Revision History

Date	Rev	Reason for Change
5/21/2009	00	Initial Release
11/19/2010	01	ECO Number 500003646 Section 3.2.8: Added new F-0218 Container Check List - Chinese form Sections 4.1.1.2, 4.1.1.3, 4.1.1.4, 4.1.1.5, 4.1.2.1,: Added new F-0218 Container Check List - Chinese form or equivalent Section 4.1.2.2: Moved "Milestone requires our suppliers affix multiple …." from required to recommended to correlate with Milestone's C-TPAT profile (moved to 4.1.3.1) Added Section 4.1.4 to communicate record retention requirements for the F-0164 and F-0218 (or equivalent) forms
12/22/2016	02	ECO Number 500014816 Updated position titles for C-TPAT contacts throughout the document 1) Director of Global Logistics/Transportation changed to Director of Supplier Compliance 2) Customs Compliance Analyst changed to Trade Compliance Specialist

1.0 Purpose

The purpose of this specification is to define Milestone's minimum requirements and recommended practices related to supply chain security. The supply chain for C-TPAT purposes is defined from point of origin (manufacturer/supplier/vendor) through point of distribution. Milestone is a certified member of the U.S. Customs and Border Protection ("Customs") C-TPAT initiative. As a C-TPAT Certified importer, Milestone is required to meet or exceed a baseline level of security throughout its supply chain, known as Custom's Security Criteria. This requires that specific security measures, procedures and policies be in place addressing Milestone's import cargo receiving facilities, service providers, and foreign product suppliers. Benefits for participation in the C-TPAT initiative include:

- reduced examination rates of imported cargo,
- designated low-risk importer status with Customs, and
- opportunities to participate in other Customs-Trade and security programs.

2.0 Scope

The scope of this specification includes all Suppliers and Service Providers that ship and/or receive goods from locations outside of the United States directly to Milestone locations or Milestone customers and Milestone's U.S. import cargo receiving facilities.

3.0 Documents

3.1 Order of precedence

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

1) Supplier/Service Provider Customs-Trade Partnership Against Terrorism (C-TPAT) Technical Specification (8900-000004 - this document)
2) Purchasing Technical Specification (8900-000001)
3) Other reference documents

3.2 Reference documents

3.2.1 C-TPAT Security Guidelines for Air Freight Consolidators, Ocean Transportation Intermediaries and Non-Vessel Operating Common Carriers(NVOCC)
3.2.2 PAS ISO 17712 standards
3.2.3 F-0145 Milestone Supplier/Service Provider Customs Trade Partnership Against Terrorism (C-TPAT) Shipping Requirements Agreement Form
3.2.4 F-0146 Milestone C-TPAT Supplier Questionnaire Form
3.2.5 F-0147 Milestone OS&D (Over/Short/Damage) Report Form
3.2.6 F-0164 Container/Trailer/Conveyance Inspection Check List Points
3.2.7 F-0165 Carrier/Seal/Will Call Sign in Sheet
3.2.8 F-0218 Container Check List - Chinese

3.3 Terms and Definitions

Foreign Supplier	Any supplier from outside of the United States that provides goods bound for any Milestone facility or Milestone customer globally
Service Provider	Provides a service, not a product (e.g., air freight consolidators, ocean transportation intermediaries, NVOCC's, direct air/sea/rail carriers, licensed customhouse brokers, conveyance providers, international couriers and third-party warehouse providers).
Accredited Service Provider	Service providers that provided evidence of participation in the C-TPAT initiative or participation in another WCO accredited security program administered by a foreign Customs authority. Foreign entities that pack and ship goods to bound for any Milestone facility or Milestone customer globally.
Non-C-TPAT/ WCO Accredited Service Provider	Service providers that are not eligible for participation or have chosen not to participate in the C-TPAT initiative or other WCO accredited security program administered by a foreign Customs Authority, but have submitted responses to the F-0146 Milestone C-TPAT Supplier Questionnaire that are consistent with Customs Security Criteria for C-TPAT, or submitted a security plan, security report, or similar evidence of an active security program.
Disapproved Service Provider	Service providers that are not eligible or not participating in the C-TPAT initiative or other WCO accredited security program administered by a foreign Customs Authority and have not submitted a completed F-0146 Milestone C-TPAT Supplier Questionnaire, security plan, security report, or similar evidence of an active security program or responses to the completed F-0146 form or information submitted in the security plan, security report, or similar evidence is lacking and does not indicate that supply chain security is a significant priority for their organization.
U.S. Facilities	Facilities located in the United States that are owned, leased, or otherwise operated or contracted by Milestone for the purpose of receipt, storage, and distribution of imported goods.
Key Supplier	A supplier deemed critical to Milestone based on spend, risk, part count or importance, and/or future value.

