CONVOY

Carrier Quality and Compliance:

AUTOMATED CARRIER MONITORING

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Convoy holds its carriers to standards that are among the industry's highest, enabling us to provide superior service levels to our customers. We are committed to raising the bar for carrier safety, using innovation and technology to do so, including a machine learning model with automated inputs from both industry regulators, and continuous carrier-monitoring technology.

Convoy's Quality and Compliance Program Results

Convoy has achieved strong results across multiple categories including safety, claims, and carrier performance.

100% Carrier Compliance

16% Lower Crash Rate

vs. the industry average

20x Lower Claims-Incident Ratio

vs. the industry average

HOW WE ACHIEVE THESE RESULTS

Carrier Onboarding

Convoy uses industry-leading, proprietary technology to objectively and rapidly onboard carriers into our digital freight network. Leveraging integrations with carrier monitoring services, historical performance data, and motor carrier background reporting, we are able to verify safety scores, operating authority, certificate of insurance, and acceptance of our Carrier Terms of Service, rapidly, and at scale.

Required Carrier Onboarding Documentation

These documents are required for any carrier to onboard and must remain valid and up-to-date for each load the carrier hauls.

• W9

• Operating Authority

• Certificate of Insurance

• Accepted Convoy Carrier Terms of Service

Process Overview

• The carrier submits their business name, address, phone number, email, MC/DOT, dispatch and driver information, equipment information, W9 details, and payment information to Convoy.

• Convoy verifies the carrier information with data from third-party safety and insurance monitoring organizations. These third-party systems are used to validate operating authority, insurance, safety ratings, and other compliance standards.

• Convoy automatically conducts data matching and dual-factor authentication to verify carrier identities and prevent fraudulent applications.

• If any of the information submitted is automatically flagged as incomplete or inaccurate, a Convoy employee will manually review the carrier's application.

• As the carrier onboards, Convoy validates that the carrier has no instances of poor professionalism reported in an industry association database. If the carrier has a flag that Convoy deems inappropriate, the carrier will be removed from Convoy's network prior to taking any loads.
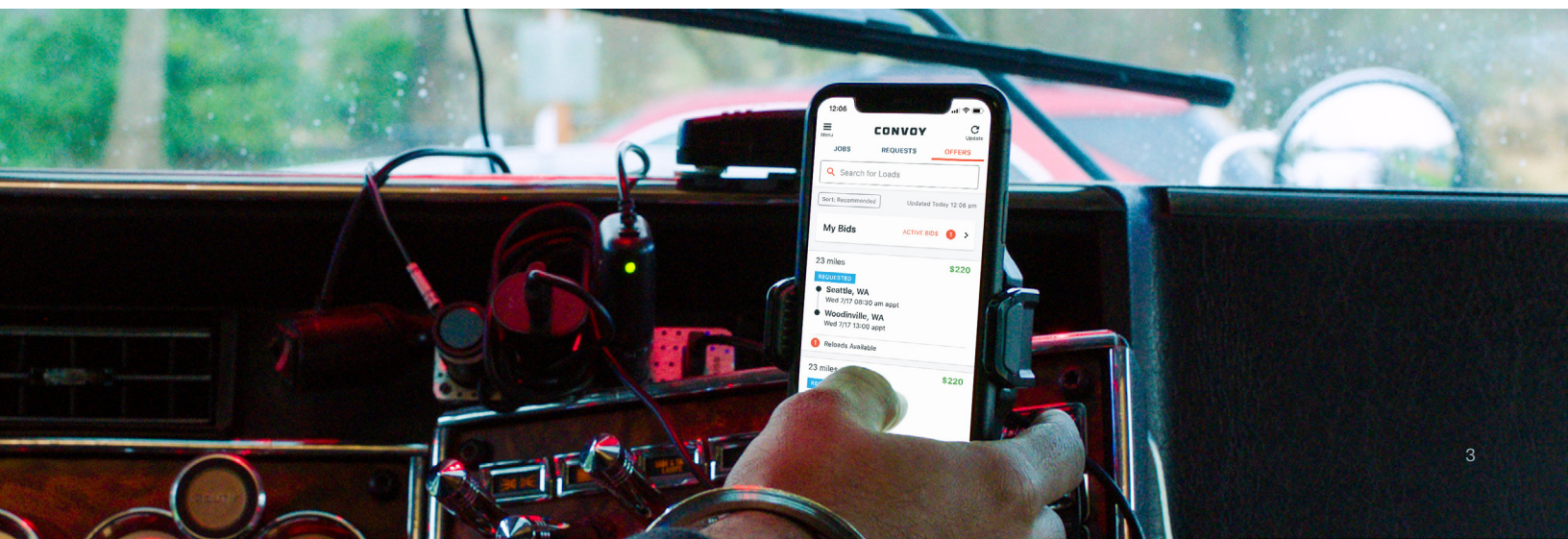
Operating Authority

