

Cargo Shield Terms and Conditions

Effective Date: 25 April 2025

1. Preamble

- 1.1. These Cargo Shield Terms and Conditions solely and exclusively apply to any **Contract of Carriage** of goods for which a customer of Hapag-Lloyd AG has purchased the Cargo Shield option.
- 1.2. **Cargo Shield** provides the **Beneficiary** under these terms and conditions with predefined **Compensation** for physical damage to or loss of the **Shielded Goods**, as well as for contributions to general average and salvage. Cargo Shield therefore is an optional addition to any **Contract of Carriage**, providing the Beneficiary with streamlined, unbureaucratic means to address factual damages, for which legal recourse otherwise might be unattainable, complex and/or time-consuming to pursue. It is meant to promptly provide the Beneficiary with an expeditious pecuniary compensation, thereby increasing its current assets, instead of pursuing generally long-lasting legal avenues, thereby always bearing the economic risk of being incapable to enforce claims to which it is entitled.
- 1.3. Cargo Shield is not an insurance product and it is also not replacing or replicating insurance coverage. It is an extension to the respective Contract of Carriage and must be purchased as an ancillary option thereto.

2. Definitions

Capitalized terms in these terms and conditions shall have the following meanings:

- i. **"Additional Expenses"**: Any expenses not qualifying as physical damage to the Shielded Goods, but being necessary and reasonable for handling any damage following a Damage Event or contributions to general average and salvage, such as destruction and disposal of the Shielded Goods, debris removal or storage costs, surveyor's fees, repacking costs, and any costs reasonably incurred to minimize or avert such loss or damage; always subject to clause 5. Compensation for Additional Expenses shall not exceed USD 10,000.
- ii. **"Beneficiary"**: Refers to the freight payor under the relevant Contract of Carriage. Any compensation due subject to the Cargo Shield shall be to the benefit of such freight payor.
- iii. **"Cargo Shield"**: The service provided by Hapag-Lloyd AG as defined under clause 1.2., subject to these terms and conditions, purchased by the Customer alongside a Contract of Carriage.
- iv. **"Compensation"**: Any and all benefits rendered by Hapag-Lloyd AG to the Beneficiary subject to and following the Cargo Shield.
- v. **"Contract of Carriage"**: Any contract for the carriage of goods evidenced by a Transport Document entered into between Hapag-Lloyd AG and the Customer and/or Beneficiary, that is subject to the relevant Hapag-Lloyd AG general terms and conditions, particularly – but not limited to – Hapag-Lloyd AG's Sea Waybill Terms and Conditions and Bill of Lading Terms and Conditions (as applicable), as displayed on Hapag-Lloyd AG's web presence available at <https://www.hapag-lloyd.com/en/meta/terms-conditions-transport.html>. For the sake of clarification: Cargo Shield will only apply to a Contract of Carriage, for which the relevant Hapag-Lloyd AG terms and conditions have been included.
- vi. **"Customer"**: The individual or company that concludes and purchases Cargo Shield in conjunction with a Contract of Carriage. For the avoidance of doubt, the Customer and the Beneficiary can be identical.

- vii. **"Damage Event(s)":** Any of the events referred to in clause 4.1.
- viii. **"Excluded Goods":** Living animals, Weapons, Ammunition, Explosives, Crude Oil, Coal of any kind or project cargo for coal plants, Drugs, Jewellery, Species/Fine Art, Precious metals/coin and cash, dangerous goods, cargoes whose trade poses a danger to endangered species, military cargo, waste, breakbulk, out-of-gauge cargo, sanctioned cargo, any and all goods transported in reefer containers.
- ix. **"Hapag-Lloyd AG":** The carrier on whose behalf the Transport Document is issued.
- x. **"Maximum Compensation":** The maximum Compensation payable under the Cargo Shield, as selected by the Customer.
- xi. **"Notice Periods":** Refers to the notice periods under the relevant Contract of Carriage, as evidenced by the according Transport Document. In the case of general average, the notice periods commence as soon as the Beneficiary has received the respective general average declaration.
- xii. **"Period of Custody":** The period as defined in the applicable statutory rules, i.e. between the time the Shielded Goods are taken over for carriage and their delivery.
- xiii. **"Shielded Goods":** All lawful goods and/or merchandise of any description (not including the respective container itself), except for the "Excluded Goods" listed above, suitably packed, secured, lashed and stowed for the intended voyage, being transported under a Transport Document issued by Hapag-Lloyd AG for which Cargo Shield has been purchased. Cargo Shield must be purchased for and applies to each container carrying Shielded Goods individually, ensuring that compensation for physical damage or loss is assessed per container.
- xiv. **"Return Shipment":** goods refused or returned by the Customer, Beneficiary and/or Consignee.
- xv. **"Transport Document":** A Bill of Lading or sea waybill issued by Hapag-Lloyd AG.

