**AHM810 2018 IATA SGHA**

**YYZ Cargo Handling Required Service**

**SECTION 1: Managing Functions**

* 1. **Representation**

1.1.2 Liaise with local authorities

1.1.3 Indicate that the Handling Company is acting as handling agent for the Carrier

1.1.4 Inform all interested Parties concerning schedules of the Carrier’s aircraft

**1.2 Administrative Functions**

1.2.1 Establish and maintain local procedures

1.2.2 Take action on communications addressed to the Carrier

1.2.3 Prepare, forward, file and retain for a period specified in the Annex B, messages/reports/statistics/documents and perform other administrative duties in the following areas

(d) load control

(f) cargo services

1. mail services
2. security

1.2.4 Maintain the Carrier’s manuals, circulars, and other operational documents connected with the performance of the services

**1.3 Supervision and/or Co-ordination**

1.3.1 (b) Co-ordinate

services contracted by the Carrier with third party(ies)

1.3.3 Ensure that the third party(ies) is(are) informed about operational data and Carrier’s requirements in a timely manner

1.3.8 Verify dispatch of operational messages (cargo only)

1.3.9 Note irregularities and inform the Carrier

**SECTION 4: Load Control and Flight Operations**

**4.2 Communications**

4.2.2 (a) Compile, receive, process and send all messages in connection with the services performed by the Handling Company. The Handling Company is authorized to use Carrier’s originator code or double signature procedure

(b) Inform the Carrier’s representative of the contents of such messages

**SECTION 5: Cargo and Mail Warehouse Services**

**5.1 Cargo and Mail Handling – General**

5.1.1 (a) Provide

1 warehouse and storage facility(ies)

2 warehouse handling equipment

3 warehouse handling services

for

(i) General cargo

(ii) Special shipments

(iii) Specialised cargo products

(iv) Post office mail

(v) Diplomatic mail

(vi) Diplomatic cargo

(vii) Company cargo/material

5.1.2 (a) Issue

(c) Make available to Carrier

Receipt upon delivery of cargo

5.1.3 Take action to

(a) prevent theft or damage to the Carrier’s cargo and mail in custody of the Handling Company

(b) prevent theft or unauthorised use of, or damage to the Carrier’s pallets, containers, nets, straps, tie-down rings and other material in the custody of the Handling Company. Notify the Carrier immediately of any damage to or loss of such items

**5.2 Customs Control**

5.2.1 (c) place cargo under Customs control

(d) present to Customs cargo for physical examination

for

(1) Inbound cargo

(2) Outbound cargo

(3) Transfer cargo

**5.3 Documentation Handling**

5.3.1 (a) Prepare airwaybill

(b) Check all documentation to ensure shipment may be carried. The check shall not include the rates charged

(c) Check security status for the shipment(s) concerned and take action as per Carrier’s instructions

(d) Obtain capacity/booking information for the Carrier’s flights

(e) Split airwaybill. Forward copies of manifests and air waybills to the Carrier

(f) Prepare cargo manifest(s)

(g) Provide the load control unit with Special Load Notification

(j) Receive and process EDI messages (FWB/FHL and e-CSD) received from Carrier or other parties.

(k) Upon request from the Carrier print air waybill copies in plain paper copy or IATA Resolution 600a format.

(l) Provide and transmit EDI messages in accordance with the standards of the Master Operating Plan.

(m) Inform airline or shipper about shipment status via FSU message in accordance with the Master Operating Plan.

5.3.2 (a) Notify consignee or agent of arrival of shipments

(b) Make available cargo documents available to consignee or agent

5.3.4 (a) Provide

delivery of Cargo/Mail related documentation from/to agreed points and the aircraft

**5.3.5** Prepare additional documentation required for Dangerous Goods Transportation by road and/or maritime.

**5.4 Physical Handling Outbound/Inbound**

5.4.1 Accept cargo, ensuring that

(a) machine-readable cargo labels are affixed and processed

(b) manual labels are affixed and processed

(c) shipments are “ready for carriage” in accordance with IATA Resolution 833

(d)the weight and volume and number of pieces of the shipments are checked

(e) the regulations for the carriage of special cargo, particularly the IATA Dangerous Goods Regulations (DGR), IATA Live Animals Regulations (LAR), IATA Perishable Cargo Regulations (PCR), and others have been complied with.

5.4.2 Tally and assemble cargo for dispatch

5.4.3 Prepare

(a) Bulk cargo

(b) ULDs

using

1. build up materials provided by Carrier
2. build up materials provided by Handling Company

and establish

(i) gross weight

(ii) volume

(iii) ULD contour

and provide the load control unit with the information

5.4.4 Perform acceptance check on pre-built ULDs and establish, if accepted

(a) gross weight

(b) volume

(c) ULD contour

and provide the load control unit with the information.

5.4.5 (a) Load outbound cargo on vehicles.

(b) Assemble cargo for delivery to the aircraft.

5.4.6 (a) Offload bulk cargo from vehicles (including pallet stacks and empty ULD’s)

(b) Break down ULDs

(c) Check incoming cargo against air waybills and manifests

(d) Release cargo to the consignee or agent

5.4.7 Truck service loading/off-loading

(a) Check seals are intact on inbound trucks

(b) Offload truck prior to acceptance into warehouse

(c) Load truck after formal release from warehouse

(d) Place seals

Truck operated by/or on behalf of the Carrier

**5.5 Transfer/Transit Cargo**

5.5.1 Identify transfer/transit cargo.

5.5.2 Prepare transfer manifests for cargo to be transported by another carrier

5.5.3 (a) Provide

for transport to the receiving carrier’s warehouse

(1) on airport

5.5.4 Accept/prepare

(a) transfer cargo

(b) transit cargo

for onward carriage

**5.6 Post Office Mail**

5.6.1 Check

(a) incoming

mail against Post Office mail documents

5.6.2 In case of missing documentation, issue substitutes

5.6.3 Transport mail from

(a) cargo warehouse to postal facility

(b) postal facility to cargo warehouse

(1) on airport

together with documents, against receipt from postal authorities

5.6.4 Handle and check transfer mail against accompanying mail documents

5.6.5 Prepare

(a) Bulk mail

(b) ULDs

and establish

(1) gross weight

(2) volume

(3) ULD contour

and provide the load control unit with the information

5.6.6 Distribute incoming and/or outgoing post office mail Documents

* **Import Mail Scanning Service**

1. The Handling Company shall provide:
2. Scanning of all import mail bags and/or ULDS in accordance with the Carrier's instructions and requirements
3. Upload mail data and update mail status on AccuCode Vmail system according to the Carrier's Manual. Input / correct mail data manually if variances occurred
4. Proper storage for the Carrier's scanner. Report to the Carrier if irregularities occurred
5. The Carrier shall provide:
6. Bar code scanner
7. Initial training to the Handling Company's staff. The Handling Company shall be responsible for any additional training required due to employee turnover, course failures or expansion requirements

**5.7 Irregularities Handling**

5.7.1 Take immediate action in respect of irregularities, damage or mishandling of dangerous goods and other special shipments.

