



CPN By-Laws

Ver. 2018-01

Revised February 23, 2018

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ARTICLE I: NAME OF NETWORK

The name under which the organization shall be known is “Cargo Partners Network Inc.” (CPN). The name was duly registered and patented under the laws of Canada on June 24, 1997 as a not- for- profit Canadian Corporation. It was established to provide a medium through which Independent Freight Forwarders around the world can link up with likeminded firms to compete on an equal level with any of the multinational Freight Forwarders and Logistics providers.

ARTICLE II: MEMBERSHIP

Section 1

The number of partners per country is principally restricted to one or two partners; with the exception of China, India, Brazil, Canada, USA and Russia where the sheer size of the territory and multiplicity of economic centers may warrant more than two partners.

Section 2

Membership in the network shall not be transferable.

Section 3

Application for membership shall be in a form prescribed, from time to time, by the Board of Directors (BOD).

Following the vote of acceptance on an application, as provided for in Article II, Section 10, the CPN Secretariat shall circulate the result of the vote to all regular and associate partners of the Network via electronic news bulletin and the web page.

Section 4

Associate Members are companies that provide related services to Freight Forwarders like Airlines, NVOCC, Insurance Companies, Container Companies, etc. These companies will pay full Membership fees and be expected to sponsor events at the regular CPN Conference.



Commercial Associate Membership is open to international freight forwarding companies that cannot pay the Full Membership rate; but are interested to conduct business with the CPN members. They are not covered by the trust Fund

Section 5

A CPN member can introduce a company of their knowledge to the CPN management to fill gaps in territories where CPN has no representation or that representation is incomplete. If the referred company is eventually admitted in CPN, the referring company will be compensated with \$ 1000.00 USD. A referring company can only be compensated once for this concept.

Section 6

Companies applying for either *Associate* or Regular partnership shall designate in their application for membership their two accredited representatives for the purpose of the network. Such representatives may be changed by a partner at any time but must be reported immediately to the CPN Secretariat. Of the two representatives, one shall be designated as the management representative and one as the CPN representative for Network business development.

Section 7

Only Regular members may serve and have voting privileges on the BOD and only Regular members shall be entitled to voting privileges at meetings of the Network. Only one accredited representative shall have the right to cast a vote at any one time. Network *Associate* members may, from time to time, be excluded from certain network meetings, and receipt of certain other information.

Section 8

Any partner may be suspended or expelled for any cause deemed sufficient by the BOD by a majority vote of the directors of the BOD. Any member liable to such suspension or expulsion shall, within a reasonable delay, be informed of the reason(s) for the suspension or expulsion.

The partner will have the right to appeal the decision in person or in writing to the full BOD who then will make a final and binding decision.

Section 9

Any partner indebted to the Network for dues or otherwise, for a period of 60 days or more from date of maturity, shall be advised by letter or electronic transmission from the CPN Secretariat. Failure of such member to pay the dues (or otherwise) in full within a period of 30 days from the date of receiving such notice, shall entitle the BOD to expel such partner from the Network in conformity with the procedure of Article II – Section 7.

Section 10

All resignations shall be submitted in writing or by electronic transmission to the Secretariat. The BOD shall refuse a partner's request for resignation if it is indebted to the Network – or a partner thereof - in any amount either in dues or otherwise. Any partner ceasing to be a member of the Association forfeits all interest in, or claim to, the property of the Network with the exception of their Trust Fund contributions as accounted for under Article IV.

Section 11

The BOD may, at its complete discretion accept, approve or deny any application for regular or associate partnership in the Network. It is also at the BOD's discretion whether or not to accept one or two partners per country.



The BOD shall approve, or deny, such applications by a majority vote of the Directors upon receipt from the Secretariat of all relevant details required to make an informed decision. Witness: CPN membership application, Acceptance of Agency Agreement and Code of Ethics, the latest financial data, Insurance proof and Bank Reference letter of the prospective partner.

