

Proposal to Serve Manitoba Harvest

Canadian and US Customs Brokerage



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Private and confidential

Manitoba Harvest
69 Eagle Dr, Winnipeg
MB R2R 1V4

Subject: Canadian and US Customs Brokerage Services

We are very pleased to propose a partnership that would have Frontier Supply Chain Solutions (Frontier) providing US and Canadian customs brokerage services for Manitoba Harvest.

Frontier is a North American Trade firm and international logistics provider. Our main priorities are:

- Reduce border hold-ups thru better customer service and communication
- Provide a dedicated team to MB Harvest that is invested into the well being of your account
- Decrease customs fees and provide a cost savings
- Educate Manitoba Harvest on CARM, and Accounts Receivable Ledger (ARL)
- Give access to our online portal Visual Importer, for easy facilitation of ARL
- Provide additional value through other services (local courier, domestic logistics, ocean freight forwarding)
- Ensure your dedicated sales rep looks after your account on an ongoing basis and service standards are met

As Frontier engages new partnerships, we will work for continuous improvement. This is to ensure Manitoba Harvest is always up-to-date on the most effective programs available by CBSA and USCBP.

Choosing a new provider is an important decision. You must assess your needs and select a business that will continuously communicate with you, provide valuable insights, and best understand your business needs today and in the future. We believe we are that provider.

Please do not hesitate to contact me at (204) 784-4800 Ext. 127 if you have any questions. On behalf of Frontier, we look forward to working with you.

Sincerely,

Chris Borecky
Business Development Manager
Frontier Supply Chain Solutions Inc.

Canadian and US Customs Brokerage Services

Frontier's head office and main operations is in the Fort Garry Industrial Park in Winnipeg, MB. We employ over 100 people in this office, a bulk of which make up our customs brokerage operation.

CBSA implemented electronic transmission of customs releases years ago, therefore we centralize our customs release departments here in Winnipeg. Similarly, our US Operations are centralized in Tacoma, WA. Our customs release system and software allow your brokerage team to submit your information the quickest way possible, helping reduce delays at the border.

Frontier's philosophy is a one client-one border-one team approach. Manitoba Harvest would be assigned a single team for US and Canadian customs clearances. Each team consists of an Account Manager and 3-5 Integrated Service Representatives (ISR), of which one of these people will be your direct contact for all shipments and processing.

Your Account Manager will manage the day-to-day review of your customs releases for all imports and exports. The team will gain a comprehensive knowledge of your product and the specific needs of your shipments.

Frontier has a heavy focus on trade compliance. Our goal is not only a timely customs release, but just as important is the accuracy. Ahead of any transition to Frontier, we offer a proactive review of your customs tariff database to ensure accuracy.

Our system performs automatic quality checks to ensure any entry that may be subject to a Free Trade Agreement, is taken advantage of. We also have a two-step post-entry audit process.

We provide our clients a data portal through Visual Importer, which provides document retrieval, shipment tracking, ability to run reports, and access to your tariff database. We can do excel uploads for shipment data, so if you have invoices already in excel or a convertible format we can upload it for a quick release to eliminate data entry and eliminate the potential for human error.

The appealing interface and dashboard provide you with a single view of your duty/tax liabilities. It is very simple to use, and gives a consolidated view of all brokers and daily notices. You can view your duty and tax trends over time, allowing for better cash flow and internal planning. Can show totals and averages for B3 transactions, payments paid, interest owing, adjustments, credits, penalties, refunds, etc. More information is below.

Tracking and Reporting

Frontier's customs brokerage system for Canadian Customs has all the tools for shipments to be tracked, giving Manitoba Harvest full reporting capabilities and access to their shipments under Visual Importer. Real time statuses can be obtained, ensuring important deadlines and ship by dates are met.

- **Visual Importer will allow Manitoba Harvest to get real time Shipment status by confirmation day:**

IMGS	TRANSACTION NUMBER	REFERENCE NUMBER	IMPORTER	RELEASE DATE	NO OF DAY	AIQ	LINE	RS TYPE	RELEASE TYPE	DUTY	SIMA	ETAX	GST	STATUS	A. T.
	12237-00000096-6	RENEE	CNHCAN	2019-09-01	19	Appraisal Quality Data	1	AB	ID	195.64	7943.75	0	490.5	Pending i	re
	12237-00000039-5	TEST	CNHCAN	2019-09-12	3	Appraisal Quality Data	1	AB	ID	0	152.56	0	12.12	Pending i	re
	12237-00000016-0	DEMO RENEE	CNHCAN	2019-09-13	2	Appraisal Quality Data	1	AB	PHRS	76.71	0	0	62.85	Pending i	re
	12237-00000017-0	RENEE DEMO	CNHCAN	2019-09-16	1	Appraisal Quality Data	0	AB	PHRS	0	0	0	0	Pending i	re

Frontier can set up scheduling and automatic reporting to provide Manitoba Harvest an exported file (In Excel format) with any requested or regularly required information.