5.7.2 Report to the Carrier any irregularities discovered in

(a) cargo

(b) mail

5.7.3 Handle lost, found and damaged

(a) cargo

(b) mail

5.7.4 (a) Notify the Carrier of complaints and claims.

(b) Process claims

5.7.5 Take action when consignee refuses acceptance

**SECTION 6: Support Services**

**6.1 Accommodation**

6.1.1 Provide the Carrier with

(a) office space

(b) storage space

(c) other facilities, as specified in Annex B

**6.2 Automation/Computer Systems**

6.2.1 (a) Provide

(c) Operate

computer hardware and other equipment (as specified in Annex B) to enable access to

(2) Handling Company’s system

6.2.2 Perform the following functions in

(b) Handling Company’s system

(8) Cargo handling

(9) Cargo EDI messaging (IATA cargo-imp)

**6.3 Unit Load Device (ULD) Control**

6.3.1 (a) Provide

storage space for

(2) Cargo ULDs (one ship set)

(3) Post office mail ULDs

6.3.2 Take action to prevent damage, theft or unauthorised use of the Carrier’s ULDs in the custody of the Handling Company. Notify the Carrier immediately of any damage or loss

6.3.3 (a) Take physical inventory of ULD stock and maintain records.

(b) Compile and despatch ULD control messages

(c) Compile and dispatch ULD Stock Check Messages (SCM) at agreed timings as specified in Annex B

6.3.4 Prepare ULD exchange control documentation for all transfers of ULDs and obtain signature(s) of the transferring and receiving carrier(s) or approved third parties and distribute copies

6.3.5 Handle lost, found and damaged ULDs and notify the Carrier of such irregularities

**6.6 Surface Transport**

6.6.1 (a) Provide

the transport of

(3) cargo

(4) Post office mail

(5) empty ULDs

(6) other

between

(ii) airport and other agreed points

(iii) separate terminals at the same airport

**SECTION 7: Security**

**7.2 Cargo and Post Office Mail**

7.2.1 (a) Provide

(1) control of access to the cargo facilities

(2) screening of cargo and/or mail

(3) physical examination of cargo

(4) holding of cargo and/or mail for variable periods

(5) secure storage of cargo and/or mail

**CARGO HANDLING**

**SERVICE LEVEL AGREEMENT**

(hereinafter called “SLA”)

STATION : XXX

Between

CARRIER : **China Southern Airlines Co., Ltd.**

(hereinafter called “CZ”)

And

HANDLING COMPANY :

(hereinafter called “Handling Company”)

EFFECTIVE DATE : XXX

This SLA is made concerning service standards for cargo ground handling services contracted in the Annex B to SGHA between the Handling Company and CZ for location at： XXX

The performance of the Handling Company will be monitored in accordance with the agreed service standard as established in this document by CZ. Monthly meeting must be held between CZ and the Handling Company to review the compliance against the set service standards. The SLA outlined below is subject to CZ’s operating procedures and factors being within the control of the Handling Company.

At all material time, both parties shall observe and ensure that all the compliance with the service delivery standard shall not compromise any safety regulation and/or procedures.

The service standard is as follows:

**1 General**

1.1 Safety is the utmost importance of any other factors and zero accident must be accomplished without failure. The Handling Company should have a programme that ensures all staff are trained and competent to perform SMS duties.

1.2 The Handling Company must try its best to ensure on-time operation.

1.3 Rules and Regulations

In general, the Handling Company is expected to comply with all applicable national laws and government regulatory requirements. Cargo/Postal Mail handling for CZ is subject to the General Rules, Regulations, Terms and Conditions of :

* IATA The Air Cargo Tariff (TACT) Rules
* IATA Dangerous Goods Regulations
* IATA Live Animals Regulations
* IATA Perishable Cargo Regulations
* IATA Airport Handling Manual
* IATA Unit Load Device Regulations(ULDR)
* CZ Cargo Transportation Manual
* CZ Dangerous Cargo Transportation Manual
* CZ Operation Manual for Local Stations

In addition, CZ requires the Handling Company or its sub-contractors to make sure that their staffs:

* are trained with its own latest regulations and/or training courses (dangerous goods, load control, palletization/depalletization,safety,etc). Some of the training courses should be performed by IATA approved training institutes.
* The Handling Company shall arrange at least 8 people to breakdown inbound pallets of each CZ flight.
* The Handling Company shall arrange at least 7 people to accept the outbound cargo and build up the pallets.

1.4 The Handling Company must abide by local laws of safety and security of air cargo operation and/or in case of absence of such legislation, the Handling Company must respect the Carrier’s requirement herewith in accordance with the Carrier’s obligation applied under the jurisdiction of its own country. And if other countries have special requirements concerning safety and security imposed on the carrier, the handling Company, shall also respect such requirements and/or do as required by CZ.

1.5 The Handling Company shall provide documents including, but not limited to, the handling procedures and emergency response procedures of dangerous goods transport as well as the training records, which should be in compliance with the requirements of ICAO TI and IATA DGR, of its employees when required by CZ.

1.6 The Handling Company is required to manipulate CZ’s IT system for cargo handling, such as inputting all cargo information, issuing manifest, inputting cargo status information, etc as required by CZ. If the Handling Company can not manage CZ’s IT system for cargo handling, the Handling Company is required to send all cargo handling and ULD control messages to CZ’s IT system (**SITA:CANFCCZ**).

