



KG LOGISTICS SOLUTIONS INC MOTOR CARRIER/BROKER AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this ____ day of _____, 202__, by and between KG LOGISTICS SOLUTIONS INC., an Ontario corporation with its principal place of business at 2323 Lyndhurst Drive, Oakville, Ontario, L4W 4T9 ("Broker"), and _____, a _____ corporation with its principal place of business at _____ ("Carrier").

Broker and Carrier are sometimes individually referred to herein as a "Party" and collectively as the "Parties"):

WITNESSETH

WHEREAS, Broker is authorized to arrange for the interstate transportation of property by U.S. DOT FMCSA License No. 01554853; and
WHEREAS, Carrier is a duly licensed motor carrier of property operating under the authority of U.S. DOT FMCSA License No. MC-_____, DOT No. _____; and
WHEREAS, Broker desires to use the services of Carrier to transport property for or on behalf of its customers and Carrier desires to provide transportation services to Broker's customers;
NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises contained herein, Broker and Carrier agree as follows:

1. TERM AND TERMINATION Initials _____

This Agreement shall be effective as of the date written above and shall continue for a period of one (1) year. This Agreement shall thereafter continue in effect from year to year on the same terms and conditions, unless terminated by either party. Either Party shall have the right to terminate this Agreement upon thirty (30) days prior written notice to the other party.

2. SHIPMENTS TO BE TENDERED BY BROKER Initials _____

Broker hereby agrees to tender shipments to Carrier as its needs require for transportation in interstate, intrastate or foreign commerce, and Carrier hereby agrees to transport such shipments in accordance with the terms and conditions stated in this Agreement. Under no circumstances shall Carrier render services beyond the scope of its FMCSA registration unless such services are exempt from legal requirements for such registration or authority.

3. INDIVIDUAL SHIPMENT COMPENSATION AND TERMS Initials _____

a. Compensation shall be paid to Carrier solely and exclusively by Broker, and not by Broker's customers, on all shipments tendered to Carrier under this Agreement. Carrier shall be compensated by Broker based on the following:

Carrier and Broker may orally agree upon the rate or compensation to be paid to Carrier for, and the terms and conditions applicable to, any shipment tendered by Broker under this Agreement however this oral agreement does not become binding until subsequently confirmed by the Carrier and Broker in written or electronic format (the "Confirmation") that sets forth the rates, terms, and conditions agreed upon. Each Confirmation shall be incorporated into and considered to be a part of this Agreement and the Parties agree to retain all such Confirmations for at least three (3) years subsequent to the expiration of this Agreement, or longer to the extent required by law.

b. Carrier agrees that any tariffs, circulars, pricing authorities, and/or similar documents that it publishes shall not apply to the transportation services provided by Carrier under this Agreement, unless any such tariff, circular, pricing authority or similar document is expressly incorporated into this Agreement or into a Confirmation.



4. PAYMENT OF RATES AND CHARGES Initials _____

a. Within thirty (30) days after receipt by Broker of Carrier's invoice, Broker shall pay Carrier the rates and charges applicable to the shipment. Carrier hereby (i) appoints and designates Broker as its agent for the purpose of billing and collection of freight charges and waives any and all rights to claim, demand or pursue payment from any person other than Broker for any shipment tendered pursuant to this Agreement, and (ii) agrees not to contact Broker's customers, consignors, consignees or any party other than Broker concerning payment for transportation services provided hereunder.

b. Carrier shall have no lien, and hereby expressly waives its right to any lien on any cargo, freight or property of Broker or any of its customers, consignors or consignees.

c. Broker may withhold payment in the event the consignee or owner of any shipment withholds payment to Broker due to any asserted claim for cargo loss or damage for the specified container(s) that a claim has been submitted for only as qualified hereafter. Broker's right to withhold compensation shall arise only if the underlying claim or debt has not been acknowledged in writing by Carrier within thirty (30) days of presentation by Broker, or the claim or debt has neither been paid nor denied for a valid reason within ninety (90) days of presentation. Broker's withholding of compensation shall not allow or permit Carrier to seek payment from Broker's customers, consignors, consignees, or any other third party, and Carrier agrees that it shall not, under any circumstances, claim, demand, or pursue payment from Broker's Customers consignors, consignees, or other parties for transportation services provided hereunder as long as Broker is in business.

