BOF-POL-004

Cargo and Seal Verification

BOF OPERATIONS GROUP | CONTROLLED POLICY DOCUMENT

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BOF Operations Group - Transportation & Logistics Division Cargo and Seal Verification Policy Operational Compliance Policy • Policy No. BOF-POL-004 • Version 2.0

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Section 11. Purpose and Scope

1.1 Purpose

This policy establishes mandatory, standardized procedures for verifying cargo identity, quantity, physical condition, and seal integrity at all load, transit, and delivery touchpoints within BOF Operations Group's commercial trucking and logistics operations. The establishment of these procedures serves to:

? Protect the company and its customers from cargo loss, theft, damage, and misdelivery;

? Ensure full regulatory compliance with applicable federal transportation law and cargo securement standards;

? Maintain the integrity of the chain of custody from shipper origin to consignee destination;

? Satisfy insurance underwriting requirements and minimize claims exposure;

? Support Customs-Trade Partnership Against Terrorism (C-TPAT) program membership and validation; and

? Provide a consistent evidentiary record sufficient to defend against third-party cargo claims.

1.2 Scope

This policy applies universally and without exception to the following personnel and operational categories:

1.2.1 Personnel Covered

? Drivers: All company drivers operating under BOF Operations Group operating authority, including owner-operators under lease agreement;

? Dispatchers: All dispatch personnel responsible for load assignment, routing, and driver communication;

? Dock Supervisors: All supervisory personnel overseeing loading and unloading dock operations at company-controlled facilities;

? Operations Staff: All operations coordinators, load planners, and terminal managers; and

? Third-Party Agents: Contracted agents and brokers operating on behalf of BOF Operations Group when performing cargo verification functions.

1.2.2 Operational Categories Covered

? Over-the-Road (OTR): Long-haul truckload and less-than-truckload (LTL) movements under company authority;

? Intermodal: Movements involving rail, ocean, or air interchange and drayage legs; and

? Last-Mile Delivery: Final-leg delivery operations to commercial and residential consignees.

1.3 Policy Authority

This policy is issued under the authority of the Director of Operations and approved by the Chief Operating Officer. It supersedes all prior versions of BOF-POL-004 and any informal or location-specific cargo verification procedures previously in use. Where this policy conflicts with shipper-specific contractual requirements imposing a higher standard, the higher standard shall govern.

Section 22. Regulatory and Contractual References

This policy is designed to ensure compliance with, and is informed by, the following regulatory frameworks, legal standards, and contractual obligations:

Reference	Description	Applicability
49 CFR Part 392	Federal Motor Carrier Safety Administration (FMCSA) rules governing driving of commercial motor vehicles, including driver duties related to cargo inspection and securement verification	All drivers; all loads
49 CFR Part 393	FMCSA cargo securement standards specifying equipment requirements, load distribution, and tie-down methods for various commodity types	All drivers; all loads
49 U.S.C. § 14706 (Carmack Amendment)	Federal statutory framework establishing motor carrier liability for loss or damage to freight; governs the burden of proof, limitation of liability, and claims procedures	All interstate shipments
C-TPAT Guidelines	U.S. Customs and Border Protection Customs-Trade Partnership Against Terrorism minimum security criteria for highway carriers, including seal control, conveyance security, and personnel security	All cross-border and C-TPAT-enrolled shipments
ISO 17712:2013	International standard specifying classification, performance requirements, and test methods for mechanical seals used on freight containers; distinguishes high-security from indicative seals	All sealed loads; international intermodal
Shipper Seal Contract Requirements	Customer-specific contractual seal requirements, including seal type, numbering conventions, and chain-of-custody documentation as specified in individual shipper agreements	Contractually designated shipper accounts
Insurance Underwriting Requirements	Cargo insurance policy conditions specifying documentation, seal use, photography, and discrepancy reporting requirements as a condition of coverage	All loads; required for claims eligibility

■ Regulatory Updates All personnel are responsible for awareness of applicable regulatory requirements. The Director of Operations shall monitor FMCSA rulemaking and C-TPAT program updates and initiate policy amendments as required. Regulatory references in this policy reflect requirements as of the effective date and are subject to change.

Section 33. Definitions

The following terms are defined for the purposes of this policy. All defined terms appear in bold upon first use in subsequent sections.

Term	Definition
Bill of Lading (BOL)	The legally binding shipping document issued by the shipper or carrier that identifies the parties to the shipment, describes the cargo (commodity, quantity, weight, and packaging), and serves as a contract of carriage and receipt of goods. The BOL is the primary cargo verification instrument under this policy.
High-Security Seal	A mechanical or electronic seal meeting ISO 17712 Class H specifications, designed to resist physical attack and provide a tamper-evident barrier. Required for high-value, pharmaceutical, and C-TPAT-designated loads. Examples include bolt seals and cable seals of specified tensile strength.
Indicative Seal	A seal meeting ISO 17712 Class I specifications, designed to show evidence of tampering without necessarily resisting forced entry. Appropriate for general cargo loads not requiring high-security classification. Examples include plastic strap seals and wire seals.
Seal Number	The unique alphanumeric identifier permanently affixed to or marked on a seal at the time of manufacture. Seal numbers must be recorded verbatim at each verification touchpoint and are the primary identifier for chain-of-custody tracking.
Shipper Load and Count (SL&C)	A notation on the BOL indicating that the shipper, rather than the carrier, performed the loading and piece count of the cargo. When an SL&C notation is present, the driver is not required to verify the internal count but must verify that the trailer/container seal is intact and that the seal number matches the BOL.
Short Shipment	A condition in which the quantity of cargo received by the consignee is less than the quantity described on the BOL. Short shipments must be documented with an exception notation on the delivery BOL and reported per Section 8 escalation procedures.
Overage	A condition in which the quantity of cargo received exceeds the quantity described on the BOL. Overages must be documented with an exception notation and reported; no additional cargo may be accepted or delivered without authorization.
Concealed Damage	Damage to cargo contents that is not externally visible at the time of delivery but is discovered upon opening packaging. Concealed damage claims are subject to strict notice requirements and must be reported within the timeframes specified in Section 8.
Chain of Custody	The chronological, documented record of every individual and entity that has had possession, control, or responsibility for a shipment from origin to destination. A continuous, unbroken chain of custody is required for all loads under this policy.
Cargo Control Number (CCN)	A unique identifier assigned to a shipment by the Transportation Management System (TMS) or by the shipper, used to track the load across all system touchpoints and cross-reference seal logs, photos, and exception reports.