3. Application of Cargo Shield

- 3.1. Upon final acceptance of Shielded Goods for carriage by Hapag-Lloyd AG and provided the Customer has purchased Cargo Shield prior to such acceptance, Cargo Shield will apply to the Shielded Goods, but always subject to full payment of freight and Cargo Shield fee as stipulated under the Contract of Carriage.
- 3.2. Cargo Shield will not apply, if it is purchased less than 24 hours prior to taking over of the Goods in the custody of Hapag-Lloyd AG.
- 3.3. Cargo Shield will be invoiced together with the freight. An invoice showing a Cargo Shield charge will serve as evidence of its effectiveness.
- 3.4. Cargo Shield supplements and amends the relevant parts of the Contract of Carriage, with all other terms of the Contract of Carriage remaining in full force and effect.
- 3.5. For potential claims exceeding the Maximum Compensation, Hapag-Lloyd AG shall rely on the terms of the Contract of Carriage, and these Cargo Shield terms and conditions shall not apply for any sought-for compensation in excess of the Maximum Compensation. Under no circumstances shall the Cargo Shield or the Compensation paid out thereunder be interpreted as an admission of liability or culpability by Hapag-Lloyd AG, nor shall it extend Hapag-Lloyd AG's liability under the Contract of Carriage (meaning it shall not be interpreted as a waiver of exclusions and limitations effective within the Contract of Carriage, except for Compensation due up to the Maximum Compensation under these Cargo Shield terms and conditions), nor shall it serve as grounds for any other claims not expressly stipulated herein.

- 3.6. Exclusions stipulated under the Cargo Shield terms and conditions shall apply to the Cargo Shield only and may not be interpreted as exclusion of liability under the Contract of Carriage unless likewise incorporated in the Contract of Carriage.

4. Scope of Cargo Shield

- 4.1. Cargo Shield applies solely to physical loss and damage, and contributions to general average and salvage (subject to clause 4.3.), caused to the Shielded Goods during the Period of Custody, up to the Maximum Compensation, resulting from or due to the following Damage Events:
- i. Fire and explosion,
 - ii. Stranding, grounding, sinking or capsizing,
 - iii. Overturning or derailment of land conveyance,
 - iv. Collision,
 - v. damage during handling operations,
 - vi. Total loss of vessel,
 - vii. Jettison of cargo,
 - viii. Earthquake, volcanic eruption or lightning,
 - ix. Washing overboard,
 - x. Entry of sea, lake, river water to hold or container,
 - xi. Rainwater,
 - xii. Malicious damage,
 - xiii. Breakage,
 - xiv. Shortage,
 - xv. Pilferage,
 - xvi. Theft and/or robbery,
 - xvii. Piracy.
- 4.2. Hapag-Lloyd AG will compensate the Beneficiary for loss and/or physical damage to the Shielded Goods due to a Damage Event but always limited to the Maximum Compensation. The payable Compensation will be determined against the value declared in the commercial invoice of the Shielded Goods, plus freight and, where applicable, Additional Expenses (the latter being limited to a total of USD 10,000 and subject to reasonably sufficient proof being provided by the Beneficiary). For the avoidance of doubt, all Shielded Goods transported in a single container shall be considered as a unit of Shielded Goods. Both the obligation for payment of Compensation and the Maximum Compensation shall apply to this unit only, ensuring that Compensation for physical damage or loss is assessed on a per-container basis.
- 4.3. In the event of a general average or salvage situation, the Customer and Beneficiary remain responsible for payment of general average or salvage securities and contributions. Up to the Maximum Compensation, the Beneficiary shall be entitled to Compensation for paid contributions and related expenses to general average or salvage, adjusted or determined according to the Contract of Carriage and/or the governing law and practice, incurred to avoid or in connection with the avoidance of loss from any cause except those excluded in clause 5. Clause 4.2., sentences 2 and 3 shall apply accordingly.