All CPN members must provide their Financial Statements and Insurance Certificate every year in January to the CPN Secretariat.

Section 12

Only partners in good standing shall have the right to exercise the privileges of membership.

ARTICLE III - MEMBERSHIP DUES AND FEES

Section 1

Annual dues shall be determined, from time to time, by the partners at the Annual General Meeting (AGM).

Section 2

Dues shall be billed and payable annually in advance. Members will be invoiced during the first two weeks of January each year and payments should be received no more than 60 days after the date the invoice was sent. If failing to meet this deadline, members will have a second deadline to make the payments up to 30 days more; but in such a case, a late payment penalty fee of \$ 200.00 USD per invoice past due will be applied. In the case of a partner joining the Network in the course of the financial year, dues shall be adjusted pro-rata. Dues are not refundable either in whole or in part.

Section 3

At the Annual General Meeting, the partners may, by a two thirds vote of the partners attending in person, approve a resolution of the BOD for a special monetary assessment on the partners to advance the interests of the Network. If such assessment remains unpaid, the provisions of Article II – Section 9 apply.

ARTICLE IV - CPN TRUST FUND

Section 1

The Trust Fund is governed by a Trust and Indemnity Agreement dated August 1, 2007 that was updated on November 1, 2009, January 4, 2010, June 21, 2014 and February 23, 2018. It encapsulates the governance principles of the Fund. A copy thereof can be requested at any time by any regular partner.

Section 2

The CPN Trust Fund is a financial protection program for all partners and membership is compulsory. The primary purpose of the Fund is to indemnify CPN Member Firms against the (1.1) bankruptcy and (1.2) non-payment of freight by another CPN member firm.

1.1. The interpretation of bankruptcy shall also apply to an instance where a partner firm declares insolvency and cannot fulfill its financial obligations.

1.2. Non-payment of freight is governed by CPN Freight Protection Program (FPP) which is adopted on June 21, 2014. FPP provides payment guarantee to CPN members in case of non-payment of freight by other CPN Member Firms.



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Section 3

3.1. Members can apply for indemnification against a member's declaration of bankruptcy (and/or insolvency) for any freight related transactions between member firms. Only freight charges for such undertakings as Airfreight, Ocean freight and Inland freight can be included. Losses for duties and taxes or merchandise value are NOT covered. The fund does not recognize interest or other claim related costs.

3.2. Under the FPP only freight charges for such undertakings as Airfreight, Ocean freight and Inland freight can be included. Losses for duties and taxes or merchandise value are NOT covered. 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, either in whole or up to the amount paid out by the Trust Fund. Should bad debt recovery be successful, then any amount in excess of that paid out by the Fund will be credited to the partner in question, if so deserved.

Section 4

The Fund is funded through contributions by the regular member firms. Upon joining the partnership, the new partner will be billed USD 1000.00 as a first contribution to the Fund. A further USD 500.00 will be billed thereafter for a period of four years. If and when payouts from the Fund occur, then such amounts will be proportionally billed to the partners in the following year to bring the Fund back to the desired level.

When a partner elects to leave the Network, the Trust Fund contributions are refundable to the former member proportionate to the Fund's potential payouts until such time.

Section 5

5.1. The Fund shall indemnify each partner's receivables up to a maximum of USD 35,000.00 per incidence in case of bankruptcy of any CPN Member Firm. The compensation will be capped at 80% of the claimed amount as 20% is considered profit and not a loss.

5.2. Under the FPP, members will be entitled to claim up to a maximum of USD 35,000.00 per year (January to December) against a bad debt. A members' claim would be covered under this Program only if the member inform every month the outstanding payment to the CPN Secretariat of all invoices 90 days past due.

The Board of Directors will have the discretion power to refer the non-payment issue to the CPN Arbitration or to resolve by the members of the Board.