Term	Definition
C-TPAT Seal Standards	The minimum seal requirements prescribed by U.S. Customs and Border Protection under the C-TPAT program, including requirements for high-security seals (ISO 17712 Class H), affixing procedures, and seal tracking documentation for enrolled shipments.
Exception Notation	A written annotation made on the BOL, delivery receipt, or electronic proof of delivery (ePOD) at the time of delivery that documents any discrepancy, damage, shortage, or overage observed. Exception notations must be specific, legible, and countersigned or acknowledged by the consignee where possible. General exception clauses (e.g., "subject to count") are not acceptable under this policy.

Section 44. Pre-Loading Cargo Verification

Pre-loading cargo verification is the first and most consequential touchpoint in the cargo chain of custody. Failures at this stage are the leading contributor to cargo claim liability. All pre-loading procedures must be completed and documented before any seal is applied and before the driver accepts custody of the load.

4.1 Bill of Lading Review Procedure

The driver or dock supervisor (as applicable) shall review the BOL prior to loading and confirm the following:

? The BOL reflects the correct shipper name, address, and contact;

? The consignee name, address, and delivery instructions are complete and legible;

? The commodity description matches the physical freight presented;

? The listed piece count, pallet count, and unit of measure are present and clearly stated;

? The declared weight is present; if absent, a scale ticket is required before acceptance;

? Any special handling instructions (temperature, orientation, fragile, hazmat) are noted; and

? The BOL number is recorded in the TMS under the applicable Cargo Control Number.

Any discrepancy between the BOL and the physical freight presented must be resolved with the shipper before loading commences. Drivers shall not accept a BOL bearing alterations, erasures, or corrections unless each correction is initialed by an authorized shipper representative.

4.2 Physical Piece and Pallet Count

Unless the load is designated Shipper Load and Count (SL&C) on the BOL, the driver or dock supervisor shall perform an independent physical count of all units prior to loading:

? Count all individual pieces, cartons, and pallets and compare to BOL figures;

? Record actual count on the BOL adjacent to the printed BOL count;

? If counts match, initial the BOL in the count verification field;

? If a discrepancy exists, document the actual count, record an exception notation on the BOL, notify dispatch immediately, and obtain shipper sign-off or written acknowledgment before proceeding; and

? For SL&C loads, notation of SL&C on the BOL is sufficient; the driver is not required to open a sealed trailer to count contents, but must verify the external seal as described in Section 5.

4.3 Cargo Condition Inspection and Photography

All cargo must be visually inspected for pre-existing damage, improper packaging, and load integrity before loading is accepted:

? Walk the entire cargo presentation and inspect all accessible sides of each pallet or unit;

? Identify and document any pre-existing damage including crushed corners, moisture staining, open or resealed packaging, or evidence of prior tampering;

? Photograph all pre-existing damage conditions per the photography standards in Section 9;

? Record exception notations on the BOL for all pre-existing damage conditions before signing; and

? If cargo condition is such that acceptance would create unacceptable liability exposure (e.g., severe structural compromise, liquid contamination), the driver shall contact dispatch for authorization before accepting.

4.4 Weight Verification and Scale Ticket Requirements

? For loads with a declared gross weight exceeding 40,000 lbs., a certified scale ticket is required and must be obtained either at the shipper's facility or at the nearest certified public scale prior to departure;

? Scale ticket must be retained with the load documents and filed in the TMS;

? If the scale weight differs from the BOL declared weight by more than 2%, dispatch must be notified and the discrepancy documented; and

? For weight-sensitive commodity contracts, the shipper's scale ticket must be verified against BOF's certified scale at the point of origin.

4.5 Hazardous Materials Verification Checklist

When a load contains or is suspected to contain hazardous materials (hazmat), the following additional pre-loading verifications are mandatory:

? Confirm proper hazmat shipping description, UN/NA number, hazard class, and packing group on the BOL;

? Verify that shipping papers are physically present and accessible in the cab;

? Confirm proper packaging, labeling, and placarding in compliance with 49 CFR Parts 172 and 173;

? Verify driver's current hazmat endorsement on CDL is valid for the specific hazard class;

? Confirm compatibility of all hazmat commodities present in the load; and

? Document hazmat verification completion in the TMS pre-trip checklist field.

> ■ Warning: Hazmat Non-Acceptance Drivers shall refuse acceptance of any hazmat shipment for which required shipping papers, placards, or proper packaging cannot be confirmed. The refusal must be documented and dispatch and the Safety Director notified immediately. Acceptance of non-compliant hazmat creates personal criminal liability for the driver under 49 CFR Part 107.

Section 55. Seal Assignment and Application Standards

5.1 Seal Type Selection Criteria

The appropriate seal type for each load is determined based on the following hierarchy of criteria:

Load Category	Required Seal Type	ISO Standard	Authorization Required
High-value cargo (>$50,000 declared)	High-Security Bolt Seal	ISO 17712 Class H	Operations Manager
Pharmaceutical / controlled substance	High-Security Bolt Seal + Electronic Seal	ISO 17712 Class H	Operations Manager + Safety Director
C-TPAT designated shipments	High-Security Bolt Seal	ISO 17712 Class H	Dispatch
General commodity (<$50,000)	Indicative Strap or Cable Seal	ISO 17712 Class I	Driver / Dock Supervisor
Shipper-supplied sealed trailer	Shipper-applied (receive and verify)	Per shipper specification	Verify per Section 5.5

Where a shipper contract specifies a seal type that exceeds the minimum required by this policy, the shipper contract requirement governs. Where a shipper contract specifies a lower standard, BOF minimum requirements govern.

