
FLAGSHIP TERMS AND CONDITIONS OF COURIER SERVICE

1. Carrier Terms and Conditions

For carrier terms and conditions please refer to Purolator, UPS, and FedEx's specific detailed conditions.

"It is hereby understood and agreed that any fraudulent act(s) committed by the shipper/consignee or any other third party which may affect the shipper/consignee shall be deemed to be the responsibility of Flagship's client (whether the shipper or consignee) and such fraudulent acts cannot be used as a defense against Flagship for the non-payment of monies owed to Flagship for any services rendered."

2. Insurance

Flagship in-house insurance is available at \$0.60 per \$100 of insurance purchased.

Important information:

- **Flagship in-house insurance is only available through the SmartShip system.**
- **SmartShip System: Consignee must indicate damaged or missing piece(s) when signing the signature pad.**
- **Flagship LTL Division: Bill of lading must indicate damaged goods or missing piece(s) upon arrival and the driver's signature must appear next to the comment.**
- **All damaged merchandise must be inspected by the insurance company.**
- **Do not discard the damaged product.**

Note: *Each shipment insured through our in house insurance will be subject to a deductible as per below.

Insured Value	Deductible amount
\$1 to \$999	Nil deductible
\$1,000 to \$1,999	\$150 deductible
\$2,000 to \$249,999	\$250 deductible
\$250,000 to \$500,000	\$500 deductible

3. Right of inspection & Refusal of packages

Flagship reserves the right to refuse the transport on our account of any product or package which may soil, taint, or otherwise damage other merchandise or equipment, or which is economically or operationally impractical to transport, or which is improperly packed or wrapped.

4. Shipping Restrictions

Flagship, representing the various carriers, does not provide service to post office boxes. Driver Release is a UPS residential, delivery service in which, at the discretion of the UPS service provider, a package may be left at a private residence without obtaining a signature. Driver Release is only available in select areas. If a signature is required on a package, or the UPS service provider is otherwise unable to Driver Release a package, it may be delivered to a neighboring address. The service provider will obtain a signature

from the neighbor when completing an indirect delivery. Please note that an additional charge is applicable for Signature Required requests.

For all Purolator shipments, a signature is automatically required at all times unless specified otherwise with an OSNR or SNR sticker as per their terms and conditions. As per FedEx Terms and conditions all deliveries require a signature, unless you are enrolled in the FedEx signature release program. If you wish to enroll for this program, please contact Flagship customer service representative for more information.

5. Hold for Pick-up

Customers may request that a shipment be held for pick-up at the carrier's depot closest to receiver's location.

For Purolator and FedEx shipments, the shipment must be addressed to the receiver care of the depot's address with the receivers phone number indicated, or by affixing a "hold for pick-up" sticker on the shipment.

For UPS shipments simply indicate Hold for Pick Up under others of the manual shipping label, or by selecting Hold for Pick Up in the online shipping system.

Note: Hold at FedEx Location is not available for FedEx International First® and FedEx First Overnight® shipments. The service is also not available for Dangerous Goods shipments at many Canadian, European, Japanese or U.S. FedEx offices.

6. Accessorial Charges

An accessorial charge can be applied at the carrier's discretion when the shipment is submitted in the system or while it is in transit.

A special Handling surcharge is applicable under the following conditions but not limited to:

- a) Any article that is not fully encased in an outside shipping container.
- b) Any article that is encased in an outside shipping container made of metal, wood or plastic.
- c) Shipment using carrier supplied express packaging for non-express services.
- d) Any package that at the carrier's sole discretion requires special handling.
- e) Any shipment in excess of the carrier's maximum allowable length or weight.
- f) Any package in excess of the carrier's maximum allowable girth.
- g) Any collect and 3rd party shipment processed on the SmartShip System.

