

Royal Customs Brokers
STANDARD TERMS AND CONDITIONS OF SERVICE

1. DEFINITIONS:

In these Standard Terms and Conditions of Service:

“**Canada Customs**” means the Canada Customs and Revenue Agency and any other Department of the Government of Canada or any Province thereof having jurisdiction over imports and exports;

“**Client**” is any person, firm, association or corporation at whose request or on whose behalf, either directly or indirectly, the Company undertakes any business or provides advice, information or services;

“**Company**” means **Royal Customs Brokers Div. 563853 Ontario Inc.** and any subsidiaries, related companies, agents and / or representatives;

“**Customs Broker Services**” means the customs broker services set out in section 4 hereof;

“**Customs Duties**” means any duties or taxes of any nature levied on imported goods under the Customs Act, the Customs Tariff Act, the Excise Act, the Excise Tax Act, the Special Import Measures Act or any other law relating to customs, excluding any penalties, interest or fines imposed under any of the aforesaid acts or any other laws relating to customs; and,

“**Disbursement**” means Customs Duties, freight charges and any other payments, including payments for goods on C.O.D. shipments made by the Company on behalf of the Client.

2. COMPANY ACTS AS CUSTOMS BROKER:

The Company is hereby engaged by the Client to act as the customs broker of the Client for the purpose of performing the Customs Broker Services set out in section 4 below.

3. APPOINTMENT AS AGENT – GENERAL AGENCY AGREEMENT:

The Client hereby appoints the Company as its agent (with power to appoint sub-agents) to provide the Customs Broker Services and transact business on behalf of the Client with Canada Customs and covenants and agrees to execute any and all requisite agency agreements, including any Canada Customs form agency agreements as may be required to appoint the Company as the Client's agent to perform the Customs Broker Services.

4. CUSTOMS BROKER SERVICES:

The Company may provide to the Client the following Customs Broker Services when requested by the Client and accepted by the Company:

(a) preparation of documents, whether in written or electronic format, required by Canada Customs with respect to the importation of goods into Canada by the Client;

(b) presentation of documentation, whether in written or electronic format, on behalf of the Client to Canada Customs at Canada Customs offices required to release the Client's goods through Canada Customs, including documentation as may be required at a frontier point for in-bond transportation within Canada to the ultimate Canada Customs Office of entry in Canada;

(c) enter and release through Canada Customs the goods imported by the Client and to effect payment of requisite Customs Duties by or on behalf of the Client and to obtain release of the goods from Canada Customs;

(d) advise Client of status of shipment of goods;

(e) make arrangements for delivery of goods in accordance with the Client's instructions;

(f) preparation of documentation, whether in written or electronic format, with respect to the export of goods from Canada and presentation of such documentation to Canada Customs at the time and office of export; and

(g) any other matters necessary and incidental to the provision of the foregoing Customs Broker Services.

(h) execute, sign, seal, deliver and endorse for the client and in the client's name all bonds, entries, bills of lading, bills of exchange, warehouse receipts or other means of payment or collateral security which comes into the companies possession and to use same, including drawbacks and claims of any nature for reimbursement of customs duties, sales and excise taxes and the like.

(j) receive all such payments and sums of money as are now due or may hereafter become due and payable to the client by way of rebate, refund or remission on the order of the Canada Customs and Revenue Agency relative to the foregoing; and to endorse on the client's behalf and as the client's attorney and to deposit to and for the company's own account all such payments from the Canada Customs and Revenue Agency and or the Government of Canada.

5. OBTAINING RULINGS, FILING APPEALS, ETC.

Unless specifically requested by Client in writing and agreed to by Company in writing, the Company shall be under no obligation to provide any other services, including any pre- or post release services such as obtaining rulings, filing appeals, filing refund claims, etc. Fees for such other services will be subject to agreement between the Client and the Company.

6. FEES AND DISBURSEMENTS:

(a) The fees for Customs Broker Services shall be in accordance with those agreed upon between the client and the Company and as amended from time to time.

(b) The Client shall pay to the Company the fees charged for the Services rendered by the Company to the Client.

(c) Disbursement incurred by the Company on behalf of the Client shall be reimbursed to the Company by the Client.

7. INVOICING AND PAYMENT:

(a) The Company shall issue invoices to the Client for all fees and Disbursements pertaining to Services rendered to and on behalf of the Client.

(b) All such invoices shall be payable upon receipt by the Client.

(c) Interest on all late payments shall be paid at the rate set by the Company, as amended from time to time.