5.2 Step-by-Step Seal Application Procedure

? Select seal: Remove one seal from the issued inventory. Verify seal is undamaged, unaltered, and that the seal number is legible.

? Pre-application inspection: Inspect the trailer door(s) and locking bars for structural integrity. Do not apply a seal to a damaged or compromised door mechanism.

? Thread and lock: Thread the seal through the door locking bar hasp or designated anchor point. For bolt seals, fully seat the bolt into the lock body until an audible click is confirmed. For cable seals, thread per manufacturer specification and crimp fully.

? Pull-test: Apply firm hand tension to confirm the seal is fully engaged and cannot be opened or removed without destruction of the seal body.

? Photograph: Photograph the applied seal per the mandatory photography sequence in Section 9 before departing the loading facility.

? Record: Record the seal number immediately in all required locations per Section 5.3.

? For dual-door trailers: Apply a seal to each door independently. Both seal numbers must be recorded.

5.3 Seal Number Recording Requirements

The seal number must be recorded in the following locations immediately upon application, using identical alphanumeric notation in each location:

? Bill of Lading: In the designated seal number field; if no field exists, in the remarks/special instructions section;

? Transportation Management System (TMS): In the seal number data field associated with the Cargo Control Number;

? Seal Issuance and Control Log: In the physical or electronic log per Appendix B; and

? Driver's Trip Envelope / Load Documents: Written notation on the driver's copy of load documents.

Discrepancy between any two recorded seal numbers constitutes a documentation error requiring immediate correction and notation.

5.4 Seal Inventory Control and Tracking

? All seals are company property and are subject to strict inventory control;

? Seals are issued from a controlled inventory maintained at each terminal and in dispatch;

? Each issuance is logged with the seal number, date, issuing personnel, and the driver/load to which the seal is assigned;

? Unused seals must be returned to inventory within 24 hours if a load assignment changes; and

? Broken or cut seals from deliveries must be returned to dispatch for reconciliation and disposal; they may not be discarded in the field without documentation.

5.5 Shipper-Applied Seal Receipt Procedure

When taking custody of a trailer to which the shipper has already applied a seal, the driver shall:

? Physically locate the seal on the trailer door(s);

? Read the seal number and verify it exactly matches the number printed on the BOL;

? Inspect the seal for signs of tampering, damage, or alteration;

? Photograph the seal in place per Section 9 requirements;

? Record the verified seal number in the TMS and on the driver's load documents; and

? If the seal number does not match the BOL or if the seal shows evidence of tampering, the driver shall not depart the shipper's facility. Dispatch must be contacted and the discrepancy documented before any movement occurs.

Section 66. In-Transit Seal and Cargo Integrity

6.1 Drop Yard and Relay Terminal Seal Verification

Any time a loaded trailer is transferred between drivers, relay terminals, or drop yards, the following seal verification procedure is mandatory for both the outgoing and incoming driver:

? The outgoing driver documents the seal number in the TMS relay event record before releasing the trailer;

? The incoming driver physically inspects the seal, verifies the seal number against TMS records and load documents, and photographs the seal at time of pickup;

? If the seal number does not match recorded data, the incoming driver shall not take custody of the trailer. Dispatch must be notified immediately and a Tier 3 or Tier 4 escalation initiated per Section 8; and

? All relay events must be logged in TMS with timestamp, location, outgoing driver ID, and incoming driver ID.

6.2 Loaded Trailer Parking Security Requirements

When a loaded trailer must be parked unattended, drivers and dispatch shall ensure compliance with the following:

? Loaded trailers shall only be parked at locations pre-approved and listed in the company's Approved Drop Location Register or at 24-hour secured truck stops with perimeter lighting;

? Parking at unsecured, unlighted, or unauthorized locations is prohibited. Exceptions require Operations Manager approval documented in TMS;

? Drivers shall conduct a seal and door inspection upon return to an unattended trailer before departure; and

? Any trailer parked unattended for more than 4 hours must be reported to dispatch with location and seal number confirmed.

6.3 GPS Tracking Activation

? GPS tracking must be active and transmitting on all loaded trailers from time of seal application at origin through delivery confirmation at destination;

? Drivers must verify GPS unit functionality before departing the loading facility;

? Any GPS system failure or signal loss must be reported to dispatch within 30 minutes of detection; and

? Dispatch shall monitor GPS data for all high-value and pharmaceutical loads on a real-time basis.

6.4 Unscheduled Stop Notification Procedure

All unscheduled stops (stops not listed on the trip plan, excluding fuel stops at authorized fuel locations) must be reported to dispatch as follows:

? Driver contacts dispatch before stopping, if circumstances permit, or immediately upon stopping;

? Driver reports location (address or GPS coordinates), reason for stop, and estimated duration;

? For stops exceeding 30 minutes, driver performs a seal inspection and reports seal status to dispatch;

? Dispatch records all unscheduled stop events in TMS; and

? For high-value and pharmaceutical loads, any unscheduled stop triggers mandatory supervisor notification regardless of duration.

■ Security Awareness: Cargo Theft Risk Cargo theft is most frequently initiated through surveillance at fuel stops, rest areas, and drop yards within the first 200 miles of origin. Drivers are directed to minimize predictable stop patterns, vary fuel stop locations where feasible, and remain vigilant for suspicious persons or vehicles observing the truck or trailer at any location.

