



**Cargo Partners Network Inc.
Self Insurance Fund
Trust and Indemnity Agreement**

Adopted as of August 01, 2007
Revised November 01, 2009
Revised June 21, 2014
Revised February 23, 2018

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SELF INSURANCE FUND - TRUST AND INDEMNITY AGREEMENT

This Trust and Indemnity Agreement (this "Agreement"), dated as of August 01, 2007, and revised November 01, 2009; June 21, 2014 and February 12, 2018 is hereby made and entered into by all members of the Cargo Partners Network Inc. (CPN), which are now, or who may become members upon joining CPN, signatories to this Agreement.

WITNESSETH:

WHEREAS, in accordance with the unanimous wishes of the membership and as expressed at the Annual General Meetings in Shanghai on September 25, 2006 and in Madrid on June 25, 2007, CPN wishes to create a Self-Insurance Fund to indemnify individual members for, or mitigate against, losses which they may suffer as a result of insolvency of a fellow member or non-payment of freight by a member to another member; and



WHEREAS, the fund will be paid for by each Member in a one-time assessment of USD 3,000.00 to a separate account and which fund will constitute a Trust Fund (as hereinafter defined) to be held for the exclusive benefit of the Members; and

WHEREAS, the Members desire the Board of Directors to hold, invest, reinvest and otherwise to administer the Trust Fund, and the Board Members have indicated their willingness to do so, all pursuant to the terms of the Agreement; and

WHEREAS, the Members of CPN – Cargo Partners Network Inc. desire to establish the terms and conditions under which the Corporation will be operated;

WHEREAS, this Trust Agreement represents an integral part of the CPN By-Laws and those may be amended by the Members in accordance with provisions for amendments set forth in such By-Laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged by each party, one to the other, the Members do hereby give and assign in trust US Dollars 3,000.00 each as a one-time assessment, and all income and profits therefrom, and such other sums, income and profits as hereinbefore or hereinafter have been or are made part of the Trust Fund, and hereby accepts the trusts herein contained and declares that it will administer, manage, collect, receive, dispose of and distribute such trust property for the benefit of the Members as hereinafter provided, all parties agree to abide by the terms and covenants contained in this Agreement, as follows:

ARTICLE I – FUND CAPITAL

The Fund will be funded with a one-time assessment of US Dollars 3,000.00 per member. New members, joining the Cargo Partners Network, will be equally obliged to contribute this amount to the Fund as a condition of membership in CPN. The currency of reference shall always be US DOLLARS.

Premiums paid by members are refundable to such members that cancel their membership in CPN, and upon leaving the organization and subject to a zero balance of payables and receivables to any and all members of the CPN network. Such refund, however, is dependent on the Fund Capital being fully available. Should the Fund Capital be in a reduced state, due to obligations under this agreement, then only a proportionate settlement to that member's contribution will be made.

ARTICLE II – FUND MANAGEMENT

The Fund shall be administered by the CPN Board.

The Board shall exercise all powers and duties of the Fund. The Board is responsible to the Members for the diligent management of the Fund in accordance with the caveats outlined in this agreement. A written report on the activity and management of the Fund is to be submitted yearly at least 30 days prior to holding the Annual General Meeting.



ARTICLE III - MEMBERSHIP

Membership in the Fund is obligatory for all members of Cargo Partners Network Inc. Only exceptions will be associate membership categories like Associate Member or Commercial Members.

In the event a Member terminates its membership in Cargo Partners Network Inc., or, alternatively has its membership cancelled in accordance with the By-Laws, the net fund contribution of USD 3,000.00 is refundable upon leaving the organization as described in Article I of this Agreement. However, any interest, or other such benefits, earned by the Fund are forfeited to the Fund.

ARTICLE IV - ACCEPTANCE OF TRUST

Acceptance: The Board of Directors hereby accepts the trusts imposed upon them by this Agreement and agree to perform said trusts in accordance with the terms and conditions of this Agreement. The Members shall hold legal title to the Trust Fund and shall have absolute and exclusive power and control over the management and conduct of the business of the Fund.

Future Members: Whenever any change shall occur in the Membership, the legal title to the property hereby created by this Trust shall pass to those Members then in good standing. Each future Member shall accept the terms and conditions of this Agreement. Acceptance of this Agreement is an integral part of membership in CPN.

