Electronic ESS Shipping Solutions
Bringing Trade up to Speed

MEMORANDUM

Date: 1 July 2013

Re: How CargoDocs™ works

The purpose of this memo is to explain how CargoDocs works through frequently asked questions.

What is CargoDocs?

CargoDocs is a simple, web-based solution enabling Users to replace paper documents required for shipping and trading waterborne cargos, such as negotiable bills of lading (B/Ls), with original, legal electronic documents (eDocs).

What workflow does CargoDocs adopt?

CargoDocs is based on best paper practices. As such, the workflows incorporated into the solution are the same as the workflows you already use in your organisation.

Who uses CargoDocs?

Close to 900 customers are signed up to CargoDocs, from some of the largest companies such as ExxonMobil, Total, Chevron, BP, Repsol, Glencore, Trafigura, Morgan Stanley, Lukoil, Cargill, Louis Dreyfus, Ineos and Shell Chemicals to small companies operating one or two vessels, end receivers and agents. An example list is on our website.

Which markets and geographies is CargoDocs used in?

CargoDocs is in use globally, but predominantly in Europe and the Americas where our rollouts started. You can find the list of countries here. In addition the solution is used in all market segments, i.e., Tankers, Barges, Bulker and Liner.

What documents can be managed electronically?

All documents required for shipping and trading can be managed electronically, for example:

- Transport documents, i.e., bills of lading, waybills, barge receipts, etc.
- Inspectors documents[1]
- Chamber of Commerce counter-signed Certificate of Origin[2]
- Supporting documents, i.e, timesheet, packing list, cargo manifest, etc.
- Compliance documents, i.e., safety data sheet
- Commercial documents, i.e., invoices

CargoDocs can also manage letters of protest, plus the solution allows you to store all relevant documents for a shipment with the shipping eDocs.

How do I draft documents?

Documents can either be drafted directly in CargoDocs[3] or if the drafter already uses a sophisticated doc prep tool[4], then data can be pushed to CargoDocs via our open API or a custom interface.

The workflow for drafting documents will be the same as you currently employ. So if someone at the terminal drafts the documents, he/she will continue to do so. Equally, if documents are drafted by a freight forwarder or the shipper and then released for review, this process is mirrored in CargoDocs.

Note: CargoDocs eB/Ls are not based on signed PDFs, as ESS does not consider this approach provides the level of security required for an original title document. Supporting documents might be PDF based, however.

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[1] ESS has all the leading inspectors as customers
[2] ESS works with local solution providers globally who are linked into local Chambers of Commerce
[3] This is typically used where paperwork would be created in word, excel or an end-of-life doc prep solution.
[4] This is typically used in large terminals with hydrocarbon accounting systems, container lines and NVOCCs

Do I need to use two different processes for eDocs and paper?
No CargoDocs can allow you to manage both paper and eDocs using the same process.

What B/L templates are available as eB/Ls?
We replicate the B/L template you would use in paper today (whether that template is chosen by the carrier, the terminal or the shipper, depending on the type of shipment). Today we have over 50 B/L templates, but it takes just two days to add a new template.

How do I get approval of a pro forma or draft B/L?
CargoDocs has a collaborative drafting tool which allows you to share the draft with any party, including a bank, the end receiver, etc. All changes are recorded and drafts are automatically versioned.

Who signs the eB/L?
The Master, an authorised Agent or a representative of the headowner at HQ can sign: this can vary from shipment to shipment, depending on what the shipowner prefers in each case. The electronic signature on the eB/L can be tailored to replicate the wording of your manual signatures.

Can eDocs be counter-signed?
Yes, by whichever parties needs to sign.

How does the Master access CargoDocs?
If the Master has always-on internet, s/he can use a low-bandwidth version of our web-interface. If not, ESS has a secure email solution that can be used.

Who issues the eB/Ls?
The same person as in paper, i.e., terminal in a crude oil / product shipment, carrier in a dry bulk or liner shipment.

How do things work with Export Customs?
ESS typically is not involved with Export Customs, however on occasion we do submit data directly to them, such as the US with AMS. Also, where necessary we obtain pre-approval from Custom and Tax authorities for the use of eDoc, such as in Russia and Brazil.

Can a Shipper add documents?
Yes. The shipper can either push data to CargoDocs or upload PDFs of all supporting documents and sign them to create original eDocs.

Can I receive copies of eDocs without being a CargoDocs user?
Yes, you can always receive a set of eDocs as a PDF. (If you need confirmation that the sender is the holder of the original eB/L, they can send you a copy certified by CargoDocs.)

How do I transfer an eB/L to my buyer?
Control of paper documents is achieved by holding the original paper B/L. This is replicated in CargoDocs through access to the original eDoc. If you are the shipper who has received the original issued eB/L, you have the ability/power, using CargoDocs, to Transfer the eB/L and associated documents, or Return it, or request an amendment or perform any other action that you would be entitled to perform if you held the original paper document.

CargoDocs allows you to transfer an eB/L as you would in paper, either to the order of the buyer or in blank. If it is a To Order endorsement, CargoDocs will apply an endorsement stamp on the reverse of the eB/L, to replicate the paper process. When you Transfer the eB/L, access to the original immediately passes to your Buyer and you retain a copy.

How do I present eDocs to a bank?
CargoDocs works as a multi-bank platform allowing a seller to present eDocs under the eUCP600 to a bank CargoDocs user. Our trade finance flows are based on best paper process and were developed with a number of leading traders and banks. ESS is a member of SWIFT and is working with SWIFT to develop an ePresentation approach that would allow CargoDocs to be presented to any bank on the SWIFT network.

What amendments can CargoDocs manage?

CargoDocs can manage any amendment you require, such as changing a destination, splitting one eB/L into multiple, switching eB/Ls, etc. provided always that the parties that must legally consent have done so (as a minimum, the carrier must consent to any amendment).

What happens if I sell the cargo to a party that doesn't use CargoDocs?
eDocs created in CargoDocs can be converted to paper if the cargo is sold to a non-user. Alternatively, if your buyer is willing to start using CargoDocs, you can give an LOI until such time as such buyer is set-up and trained, at which point you can Transfer the original eDocs to them and extinguish the LOI.

How do I know Import Customs will accept eDocs at import?
ESS works with shippers to identify destinations and obtains signoff from local authorities before the first shipment using CargoDocs. Latest status can be found here.

Can I pull data out of CargoDocs?
Yes, you can use our open API to pull your own data out of CargoDocs into your scheduling, finance or operations systems. CargoDocs also retains all eDocs for a period of 12 years, so you can always access historic documents through your fully-searchable filed folders.

More information on security, adopting CargoDocs, insurance, etc., can be found on our website: www.essdocs.com. In addition, we recommend organising a demo so we can show you how CargoDocs could work in your trade flows.