(d) In the event of default of payment, the Company, in addition to any other legal rights and remedies of the Company, shall be subrogated to the rights of Canada Customs and Her Majesty The Queen in Right of Canada for the recovery of any Customs Duties outstanding, including the right to retention of future goods.

8. ADVANCEMENT OF FUNDS:

(a) Upon request by the Company, the Client shall provide to the Company prior to the release of a shipment of the Client's goods at a Customs Office of entry, sufficient funds to enable a Company to pay on behalf of the Client all Disbursements that are estimated by the Company to be payable on such shipment.

(b) All funds advanced to the Company shall be held by the Company and applied only to goods imported by the Client.

(c) If, at any time, the Company or Canada Customs determines that additional funds are required with respect to the shipment, the Client shall advance to the Company upon demand such additional funds.

(d) If, after payment by the Company of Disbursements concerning the shipment, any balance of funds remains outstanding to the credit of the Client, the Company shall return

to the Client any remaining balance of funds, subject to any instructions of the Client to retain the remaining credit balance for subsequent Disbursements on behalf of the Client or to pay the fees and Disbursements of the Company payable by the Client to the Company after issuance of an invoice therefore by the Company to the Client.

(e) If the Client fails to advance funds to the Company upon request by the Company as aforesaid, the Company shall have no obligation with respect to rendering the Customs Broker Services concerning the shipment for which advance funds had been requested by the Company.

9. DUTIES AND RESPONSIBILITIES OF THE CLIENT:

(a) The Client shall:

(i) provide to the Company all information necessary for the Company to provide the Customs Broker Services, including all information required to complete Canada Customs documentation, whether in written or electronic format;

(ii) review all documentation, whether in written or electronic format, promptly and notify the Company of any inaccuracies, errors or omissions found therein and advise the Company promptly of any corrections or additions to be made on such documents within the time periods set out in section 11 hereof;

(iii) reimburse, indemnify and save harmless the Company with respect to any of the matters set out in section 9 (c) below; and,

(iv) indemnify and save harmless the Company against any and all actions, claims, suits or demands of any nature whatsoever arising from third party claims pertaining to the Customs Broker Services or the Client's goods which result from inaccuracies, mistakes or omissions in the information and documentation provided to the Company by the Client.

- (b) The Client warrants that it is the importer, exporter or owner of the goods for which it has retained the Company; that it has full power and authority to retain, appoint as agent and instruct the Company; and that all relevant information shall be provided to the Company and shall be complete, true and accurate. The Client acknowledges that the Company shall be relying on such information to provide the Customs Broker Services.
- (c) The Client shall be solely liable for:
- (i) any and all Disbursements made by the Company on behalf of the Client;
 - (ii) payment of fees owing to the Company;
 - (iii) any Customs Duties, fines, penalties or interest imposed by Canada Customs with respect to the client's goods; and
 - (iv) any loss or damage of any nature incurred or sustained by the Company that are caused by the Client.

10. DUTIES AND RESPONSIBILITIES OF THE COMPANY:

- (a) The Company shall at all times provide the Services in a timely and professional manner, in accordance with the generally accepted standards in Canada of the customs brokerage industry and in compliance with all applicable laws and regulations of Canada and any Province thereof.
- (b) All information and documentation pertaining to the Client shall be kept confidential by the Company and its sub-agent (s), if applicable, and shall only be released to Canada Customs for the purposes of providing the Customs Broker Services, or as required by law, or as instructed by the Client to the Company to release the information and documentation to third parties.
- (c) The Company shall take all reasonable steps to provide the Customs Broker Services in accordance with the instructions from the Client, provided however, that should the Company reasonably consider that it is in the interest of the Client to depart from the Client's instructions, the Company shall have the authority to do so and shall be indemnified and saved harmless by the Client for so doing.
- (d) The Company shall provide to the Client in respect of each transaction made on the Client's behalf, a copy or summary of the relevant accounting transaction pertaining thereto.
- (e) The Company shall promptly account to the Client for funds received:
- (i) for the Client from the Receiver General for Canada; and
 - (ii) from the Client by way of advances provided in section 6 hereof in excess of the Disbursements payable in respect to the Client's business with Canada Customs;
- (f) The Company shall not be liable in any manner whatsoever, other than for its acts of gross negligence, for any failure by the Company to provide the Services herein, and in particular, but without restricting the generality of the foregoing, shall not be liable in the event such failure to provide the Services arises as a result of the operation of the laws of any competent jurisdiction of Canada or by reason of the closure of Canada Customs offices or change in Canada Customs policies.