Board of Directors' Duties and Obligations: The Directors shall discharge their duties and obligations under this Agreement insofar as it is consistent with this Trust Agreement, solely in the interests of CPN members and for the purpose of indemnifying CPN member firms from the bankruptcy of one of their members and from non-payment of freight by other member(s).

In connection with their management and control of the Corporation, the Directors shall have the following **duties**, which they may delegate, in whole or in part, to the Board:

- (i) Administer the Fund in compliance with this Trust Agreement;
- (ii) Provide for proper accounting and reporting requirements and procedures for each Member so that the Members shall be kept advised at all times of the nature of the claims arising, the manner in which these claims are being handled, and the impact of those claims upon the Fund's viability;
- (iii) Invest the Fund's monies exclusively in safe and highest rated investment vehicles. Furthermore, in making such investment decisions, due consideration must be given to the specific liquidity requirements of this fund;
- (iv) Determine methods of distribution and decide on all applications for indemnification of losses suffered by members. In any event, the right to indemnification of losses on all claims shall be limited to the face value of such claim. The decision of the Directors is final and no further recourse is possible;



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- (v) Determine methods of distribution in the event that any claim or claims exceed the money available in the Fund. In the event of a plurality of members applying for indemnification from the Fund and the aggregate amount exceeding the available capital of the Fund, then the entitlement of each member to indemnification shall be proportionate to the available fund;
 - (vi) Hold all property received by the Fund hereunder, which together with the income and gains therefrom and additions thereto, shall constitute the corpus of the Trust Fund. The Board shall manage, invest and reinvest the corpus of the Trust Fund, collect the income thereof and make payments therefrom as outlined in this Trust Agreement;
 - (vii) Endeavor to see that the Fund is prudently administered to ensure its financial stability and to secure the best return on the Fund's investments that may be safely obtained for the benefit of the Fund;

Liability of the Directors:

- (i) No Director shall be liable for errors of judgment in the execution of the trust created hereunder;
- (ii) Every act done, power exercised or obligation assumed by any Representative or Board Member, pursuant to the provisions of this Agreement, or in carrying out the trusts herein contained, shall be deemed to be done, exercised or assumed by them in their capacity as acting on behalf of the Fund, and not as individuals, and every person or entity contracting with the Fund shall look only to the Fund and property of the Fund for payment under such contract, or for the payment of a judgment or decree or the payment of any money that may otherwise become due or payable on account of the trust herein provided for, and any other obligation arising out of this Agreement in whole or in part, and neither the Representative, present or future, or the Director, shall be personally liable therefor;
- (iii) A Director shall be liable in connection with the performance of his or her duties hereunder only for his or her own willful misconduct or gross negligence.

ARTICLE V - INDEMNIFICATION

Bankruptcy of Member or Non-Payment of Freight: The members would be entitled to claim up to a maximum of USD 35,000.00 every year (January to December) against a bad debt. Where receivables are less than USD 35,000.00, said partner will be compensated up to 80% of their claim.

The Fund shall indemnify each Representative and each Member of the Board, as well as every officer and employee of the Fund against all judgments, if done or omitted in good faith without intent to defraud and within what he or she reasonably believed to be the scope of his or her employment or authority and for a purpose which he or she reasonably believed to be in the best interest of and in connection with the administration, management, conduct or affairs of the Fund.

ARTICLE VI – CONDITIONS FOR INDEMNIFICATION

Members can apply for indemnification against a member's declaration of Bankruptcy (and/or



insolvency) and Non-Payment of Freight for any freight related transactions between member firms. Only freight charges for such undertakings as Airfreight, Oceanfreight and Inlandfreight can be included. Losses for duties and taxes or merchandise value are NOT covered and members are reminded to be especially prudent when making decisions for such advances.

In truly exceptional circumstances – completely and exclusively at the discretion of the Board members may apply for full or part indemnification against freight losses incurred whereby members were caught in a shipper vs. consignee dispute totally beyond their control and proper due diligence.

Any claim must be supported with proper documentation such as B/Ls, Waybills, AWBs, HAWBs and other such documentation as seems appropriate or is so requested by the Board.

It is absolutely conditional upon the member firms to having notified the CPN Head Office of any such unsettled amounts in the regularly requested monthly A/R reports for 90+ days receivables. Failure to do consistently will negate any claim.

The fund does not recognize interest or other claim related costs.

