

**STANDARD TRADE CONDITIONS OF THE FREIGHT FORWARDING AGENT FOR MEXICO, STC;
VERSION I**

JUSTIFICATION

By recommendation of FIATA and based on the Freight Forwarders' prevailing need to have clear contract conditions that protect their working operations, the present Standard Trade Conditions of the Freight Forwarding Agent for Mexico is issued in its early version by the Mexican Freight Forwarders Association (AMACARGA).

Therefore, in the effort to achieve the highest level of protection for the Freight Forwarders in Mexico, a harmonic analysis of the General Trade Conditions of other countries such as Great Britain, Singapore, Canada & Colombia was completed, and the problematic issues that have been detected and are experienced by the Freight Forwarders when dealing with their clients and suppliers are being studied.

It is of prevailing importance to point out that this document shall have the legal authority to compel the users or clients, as well as to clarify and define the Freight Forwarders' obligations, which therefore will help protect the aforementioned parties against the proceedings of related third parties, without which the Freight Forwarders would not be able to directly protect the interests and issues they are faced with daily.

Therefore, the project presented is the second attempt carried out by AMACARGA to protect the activities of its union members, in a comparative study, syncretic and with a clear and general proposal for the communal use of all its associates, regardless of the sort of logistics they coordinate or carry out.

METHODOLOGY.

The following conditions are divided in Chapters:

- I. Statements.
- II. Definitions.
- III. Service requests.
- IV. The CLIENT.
- V. The FREIGHT FORWARDER.
- VI. Handling of dangerous and special goods.
- VII. Insurance conditions.
- VIII. Payment rates and conditions.
- IX. Warehousing conditions
- X. Responsibilities, fines and compensations
- XI. Competence
- XII. Final arrangements

CONDITIONS FOR INTERPRETING AND ANALYSIS.

A schematic chart was drawn up in Microsoft Office Excel with the information of each of the proposed chapters, comparing it with that of other countries.

The numbering of the Chapters is an initial proposal, awaiting a more complete and thorough revision and the addition or restructuring of this first version we hereby present.

CHAPTER I.

STATEMENTS.

1. This document exclusively regulates each and every connection between the CLIENT and the FREIGHT FORWARDER, and such connections are regarded as understood and accepted from the moment in which the CLIENT requests a service from the FREIGHT FORWARDER, through any means agreed by both parties.
2. It is understood that the CLIENT is a natural person, legal person or entity, with legal capacity to hire the FREIGHT FORWARDER services.
3. It is understood that the FREIGHT FORWARDER is a natural person, legal person or entity, with legal capacity to hire and provide the herein described services whether as an agent or principal, case sensitive.
4. The legal responsibility that is generated within this document is assumed by the CLIENT and the FREIGHT FORWARDER, and in the case of irregular societies, by the natural persons who represent or constitute them.
5. All parties involved agree that when electronic communication is used to negotiate a matter in whole or in part, such communications have full legal validity.

CHAPTER II.

DEFINITIONS.

1. The definitions mentioned herein are described in an including but not limiting way.
2. For the purposes of this document, key concepts shall be understood as follows:
 - 2.1. **CLIENT.** Any person, natural or legal, or entity, that requires the provision of services by the FREIGHT FORWARDER. Whether in the subject of consultancy, advisory, transportation logistics, transport, warehousing, distribution, and the handling and management of merchandises and cargo, and national and international goods or assets.
 - 2.2. **FREIGHT FORWARDER.** Any person, natural or legal that provides consulting services, advisory, transportation logistics, transport, warehousing, distribution, and the handling and management of merchandise and cargo, and national and international goods or assets, acting as an AGENT or PRINCIPAL.
 - 2.3. **CONSIGNEE.** The recipient and/or owner of the aforementioned goods in the Bill of Lading and/or any person that owns or has rights to the possession of the merchandise, who may have a present or future interest.
 - 2.4. **GOODS or MERCHANDISE.** Objects or things capable of being transported.
 - 2.5. **DANGEROUS GOODS.** Those established with precise quality by International Maritime, Aerial, Overland, etc., Regulations as well as those that could be or become dangerous, flammable or of a radioactive nature, or that are self-harming or toward another property; or the dangerously packaged goods. Goods which could house or originate vermin or other pests, goods that due to the legal, administrative or other obstacles such as its transport, unload or other type of situations could be detained or cause another person or goods to be detained; empty containers previously used for the transportation of dangerous goods, with the exception of those turned into safe; and goods considered by any authority to be dangerous or risk-inducing.
 - 2.6. **CONSOLIDATED GOODS.** Merchandise grouping belonging to various consignees, gathered to be transported from a port, airport or land terminal with a destination to another port, airport or land terminal, in containers or in like manner, as long as they are contained within the same transportation unit.
 - 2.7. **TRANSPORTATION UNIT.** Packaging case, pallet, container, trailer, ship or any other mechanism utilized for and in relation to the upload of goods by land, sea or air.