**2 Export Handling**

2.1 All shipments presented must have weight and pieces declared verified, packaging and labeling checked for uplift suitability prior to acceptance. Discrepancies, if any, must be corrected before acceptance of shipment and CZ local cargo office shall be informed of all discrepancies.

2.2 The acceptance of dangerous goods and live animals must be done by qualified personnel and in strict compliance with current IATA Dangerous Goods Regulations and IATA Live Animal Regulation, respectively, and applicable CZ procedures.

2.3 The acceptance of valuables and diplomatic mails will be done by designated personnel handling in accordance with CZ procedures.

2.4 Consolidation manifest must be reviewed prior to acceptance to ensure that restricted commodities are excluded. CZ local cargo office must be informed whenever such items not permitted in consolidations are found.

2.5 As for oversize/overweight shipments that need to be unloaded at destination with the support of special unloading equipment, related cargo information shall be sent to destination 24 hours prior to ETD to check whether the Handling Company has the ability to unload it or not.

2.6 Shipment status must be updated accordingly in the system.

2.7 Build up requirement

2.7.1 The Handling Company shall ensure all shipments are built up in accordance with all bookings in TANG. If any discrepancy happens, the Handling Company shall be responsible for all related cost incurred.

2.7.2 The built-up shipments in ULD and loose loading in the aircraft must be handled with utmost consideration given to the following:

1. Aircraft safety
2. Aircraft dimensional and structural limitation
3. Safety of ground handlers
4. CZ Cargo Transportation Manual

2.7.3 All shipments must be protected adequately with plastic sheet during loading/unloading and ground transportation to/from the warehouse.

2.7.4 All shipments intended for bulk loading in the aircraft, and ULDs with cargo dead load will be weighed, and the weight will be recorded on the Dead load Weight Statement for Weight and Balance purposes. The weights must be determined by actual weighing and not based on documented weights.

2.7.5 Built-up shipments should be covered with plastic sheeting(covering base and top of shipments).

2.8 Post－Flight Handling

Offloaded shipments shall be reported to CZ local office, as well as the reason for offloading.

2.9 Delayed Handling

The Handling Company shall consult and co-ordinate with CZ on the necessary handling requirements whenever delay occurs. A report must be dispatched to CZ local office no later than 120 minutes after flight departure if delays are attributed to cargo handling.

2.10 Export Cargo Processing and performance target

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq** | **Milestones**  **/Messages** | **Messages**  **requirements** | **Processing Description** | **Passenger Flight** | **Freighter** | **Target** |
| 1 |  |  | Unloading time from truck-dock (prior to ETD)  (a) Small Truck (20ft)  (b) Large Truck (40ft) | 90 mins  120 mins | 90 mins  120 mins | 98% |
| 2 | information check |  | Final MAWB and HAWB checked and corrected (Verify that the origin station and number of pieces on the MAWB and HAWB are consistent with the actual shipment details and match the system's electronic data) (prior to ETD) | 5 mins prior to FOH | 5 mins prior to FOH | 98% |
| 3 | LAT/FOH | Mandatory | Cut off time for cargo acceptance (prior to ETD)  (a) CZ priority cargo  (b) General cargo  (c) Intact ULD  (d) SPCL Cargo | 130 mins  240 mins  180 mins  240 mins | 180 mins  300 mins  210 mins  240 mins | 98%\* |
| 4 | RCS/RCT | Mandatory | Received cargo and document from shipper, ready for carriage (prior to ETD) | 125 mins | 155 mins | 98%\* |
| 5 |  |  | Finished time for weighing of last ULD  (prior to ETD) | 120 mins | 150 mins | 98% |
| 6 |  |  | Finished time for load plan and W/B sheet(prior to ETD) | 120 mins | 120 mins | 98% |
| 7 | FOW | Mandatory | Cargo ready for pick-up by Ramp Handling Company  (prior to ETD) | 120 mins | 150 mins | 98% |
| 8 |  |  | Cargo pouch to be sent onboard (prior to ETD) | 30 mins | 30 mins | 98% |
| 9 | FFM/FWB/FHL | Mandatory | FFM/FWB/FHL is transmitted (after ATD) | 60 mins | 60 mins | 98% |
| 10 | DEP | Mandatory | After loading confirmed, FFM is transmitted and DEP is triggered (after ATD) | 60 mins | 60 mins | 98% |
| 11 |  |  | Special Cargo Advice (after ATD) | 60mins | 60mins | 98%\* |
| 12 | DIS | Mandatory | Irregularity follow up (after CARGO ARR IN W/H)  a) Dispatch of 1st tracing message  b) Contact consignee / agents | 360 mins  Immediately | 360mins  Immediately | 100% |

Note:

1. All FSU should be sent within 60 mins after actual event.

2.The Handling Company shall provide cargo information, using the IATA Cargo Interchange Messaging Protocol (CARGO-IMP) for this purpose.

3.Send all message as required by CZ and the status message must be updated accordingly in time. FSU messages shall be copied to CANFCCZ.

4.Description of FSU

* FOH:Freight on hand.
* RCS: Consignment physically received from a shipper or an agent
* FOW: Freight out of warehouse (to be collected by ramp agent)
* DEP: Consignment departed on a specific flight
* DIS: Discrepancy information

5.\*Only the message sending rate will be evaluated, and the operation timeliness will not be evaluated.

**3 Import Handling**

3.1 Handling Company shall provide confirmation of flight arrivals, and report discrepancies to origin station, enroute stations, as well as CZ local cargo office.

3.2 Consignee or consignee’s appointed agent will be notified of shipment arrival using the most expeditious means. CZ local cargo office must be notified whenever consignee cannot be contacted. File the POD for six months for the later query.

3.3 Undelivered freight will be handled as per current IATA recommended practice as published in the IATA Cargo Services Conference Resolutions. CZ local office, station originating the shipment and others as specified by CZ must be kept informed by teletype.

3.4 The Handling Company shall dispatch cargo information, which is provided through FHL/FWB/FFM by origin station, within governmental required time to ensure that CZ is in compliance with requirements of local government.

