
1. Purpose

The purpose of this Standard Operating Procedure (“SOP”) is to ensure that all vendors utilized at Fracht FWO, Inc. (“Fracht”) undergo the proper approval process. The following types of vendors shall be discussed in this SOP: standard trucking, heavy haul trucking, crane and rigging, barge, air vendors (charters and Fracht air services) and ocean carriers. All vendors MUST be approved before use. Requests will need to be sent to the Compliance Team by email at vendorrequest@fracht.com or others as notated in each respective section.

2. Scope

This SOP applies to all Fracht Employees who are in need of a vendor approval.

3. Procedure

3.1 Standard Trucking Approval

If a Fracht Employee would like to use a Standard Trucker that is not already approved, they will need to contact the Compliance Team in order to get the approval process started. In order to properly vet the new Standard Trucker, the Compliance Team will need the following from the Employee:

1. Name of Trucker
2. Email contact
3. DOT# or MC# if already known, otherwise Compliance Team will ask in writing from the potential Trucker by email.

Once this information is provided to the Compliance Team, the Compliance Team will verify the operating authority, safety records, and insurance by utilizing Truckstop.com (“Truckstop”). Truckstop will verify the potential Trucker’s credentials, including obtaining insurance certificates. Truckstop uses pre-set thresholds as determined by Fracht to vet each Trucker. This is done to ensure that all Truckers are within the safety parameters, authority, and have the correct amount of insurance on file. The Trucker will also need to sign the Broker Carrier Agreement (asset based operations) or the Co-Broker Agreement (broker based operations), fill out questionnaires related to business operations, and CTPAT/Security Procedures as applicable. If the Trucker qualifies for approval, then the Compliance Team will let the Employee know that the Trucker is approved and advise of the organization code in CargoWise. If the Trucker doesn’t qualify for approval, then the Compliance Team will let the Employee know the reason for such rejection. Reasons can include incorrect operating authority, poor safety records, lack of documentation including no insurance on file, etc.

3.2 Heavy Haul Trucker Approval

If a Fracht Employee would like to use a Heavy Haul Trucker that is not already approved, they will need to contact the Compliance Team in order to get the approval process started. In order to properly vet the new Heavy Haul Trucker, the Compliance Team will need the following from the Employee:

1. Name of Heavy Haul Trucker
2. Email contact

3. DOT# or MC# if already known, otherwise Compliance Team will ask in writing from the potential Heavy Haul Trucker by email.

Once this information is provided to the Compliance Team, the Compliance Team will follow the same steps as listed above in Section 3.1 Standard Trucking.

3.3 Crane and Rigging Approval

If a Fracht Employee would like to use a Crane and/or Rigging company that is not already approved, they will need to contact the Compliance Team to get started. The Compliance Team will need the following from the Employee to get started:

1. Crane/Rigging company name
2. Email contact
3. Advise the Compliance Team if the Crane and Rigging company will also be used for road transport (Trucking or Heavy Haul) services. If so, the Employee will need to also provide requirements listed in Section 3.1 or 3.2 above.

The Compliance Team will then ask the Crane and/or Rigging company for the following documents:

- OSHA safety records (past three years)
- eMod score
- Master Service Agreement
- Insurance certificate
- Scope of work (what are they lifting)
- Form054 CTPAT Security Questionnaire

If Applicable:

- Training records for the vendor's Employees
- Equipment certifications and maintenance records
- Method statements and or technical drawings

The Compliance Team will let the Employee know if the Crane and/or Rigging company was able to be approved. Once all requested documents are received, the Compliance Team will let the Employee know the organization code in CargoWise. If the Crane and/or Rigging company was unable to be approved the Compliance Team will let the Employee know. Reasons for rejection can include lack of documentation, insufficient insurance limits or coverage, etc.