- 2.8. SERVICES. Any business taken on or advice, information or service provided by the FREIGHT FORWARDER.
- 2.9. SERVICE REQUEST FORM. Document or order, whether written, by phone or electronic sent by any means from the CLIENT to the FREIGHT FORWARDER for the provision of services.
- 2.10. CONDITIONS. Refers to the regulations established in this document and its appendixes.
- 2.11. ANNEXES. Any document that applies to and rules regarding the contracting of SERVICES.
- 2.12. AUTHORITY. Administrative or a legal entity duly constituted who acts within his/her legal powers and practices jurisdiction within any nation, state, municipality, port or airport.
- 2.13. HAGUE VISBY RULES. Are the dispositions by the Protocol of the International Convention for the Unification of Certain Rules of Law relating to Bills of Lading, signed in Brussels, on August 25th 1924, and amended by the Protocol established in Brussels on February 23rd 1968.
- 2.14. WARSAW CONVENTION. Is the Convention for the Unification of Certain Rules related to International Aerial Transportation, signed in Warsaw, October 12th 1929 and amended in The Hague in 1955 and in Montreal in 1995.
- 2.15. UNCTAD. United Nations Conference on Trade and Development
- 2.16. PRINCIPAL. Transportation service borrowed directly from the FREIGHT FORWARDER.
- 2.17. AGENT. Services hired or provided by third parties in favor of the CLIENT.
- 2.18. RATE. Cost of the services quoted by the FREIGHT FORWARDER.
- 2.19. MANDATE. Process in which the CLIENT entrusts the management of one or more businesses to the FREIGHT FORWARDER to become responsible for them on account and risk of the aforementioned.

CHAPTER III.

SERVICE REQUESTS.

1. **The parties expressly agree that the services herein described refer to the merchandises established by the CLIENT on the service request forms sent to the FREIGHT FORWARDER.**
2. In order for a service request form to be regarded as included within the stipulations of this document it must be sent to the FREIGHT FORWARDER by any of the means mentioned within this clause and it must be either expressly or implicitly approved by the FREIGHT FORWARDER as well.
3. The service request forms may be issued in writing, by telephone, fax, modem, letter, email, or by any other electronic or printed means that enables a clear understanding between both parties

CHAPTER IV.

THE CLIENT.

1. The CLIENT confers in a general manner on the FREIGHT FORWARDER, unless otherwise agreed:
 - 1.1. An unrepresented mandate to hire the transportation of the goods established in each service request form, on behalf of the FREIGHT FORWARDER, but on account of the CLIENT.
 - 1.2. A represented mandate to hire the insurance that covers the risk of the transported goods entrusted, in accordance to the stipulations in this contract, and as long as the CLIENT has provided what is needed for such hiring, under the terms and conditions to his knowledge and acceptance.
 - 1.3. A represented mandate to deliver the goods on behalf of the CLIENT under the terms and conditions stated in the instructions issued by the CLIENT.

2. The CLIENT shall have the following powers and obligations:
 - 2.1. The CLIENT shall request the FREIGHT FORWARDER the services required through the service request form, entrusting their planning, control, coordination and management to their counterpart, through pertinent and feasible instructions.
 - 2.2. The CLIENT guarantees that he is either the owner or the agent authorized by the legitimate owner and also accepts these clauses not solely on his part, but also as an agent from or on behalf of the owner.
 - 2.3. The CLIENT must truthfully provide the FREIGHT FORWARDER with all the information related to the description, value, quantity, volume, weight and other pertaining characteristics of the goods and assets the service relates to in accordance to this document and must guarantee that full information related to the general nature and the danger of the goods or assets, its description, bar code, brands, numbering, weight, volume and quantity, as supplied by the CLIENT or person on his behalf, is correct and complete at moment the FREIGHT FORWARDER, or the third parties hired take the goods in their custody. The CLIENT commits himself to supply a confirmation irrespective of such details as required by the FREIGHT FORWARDER.
 - 2.3.1. In case of concealment or forgery The CLIENT shall take absolute and full responsibility for what may arise; this includes but is not limited to damages caused to the FREIGHT FORWARDER and to third parties, expenses and other economic compensations generated; the CLIENT shall thereby be obliged to testify when goods regarded as dangerous are involved and shall comply with the laws issued for such effect.
 - 2.4. The CLIENT is considered to be reasonably aware of the matters pertaining to the management of their business, including the sale and purchase terms, the need for

assurance and the extent of the coverage available for the type of goods available to them for its transportation, the need to avoid the transmission of viruses through electronic communications, the need for confidentiality of the information related to high-value goods, and other such matters therefore related.