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Accessorial Parameters & Limitations

<u>Service</u>	<u>Purolator</u>	<u>UPS</u>	<u>FedEx</u>
Air Oversize/girth	62in 165 Girth	60in 130 Girth	
Oversize/girth	62in 165 Girth	60in 130 Girth	
Air Overweight	70	70	150
Overweight	70	70	
Overweight Int'l	70	70	150
Max Length & Size Int'l	108in 165Girth	108in 165 Girth	108in 130 Girth
Max Length & Size Air	96in 144 girth	108in 165 Girth	108in 130 Girth
Max Length & Size Ground	120in 216 Girth	108in 165 Girth	

Charge to Client

<u>Service</u>	<u>Purolator</u>	<u>UPS</u>	<u>FedEx</u>
Address Correction	\$12.00	\$12.00	\$13.00
Beyond Charge	Variable by Destination and Weight	Variable by Destination and Weight	Variable by Destination and Weight
Billing Option Payer Refusal Charge	-	\$20.00	
Canadian Express COD		\$15.00	
Canadian Regular COD		\$11.00	
COD	\$12.00		
Dangerous Goods/Hazmat	\$40.00	\$37.00	Accessible Greater of 90\$ or 0.90\$LBS Inaccessible Greater of 60\$ or 0.65\$/LBS
Delivery to Alaska, Hawaii & Puerto Rico			FedEx Envelop or FedEx Pak 20\$ Other then Pak or Envelop 25\$
Duty and Taxes Forwarded	-	\$20.00	
Extended Area Surcharge Domestic	Variable by Destination	Variable by Destination	Greater of 25\$ or \$0.45lbs
Extended Area Surcharge For Canadian Territories):	Variable by Destination	Variable by Destination	Greater of \$35 or \$1.05 per lb

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Service	Purolator	UPS	FedEx
Extended Area Surchage International	Variable by Destination	Greater of 35\$ or 0.35/lbs	Greater of \$35 or \$ 0.45 per lb
Large Package	\$45.00	\$55.00	
Missing Account#	\$12.00	\$12.00	\$13.00
Over 4 pieces Surchage	4% of total base charge		
Over Maximum Limit		\$55.00	
Oversize/girth	\$5.50		
Overweight	\$5.50	\$9.00	
Rebiling Surchage			\$9.00
Reimburement on Delivery			\$15.00
Residential	\$1.85	\$2.95	\$2.25
Rural	\$5.50		
Signature required	-	\$3.75	
Saturday Delivery	\$25.00	\$30.00	\$35.00
Special Handling	\$8.50	\$10.00	\$10.00
Storage Fee			0.30\$/LBS after 48Hrs
US Regular COD		\$13.50	

Girth is calculated as length + (2 x width) + (2 x height)]

The longest side of the package is used as the length. Irregularly shaped packages are to be treated as if they are rectangular for measuring purposes.

7. Chargeable Weight for Shipments

Flagship, representing the various carriers, reserves the right to audit shipments for weight and dimensions, notwithstanding that the weight and dimensions have been declared on the shipping document. The corrected weight determined by the carrier may be applied for the assessment of rates and the shipper agrees to pay the same. Reweighing may occur at various transportation points before delivery, therefore, reweighing adjustment charges may not be reflected on the same invoice as the original transportation charges.

Transportation charges are based on the actual weight of the shipment or the dimensional weight of the shipment, whichever is greater.

Actual weight refers to the weight of the package measured as per a scale.

Dimensional weight is calculated to reflect the size and space a package occupies based on the International Air Transport Association standards in accordance with the table below:

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<u>Dimensional Weight</u>	<u>Purolator</u>	<u>UPS</u>	<u>FedEx</u>	
Imperial Air	(L*W*H)/1728*15	(L*W*H)/166	(L*W*H)/166	
Imperial Ground	(L*W*H)/1728*10	(L*W*H)/166	(L*W*H)/166	
Metric Air	(L*W*H)/28316*15	(L*W*H)/6000	(L*W*H)/6000	
Metric Ground	(L*W*H)/28316*10	(L*W*H)/6000	(L*W*H)/6000	

8. Fuel Surcharge

Flagship reserves the right to apply a fuel surcharge on all shipments. The surcharge will be applied for such a period as Flagship may determine necessary. Current details on the fuel surcharge can be obtained by calling 1-866-320-8383

9. Manual Shipment Surcharge

Flagship reserves the right to apply a 15% administrative surcharge for any domestic manual shipment. We therefore encourage you to utilize our SmartShip system to avoid this administrative fee.

10. Shipping Collect

In accordance with our carrier supply chain, Flagship must honor their collect shipment billing rules. Upon delivery, if the consignee refuses to pay for the delivery charges, the charge will automatically be invoiced to the shipper by Flagship. For further clarification please refer to the carrier's terms and conditions available on our home page. This information can be found on the official courier terms and conditions posted on our home page – Purolator page 12, item 9; UPS page 13 item, 6.1; and FedEx – additional service options.

