

STEELHORSE



STEELHORSE FREIGHT SERVICES INC.

THIS AGREEMENT is made effective as of this ___ day of _____, 20__.

BETWEEN:

STEELHORSE FREIGHT SERVICES INC., a body corporate having an office in the
Town of High River, in the Province of Alberta

(the “**Company**”)

- AND -

_____, an individual or body corporate

(the “**Contractor**”)

WHEREAS the Company is a common carrier engaged in the transportation by motor vehicles of goods and commodities for hire;

AND WHEREAS the Contractor carries on business as an independent trucking contractor providing a transportation service and the necessary equipment and driver or drivers therefor;

AND WHEREAS the Company is desirous of engaging the services of the Contractor to provide a transportation service for the purposes of its business and the Contractor is willing to provide the same on the terms and conditions herein set forth;

NOW THEREFORE THIS LEASE AGREEMENT WITNESSES that in consideration of the mutual covenants, agreements and conditions herein contained;

IT IS HEREBY AGREED between the parties hereto as follows:

1. Provision of Services

- 1.1 The Company engages the services of the Contractor and the Contractor agrees to perform transportation and related services (the “Services”) exclusively for the Company and on behalf of the Company’s clients and to make available the motor vehicle equipment, tractor, tractors, trucks or other vehicles (the “Equipment”) specified in the attached *Schedule “A”*.

- 1.2 The Company hereby agrees to pay the Contractor for the Services provided by him in accordance with the rates set by the company from time to time and other charges specified from time to time in the attached *Schedule "B"*.
- 1.2.1 The rates set by the Company and the charges set out in *Schedule "B"* will be reviewed from time to time and are subject to change by the Company. Any changes in such rates and charges shall be incorporated in a new *Schedule "B"* and shall be attached to and made part of this Agreement in replacement of substitution for the previous *Schedule "B"* without the necessity of rewriting this Agreement in its entirety.
- 1.3 The Contractor, for himself, his employees, servants and agents consents to observe and comply with applicable sections of the Policy and Procedure Manual attached as *Schedule "C"* as the Company may dictate from time to time with respect to the dispatch, shipping and handling of its freight and the Services to be performed hereunder in connection therewith, the conduct of drivers and operators and other matters pertaining to the Services herewith contracted for, all of which rules and regulations now or hereafter in force are to be read as forming part of the terms and conditions of this Agreement. It is understood and agreed that such rules and regulations are subject to review and may be changed from time to time in a manner not completely at variance and inconsistent with the terms, conditions, spirit and tenor of this Agreement between the Company and the Contractor, without the necessity of rewriting this Agreement in its entirety.

2. Use, Operations and Maintenance of Equipment

- 2.1 The Equipment shall be operated solely and exclusively for the account of the Company during the term of this Agreement and the Contractor expressly covenants that he will not, during such period, use the tractor on his own account or make it available to anyone else, and that he will not, during such period, act as carrier, broker, contractor, servant or agent on behalf of any other carrier or person engaged in the shipment, carriage or transportation of good and commodities, without the prior written consent of the Company.
- 2.2 The Contractor shall maintain and operate the Equipment and provide Services contracted for, at all time in a safe, efficient and workmanlike manner in accordance with such instructions as the Company may give from time to time and in a manner satisfactory to the Company and in compliance with all applicable laws, orders, by-laws and regulations.
- 2.3 The Contractor shall provide a minimum of one week's notice if Equipment is going to be unavailable for any reason. Failure to give the required notice will result in a charge to the Contractor for any loss suffered by the Company.
- 2.4 During the term of this agreement, the Equipment shall be operated at all times under the licenses, permits and operating authorities of the Company.