- 2.5. The CLIENT must give the FREIGHT FORWARDER, upon the delivery of the goods at the latest, all the necessary information and documentation for transportation by any hired means, which shall at least include: the name and address of the recipient, the place of delivery, the nature, the value, the number, the weight, the volume, and the characteristics of the contents, such as the particular conditions of the load and when the goods require special packaging or a technical distribution.
- 2.6. The CLIENT may provide the FREIGHT FORWARDER with the necessary information to determine the routes, the means and method of transportation the goods listed in the service request forms made. The CLIENT assumes all responsibility for the suitability of its instructions and/or of the selection of such routes, means and methods. And will likewise assume any damage that is caused as a result of using that route, means and method, and when selected by the Freight Forwarder as a result of following such instructions.
- 2.7. The CLIENT must inform the FREIGHT FORWARDER, upon delivery of the goods at the latest, of all the necessary data to carry out the customs paperwork with respect to import and export, according to applicable laws and will be held responsible for all the rights, contributions, or taxation in general which the goods may be subjected to, including fines, late fees and such pertaining similarities. Such responsibility shall be exempt in case of proven guilt or negligence by the FREIGHT FORWARDER.
- 2.8. The CLIENT must provide written instructions to the FREIGHT FORWARDER, within a reasonable amount of time before arranging to store or transport the goods when it is required that they: 1.- Process the departure or arrival of the goods before the dates specified, 2.- Ensure that the goods are transported, stored or dealt with separately, 3.- Process the transportation of goods that could contaminate or affect other goods or could host or originate vermin or pests or that could for any reason put public health at risk, 4.- Declare the value or special interest to deliver it to any carrier or terminal.
- 2.9. By instructions to the FREIGHT FORWARDER, the CLIENT may relinquish the goods stored as well as the right to make use of them to third parties.
- 2.10. The CLIENT may at any time modify the transporting conditions whose contracting is entrusted to the FREIGHT FORWARDER or of those of any of the other paperwork procedures regarding the issuing, reception, import, export or handling of the goods. Such modification must be made by any of the agreed means to make the service request forms. In such cases, the FREIGHT FORWARDER may accept or reject the modifications. In case of acceptance, it should act in accordance with the new instructions and do everything within its grasp to modify the agreements signed. If such could not be changed, The FREIGHT FORWARDER shall inform the CLIENT of such circumstances without bearing any accountability. The FREIGHT FORWARDER, in case of rejection, must express verbally or in writing the reasons why it considers conditions should not be changed in the contracts already signed or yet to be signed;

in such a case, the original regulations shall remain effective.

- 2.11. Any additional cost generated as a result of the change issued by the CLIENT will be assumed by the latter.
 - 2.12. The CLIENT expressly authorizes the FREIGHT FORWARDER to delegate the provision of the services requested in whole or in part. In case the commission of transportation is delegated, the intermediary party will assume the obligations contracted by the FREIGHT FORWARDER with respect to the hiring of the transportation.
 - 2.13. The CLIENT shall have the right to inspect, directly or through a third party, the goods while in custody of the FREIGHT FORWARDER in working hours, complying with the instructions provided by the FREIGHT FORWARDER while in its custody, for which the latter could appoint an agent.
 - 2.14. The CLIENT particularly commits itself to:
 - 2.14.1. Report the value of the goods whose transportation will be entrusted to The FREIGHT FORWARDER. Such value shall specify the unitary F.O.B price of each kind to be transported, its quantity and quality, taxation values, packaging, freight, insurance and any other applicable expenses.
 - 2.14.2. Receive or have the goods received at the place indicated in the service request form to the FREIGHT FORWARDER.
 - 2.14.3. Prove to the FREIGHT FORWARDER, the carrier, customs authorities or of any other nature, as required, the ownership of the goods or the right of handling possessed on them.
 - 2.14.4. Pay, upon service request, the value of the services to be provided and all other amounts owed to the FREIGHT FORWARDER, in accordance with the rates established by the aforementioned according to the corresponding chapter.
3. Packaging and handling of goods by the CLIENT.
- 3.1. If the FREIGHT FORWARDER receives from the CLIENT, the goods or assets already loaded in a transport unit, the CLIENT shall be responsible for the transport unit to be in good condition and suitable for the transportation of goods to the destination planned.
 - 3.2. If any transportation unit, whatever its nature, had not been packed, loaded or arranged by the FREIGHT FORWARDER, they shall not be made accountable for any loss or damage to the contents if caused by: (i) the way in which the transportation unit was packed or loaded; (ii) the poor suitability of the content for its transportation in such unit; (iii) the poor suitability or defective conditions of the transportation unit, considering that, if the transportation unit was provided by or on behalf of the FREIGHT FORWARDER, this paragraph shall only apply if the poor suitability or defective condition (a) arose without negligence by the FREIGHT FORWARDER or (b)

if it had been evident on reasonable inspection by the CLIENT, owner or representative of either or (c) if it arose as a result of the particularities of the goods, and these particularities had not been notified to the FREIGHT FORWARDER; or (iv) the transportation unit was not properly sealed at the start of any transportation.

3.3. For this purposes, the CLIENT shall hand over the goods duly prepared, packed, wrapped, marked and labeled. The CLIENT guarantees that the preparation, packing, wrapping, marking and labeling are suitable and adequate for any handling or motion that may affect them. Exceptionally, the FREIGHT FORWARDER shall accept instructions from the CLIENT for the preparation, packing, wrapping, marking and labeling of the merchandise. In this case the CLIENT shall vouch for such instructions to be adequate and clear for any person in charge of such activities to carry them out in such a way that the goods will bear any sort of handling or motion that may affect them.

3.4. The Client shall be strictly accountable for any loss, damage or breakdown caused by un suitable or insufficient packing carried out directly by the CLIENT or on his account by any person other than the FREIGHT FORWARDER.

4. Special Conditions

Even when the FREIGHT FORWARDER accepts the instructions from the CLIENT for charging the freights, taxes, charges, bills to pay or any other expenses, through the reception of a suitable request by the FREIGHT FORWARDER and in the absence of evidence of payment (for any given reason) by the consignee, or another person; it is understood that the CLIENT is still accountable for such freights, taxes, charges, bills to pay and other expenses.