3.5 The Handling Company provides free storage of 72 hours for import cargo.

3.6 Pilferage/damage/mishandled cargo

3.6.1 Telex shall be sent to CZ local office within 8 hours of ATA.

3.6.2 A detailed report shall be dispatched to CZ local office no later than 8 hours of ATA together with the following supporting documents.

* Delivery status
* Electronic photograph

3.6.3 The Handling Company shall provide irregularity report for the consignee.

3.6.4 Pictures and PMC number must be provided for the unlabel cargo and overcarriage cargo.

3.7 For shipments not picked up more than 15 days after the sending of the NFD message the Handling Agent is required to notify the departure station and the local office of the carrier. Otherwise, the resulting storage fees will not be paid.

3.8 Import Cargo Processing and performance target

One hour after the processing period “cargo ready for delivery”, the Handling Company shall provide a summary of Cargo Breakdown Report to CZ, which shall include all irregularities that have been found. Any irregularity, reported after the submission of this Summary, will be regarded as happening in the Handling Company’s warehouse, thus the Handling Company shall take all responsibility of the regarding shipment.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Seq** | **Milestones**  **/Messages** | **Messages**  **requirements** | **Processing Description** | **Passenger flight** | **Freighter** | **Target** |
| 1 | FIW | Mandatory | Cargo arrive in W/H (after ATA) | 90 mins | 120 mins | 98% |
| 2 | AWR | Optional | Documents ready for pick up (after ATA)  a) CZ priority AWB  b) General Cargo | 150 mins  330 mins | 210 mins  270 mins | 98% |
| 3 | RCF | Mandatory | Cargo physically received from a given flight | 30 mins before NFD | 30 mins before NFD | 98% |
| 4 | NFD | Mandatory | Cargo ready for delivery (afterATA)   1. CZ priority AWB 2. General Cargo 3. Intact | 150 mins  330 mins  270 mins | 240 mins  450 mins  300 mins | 98% |
| 5 | AWD | Optional | AWB and concerned documents have been delivered | 4320 mins | 4320 mins | 98% |
| 6 | DLV | Mandatory | Cargo delivered (after ATA) | 4320 mins | 4320 mins | 98% |
| 7 | TFD | Mandatory | Transfer to another airline(after ATA) | 330 mins | 450 mins | 98% |
| 8 | （To be discussed） | Mandatory | Cargo ready for truck transfer  -General Cargo (after ATA) | 330 mins | 450 mins | 98% |
| Truck waiting time to complete loading | 2 hrs | 2 hrs | 98% |
| 9 | / | / | Waiting time for delivery (after customer’s request) | 30 mins | 45 mins | 98% |
| 10 | DIS | Mandatory | Irregularity follow up (after CARGO ARR IN W/H)  a) Dispatch of 1st tracing message  b) Contact consignee / agents | 360 mins  Immediately | 360mins  Immediately | 98% |

Note:

1. All FSUs should be sent within 60 mins after actual event.

2.The Handling Company shall provide cargo information, using the IATA Cargo Interchange Messaging Protocol (CARGO-IMP) for this purpose.

3.Send all message as required by CZ and the status message must be updated accordingly in time. FSU messages shall be copied to CANFCCZ.

4.Description of FSU

* FIW: Freight into warehouse (cargo arrive at warehouse)
* RCF: Consignment physically received from a given flight
* AWR: Consignment where arrival documents physically received from a

specific flight

* AWD: AWB and concerned documents have been delivered to the

consignee or his agent

* TFD: Consignment has been transferred to another airline
* RCT: Consignment received from another airline
* DLV: Consignment delivered to consignee or his agent
* NFD: Consignment or his agent has been informed of its arrival at

destination

* DIS: Discrepancy information

**5.CZ Speed is one of the CZ priority cargo, described  as follow:**

1. Special code: ”XPS”
2. Send FFM message

The origin will send an FFM containing all cargo manifest with special code information to the destination station, including XPS.

1. Send special cargo handling advise

The origin will additionally send a special cargo handling advise containing the cargo information of XPS to the destination.

1. Posting XPS product labels

XPS product labels on each piece

1. Hanging XPS Tagging:

XPS Tagging on each BUP ULD

**4 ULD Control**

4.1 The Handling Company provides free storage for carriers empty ULDs.

4.2 Control stock of tie-down equipment to prevent unauthorized use and maintain adequate stock level of operations. Nets must not be removed from pallet under any circumstances.

4.3 Provide proper facilities to handle and store ULDs, and prevent unauthorized use of CZ ULDs. All transfer of ULDs to third parties must be with the expressed consent of CZ and must be documented using mutually agreed procedures.

4.4 Check inbound and outbound ULDs per flight and send UCM message for inbound and outbound flight. Weekly stock check and maintain a stock record to CZ.

4.5 The Handling Company shall check, report any damage ULD and dispatch to CZ local cargo office and headquarter.

* ATTN: CZ ULD Management Division
* Sita Code: CANKUCZ
* Fax No: +86-20-86122904
* Email: czuld-control@csair.com；hyjikong@csair.com

4.6 The Handling Company manages CZ’s IT system, for all units departing/arriving (UCM : ULD Control Message), for all units transferred to other airline companies (LUC : ULD Exchange Control : IATA control receipt necessary for pallet transfers), and for all units passed on/received to/from customers : Transfer of ULDs at a third party’s disposal (freight forwarder or shipper).

4.7 As for transfer of ULDs at a third party’s disposal, the Handling Company shall have all ULDs returned from the third party within 15 days.

4.8 The Handling Company agrees to reimburse the Carrier the replacement cost of any lost or damage ULD attributable to the Handling Company by the terms that the lost or damage ULD should be limited in the warehouse only. The compensation standard is as follows.

|  |  |  |
| --- | --- | --- |
| Completely destroyed ULD (which cannot be repaired to match with airworthiness standard) or loss of ULD. | PMC（PAG/P6P/P1P） | USD 1200 |
| PLA/FLA/AKE | USD 1050 |
| ALF | USD 2300 |
| PRA | USD 10000 |
| PGA | USD 12000 |
| damage to the ULD which is reparable | Actual repairing cost | |

4.9 The Handling Company should send the ULD control messages as below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Message Type** | | **Standard** | **Remarks** | **Target** |
| UCM | Mandatory | Within 120min after ARR/DEP | For inbound and outbound flights | 98% |
| SCM | Mandatory | Once per week |  | 98% |
| LUC | Mandatory | Within 4hr after DEP | For inbound and outbound flights;Including trucking flights | 98% |

Note:

1.All FSUs should be sent within 60 mins after actual event.