3.4 Barge Transport Approval

In order to approve a Barge company, the Compliance Team will need the following from the Employee:

- Name of Barge company

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- Email contact
 - Scope of work

Once the Employee has provided the information above, the Compliance Team will request the following from the Barge company:

- OSHA safety records (past three years) and/or Coast Guard safety records
- Insurance certificate
- Master Service Agreement
- Equipment certifications and maintenance records
- Form054 CTPAT Security Questionnaire

The Compliance Team will let the Employee know once a Barge Company is approved and will provide the organization code in CargoWise. If the Barge Company could not be approved the Compliance Team will let the Employee know reasoning the Barge Company was rejected.

3.5 Air Vendors (Charters and Fracht Air Services)

If a Fracht Employee would like to use an Aircraft Passenger or Cargo Broker or an Airline that is not already approved, they will need to contact the Fracht Air Procurement Team and Compliance Team to get started. These Teams will need the following from the Employee to get started:

1. Company name
2. Email contact

To approve an Airfreight Cargo Broker, Passenger Aircraft Broker or Airline, please reach out to air@fracht.com.

3.6 Ocean Carriers

If a Fracht Employee would like to use an Ocean Carrier that is not approved, they will need to contact the Fracht Procurement Team at procurement@fracht.com

The Fracht Procurement Team requires the following:

1. Ocean Carrier Name
2. Scope – Trade Lanes
3. Rate Schedule

Upon receipt of above requirements, the Fracht Procurement Team will contact the Ocean Carrier for:

1. Address where contract is controlled
2. Carrier Signatory
3. Terms and Conditions
4. Scope
5. Definition of commodities

6. Surcharge rule structure per carrier tariff
7. All Fracht Affiliates
8. Effective and termination date
9. MQC (Min quantity commitment)

Once reviewed by the Fracht Procurement Team and confirmed above is complete, it must be sent to Fracht Legal to review terms. This is only required for initial contracts, it is not necessary to send to legal for renewals, extensions or amendments.

Upon acceptance from Fracht Legal Team, Fracht Procurement Team must provide the carrier with Bank, Bond, Tariff and NVOCC licensing details.

The Ocean Carrier will then present a final proposal for signature.

The Ocean Carrier will send to the FMC to complete the agreement. Once the FMC confirms registration the contract will be fully enforceable.

Once all of the requirements have been met, the Fracht Procurement Team will let the Employee know of final approval for use.

4. **Expectations**

Fracht Employees who are in need of a vendor approval should have realistic timeframe expectations. If the vendor provides correct documents and completes everything that was requested, they can be set up by the Compliance Team and other respective Fracht Teams within 5 days (dependent on type of vendor request). If there are other issues with getting the vendor approved, it can take much longer. It is all dependent on how fast the vendor is able to provide and complete Fracht's requirements.

The Fracht Employee is also advised to follow up and push the vendor to provide and complete the onboarding requirements.

In some cases, if a vendor is being uncooperative or unresponsive to Fracht's requests, the Compliance Team will advise the Fracht Employee that the vendor they requested for approval cannot be processed due to specific reasons.

5. **Document and Data Reference**

Broker Carrier Agreement
Form054 CTPAT Security Questionnaire

6. **Revision History**

Rev	Date	Description
0	05/18/2012	Created Purchasing and Vendor Selection
1	03/02/2014	Updated Transport Providers Criteria and updated flowchart style

2	01/21/2016	Updated SOP to reflect the requirements of ISO 9001:2015 and ISO 14001:2015; detailed procedure according to vendor type; updated formatting and corrected typographical errors.
3	03/03/2016	Updated Barge and Crane and Rigging procedures to include more detailed vetting procedure and include preferred vendor database.
4	11/27/2017	Updated formatting.
5	06/10/2020	Revised approval process to align with updated procedure.
6	05/15/2021	Revised to include CTPAT security requirements.
7	09/10/2021	Revised to include expectations and vendor request email.
8	07/20/2022	Updated formatting, revised and added Sec. 3.5 and Sec 3.6