CHAPTER V

The FREIGHT FORWARDER

1. THE FREIGHT FORWARDER shall have the following powers and obligations.
 - 1.1. To receive instructions from the CLIENT included in the service request form.
 - 1.2. To receive the goods established in the service request forms accepted, provided that they adhere to the specifications thereby listed.
 - 1.3. To provide the CLIENT with the necessary consultancy for planning, controlling, coordinating and directing the movements entrusted to it.
 - 1.4. To sign on its own behalf the transporting agreement in accordance with the instructions provided by the CLIENT.
 - 1.5. The FREIGHT FORWARDER offers its services with base on these clauses, which are applicable to all activities or services offered or processed by it, concerning the transportation of goods or the provision of related services, such as warehousing and any other kind of logistic services.
 - 1.6. The FREIGHT FORWARDER is required to receive the goods established by the CLIENT in the service request form, whose transportation has been entrusted under the terms stated in this form, and will solely verify the apparent conditions of the goods it receives and, eventually, its packaging, therefore it shall not be held responsible for the content of the transportation units.
 - 1.7. If the delivered goods or their packaging appear to be defective or mistreated, the FREIGHT FORWARDER shall inform the CLIENT of these circumstances in a timely manner, in order for appropriate action to be taken. If unable to inform the CLIENT at an appropriate time, the FREIGHT FORWARDER shall take note of these circumstances in the appropriate transport document, file the document, and make a written statement which states the aforementioned circumstance, thus releasing itself from responsibility.
 - 1.8. The FREIGHT FORWARDER commits itself to provide the services for planning, designing, coordinating, monitoring, controlling and directing all operations necessary for the moving of the goods or the merchandise described in this document, the different means of transportation, as well as the handling and delivery of the goods to their destination as requested by the CLIENT, as established in the annexes of the present document.
 - 1.9. The FREIGHT FORWARDER shall take reasonable care during the fulfillment of its responsibilities, including the selection and instruction of third parties that provide their hired services on the CLIENT's behalf, being required to carry out its duties with a reasonable level of attention, diligence, skill and common sense.
 - 1.10. The FREIGHT FORWARDER may reject the service request form, in whole or in part, within the 3 (three) days following its reception. In case of no reply, it should be regarded as a rejected. If a service request form is rejected by the FREIGHT FORWARDER, the CLIENT may hire the same services outlined in this contract from any other party.

- 1.11. Likewise, If the FREIGHT FORWARDER has not received the CLIENT's request and is notified by a third party about the shipping of goods or assets as a consignee for its handing, it may reject the merchandise by notifying the relevant authorities of the aforementioned rejection, in order to prevent the shipping of forbidden goods.
- 1.12. In case the FREIGHT FORWARDER shall take action to preserve shipped goods, the CLIENT shall be held accountable and will cover any expenses incurred, understanding that by acting on these premises, it is not accepting the service request form.
- 1.13. THE FREIGHT FORWARDER shall supervise the movement of merchandise through any method it deems fit, it is required to notify the CLIENT of any anomaly that may arise during the process, and to be able to modify the transportation conditions, even if turns more burdensome, the purpose being to safeguard the condition of the merchandise. If the FREIGHT FORWARDER is required to incur extra expenses, these shall be covered by the CLIENT as established in this contract. When the FREIGHT FORWARDER deems it necessary to modify the transportation conditions, it shall notify the CLIENT, explaining the reasoning its suggestions are based on. If unable to locate the CLIENT, or if the circumstances do not make previous consulting possible, the FREIGHT FORWARDER will take the measures it deems necessary in order to protect the CLIENT's interests.
- 1.14. In accordance with the CLIENT's instructions, or when not indicated otherwise, the FREIGHT FORWARDER may freely choose the transporter, methods, means and transport routes that it deems convenient according to the nature of the merchandise, the rules of trading, the terms of the letters of credit, delivery deadlines and any other additional circumstance that might influence said decision. In noteworthy cases, the FREIGHT FORWARDER shall be allowed to divert from the CLIENT's instructions, and hire equivalent means or methods, provided that the entrusted transit is completed.
- 1.15. The FREIGHT FORWARDER shall have the right, but not the obligation, to divert from the CLIENT's instructions if, to its judgment, there is a justified reason to do so for the CLIENT's own benefit. The FREIGHT FORWARDER shall take absolutely no further responsibilities, aside from those herein described (case sensitive).
- 1.16. At any moment, the FREIGHT FORWARDER may comply with the orders or recommendations given by any authority.
- 1.17. It must deliver the goods or merchandise transported by these means, as described in the appendixes of this document or the service request form, and will be delivered at the destination indicated therein, under the established conditions.
- 1.18. The FREIGHT FORWARDER, upon the CLIENT's request and by own agreement, shall be able to carry out any relevant transactions before any authorities, and shall be allowed to directly hire or execute any commercial transaction needed for the issuing, handling, receipt, import or export of the goods delivered by the CLIENT's.
- 1.19. When the FREIGHT FORWARDER acts directly before customs authorities, it shall do so on behalf of the CLIENT; likewise, when the FREIGHT FORWARDER has the capacity of a customs agent duly authorized or hires an authorized customs agent,

the CLIENT shall be the one held accountable for any complaint lodged by a third party due to the actions carried out during the completion of the service.