11. Payment Terms and Conditions

Flagship payment terms are net 15days from date of invoice.

Please note that Flagship will not honor any quotes provided to our clients directly from our suppliers. Quotes will only be honored if obtained on our SmartShip system, or via e-mail from a Flagship customer service representative.

12. Custom clearance

NOTE: All cross-border shipments must have **3 copies** of the commercial invoice attached to the outside of the box. The description of goods and corresponding HS code must be accurate to avoid your HS code from being audited by customs. Failure to comply with these customs regulations may result in clearance delays. If you are not sure of the proper classification code, please check with your customs broker prior to filling out the customs invoice. If you do not have a customs broker please refer to the following link. <http://www.statcan.ca/english/tradedata/cec/trade.htm> or https://wwwapps.ups.com/tradeability?loc=en_CA&WT.svl=PNRO_L1

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Service	UPS	FedEx	Purolator
Import Air	Clients Choice. POA Required for UPS clearance	FedEx	N/A
Import Ground	Clients Choice. POA Required for UPS clearance	N/A	N/A
Export Air	UPS must clear in order to meet delivery guarantees.	FedEx will clear on all shipments valued at 1500\$ USD or less	Purolator must clear in order to meet delivery guarantees. UPS acts as Purolator's broker and will invoice the client directly.
Export Ground	UPS BY Default, unless otherwise indicated.	N/A	Purolator by Default, unless otherwise indicated. UPS acts as Purolator's broker and will invoice the client directly.

To indicate clearance by the carrier's broker, please leave the broker field empty. Please note that on air exports to the US, UPS must clear shipments given to them to meet their delivery time guarantees. For Air Exports going overseas, if the receiver is paying for duties and taxes, then their broker can be assigned. This is the only exception to the rule.

Required Documents:

All international shipments require a Commercial Invoice often referred to as a customs or proforma invoice.

The Commercial Invoice must indicate the following information to avoid customs delays:
 Shipper's Information Including Tax/VAT ID
 Receiver's Information Including Tax/VAT ID (IRS# or SIN# personal shipments)
 Purchaser's Information Including Tax/VAT ID if other than the Receiver
 Commodity's, Quantity, Value and Currency, HS Code, Country of Origin
 Conditions of Sale (permanent, temporary, or return of goods)

In addition to the commercial invoice, you may be required to include:

NAFTA Declaration. The North American Free Trade Agreement (NAFTA) Certificate of Origin allows for preferential rates of duty for shipments between the US, Canada, and Mexico if the products shipped meet NAFTA specified rules of origin. The NAFTA Certificate of Origin must be completed by the exporter or producer and be in the possession of the importer at the time the declaration is made for purposes of obtaining preferential tariff treatment.

FCC740 Form. The Federal Communications Commission (FCC) 740 form is a statement regarding the importation of radio frequency devices capable of causing harmful interference. It declares that FCC standards have been or will be met for the radio frequency device being imported. A separate form is required for each type of device imported and must be signed by the importer or consignee. The FCC 740 form should be presented to Customs and Border Protection (CBP) at the time entry is made.

FDA2877 Form: The Food and Drug Administration (FDA) 2877 form is a declaration for imported electronic products (and their parts) subject to FDA's radiation control standards. The importer is responsible for signing and providing the form which certifies the imported goods meet FDA requirements. Some examples of products that require form FDA 2877 include but are not limited to: microwave ovens, cathode ray tubes, laser printers, and CD players.

For shipments being exported into the US, a Surety Bond is required by US customs. If you have your own customs broker, they will be able to advise if you have this bond in place or not.

If you do not have this bond already in place, we can refer you to the appropriate channels to obtain one. A Continuous Surety Bond can be obtained to cover you for a period of one year. This will result in a one time bond fee of approximately \$500, and can be used when shipping with all courier carriers as well as LTL and Truck Freight. If a Continuous Surety Bond is not obtained, then each shipment will move on a one time Surety Bond. With Purolator Brokerage the one time bond fee starts at \$30 and increased based on the Value for Duties and Taxes. UPS will move your ground shipment on their bond, up to a declared value of \$50,000 per shipment, at which point you will be required a Single Entry bond or Continuous Surety Bond. FedEx will move your shipments on their bond.