d. Any claim for overpayment or underpayment for transportation services provided pursuant to this Agreement shall be presented by the party asserting the claim to the other party within sixty (60) days of discovery of the claim, but in no event will any such claim(s) be asserted more than one hundred eighty (180) days after the delivery of the shipment or shipments giving rise to any such claim. Claims shall be supported by appropriate documentation showing the amount of the overcharge or the undercharge, as the case may be. The parties shall pay, deny, or make a firm compromise offer within forty-five (45) days of receiving a claim. Any civil action to recover overcharges or undercharges shall be instituted within eighteen (18) months of the date of delivery of the shipments comprising the overcharge or undercharge claim.

e. Carrier will be responsible for paying all licenses, fees, taxes, fuel tax payments, road tax, equipment user fees or taxes, equipment license fees, driver's license fees, tolls and any other fees and fines that may be assessed on its equipment or its operations.

5. CARRIER'S OPERATING AUTHORITY AND SAFETY RATING Initials _____

a. Carrier represents and warrants that all transportation performed under this Agreement shall be contract carriage. Without cost to Broker, Carrier shall provide and ensure complete all preventive maintenance and ongoing maintenance including, but not limited to, periodic safety inspections, annual safety inspections and emissions testing pursuant to the standards set out in any and all of the applicable motor vehicle statutes and regulations of the applicable jurisdiction(s) of operation. Carrier warrants that it shall notify Broker in the event of any suspension, cancellation, termination, or withdrawal of its operating authorities, in which event, Broker shall have the right to terminate this Agreement immediately upon written notice to Carrier.

b. Carrier further represents and warrants that it shall at all times maintain a U.S. DOT safety rating that is "satisfactory". Carrier warrants that it will promptly notify Broker if Carrier is assessed an "unsatisfactory" safety rating, or if any equipment is known to be or reported as defective or which is not in compliance with the applicable federal or provincial/state statutes or regulations pertaining to vehicle or highway safety and Broker will suspend all service with Carrier and this Agreement shall be terminated.



6. DRIVERS AND EQUIPMENT Initials _____

a. Carrier, at its cost and expense, shall employ competent, reliable and physically able drivers that are capable of safely handling and transporting Broker's shipments. Carrier shall ensure that its drivers are properly trained and licensed.

b. Carrier, at its cost and expense, shall provide and maintain all equipment required for the services requested by Broker and shall only use and provide equipment that is clean, in good operating condition and repair, in compliance with any and all applicable federal, provincial/state, and local statutes and regulations, and is suitable and properly configured to safely load, transport, and unload the shipments tendered by Broker.

7. PERFORMANCE AND DELIVERY TIME Initials _____

Carrier shall transport shipments to their specified destination without delay caused by anything in Carrier's control and with reasonable dispatch, unless a specified delivery date and/or time is communicated to it prior to the pick-up of any individual shipment, in which case delivery shall be performed in accordance with communicated schedule. All transportation services shall be rendered in a competent and professional manner, and in accordance with all applicable federal and provincial/state statutes and regulations of the jurisdictions within which such services are rendered.

8. COMPLIANCE WITH LAWS Initials _____

Carrier agrees that all transportation services will be performed in full compliance with federal, provincial/state, local and, to the extent applicable, international laws and regulations governing its operations. Carrier agrees to indemnify Broker for any fines, costs, claims, liability or expenses that it may occur and that arise out of violations of any applicable laws and regulations, during Carrier's performance of services under this Agreement, unless the fine is directly related to an omission of information by the broker or an overweight that is either over axle weight or over legal permitted weights.

9. SHIPMENT INSTRUCTIONS Initials _____

At the time each shipment is received by Carrier from Broker's customer, Carrier is responsible for ensuring that the container is not leaning, damaged and is otherwise in line with any applicable safety standards, unless tendered to Carrier in a pre-loaded, sealed trailer, in which case Carrier shall note the seal numbers on the bill of lading or receipt. The container being shipped shall be considered to be in apparent good order and condition, unless otherwise indicated by Carrier or receiver on the bill of lading.

10. BROKER'S COMPENSATION Initials _____

Carrier shall not claim or demand in whole or in part, broker's commissions earned by Broker on shipments tendered under this Agreement. Broker shall not be required to disclose the amount of its broker's commission to Carrier.

