



# EVERGREEN LINE

## Seal Management Policy

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### 1. SEAL MANAGEMENT POLICY

Evergreen Line as a C-TPAT validated carrier had adopted high security seal standard to meet with the criteria of ISO 17712:2013, as an integral part of supply and transportation chain security.

Supply Chain Security must start with the shipper at the point of stuffing, including application ISO 17712:2013 standard for high security seal immediately upon completion of the stuffing operation and seal number documented. If the container was not sealed by the shipper, Evergreen Line will seal the container upon cargo receipt.

The policy of Seal Management is to minimize the risk of unauthorized access to the seal thereby reducing the risk of seal pilferage and the introduction of contraband person or material into the sealed container, so as to comply with all applicable domestic and international laws and regulations which including but not limited to the followings:

- ISO 17712:2013-HSBS (Global Minimum Standards);
- International Ship and Port Facility Security Code (ISPS);
- Customs-Trade Partnership Against Terrorism (C-TPAT) Program;
- U.S. Customs & Border Protection (CBP);
- Super Carriers Initiative Program (SCIP)

This is the common interest of the shipper, carrier, and recipient of the container.

### 2. SCOPE

These security measures should apply to all the seal been used for Evergreen Line business model and risk involved for the screening of our agents or service provider which is contracted to provide the transportation service.



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Evergreen Line fleet shall also acknowledge of their responsibilities on Seal Management and monitoring requirements of ISPS CODE, C-TPAT, CBP & SCIP for the aims of vessel's security, smuggling & stowaway prevention.

## **THE SEAL IS UNDER CONSTANT RISK OF BEEN**

- Stolen from storage
- Forgery as new one
- Duplicated the same number for switching
- Re-shaped to be as another one
- Broken and fixed as original one
- Locking un-sufficient so as to involve the unauthorized introduction

## **3. TERMS AND DEFINITIONS**

- **CCC** means the Central Control Center of the Seal Management.
- **DCC** means the District Control Center requesting the annual seal quantity and distributing the same to the LCC.
- **LCC** means the Local Control Center who render the service to book the container for carrier, this usual refer to Local Office or Agent.
- **High security seal**  
High security seals consist of a metal rod, threaded or unthreaded, flexible or rigid, with a formed head, secured with separate locking mechanism, which is of the intent to delay intrusion.
- **Consigner** means cargo producer, shipper, cargoes forwarder, etc who render his cargo in the sealed container for ocean transportation.
- **Carrier** means Evergreen Group Company provide the vessels for container transportation.
- **Distributor** means the designated representative in charge of seals' distribution.
- **Importer** means consignee and all related parties receiving the sealed container.
- **Manufacturer** means the vender supply the Evergreen Line specified seal type for ocean transportation.



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- **PIC** means Responsible and designated Person In-Charge for security seals is defined as an employee who maintains a position of trust (i.e. security personnel) within the business and has received appropriate instruction and training in the proper use and distribution of high security seals each day.
- **SCO** means Seal Control Officer in internal audit team which job is to check the Seal monthly and review the security procedures every three months.
- **ISO 17712:2013**, Freight Containers-Mechanical Seals, which seal shall be the high security type as per ISO guidelines.
- **C-TPAT** (Customs-Trade Partnership Against Terrorism) is the U.S. joint initiative among Customs, importers, terminal operators, carriers and others in the supply chain to make a self-assessment of their security, which including Foreign Manufacturers Eligibility Requirements & Application Instruction, the Security Recommendations for Manufacturers and Agreement to Voluntarily Participate for Foreign Manufacturers.
- **ISPS CODE**, the provisions of SOLAS Chapter X1-2 and the International Ship and Port Facility Security Code into the existing port State control structured processes.
- **CBP, U.S. Customs and Border Protection** (U.S. Department of Homeland Security) requires that C-TPAT importers, carriers and manufacturers who wish to qualify for expedited processing and other related benefits under the U.S./Mexico FAST initiative will be required to adhere to the procedures, protocols and standards with regards to the use of high security seals.
- **Super Carriers Initiative Program (SCIP)**, the United States Customs Service.