11. ERRORS AND OMISSIONS:

Any errors or omissions on Canada Customs documents must be reported in writing to the Company by the Client as soon as possible, but in any event within 45 days of release of the goods from Canada Customs. The Company shall not be responsible for any errors or omissions made by the Company unless the same are reported to the Company within the said 45-day period.

12. TERMINATION:

In the event that any agency agreement between the Client and the Company is terminated and there are any outstanding matters pertaining to the Client for which the Company has been engaged by the Client and for which the Company remains liable, the agency agreement shall continue in force with respect to such matters until such matters are concluded and payment has been made by the Client to the Company of: (i) all funds as may be required to satisfy all outstanding payment liabilities of the Company to Canada Customs on behalf of the Client; and, (ii) all fees and Disbursements owing to the Company.

13. GOVERNING LAW:

These conditions shall be governed by the laws of the Province within Canada in which the Company has its principal place of business and the Client hereby irrevocably attorns to the Courts of that Province.

The General Agency Agreement and these conditions shall enure to the benefit of and be binding upon the parties and their respective executors, administrators, successors and assigns.

14. TRANSPORTATION

If the Company will agree to make arrangements for the delivery of goods in accordance with the Client's instructions, the following terms and conditions apply:

- a) the Company, acting as agent only, assumes no liability as a carrier, and is not to be held responsible for any loss or damage to the goods to be forwarded, but undertakes only to use reasonable care in the selection of carriers, truckmen, lightermen, forwarders, agents, warehousemen and others to whom it may entrust the goods for transportation, handling and/or storage or otherwise, subject to the conditions imposed by such carriers and other parties. Subject to express instructions in writing given by the Client, the Company reserves to itself absolute discretion as to the means, route and procedure to be followed in the handling, storage and transportation of goods;
- b) insofar as carriers limit their liability for loss or damage, unless a freight rate based on valuation is made with said carriers, the Company must receive special written instructions from the Client to pay such higher freight rate;
- c) road, rail, marine, fire, theft, and other insurance will be effected upon the goods only after written instructions to do so have been received by the Company. If for any reason the goods are held in warehouse, or elsewhere, they will not be covered by any insurance, unless the Company receives written instructions to do so;
- d) instructions "to insure against all risks" will be construed to mean to insure against damage, fire and theft only, as defined in the policy under which the insurance is effected and subject to the exceptions and conditions contained in the policy;
- e) the Company shall not be liable or responsible for any claim or demand from any cause whatsoever, unless in each case the damages alleged to have been suffered be proven to be caused directly by the gross negligence of the Company, its officers or employees, in which event the liability of the Company shall not exceed \$100.00 per package. The Company shall have the right to examine any goods claimed to have been damaged;
- f) the Company shall not be liable in respect of any claim whatsoever unless made in writing and received by the Company within 7 days of the date of receipt of the goods by the Client;
- g) the Company shall have a general lien on any property of the Client in its possession for all claims for charges and expenses incurred in connection with any shipments of the Client, and if such claim remains unsatisfied for thirty days after demand for its payment is made, the Company is given the right to sell at public auction or private sale, without notice to the Client, the goods wares, and/or merchandise or so much thereof as may be necessary to satisfy such lien, and apply the net proceeds of such sale to the payment of its charges. The confiscation of the goods by any Government shall not affect the liability of the Client to the Company in respect to the payment of all charges;
- h) goods forwarded with Client's instructions to "Collect on Delivery" (C.O.D.) are only accepted by the Company upon the express understanding that the Company will not be responsible for any act, omission, default, suspension, insolvency, or want of care, negligence or fault of the agency selected for collection, not for any delay in remittance, loss in exchange, or loss during transmission or while the course of collection;
- i) when goods are sent on a "freight collect" basis, it is mutually agreed that in the event of the freight, duties, charges and other expenses not being paid by the consignees immediately when due, the total amount due will be paid by the Client;
- j) all business undertaken or performed hereunder shall be subject, furthermore, to the Standard Trading Conditions of the "Canadian International Freight Forwarders Association Inc.", which complete the present provisions and are hereby incorporated by reference. Where there is an inconsistency of conflict between the provisions of this section 14 and the said Standard Trading Conditions, the provisions of this section 14 shall govern. A copy of the said Standard Trading Conditions in French or English may be obtained from the Company upon request.

15. SEVERABILITY:

Each of the clauses of these Standard Terms and Conditions of Service is and shall be deemed to be separate and severable and if any provision or part of any provision of these conditions is held for any reason to be unenforceable, the remainder of these Standard Terms and Conditions of Service shall remain in full force and effect.