Convoy receives operating authority automatically through integrations with third-party services, blocking any carriers without active status. Convoy differentiates between intrastate and interstate authority, and only allows carriers to search for, bid on, and accept loads in the geographic region where their authority is active.

Carrier Verification Requirements

- FMCSA certificate with automated verification of active operating authority for interstate carriers

  - Active Common or Contract authority

  - Authorized for freight

  - No Out-of-Service designation

  - No missing or inactive MC

- State-issued authority to operate as a motor carrier and automated verification of active DOT number for intrastate carriers

  - Valid DOT authority is required of all carriers nationally (regardless of whether the carrier's home state requires DOT registration)

  - No missing or inactive DOT

- Carriers placed Out-of-Service at any time are blocked from hauling loads with Convoy until the OOS order has been removed by the FMCSA

Process Overview

Onboarding: Convoy partners with third-party services to validate that carriers meet the requirements listed above through a fully automated process.

If the carrier does not meet the standards above, its account will be blocked from the network.

A carrier can also manually send its authority to Convoy for manual validation that it meets our requirements.

Post-Onboarding: Convoy continues to partner with the same third-party services to validate that carriers' information remains active and meets our standards.

- If a carrier no longer meets any of Convoy's requirements based on their authority type, their account will be blocked from our network until these requirements are met.

Carrier Insurance Requirements

Convoy's Carrier Terms of Service require carriers to procure and maintain the following insurance coverages with insurance underwriters maintaining a rating of B+ or higher:

- **Automobile Liability insurance** to include any automobile, or all owned, non-owned and hired automobiles, covering bodily injury (including injury resulting in death) and loss of or damage to property of at least $1,000,000 per incident. If applicable law, rule, or regulation requires carriers to maintain amounts in excess of these limits, they must provide those higher limits.

- **Motor Truck Cargo Liability insurance** for at least $100,000 per incident, while not containing any exclusions for employee theft or dishonesty, unattended or unattached trailers, or otherwise likely to result in denial of claims (including commodity specific exclusions, exclusions for corrosion, or exclusions related to use of refrigerated equipment, including breakdown).

- **Workers compensation** in accordance with any and all applicable laws, rules and regulations.

- **Any other insurance** that may be required by Convoy or any applicable federal, state or local laws, rules, regulations, or ordinances.

Insurance Verification and Ongoing Monitoring Process Overview

Onboarding: Convoy partners with a third-party service to systematically verify insurance coverage.

- If the third-party service has the carrier's insurance on file, it will be automatically uploaded to the carrier's Convoy profile and validated.

- If the third-party service does not have the carrier's insurance on file, Convoy will review the insurance certificate and validate it for accuracy and compliance with requirements. A request will be sent to the third-party service to also retrieve a certificate from the carrier's insurance broker and keep it on file.

- If a carrier fails to meet Convoy's insurance requirements, it is not eligible to haul Convoy loads. The carrier is automatically and systematically blocked from using the service.

