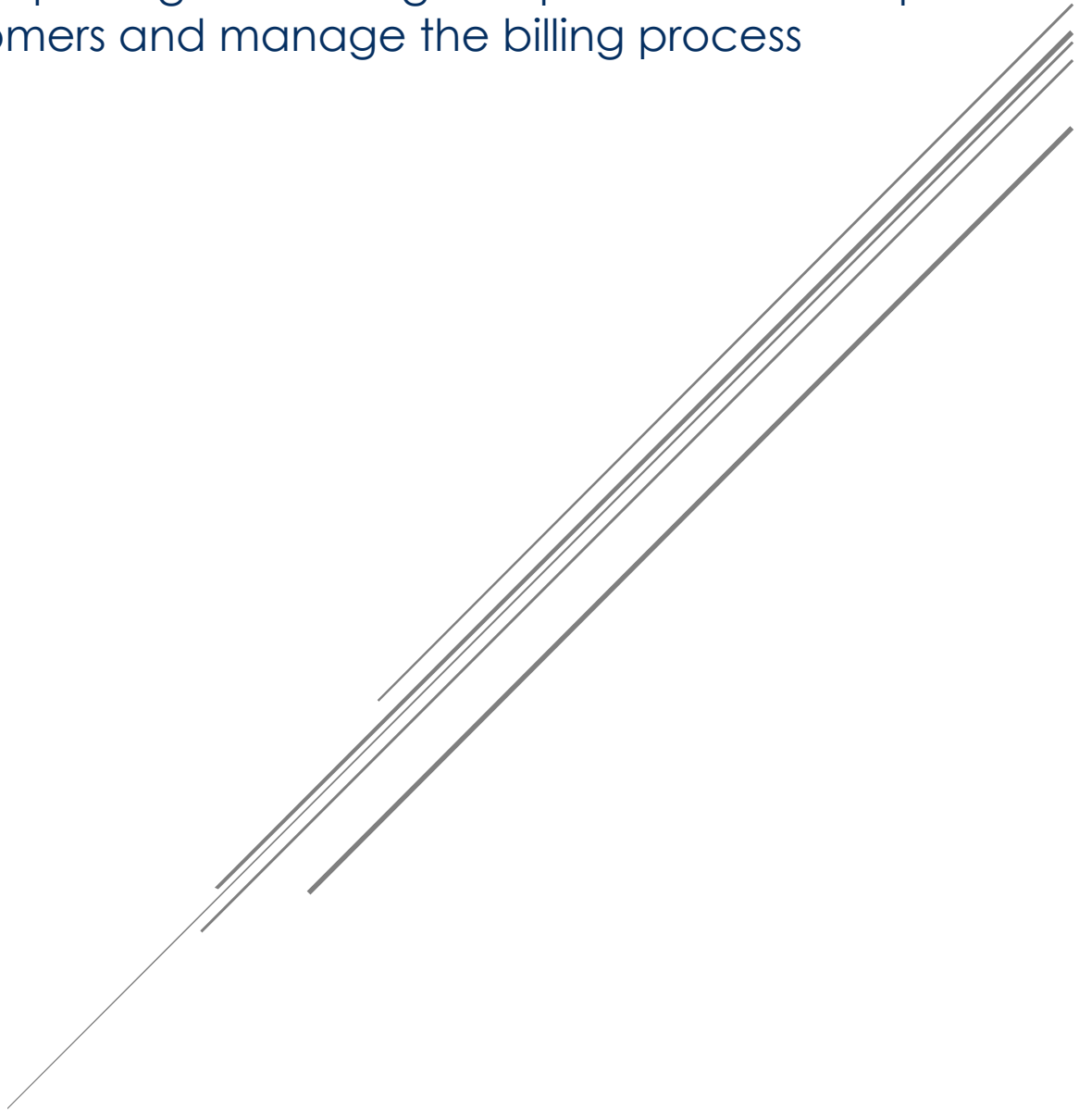


LOGISTICS POLICY MANUAL

A complete guide for logistics personnel to acquire customers and manage the billing process



FREIGHT BROKER LOGISTICS POLICY MANUAL

General Disclaimers

The policies outlined here are general in nature and supplemented by specific procedures detailing implementation. They serve as guidelines for prudent business judgment and sound assessment of customers' capabilities. This manual is intended for internal use only by sales, credit, and other members of management. It is not to be distributed externally. All employees are responsible for addressing any shortfalls in staff, systems, or professionalism, cooperating fully with internal and external auditors and regulators when applicable.

Sales Procedures: Customer Prospecting & Application Process

Customer Application Submission

Customers must complete a Customer Application form with assistance from Sales Members. This form gathers essential financial information about the potential customer to kickstart the evaluation process. It aids in planning site visits, if necessary, and provides insights into the customer's business operations.

❖ *OperFi Process: Client submits a Customer Credit submission through the OperFi Portal*

Initial Client Meetings

Early interactions with clients aim to assess their character, business conditions, opportunities, and gather additional information.

Customer Credit Risk Evaluation

Identifying Risk Factors

Credit risk analysis focuses on identifying potential risk factors, including:

- Credit checks using approved credit databases.
- Background checks on ownership (if applicable) - assessing the owner's history, character, and management capabilities.
- Industry and commodity type.
- Initial impressions – evaluating the customer's website, AP contacts, physical locations, etc.
- Business stability and growth potential.

