milestone personnel.
- 4.7.5 Label Materials for Third Party Marks shall be:
 - Category PGDQ2 (if purchased from a UL approved label maker)
 - Category PGJ12, polyester label material and ink combination (if printed on site)Label material must be suitable for the application surface it is applied to, as described in the UL CCN: PGDQ2or PGJ12.

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4.8 Security

4.8.1 Milestone has joined with U.S. Customs in a program called C-TPAT (Customs Trade Partnership against Terrorism). The goal of the program is for importers to partner with their overseas supply chain base to ensure the safety of their cargo bound for the U.S. A C-TPAT Supplier Questionnaire (Form F-0146) must be completed by all suppliers outside the United States that ship goods to Milestone or Milestone customers.

4.8.2 All foreign suppliers must sign Milestone's Supplier/Service Provider Customs Trade Partnership Against Terrorism (C-TPAT) Shipping Requirements Agreement Form (Form F-0145) and work towards implementing the requirements documented in Milestone AV Technologies Supplier/Service Provider Customs – Trade Partnership Against Terrorism (C-TPAT) Technical Specification 8900-000004.

4.8.3 Compliance to C-TPAT requirements may be verified by auditing the supplier.

4.9 Corporate Social Responsibility (CSR)

Social responsibility concerns the behavior of an organization with respect to the impact of its decisions and activities on society and the environment. It involves willingness of an organization to be held accountable for actions over which it has control. Social responsibility is a form of ethical behavior, which is behavior based on acceptance that there is right and wrong.

4.9.1 Milestone has developed a Social Responsibility Technical Specification (8900-000006) to ensure that the suppliers we do business with have clearly defined social responsibility requirements.

4.9.2 Compliance to social responsibility regulations may be verified by auditing the supplier (e.g. following local laws and regulations with regard to forced labor, child labor, wages and salaries, working hours, harassment and abuse, non-discrimination, freedom of association environmental permits/approval, waste identification and handling, wastewater treatment and discharge, and air emissions).

4.10 Environment

Milestone expects its suppliers to act in a way that minimizes its negative impact on the environment. This includes packaging design to minimize waste and utilize recyclable material, proper handling and disposal of hazardous waste and other waste.

4.10.1 At a minimum, suppliers must comply with the local environmental laws and regulations in which they operate.

4.10.2 Milestone expects that our suppliers will work towards developing and maintaining an environmental management system based on the requirements of the ISO 14000 series standards.

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4.10.3 Compliance to the following environmental regulations may be verified by auditing the supplier (e.g. environmental permits/approval, waste identification and handling, wastewater treatment and discharge, and air emissions).

4.11 Shipping Documents - Foreign Suppliers

4.11.1 Shipping documents must meet the minimum requirements for the country of importation.

4.11.2 Milestone requires its foreign vendors to provide all documentation required for entry into the United States to the foreign freight consolidator, carrier, issuing bank, or directly to Milestone AV Technologies prior to exportation as specified under other associated agreements, such as a Letter of Credit or a purchase order. Because of requirements and regulations of various U.S. government agencies, the types of documentation may vary and may include additional declarations or statements that are not included in the following list. The foreign vendor is to contact Logistics and Transportation personnel at Milestone if there are any questions regarding the type of documentation required for entry into the United States. In general, the following documentation is required:

- Commercial Invoice
- Packing List
- Bill of Lading
- Fumigation Certificate of Statement on the Commercial Invoice that the "Shipment Does Not Contain Solid Wood Packing Material"
- Other U.S. government agency documentation and declarations such as, the Federal Communications Commission, Food and Drug Administration, Fish and Wildlife, Department of Transportation, Environmental Protection Agency, and Textile Manufacturer's name and address when applicable.