- Convoy stores insurance coverage expiration dates for systematic monitoring post onboarding.

Post-onboarding: Convoy partners with a third-party service to monitor insurance certificates for carriers in our network. Such third-party service provides us with real-time data on renewals and cancellations.

- Convoy's system automatically checks for updated insurance seven days before the expiration date.

- The third-party service contacts the carrier's insurance brokers if an updated certificate has not been provided five days prior to their insurance expiration to request an updated certificate.

- Carriers receive multiple email reminders from Convoy about updating insurance certificates prior to their expiration.

- Carriers with expired insurance are automatically flagged and ineligible to haul Convoy loads. They are blocked from bidding on or accepting loads. When a new validated insurance certificate that meets Convoy's requirements is received, if there are no other issues with the carrier, then its profile is automatically re-activated.

Safety

Convoy uses carrier safety data through an integration with multiple third-party services. Through these integrations, Convoy's proprietary automated compliance service and machine learning carrier crash risk model validate that our carrier safety and authority requirements are met before allowing a carrier to haul loads.

Machine Learning Model: Convoy Safety Score

Convoy gathers extensive carrier safety and compliance data, and then applies machine learning to predict accident likelihood. Our algorithm processes thousands of inputs—such as carrier crash history, vehicle maintenance, and speeding and traffic violations—across millions of records spanning the past 10 years, ultimately producing individual scores for the tens of thousands of carriers in our network. We then use automation to analyze compliance with those scores to either qualify or disqualify carriers to haul loads. Our model gets smarter over time, driving continuous improvements to the analysis as more data is generated.

Safety Validation and Maintenance Process Overview

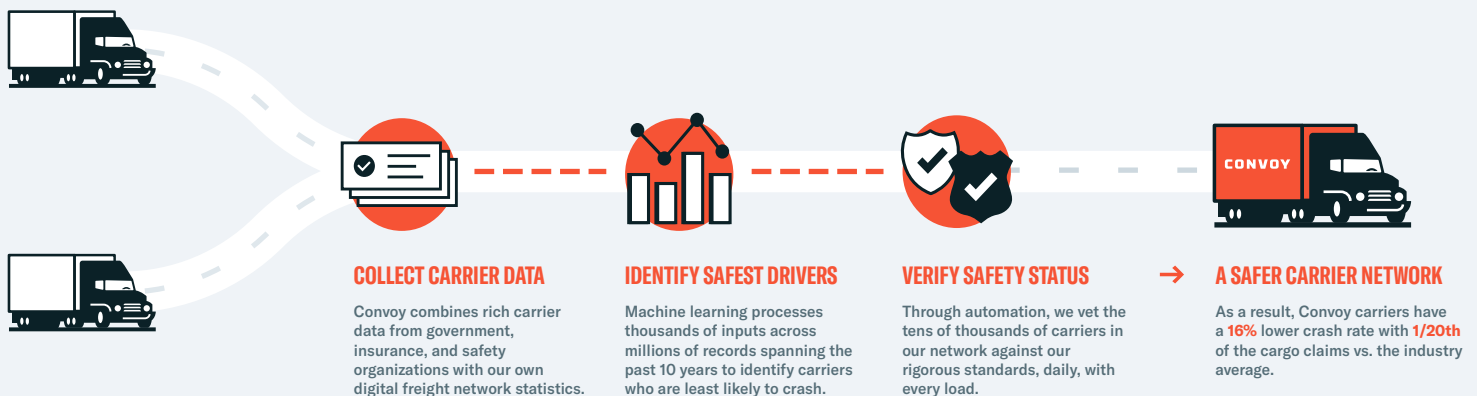**Onboarding:** Upon onboarding, the following carrier safety aspects are systematically validated. If a carrier fails to meet any of these standards, it is automatically blocked from bidding on or accepting Convoy loads.