2.The Handling Company shall provide cargo information, using the IATA Cargo Interchange Messaging Protocol (CARGO-IMP) for this purpose.

3.Send all message as required by CZ and the status message must be updated accordingly in time. FSU messages shall be copied to CANFCCZ.

4.Description of FSU

* UCM: ULD Control Messages
* SCM: ULD Stock Check Messages
* LUC: ULD Exchange Control

**5 Mail Handling**

5.1 The acceptance of postal mails must be accompanied by relevant documents.

5.2 All postal mail bags must have weight and pieces declared verified. Condition of bags and seals shall be checked prior to acceptance.

5.3 File the POD for six months for the later query.

**6 Performance Report, Review & Targets**

6.1 All kind of mishandling cargo detected must be updated and made remarks in the system. Sending telexes to origin and final destination is also required.

6.2 All shipments or cargo that are being offloaded at stations due to space, aircraft over weight or etc. must be updated and put remarks in the system with reasons of offloading. Rebooking of flight must be done immediately on flight available.

6.3 The Handling Company shall submit a monthly performance report (irregularity cargo handling and performance matrix) to CZ headquarter (CAN) by the 7th day of the following month.

6.4 Performance Review

The Handling Agent’s senior representative will hold a performance meeting monthly with CZ Cargo manager at intervals to discuss matters relating overall ground handling operation and for joint analysis of performance results. The objectives of such meeting is to put in place corrective actions as agreed to bring performance level at its specified standard. The Handling Agent’s senior representative will ensure that agreed corrective actions are completed by the next scheduled meeting.

6.5 Performance Targets

The Handling Company shall assign senior representative to interface and coordinate with CZ Cargo manager and ensure requirements of this Agreement are satisfied at all times.

6.6 The performance targets for this Agreement are summarized as below and as shown in Export Cargo Processing and performance target , Import Cargo Processing and performance target and ULD control:

**PERFORMANCE STANDARD＆TARGETS**

|  |  |  |  |
| --- | --- | --- | --- |
| **Description** | | **Service Standard** | **Target** |
| **1.Cargo Handling** | The on-time sending rate of FSU Messages | Complete all the operation processes on time and send the relevant Messages | 98% |
| **2.**  **Documentation** | No weight & balance irregularities should be observed | Zero defect | 100% |
| Irregularity follow up (after ATA) | Within 240 mins of ATA | 98% |
| **3.Response** | Response to Enquiry/complaint | 2 working days | 98% |
| Answer for delivery information | 4 hrs | 98% |
| **4. Safety** | DGR/AVI acceptance strict to IATA reg. | Mandatory | 100% |
| Ground incident involving A/C | Unacceptable | 100% |
| A/C equipment damage report to CZ local office immediately | Immediately | 100% |
| **5.Mail Scanning** | Scanning of all mail bags and/or ULDs in compliance with the Carrier’s requirements | ATA+4 hrs | 98% |
| **6.ULD Control** | The on-time sending rate of ULD Contro Messages | Send UCM/SCM/LUC telegrams as required by the Carrier. | 98% |

ATD: actual time of departure

ETD: estimated time of departure

ETA: estimated time of arrival

ATA: actual time of arrival

The service standard outlined are subject to the carrier operation on schedule and the factors being within the control of the Handling Company. Reasonableness will be applied in the application of standard.

**7 Audits**

7.1 CZ has the right to carry out quality and compliance systems audits as agreed with GHA, upon reasonable notice.  These may be independent or in conjunction with a Customer.  Such audits are to take place at times mutually agreeable to both Parties, and shall not unduly impact operations.

7.2 GHA shall provide access to personnel, facilities, records, and control documents relevant to the services provided to CZ.

7.3 CZ shall make the results and its recommendations from the audit available to GHA within a specified time-frame following the audit, typically within 15 working days.  Where CZ's audits identify quality and compliance issues, GHA shall use its best endeavors to implement suitable corrective and preventative actions within a mutually agreed upon time-frame.

7.3.1 Based on audit results, CZ may schedule follow-up audit, under the conditions defined herewith, to verify implementation of corrective and preventative actions.

7.3.2 CZ shall also have the right to carry out quality and compliance systems audit in order to investigate a quality event (i.e., perform a "for cause" audit).

**8 Service Assurance**

In conjunction with the Annex B between CZ and the Handling Company, whereas both parties agree:

8.1 Failing to satisfy the Performance Targets listed above, The Handling Company shall bear any cost incurred or reimburse any loss suffered by CZ.

8.2 Notwithstanding Article 8 of Main Agreement, if the following performance failures occur, the Carrier is entitled to impose penalties from the Handling Company.

8.2.1 Aircraft departure delays attributable to cargo handling, CZ is entitled to deduct certain percentage of the invoice amount of the month for each flight:

* 15min to 30min, CZ is entitled to deduct a penalty of USD500 per flight;
* 30min to 2 hour, CZ is entitled to deduct a penalty of USD1000 per flight;
* 2hour to 4 hour, CZ is entitled to deduct a penalty of USD1500 per flight;
* Above 4 hour, CZ is entitled to deduct a penalty of USD2000 per flight;

8.2.2 If the following irregularities occur and exceed 10 incidents per month attributable to cargo handling, CZ is entitled to deduct no less than 2 % of the invoice amount of the month during which the following irregularities occurred. All irregularities shall be calculated based on MAWB level.This clause does not apply to the losses incurred in excess of US$500, the ground agent shall bear full liability for the losses incurred.

* Wrong sorting for CZ import shipment
* Damage
* Missing AWB & Cargo
* Import shipment cannot be ready for delivery after 6 hours arriving in the warehouse.
* export shipment to wrong destination due to Handling Company’s mistake

8.2.3 In case of Loss/Shortage/Damage/Deterioration/Pollution to the Carrier’s shipment caused by the Handling Company’s negligence or acts (including theft by its personnel), the Handling Company shall indemnify the Carrier for the full loss incurred. Notably, losses arising from theft or intentional misconduct by ground handling personnel are subject to indemnification irrespective of the loss amount (even below US $500).

