Customs-Trade Partnership Against Terrorism (C-TPAT):

INTRODUCTION AND BACKGROUND:

The Customs-Trade Partnership Against Terrorism (C-TPAT) is a voluntary anti-terrorism initiative that seeks to strengthen the international supply chain and help secure the U.S. border. U.S. Customs and Border Protection (CBP) formed the program in an effort to establish cooperative relationships among the trade community that increase overall cargo security.

The C-TPAT program relies on security commitments and cooperation from global trade partners of all types and sizes. A certification process involves self-reporting of a security profile, which is then reviewed by CBP officials. Once certified, certain C-TPAT members obtain benefits including:

- A reduced number of CBP inspections (reduced border delays)
- Priority processing for CBP inspections. (Front-of-the-Line processing for inspections when possible.)
- Assignment of a C-TPAT Supply Chain Security Specialist (SCSS) who works with the company to validate and enhance security throughout the company's international supply chain.
- Potential eligibility for CBP's Importer Self-Assessment program (ISA) with an emphasis on self-policing, not CBP audits.
- Eligibility to attend C-TPAT supply chain security training seminars.

Beyond the certification phase of the C-TPAT program, there is also a validation process of the self-reported security profile. During a validation, a CBP team evaluates the status and effectiveness of key security measures in the participant's profile to make recommendations and recognize best practices where appropriate. The validation is intended to ensure that the C-TPAT participant's international supply chain security measures contained in the C-TPAT participant's security profile have been implemented and are being followed in accordance with established C-TPAT criteria or guidelines.

According to CBP, validation visits are not audits. However, CBP continually reviews certified and validated members of the program to ensure commitment to the program.

Union Pacific Railroad's COMMITMENT TO C-TPAT:

Union Pacific Railroad is a certified and validated member of the C-TPAT program.

In 2002 Union Pacific Railroad (UP) entered into an agreement with the United States Customs Service (now called U.S. Customs and Border Protection) "designed to strengthen [UP's] ability to deter illegal access to and use of its conveyances, associated equipment, and [UP] facilities by those desiring to use [UP's] conveyances to further terrorist activities." The agreement requires UP (the Carrier) to:

1. Require, as a matter of Carrier policy, that all of its managers, supervisors, employees and representatives reasonably cooperate with Customs and other law enforcement entities in an effort to deter terrorist activities.
2. Conduct a comprehensive security search at the last feasible point, as determined by Carrier in its sole discretion, prior to arrival at the first United States port. Develop security procedures, as needed, to ensure that security is not breached or compromised if such security inspections cannot be conducted immediately prior to crossing into the United States.
3. Maintain and/or establish security systems for foreign and domestic cargo storage and handling facilities, container yards and conveyances operated by the Carrier in an effort to prevent the improper manipulation, transportation or handling of cargo or container and safeguard Carrier seals.

4. Where the Carrier operates facilities in a foreign country, establish practical security procedures designed to restrict access to conveyances.

5. To the extent possible, develop and utilize photo identification system for Carriers employees. To the extent practicable, require visitors to display proper identification while on Carrier property. Provide access to cargo, facilities, and conveyances under Carrier control by Carrier employees when reasonably required to perform their duties.

6. To the extent permitted by applicable law, conduct employment record checks of all permanent new-hire personnel assigned to work at the Carrier's facilities along the Mexican and Canadian borders, including criminal record checks in the country of current residence. An employment record check shall, at a minimum, consist of an internal company inquiry as to prior employment

7. To the extent permitted by applicable law, maintain a current employee list which includes the name, date of birth, social security number (where applicable), position held and current seniority date for every permanent foreign and United States employee employed by Carrier and, to the extent permitted by law, submit this information to Customs upon written request from U.S. Customs headquarters, Washington, D.C.

8. Use its commercially reasonable efforts to ensure that all manifest/bills of lading and other documentation submitted for cargo to be shipped are complete and implement systems designed to ensure the integrity of cargo seals.

9. Report to Customs suspicious shippers, shipping practices, or when anomalies appear in shipping documentation or railroad equipment.

10. Designate a Carrier official or representative to serve as liaison with Customs at each port of entry which the Carrier serves.

11. Develop and distribute a security awareness program to assist Carrier's employees in recognizing internal conspiracies, maintaining cargo integrity, and determining and addressing unauthorized access.

12. Provide Customs with access to the Carrier's systems for the purpose of identifying and tracking railroad equipment and shipments that, according to profiles developed by Customs, have a relatively high probability of being used to transport contraband by rail into the United States. Customs shall contact Carrier's designated representative prior to requesting any such access or information.

13. To the extent practicable, cooperate with Customs, domestic and foreign port authorities, foreign customs administrations, and other industry leaders, in advancing the Customs Trade Partnership Against Terrorism (C-TPAT) and the Container Security Initiative (CSI).

14. Encourage other railroads to participate in the C-TPAT Program.

After reviewing UP's security profile, CBP certified Union Pacific Railroad as a member of the C-TPAT program in December 2002. Union Pacific Railroad has maintained our certification and continues to actively support the CTPAT program.

Union Pacific Railroad fully supports this supply chain security program and encourages all its customers to either consider becoming a member of C-TPAT or working to self maintain the C-TPAT security measures as 'best security practices' in order to ensure a safe supply chain for their products, the Railroad and the communities they both operate and ship in / through.

For additional information on the Customs-Trade Partnership Against Terrorism (C-TPAT) program and to access the C-TPAT web portal Status Verification Interface (SVI) database, please see CBP's website at: https://www.cbp.gov/border-security/ports-entry/cargo-security/ctpat.

Rod Doerr – VP & Chief Safety Officer
Union Pacific Railroad