Section 77. Delivery Cargo Verification

7.1 Pre-Break Seal Number Verification

Before any seal is broken at the delivery location, the driver shall:

? Physically read the seal number on the trailer door(s);

? Compare the seal number to the number recorded on the BOL and in TMS;

? Confirm a match before proceeding; and

? If the seal number does not match recorded data, or if the seal is missing, broken, or shows signs of tampering, the driver shall not break the seal or allow unloading to begin. The driver must contact dispatch immediately and initiate escalation per Section 8.

7.2 Seal Photography Sequence at Delivery

The following mandatory photograph sequence must be completed before the seal is broken and during unloading, per the standards in Section 9:

? Full rear view of trailer showing both doors and seal in position;

? Close-up of seal showing seal number clearly legible;

? Seal at moment of breaking (if possible with available equipment); and

? Any anomalies discovered during unloading (damage, shortage evidence, unauthorized items).

7.3 Delivery Count and Condition Verification

The driver and/or consignee's dock personnel shall conduct a joint count and condition inspection during unloading:

? Count all pieces, cartons, and pallets as they are offloaded and compare to BOL quantities;

? Inspect accessible cargo surfaces for damage, crushing, moisture, or contamination;

? Record actual delivered count on the delivery BOL;

? Note and photograph all damaged or suspect units before releasing them to the consignee; and

? If the consignee requests to open packaging and inspect contents, the driver should accommodate this request and document the inspection results.

7.4 Exception Notation on BOL

Exception notations must be made for any of the following conditions discovered at delivery:

? Quantity short or over compared to BOL;

? Visible damage to any unit or pallet;

? Seal number mismatch (resolved prior to unloading per Section 7.1);

? Seal missing or compromised at arrival;

? Temperature excursion (for temperature-sensitive freight); and

? Any other condition materially affecting the cargo's condition or completeness.

Exception notations must be specific (e.g., "3 cartons crushed, pallet 4, product code XYZ") and must not use vague or general protective language. See Appendix D for the Exception Notation Guide.

7.5 Receiver Signature Requirements

? The consignee or an authorized consignee representative must sign the delivery BOL, including any exception notations;

? If the consignee refuses to acknowledge exception notations, the driver shall record "Consignee refused to sign exceptions" on the BOL and photograph the refusal situation;

? If the consignee is unavailable to sign, the driver shall follow the Unattended Delivery Procedure and contact dispatch before leaving cargo; and

? Electronic proof of delivery (ePOD) systems may be used in lieu of paper BOL signature where authorized by the shipper contract, provided the ePOD captures the same data elements.

Section 88. Cargo Discrepancy and Escalation

All cargo discrepancies must be escalated in accordance with the four-tier framework below. Escalation tiers are cumulative; a higher tier includes all actions required at lower tiers. Failure to escalate within specified timelines constitutes a policy violation and may impair the company's ability to recover cargo claims.

8.1 Escalation Tier Table

Tier	Trigger Conditions	Responsible Party	Required Actions	Documentation Required	Timeline
Tier 1 Minor Discrepancy	Count variance of 1-2 units; minor cosmetic damage (dents, scuffs) to outer packaging with no suspected product damage; pallet wrap torn with cargo intact	Driver; Dock Supervisor	Document exception on BOL; photograph; obtain consignee signature on exception; notify dispatch of exception status; file exception photos in TMS	Annotated BOL; TMS exception entry; minimum 3 photographs	Document at delivery; TMS filing within 2 hours of delivery completion
Tier 2 Significant Discrepancy	Count variance of 3 or more units; structural damage to cargo units with suspected product loss; temperature excursion on temp erature-sensitive freight; weight discrepancy >2% at delivery	Driver; Dispatch; Operations Manager	All Tier 1 actions; call dispatch immediately; Operations Manager notified within 1 hour; hold cargo pending instruction where permitted by consignee; complete Cargo Discrepancy Report (Appendix C); notify shipper and customer service	Completed Cargo Discrepancy Report; annotated BOL; TMS exception entry; minimum 10 photographs; scale ticket if weight discrepancy	Immediate dispatch notification; Cargo Discrepancy Report within 4 hours; shipper notification within 6 hours
Tier 3 Seal Compromise or Suspected Theft	Seal number mismatch; seal broken, missing, or cut in transit or at delivery without authorization; evidence of forced entry; trailer door damage; cargo quantity missing with no other explanation	Driver; Dispatch; Operations Manager; Director of Operations; Safety/Claims	All Tier 2 actions; do not proceed with delivery until authorized; secure scene and preserve evidence; contact local law enforcement and obtain police report number; notify Director of Operations and Safety Director immediately; notify cargo insurance carrier within 24 hours; quarantine trailer pending investigation	Police report; completed Cargo Discrepancy Report; insurance carrier incident report; all TMS records; full photo documentation; GPS data export; signed driver statement	Law enforcement contact within 1 hour of discovery; Director/Safety notification within 1 hour; insurance notification within 24 hours; written report to COO within 48 hours

Tier	Trigger Conditions	Responsible Party	Required Actions	Documentation Required	Timeline
Tier 4 High-Value or Pharmaceutical Cargo Theft	Any confirmed or suspected theft of loads with declared value >$50,000 or any pharmaceutical, controlled substance, or designated high-value commodity; any Tier 3 condition on a high-value or pharmaceutical load	Director of Operations; Safety Director; COO; Legal Counsel	All Tier 3 actions; COO notified immediately; engage legal counsel; contact FBI cargo theft task force (if applicable); implement media response protocol (no statements without authorization); activate crisis management procedure; coordinate with shipper's security team; preserve all electronic evidence including TMS, GPS, ELD, and communication records	All Tier 3 documentation; FBI/law enforcement agency case number; legal hold notice; executive incident briefing document; insurance carrier major loss notification	COO notification within 30 minutes of confirmed discovery; FBI contact per legal counsel guidance; insurance major loss notification within 2 hours

8.2 Cargo Discrepancy Report Requirements

A Cargo Discrepancy Report (Appendix C) is required for all Tier 2, 3, and 4 events. The report must include:

? Cargo Control Number, BOL number, shipper, and consignee;

? Load origin, destination, driver name and ID, and tractor/trailer unit numbers;

? Detailed description of discrepancy, including exact quantities, unit identification, and physical condition;

? Seal numbers (applied vs. found) with notation of any mismatch;

? Timeline of all events from loading to discovery of discrepancy;

? Names and contact information of all witnesses; and

? Actions taken and their timestamps.