In case of bankruptcy and non-payment of freight, a partner firm has been expelled from the Network due to its inability to uphold CPN payment principles and other standards and it unable and/ or unwilling to settle remaining outstanding amounts with other partners.

Section 6

As the fund grows, the maximum payout per incidence can be increased by a majority vote of the Board



of Directors.

The CPN Trust Agreement is part of the CPN By-Laws and those may be amended by the Members in accordance with provisions for amendments set forth in these By Laws.

ARTICLE V - MANAGEMENT

Section 1

The property and business of the Corporation shall be managed by a Board of Directors of no less than five (5) members and no greater than nine (9) directors of whom a majority will constitute a quorum. Directors need to be members of the CPN Network.

A retiring Director shall remain in office until the dissolution or adjournment of the meeting at which his/her retirement is accepted and his/her successor elected. There shall be at least one (1) meeting per year of the Board of Directors.

Section 2

Directors are elected at the Annual General Meeting (AGM) for a term of 2 years. After the two year period, the Director(s) must be re-elected by a majority vote at the AGM. Nominations to the directorship of an individual are usually proposed by the BOD. However, if at the AGM other candidates are proposed in accordance with Article VI – Section 4, then a majority vote will determine the election of the individual. Said meeting also has the right to pass by majority vote the removal of a certain Director(s).

Section 3

The Executive Committee shall consist of the Chairman and the President. The Chairman shall be elected by the members of the Board on a two-year basis, whereby the President, as founder of the Network, is elected for life subject to the caveats mentioned in Section 6.

Section 4

The Chairman or the President of the Network shall preside at all meetings of the Network or the BOD. In the unexpected event that both individuals will be absent, the Chairman shall designate a Director to represent them at said meeting.

Section 5

Should a vacancy occur on the Board of Directors, the remaining Directors shall fill the vacancy amongst the regular members. The candidate(s) will be proposed by the BOD by existing Directors. A simple majority is required for the nomination to be accepted. The term of office of such replacement director shall not exceed the remainder of the term of the director whose position is vacated.

Section 6

The office of Director shall be automatically vacated if a Director has resigned his office, ceases to retain membership qualifications, becomes bankrupt/insolvent or makes an assignment for the benefit of his/her creditors.

Directors of the Corporation shall serve without remuneration and no Director shall directly or indirectly receive any profit from that Director's position as such. When Directors are required to attend a BOD meeting, CPN covers the cost of up to three-night accommodation, meals and drinks plus meeting room costs. Additionally, Board Members and Advisors will be compensated up to a limit of \$ 2,000.00 USD for



the travel to such BOD meetings, against presentation of airfare ticket receipts, in order to assist to partially cover their expenses. When Directors attend a meeting precedent or during the Annual Conference and the AGM the Directors will receive a flat compensation of \$ 1,000 each. The procedure for payments will be against submission of the CPN Expense Report and copy of relative receipts. The compensation should not be applicable when a Board member or Advisor attends a meeting in the way of telephone or internet conferencing¹

Section 7

The Secretariat, under the direction of the President, shall have charge of the Seal of the Corporation, its papers and documents, books and records, including keeping of the roll of members. The President shall certify documents issued by the Corporation and shall direct the Secretariat in other duties as may be assigned by the BOD.

Section 8

The President shall act as Treasurer of the Corporation and shall have the custody of the funds of the Association and shall deposit same to the credit thereof in a chartered bank. All checks, notes, drafts, orders of payment, and all negotiable or non-negotiable instruments of the Association shall be signed by him.

It is the President's duty to present a yearly Balance Sheet and Income Statement at the Annual General Meeting and have same approved by the partnership. In addition, the BOD will designate and elect an internal auditor from amongst the member firms to monitor the financial affairs of the Corporation.

Section 9

The BOD may appoint such agents and engage such employees as it shall deem necessary, from time to time, and such agents/employees shall have such authority and shall perform such duties as shall be prescribed by the BOD at the time of each appointment. A reasonable remuneration for such agents/employees shall be fixed by the Board of Directors by resolution.