- **Visual Importer will allow Manitoba Harvest users to retrieve custom documents by shipment # via imaging document system:**

TRANSACTION NUMBER	REFERENCE NUMBER	RELEASE DATE	IMPORTER	B3 TYPE	RELEASE TYPE	OFFICE NUMBER	LINES	CCNO	CONTAINER NUMBER	ACROSS / CADEX STATUS	MODE OF TRANSPORTATION
12237-00000005-5	0081224177	2019-09-05	CNHCAN	AB	RMD	395	0	3959776051345		P / A	TRUCK
12237-00000006-6	RENEE	2019-09-01	CNHCAN	AB	IID	502	1	5068PARS0042772		P / P	TRUCK
12237-00000013-5		2019-07-18 (E)	CNHCAN	AB	IID	705	1	23DR011609		P / P	TRUCK
12237-00000014-6		2019-07-18 (E)	CNHCAN	AB	IID	440	1	5116PARS030885		P / P	TRUCK
12237-00000016-8	DEMO RENEE	2019-09-13	CNHCAN	AB	PARS	440	1	3959833949944		A / P	TRUCK
12237-00000017-9	RENEE DEMO	2019-09-16	CNHCAN	AB	PARS	453	0	3959853951604		A / P	TRUCK
12237-00000027-1		2019-09-01 (E)	CNHCAN	AB	PARS	440	0	22S24035436		P / P	TRUCK
12237-00000032-8		2019-09-02 (E)	CNHCAN	AB	PARS	440	1	2196PARS009690		P / P	TRUCK
12237-00000033-9		2019-08-02 (E)	CNHCAN	AB	PARS	351	1	5826PARS200336		P / P	TRUCK
12237-00000034-0		2019-06-05 (E)	CNHCAN	AB	PARS	502	0	2246PARS067822		P / P	TRUCK
12237-00000035-1		2019-08-06 (E)	CNHCAN	AB	PARS	705	0	1C7F000718		P / P	TRUCK
12237-00000039-5	TEST	2019-09-12	CNHCAN	AB	IID	453	1	2270PARS123459		P / P	TRUCK
12237-00000043-1		2019-08-07 (E)	CNHCAN	AB	PARS	802	0	2277PARS402201		P / P	TRUCK

Our Accounts Receivable Ledger solution will give controllers and compliance officers an ongoing and complete overview of all import-related activities recorded by CBSA. This includes duty, taxes, GST, refunds, and adjustments. Your information is consolidated and ready to use in a simplified format. This is especially important right now with the changes surrounding CARM.

The appealing dashboard provides you with a single view of your duty/tax liabilities. It is very simple to use, and gives a consolidated view of all brokers and daily notices.

You can view your duty and tax trends over time, allowing for better cash flow and internal planning. Can show totals and averages for B3 transactions, payments paid, interest owing, adjustments, credits, penalties, refunds, etc.

With ARL already implemented by CBSA, the reporting capabilities within this software will be that much more important:

- View your daily notices and monthly statements
- Get notified when values are out of normal range
- Give your finance people what they need, when they need it

The benefits of working with Frontier Supply Chain Solutions

- ✓ We will improve lines of communication by providing one point of contact for all day-to-day clearances
- ✓ Frontier is a local medium sized company that works closely with our clients to develop a relationship and understand your specific business needs
- ✓ Reduce costs on customs brokerage fees
- ✓ Utilize Canada Express Consolidation to reduce cross-border freight fees and quicker transit times
- ✓ Peace of mind in knowing an expert is reviewing tariffs, USMCAs, documentation, invoices, etc.
- ✓ Take advantage of our other services as needed (domestic logistics, local courier, ocean freight forwarding)
- ✓ Dedicated sales rep to educate Manitoba Harvest on new happenings with customs, ensure communication lines are always open, and handle escalated issues – Chris Borecky!

Proforma Invoice Creation – for US Customs Clearances

Frontier’s online system WebSHIP allows you to create your proforma invoice and edit as needed.