Section 99. Photography and Evidence Standards

9.1 Mandatory Photo Events

Photographs are mandatory at each of the following events in the cargo lifecycle:

Event	Mandatory Photos	Timing
Pre-loading cargo condition	All four sides of cargo presentation; close-up of any pre-existing damage; full BOL legible	Before first unit is loaded
Seal application at origin	Full rear trailer view; seal in hasp (close-up showing number); confirmed locked position	Immediately after seal applied

Event	Mandatory Photos	Timing
Shipper-applied seal receipt	Full rear trailer view; close-up of seal with number legible; BOL seal number field	Upon taking custody of trailer
Relay / drop yard pickup	Full rear trailer; seal close-up; TMS relay record on device screen (if available)	Upon pickup of relay load
Pre-break seal at delivery	Full rear trailer view; seal close-up with number legible	Before seal is broken
Delivery damage or exception	Each damaged unit from minimum 2 angles; surrounding cargo context; BOL exception notation	During unloading, before release to consignee
Seal compromise or suspected theft	All available angles of trailer exterior; door condition; seal remnants (do not disturb); any forced entry evidence	Immediately upon discovery; before any movement

9.2 Photo Quality Requirements

? Photographs must be taken with an approved company-issued device or a personal device with minimum 8-megapixel resolution;

? Photos must be taken in sufficient lighting to clearly resolve text (seal numbers, BOL fields) and physical conditions;

? All photos must include an embedded timestamp; drivers must verify device date/time is set correctly;

? Photos must not be cropped, filtered, edited, or altered in any way before filing; and

? Seal number must be legible (readable without magnification) in at least one close-up photograph at each event.

9.3 TMS Filing Convention

All photographs must be uploaded to the TMS under the associated Cargo Control Number using the following naming convention:

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[CCN]-[EVENT CODE]-[SEQ NUMBER]-[YYYYMMDD] Example: CCN20260716-SEAL-ORIG-001-20260716
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Event Codes

Code	Event
PRE-LOAD	Pre-loading cargo condition
SEAL-ORIG	Seal application at origin
SEAL-RECV	Shipper-applied seal receipt
RELAY	Relay or drop yard pickup
SEAL-DEL	Pre-break seal at delivery
DAMAGE	Delivery damage or exception
INCIDENT	Seal compromise, suspected theft, or incident

9.4 Retention Periods

? Standard loads (no exception): Minimum 2 years from delivery date;

- ? Loads with Tier 1 or Tier 2 exception: Minimum 4 years from delivery date;
- ? Loads with Tier 3 or Tier 4 incident: Minimum 7 years or until final resolution of all claims and legal proceedings, whichever is longer; and
- ? Pharmaceutical and high-value loads: Minimum 5 years regardless of exception status.

Section 1010. High-Value and Sensitive Cargo

10.1 Definition Thresholds

Category	Threshold / Definition
High-Value Cargo	Any single load with declared or assessed value exceeding $50,000
Pharmaceutical Cargo	Any load containing prescription drugs, controlled substances, OTC medications, medical devices, or biologics regardless of declared value
Temperature-Sensitive Cargo	Any load requiring maintenance of a specified temperature range during transit
High-Risk Commodity	Electronics, jewelry, tobacco, alcohol, luxury goods, or any commodity listed on the company's High-Risk Commodity Schedule

10.2 Enhanced Security Measures

The following enhanced security measures are mandatory for all loads meeting any of the thresholds in Section 10.1:

- ? ISO 17712 Class H high-security bolt seal required (no exceptions);
- ? Operations Manager must pre-approve all high-value load assignments before dispatch;
- ? Driver background and screening status must be verified current before assignment;
- ? Real-time GPS tracking confirmation required before departure from origin;
- ? Dispatch check-in required every 4 hours during transit;
- ? Trailer must not be left unattended at any unsecured location;
- ? Fuel and rest stops must be at pre-approved locations from the company's Approved High-Value Stop List; and
- ? Dual-driver teams required for pharmaceutical loads exceeding $100,000 declared value or for loads requiring continuous temperature monitoring.

10.3 Pharmaceutical and Temperature-Sensitive Chain of Custody

For pharmaceutical and temperature-sensitive loads, the following additional chain-of-custody requirements apply:

- ? A pre-trip temperature verification must be performed and the unit's temperature recorded before loading;
- ? Temperature data logger readings must be recorded at origin, at each relay event, and at delivery;
- ? Any temperature excursion (deviation from specified range) must be immediately reported to dispatch and the shipper; Tier 2 escalation is automatically triggered;
- ? The receiver must sign a pharmaceutical chain-of-custody form in addition to the standard delivery BOL;
- ? All temperature logger data must be downloaded and filed in TMS within 4 hours of delivery; and

? No pharmaceutical load may be released to a consignee without confirmed receipt of the chain-of-custody form signature.