This cooperative Agreement is made between the **Carrier** having its principal place of business and the U.S. Customs, which indicates that this Agreement cannot, by law, exempt the Carrier from statutory sanctions in the event illegal drugs are discovered by Customs on board the Carrier's vessel.



## 4. LIABILITY IN SEAL MANAGEMENT

The liability of maintaining the seal safety is following the seal distribution flow, i.e. wherever the seal is, so is the responsibility rested on the custodian.

When the seal is under CCC custody, CCC will assume the whole responsibility of the seal safety. When CCC distributed the seal to DCC, but have not reached LCC, the seal will be the responsibility of the DCC. When the LCC received the seal from the DCC, but not released to her Business Partner, the LCC will assume the whole responsibility of the seal.

The **WHOLE RESPONSIBILITY** of Control and Accountability (hereinafter C/A) means **any loss** caused thereby regarding the seal C/A safety issues will be payable by the management who had the custody of the stock or under his direct control or within his business territory which he should act as an external auditor.

Management is responsible for establishing Seal Security Procedures in their departments/agencies. This means that management is responsible for identifying the risks that could prevent them from achieving the seal control, and making sure that appropriate internal controls (procedures and auditing) are in place to mitigate those risks.

Management is also responsible for ongoing monitoring of internal controls to make sure that controls are still working and whether risks have changed requiring new controls or procedures.

### 4.1 CCC will be in charge of the

- Drafting the global Seal Management Policy
- Identifying the DCC distribution area
- Auditing the security procedure been setup in each DCC/LCC
- Summarizing the annual seal consumption and placing the purchasing order
- Seal purchasing ordered by the specific number range



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- Seal manufacturer security evaluation
- Auditing security procedures in manufacturer factory is properly established
- Dispatching the required seal quantities to DCC/LCC
- Recording all the seal number range been distributed to the custody of each DCC/LCC
- Maintaining proper on-line system to monitor all seal safety globally
- Setting up the auto filtering function for any seal discrepancy is found on system

## **4.2 DCC follow the Seal Management policy will be in charge of**

- Applying the required quantity in his distribution area to CCC
- Dispatching the required seal quantity to LCC and inform CCC of the suitable dispatch route and contact window
- Ensuring the security procedure been setup in each LCC and his own DCC
- External auditing the security procedures in each LCC
- Internal auditing to make sure the security procedures are still working and whether risks have changed requiring new controls or procedures
- Recording all the seal number range been distributed from his custody to each LCC
- Enforcing the relevant regulations of C-TPAT
- Clarifying any related regulations and requirements from competent authorities
- Governing seal management issues and disputes between each LCC and find the best way to improve it, if the case is severe, circulating the event and reporting to CCC

## **4.3 LCC follow the Seal Management policy will be in charge of**

- Filing the quantity required annually to DCC
- Keeping the received seal in a safe storage from unauthorized accessing
- Establishing an applicable security procedure to comply with Evergreen Line Seal Management policy



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- Ensuring the proper security procedure been established in Evergreen Line business partner including but not limited to ocean terminal, inland terminal, trucking company and railway company
- Acting as owner's REP to execute external audit of the Business Partner security procedures of the seal management, whereas the safety cannot be achieved, the practice of the seal releasing to the Business Partner should be carefully reviewed and revised accordingly
- Evoking the internal audit periodically to make sure that controls are still working and whether risks have changed requiring new controls or procedures
- Informing the LCC contact window and suitable dispatch route to DCC/CCC
- Maintaining the on-line system seal management status and correct seal number

## **4.4 Consigner under US CBP seal requirements will be in charge of**

- All laden containers destined to the Jurisdiction of US CBP are to be affixed with seals in compliance with ISO 17712:2013 standard for high security seal
- Taking the full responsibility for sealed container/trailer until such a time as the carrier assumes control
- Affixing a seal at point of origin
- Establishing verifiable security systems for cargo storage and handling facilities and container yards in order to prevent the improper manipulation and transportation or handling of cargo and/or containers/trailers
- Secure a practical system is in place to verify seal numbers, weights and quantity of cargo received
- Safeguard the use of seals and maintain a log of seal numbers issued and used
- Ensuring that all manifests and/or bills of lading or other documentation (including electronic data transmissions) submitted for cargo to be shipped are complete and include all pertinent seal information



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- Seals are to be affixed by a responsible, designated representative of the consigner entity at random in order to avoid seals being affixed in sequential order

## **5. EVERGREEN LINE SEAL MANAGEMENT**

Evergreen Line Seal Management Policy which affords Evergreen Line to set forth guidelines for the proper management of seals life span including the factory manufacturing stage to effectively cut off by authorized parties and seek to ensure that pertinent security measures are in place and adhere to exercise prudent oversight for supply and transportation chain security.