- Convoy does not work with carriers who have a "Conditional" or "Unsatisfactory" rating.

- Convoy creates a safety score by using over 1,000 inputs such as carrier inspections, violations, age, and more. Carriers must keep their scores below this threshold.

Post-onboarding: Once a carrier is activated in Convoy's network they are continuously monitored for compliance with our safety and operating authority requirements. If any status has changed causing the carrier to not meet our compliance standards, they will automatically receive a "Non Compliant" designation in our system, and will be blocked from bidding on or accepting Convoy Loads.

Convoy monitors carriers for the following requirements:

- Safety rating is valid and up to date in our system of record

- Rating must not be "Conditional" or Unsatisfactory"

- Safety score must be below Convoy's safety score threshold

COLLECT CARRIER DATA

Convoy combines rich carrier data from government, insurance, and safety organizations with our own digital freight network statistics.

IDENTIFY SAFEST DRIVERS

Machine learning processes thousands of inputs across millions of records spanning the past 10 years to identify carriers who are least likely to crash.

VERIFY SAFETY STATUS

Through automation, we vet the tens of thousands of carriers in our network against our rigorous standards, daily, with every load.

A SAFER CARRIER NETWORK

As a result, Convoy carriers have a **16%** lower crash rate with **1/20th** of the cargo claims vs. the industry average.

Technology Behind Continuous Monitoring

We leverage and combine carrier data from multiple industry-leading, third-party compliance-monitoring platforms with data from Convoy shipments to build a carrier profile. That carrier profile is then compared against our robust safety and performance standards. Depending on where the carrier exceeds or dips below our standards, automated action is taken on its profile.
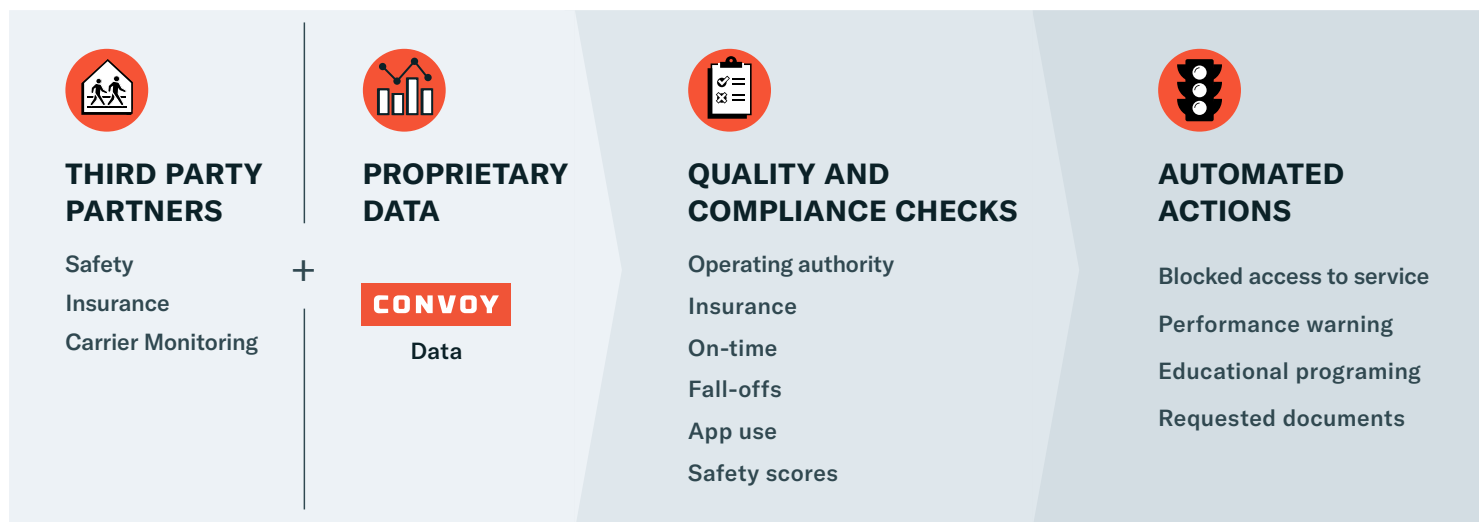
Security and Fraud Protections