4.0 Requirements

Milestone requires its Foreign Suppliers and Service Providers to meet the U.S. Customs Trade Partnership Against Terrorism (C-TPAT) "Required Practices" and strive towards implementing the *"Recommended Practices"* consistent with C-TPAT Supply Chain Security Criteria listed in this Technical Specification. Acknowledgement of receipt and adherence to this specification (8900-000004) will be documented on F-0145 Milestone Supplier/Service Provider Customs Trade Partnership Against Terrorism (C-TPAT) Shipping Requirements Agreement Form and returned to Milestone's Trade Compliance Specialist. Discovered non-compliance with these requirements will initiate a request for corrective action. Ongoing or persistent non-compliances may result in the termination of the business relationship between Milestone and the supplier/service provider.

The Director Supplier Compliance will issue an F-0146 Milestone C-TPAT Supplier Questionnaire Form to Foreign Suppliers and Service Providers in order to acquire evidence of participation in the C-TPAT initiative or an equivalent WCO accredited security program. Suppliers that are not eligible for participation or suppliers who elect not to participate are required to complete and submit the entire F-0146 Milestone C-TPAT Supplier Questionnaire Form, outlining their security measures, procedures, and policies. Based on the results of the questionnaire, the Director Supplier Compliance may request additional information, perform an on-site presentation of proposed services, or conduct other similar activities. This information will be used to review, rank and select suppliers and service providers.

4.1 CARGO/CONTAINER SECURITY

4.1.1 Container Security - Required Practice

4.1.1.1 Container Integrity

Container integrity must be maintained to protect against the introduction of unauthorized material and/or persons. At point of stuffing, procedures must be in place to properly seal and maintain the integrity of the shipping containers. A high security seal must be affixed to all loaded containers bound for the U.S. All seals must meet or exceed the current PAS ISO 17712 standards for high security seals.

4.1.1.2 Container Inspection - Prior to stuffing

- Procedures must be in place to verify the physical integrity of the container structure prior to stuffing to detect any potential or existing breaches in security or container integrity issues.

- Shippers are to inspect ocean containers for false walls, plates, hidden compartments, unusual repairs, hatches, "step-ups", unusual interior paint or welding work, false boxes, unusual glued or welded seams on the interior or exterior, defective door locking devices, stripped exterior door bolts, wood or other unusual flooring material, and other security concerns.

- Milestone's F-0164 Container/Trailer/ Conveyance Inspection Check List Points form or F-0218 Container Check List - Chinese form or an equivalent form will be completed by all foreign suppliers or service providers loading containers bound for Milestone locations or Milestone's customers. Each container requires a separate form.

- If a security breach is detected, the foreign supplier shall immediately notify Milestone's Trade Compliance Specialist and the steamship line, seize and secure the container for inspection by law enforcement authorities, and obtain a replacement container from the steamship line.

4.1.1.3 Container Inspection - Receiving

- The receiver is required to verify the physical integrity of ocean containers and other conveyances prior to devanning. Once the container doors have been opened, a quick, initial inspection will be conducted to identify whether any contraband or other security anomaly is present.

- Unloading the container requires a more thorough examination specially looking for false walls, plates, hidden compartments, unusual repairs, hatches, "step-ups", unusual interior paint or welding work, false boxes, unusual glued or welded seams on the interior or exterior, defective door locking devices, stripped exterior door bolts, wood or other unusual flooring material, and other security concerns.