11. INDEPENDENT CONTRACTOR Initials _____

Carrier is an independent contractor of Broker and shall exercise exclusive control, supervision, and direction over (i) the manner in which transportation services are provided; (ii) the persons engaged in providing transportation services; and (iii) the equipment selected and used to provide transportation services. Carrier shall have full responsibility for the payment of local, provincial/state, and federal payroll taxes, workers compensation and other social security and related payment requirements with respect to all persons engaged in the performance of transportation services on behalf of Carrier. This Agreement does not create, nor shall it be deemed to create a partnership, joint venture, or agency relationship between Broker and Carrier.

12. CARRIER'S CARGO LIABILITY AND CLAIMS Initials _____

a. Carrier shall have the sole and exclusive care, custody and control of the shipments tendered by Broker from the time Carrier picks up a shipment until delivery to the port or rail destination. Carrier shall be liable to Broker for up to \$100,000 value unless special agreement has been made insure up to the



actual value of the shipments, and for delayed deliveries, arising from Carrier's performance of or failure to perform the services required by this Agreement; provided, however, that Carrier shall not be liable for loss, damage, or delay to shipments caused solely by an act of God, public enemy, act of war, insurrection, riot, inherent vice of the Shipment, or the negligence of Broker or its customer, in which case Carrier has the burden of proving applicability of the exception. Carrier's responsibility shall not, under any circumstances, exceed the sum of \$100,000.00 per full truckload shipment for loss or damage, unless Carrier is notified by Broker, prior to tender, of the increased value prior to procure additional insurance coverage and Carrier agrees in writing. Any seals applied to the trailer are not to be broken or removed prior to delivery at destination without prior written consent from Broker.

b. Carrier shall be liable for up to \$100,000 unless they have agreed to the full value of the shipments tendered by Broker to Carrier in which case they will be liable for the full, actual value. No released value rates or other limitation of cargo liability shall be valid or enforceable against Broker or its customers unless expressly agreed to by Broker in a signed writing separate from any bill of lading or other delivery receipt issued by Carrier.

c. Broker shall file a claim (i) for loss or damage to shipments within nine (9) months from the date of delivery, and (ii) for delay (or non-delivery) within nine (9) months of the date that delivery reasonably should have been made. Within ninety (90) days of receiving a claim from Broker for loss, damage or delay, Carrier shall pay or deny the claim (in which case the reasons for denial shall be fully explained), or make a firm compromise offer.

d. In the event branded or labeled goods are damaged, Broker's customer may determine, in its sole discretion, whether the goods may be salvaged, and if salvageable, the value of such salvage. Any salvage receipts shall be deducted from the amount of Broker's claim against Carrier. If Broker's customer permits its goods to be salvaged and Carrier pays the full actual value of the damaged goods Carrier may retain custody of the goods after removing all identifying marks or labels.

13. INSURANCE Initials _____

Unless greater insurance limits are required on a schedule to this Agreement or by law, Carrier agrees to procure and maintain at its own expense the following insurance policies with insurance companies having an A- or better A.M. Best rating, or as otherwise approved by Broker in writing, in at least the following amounts during the term of this Agreement:

- a. Cargo insurance: \$100,000 per shipment; \$250,000 is preferable.
- b. Automobile Liability Insurance: \$2,000,000 per occurrence covering all vehicles owned or used by Carrier to provide services hereunder;
- c. Worker's compensation within statutory limits if you have company drivers;
- d. General commercial liability insurance: \$2,000,000 per occurrence; and
- e. Any additional insurance where required by law or regulation.

Carrier shall furnish written evidence of its insurance coverage to Broker upon request and shall advise Broker of any change in its insurance coverage thirty (30) days prior to the effective date of such change. Carrier further agrees to procure and maintain any and all insurance required by federal, provincial/state, local or, to the extent applicable, international laws. Carrier shall cause the required insurance to be procured naming Broker as an "additional insured" on any public liability, general liability and/or automobile liability policies. Upon request of Broker, Carrier shall furnish to Broker written certificates obtained from each insurance carrier showing that the required insurance has been procured. Carrier's insurance will be deemed primary in the event of loss or damage. Carrier's liability for cargo loss or damage is as described in Section 12 above and its indemnification obligations described in Section 14 below will not be reduced or limited by the actual insurance policy limits that Carrier chooses to purchase.