❖ *OperFi Process: OperFi Credit Personnel assists with evaluating the credit worthiness of the potential customer.*

Customer Approval and Vendor Setup

Approval Process

Customer approval is granted after thorough underwriting, credit department approval, and final sign-off by Managers. Each customer will have a detailed file including:

- Signed Customer Setup Packet by Sales Member, Credit Personnel, and Manager.
- Completed Customer Application with references.
- Comprehensive Credit/Underwriting Checklist, including credit reports.
- Public filings and financial statements (if applicable).
- Initial credit limit set by Management.
- Signed Master Service Agreements and Vendor Setup packets by the Manager.

All customer files must be completed and signed before any freight offerings. Credit will then input customer information and initial credit limits into the TMS.

❖ **OperFi Process: Historical customer approvals are stored in the OperFi portal to include credit limits**

Load Offerings and Acceptance

Sales Members Responsibilities

Sales Members are responsible for their credit recommendations, ensuring they align with the company's credit standards and policies. They must understand the risks involved in the credit, the current collection/aging status, and the customer's financial situation. No freight offerings should be recommended without thorough preliminary work.

Sales Members receive freight and lane opportunities from customers, negotiate rates within acceptable profit margins approved by Managers, and present load offerings for credit approval.

Sales Members will complete a **Project Planning Evaluation** to ensure that any purchase orders or large project have all necessary items completed and reviewed to include:

- Timeline of Project
- Number of loads
- Freight being hauled
- Total volume, revenue, margins, etc.
- Operational Procedures to include how reference numbers will be assigned and any special handling of the freight being hauled (Tarps, Straps, Chains, Check Calls, GPS, etc.), insurance requirements
- Master Service Agreements and all billing requirements reviewed and approved.

Credit Department Evaluation

The Credit Department continually evaluates the customer's financial status, including current aging, market conditions, public records/filings, and any other relevant information. Once approved, the Operations team will facilitate the logistics.

- ❖ **OperFi Process: OperFi Team evaluates and monitors agings and risk assessments of customers**

Operational Procedures

Transaction Facilitation

Upon receiving freight offerings, the Operations team will:

1. Enter all loads into the TMS software with details and rates obtained by the Sales Member.
2. Post loads on relevant load boards.
3. Secure trucks in the following order:
 - Preferred Carrier Network – Established trusted relationships.
 - Extended Carrier Network – Partner factoring clients.
 - Cold-call and load board carriers.

Carrier Verification

Carriers must complete a Carrier Setup Kit, and Operations must verify:

- Signed contracts and setup documents.
- Current and adequate insurance coverage.
- Active Carrier Authority.
- FMCSA Safety Rating quality.
- External checks for fraud or double brokering risks.

- ❖ **OperFi Process: Client sends Carrier Onboarding or Vendor Setup link to establish carrier in system for payment management and tracking**

Rate Confirmations and Dispatch

Rate Confirmations are sent, signed, and received before dispatch. Operations personnel must adhere to pre-established rates to maintain profit margins. Dispatch personnel will coordinate with carrier dispatch or drivers to ensure schedules and deadlines are met, communicating any deviations to Business Development personnel. Check calls are to be completed as per customer specifications and updated in the appropriate databases.

BEST PRACTICE: Ensure Rate Confirmations contain language regarding the following:

- **Double Brokering:** Carriers must not re-broker or subcontract any loads to any other carrier
- **Late & Damages:** Carriers must report late pickup and arrivals
- **Notice of Assignments:** NOAs must be submitted to dedicated NOA email and will not be accepted at any other billing email address
- **Billing/Invoicing Procedures:** Invoicing and billing documents must be received within 48 hours to specific email addresses dedicated for billing
- **Penalties:** The above requirements may incur penalties if not adhered to

Accounting Procedures

Post-Transaction Process

Once loads and projects are completed, Operations and Accounting teams will ensure proper Accounts Receivable (A/R) and Accounts Payable (A/P) procedures are followed:

1. Obtain fully completed and signed documentation from the carrier, including Carrier Invoice, Rate Confirmation, BOLs/PODs, and Factoring NOAs (if applicable).
2. Enter invoice details into the TMS system for Carrier Payables processing. Input Notice of Assignment and Factoring Company information as the remittance.
3. Scan paperwork into the system against each Pro/Load ID.
4. Print and send customer invoices, tracking them for collections.
5. Ensure customer invoices are approved by A/P before processing carrier payments. After 26 days, organize carrier payments with all supporting documents. Accounting personnel will issue checks within the TMS platform.
6. Final approval for carrier payables is submitted to Accounting or Managers to ensure proper documentation, rates, carriers, NOAs, and load information.

- ❖ **OperFi Process: Client sends billing package to include customer documents and Carrier/Factoring invoices through OperFi Portal**
 - **Ensure Customer has been setup and approved**
 - **Ensure Carrier/Factoring invoice is present**
 - **If Carrier did not setup originally with factoring and their invoice includes a stamped NOA on the invoice or NOA, ensure the carrier is setup properly to pay the correct party.**
 - **OperFi is not responsible for submitting carrier payments directly to the carrier if the payment information is not thoroughly checked in the portal.**
 - **OperFi processes the billing and submits an invoice to the customer**
 - **Carrier payable is setup according to terms and processed when due**

LOGISTICS WORKFLOW