Section 1111. Roles and Responsibilities

Role	Primary Responsibilities	Accountability
Driver	Pre-loading BOL review and count verification Cargo condition inspection and pre-existing damage documentation Seal selection, application, pull-test, and recording In-transit seal integrity monitoring Delivery count, condition verification, and exception notation All mandatory photography per Section 9 Discrepancy reporting and escalation initiation GPS monitoring and unscheduled stop notification	Personally accountable for all cargo verification actions from load acceptance to delivery sign-off. Non-compliance creates personal liability exposure.
Dock Supervisor	Supervise loading and unloading at company-controlled facilities Verify BOL accuracy against freight presented Cosign exception notations for facility-controlled loads Maintain facility seal inventory and control log Ensure proper load configuration and securement before seal application Document relay and drop-trailer events at terminal	Accountable for all cargo handling accuracy at company-controlled facilities. Responsible for seal inventory integrity at assigned terminal.
Dispatch	Record seal numbers, CCNs, and load data in TMS Monitor real-time GPS on all active loads Receive and record unscheduled stop notifications Coordinate Tier 1 and Tier 2 escalation responses Notify Operations Manager of Tier 2 and above events within required timelines Verify driver and load compliance documentation before mark-as-delivered	Accountable for timely escalation notifications, TMS data integrity, and continuous load monitoring during transit hours.
Operations Manager	Authorize high-value load assignments Manage Tier 2 discrepancy responses and communications Approve exceptions to parking and stop location requirements Review and sign Cargo Discrepancy Reports for Tier 2 events Conduct weekly seal log reconciliation Maintain driver compliance records for cargo verification KPIs	Accountable for operational compliance across assigned fleet and terminals. Primary escalation contact for Tier 2 and 3 events.
Director of Operations	Policy ownership, maintenance, and annual review Tier 3 and Tier 4 incident command and communication C-TPAT program compliance and annual validation oversight Insurance carrier relationship management for cargo claims KPI reporting to COO on cargo discrepancy rates and claim exposure Final authority on disciplinary action for policy violations	Ultimately accountable for the effectiveness of this policy and the company's cargo security posture. Reports directly to COO on all significant cargo incidents.

Role	Primary Responsibilities	Accountability
Safety / Claims	Manage all cargo claim filings and insurance communications Coordinate law enforcement liaison for Tier 3 and Tier 4 events Conduct post-incident root cause analysis Maintain TMS photo and documentation archives per retention schedule Conduct driver cargo verification compliance training Perform monthly photo compliance audits per Section 12	Accountable for the integrity of claims defense documentation and the adequacy of cargo verification training program content.

Section 1212. Audit and Compliance Monitoring

12.1 Seal Log Monthly Reconciliation

The Operations Manager shall conduct a monthly reconciliation of the Seal Issuance and Control Log (Appendix B) against TMS seal number records. The reconciliation shall confirm:

? Every seal issued from inventory is accounted for by a corresponding TMS load record or return-to-inventory event;

? No seal numbers appear in TMS without a corresponding issuance log entry;

? All broken or cut seals returned from delivery have been logged and disposed of per procedure; and

? Any unaccounted seals are immediately escalated to the Director of Operations as a potential security incident.

Monthly reconciliation results must be documented and retained for a minimum of 2 years.

12.2 Photo Compliance Audits

The Safety/Claims department shall conduct monthly photo compliance audits on a randomly selected sample of at least 10% of all completed loads. Each audited load shall be evaluated for:

? Presence of all mandatory photographs for each applicable event code;

? Photo quality (resolution, lighting, timestamp, seal number legibility);

? Correct TMS filing convention and naming; and

? Completeness of TMS exception entries corresponding to any photo showing a discrepancy or damage condition.

Audit findings shall be reported to the Operations Manager within 5 business days of the end of each audit period. Individual driver compliance scores shall be maintained and reviewed during performance evaluations.

12.3 Discrepancy Rate KPI Reporting

The Director of Operations shall track and report the following key performance indicators (KPIs) to the COO on a monthly basis:

KPI	Metric	Target Threshold
Overall Cargo Discrepancy Rate	% of loads with any exception notation	< 2.0%
Tier 3+ Incident Rate	Number of Tier 3 or Tier 4 events per 1,000 loads	< 0.5 per 1,000
Photo Compliance Rate	% of audited loads with full required photo documentation	> 95%

KPI	Metric	Target Threshold
Seal Log Accuracy Rate	% of seals with complete issuance-to-return documentation	100%
Escalation Timeliness Rate	% of escalations completed within required timelines	> 98%
Cargo Claims Cost per Load	Total cargo claims cost / total loads delivered	Trend monitoring; < prior 12-month average

KPIs falling below target thresholds for two consecutive months shall trigger a formal corrective action review by the Director of Operations.

12.4 C-TPAT Annual Validation

The Director of Operations is responsible for ensuring annual C-TPAT self-assessment and, when required by CBP, third-party validation. The annual validation process shall include:

? Review of this policy against current C-TPAT minimum security criteria for highway carriers;

? Verification that seal procurement and inventory control practices meet C-TPAT requirements;

? Confirmation of driver and operations staff C-TPAT awareness training completion; and

? Documentation of any corrective actions taken in response to prior validation findings.

Section 1313. Non-Compliance and Enforcement

13.1 Progressive Discipline for Drivers

Non-compliance with this policy's requirements by drivers shall be subject to progressive discipline as follows:

Occurrence	Examples of Non-Compliance	Disciplinary Action
First Occurrence	Missing photographs; incomplete BOL review; undocumented unscheduled stop	Documented verbal counseling; mandatory retraining on affected procedure(s); note to file
Second Occurrence	Any repeat of first-occurrence violations within 12 months	Written warning; 1-day suspension without pay; retraining and written competency assessment
Third Occurrence	Repeat of any documented violation within 12 months of written warning	Final written warning; 3-day suspension without pay; placed on compliance monitoring for 6 months
Fourth Occurrence or Gross Violation	Pattern of non-compliance; refusal to follow escalation procedures; failure to report a Tier 3+ incident	Termination of employment or lease agreement; referral to industry reporting systems as applicable by law

13.2 Immediate Termination Offenses

The following violations constitute grounds for immediate termination of employment or lease agreement without progressive discipline:

? Falsification of records: Intentionally recording an incorrect seal number, count, or delivery confirmation on any BOL, TMS entry, or company document;

? Seal manipulation: Removing, replacing, or tampering with a seal without authorization and without reporting;

? Cargo theft: Theft of, or knowing participation in the theft of, any portion of a load under the driver's custody;

? Concealment of discrepancy: Knowingly failing to report a cargo discrepancy, damage, or theft; and

? Evidence destruction: Deleting, altering, or concealing photographs, TMS records, or other evidence related to a cargo incident.