5. Exclusions from Cargo Shield

5.1. Cargo Shield does not apply to:

- i. Excluded Goods,
- ii. Return Shipments, unless Cargo Shield is purchased separately and individually for the Return Shipment and provided the Shielded Goods have not been unpacked and are returned in their original packing,
- iii. Shipments from, to, or through Belarus, Iran, North Korea, Russia, Ukraine, Republic of the Union of Myanmar, Cuba, Somalia, Syria and Venezuela.

5.2. Cargo Shield does not apply to Damage Events not enlisted in clause 4. It does particularly not apply to loss or damage due to:

- i. wilful misconduct of the Customer and/or Beneficiary,
- ii. ordinary leakage, ordinary loss in weight or volume, or ordinary wear and tear of the Shielded Goods,
- iii. loss, damage or expense caused by insufficiency or unsuitability of packing, securing, lashing and stowage in a container, or insufficiency or unsuitability of preparation of the Shielded Goods to withstand the ordinary incidents of the transit in a container, unless such packing or preparation is carried out by Hapag-Lloyd AG or their employees (for the purpose of these Clauses "employees" shall not include independent contractors),
- iv. loss, damage or expense caused by inherent vice or nature of the Shielded Goods,
- v. loss, damage or expense caused by delay, even when the delay is caused by a risk generally covered by the Cargo Shield (except expenses payable under Clause 4.3. above),
- vi. loss, damage or expense caused by insolvency or financial default of the owners, managers, charterers or operators of the vessel where, at the time of loading of the Shielded Goods on board the vessel, the Customer and/or Beneficiary are aware, or in the ordinary course of business should be aware, that such insolvency or financial default could prevent the normal prosecution of the voyage,
- vii. employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter,
- viii. ionising, radiations, or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel,
- ix. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any nuclear installation, reactor, or other nuclear assembly or nuclear component thereof;
- x. any weapon or device employing atomic or nuclear fission and/or fusion or other similar reaction or radioactive force or matter,
- xi. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter. This exclusion does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific, or other similar peaceful purposes,
- xii. any chemical, biological, bio-chemical, or electromagnetic weapon,
- xiii. the failure, error or malfunction of any computer, computer system, computer software programme, code, or process or any other electronic system,

- xiv. the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system,
- xv. a communicable disease or the fear or threat (whether actual or perceived) of a communicable disease regardless of any other cause or event contributing concurrently or any other sequence thereto. A communicable disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where: a) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and c) the disease, substance or agent can cause or threaten bodily injury, illness, damage to human health, human welfare or property;
- xvi. War, civil war, revolution, rebellion, insurrection, or civil strife arising therefrom, or any hostile act by or against a belligerent power,
- xvii. Capture, seizure, arrest, restraint, or detainment, arising from risks connected to circumstances as described in above xvi., and the consequences thereof or any attempt thereat,
- xviii. Derelict, mines, torpedoes, bombs, or other derelict weapons of war,
- xix. strikers, locked-out workmen, or persons taking part in labour disturbances, riots or civil commotions,
- xx. any act of terrorism being an act of any person acting on behalf of, or in connection with, any organisation which carries out activities directed towards the overthrowing or influencing, by force or violence, of any government whether or not legally constituted,
- xxi. any person acting from a political, ideological or religious motive,
- xxii. Spoilage,
- xxiii. Hijacking,
- xxiv. any direct or indirect or consequential loss or damage or loss of business, income or profits (except Additional Expenses).

6. Limitation of Compensation under Cargo Shield

- 6.1. The Maximum Compensation payable under Cargo Shield is limited to the proven physical losses, damages, freight, Additional Expenses, or general average and salvage contributions, up to one of the following limits selected and paid for by the Customer at the time of purchase:
 - Standard: up to USD 15,000 per container;
 - Plus: up to USD 30,000 per container;
 - Premium up to USD 60,000 per container.
- 6.2. For valid claims under Cargo Shield, Hapag-Lloyd AG shall not invoke statutory limitations or exclusions of liability, except for the Maximum Compensation limit, unless expressly stipulated in the provisions herein.
- 6.3. Any compensation paid under Cargo Shield will be deducted from any compensation for any alleged liability claim of the Customer and/or the Beneficiary under the Contract of Carriage.