- 1.20. The FREIGHT FORWARDER's accountability regarding the goods shall end upon delivery of the same, or under any other regulation, in agreement with the orders or recommendations it might receive.
- 1.21. The FREIGHT FORWARDER shall be able to require an inspection of the delivered goods upon completion of each task, and request a document, from either the CLIENT or other recipients of the goods, according to the stipulations of the contract and the particular instructions of each case, in which their satisfactory reception is stated, and any right to a complaint against the FREIGHT FORWARDER is relinquished.
- 1.22. The FREIGHT FORWARDER is not obliged to verify the authenticity or authority of the signatories of any communication, instruction or document that might affect the availability of the merchandise. It is the sole accountability of the CLIENT to provide information on who the signatories are and with which document they will be identified.
- 1.23. In case no person appears to receive the goods and the FREIGHT FORWARDER is compelled to do so, the CLIENT shall assume full accountability for the expiration of the legal terms or contractual complaints to the carrier due to loss or damage done to the goods or due to late delivery.
- 1.24. If for any reason the delivery can not be completed or if there is a discrepancy over the conditions under which the delivery should be done or who the legitimate recipient of the merchandise is, the FREIGHT FORWARDER shall be allowed to receive it or return it, store it or take any other preventative measure at expense of the CLIENT, recipient or legitimate owner of the merchandise, in a solidary manner. Likewise, the FREIGHT FORWARDER will be allowed to dispose of perishables or goods that are easily damaged by their nature or state.
- 1.25. The FREIGHT FORWARDER shall not be held accountable for any delay in the delivery of the goods. Any complaint of this nature must be lodged in the presence of the carrier, except those services provided as primary functions.
- 1.26. The CLIENT shall be the only one accountable for expenses incurred due to fines, delays, warehousing, damage, detriment and any other expense generated.

2. The forms of services:

- 2.1. The FREIGHT FORWARDER shall provide its services either as a Principal or as an agent.
- 2.2. It is understood that in a general manner the FREIGHT FORWARDER acts as an Agent.
- 2.3. It is understood that the FREIGHT FORWARDER provides its services as a Principal:

- 2.3.1. When it undertakes any transporting, handling or storing of goods, but only when the act of transportation is done by the FREIGHT FORWARDER, with self-owned, subcontracted or third party goods, and these goods are in custody and control of the same.
 - 2.3.2. When the Freight Forwarder is hired by the CLIENT under the legal figure of a Multimodal Transport Operator;
 - 2.3.3. When the FREIGHT FORWARDER expressly accepts this position in writing.
 - 2.3.4. The Principal shall only be updated in relation to the part of the service provided directly by the FREIGHT FORWARDER, by its own means or employees, without taking into consideration the parts contracted by third parties.
- 2.4. When the FREIGHT FORWARDER acts as an Agent, it has the authorization of the CLIENT to propose and carry out contracting on its behalf, carrying out these acts to the letter, despite any deviation from the CLIENT's instructions.
- 2.5. The FREIGHT FORWARDER shall, upon CLIENT's request, provide evidence of any contract it may have signed as the CLIENT's agent. In case it does not fulfill the aforementioned requirement of providing evidence, it shall be understood that the FREIGHT FORWARDER signed the contract with the CLIENT acting as a Principal in order to complete the CLIENT's instructions.
- 6.2. The FREIGHT FORWARDER that expressly accepts to act as a Principal in any of its services shall have complete liberty to provide such services on its own, or to subcontract under any terms all or part of said services.
- 6.3. If the FREIGHT FORWARDER acts as a Principal regarding the transportation of goods or merchandise in any manner (by land, air or sea), the following notification shall be issued: if the transportation involves a final destination or stopover in a country that differs from the country of origin, the Hague (in the case of a transport by sea) and Warsaw Conventions, respectively, might apply, and in most cases, might limit the carrier's accountability regarding loss and damage to the cargo. Likewise, it is stipulated that all parties are subject to the content of the terms of the transportation document (air way bill, waybill, bill of lading, or other) that the FREIGHT FORWARDER might issue while acting as Principal.

CHAPTER VI

HANDLING OF DANGEROUS AND SPECIAL GOODS

1. The CLIENT shall comply with the local and international rules that regulate the transportation of dangerous merchandise and shall, without fail, inform the FREIGHT FORWARDER in writing about the exact nature of the potential danger.

2. DANGEROUS GOODS:

2.1. In the absence of the aforementioned notification, if the FREIGHT FORWARDER, the carrier, an authority and/or a duly entitled third party believes that the merchandise might constitute a potential threat to either health or property, the merchandise may be unloaded, destroyed or transformed, depending on the circumstances and without any risk of indemnity. All expenses and damages incurred shall be covered by the CLIENT.

2.2. If any non-dangerous merchandise loaded with the FREIGHT FORWARDER'S knowledge about its nature becomes dangerous while under its responsibility, it may likewise be unloaded, destroyed or disposed of, without any accountability for the FREIGHT FORWARDER.

2.3. The CLIENT commits to avoid handing over for transportation any goods that are dangerous, flammable, radioactive, risk-inducing or harmful in nature without properly explaining the characteristics of the goods to the FREIGHT FORWARDER. The CLIENT commits to mark the goods and the exterior of the packaging or the containers as per required by any laws or regulations applicable during transportation, or request the FREIGHT FORWARDER for it through written instructions.

2.4. The CLIENT shall indemnify the FREIGHT FORWARDER for any loss, deterioration, cost or expense incurred as a consequence of an omission of this obligation, failure in compliance or late execution.