Section 10

Every Director or officer of the Corporation or other person who has undertaken or is about to undertake any liability on behalf of the Corporation shall at all times be indemnified and saved harmless out of the fund of the Corporation, from and against;

- a) all costs, charges and expenses which such director, officer or other person sustains or incurs in or about any action, suit or proceeding which is brought, commenced or prosecuted against him or her, or in respect of any act made done or permitted by him or her, in or about the execution of the duties of this/her office or in respect of any such liability;
- b) all other costs, charges and expenses which s/he sustains or incurs in or about or in relation to the affairs thereof.

This indemnification is revoked if and when a Director incurs such costs, charges or expenses as are occasioned by his/her own wrongful and willful act, neglect or default.

The liability undertaken by the Director or Officer of the Corporation has to be approved by the BOD prior to its execution.

¹Adopted by majority vote in the CPN BOD Meeting, Barcelona, January 20-21-2018.

Section 11

From time to time the Directors may appoint ad-hoc, non-voting advisors to the BOD.



ARTICLE VI - MEETINGS

Section 1

Meetings of the BOD shall be held at minimum once a year and at such reasonable time and place as the Chairman or President may fix. A simple majority of Directors present shall constitute a quorum for the transaction of business. Further meetings may be called by the Chairman and/or President and/or by a minimum of 3 Directors. A minimum of 30 days prior notice is required to call a meeting either in writing or by e-transmission.

Video or Tele-conferencing may be used as an acceptable form of meeting provided it meets all criteria for a meeting of the BOD (proper quorum, notice etc.) and such that it is possible to conduct the business that may arise during the course of the meeting (voting, rules of order, etc.) and that it is conducted within the By-Laws of the Corporation.

Section 2

The Annual General Meeting of the membership shall be held during the yearly CPN Conference. The preferred time is in the spring of each year at a date and place (region) as pre-selected at the AGM during the previous Conference and at the bidding of the BOD. This will include early notification and invitation to CPN members of the specific region (Europe/North America incl. Mexico/Central and South America/Middle East and Mediterranean/Asia/Indian Sub-Continent. Interested members will then be given a specific timeline to submit their interest to host the CPN Conference. Such expression of interest should be accompanied by a presentation of the proposed venue, capabilities, support from local authorities, possible sponsors etc.

Attendance of the annual CPN Conference is mandatory for all CPN Members. Only once in 5 year period a member can ask for waiver on the ground of extreme emergency. Only CPN Board will have the discretion to consider the request of waiver. Non-attendance will lead to risk of automatic membership cancellation. In addition, when a company exceeds the permitted quota of once in 5 years under "extreme emergency" and fails to attend the Annual General Meeting, the condition of exclusivity for this company's territory will be revoked and the Board of Directors will be allowed to set up a process for seeking an additional member for the involved territory, so this territory is always represented and the continuity of the CPN business on it is guaranteed.



Section 3

Notice of the Annual General Meeting and Conference shall be sent by the Secretariat to each regular and associate member by electronic transmission. Location and dates are usually fixed well ahead of time and communicated to the members not less than four months prior to the meeting/conference.

The notice for the AGM shall contain sufficient information for the regular member to form a reasoned judgment on the business to be transacted at that meeting and shall be sent to the last known (e-mail) address of the regular member 14 days ahead of time.

Section 4

At a meeting of the BOD prior to the AGM, the Directors shall prepare a list of candidates for election to the BOD – if so required. No member shall be nominated who has not first given his/her consent to stand for election. Regular members, together with the consent of the nominee, may submit additional nominations for election in writing or by electronic transmission at least three weeks prior to the Annual General Meeting.

ARTICLE VII - ETHICS AND STANDARDS

Section 1

Each partner shall primarily be guided by the CPN Code of Ethics that he/she signed at the commencement of their Network membership.