- 6.4. Upon receipt of the Compensation by the Beneficiary, the Customer and the Beneficiary (notwithstanding following sentence 2) release and discharge Hapag-Lloyd AG from any and all claims, demands, actions, or proceedings that the Customer and/or Beneficiary may have against Hapag-Lloyd AG in relation to the Shielded Goods, for which Compensation has been paid under the Cargo Shield terms and conditions. This release is limited to the amount of Compensation paid.
- 6.5. The Customer and the Beneficiary confirm, that upon receipt of the Compensation by the Beneficiary, the Customer and the Beneficiary (notwithstanding below sentence 2) will indemnify and hold Hapag-Lloyd AG harmless from any claims, demands, actions, or proceedings that are rightfully brought against Hapag-Lloyd AG by the party/parties legally entitled to claims for damages in relation to the Shielded Goods, for which Compensation has been paid. This indemnification is limited to the amount of Compensation paid.
- 6.6. If and insofar as Customer and/or Beneficiary are entitled to claims for damages against any third party in relation to the Shielded Goods for which Compensation has been paid, the Customer and the Beneficiary (notwithstanding below sentence 2), upon receipt of the Compensation by the Beneficiary, assign any and all rights to such damages to Hapag-Lloyd AG, which hereby accepts such assignment in advance. This assignment is limited to the amount of Compensation paid.
- 6.7. If Hapag-Lloyd AG compensates a third party for damage to or loss of the Shielded Goods, for which the Beneficiary raises claims under the Cargo Shield, the Compensation owed under the Cargo Shield will be reduced by the amount paid to that third party. If in such case (a) the amount paid to that third party exceeds the Maximum Compensation and (b) the incurred damage as calculated subject to clause 4.2. exceeds such paid amount, then and only then Hapag-Lloyd AG will pay Compensation for the remainder subject to the limitations made herein.

6. Compensation Process

- 7.1. After a Damage Event and within the Notice Periods, the Beneficiary shall submit to Hapag-Lloyd AG an online claims form via Hapag-Lloyd AG's web presence, thereby applying for payment of the Compensation.
- 7.2. The Beneficiary shall provide the following documents in regard of the Shielded Goods:
- Freight invoice;
 - Bill of Lading, Sea-Way-Bill, and/or Consignment Note;
 - Commercial Invoice;
 - Packing List or specification;
 - Any survey reports, or other documentary evidence to show the extent of the loss or damage to the Shielded Goods and Additional Expenses;
 - Police Statement (in the case of theft and/or robbery);
 - Letter of release (see clause 7.5.);
 - Letter of indemnity (see clause 7.5.);
 - Confirmation of assignment of rights (see clause 7.5.);
 - Proof of transfer of rights (if applicable) (see clause 10.).
- 7.3. Where reasonably necessary to establish the veracity of the Beneficiary's claim for Compensation, Hapag-Lloyd AG may request the provision of additional documentation.

Similarly, the Beneficiary may request Hapag-Lloyd AG to waive certain documents if they are not reasonably necessary to establish the veracity of the Beneficiary's claim for Compensation. This provision and the obligations herein are subject to the limits of good faith.

- 7.4. Payment of Compensation shall be made to the Beneficiary upon acceptance of the claim, subject to the terms and conditions of the Cargo Shield.
- 7.5. Payment of Compensation will only be made against provision of a letter of release, a letter of indemnity and – where applicable – a confirmation of the assignment of rights, each reflecting the stipulations of clause 6.4., 6.5. and/or 6.6. respectively, signed by the Customer and by the Beneficiary.
- 7.6. Cargo Shield does not entitle to any Compensation if providing the same would expose Hapag-Lloyd AG to any sanctions, prohibitions, or restrictions under United Nations resolutions or the trade or economic sanctions, laws, or regulations of the European Union, United Kingdom, or United States of America.