2.5. Without prior written agreement from a representative authorized by the FREIGHT FORWARDER, the same shall not accept nor negotiate with goods or merchandise that require a special handling regarding its transport, care or security, either because of its natural attraction of thieves or for any other reason, including, but not limited to, silver or gold bars, coins, precious stones, jewelry, valuable objects, antiques, paintings, human remains, cattle, pets and plants. If, notwithstanding, the CLIENT hands over such goods to the FREIGHT FORWARDER or causes the FREIGHT FORWARDER to handle or care for such goods, unless a previous agreement exists, the FREIGHT FORWARDER is not held accountable for the goods or anything related to them, or caused by them.

3. SPECIAL GOODS:

3.1. Unless specified in special previous written instructions, the FREIGHT FORWARDER

shall not accept or deal with merchandise rated as dangerous, nor with ingots, precious metals, coins, precious stones, jewelry, valuables, antiques, paintings, plants, cattle, human remains, among others. If the CLIENT, however, in the absence of prior agreement, remits such goods in any manner other than a written agreement, the FREIGHT FORWARDER shall take no accountability for the same. THE TRANSPORTATION OF MERCHANDISE CONSIDERED ILLEGAL IN EITHER THE COUNTRY OF ORIGIN OR DESTINATION IS STRICT RESPONSABILITY OF THE CLIENT.

- 3.2. When dealing with merchandise classified as “perishable” the CLIENT shall take the necessary precautions that the nature of the goods require for its safe delivery. The FREIGHT FORWARDER shall not take any responsibility for the deterioration or loss caused by delays due to government inspections, lack of capacity in carrier lines, delays during connections and in general, any cause that cannot be attributed to the will and conduct of the same.
- 3.3. Works of art and other high-value goods, assets whose proportion between weight and volume is unbalanced, such as bicycles, strollers, pens, bamboo furniture or hollow glass, will be accepted at rates made available upon request to the FREIGHT FORWARDER. Customs duties, taxes and local charges, cargo handling and local delivery expenses are charged in addition to the transportation rate, unless otherwise specified.

CHAPTER VII

INSURANCE CONDITIONS.

1. The insurance of the goods shall solely be hired by the FREIGHT FORWARDER upon request from the CLIENT and if established so by the latter in the service request form, being the FREIGHT FORWARDER permitted to provide the insurance on its own, or through the hiring of a third party (insurance company).
 - 1.1. All hired goods insurance is subject to the usual exceptions and conditions established by the insurance companies or other stakeholders involved.
2. When the goods insurance is neither contracted nor provided by the FREIGHT FORWARDER, the latter may recommend to the CLIENT an insurance agent capable of suitably processing an insurance policy according to the CLIENT's needs. After making this recommendation, the FREIGHT FORWARDER has no further obligation regarding the insurance, and will not be held responsible for any loss or damage to the goods during their transportation or storage that might have been covered by an appropriate insurance.
3. In the event that no goods insurance is to be hired, the CLIENT shall be aware that the FREIGHT FORWARDER's responsibility through its acting as Principal shall not exceed the maximum established: 1. Aerial, in the Warsaw Convention; 2. Maritime and multimodal In the UN Convention, article 18; 3. Terrestrial, in the Federal Roads, Bridges and Auto transport Law, article 66, section 5, and in rule 6 of the International Chamber of Commerce (ICC) and of the UNCTAD.
4. The CLIENT shall be held responsible at all times for expenses that may be generated due to civil responsibility relevant to damages of any nature, in general breakdown in maritime transport, etc.

CHAPTER VIII

PAYMENT RATES AND CONDITIONS.

1. Unless otherwise agreed, consideration for services rendered by the FREIGHT FORWARDER will be covered in the manner and according to the following terms:
 - 1.1. The CLIENT shall pay the FREIGHT FORWARDER, at the moment it requests for the service, the full value of such and any other sum it may incur, according to the accepted payment rate.
 - 1.2. The CLIENT shall pay any expenses that the FREIGHT FORWARDER might incur during the rendering of the service, either in the form of a down payment requested by the FREIGHT FORWARDER, or upon presentation of the corresponding receipts.
 - 1.3. Only if payment upon receipt was agreed upon previously will the CLIENT pay for the service upon confirmation that the shipment was delivered to the accorded destination.
 - 1.4. When through mutual agreement both parties accept that it shall be the consignee who pays for the service, the same will pay at the agreed upon time. However, if the consignee does not pay, the CLIENT will continue to be held responsible for the services.
 - 1.5. In the eventuality that the CLIENT ends up owing some amount to the FREIGHT FORWARDER, the same must pay it within the five days following the express or unspoken endorsement of the owed accounts. If the total amount of said obligations were in a foreign currency, the same will be paid in the legal tender (Mexican peso) at the exchange rates published on the date of payment by the Bank of Mexico.
2. THE FREIGHT FORWARDER:
 - 2.1. Is required to report to the CLIENT its activities, expenses, charter fees, taxes and other proven expenditures, as well as amounts received, within the 15 natural days following the termination of the rendering of a service, in order to determine the total amount and obligations each party is responsible for.
 - 2.2. Has the choice to charge in relation to value, weight or dimensions.
 - 2.3. Additional expenses that may be generated through events or circumstances subsequent to the contracting date shall be charged to the CLIENT, so long as they are properly justified.