By Logging in and clicking the proforma tab, it will take you to this screen which shows a list of past saved Proforma Invoices:

Search for the invoice you would like to view, or click the **New Invoice** button to make a new invoice. **New Invoice**

Search ^

Invoice Number **Search Invoices** **Clear Search**

Search Results ^

Invoice Number	Shipper Name	Consignee Name	Arrival Date/Time	Total Cost	User Name	Invoice Date	Actions
03-123456	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	19/12/2018 2:39pm		pnpsouth	2018-12-16	Edit Download Copy
03-125298	null	null	16/11/2018 11:28am		pnpsouth	2018-11-16	Edit Download Copy
03-125522	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	26/11/2018 9:33am		pnpsouth	2018-11-26	Edit Download Copy
03-126760	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	24/01/2019 9:33am		pnpsouth	2019-01-24	Edit Download Copy
03-126821	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	05/02/2019 10:33am		pnpsouth	2019-02-05	Edit Download Copy
03-126823	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	31/01/2019 8:59am		pnpsouth	2019-01-31	Edit Download Copy
03-127091	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	12/02/2019 12:03pm		pnpsouth	2019-02-12	Edit Download Copy
03-127161	PNP GAMES	FRONTIER SUPPLY CHAIN SOLUTIONS	15/02/2019 10:10am		pnpsouth	2019-02-15	Edit Download Copy

Previous 1/1 Next Rows per page: 10

You can click edit on any invoice to add items.

Once you click create new invoice, it will take you to this screen:

Shipper and Consignee ▲

Exporter/Shipper	Consignee/Ship To
<input type="text" value="Select Company Name..."/>	<input type="text" value="Select Company Name..."/>
<input type="text" value="Company Name"/>	<input type="text" value="Company Name"/>
<input type="text" value="Company Address"/>	<input type="text" value="Company Address"/>
<input type="text" value="City"/>	<input type="text" value="City"/>
<input type="text" value="Province"/>	<input type="text" value="Province"/>
<input type="text" value="Postal"/>	<input type="text" value="Postal"/>
<input type="text" value="Country Code"/>	<input type="text" value="Country Code"/>
<input type="text" value="Account/interchange number"/>	<input type="text" value="Account/interchange number"/>
<input type="text" value="Telephone Number"/>	<input type="text" value="Telephone Number"/>
<input type="text" value="Fax Number"/>	<input type="text" value="Fax Number"/>
<input type="text" value="Tax Id"/>	<input type="text" value="Tax Id"/>
<input type="checkbox"/> Is Buyer Related to Exporter?	<input type="checkbox"/> Is Buyer Same As Ship To?
Invoice Number: <input type="text" value="PNP 00000001"/>	Reference Number: <input type="text"/>
Total Price: <input type="text"/>	Bill of Lading <input type="text"/>
Port City: <input type="text"/>	Port Code: <input type="text"/>
Date of Arrival: <input type="text"/>	Date of Departure: <input type="text"/>

Parts ▲

Part	Quantity:
<input type="text" value="Select Part Number..."/>	<input type="text" value="0"/>
Part Number: <input type="text"/>	Part Description: <input type="text"/>
Tariff Number: <input type="text"/>	Country of Origin: <input type="text"/>
Weight: <input type="text"/>	Marks and Number: <input type="text"/>
Unit of Measure: <input type="text"/>	Rail Car Initials: <input type="text"/>
FDA Code: <input type="text"/>	Truck Car Number: <input type="text"/>
Prior Notice Number: <input type="text"/>	CAS Number and End Use: <input type="text"/>
Unit Price: <input type="text" value="0"/>	Manufacturer Id: <input type="text"/>
Total Price: <input type="text" value="0.00"/>	Actual Manufacturer: <input type="text"/>

Add Part

1: Country of Origin	Tariff (HTS) Number and/or FDA Code and/or Prior Notice Number	Actual Manufacturer	Unit Price	
2: Marks and Numbers	Weight		Total Price	Clear All
3: Rail Car & Initials	Number of Packages			
4: Truck Car Number	Description of Goods and Product Number			
5: CAS # and End Use				
6: Manufacturer Id				

Frontier can pre-load your parts into our system for a more streamlined invoice creation.

Frontier's Canada Express Program

Manitoba Harvest can take advantage of Frontier's Canada-Express program to reduce international freight on LTL and parts shipments coming in from US Vendors. The program was developed for large importers who want to run parts consolidations, but the benefits work for smaller importers bringing in sporadic parts, boxes, or LTL.