### **5.1 SECURITY PROCEDURES IN PLACE OF EACH STAGE**

**CCC** should verify the security procedures in the manufacturer comply with acceptable standard and the safety requirement in receiving and dispatching the new seal to the DCC.

**DCC** should verify the security procedures in each LCC are pertinent to the local practice and suitable to meet this Seal Management policy.

**LCC** should establish security procedures in accordance with this Seal Management policy with particularly regard to the ISO standard including the planning, doing, checking and action plan to ensure all the vulnerable parts in the procedure will be properly identified and coped with.

The security procedure in each stage should take account of the risk, so as to eliminate the possible risks.

### **5.2 CORRECT USAGE OF THE SEAL**

The first responsibility for the consigner/business partner, and seal(s) distributors and controllers of the Agents and Carrier are to ensure that all personnel involved with the procurement and use of the security seals are fully aware of the type of seal, the correct method of application, and the way in which the seal should be checked prior to removal.



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The agent or the PIC shall also correctly instruct the receiving party about the handling of the seals with particular regard to the possible seal lost or theft or damage that shall be prevented and reported to the carrier for the follow up actions.

## 5.3 DISTRIBUTION

All seal been received and distributed should be in written and properly signed by receiving party.

**Only 1 (one) seal shall be distributed for each empty container been released to the consigner and the number shall be duly recorded by PIC with entry of the seal and container number.**

The seal in stock should be distributed to each consigner in the **First in-First out order** to consume the stock in timely manner.

Seal shall be issued at random in order to avoid seals being affixed in sequential order.

## 5.4 SAFETY IN WAREHOUSE

The seal should be stocked in a secure and locked place with adequate lighting for easy patrolling by the security guard at night time or the infrared sensor should mounted to trigger the lighting and proper TV surveillance equipment whenever any intruder is sensed.

Access to such secure locations must be restricted to those parties responsible for the inventory and distributing of seals.

## 5.5 VERIFICATION OF SEAL BEEN USED

Upon receipt of container/trailer, ensure that all seal information is true, complete and correct as reflected on manifests, bills of lading or other documentation related to the movement of cargo.





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The correct seal number for Evergreen Line's seal shall be used in all EDI data with 10 characters including the digits. (For example: EMCAAA1230 )

**The consumed seal number should be cross checked either by the CODECO/depot booking data, ALDS/TMNL sailing data, EL/EQC status, Baplie/TMNL sailing data or shipper's paper data to verify the actual consumption, pertinent to local practice.**

All seals that are removed from a cargo container/trailer for legitimate intermediate examinations (customs inspection, conveyance damage surveys, law enforcement activity, etc.) must be placed in the container just inside the doors, in plain view, before a new seal is affixed to the container.

**The seal number changed during his transportation chain out of any reason should be updated on all documents and system's EDI data by LCC, including but not limit to local B/L system, Shipmentonline, Container Movement Status, ALDS.**

## 5.6 REPORTING REQUIREMENT

All seals that are removed from a cargo container/trailer for legitimate intermediate examinations (customs inspection, conveyance damage surveys, law enforcement activity, etc.) must annotate and report any changes due to legitimate intermediate examination purposes as described above.

Any seal discrepancies or anomalies from a cargo container/trailer by any cause must annotate and report the changes in seal management system by LCC, seal missing case should bring out to relevant parties attention and correcting action must be taken.

For the seal discrepancies or anomalies communication purpose, all relevant parties involved shall setup a designated mail box "seal@local\_mail\_server" for concern parties to exchange the seal issues. In EMC TPE, the mail box is [seal@tw.evergreen-line.com](mailto:seal@tw.evergreen-line.com).



## 5.7 RECORDER KEEPING

All seal interchange records should be duplicated by another copy in sound place and keep not less than 5 years period.