14. CARRIER'S INDEMNIFICATION Initials _____

Carrier shall indemnify, defend and hold Broker, its customers, consignee, and their respective officer, directors, and employees harmless from and against any and all losses, harm, injuries, damages, claims, costs, expenses, and liabilities arising from or in connection with the services provided by Carrier,



its employees, agents, and contractors, unless resulting directly from the negligence or willful act or omission of Broker or its customers and their consignors or consignees.

15. BILLS OF LADING AND DELIVERY RECEIPTS Initials _____

Carrier will issue and sign a standard, uniform straight bill of lading or other receipt ("Receipt") acceptable to Broker and Broker's customers upon acceptance of a shipment for transportation. If Carrier permits the shipper to prepare the bill of lading, Carrier warrants that it shall ensure that the bill of lading properly names Carrier as the "carrier" on the load prior to signing it, and shall strike through and correct any erroneous designation of any other person as "carrier" (including Broker) on the bill of lading. Any terms and conditions written or printed on the Receipt shall have no effect against Broker, unless specifically agreed to by Broker in this Agreement or in a separate signed writing apart from the Receipt. The Receipt issued or executed by Carrier shall be prima facie evidence of receipt of the shipment in good order and condition by Carrier unless otherwise noted on the face of said document. Carrier shall submit an original copy of the Receipt to Broker evidencing delivery of the shipment unless otherwise instructed by Broker in which case Carrier shall retain custody of the Receipt and provide it to Broker upon request. If Carrier fails to maintain and provide the Receipt, Carrier assumes all risk of loss resulting from the failure to prove good delivery.

16. SUBCONTRACTORS Initials _____

Carrier specifically agrees that it shall be the party solely responsible for operating the equipment necessary to transport commodities under this Agreement and that it shall not, without written notice to broker, sub-contract broker or tender to any third party for transportation any freight tendered to Carrier pursuant to this Agreement. In the event that Carrier shall employ any subcontractor or other person for the performance of all or any portion of the services required hereunder to be performed by Carrier, Carrier shall be and remain liable to Broker under the terms of this Agreement including, without limitation, liability for loss, damage or delay of any shipments, whether such loss, damage or delay occurred while such shipment was in the possession of Carrier or such subcontractor or other person. Carrier shall be solely and exclusively responsible to pay any charges of any subcontractor or other person and agrees to indemnify, defend and hold Broker, its customers, consignors and consignees harmless from and against any claims made by any such subcontractor or other person in connection with its provision of services required to be performed by Carrier hereunder.

17. COMMUNICATIONS AND CONFIDENTIALITY Initials _____

- a. Carrier and Broker shall endeavor to communicate by the most effective and efficient means to exchange information, including instructions, rates, equipment, shipment location, and other information helpful or necessary to achieve the intentions of the Parties herein. Such communications and information transmission presently include telephone, telecopier, software, e-mail, internet, electronic data interchange, satellite, and information received from third parties (including affiliates of Broker, outside billing companies and freight payment entities), but this is not intended to be limiting the manner of future communications as they develop.
- b. All information furnished by one Party to the other in the course of performing work or rendering services under this Agreement shall be deemed to be the confidential and proprietary information of the disclosing Party and/or its customers. The Party receiving information agrees not to disclose any such information unless required to do so by order of court or other legally constituted tribunal or to use such information other than in performance of work and/or services under this Agreement. Carrier agrees not to use Broker or Broker's customers names for promotional or other purposes without prior written consent.

18. ASSIGNMENT Initials _____

Neither party shall assign this Agreement nor any rights hereunder without the prior written consent of the other party, except that Broker may assign this Agreement to any of its parent, subsidiary or related companies or to any surviving company in a merger or acquisition. Any assignment made



pursuant to this paragraph shall be binding upon all assigns, heirs, and successors of the assigning party.

19. NOTICES Initials _____

Except for regular business communications which may be transmitted through procedures established by agreement or acquiescence, all notices made hereunder shall be provided in writing delivered by telecopier, certified mail, or overnight courier. Notices transmitted by telecopier shall be deemed received as of the date and time of confirmation printed by sender's machine. Notices transmitted by certified mail or overnight courier shall be deemed received as of the date and time signed for by recipient. Notices shall be addressed to the respective parties as set forth above.

20. FORCE MAJEURE Initials _____

Neither Broker nor Carrier shall be liable for any delay in the performance of their respective obligations under this Agreement resulting from any force majeure, including but not limited to acts of God, acts of government or other civil or military authorities, acts of terror war or riots. Whenever possible in the event of a force majeure, the affected party shall promptly notify the other party in writing, stating the reasons for the inability to comply with the provisions of this Agreement, and the expected duration of the force majeure.