8.2.4 Aircraft departure delays exceeding 15 minutes attributable to cargo handling shall be considered as incident level. CZ is entitled to deduct certain percentage of the invoice amount of the month for cargo handling fees.

* 10+ incident CZ is entitled to deduct 2%
* 15+ incident CZ is entitled to deduct 3%
* 20+ incident CZ is entitled to deduct 5%

8.2.5 Cargo IQ service quality. 90% should be the basic standard of on time radio for DEP/RCF/NFD milestones among all of the import shipments of CZ. For any failure of DEP/RCF/NFD milestone occurs due to the Handling Company CZ is entitled to deduct 1% of the ground handling fees of that month based on each failure milestone.

8.2.6 In the event of a safety incident, penalties shall be imposed according to the regulations specified in the following table.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Description** | | | **Performance Failures** | **Penalty/ Compensation**  **（per case）** |
| Export | Acceptance | General cargo | Fail to check airworthness of outer package causing bad package acceptance | 100 |
| Fail to check documents to ensure correct acceptance | 100 |
| DG cargo | Fail to check DGR causing DG info discrepancy | 200 |
| Fail to check the CZ DG variation causing CZ forbiden DG acceptance | 3000 |
| Fail to check labels and documents | 200 |
| Fail to check DG qualification of destination | 3000 |
| Fail to detect hidden DG | 500 |
| Build up | General cargo | Fail to check the ULD airworthness | 300 |
| Build up oversize/overweight cargo without proper tiedowns | 500 |
| wrong build up (wrong piece count, wrong destination etc) | 300 |
| cargo damage upon buildup | 300 |
| Storage | Temperature control cargo | Fail to keep required temperature range | 300 |
| Temperature excursion due to the Handling Company | 1000 |
| DG cargo | Fail to keep DG in proper place causing damage, missing | 500 |
| Import | Storage | Temperature control cargo | Fail to keep required temperature range | 300 |
| Pick up | | Send wrong cargo to customer or trucking company | 200 |
| Message | FFM/FWB/FHL/FS/  UCM/SCM/LUC | | Fail to send message | 20 |
| Send Message with wrong info | 20 |
| Mishandle by the Handling Company causing customs fine | 200 |

**9 Others**

9.1 Any other service standard not included in this Service Standards will be advised directly by CZ H/Q or local office.

9.2 If any inconsistency exists between this Service Standards and the Annex B to Ground Handling Agreement, the ANNEX B shall prevail.

9.3 CZ local office is authorized to discuss any revision of this Service Standards.Each party reserves the right to request a modification to this contract based on change in work scope. Any change must be mutually agreed upon and a subsequent addendum would be issued to the contract.

|  |  |
| --- | --- |
| Signed | Signed |
| For and on behalf of:  **China Southern Airlines Co., Ltd.** | For and on behalf of: |
| By: | By: |
| Title: | Title: |

**Service Evaluation and Reward Agreement**

Between **China Southern Airlines Co., Ltd.**

having its principal office at:

No. 68 Qixin Road,

Guangzhou, China

hereinafter referred to as the “***Carrier***”

And

having its principal office at:

hereinafter referred to as the “***Handling Company***”

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Whereas both parties have signed the IATA SGHA and to motivate the Handling Company to provide high quality services and enhance bilateral in-depth cooperation, for and in consideration of the mutual covenants herein, This Service Evaluation and Reward Agreement is made and entered into by and between both parties for service quality evaluation and reward policy as follows:

**Article 1: Evaluation Implementation Rules**

1.1 The Carrier has conducted annual and quarterly evaluations of the Handling Company since 2024. The evaluation criteria are based on the operation requirements and service standards of the SGHA and SLA, encompassing comprehensive assessments such as safety management, operations management, CargoIQ performance, service quality, and service evaluation.

1.2 The evaluation will be categorized based on ground service projects, namely freighter handling and cargo handling.

1.3 The evaluation objects are the freighter handling companies and cargo handling companies at overseas freighter stations of the Carrier. The freighter handling companies and the cargo handling companies will be evaluated and ranked separately.

1.4 The annual comprehensive evaluation score of a handling company is the average score of its quarterly scores of the year. The annual comprehensive evaluation results will be ranked from high to low. In case of equal comprehensive evaluation scores, the one(s) with higher “Safety Management”score will be prioritized; if the “Safety Management” scores are also equal, the one with higher “Service Quality” score will be prioritized to determine the ranking order. The Carrier will publish the comprehensive evaluation results of last year at the beginning of the following year.

1.5 Quarterly Evaluation Feedback. The Carrier will notify the evaluation results to the Handling Company via email, which mainly includes: scores, shortcomings, changes compared to the previous period, and service improvement requirements, etc.

1.6 Award Categories. In accordance with the handling companies’ annual evaluation results, Excellent Service Agents and High-Quality Service Agents are selected from the freighter handling companies and cargo handling companies respectively.

1.6.1 Excellent Service Agents: the top 10% (inclusive) handling companies in the annual comprehensive evaluation of all handling companies. (The calculation result shall be rounded after the decimal point is discarded, and one shall be selected if it is less than one.)

1.6.2 High-Quality Service Agents: the top 10%-30% (inclusive) handling companies in the annual comprehensive evaluation of all handling companies. (The calculation result shall be rounded after the decimal point is discarded.)

**Article 2: Evaluation Results and Reward Policy**

2.1 For the handling companies whose evaluation results are not ideal, the Carrier will handle as follows:

2.1.1 If the Handling Company has one or more evaluation items lower than 6 (on a 10 point scale) in the current quarterly evaluation, the Carrier will hold a service quality communication meeting with the Handling Company's representative regarding operational issues, developing mutually agreed corrective measures to improve the service quality.

2.1.2 If the Handling Company repeatedly scores lower than 6 for the same evaluation item, the Carrier will interview the management personnel of the Handling Company and request that it develops an improvement project on the weak evaluation items. The inspection period is 1-2 months.