This provides the following benefits for Manitoba Harvest:

- **Quick Delivery**
 - Frontier delivers overnight from Chicago to Winnipeg
- **Significant Cost Savings**
 - Take advantage of US domestic freight rates
 - Save money by consolidating the cumulative weight on import shipments
 - Reduce customs brokerage fees by having 1 customs clearance
- **Excellent visibility**
 - Shipments can be traced by your Purchase Order #, inbound tracking # to Chicago, etc.
- **Drop-Ship Center**
 - For US vendors who don't ship to Canada, or who don't have cost efficient programs to ship here



* Frontier's rates for this program have been provided in a separate brochure/appendix to this proposal.

Fees

US Customs Brokerage

Estimated volume per year: 750-1000 entries annually

Customs Release Fees	Additional Fees
US Customs Entry Release for Consolidations: \$19.75 (USD)	\$0.75 per Customs Invoice Line (first 10 lines free) If EDI/CSV file is provided Line fees are eliminated
Ocean & Air Customs Release: \$75	
Section 321 Release (Truck shipments manifested by carrier, Value < \$800): \$0	ISF Fee: \$15
Partner Government Agency Fee (PGA): \$22.50 per agency	Continuous Bond: \$550 US (Renewed Annually)
	*All fees are in US Dollars
	Less frequent Ancillary Fees provided in separate attachment

*Additional Accessorial Fees are included as a separate attachment

Canadian Customs Brokerage

Estimated volume per year: 300-500 entries annually

Customs Release Fees	Additional Fees
Standard US-Canada Border Release Fee: \$35.00 (10 lines free)	\$0.75 per additional line over 10
CLVS (courier shipments under \$3300 in value): \$20.00 per Canadian Customs Release (up to 10 lines free)	Single Window Initiative Fee (OGD): \$4
DeMinimis Customs release (shipments value under \$150): \$10	*All fees are in CDN Dollars

Month	Release Date	Statement Date ³	CBSA Cheque/Frontier Payment Due Date ¹	CBSA Online Payment Due Date ²
January	15	25	27	29
February	17	25	24	26
March	17	25	29	31
April	16	26	28	30
May	14	25	27	31
June	17	25	28	30
July	16	26	28	30
August	17	25	27	31
September	17	27	28	30
October	15	25	27	29
November	17	25	26	30
December	17	27	29	31

1 Customers paying by cheque to “Receiver General of Canada” and/or Frontier must be received two business days prior to the CBSA due date allowing for processing and delivery to avoid CBSA late penalties and interest. Administration fees apply when paying Frontier.

2 Customers paying CBSA through online banking will receive a separate statement for Duty and/or GST and payment must be received by CBSA on the due date listed by 16:30 EST. Payments are due on the last business day of the month.

3 The statement are generated on the 25th day of each month varying only on weekends and holidays. CBSA's SOA will be available on the 25th.

Periodic Monthly Statement

Entries are always based off of the release date by US Customs on the entry.

1. Regular (Daily Statement Processing)

The Customs duties has to be paid to Customs by the 10th working day after release. Consumption entries are paid by the Customs broker while anti-dumping and countervailing duties are paid by the importer. For the importer to be able to pay they must have a payment unit number. The payment unit number is a unique identifier for a specific company.

2. Periodic Monthly Statement Processing (PMS)

If importers have been approved to be on (PMS) this means that they have a longer period of time in which to pay their customs duties.

To be approved onto PMS an importer must have a continuous bond. The broker then files a form 5601 to US Customs to place the importer onto Periodic Monthly Statements. Periodic Monthly Statement filing can happen after US Customs approves the form 5601.

All entries that are released in a month (let's say November) have until the 15th working day of the next month (Dec), no matter the release date as long as it was in November.

This gives the broker/importer up to 45 days' credit instead of 10 days (the daily statement processing above). With anti-dumping duties the importers bank account is directly debited. With anti-dumping duties the importer has to have applied for a payer unit number (which must be applied for with US Customs) beforehand.

All PMS entries are all debited from bank accounts on the 15th working day of the following month of release.

Example 1.

Importer has an entry release on 11/16/2017. If the entry is a regular entry then the last day to pay US Customs (without penalty) would be 10 working days from 11/16/2017 (which would be 12/01/2017).

Example 2.

That same entry (if on PMS) has until the 15th working day of December to pay this entry, or in this case 12/21/2017.