- 2.5** The Contractor shall comply with all laws applicable to the operation of motor carriers and motor vehicles and the rules and regulations of any lawfully constituted governmental or regulatory authority in respect thereto. The Contractor, if requested, shall provide the Company with a certificate of mechanical fitness for the Equipment in the form prescribed by any such governmental or regulatory authority.
- 2.6 Drivers:** The Contractor agrees, upon request of the Company and subject to its prior approval, to furnish such drivers and operators as may from time to time be required to efficiently perform the Services provided for herein. Said drivers and operators and any other persons employed by the Contractor (the “Contractor Employees”) in and about the performance of such Services shall be, and remain, employees of the Contractor and not the company. It is expressly understood and agreed that the relationship hereby created between the Company and the Contractor, both as to the Contractor and any of its employees, servants or agents, is that of independent contractor and not that of an employer and employee relationship. All terms and conditions of employment of the Contractor Employees shall be the sole responsibility of the Contractor, and Contractor Employees shall be paid by the Contractor at his sole expense. Without limiting the foregoing, the Contractor agrees:
- a. To pay all salaries, wages, board, travelling and other like expenses of himself and Contractor Employees for services performed under this Agreement.
 - b. To promptly pay or remit all deductions or assessments for income taxes, unemployment insurance, Canada Pension Plan and other like social security benefits which may be payable by reason of the salaries or wages of himself or his Contractor Employees.
 - c. To indemnify and save harmless the Company from and against any and all claims and demands whatsoever for or in respect of the salary, wages, expenses, remuneration or other monetary benefits payable to Contractor Employee for services performed hereunder.
- 2.6.1** The Contractor shall furnish the Company with particulars of the driving licenses, driving qualifications and driving record and such other information relevant thereto as the Company may from time to time require in respect of himself, or any other person he engages or employs to operate the Equipment with the Company’s consent. The Contractor agrees, upon request or notification of the Company, to discharge any driver or operator who is unsatisfactory or unacceptable to the Company and to replace him with a satisfactory substitute, if so required.
- 2.6.2** Subject to the foregoing, the Equipment shall be operated only by properly qualified drivers who have satisfactorily passed all medical standards, driving proficiency tests and examinations required by the jurisdiction in which the Equipment may be operated, or by the Company.
- 2.7 Maintenance:** The Contractor agrees, at his own expense, to keep and maintain the Equipment in good and safe operating condition, and in appearance satisfactory to the Company. The Contractor further agrees to maintain, inspect and service the

Equipment to the extent required therefore and to replace all worn out parts, equipment and accessories thereto. The Company shall have the right to inspect the equipment at any time without prior notice.

- 2.7.1 The Contractor agrees to maintain records in respect of maintenance of the Equipment as required by law and by the Company, and to give maintenance reports, repair receipts and any other required documentation to the Company upon request.
- 2.7.2 The Contractor agrees to carry out or cause to be carried out any maintenance inspection of the Equipment required under any federal, provincial, state or other applicable law or by virtue of any insurance requirements or upon request of the Company
- 2.8 **Accessories:** The Contractor agrees to furnish at his expense all accessories to the Equipment required either by law or the Company.

3. Obligations of the Contractor

- 3.1 **Decals:** The Contractor shall, at his own expense, pay the costs of applying decal lettering, as supplied by the Company, in the manner specified by the Company. The Contractor shall be charged for decal application in accordance with the attached *Schedule "B"*.
- 3.2 **Workers' Compensation Coverage:** The Contractor agrees that he will bear the cost of Workers' Compensation coverage for himself and all Contractor Employees including all assessments, levies or premiums due in respect thereof and that he will indemnify and keep indemnified the Company against all liability by reason of his failure to do so. The Contractor shall furnish to the Company a certificate from the Workers' Compensation Board or tribunal as evidence that the Contractor and all Contractor Employees are covered under workers compensation insurance in accordance with the statutory requirements of the province or territory having jurisdiction over the Contractor and the Contractor Employees.
- 3.3 **Fines and Penalties:** The Contractor shall use the Equipment only in the normal and ordinary course of business of a motor carrier and not to use or permit the same to be used for any illegal or improper purpose. The Contractor shall be solely liable for and shall indemnify and save harmless each of the Company's clients and the Company from all fines or penalties for violation of any federal, provincial, or municipal, laws, ordinances, rules or regulations resulting from the acts or omissions of the Contractor or Contractor Employees in performing the Contractors obligations or Services under this Agreement including, but not limited to expired permits, speeding tickets, overloads, parking tickets incurred by or associated with the Equipment.
- 3.4 **Equipment Damage:** The Contractor shall be solely responsible for loss or damage to the Equipment howsoever caused and the Contractor agrees to indemnify

and save harmless each of the company's clients and the Company in respect of any claim for any loss or damage to the Equipment.