- Milestone's F-0164 Container/Trailer/ Conveyance Inspection Check List Points form or F-0218 Container Check List - Chinese form or an equivalent form will be completed by all suppliers or service providers unloading containers bound for Milestone locations or Milestone's customers. Each container requires a separate form.

- Receiving personnel will reconcile imported cargo against advanced information such as Milestone's purchase orders, commercial documents, or transportation documents and verify the quantity received against quantity ordered as noted on the packing list, purchase order, shipping order, etc.).

- In the event of a detected overage, shortage, or damaged cargo, an F-0147 Milestone OS&D (Over/Short/Damage) Report Form will be completed and submitted to Milestone's Trade Compliance Specialist.

4.1.1.4 Container Seals - Prior to stuffing

- Milestone requires our foreign suppliers to securely control and maintain seals. Written procedures must stipulate how seals are to be controlled and affixed to loaded containers, which includes procedures for recognizing and reporting compromised seals and/or containers to U.S. Customs & Border Protection or the appropriate foreign authority.

- The seal number will be verified against the transportation documents, such as the Ocean Bill of Lading or Sea Way Bill of Lading. If seals do not meet or exceed the current ISO PAS 17712 seal requirements, the container number and appropriate information will be noted on the Milestone F-0164 Container/ Trailer/Conveyance Inspection Check List Points form or the F-0218 Container Check List - Chinese form or an equivalent form and submitted to Milestone's Trade Compliance Specialist for investigation and resolution with the appropriate party.

- Milestone requires its foreign suppliers to inspect seals prior to being affixed to ocean containers to ensure they are not faulty, tampered with, or manipulated. The probe and lock ends are to be examined carefully to ensure that glue or other debris has not been placed in the lock end and that the probe has not been altered to prevent locking.

- Milestone requires its foreign suppliers to record the seal number, commodity type, purchase order number, container number, and the name of the employee that sealed the container in a log, spreadsheet, or similar means for recordkeeping purposes.

- The seal number is to be provided to the ocean carrier or consolidator for inclusion as a data element on the ocean bill of lading for verification purposes.

4.1.1.5 Container Seals – Receiving

- The receiver is to ensure that container seals are intact. Containers received without seals, seals that have been tampered or manipulated, or containers that do not meet or exceed the current PAS ISO 17712 Standards are to be recorded on Milestone's F-0164 Container/Trailer/Conveyance Inspection Check List Points form or F-0218 Container Check List - Chinese form or an equivalent form and brought to the attention of the Trade Compliance Specialist for resolution.

- Milestone requires seal numbers be verified by receiving personnel against the transportation documentation, such as an ocean bill of lading, packing slip, or "Ocean Tracking Spreadsheet". The seal is to be tugged, twisted, and turned to ensure that it is firmly affixed and does not unscrew or otherwise come apart. The seal is to require a bolt cutter to remove it from the door hasp. Upon removing the seal, the door hasp should be inspected to ensure that it has not been tampered with or manipulated, specifically checking for glue or other debris in the probe locking chamber, sanded numbers, significantly bent probes, or other similar damage.

4.1.1.6 Container Storage

- Containers must be stored in a secure area to prevent unauthorized access and/or manipulation. Procedures must be in place for reporting and neutralizing unauthorized entry into containers or container storage areas.

- Third party warehouse receiving personnel will immediately notify the receiving supervisor if an unauthorized or unidentified person is on Company premises, a compromised container is suspected, there is contraband in a container or trailer, a container seal is missing or noncompliant, or if there are similar security concerns. The receiving supervisor will notify Milestone's Trade Compliance Specialist who will determine whether Customs, local law enforcement agencies, the steamship line, or other parties need to be notified of the security issue.

4.1.2 Container Security - Required Practice

4.1.2.1 Container Inspection

A seven-point inspection process is required for all containers.

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

Milestone F-0164 Container/Trailer/Conveyance Inspection Check List Points form or F-0218 Container Check List - Chinese form is available for documenting seven-point inspection results.