- 2.4. Unless otherwise agreed upon, when dealing with a service paid upon reaching its destination, neither will merchandise nor documents be turned over until the payment for such has been verified. If the consignee of the merchandise rejects, abandons, or for any other reason fails to complete the payment, the CLIENT shall be liable for the payment of the services and expenditures that might originate because of this, the FREIGHT FORWARDER will not assume any responsibility for the reshipping of the merchandise to the point origin or any other destination.
 - 2.5. A credit grant in the CLIENT's favor is not presumable; therefore it must be stated in writing, together with the stipulated terms of payment and interest note must also be made as to what security might also be required.
 - 2.6. The CLIENT shall reimburse the FREIGHT FORWARDER for any expenses derived from deviation, delay and any other increase in expenditure, caused by strikes, acts of war, government measures or circumstances beyond human reach.
3. It shall be considered that the rate is compensation for the services rendered by the FREIGHT FORWARDER, and accepted by the CLIENT. It will be understood that a tariff is accepted when:
 - 3.1. If declared as such expressly by the CLIENT, either via email, fax, or signed document of the same.
 - 3.2. Upon execution of a service application by the CLIENT.
 - 3.3. The validity of the rate is subject to change without prior notice – either due to variations in the exchange rate, cargo taxes, a surcharge made by the carrier or any other unconsidered charge – The CLIENT shall be responsible to cover any increase in rate, charter, premiums or other expenses that might be generated once the movement is initiated.
4. Payments made by the CLIENT to the FREIGHT FORWARDER must be:
 - 4.1. In cash, electronic fund transfer, or in any manner accepted by the FREIGHT FORWARDER. The sum must be delivered in full and before the due date, no discounts or postponements will be given due to complaints, counterclaims or compensations.
 - 4.2. The CLIENT relinquishes the right to compensation, if applicable, against what is owed to the FREIGHT FORWARDER.

- 4.3. An untimely payment will generate interest on all sums owed, calculated from the moment the due date expired till the completion of the payment, at a current legal interest rate.

CHAPTER IX

WAREHOUSING CONDITIONS

1. The FREIGHT FORWARDER will advise the CLIENT in issues pertaining to the storage of the goods before and/or after transportation or during the execution of the paperwork procedures or compliance with the formalities needed for the issuing, reception and import of these goods. During the development of this obligation the FREIGHT FORWARDER must, as per the CLIENT's instructions, select the warehouse in which the goods are to be stored at embarking, destination or intermediary sites.
2. Whether the storage of the goods be entrusted to a third party or be carried out directly by the FREIGHT FORWARDER, the CLIENT must, aside from the information indicated in the service request form, include the following information
 - 2.1. Full name of the recipient of the goods.
 - 2.2. Name of the carrier, multimodal carrier operator or carrier commission agent, in each case, whenever the transportation is not undertaken by the FREIGHT FORWARDER.
 - 2.3. A detailed and explicit description of the goods, including their type and nature, number of packages, technical data, dimensions, weight, quality and, in general, any information that may be regarded as necessary for suitable warehousing.
3. In case the case the warehousing takes place in a General Deposit Warehouse, the FREIGHT FORWARDER may appear as owner of the goods for the sake of the issuing of the respective Certificate of Deposit and security bond, when applicable. In these cases, the FREIGHT FORWARDER may endorse such security in favor of the CLIENT, the recipient of the goods, their legitimate owners or any of their representatives, in which case the order will be understood as completed and the obligations terminated.
4. Special Cases:
 - 4.1. In case the goods being transported require warehousing due to unforeseeable circumstances and unrelated to the FREIGHT FORWARDER (for example: the non-submission, loss or substitution of documents, embargoes by competent authorities, etc.), the warehousing costs generated with respect to timing, volume, weight and value agreed upon the site shall be covered by the CLIENT, with the knowledge that the CLIENT has previously been informed of which goods need to be stored.
 - 4.2. If the CLIENT, consignee or legitimate owner of the goods fails to pick up the

shipment at the time and place previously established, when and where the FREIGHT FORWARDER is authorized to deliver them, the FREIGHT FORWARDER may store the goods, at the risk of the CLIENT, consignee or legitimate owner, situation in which the FREIGHT FORWARDER's responsibility with respect to the goods, or part of them, would end completely. All the expenses generated by such warehousing shall be covered by the CLIENT, as a result of its failure to receive the shipment in a timely manner. The CLIENT grants the FREIGHT FORWARDER the authority to, at its expense, dispose of, or sell off (through the sale of or through any other reasonable method under any circumstances), those goods that have been stored for more than 60 days and have not been delivered as established, after having warned the CLIENT in writing at least 5 days in advance, or without prior notice if unable to locate the CLIENT and a reasonable effort has been made to contact them.