13.3 Corrective Action for Operations Failures

Where systemic non-compliance is identified through audit results, KPI trends, or incident analysis as an operations-level failure (rather than isolated individual non-compliance), the Director of Operations shall initiate a formal Corrective Action Plan (CAP) that includes:

? Root cause analysis of the systemic failure;

? Identification of affected processes, personnel, and facilities;

? Specific corrective measures with assigned owners and completion deadlines; and

? Follow-up audit within 60 days to verify correction effectiveness.

CAPs must be reported to the COO and maintained on file for a minimum of 3 years.

■ Zero Tolerance: Falsification Falsification of cargo documentation is not subject to progressive discipline under any circumstances. Any confirmed instance of intentional falsification will result in immediate termination and may be referred to federal law enforcement authorities where applicable statutes are implicated (18 U.S.C. § 1001; 49 U.S.C. § 521).

Section 1414. Policy Review and Amendment

14.1 Annual Review Cadence

This policy shall be formally reviewed by the Director of Operations no later than twelve (12) months from the effective date and annually thereafter. Each annual review shall assess:

? Continued alignment with applicable federal regulations (49 CFR, Carmack Amendment, C-TPAT);

? Effectiveness of escalation procedures based on incident data and claims outcomes;

? Adequacy of KPI targets relative to actual performance trends;

? Customer and insurance underwriter feedback; and

? Incorporation of lessons learned from Tier 3 and Tier 4 incidents occurring since the last review.

14.2 Trigger Reviews

In addition to the annual review cycle, this policy shall be reviewed and amended as necessary upon occurrence of any of the following trigger events:

? Material change to applicable federal regulation or C-TPAT program requirements;

? Two or more Tier 3 or Tier 4 incidents within any 90-day period;

? Cargo claims costs exceeding 150% of the prior 12-month average in any quarter;

? Insurance underwriter requirement change as a condition of coverage renewal;

? Acquisition of new business lines, commodity types, or shipper contracts introducing new risk profiles; and

? Directive from COO or Legal Counsel.

14.3 Version Control

All amendments to this policy shall be documented in the policy version log maintained by the Director of Operations. Each version shall be assigned a sequential version number (2.1, 2.2, etc.) for minor amendments and a whole number increment (3.0) for comprehensive revisions. Superseded versions shall be archived and retained for a minimum of 7 years. Distribution of updated versions shall occur within 10 business days of COO approval, and all personnel subject to this policy shall be notified of changes.

AuthorizationPolicy Authorization

This policy is authorized and effective as of the date below. Approval constitutes mandatory enforcement authority across all personnel and operations within scope.

Role	Name / Title	Signature	Date
Document Owner	Director of Operations BOF Operations Group		July 16, 2026
Approving Authority	Chief Operating Officer BOF Operations Group		July 16, 2026

Appendix A - Cargo Verification Checklist

Use this checklist for every load. Complete all applicable items. Retain with BOL and TMS load record.

Load Information

■	Pre-Loading Verification Item	Initials / Notes
■	BOL reviewed - shipper, consignee, commodity, and count confirmed	
■	BOL number recorded in TMS under Cargo Control Number	
■	Physical piece/pallet count performed and matches BOL (or SL&C noted)	
■	Pre-existing damage inspected; damage noted on BOL (or "No Pre-Existing Damage" noted)	
■	Pre-loading condition photographs taken and uploaded to TMS (PRE-LOAD)	
■	Scale ticket obtained (if required by weight threshold)	
■	Hazmat verification completed (if applicable)	
■	Hazmat shipping papers present in cab (if applicable)	

■	Seal Application Item	Seal No. / Notes
■	Seal type selected per load category (Section 5.1)	
■	Trailer door and locking mechanism inspected - no damage	
■	Seal applied and pull-tested	

■	Seal Application Item	Seal No. / Notes
■	Seal number recorded on BOL: ____________________	
■	Seal number recorded in TMS	
■	Seal number recorded in Seal Issuance and Control Log (Appendix B)	
■	Seal application photographs taken and uploaded to TMS (SEAL-ORIG)	
■	GPS tracking confirmed active before departure	

■	Delivery Verification Item	Initials / Notes
■	Pre-break seal number verified against BOL: Matches ■ / Mismatch ■	
■	Pre-break seal photographs taken and uploaded (SEAL-DEL)	
■	Delivery count performed and matches BOL	
■	Cargo condition inspected at unloading	
■	Exception notations recorded on BOL (if applicable)	
■	Exception photographs taken and uploaded (DAMAGE / INCIDENT) if applicable	
■	Consignee signature obtained on delivery BOL	
■	Delivery confirmed in TMS with timestamp	
■	Broken seal returned to dispatch	

Appendix B - Seal Issuance and Control Log Template

Maintain this log at each terminal. One entry per seal issued. Reconcile monthly per Section 12.1.

Date Issued	Seal Number	Seal Type	Issued By	Issued To (Driver ID)	CCN / BOL No.	Origin Location	Date Returned / Broken	Returned By	Disposition
MM/DD/YY	Alphanumeric	H-Security / Indicative	Name / ID	Driver ID	CCN#	City, State	MM/DD/YY	Name / ID	Delivery / Returned / Lost

Monthly Reconciliation Sign-Off: Operations Manager: ______________________________ Date: _______________

Appendix C - Cargo Discrepancy Report Form

Complete this form for all Tier 2, 3, and 4 escalation events. Submit to Operations Manager within required timeline (Section 8).