- 3.5 Freight Damage:** The Contractor shall be responsible for all loss or damage to any freight in the Contractor's care, custody or control arising from the acts or omissions of the Contractor, Contractor Employees or other employee, agents or Contractors in the performance or non-performance of the obligations or Services of the Contractor under this Agreement.
- 3.6 Cash on Delivery:** Where the Contractor is required to collect money or other security on behalf of the Company's clients or the Company, the Contractor agrees that neither he, nor any Contractor Employee engaged by the Contractor has any authority to accept less than the prescribed amounts due. In the event that this section is violated, the Contractor shall on demand immediately pay the Company the difference between amounts accepted by the Contractor and the prescribed amount due.
- 3.7 Incident Reporting:** The Contractor shall notify the Company immediately of any incident, accident or collision involving property damage, bodily injury, or freight damage or loss in which the Equipment has been involved (an "Incident"). The Contractor further agrees to cooperate fully with the Company to prevent loss as a result of any incident, to aid in the collection or the recovery of damages from third parties and to aid in every possible way in the defense of suits or other proceedings brought as a result of the operation of the Equipment. The Contractor further agrees to deliver to the Company promptly any and all writs, notices, documents and other papers served upon him in connection with any claim, suit, demand or proceedings commenced or threatened against the Contractor arising out of the operation of the Equipment by him or Contractor Employees. The Company will cooperate with the Contractor to ensure communications and correspondence between them under this paragraph proceed without undue delays.
- 3.7.1** Failure to immediately report an Incident may result in the levy of a \$100.00 fine against the Contractor by the Company.
- 3.7.2** The Contractor agrees to be responsible for any insurance deductible associated with an Incident, which will be deducted from monies owing to the Contractor.
- 3.8 Trailer Rental:** Trailer rental is charged as a fixed percentage rate of monthly Contractor Gross Earnings, in accordance with the attached *Schedule "B"*.
- 3.8.1** Trailer reports are to be filled out before the trailer leaves the Company yard. This will help limit costly repairs on the road. If the trailer tires are not in good condition, the Contractor shall inform the Company dispatch office before the trailer leaves the Company yard.
- 3.8.2** The Contractor is responsible for the cost of repairing all flat tires and maintaining trailer lights when on the road. The Contractor will be reimbursed

for all trailer-related expenses so long as they are not deemed to occur as a result of driver neglect.

3.8.3 Trailers are required to be washed or swept out after each trip and before a trailer is left in the Company yard

3.8.4 On the road, the Contractor must contact the Company for instructions or permission to have repairs done. All parts and tires must be returned to the Company terminal along with a bill of lading indicating:

1. purchase order number issued
2. trailer number
3. date dropped off
4. signature by Company terminal personnel.

3.9 Additional Obligations: Without limiting the generality of the foregoing, the Contractor further covenants and agrees with the Company as follows:

3.9.1 To assume and pay when due all costs and expense necessary or incidental to the maintenance and operation of the Equipment and performance of his obligations hereunder.

3.9.2 To pay all costs and expenses of fuel, grease, oil, tires and other operating and maintenance charges required for the Equipment.

3.9.3 To pay all taxes and fees lawfully imposed on or in respect of the Equipment or its operation or the use thereof by any federal, provincial, state or other lawful taxing authority, prior to performing Services hereunder and in the event that such taxes and fees are unpaid, provide the Company with sufficient funds to pay such taxes in full.