CHAPTER X

RESPONSIBILITIES, FINES AND COMPENSATIONS

1. The Freight Forwarder and the CLIENT each assume their respective responsibility in the eventuality of a failure to fulfill any stipulation agreed upon in the present contract.
2. Regarding the CLIENT:
 - 2.1. The CLIENT must compensate the FREIGHT FORWARDER for any loss, damage, deterioration, and/or extra expense, as well as for any responsibilities the latter may have assumed before third parties, derived from following the CLIENT's instructions, or that may come up due to negligence or failure to comply by the CLIENT.
3. Regarding the FREIGHT FORWARDER:
 - 3.1. Will be held accountable for losses or damage caused to the goods, from the moment it becomes entrusted with them until their delivery. Such responsibility includes acts or omissions, both serious and intentional, that the CLIENT can prove to be attributed to the FREIGHT FORWARDER, so long as the user will not obtain, nor is able to obtain compensation from an insurance company or another third party.
 - 3.2. The amount requested in any complaint lodged to the FREIGHT FORWARDER may not exceed in any case an amount of \$_. Only if the CLIENT requests it writing may the Freight Forwarder accept a financial responsibility that exceeds these limits, so long as the CLIENT pays the FREIGHT FORWARDER the additional cost for the increase in responsibility.
 - 3.3. The FREIGHT FORWARDER will be exempt of all responsibility in case of:
 - 3.3.1. Actions or omissions made by the CLIENT.
 - 3.3.2. Lack of or defects in the condition of the packaging, marking or numbering.
 - 3.3.3. If the cargo, loading or unloading has been manipulated by either the user or a third party acting on its behalf.
 - 3.3.4. Inherent defects in the nature of the merchandise.
 - 3.3.5. Due to strikes, protests or any other obstruction to the job, whose consequences may not be avoided by the agent.

- 3.3.6. Due to failure to comply with instruction received from the CLIENT after the issuing of the service application document.
 - 3.3.7. Embargo of the goods or any other action of an authority.
 - 3.3.8. If for any reason, beyond the control of the FREIGHT FORWARDER, the movement is not able to be completed, there will be no responsibility for the latter.
 - 3.3.9. Due to any cause that may be classified as force majeure, or fortuitous circumstances.
 - 3.3.10. Damages caused due to the delay of the delivery of the merchandise.
4. The CLIENT must notify the Freight Forwarder in writing of any complaint within a period of, at the most, 30 natural days following the delivery of the goods. In case no notice is given as per this clause, the complaint will be legally unacceptable, and no action may be taken against the FREIGHT FORWARDER in order to validate the complaint.
 5. If the goods reach the recipient and the consignee or a duly noted representative, and they are not received before the expiry of the legal deadline after which they are considered abandoned, the Freight Forwarder will not assume any responsibility for delays, warehousing, fines or any other charge generated either from private individuals or government authorities. Also, the FREIGHT FORWARDER will not be required to carry out any legal and/or administrative transaction related to such abandonment.
 6. The FREIGHT FORWARDER reserves the right of detaining all goods and documents related to the merchandise within its power, custody or control while waiting for the adequate sum to be paid by the CLIENT. Expenses generated due to storage of the withheld goods will continue to be accumulated as per the said right of detaining.
 7. The FREIGHT FORWARDER reserves the right to the preventative embargo of the goods and documents regarding present and future debts by part of the CLIENT, including storage costs and the recovering of the same. In the same way, it may execute the embargo in a manner it deems fit.

CHAPTER XI

COMPETENCE.

1. Any service or activity provided by the FREIGHT FORWARDER, be it free of charge or not, is subject to these clauses, which are considered part of any agreement between the FREIGHT FORWARDER and the CLIENT, and as such must prevail over any contract condition signed by the CLIENT.
2. If any legislation, including rules and directives, applies in a compulsory way to any business embarked on, it will be assumed that these clauses are subject to said legislation in relation to aforementioned business, and nothing in these clauses should be interpreted as a relinquishment by part of the FREIGHT FORWARDER of any of its rights or prerogatives, or as an increase of any of its obligations and responsibilities in accordance to said legislation, and, if any part of these clauses is in opposition to said legislation in any way, that part must, in reference to said business, be invalidated up to that point, and no further.
3. If on issuing a “bill of lading” or a “waybill” to or in name of the FREIGHT FORWARDER that specifies that it enters into the contract as a transporter, the regulations established in said document will have prevalence in the measure that said regulations do not conflict with these clauses.
4. These clauses shall be applied over any complaint or dispute that may result from or in relation to the services rendered by the FREIGHT FORWARDER, and shall be applied to all burdensome or free business carried out by the FREIGHT FORWARDER in benefit of the CLIENT.
5. These conditions, their clauses and any act or agreement they applied to shall remain under the jurisdiction and the application of Mexican laws and the Federal Court of Mexico, relinquishing the parts of any present or future residence that resides beyond said jurisdiction.

CHAPTER XII

FINAL ARRANGEMENTS

1. Both parties may end the contractual relationship they share by means of a written document sent to their counterpart, a written notice at least 30 (thirty) days in advance.
2. With respect to the previous clause, the CLIENT must entrust its procedures to another person. Likewise, it must settle any debts owed to the FREIGHTFORWARDER.
3. The services that are being provided, unless stated otherwise, must be concluded by the FREIGHT FORWARDER, on the terms described in this document. Otherwise, the CLIENT will be required to cover all expenses generated through the cancelation and exchange of the requested services.
4. The contractual relationship may also be regarded as terminated when either party becomes unable to carry out its established objectives, either on one side, or on both.

THESE CONDITIONS ARE ISSUED IN MEXICO CITY, D.F., ON THE TWENTIETH OF DECEMBER OF THE YEAR TWO THOUSAND AND TEN.

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