2.1.3 If the Handling Company still fails to meet the standards after inspection period of the same evaluation item and is identified as the responsible party, the Carrier will send a service warning letter to the Handling Company, and will recover compensation from the Handling Company according to the agreement based on the impact of the situation, and record a negative service behavior with responsibility.

2.1.4 If the total score of the Handling Company in the current quarterly comprehensive evaluation is below the qualified line (60 out of 100 points), a negative service behavior will be recorded.

2.2 The Carrier will reward the Excellent Service Agents and High-Quality Service Agents.

2.2.1 Procurement Implementation Reward

A bonus of scores can be added to the business evaluation dimension for Excellent Service Agents and High-Quality Service Agents in the new round of service tender.

1. Excellent Service Agents: No more than 5 points.
2. High-Quality Service Agents: No more than 2 points.

2.2.2 Additional Service Fee Reward

The Carrier grants a certain percentage of the monthly service fee as the additional service fee reward for the Excellent Service Agents and High-Quality Service Agents. In principle, the lowest monthly service fee (excluding uncommon and additional charges) of the year will be chosen as the basis for additional reward calculation. If the annual increase of the main rates of the handling company is more than 10% within the contract period, it cannot obtain the additional service fee reward:

1. Excellent Service Agents: 3% of the monthly freighter handling service fee will be awarded to the freighter handling company; 3% of the monthly cargo handling service fee will be awarded to the cargo handling company.
2. High-Quality Service Agents: 1% of the monthly freighter handling service fee will be awarded to the freighter handling company; 1% of the monthly cargo handling service fee will be awarded to the cargo handling company.

2.2.3 The Carrier will award medals to Excellent Service Agents and High-Quality Service Agents annually.

2.3 During an annual evaluation period, the Handling Company will be disqualified if any of the following situations occur:

2.3.1 Any unsafe events with a serious error level occur;

2.3.2 The shutdown of import and export operations caused by the Handling Company;

2.3.3 One effective complaint occurs during the evaluation period.

2.4 Reward Settlement

The Handling Company shall issue the corresponding invoice after the amount of the additional service fee reward is confirmed, and the Carrier shall pay the bonus to the Handling Company within 30 days from the date of the invoice. The settlement account and method shall remain consistent with the main contract.

This Service Evaluation and Reward Agreement shall be read as an integral part of the aforementioned SGHA between the Carrier and the Handling Company. All other charges, services, facilities, terms and conditions listed in the current SGHA and SLA shall remain in full force and effect.

|  |  |
| --- | --- |
| Signed for and on behalf of  **China Southern Airlines Co., Ltd.**  (The Carrier) | Signed for and on behalf of    (The Handling Company) |
| By: | By: |
| Name: | Name: |
| Title: | Title: |

**Agreement of Honest Cooperation**

Party A: **[China Southern Airlines Co., Ltd.]**

Party B: **[ ]**

Based on the principles of legal transaction, fairness and justice, mutual benefit and win-win, in order to establish and consolidate long-term cooperative relationship and ensure the standardization and honesty of cooperation, both parties have reached the following agreement on matters related to honest cooperation:

**I. Definitions and Terms:**

The following words used for the Agreement shall be interpreted in accordance with the requirements of this article unless otherwise interpreted according to their meanings:

(I) Party A: In addition to being the subject of the Agreement, Party A referred to in the Agreement includes Party A and its affiliated enterprises;

(II) Party B: In addition to being the subject of the Agreement, Party B referred to in the Agreement includes Party B and its affiliated enterprises;

(III) Interested party: Close relatives of one party's staffs and other close relatives or friends with interests;

(IV) Affiliated enterprises: If one party has at least one or more of the following association relationships with another company, enterprise and other economic organizations (hereinafter collectively referred to as another enterprise), the two enterprises are affiliated enterprises to each other. "Association relationship" means one or more of the following relationships between one party and another enterprise:

1. Directly or indirectly holding 5% or more of the total shares of either party;

2. Directly or indirectly owning or controlling 5% or more of the shares of a third party;

3. The loan funds between one party and another enterprise account for 50% or more of its own funds or 10% or more of the total loan funds of one party are guaranteed by another enterprise or vice versa;

4. The director, manager or other senior managers of one party are appointed by another enterprise or vice versa;

5. The production and operation activities of one party can be carried out normally only when another enterprise provides franchise rights (including industrial property rights, proprietary technologies, etc.);

6. Raw materials and spare parts purchased by one party for production and operation (including prices and transaction conditions, etc.) are controlled or supplied by another enterprise, or vice versa;

7. The production and sales of products or commodities by one party (including prices and transaction conditions, etc.) are controlled by another enterprise or vice versa;

8. Other relationships (including but not limited to family and kinship, etc.) related to the interests that have actual control over the production, operation and transaction of one party;

9. Shareholders and contributors holding more than 5% (inclusive) shares of the enterprises mentioned in items 1-8 above, or shareholders directly or indirectly holding the equity of the enterprises mentioned in items 1-8 above established for employee incentives, shareholding plans and equity investment;

(V) Illegitimate benefits: Benefits in violation of national laws, regulations and Party A's system, as well as the requirements for Party A to provide assistance or convenience in violation of national laws, regulations and Party A's system, including but not limited to the following circumstances:

1. Provide, promise or give Party A's staff or interested parties any form of cash such as remunerations and kickbacks, valuable goods or various expenses that shall be paid by the person on his/her own, including but not limited to residential decoration, weddings and funerals, tourism and vacation and other entertainment activities, accommodation, fitness, shopping, tuition fees, children's study abroad, etc.;

2. Provide Party A's staff or interested parties with various forms of labor remunerations, commissions, operating dividends, etc.;

3. Give cash gifts to Party A's staff or interested parties in the name of marriage, birthday, funeral, etc.;

4. Lend money, automobiles, houses and other property to Party A's staff or interested parties at unreasonably low prices or free of charge, or borrow/rent money, automobiles, houses and other property from Party A at unreasonably high prices;

5. Carry out monetary chess and card entertainment activities and gambling activities with Party A's staff or interested parties;

6. Provide Party A's staff or interested parties with opportunities or conveniences such as shares (including performance shares and anonymously held shares, excluding small transactions in the securities market), consultants, direct or indirect participation in operation;

7. Take advantage of the convenience of Party A or its interested parties to seek transaction opportunities for Party B;

8. Other circumstances that violate the principle of good faith and professional ethics to obtain benefits from or through Party A.

