



Introduction to Freight Audit and Payment

As supply chain complexity grows, companies involved in international trade are dealing with higher numbers of suppliers and invoices

Many suppliers often leads to many invoices...

- These invoices need to be audited and processed
- The more invoices received, the more required effort

... but invoices are often wrong!

- Incorrect charges, rate fluctuations, rate of exchange variations and changing port pairs mean invoices are often wrong
- Inaccurate invoices create a vicious circle of process inefficiencies and unmanageable costs



Invoice accuracy is an industry wide challenge that leads to supply chain inefficiencies.

- Shipments placed on hold due to delayed payments
- Internal resources dealing with non-core activities to audit, amend and recheck invoices
- Extensive time and effort spent in invoice resolutions and cost management

More and more, customers ask for simplified and transparent invoicing solutions

Until now, businesses only had a few options available:



Use internal resources to validate and manage this process, including heavy dispute processes.

Outsource to a 3rd party and pay up to 2-3% of freight spend - which can be expensive.

Do nothing. Pay incoming invoices without validating them and risk overpaying, Negative Cashflow Impact.

These solutions are not ideal because they are

Resource intensive



Inefficient



Risky



Increasingly, customers want to receive one consolidated invoice that combines all or most of their logistics costs without losing the cost transparency.

Freight Audit and Payment offers a better solution for invoice management

We offer our customers our Freight Audit services, or Freight Audit + Freight Payment services.

Freight Audit



As a freight audit service provider:

- Maersk is contracted to provide freight audit services
- Maersk handles any invoice disputes with carriers, to the extent that they can solve the issues
- Maersk will provide Instruction to Pay to allow for direct settlement of audited invoice

Freight Payment



As a freight payment service provider:

- Maersk completes a 3-way match between the carrier invoice, the PO/cost estimate and the Rate Sheet
- Maersk pays suppliers at their agreed contracted rates directly, based on freight audit approval
- Maersk invoices directly to the client after any discrepancies have been resolved



Choose the solution that works for you with Freight Audit or the combined Freight Audit and Payment

Managed dispute resolution ensures only correct invoices are paid to suppliers, ultimately removing risk and providing peace of mind

Freight Audit

- **Reduced effort** invested in invoice management and dispute resolution
- **Minimise** supply chain **disruptions** due to delayed payments
- **Decrease costs** from overcharging, ad-hoc fees and disputes, and achieve full cost transparency
- **Decrease frustration** derived from inefficient processes and disputes
- **Full audit history** on every invoice/credit note incl. reason codes