Convoy is committed to identifying and taking measures against fraudulent activity. To accomplish this, we proactively screen motor carriers, with ongoing monitoring once they are in our network. We take the following measures to remove carriers from our network who might expose Convoy or shippers to unacceptable risk:

• Data matching at onboarding

• Dual-factor authentication at onboarding

• Electronic verification of carrier authority

• Obtaining insurance certificates from the insurance broker from a third-party service

• Performance assessment and removal of carriers who do not meet Convoy's standards

• Ongoing duplicate profile and chameleon carrier audits using deep data levels to identify carriers that initially did not meet Convoy standards and try to circumvent such standards by now operating under new MCs

Convoy is committed to identifying and preventing security and fraud issues within our network right down to the shipment level. We leverage third party information to gather macro level data on where and when cargo theft occurs, and use this information to identify risks. We also use a third-party service to assist with cargo recovery if a theft occurs on a Convoy load.

THIRD PARTY PARTNERS

Safety
Insurance
Carrier Monitoring

+

PROPRIETARY DATA

CONVOY
Data

QUALITY AND COMPLIANCE CHECKS

Operating authority
Insurance
On-time
Fall-offs
App use
Safety scores

AUTOMATED ACTIONS

Blocked access to service
Performance warning
Educational programing
Requested documents

Carrier Performance

To provide the best possible shipper experience, Convoy carriers are measured and scored based on the following metrics:

• On-time to pickup and delivery

• Completion of accepted shipments

• Convoy app usage

• Timely upload of shipment documentation

Daily Performance Audits: From the time a carrier accepts a shipment until they upload a BOL, its performance is objectively measured by our proprietary technology. This consistent evaluation contributes to the carrier's overall score and ability to carry loads with Convoy.

• Carriers are scored based on the severity of their impact to the Convoy network—the more disruptive a carrier or its actions are to facility efficiency and/or Convoy operations, the lower the score

• Carriers receive a weekly scorecard email outlining their recent performance

• Carriers have access to their scorecard 24/7 in the Convoy app

• Based on a carrier's current score, they are given a carrier quality status of Excellent, Acceptable, Probation, and Suspension. Carriers holding a Probation status are warned their quality may impact their ability to win loads, while provided educational materials to help them improve. Carriers in Suspension status temporarily or permanently lose the ability to accept Convoy shipments.

Professionalism Standards: Carriers are expected to remain professional in all circumstances. If a carrier fails to meet our standards, it is issued a warning, or may be removed from the network entirely.

Shipper Blocks: We provide the opportunity for shippers to request carriers be removed from their loads if the carrier has failed to meet their facility or quality standards.

24/7 Load Monitoring: If the carrier agrees to use the Convoy app while driving, Convoy's technology continuously follows the shipment through its lifecycle. If an anomaly, such as a driver's ETA being delayed, or a vehicle not moving arises, our technology will flag it and escalate to our 24/7 operations team for intervention.

Claims

While Convoy has many proactive processes in place to lessen product damage and reduce the incidence of claims, we provide end-to-end claims service if something does happen. Convoy works with the unique needs of individual shippers to ensure we are providing exceptional service.

Convoy's claims rate is 20x lower than the industry average, on a per-shipment basis (about 0.04% vs. the industry average of around 1%).

In order to provide an excellent claims experience to our customers, Convoy has partnered with a third-party claims agent, who is respected across the industry for their deep knowledge of claims and high levels of customer service.

A NETWORK SHIPPERS TRUST

Convoy is committed to setting the bar high for carrier safety and performance standards to mitigate risk and to improve service and safety in your supply chain.