Cargo Control Number (CCN):		BOL Number:	
Shipper Name:		Consignee Name:	
Driver Name / ID:		Tractor / Trailer No.:	
Origin Location:		Destination Location:	
Date / Time of Discovery:		Escalation Tier (1/2/3/4):	
Seal Number on BOL:		Seal Number Found at Event:	
Detailed Description of Discrepancy (quantities, units, condition, location in trailer):	Detailed Description of Discrepancy (quantities, units, condition, location in trailer):	Detailed Description of Discrepancy (quantities, units, condition, location in trailer):	Detailed Description of Discrepancy (quantities, units, condition, location in trailer):
Timeline of Events (from loading to discovery - include all stops, relay points, and personnel involved):	Timeline of Events (from loading to discovery - include all stops, relay points, and personnel involved):	Timeline of Events (from loading to discovery - include all stops, relay points, and personnel involved):	Timeline of Events (from loading to discovery - include all stops, relay points, and personnel involved):
Actions Taken (with timestamps and responsible parties):	Actions Taken (with timestamps and responsible parties):	Actions Taken (with timestamps and responsible parties):	Actions Taken (with timestamps and responsible parties):
Witnesses (name, role, contact information):	Witnesses (name, role, contact information):	Witnesses (name, role, contact information):	Witnesses (name, role, contact information):
Police Report Number (if applicable):			
Number of TMS Photographs Filed:			

Reporting Driver Signature: ______________________________ Date: _______________ Operations Manager Signature: ______________________________ Date: _______________ Director of Operations (Tier 3/4 only): ______________________________ Date: _______________

Appendix D - Exception Notation Guide

Use this guide to write compliant exception notations on delivery BOLs. Specific, accurate notations are essential for claims defense.

Condition	Acceptable Exception Notation	Unacceptable Notation
Shortage	"Received 47 cartons; BOL shows 50. Short 3 cartons, product code XYZ-100."	"Subject to count." / "Shorted."
Visible package damage	"Pallet 3: 2 cartons crushed on top right corner; product may be compromised. Photographed."	"Some damage." / "Damaged." / "Subject to inspection."
Wet / moisture damage	"5 cartons on pallet 7 show moisture staining on bottom panels. Source unknown. Photographed."	"Wet freight." / "Water damage noted."
Overage	"Received 53 cartons; BOL shows 50. Overage of 3 cartons retained pending shipper authorization. Photographed."	"Extra freight on truck." / "More than on BOL."

Condition	Acceptable Exception Notation	Unacceptable Notation
Seal mismatch (resolved)	"Seal No. on BOL: A12345. Seal found on door: A12345 - match confirmed." OR "Seal No. mismatch: BOL shows A12345; found B99999. Dispatch notified [time]. Delivery held pending authorization."	"Seal OK." / "Seal checked."
No pre-existing damage	"Cargo received in apparent good order and condition. Count verified: 50 cartons."	(No notation at all - always note condition)
Consignee refuses inspection	"Consignee refused joint inspection. Delivery made under protest. Dispatch notified [time]."	"Refused." / No notation.

■ Key Principle Exception notations must answer: What is the condition, Where in the load, How many units are affected, and What action was taken. Vague protective clauses offer no claims defense and are prohibited under this policy.

Appendix E - High-Value Cargo Protocol Checklist

Complete this checklist for all loads meeting high-value or pharmaceutical thresholds (Section 10.1). Retain with load record in TMS.

■	Pre-Departure - High-Value / Pharmaceutical Load	Initials / Notes
■	Operations Manager pre-authorization obtained and documented in TMS	
■	Driver background and screening status verified current (within 12 months)	
■	ISO 17712 Class H high-security bolt seal applied and pull-tested	
■	Seal number recorded on BOL, TMS, and Seal Control Log	
■	GPS tracking confirmed active and transmitting before departure	
■	Approved High-Value Stop List provided to driver	
■	4-hour dispatch check-in schedule confirmed with driver	
■	Dual-driver team confirmed (if pharmaceutical load >$100K or continuous temp monitoring required)	
■	Pre-trip temperature verification recorded (pharmaceutical / temp-sensitive loads)	
■	Temperature data logger activated and recording (pharmaceutical / temp-sensitive loads)	
■	All mandatory pre-load and seal-origin photographs taken and uploaded to TMS	

■	Pre-Departure - High-Value / Pharmaceutical Load	Initials / Notes
■	Insurance carrier notified (if required by policy conditions for declared value)	

■	In-Transit - Dispatch Monitoring Confirmation	Confirmed By / Time
■	4-hour check-in #1 completed: Driver location, seal status, and ETA confirmed	
■	4-hour check-in #2 completed	
■	4-hour check-in #3 completed	
■	Any unscheduled stop reported and approved: ■ N/A ■ Yes (document in TMS)	
■	GPS data reviewed by dispatch - no unexplained deviations from planned route	

■	Delivery - High-Value / Pharmaceutical Confirmation	Initials / Notes
■	Pre-break seal number verified and matches BOL and TMS	
■	Pre-break seal photographs taken and uploaded (SEAL-DEL)	
■	Delivery count confirmed and matches BOL	
■	Temperature data logger readings recorded at delivery	
■	Temperature logger data downloaded and filed in TMS within 4 hours of delivery	
■	Pharmaceutical chain-of-custody form signed by authorized consignee representative	
■	Delivery confirmed in TMS with timestamp and no unreported exceptions	
■	Broken seal returned to dispatch and logged	

Driver: ______________________________ ID: _____________ Date: _______________ Operations Manager: ______________________________ Date: _______________

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