4.11.3 With the enactment of the U.S Treasury Directive 02-62 on December 2, 2002, shippers are required to provide complete and accurate product descriptions and/or HTS numbers tariff information (to the six-digit level) to the companies providing the cargo manifest to U.S. Customs & Border Protection (CBP) 24 hours prior to the cargo being laden on board. If accurate descriptions are not provided, the cargo can be denied loading on board the vessel. This regulation applies to all ocean cargo destined for the U.S., whether the cargo is to remain in the U.S. or be transported in-bond to another country. These regulations have been implemented as well for air and truck cargo as of December 2003. In addition, under Title 19 of the Code of Federal Regulations (19 CFR §141.86), commercial invoices are required to provide the following information in English:

1. Port of entry for which the merchandise is destined and date
2. Invoice number
3. Invoice date
4. Terms of sale (i.e. "Net 30, Draft/At Sight, etc.")
5. Trade terms (i.e. INCOTERMS (EXW, FOB, CIF, etc.)
6. Net and gross weight for merchandise
7. Detailed, accurate description of merchandise, including a part or model number/style, marks and numbers
8. Quantity of merchandise
9. Shipping unit of measurements

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10. Unit price in the currency of the purchase
11. Type of currency
12. Country of origin of the merchandise
13. Name and address of the foreign party responsible for invoicing, and the actual manufacturer's complete name and address (if the party varies from the foreign invoicing party)

4.11.4 Milestone has adopted the 10+2 ruling of U.S. Customs and Border Protection (CBP) issues ruling called the Importer Security Filing (ISF) and Additional Carrier Requirements as the base line for our global standard. The purpose of this rule is for Customs to further improve their ability to identify high-risk shipments so they can ensure cargo safety and security. As of November 25, 2008, U.S. Customs finalized details for the 10+2 security initiative. The additional elements required are listed below:

1. Name of the seller/invoicing party
2. Name of the buyer
3. Importer of record number
4. Consignee number
5. Manufacturer address
6. Ship to party
7. Country of origin
8. Commodity HTSUS number (10 digit level)
9. Container stuffing location
10. Consolidator (party stuffing the container)

NOTE: All of the above information that is not applicable to the supplier will be provided by Milestone's freight forwarder.

Two more elements required in the 10+2 program are the carrier's responsibility.

1. Vessel Stowage Plan or BAPLIE – 48 hours after departure
2. Container Status Messages – 24 hours after message is entered into the tracking system.

4.11.5 All foreign suppliers must sign Milestone's Supplier/Service Provider Customers Trade Partnership Against Terrorism (C-TPAT) Shipping Requirements Agreement Form (Form F-0145) and work towards implementing these requirements.

4.11.6 Shipping documents including a packing slip and commercial invoice shall be sent to Milestone within 24 hours of sailing date.

4.11.7 Payment terms for all of Milestone's foreign suppliers begin on the date of sailing or upon receipt of documents, whichever is first.

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4.12 Packaging

Milestone has created Packaging Technical Specification 8900-000005 to define minimum requirements for non-U.S. vendor product packaging and product protection based on ISTA - International Safe Transit Association specifications.

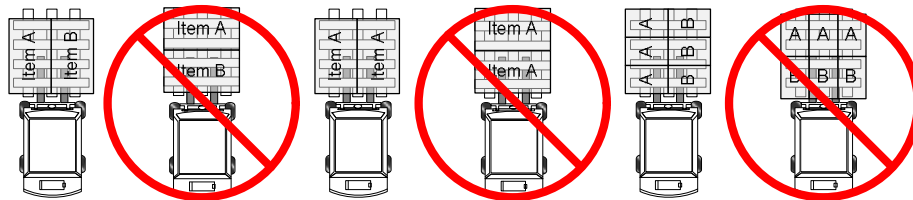
Packaging requirements documented below are required for all Milestone suppliers.

4.12.1 Products that are imported into the United States require country of origin identification on the outside of the container. This includes case packs, finished goods, and component part packaging.

4.12.2 Product shall be packaged in such a manner as to prevent damage and injury during shipment and subsequent use. I.e. Purchased materials are typically picked one at a time during the assembly process. The product packaging should prevent parts from shifting or tipping-over and causing damage or injury.