Section 2

A CPN Regular Member must discharge his/her duties with honesty and integrity. The Regular member pledges a reasonable standard of competence towards his/her clients and undertakes to perform the services executed on behalf of the client in a conscientious, diligent and efficient manner. The Regular member pledges to hold in strict confidence the business and the affairs of the client. No such information is to be divulged unless authorized by the client or required by law. The Regular member agrees to observe all relevant national and international laws regarding the movement of goods entrusted to him/her. As part of the duties s/he owes to their client, the Regular member shall not withdraw his/her services, except for good cause, and in all cases upon appropriate notice.

Section 3

Cases of non-compliance of the Code of Ethics shall be advised to the Secretariat who shall report such incidence to the Board of Directors for further measures.

Section 4

The suspension or expulsion of a member from the Network due to a violation of the Code of Ethics shall be handled in conformity with Article II – Section 7.

ARTICLE VIII – GENERAL

Section 1

The By-Laws may be amended by a two-thirds vote of the Regular Members present at any Annual General Meeting provided notice of such amendment has been conveyed to the Secretariat at least fourteen days before such meeting. Regulations made under these By-Laws by the BOD, and



amendments thereof, shall be forwarded to each member and made available to any Regular and Associate member at any time.

The Board of Directors may prescribe such rules and regulations not inconsistent with these By-Laws relating to the management and operation of the Corporation as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual general meeting of the members of the Corporation when they shall be confirmed, and failing such confirmation at such AGM, shall at and from that time cease to have force and effect.

Section 2

Unless otherwise ordered by the Board of Directors, the fiscal year end of the Corporation shall be December 31.

Section 3

The Board of Directors may appoint committees whose members will hold their offices at the will of the BOD. The Directors shall determine the duties of such committees and may fix any remuneration to be paid to members thereof.

Section 4

All Annual General Meetings shall be consistent with the By-Laws of the Corporation and held according to the format and precedents set in the past.