21. NON-SOLICITATION Initials _____

Carrier shall not directly or indirectly solicit, divert, back-solicit or perform any freight transportation (with or without compensation) for any customer of Broker, when such customer(s) was first serviced as a result of this Agreement. Transportation of freight hereunder by Carrier shall be deemed conclusive evidence of Carrier's transportation service to Broker's customers. In the event of a breach of this provision, Broker shall be entitled, for a period of eighteen (18) months following delivery of the last shipment transported by Carrier under this Agreement to a Broker customer, to a commission of twenty percent (20%) of the transportation revenue (as evidenced by freight bills) received by Carrier for the transportation of said freight as liquidated damages. Additionally, Broker shall be entitled to seek injunctive relief in which case, Carrier shall be liable to all costs and expenses incurred by Broker related thereto, including but not limited to reasonable attorneys' fees.

22. ENTIRE AGREEMENT Initials _____

This Agreement constitutes the entire agreement and understanding between the parties and supersedes any and all prior agreements and understanding, either oral or written, among the parties with respect to the subject matter hereof. This Agreement may be amended only in writing and only if executed by all of the parties.

23. EXECUTION Initials _____

This Agreement may be executed in one or more counterparts and each such counterpart shall for all purposes be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

24. ATTORNEYS' FEES Initials _____

In the event either party incurs attorneys' fees, costs, or expenses in enforcing any of the provisions of this Agreement or in exercising any right or remedy arising out of any breach of this Agreement by the other party, the prevailing party shall be entitled to recover its attorneys' fees, costs and expenses from the other party.

25. CHOICE OF LAW Initials _____

This Agreement is governed by, and be construed and interpreted in accordance with, the laws of the Province of Ontario without regard to principles of conflicts of law. The parties hereby agree that any suit to enforce any provisions of this Agreement or arising out of or based upon this Agreement must be brought in any provincial or federal court located in the City of Toronto, located in



the Province of Ontario, which courts shall have exclusive jurisdiction and venue over any such actions.

26. SEVERABILITY Initials _____

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, the remaining provisions shall be enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by a duly authorized representative as of the date and year first written above.

BROKER:

KG LOGISTICS SOLUTIONS INC.

By: _____

Name: _____

Title: _____

Date: _____

CARRIER:

Carrier Name: _____

By: _____

Name (Officer): _____

Title: _____

Date: _____



LOAD NOTES

CHECK YOUR LOAD, VERIFY COUNT, CONDITION & TEMP., YOU ARE RESPONSIBLE PULP TEMPS MUST BE RECORDED ON BILLS OF LADING (B/L)**

***** DISCREPENCIES MUST BE REPORTED FROM SHIPPER OR RECIEVER, DO NOT LEAVE WITHOUT DIRECTION FROM KG LOGISTICS SOLUTIONS TEMP INSTRUCTIONS ON THE B/L**

TEMPERATURE INSTRUCTIONS BY KG LOGISTICS SOLUTIONS ARE TO BE STRICTLY FOLLOWED.

REEFERS ARE TO BE SET 'CONTINUOUS' AT ALL TIMES.

WHEN TEMP RECORDERS ARE REFERENCED ON THE B/L THE DRIVER IS CONFIRMING THEIR PRESENCE WHEN SIGNING THE B/L, RECODERS MUST BE PLACED ON FACE OF LAST PALLET, CLEARLY VISIBLE FROM TAIL OF TRAILER.

OTHER MONIES OWED WILL BE HELD AGAINST FREIGHT CLAIMS. 24 HOUR NOTICE OF LATE DELIVERY IS REQ'D OR FINES UP TO \$1000 CAN APPLY.

PROOF OF DELIVERY, CUSTOMS CLEARANCE AND/OR KG LOGISTICS SOLUTIONS LOAD # ARE REQUIRED FOR PAYMENT. PAYMENT WILL ONLY BE MADE TO CARRIER OF RECORD.

DO NOT DOUBLE BROKER.

BY PICKING UP THE FREIGHT YOU ARE ACCEPTING THE

TERMS AND CONDITIONS OF THIS CONTRACT. SAFETY SHOES AND VESTS ARE REQUIRED AT ALL MAJOR SHIPPER AND RECEIVERS, BE PREPARED