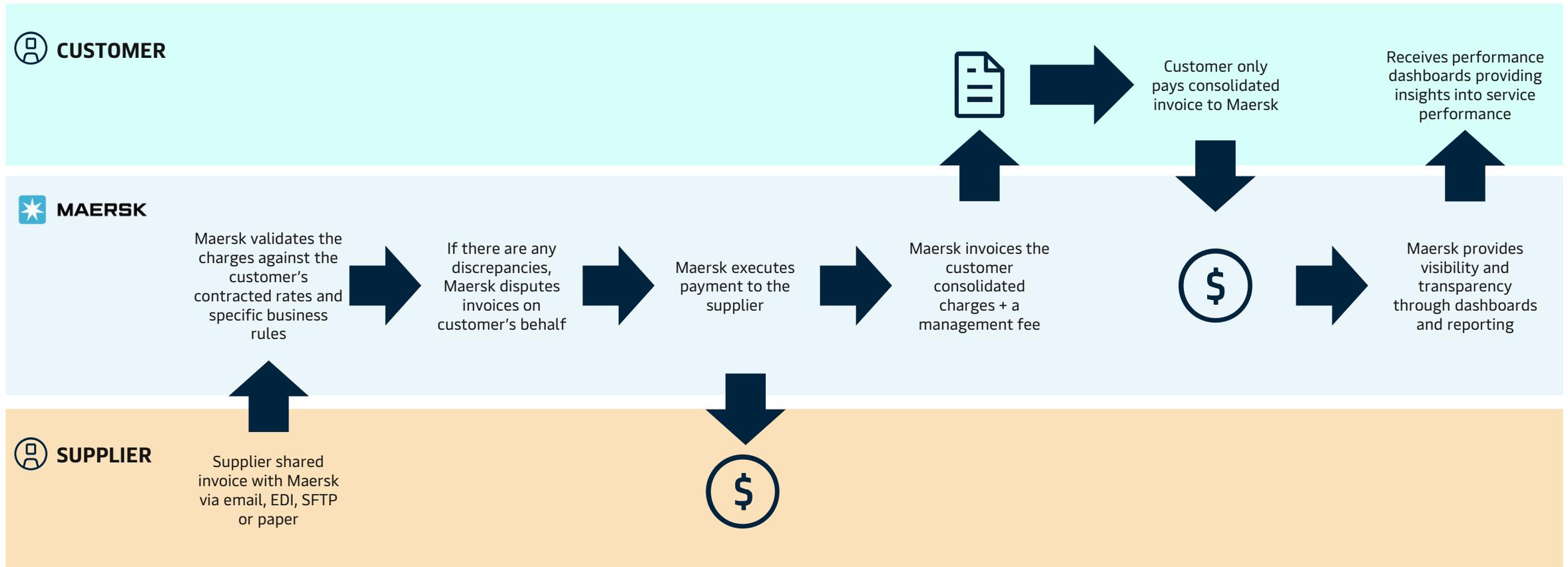
Freight Payment

- **Reduce effort** to consolidate and process payments to suppliers
- **Enjoy the convenience** of a simplified, consolidated invoice
- **Improve performance** through technology-powered solutions from an expert partner
- **Managed supplier statement reconciliation**, ensuring no invoice gets overlooked

Maersk's solution is managed by a ringfenced, specialist team that guarantees neutrality and confidentiality.

Freight Audit and Payment processes efficiently improve visibility and ease for invoice management across parties

The Process



Freight Audit is a Lead Logistics service **add-on** which when combined with Payment, can also provide a simplified, consolidated invoice

Consolidated invoicing eliminates overpayment to suppliers

Verified, accurate, consolidated invoice from Maersk Lead Logistics that you can pay confidently.

Minimised disruptions to product flows attributable to financial processes and mishandled disputes.

Happier suppliers work directly with Maersk to resolve disputes and receive payments within terms.

Improved carrier relationships benefit from straight-forward dispute resolution online and in real time.

Improved financial and process visibility provides control via real-time dashboards and reporting that are easy to access and use.

Fair **Cost of Finance** for capital outlay.



Maersk is an established service provider of Freight Audit and Payment services

- ✓ Maersk has provided freight audit and payment services in core customer markets for the past **25+ years**.
- ✓ Maersk manages more than **USD 300mn of passthrough expenditure** spanning **1Mn supplier invoices annually**.
- ✓ **Top Ocean Carriers and NVOCCs** already integrated and connected for service in key markets.
- ✓ We provide this service to some of the largest importers across many countries and industries.



**Case Study (extract):
In 2020, successful identification of EUR 320,000 of duplicate and incorrect invoices for one customer in Maersk FA&P Program.**

Start today, it's easy



1. The onboarding and implementation process for FA&P requires an agreement on the solution's pricing and credit terms.
2. It takes only 4-6* weeks from an agreement to go live, which includes time to:
 - Collect rates
 - Map contracts
 - Create integrations with new supplier partners
 - Perform testing with suppliers
 - Prepare any specific dashboards or reports
3. FA&P services are available for any part of the transportation process that Maersk Lead Logistics manages.
 - This means that if we don't arrange a trucking move, we will not have the supporting operational data to be able to verify whether a charge is valid or not.
4. FA&P is a Lead Logistics add-on. Customer must therefore be active in one of the Lead Logistics operational solutions by the time the service comes online.
5. Maersk Lead Logistics will require copies of all negotiated contracts that are to be covered under the scope of the FA&P service at least 2 weeks in advance of start date, including renewals and amendments.
6. Rates are maintained confidentially and will not be shared internally with any party other than the team performing the audit.

*Typical implementation, subject to Project Scoping, Planning and availability of Supplier to complete integration testing where needed.