The member receiving compensation from the Fund will assign all further (future) rights of claim to the Fund.

The member applying for indemnification is not in default in paying its premiums and / or membership fee.

ARTICLE VII - FUND REVENUES

Collection of Contributions: The CPN Secretariat shall be the agent for the Trust Fund to collect all Premiums and deposit them in a separate account according to this Agreement.

The Trust Fund shall be deposited in an interest bearing account and shall consist of that portion of the Premium, which is not held in other investments such as bonds, or other such secure, and interest bearing instruments. All administrative costs, including but not limited to, service fees, costs of bonds, audit fees shall be paid from the Trust Fund as authorized by the Directors.

ARTICLE VIII - OPERATION OF THE CPN TRUST FUND

Office: The Board shall designate a principal office of the Trust Fund. Such principal office shall be in Canada until such time as the members or Board Members decide on another location. At the principal office there shall be maintained the books, reports and records pertaining to the Trust Fund and its administration.

The principal office may be the office of the Head Office of CPN – Cargo Partners Network Inc. presently at 6365 Northwest Drive, Mississauga, Ontario, Canada L4V 1J8.

Meetings: According to the By-Laws there will have Annual General Meeting every year during the Conference. Members will have opportunity to raise any issue on Trust Fund.



Voting: Each Member shall have one (1) vote. A vote of two-thirds (2/3) shall be required to amend this Agreement. The two-thirds (2/3) requirement shall be applied to the number of Members who cast a vote on the issue in question, rather than the total number of Members eligible to vote. All other issues shall be determined by a majority of the Members who cast a vote on any given issue.

ARTICLE IX - POWERS OF THE BOARD ON TRUST FUND

The Board shall have the power to control and manage the Fund and to perform such acts, enter into such contracts, engage in such proceedings, and generally to exercise any and all rights and privileges, although not specifically mentioned herein, as the Directors may deem necessary or advisable to administer the Corporation or to carry out the purposes of this Agreement. Any determination made by the Board Members in the exercise of these powers shall be binding upon all Members. In addition to the powers set forth elsewhere in this Agreement, the powers of the Board Members in connection with their managing and controlling the Corporation shall include, but shall not be limited to, the following:

- (i) To receive, hold, manage, invest, reinvest, and control all moneys at any time forming part of the corpus of the Trust Fund;
- (ii) To hold cash, uninvested, for such length of time as the Board Members may determine without liability for interest thereon;
- (iii) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance, including but not limited to, deeds, leases, conveyances, contracts, waivers and releases, and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (iv) To continue to have and to exercise, after the termination of the Corporation and until final distribution, all of the title, powers, discretions, rights and duties conferred or imposed upon the Members hereunder, or by law;
- (v) To construe and interpret this Agreement;
- (vi) To maintain a bank account for the administration of the Corporation and to authorize appropriate persons to make payments from any such account for purposes of the Corporation.

This version supersedes the previous revised Version dated June 21, 2014



Audit Trail

Previous Version	Modified or replaced with:
Cargo Partners Network Inc. Self Insurance Fund Trust and Indemnity Agreement Revised June 21, 2014	Cargo Partners Network Inc. Self Insurance Fund Trust and Indemnity Agreement Revised February 23, 2018
ARTICLE III - MEMBERSHIP First paragraph: Membership in the Fund is obligatory for all members of Cargo Partners Network Inc. There are no exceptions.	ARTICLE III - MEMBERSHIP Replaced with: Membership in the Fund is obligatory for all members of Cargo Partners Network Inc. that pay the full rate membership fees. Only exceptions will be associate membership categories like Associate Member or Commercial Members.
ARTICLE V – INDEMNIFICATION Bankruptcy: The Fund shall indemnify each partner’s receivables up to a maximum of USD 25,000.00. Where receivables are less than USD 25,000.00, said partner will be compensated up to 80% of their claim. Non-Payment of Freight: The members would be entitled to claim up to a maximum of USD 10,000.00 every year (January to December) against a bad debt.	ARTICLE V - INDEMNIFICATION Replaced with: Bankruptcy of Member or Non-Payment of Freight: The members would be entitled to claim up to a maximum of USD 35,000.00 every year (January to December) against a bad debt. Where receivables are less than USD 35,000.00, said partner will be compensated up to 80% of their claim.
No statement of superseding	This version supersedes the previous revised Version dated June 21, 2014