3.9.4 To promptly pay or reimburse the Company for any and all costs or expenses paid or incurred by the Company to settle, discharge or vacate a possessory lien, statutory lien, chattel mortgage, conditional sale contract or other charge or encumbrance of whatsoever nature on the tractor for monies due and owing thereon or in respect to the use or ownership thereof; and any and all costs, charges, expenses claims and demands paid or incurred by the Company on behalf or on account of the Contractor and Contractor Employees, such payments to be made to the Company by their deduction from any monies due from time to time by the Company to the Contractor.

3.9.5 To perform all services required under this agreement in a safe, proper and workmanlike manner.

3.9.6 To promptly submit all documents, fuel reports and such other materials required by the Company following the completion of each trip. Delayed receipt of the required documentation will result in delayed payment to the Contractor. All documents must be completed according to Company standards and requirements.

3.9.7 To advise the Company immediately of any mechanical or other defects or damage in any equipment furnished by either the Company or the Contractor.

4. **Obligations of the Company**

4.1 The Company shall pay the Contractor full satisfaction for performance by the Contractor of his obligations hereunder, including but not limited to the furnishing of the Equipment and drivers.

4.2 The Company shall calculate, from trip sheets, logs, mileage and other operating records of the Company, the monies due and payable to the Contractor and remit such monies to him less any deductions as provided for herein.

4.3 The Company will supply loads to be hauled for rates established by the Company using rates set from time to time by the Company

4.3.1 Pick-ups and drop offs are included in the rates set by the Company.

4.4 The Company shall provide the Contractor with the ancillary equipment required by law or the Company, including but not limited to: decals, satellite, PrePass Unit and Border Transponder. These items furnished to the Contractor by the Company for use in performance of his obligations or Services under this Agreement remains the property of the Company and shall be returned to the Company in the same condition as received by the Contractor. The cost of the ancillary equipment will be deducted from monies owed to the Contractor in accordance with the attached *Schedule "B"*.

5. **Licensing and Insurance**

5.1 Contractors must be insured through the Company's insurance broker.

5.2 The Company will deduct all monies owing to the Company for licensing, insurance and associated incidentals from any monies owing to the Contractor in accordance with the attached *Schedule "B"*.

5.3 The Contractor will be provided with a copy of the endorsement issued by the insurer identifying the Equipment by serial number and detailing the damage covered by the endorsement, the limits of the insurance and the deductible

6. **Term**

6.1 The Term of this Agreement takes effect as of the above written effective date and continues until terminated in accordance with Section 7.

7. **Termination**

7.1 **Default:** This Agreement may be immediately terminated by the Company, in the event of failure of the Contractor to:

- a) maintain his driver's license or have an existing license suspended,
- b) comply with the company's rules, policies, and regulations,
- c) maintain good customer relations,
- d) avoid a preventable accident,
- e) avoid a preventable cargo claim,
- f) follow the instruction from the Company dispatcher,
- g) refrain from soliciting customers through Company contacts for personal gain

7.2 Notice: Apart from termination at the instance of the Company by reason of the Contractor's default as provided in paragraph 7.1 hereof, this agreement may be terminated at any time by either party hereto upon thirty (30) days' written notice to the other.

7.3 Company Property: Any equipment or other property of whatever nature, including but not limited to trailers, associated equipment, decals, licenses, permits (the "Company Property") furnished to the Contractor by the Company for use in performance of his obligations or Services under this Agreement remains the property of the Company and shall be returned to the Company in the same condition as received by the Contractor. The Contractor must complete the Property Return Form attached as *Schedule "D"*. In the event that any of the Company Property is not returned in the required condition, the Contractor shall be liable to the Company for any loss, costs or damages thereby incurred or suffered by the Company.

7.4 Final Settlement: The Company shall be entitled to hold back or retain any monies due the Contractor for ninety (90) days following the termination of this Agreement. This includes re-payment of the Holdback unless otherwise forfeited, and subject to the right of the Company to withhold payments of such monetary amounts as may be deemed sufficient to cover any deductions, assessments, accounts, claims or other demands whatsoever for which the Contractor is accountable to the Company or for which the Company may be held accountable therefor.

