Authorized Economic Operator
Screening of Suppliers

1. <u>AEO: background and motivation</u>

After the attacks on the WTC towers in New York (9/11), Custom Authorities have issued stricter rules for the international movements of goods.

The companies' import and export are submitted to more frequent and stricter checks, bringing along considerable time loss as well as additional costs. These new regulations do not match with the need of companies to move goods faster and with less administrative costs. Moreover, with the number of international movements of goods increasing, the risk is real that Customs cannot handle the workload any longer.

Therefore, the EU has launched a program, under which companies can obtain a so-called "AEO certificate". AEO stands for "Authorized Economic Operator".

International standards where internal quality assurance standards are being adhered to by companies, in this case the business-partners of AGFA. Our business-partners are responsible for having quality assured procedures at their premises for Customs matters, as well as security matters. Internal policies and/or instructions must be documented.

2. <u>What does this mean for AGFA and its business-partners</u>?

Because AGFA has obtained AEO-certification, it is under the obligation to require its business-partners to commit to also secure their part of the supply chain relative to their business with AGFA.

Business-partners of AGFA can meet such requirement by obtaining their own AEO certificate or a similar program (e.g., CT-PAT), by indicating that their certification is pending, or by means of a screening done by AGFA.

For such screening but depending on the type of business partner AGFA will use a list of questions to be answered by the business partners. This questionnaire, which is to be considered as a self-assessment, reflects the standards of AEO. It does not however tackle creditworthiness or solvability issues since these are already covered otherwise.

With this self-assessment the business-partners confirm their willingness to comply (or not) with the AEO.

TOPICS & QUESTIONS	Yes	No	Comment/ answer/ description	Critical

1. Personnel

	Yes	No		
1.1 Are prospective applicants screened on work history, background references?	Yes	No		
1.2 Do internal labor regulations (as part of labor contract) include a code of conduct regarding security?	Yes	No		🟥
1.3 Does staff receive appropriate and regular training with regard to security and safety requirements (such as security protocols, detection of intrusion/tampering, reporting of incidents and the risks associated with international supply chains)?	Yes	No		
1.4 Are records made and maintained about all training activities?	Yes	No		
1.5 Are there procedures in place (and followed) to remove identification, facility and systems access, upon termination of the labor contract?	Yes	No		🟥

2. ITC security

	Yes	No		
2.1 Please list which software you use to manage your supply chain?				🟥
2.2 Are passwords used to access software?	Yes	No		
2.3 Is it required to change passwords regularly?	Yes	No		
2.4 Is usage of ITC (rules of conduct) in place and published?	Yes	No		
2.5 Does employer monitor the access to systems?	Yes	No		🟥
2.6 Is there a segregation of duties between users, developers, analysts?	Yes	No		🟥
2.7 Do you have a description of the measures regarding protection of hardware and software (firewalls, antivirus, disaster recovery)?	Yes	No		🟥
2.8 Did you describe backup routines, server room protection?	Yes	No		

3. Physical Security and access control

	Yes	No		
3.1 Do you prevent unauthorized access to your site(s) (avoiding intrusion unlawful entry)?	Yes	No		
3.2 Do you have a visitor's policy in place including identification and registration of visitors?	Yes	No		🟥
3.3 Do you regularly assess the physical security of your sites(s)?	Yes	No		
3.4 Do you have an employee identification including access control in place?	Yes	No		
3.5 Do you control and record visitors/staff/contractors/vehicles attending your premises?	Yes	No		🟥

4. Secured (un)loading of trucks/trailers/containers (ttc)

	Yes	No		
4.1 Do you prevent unauthorized access to shipping areas, loading docks, warehouses, etc.?	Yes	No		🟥
4.2 Do you inspect upon (un)loading the t.t.c.? (For ex. 7-point inspection: bottom/top ,4 outsides and inside.)	Yes	No		🟥
4.3 Are full/empty t.t.c's stored in a secure place to avoid unauthorized access	Yes	No		
4.4 Are all goods that need to be stored and/or shipped properly labeled and identified and kept track of?	Yes	No		🟥

5. Usage of seals

	Yes	No		
5.1 Are the seals kept in a secure place with limited access only?	Yes	No		
5.2 Do you have a log capturing t.t.c-number, seal number, staff member who did the sealing?	Yes	No		
5.3 In case of unloading a sealed t.t.c, do you verify the integrity?	Yes	No		

6. Compliance record

	Yes	No		
6.1 Did you, during the last 3 years, seriously infringe customs rules? However, the record of compliance may be considered as acceptable if the infringements are of minor or negligible importance in relation to the number /size of customs related operations/activities. In any case there should not be any fraudulent intent or negligence and remedial actions are to be taken in order to prevent or minimize future orders.	Yes	No		🟥