4.1.2.2 Container Seals

- Seals are to be maintained in a safe and secure environment, such as a locked file cabinet or safe. Only designated employees should distribute container seals for integrity purposes.

- Milestone requires its foreign suppliers affix seals to the assigned container once the doors are closed. To increase the level of security, seals are to be affixed to the right door of the container on the hasp that has the welded rivet. Once affixed to the container, the seal is to be pulled downward and twisted to ensure that is does not unscrew and that it is securely locked.

4.1.2.3 Container Storage

Milestone requires that containers be stored in a fenced-in and secure yard, where available. Where such a facility is not available, ocean containers should be secured by backing up the doors to a hard surface, such as an elevated concrete loading dock or building wall and secured with a padlock or seal.

4.1.3 Container Security - Recommended Practice

4.1.3.1 Container Seals

Milestone prefers that our suppliers affix multiple seals to the ocean container to deter thieves.

4.1.4 Record Retention Requirements - Required Practice

4.1.4.1 F-0164 Container/Trailer/Conveyance Inspection List Points Form or equivalent form

Original copies of the completed F-0164 forms will be forwarded to Milestone's Trade Compliance Specialist for retention.

4.1.4.2 F-0218 Container Check List - Chinese Form

Scanned copies of the completed F-0218 forms (or equivalent) will be forwarded to Milestone's Trade Compliance Specialist or the Asia Pacific Milestone Office.

Original copies of the completed F-0218 forms (or equivalent) will be retained at the supplier's factory for a minimum of one (1) year.

4.2 PHYSICAL ACCESS CONTROLS – Required Practice

Access controls prevent unauthorized entry to facilities, maintain control of employees and visitors, and protect company assets. Access controls must include the positive identification of all employees, visitors, and suppliers at all points of entry.

4.3 EMPLOYEES

4.3.1 Employees – Required Practice

4.3.1.1 An employee identification system must be in place for positive identification and access control purposes. Company management or security personnel must adequately control the issuance and removal of employee, visitor and supplier identification badges. Procedures for the issuance, removal and changing of access devices (e.g. keys, key cards, etc.) must be documented.

4.3.1.2 Visitors

Visitors must present valid photo identification upon arrival.

4.3.1.3 Deliveries (including mail)

Proper supplier ID and/or photo identification must be presented for upon arrival by all suppliers. Receiving personnel are to obtain and validate supplier or photo identification upon arrival of new or unfamiliar drayage providers or carriers. All carriers are required to complete Milestone's F-0165 Carrier/Seal/Will Call Sign-in Sheet or an equivalent version of the form which includes the drivers name, company, container number or other tracking number, and time in/time out of the facility, at a minimum.

4.3.1.4 Challenging and Removing Unauthorized Persons

Procedures must be in place to identify, challenge and address unauthorized/unidentified persons.

4.3.2 Employees - Recommended Practice

4.3.2.1 Packages

Arriving packages and mail should be periodically screened for potential health risks before being disseminated to its recipient.

4.3.2.2 Visitors

All visitors should be escorted and visibly display temporary identification.

4.3.2.3 Secure Access

Employees should only be given access to those secure areas needed for the performance of their duties.

4.4 PERSONNEL SECURITY

4.4.1 Personnel Security - Required Practice

4.4.1.1 Processes must be in place to screen prospective employees and to periodically check current employees.

4.4.1.2 Pre-Employment Verification

Application information, such as employment history and references must be verified prior to employment.

4.4.1.3 Personnel Termination Procedures
Companies must have procedures in place to remove identification, facility, and system access for terminated employees.

4.4.2 Personnel Security - Recommended Practice
Background checks / investigations:
Consistent with foreign, federal, state, and local regulations, background checks and investigations should be conducted for prospective employees. Once employed, periodic checks and reinvestigations should be performed based on cause, and/or the sensitivity of the employee's position.

4.5 PROCEDURAL SECURITY
4.5.1 Procedural Security - Required Practice
4.5.1.1 Security measures must be in place to ensure the integrity and security of processes relevant to the transportation, handling, and storage of cargo in the supply chain.