7.4.1 Upon final settlement, the Contractor will be provided with a final pay statement detailing the amounts the Contractor is accountable to the Company for and were therefore deducted from the Contractor's final pay or Holdback amount.



8. General

8.1 Assignment: This agreement and the duties and obligations of the Contractor hereunder, are personal to the Contractor and shall not be assigned by him to any other person, without the prior consent of the Company.

8.2 Modification: No change or modification of this agreement shall be valid unless it is in writing and signed by each party hereto, save as otherwise expressly provided herein.

- 8.3 Incorporation of Schedules:** All schedules to this agreement, being Schedules “A”, “B”, “C” and “D”, respectively, shall be read and deemed as part hereof.
- 8.4 Entire Agreement:** This Agreement constitutes the entire Agreement between the Contractor and the Company with respect to the Services and cancels and supersedes any prior offers, understandings, commitments and contracts (written or oral) between the parties regarding the Services. There are no representations, warranties, conditions, undertakings or collateral contracts, express or implied, between the parties other than expressly set out in this Agreement. In addition and without limiting the generality of the foregoing, the parties acknowledge nothing in this Agreement shall amount to a promise as to the amount of income the Contractor may earn under this Agreement.
- 8.5 Interpretation:** Wherever the singular or masculine is used herein, the same shall be construed as meaning the plural or feminine or body corporate where the context or the parties hereto so require. The section headings contained in this agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.
- 8.6 Applicable Laws:** This Agreement shall be governed by the laws of Alberta and the laws of Canada. The courts in Alberta shall have exclusive jurisdiction to determine any disputes and claims as between the parties.
- 8.7 Enforceability:** Any article, provision or paragraph of this Agreement that may be found unenforceable shall be considered to be severable from the rest of this Agreement, and the remaining portions of which shall continue in full force and effect in accordance with the terms of this Agreement.
- 8.8 Binding:** Subject to the foregoing covenant against assignment by the Contractor, this agreement shall accrue to the benefit of and be binding upon the parties hereto, their heirs, executors, administrators, successors and assigns, respectively

I have read all the terms and conditions of this agreement. I understand each and every item. I have not been induced to enter into this agreement by any representations, verbal, written or otherwise from the Company or any person on behalf of the company and I agree to be bound by the terms and conditions as contained in this agreement.

IN WITNESS WHEREOF the parties have executed this agreement the day and year first above written.

*Company
Representative*

*Contractor
Name*

Title

Title

Signature

Signature

Witness:

Schedule "A" – Equipment Description

Unit # _____

Vehicle Type_____

Year / Make _____

VIN _____

O/O _____

Driver: _____

Tare Weight: _____

Colour: _____

- (a) Each Contractor/Driver must confirm tare weight of fueled unit with Company Dispatch
- (b) One month Inspection Report will be filled out each and every month and turned into the office

Schedule “B” – Payment and Charges

Upon timely receipt of the required documentation, Contractor payments will be made on the 30th of the month following completion of the Services. All monies owed to the Company will be deducted from Contractor payments.

Monthly Deductions:

The Company will charge the Contractor, and deduct from the monies owed to the Contractor:

- 23% of the Contractor’s gross earnings for:
 - Drug testing
 - Satellite operation Fees
 - Fuel Tax Auditing
 - Monthly Prepass Service
 - Insurance (Truck and Trailer)
- 7% of the Contractor’s gross earnings for the use of a Company Trailer
- Incurred Incidental Expenses plus an additional 5% of the total monthly Contractor’s Incurred Incidental Expenses as an administration fee
- Any Company Funds used plus an additional 10% of the total monthly Company Funds Used as an administration fee

Use of Company Funds

The Company may from time to time and at its own discretion, allow the Contractor to use Company funds for repairs, ferry fees and pay advances. Use of Company funds requires prior approval and will be deducted from the Contractor payment.