The record keeping procedure should have the error detecting mechanics to alarm the abnormal consumption.

All seal records must keep in a secure place and ready to produce whenever be requested by authorized parties.

## 6. AUDIT SYSTEM

### 6.1 Internal audit team should be set up by management lever

- To ensure the seal security procedure is properly followed and reviewed every three months by SCO.
- To check the Seal inventory at least once per month to identify the possible missing source.
- To have a designated PIC to registry the seal daily consumption and the number been used.
- SCO and PIC should not be the same person and the SCO assigned by management level should be arranged in turn to avoid any possible internal conspiracy.
- Internal audit systems need to be monitored to assess whether audit are still working and whether risks have changed requiring new procedures. This is accomplished through ongoing management monitoring activities and includes external auditing.

### 6.2 External Audit Process

The external audit process should include: planning, examination, reporting, and follow-up.

- During the planning phase, audit issues are identified, the audit objectives are established and criteria are developed. Before beginning the audit work, the scope of the audit is communicated to the LCC.



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through both a written notice of intent to conduct the audit and an introductory meeting.

- The DCC should communicate regularly with the LCC throughout the examination. The audit is conducted in an objective, independent, professional, and courteous manner, and is sensitive to the added workload it imposes on the LCC. As soon as possible after the examination has been completed, the DCC audit unit discusses results and possible recommendations with the LCC managers involved. The commitments made or action plan put forward by the LCC managers in response to these recommendations are included in the final report to CCC.
- The DCC audit unit should have a quality-control process to ensure that audit reports are complete and accurate. The DCC audit unit also ensures that the draft report is made available to LCC representatives of the organization being audited, so that they have the opportunity to raise any questions or concerns related to the completeness and accuracy of the report.
- If a DCC audit report contains recommendations, the managers of the audited LCC must draw up an action plan within a mutually agreed-upon time. This plan must describe the stages and schedules of the measures that will be taken to solve the problems rose, and must be included in the final report.

## 6.3 Follow-up Process

A follow-up action will be conducted on all audits within 1 to 3 months of the final report. This follow-up may focus on all of the recommendations in the report, or only on those considered by the DCC/CCC to be more urgent. The LCC involved will be notified in advance of the objectives and planned activities of the follow-up. The follow-up report will be submitted to the DCC/CCC for approval.

- 6.4** When the job function is switching, the relieving procedure should accompany by a designated SCO.



## **7. ACTION PLAN AUTHORITY**

- 7.1** LCC management should take action plan to counter the deficiency found by PIC or SCO in the Seal Management procedure.
- 7.2** SCO should correctly verify the discrepancy found in monthly inventory check and locate the possible leakage source.
- 7.3** SCO should report the suspect missing seal number range to the LCC management and make proper announcement/legal action to local/external authorities to prevent the possible illegal usage by other party.
- 7.4** LCC management will have to inform the DCC/CCC to update the missing seal range in Shipmentonline system to filter out once any attempt try to use it on loaded container.
- 7.5** Beside the missing case, any other incident regarding the seal leakage should report to LCC/DCC/CCC, LCC should take proper announcement /legal action to proper authorities and management level.
- 7.6** Any doubt of the seal number been used on the loaded container should refer to SCO to verify the place of origin and take proper action to protect line's interest.
- 7.7** If the cause of the seal discrepancy cannot identified in LCC district, the mail exchanged with other LCC or DCC should always refer to management lever to stress the cause of the case and the possible expense thereafter.
- 7.8** DCC should verify the seal discrepancies or anomalies in his jurisdiction and report to CCC for possible security measures been taken to cope with.
- 7.9** CCC will have the final jurisdiction over the Seal management issues between each DCC and/or LCC.