4.5.1.2 Documentation Processing
Procedures must be in place to ensure that all information used in the clearing of merchandise/cargo, is legible, complete, accurate, and protected against the exchange, loss or introduction of erroneous information. Documentation control must include safeguarding computer access and information.

4.5.1.3 Manifesting Procedures
To help ensure the integrity of cargo received from abroad, procedures must be in place to ensure that information received from business partners is reported accurately and timely.

4.5.1.4 Shipping & Receiving
Drivers delivering or receiving cargo must be positively identified before cargo is received or released.

4.5.1.5 Cargo Discrepancies
All shortages, overages, and other significant discrepancies or anomalies must be resolved and/or investigated appropriately. Customs and/or other appropriate law enforcement agencies must be notified if illegal or suspicious activities are detected, as appropriate.

4.5.2 Procedural Security - Recommended Practice
Shipping and Receiving
Arriving cargo should be reconciled against information on the cargo manifest. The cargo should be accurately described, and the weights, labels, marks, and piece count indicated and verified. Departing cargo should be verified against purchase or delivery orders.

4.6 SECURITY TRAINING AND THREAT AWARENESS

4.6.1 Security Training and Threat Awareness – Required Practice

Employees must be made aware of the procedures the company has in place to address security and threat situations, and how to report them.

4.6.2 Security Training and Threat Awareness - Recommended Practice

4.6.2.1 Threat Awareness

A security training and threat awareness program should be established and maintained by security personnel to recognize and foster awareness of the threat posed by terrorism at each point in the supply chain.

4.6.2.2 Training

Additional training should be provided to employees in the shipping and receiving areas, as well as those receiving and opening mail. Specific training should be offered to assist employees in maintaining cargo integrity, recognizing internal conspiracies, and protecting access controls. These programs should offer incentives for active employee participation.

Milestone recommends its foreign suppliers conduct training for its shipping personnel that are responsible for stuffing containers, maintaining and dispersing of seals, storing containers, and other similar activities addressed in this specification. The shipping personnel are to immediately notify appropriate management of any discovered breaches in security or integrity issues regarding seals and containers, or if they detect any unauthorized or unidentified persons on company premises, including container loading and storage areas.

4.7 PHYSICAL SECURITY

4.7.1 Physical Security - Required Practice

Cargo handling and storage facilities in domestic and foreign locations must have physical barriers and deterrents that guard against unauthorized access.

4.7.1.1 Fencing

If fencing is used as a physical barrier to guard against unauthorized access, the fencing must be regularly inspected for integrity and damage.

4.7.1.2 Gates and Gate Houses

Gates, through which vehicles and/or personnel enter or exit, must be manned and/or monitored.

4.7.1.3 Building Structure
Buildings must be constructed of materials that resist unlawful entry. The integrity of structures must be maintained by periodic inspection and repair.

4.7.1.4 Locking Devices and Key Controls
All external and internal windows, gates and fences must be secured with locking devices. Management or security personnel must control the issuance of all locks and keys.

4.7.1.5 Lighting
Adequate lighting must be provided inside and outside the facility including the following areas: entrances and exits, cargo handling and storage areas, fence lines and parking areas.

4.7.2 Physical Security - Recommended Practice

4.7.2.1 Alarms Systems & Video Surveillance Cameras
Alarm systems and video surveillance cameras should be utilized to monitor premises and prevent unauthorized access to cargo handling and storage areas.

4.7.2.2 Parking
Private passenger vehicles should be prohibited from parking in or adjacent to cargo handling and storage areas.

4.7.2.3 Fencing
The number of gates should be kept to the minimum necessary for proper access and safety. Fencing: Perimeter fencing should enclose the areas around cargo handling and storage facilities. Interior fencing within a cargo handling structure should be used to segregate domestic, international, high value, and hazardous cargo.

4.8 INFORMATION TECHNOLOGY SECURITY – Required Practice

4.8.1 Password Protection
Automated systems must 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.

4.8.2 Accountability
A system must be in place to identify the abuse of IT including improper access, tampering or the altering of business data. All system violators must be subject to appropriate disciplinary actions for abuse.