8. Duties of the Customer and Beneficiary

- 8.1. The Customer, Beneficiary, and their respective employees and agents shall:
 - take all reasonable measures to prevent or minimize loss, damage, or expense to the Shielded Goods;
 - ensure that all rights against third parties are properly maintained and exercised to recover any amounts due in respect of the Shielded Goods.
- 8.2. If and to the extent that the Beneficiary transfers the Compensation to the party/parties entitled to claims for those damages to the Shielded Goods, for which the Compensation has been paid, the Beneficiary undertakes to obtain a letter of receipt and release from any such recipient, reflecting the stipulations of clauses 6.3 to 6.6. accordingly.

9. Tax Responsibilities

- 9.1. Each party is solely responsible for paying any and all taxes, duties, or similar government charges to the competent public authority wherever such charges are levied and/or imposed on the activities of the party.
- 9.2. Any and all prices, fees, rates, or remuneration are agreed as stated exclusive of any form of sales taxes, value-added tax, goods and services tax, and/or any other similar taxes including any surcharges levied thereon which may be applicable.
- 9.3. All payments shall be made in cleared funds, without any deduction or set-off and free and clear of and without deduction for or on account of any taxes, levies, imports, duties, charges, fees, and withholdings of any nature now or hereafter imposed by any governmental, fiscal, or other authority save as required by law. If a deduction is required by law to be made by the Customer, the amount of the payment due from the Customer under the contract of carriage shall be increased to an amount which (after making any deduction) leaves an amount equal to the payment which would have been due if no deduction had been required.

- 9.4. If and to the extent the Customer has to withhold taxes or other government charges according to mandatory laws, the Customer shall withhold and deduct such amounts from payments to Hapag-Lloyd AG and pay the amount to the competent tax authority or any other relevant governmental body, as the case may be, within the time allowed and in the minimum amount required by law.
- 9.5. Within ten days of making either the withholding or any payment required in connection with that withholding, the Customer shall deliver to Hapag-Lloyd AG a withholding tax certificate, official receipt, or evidence reasonably satisfactory to Hapag-Lloyd AG that payment has been made to the competent tax authority or any other competent governmental body.

10. Transfer of rights

- 10.1. The Beneficiary may only transfer its rights under Cargo Shield in conjunction with its rights under the relevant Contract of Carriage. Any separate transfer of the Beneficiary's rights under the Cargo Shield, apart from its rights under the Contract of Carriage, is strictly prohibited.
- 10.2. In case the Beneficiary's rights under the Cargo Shield are transferred to another natural or legal person (hereinafter: the "**Transferee**"), the Transferee shall assume the rights and obligations of its legal predecessor under the Cargo Shield and will henceforth be qualified as the Beneficiary under this Cargo Shield.

11. Statute of limitations

All claims for Compensation under these Cargo Shield terms and conditions must be filed within the time bar period outlined in the Contract of Carriage; otherwise they will be expired.

12. Applicable Law

These Cargo Shield terms and conditions shall be governed by and construed in accordance with the laws specified in the Transport Document issued by Hapag-Lloyd AG.

13. Jurisdiction

- 13.1. Any claims or actions arising out of or in connection with Cargo Shield shall be brought before the courts specified in the Transport Document issued by Hapag-Lloyd AG.
- 13.2. Notwithstanding the above, Hapag-Lloyd AG reserves the right to bring claims or actions before the courts of the jurisdiction where the Beneficiary and/or the Customer has its registered office or principal place of business.

14. Modification

- 14.1. Hapag-Lloyd AG reserves the right to modify these terms and conditions, provided that such modifications do not adversely affect the rights of the Beneficiary under existing Contracts of Carriage.
- 14.2. Any modifications shall be communicated to the Customer and shall become effective upon such communication, unless a later date is specified.

15. Hapag-Lloyd AG Bill of Lading Terms and Conditions

In the event of any conflict between the terms of Cargo Shield and the Transport Document terms and Conditions in relation to Cargo Shield claims, the terms of Cargo Shield shall prevail, up to the Maximum Compensation.

16. Validity and Replacement of Provisions

- 16.1. If any provisions of these terms and conditions are or become invalid or unenforceable, or if a gap is found in these provisions, the validity of the remaining provisions and the effectiveness of this contract shall not be affected.
- 16.2. In place of the invalid or unenforceable provision, a provision that comes closest to the economic result of the invalid or unenforceable provision in a legally permissible manner shall apply. This applies only if the affected provision is not replaced by statutory law.