Incurred Incidental Expenses

All incidental expenses required by the Company to perform service obligations to the clients will be the responsibility of the Contractor and deducted from Contractor payments. These incidental expenses include but are not limited to:

- Fuel
- Permits
- HVUT
- Prepass Tolls
- Decal application beyond the initial application provided for in the Startup Fee
- Satellite installation beyond the initial application provided for in the Startup Fee
- Licensing
- Pilots / escorts
- Log book auditing

Startup Fee

- \$1000.00 flat fee will be charged to the Contractor and deducted from the first monthly payment to the Contractor (“Startup Fee”). The Startup Fee includes one-time provision of:
 - Satellite Installation
 - Prepass Unit and installation
 - Transponder Unit and Installation
 - Decal and Installation

Holdback

The Company reserves the right to retain a portion of the Contractor payment, in the amount of \$2,500.00, the “Holdback”.

The Holdback will be deducted from the monthly Contractor payment in 5 monthly installments of \$500.00 until a total of \$2,500.00 is reached.

The Holdback is held in a Driver Escrow Account is eligible for repayment upon termination of this Agreement, subject to the return of all Company Property and subject to the deduction of any amounts owing to the Company by the Contractor.

Schedule “C” – Disciplinary Action

In order to maintain an effective working relationship with others, Contractors are expected to follow acceptable professional behaviour, as well as the established policies and procedures of Steelhorse Freight Services. Good working relationships are normally maintained by mutual cooperation and self-discipline to correct problem behaviour or performance. On-the-job conduct of Contractors is a major factor effecting the health and growth of any organization. Safety, productivity, and human relationships are at stake.

While not intending to limit the forms of behavior that are considered unacceptable in the work place, the following are examples of unacceptable contractor conduct that may result in disciplinary action, including termination of employment:

- Deliberate destruction or damage to equipment or property of the company, a customer, or fellow worker
- Unauthorized removal of property from the company, a customer, or fellow worker.
- Falsification of documents, personnel or time records, expense reports, service records, or any other company or customer records.
- Working under the influence of alcohol, cannabis, or illegal drugs
- Possession, distribution, sale, or transfer of alcohol, cannabis, or illegal drugs in the work place.
- Possession of or being under the influence of alcohol, cannabis, or illegal drugs, or drugs other than those prescribed by a medical physician.
- Fighting or threatening violence in the workplace.
- Boisterous or disruptive activities in the work place.
- Negligence or improper conduct.
- Insubordination (refusing to properly obey a work order or accept a load offer) or other disrespectful conduct.
- Violation of safety rules.
- Smoking outside designated areas of the work place.
- Sexual or other unlawful or unwelcome harassment.
- Habitual tardiness / Excessive absenteeism or any absence without notice and authorization.
- Unauthorized use of company equipment or property
- Violation of any company policy.
- Unsatisfactory conduct or performance of duties.
- Any form of immoral or indecent conduct while performing work for the company.
- Any conduct which reflects adversely on the company, its owners, contractors, or its customers.
- Possession of firearms or dangerous weapons.

If discipline becomes necessary, the following sequence of collective action shall normally apply. However, acceleration or variations may occur, depending on the nature, seriousness or frequency of the problem.

1. Verbal Warning.
2. Written Warning.
3. Written Warning with possible suspension
4. Termination of Contract

Schedule "D" – Property Return Form

STEELHORSE



FREIGHT

I _____, agree to turn in the following items in good condition in order to receive my final pay.

- Truck Plate
- Trailer Plate if registered to Steelhorse
- PrePass and any other transponders that Steelhorse provides to me
- Authority and Policy Procedure Binders
- Complete Satellite system:
 - Scanner
 - Speaker and Dash controller if installed
 - Head and Head support
 - All cables and wires in working condition (not cut or damaged from removal)
 - Black battery and memory box
 - Cleaning and Calibration Sheets
 - Satellite in cab unit with Key board
- Fuel Cards and fuel stop books
- All POD's, logs sheets, maintenance and all paperwork that belongs to Steelhorse

Failure to return all the above mentioned items will result in a hold of your final pay and or deduction of full value of replacement cost for items damaged or not returned.

Driver Name: _____ Unit #: _____

Driver Signature: _____

Steelhorse Representative Name: _____

Steelhorse Representative Signature: _____

Date: _____