4.12.3 Packages that require hand-lifting shall be less than 40 lbs (with the exception of international shipping containers) unless otherwise specified. This includes all non-palletized packages as well as packages of different part numbers on the same pallet.

4.12.4 Multiple cartons of mating parts on a single pallet (as specified on purchase orders) shall be accessible from the side of the pallet commonly used by forklifts (overhang is permissible when two ¼ Gaylords are shipped on a single standard (40" x 48") pallet).



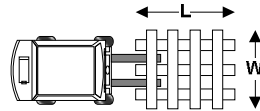
4.12.5 Individual packages shall contain only one part number per package with the exception of prototype orders.

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4.12.6 Pallets shall be between 30" and 42" in width (W) and between 43" and 50" in length (L) (see diagram below) and undamaged. Preferably, pallets will be 40" X 48" (W X L). Loaded pallets shall be less than or equal to the following heights as measured from the bottom of the pallet:

Chief Manufacturing	48"
Sanus Systems	60"



Items ordered which are physically larger than the dimensions above are an exception. Pallet deliveries shall be made with a dock truck.

4.12.7 Specific packaging instructions may be listed on the purchase order. Tolerances for the box size as listed on purchase orders are $\pm 1"$. Gaylord box sizes are as follows:

Box size name	External Box size
Gaylord	47" x 38" x 46"
½ Gaylord	47" x 38" x 21"
¼ Gaylord	34" x 21" x 18"

4.12.8 Shipping cartons and intermediate packaging (if applicable) shall be marked on two opposite sides of the package. Markings on palletized packages shall be facing toward the sides of the pallet commonly used by forklifts. Markings on non-palletized packages shall be on the shorter sides of the packaging (not on the top).

Only markings that contain the Milestone information shall be visible on the outside of the packaging. All other labels or markings must be removed or covered.

5.0 Attachments

- Attachment A: Fastener description codes
- Attachment B: Fastener tables

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Attachment A: Fastener description codes

The following diagram shows examples of Milestone part descriptions of fasteners. The table below explains each part of the description. Note: Not all fastener types will include each section.

Metric - BHCS M5 X 20 BA
English - HHCS 10.24 X 4 ZI 05 -TL

1
2a 2b
3
4
5
6
7
2

#	Description
1	<p>Fastener Code: Four digit code describing the type of fastener. Refer to Milestone fastener specification 8900-000003 for specifications.</p> <p>Note: IFI Standard page numbers are for reference only. See specification column for specification.</p>
2	<p>Thread Code: Specifies the fastener threads:</p> <ul style="list-style-type: none"> • Unless otherwise specified, all threads are right hand threads. • An 'M' indicates the fastener is in Metric units vs. English units. • If non-standard pitches and/or tolerances are required, a drawing will be provided. <p>Metric</p> <ul style="list-style-type: none"> • The number following the 'M' indicates the nominal diameter in millimeters. • Thread pitch is designated by the nominal diameter (Refer to Attachment B, Table 2). • Thread tolerance class shall be 6g6g for external threads and 6H6H for internal threads. • Metric unit fastener threads shall meet the specifications called out in ANSI/ASME B1.13M. <p>English</p> <ul style="list-style-type: none"> • The numbers are split into two codes; one for the nominal size (2a) and one for the threads per inch (2b). • Nominal size (2a): <ul style="list-style-type: none"> ○ 01 – 19: As Numbered ○ 20 – 29: 2nd number indicates nominal size in 1/16 inches ○ 30 – 39: 2nd number indicates nominal size in 1/8 inches ○ 40 – 49: 2nd number indicates nominal size in 1/4 inches Examples: See Attachment B, Table 1 • Thread tolerance class, when not specified by the standards referenced in 8900-000003, shall be 2A for external threads and 2B for internal threads. • English unit fastener threads shall meet the specifications called out in ANSI/ASME B1.1. <p>Note: 2b may be omitted on fasteners where thread pitch is part of the controlling standard. (Thread forming/cutting screws, sheet metal screws, etc....)</p>
3	Indicated by the capital letter 'X', this separator is used when specifying the length of the fastener
4	<p>Metric: The number indicates the length in millimeters</p> <p>English: The number indicates the length in 1/8 inches (Examples: 01 = 1/8", 02 = 2/8" or 1/4", 08 = 8/8" or 1", 48 = 48/8" or 6")</p>
5	Material/Finish Code: Refer to Milestone fastener specification 8900-000003 for standard materials for the type of fastener called out in part (1). Finishes or alternate materials will be noted as a two digit code. Refer to Attachment B, Table 3.