This version of CPN By Laws supersedes the previous Revised Version from 2016



Audit Trail

Previous Version	Modified or replaced with:
CPN By-Laws Ver. 2016-01 Revised June 20, 2016	CPN By-Laws Ver. 2018-01 Revised February 23, 2018
<p style="text-align: center;">Article II – Membership Section 4</p> <p>Section 4 Associate Membership in Cargo Partners Network shall be open to any firm interested in furthering the objectives of Cargo Partners Network and in receiving the services offered by Cargo Partners Network, upon payment of the Associate Membership fees. The Associate Membership fee will be determined by the Board of Directors and may be adjusted from time to time.</p> <p>An Associate member cannot be an International Freight Forwarder, but can represent any other professional discipline that has a direct or indirect interest in transportation and logistics. Associate Members can participate in the Annual Conferences and the Annual/Special General Meetings, but shall not have voting power at the Annual or Special General Meetings of Cargo Partners Network.</p>	<p style="text-align: center;">Article II – Membership Section 4</p> <p>Replaced with: Section 4 Associate Members are companies that provide related services to Freight Forwarders like Airlines, NVOCC, Insurance Companies, Container Companies, etc. These companies will pay full Membership fees and be expected to sponsor events at the regular CPN Conference.</p> <p>Commercial Associate Membership is open to international freight forwarding companies that cannot pay the Full Membership rate; but are interested to conduct business with the CPN members. They are not covered by the trust Fund</p>
<p style="text-align: center;">Article II – Membership Section 5</p> <p>Section 5 A CPN member can introduce a company of their knowledge to the CPN management to fill gaps in territories where CPN has no representation or that representation is incomplete. If the referred company is eventually admitted in CPN, the referring company will be compensated with \$ 500.00 USD. A referring company can only be compensated <u>once</u> for this concept.</p>	<p style="text-align: center;">Article II – Membership Section 5</p> <p>Replaced with: Section 5 A CPN member can introduce a company of their knowledge to the CPN management to fill gaps in territories where CPN has no representation or that representation is incomplete. If the referred company is eventually admitted in CPN, the referring company will be compensated with \$ 1000.00 USD. A referring company can only be compensated <u>once</u> for this concept.</p>
<p style="text-align: center;">Article IV – CPN Trust Fund</p> <p>Section 1 The Trust Fund is governed by a Trust and Indemnity Agreement dated August 1, 2007 that was updated on November 1, 2009, January 4, 2010, June 21, 2014 .</p>	<p style="text-align: center;">Article IV – CPN Trust Fund</p> <p>Replaced by: Section 1 The Trust Fund is governed by a Trust and Indemnity Agreement dated August 1, 2007 that was updated on November 1, 2009, January 4, 2010, June 21, 2014 and February 23, 2018.</p>
<p style="text-align: center;">Article IV – CPN Trust Fund</p> <p>Section 5 5.1. The Fund shall indemnify each partner’s receivables up to a maximum of USD 25,000.00 per incidence in case of bankruptcy of any CPN Member Firm. The compensation will be capped at 80% of the claimed amount as 20% is considered profit and not a loss. 5.2. Under the FPP, members will be entitled to claim up to a maximum of USD 10,000.00 per year (January to December) against a bad debt. A members’ claim would be covered under this Program only if the member inform every month the outstanding payment to the CPN Secretariat of all invoices 90 days past due.</p>	<p style="text-align: center;">Article IV – CPN Trust Fund</p> <p>Replaced by: Section 5 5.1. The Fund shall indemnify each partner’s receivables up to a maximum of USD 35,000.00 per incidence in case of bankruptcy of any CPN Member Firm. The compensation will be capped at 80% of the claimed amount as 20% is considered profit and not a loss. 5.2. Under the FPP, members will be entitled to claim up to a maximum of USD 35,000.00 per year (January to December) against a bad debt. A members’ claim would be covered under this Program only if the member inform every month the outstanding payment to the CPN Secretariat of all invoices 90 days past due.</p>



Previous Version	Modified or replaced with:
<p style="text-align: center;">Article V – Management, Section 6</p> <p>Section 6 (Second paragraph) Directors of the Corporation shall serve without remuneration and no Director shall directly or indirectly receive any profit from that Director’s position as such, provided that a Director may be paid reasonable expenses incurred in the performance of directorial duties. However, Board Members and Advisors should be compensated with \$ 1,000.00 USD when they are required to travel for BOD meetings to assist to partially cover their expenses. This compensation should not be applicable when a Board member or Advisor attends a meeting in the way of telephone or internet conferencing</p>	<p style="text-align: center;">Article V – Management, Section 6</p> <p>Replaced with: Section 6 (Second Paragraph) Directors of the Corporation shall serve without remuneration and no Director shall directly or indirectly receive any profit from that Director’s position as such. When Directors are required to attend a BOD meeting, CPN covers the cost of up to three-night accommodation, meals and drinks plus meeting room costs. Additionally, Board Members and Advisors will be compensated up to a limit of \$ 2,000.00 USD for the travel to such BOD meetings, against presentation of airfare ticket receipts, in order to assist to partially cover their expenses. When Directors attend a meeting precedent or during the Annual Conference and the AGM the Directors will receive a flat compensation of \$ 1,000 each. The procedure for payments will be against submission of the CPN Expense Report and copy of relative receipts. The compensation should not be applicable when a Board member or Advisor attends a meeting in the way of telephone or internet conferencing¹</p> <hr/> <p><small>¹Adopted by majority vote in the CPN BOD Meeting, Barcelona, January 20-21-2018.</small></p>
Previous Version	Modified or replaced with:
<p>Ver. 2016-01 Revised June 20, 2016</p>	<p>This version of CPN By Laws supersedes the previous Revised Version from 2016</p>