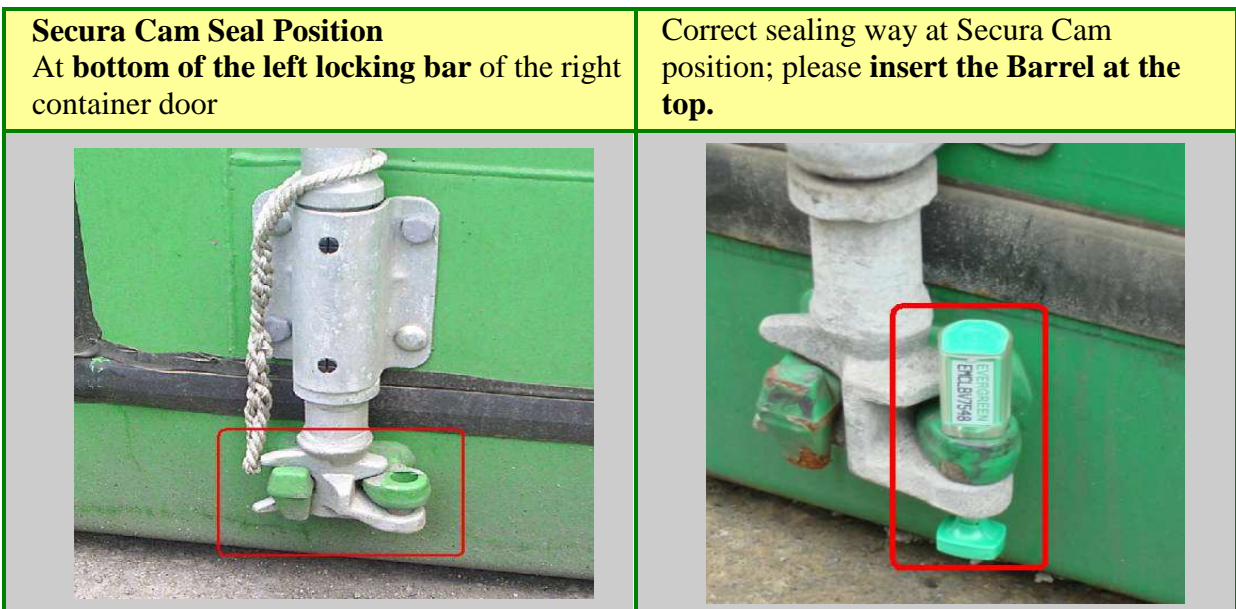
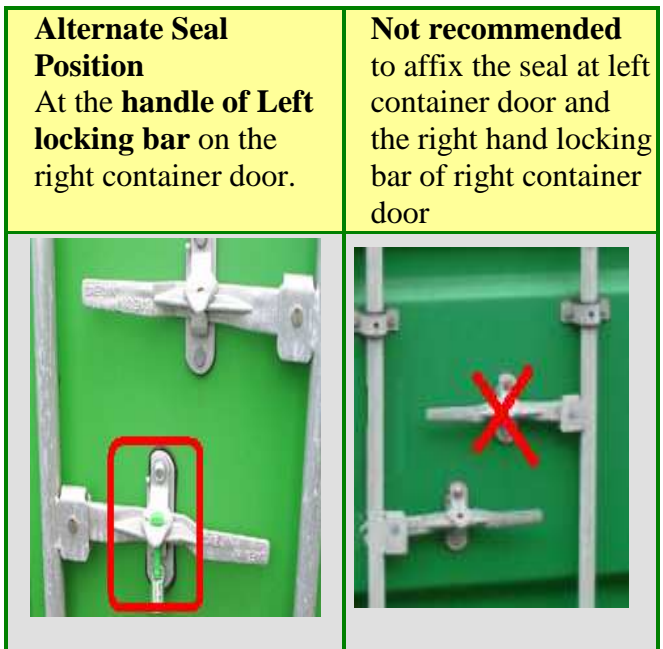


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## 8. Container Sealing Procedure

**8.1** All containers must be sealed with high security seals, that meet the ISO 17712:2013 standard for high security seal. When possible, the seal should always be placed in the Secura Cam position to ensure the container sealing security.

**8.2** Examples of correct sealing position are depicted below:





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**8.3** Any container received by Evergreen Line cannot meet this requirement may be rejected to load. Additional sealing with Evergreen Line high security seal may be adopted at carrier's discretion in any stage of transportation without prior consent from shipper. Evergreen Line retain the civil right to reclaim from the shipper to absorb these extra sealing fees when violating these seal requirements, if any. Additional sealing with Evergreen Line seal should be under no circumstance to become carrier's obligation.