(VI) List of Suppliers Restricted Transaction: It is a summary list of enterprises with major illegal acts recorded by China Southern Airlines. Enterprises and their affiliated enterprises included in the list shall not cooperate with various units of China Southern Airlines within the corresponding restricted period according to the restricted transaction recognition level.

**II. If Party B violates the following act requirements, Party A has the right to deal with it in accordance with Article V of the Agreement:**

1. Party B shall represent and warrant that all information and materials provided to Party A for signing or performance of the Agreement are true, complete, correct, legal and valid, not false, deceptive or forged.

2. Party B shall guarantee to carry out business activities according to laws, especially not to engage in any form of commercial bribery. Once any commercial bribery involving Party A is found, Party B shall immediately notify Party A and investigate, handle and rectify it.

3. Party B shall not directly or indirectly promise to have any improper interest dealings with Party A's staff or their interested parties in any way.

4. Party B shall promise not to maliciously slander, falsely accuse or frame Party A's staff or other competitors.

5. During the cooperation with Party A, Party B shall not violate laws and regulations, social public order and good customs, or violate the principles of good faith and fair transaction, or other acts that may cause Party A's staff to be recognized as duty crimes by judicial authorities or punished by administrative law enforcement organs.

6. Party B shall declare that it will not take any means to let Party A's staff (including but not limited to directors, managers, staff, etc.) leave Party A to work or hold posts in Party B or Party B's affiliated enterprises and customer units during the business contact between the two parties and within 3 years after the termination of the cooperation.

**III. Rights and Obligations of Party A**

1. Party A's staff is prohibited from having any improper interest dealings with Party B. If such problems are found, Party A has the right to report them according to the reporting methods provided by Party B.

2. Party A encourages Party B to report Party A's employees' violations, and Party A promises to keep Party B's reports strictly confidential and verify and deal with them in a timely manner.

3. Party A has the right to investigate the illegal interests, and if the circumstances are serious, Party A has the right to transfer it to judicial authorities.

4. If Party A finds that Party B or its business partners may have violated or will violate the Agreement, Party A has the right to audit and inspect Party B on the specific matter; At the same time, Party A has the right to regularly audit and inspect the transactions between the two parties. Specific measures include but are not limited to conducting questionnaire surveys on compliance policies, training and supervision; monitoring transactions to detect possible signs of commercial bribery; checking the policies, procedures, books and records of activities involved in the business agreement between Party B and Party A and/or activities carried out therefrom.

**IV. Rights and Obligations of Party B**

1. Party B confirms that it knows the purpose of signing the Agreement by both parties, understands Party A's major concerns about the honest cooperation between both parties, knows the consequences of violation of honesty, and agrees to regularly publicize and implement the Agreement to its staff and abide by the Agreement.

2. Party B promises to perform its obligations in strict accordance with laws and regulations and agreements, and will not provide any improper benefits to staff of Party A and its affiliated enterprises.

3. If Party B's staff is interested parties of Party A's, Party B shall immediately disclose the fact to Party A.

4. Party B shall refuse any request of Party A's staff to seek and obtain illegitimate benefits from Party B in any form, and promptly report Party A's staff's violations to Party A.

5. Party B shall not conceal the truth or provide false materials when accepting Party A's investigation and audit. After the investigation, the facts of the investigation that have been recognized shall not be reversed.

6. Party B promises to keep confidential the contents of Party A's investigation and audit, and shall not make comments on the investigation without Party A's permission. Party B shall not appear in court to testify at the request of a third party other than Party A (except for compulsory measures taken by the court).

**7. Party B deeply understands the harm of violation of honest cooperation, and hereby confirms that the terms of the Agreement have been carefully read, and agrees that the compensation amount agreed in the Agreement is reasonable and will not apply to any institution for adjustment for any reason.**

**V. Liabilities for Breach of Contract**

1. If Party B violates any content described in the Agreement, Party B agrees to pay compensation to Party A at ten times the improper benefits or 20% of the transaction amount of the previous year (i.e. the first 12 months from the date when Party A finds that Party B violates the Agreement), whichever is higher, but the minimum amount is not less than RMB 100,000 (in words: RMB ONE HUNDRED THOUSAND). Party A and its affiliated enterprises have the right to deduct the above compensation directly from the amount payable to Party B.

2. If Party B violates any content in the Agreement, Party A and its affiliated enterprises have the right to terminate the relevant transaction agreement with Party B and include Party B in the List of Suppliers Restricted Transaction of China Southern Airlines without bearing any responsibility.

3. Party B's liabilities for breach of contract based on the Agreement shall not affect Party B's liabilities in accordance with relevant specific transaction agreements.

**VI. Reporting Methods**

Party B may directly report to Party A in the following ways:

Mailing address: Discipline Inspection Commission Office of China Southern Airlines Logistics Co., Ltd., No. 27, Hangyunnan Street, Baiyun District, Guangzhou City

Reporting Tel.: [12388 ]

Reporting website: [ http://www.12388.gov.cn]

Party A may directly report to Party B in the following ways (the following contents shall be filled in by Party B voluntarily):

Reporting Tel.: [ ]

Reporting website: [ ]

Mailing address: [ ]

**VII. Other Agreements**

1. This Agreement is one of the annexes to the cooperation or business agreement (hereinafter referred to as the "master agreement") signed between the two parties for a specific business and does not need to be signed and sealed by the parties separately. The Agreement shall take effect from the date of signature and seal of the master agreement, and its validity shall be retroactive to the date of commencement of the cooperation between the two parties, and shall not become invalid due to the termination of the business cooperation between the parties and the termination or dissolution of the Agreement.

2. The Agreement shall be independent of the master agreement and will not be invalidated, terminated or dissolved due to the invalidation, termination or dissolution of the cooperation or the master agreement. In case of any inconsistency between the relevant provisions of the master agreement and the Agreement, the Agreement shall prevail.

3. Both parties shall settle the disputes arising from the Agreement through negotiation. If the negotiation fails, it shall be submitted to the people's court where Party A is located for settlement.