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Attachment A: Fastener description codes *continued*

#	Description
6	<p>Grade/Type Code: This number indicates the grade or type of fastener.</p> <ul style="list-style-type: none"> • This will be present when it is applicable (HHCS, HNFS, etc....) • This will not be present if an alternate material is specified in part (5) (NY, etc....) or if the fastener must meet the strength requirements in the applicable standard (BHCS, PPTS, etc...). • This may be present even though the strength properties are governed by the applicable standard (BHCS, PPTS, etc....). In this case the grade specifies the minimum grade the fastener must meet. <p>Grade:</p> <ul style="list-style-type: none"> • 02: GRADE 2 (SAE J995 or J429) = GRADE A (A563) = Property class 5.8 • 05: GRADE 5 (SAE J995 or J429) = GRADE B (A563) = Property class 8.8 • 08: GRADE 8 (SAE J995 or J429) = GRADE D (A563) = Property class 10.9 <p>Type:</p> <ul style="list-style-type: none"> • For thread forming/cutting fasteners, this will be a 1 or 2 character code that directly matches the screw type designation found in ASME B18.6.4
7	<p>Additional Requirements: All additional requirement codes will be preceded by a dash '-' to separate the codes. Multiple additional requirement codes may be present. Refer to Attachment B, Table 4.</p>

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Attachment B: Fastener tables

Table 1: English fastener codes for nominal sizes

#	Size	#	Size	#	Size
20	5/8"	30	1 1/4"	40	2 1/2"
21	1/16"	31	1/8"	41	1/4"
22	1/8"	32	1/4"	42	1/2"
23	3/16"	33	3/8"	43	3/4"
24	1/4"	34	1/2"	44	1"
25	5/16"	35	5/8"	45	1 1/4"
26	3/8"	36	3/4"	46	1 1/2"
27	7/16"	37	7/8"	47	1 3/4"
28	1/2"	38	1"	48	2"
29	9/16"	39	1 1/8"	49	2 1/4"

Table 2: Standard thread pitches based on nominal diameters for Metric fasteners

Nominal Size (mm)	Pitch	Nominal Size (mm)	Pitch	Nominal Size (mm)	Pitch
1, 1.1, 1.2	0.25	4.5	0.75	24, 27	3.00
1.4	0.30	5	0.80	30	3.50
1.6, 1.7, 1.8	0.35	6, 7	1.00	36	4.00
2	0.40	8, 9	1.25	42	4.50
2.2, 2.5	0.45	10	1.50	48	5.00
3	0.50	12	1.75	56	5.50
3.5	0.60	14, 16	2.00	64, 72, 80, 90, 100	6.00
4	0.70	20, 22	2.50		

Table 3: Material/Finish Codes

Code	Type	Description
AS	MATERIAL	ALLOY STEEL
BA	FINISH	BLACK PHOSPHATE
BO	FINISH	BLACK OXIDE/BLACK ALLOY
BZ	FINISH	BLACK ZINC
NP	FINISH	NICKEL PLATE
NY	MATERIAL	NYLON
PF	FINISH	PLAIN FINISH
SS	MATERIAL	STAINLESS STEEL
YZ	FINISH	YELLOW ZINC
ZI	FINISH	CLEAR ZINC

Table 4: Additional Requirement Codes

Code	Description
TL	Pre-Applied thread locker or nylon patch. A drawing will be provided
FT	Fastener must be fully threaded even if the controlling standard allows partial threads.