

RULES & PROCEDURES



conqueror
FREIGHT NETWORK

conquer the world, be global

www.conquerornetwork.com

The Conqueror Rules and Procedures

Along with high **admission standards** for members, **exclusive territories**, and a **global brand**, what makes the CONQUEROR Freight Network (CQR) different is what we call '**disciplined cooperation**'. All our members agree to follow our rules, and to report any violations by other members. Members who break the rules will be expelled and replaced by the next best-qualified applicant on our waiting list for each territory.

The Conqueror rules in brief

- Work to high professional standards
- Charge competitive rates
- Work with other CQR members on a steadily increasing proportion of your shipments
- Post your current standard local charges for other members only (password-protected)
- Respond quickly to sales leads and requests from other members
- Pay invoices from other members on time
- Display the CONQUEROR logo on all your company communications
- Attend our Annual Meeting
- Learn all the rules in detail and follow them

Rule 1. General Obligations

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Rule 1. General Obligations

Members will protect the network's interests and reputation within their territories by maintaining the highest standards of integrity, quality, and customer service, and by charging competitive rates.

1.1. Reporting violations: Members will notify the CQR Organization when they know or suspect that other members are engaged in dubious business practices of any kind, such as charging significantly higher rates than the average market rates in their territories, providing poor service to their customers, or neglecting their responsibilities to other members.

Rule 2. Obligation to cooperate with other members

Members will transfer steadily an increase in the proportion of shipments involving other members.

2.1. Procedure for finding a member: When planning a shipment, in order to locate the member representing CQR in a particular territory, members will enter the name of the city of pickup or delivery in the search box of the Agent Finder tool on the CQR Intranet. The name and location of the nearest member will appear, along with the distance in kilometres between the member's location and the origin/destination of the shipment, and a map showing the two locations. Special Case: When a customer's contact person is in a location different from the city of pickup or delivery, preference will be given to the member at the location nearest to the contact person, with a view to future sales visits.

2.2. Verification of compliance: Members will provide evidence of their cooperation with other members at the request of the CQR Organization.

2.3. Penalty for failure to comply: Members who have failed to show a steady increase in their cooperation with other members will be expelled from the network and replaced by the next best-qualified applicant on the waiting list for that territory.

2.4. Statistics: Twice a year, members will send CQR Organization a full account of the number of shipments sent, with details of the number of TEUs and/or kilos, origins, destinations, etc. CQR Organization will use the totals for all members as a basis for negotiating lower rates from carriers and insurers on their behalf.

Rule 3. Obligation to notify of local rates and charges

Members will provide the CQR Organization with a list of all their current local charges for departure/arrival of air/sea shipments, which will be posted on the password-protected CQR Intranet for other members' use as a basis for preparing quotations.

3.1. Contents: This list will cover Air import/export, FCL import/export, and LCL import/export, and will also include local charges such as THC, documents, port taxes, customs clearance, inlands to/from ports/airports, etc. Members will keep these local rates and charges up to date at all times, and will accept normal shipments from other members based on these published rates.

3.2. Exception: Rates for large-volume and complex shipments may be negotiated between members.

3.3. Confidentiality: Members will not disclose to third parties the rates charged by other members as published on the password-protected CQR Intranet. Such disclosure will constitute grounds for expulsion from the network.

Rule 4. Admission of new members. Membership Application Process.

Having viewed the [Territories and Fees](#) section of the website to determine whether the CQR territory corresponding to his city is available, the freight forwarder wishing to join CQR will complete and return the [Membership Application](#) form, and will supply all the data and additional documents that may be specified. If selected as a potential member, the applicant will complete and return 1) the Membership Agreement (signed and stamped), and the Local Charges form.

4.1. Screening of Applicants

4.1.1. Verification: The CQR Organization may use [Dun & Bradstreet](#) or other independent credit risk assessor to supply a financial report for the purpose of corroborating the financial data supplied as part of the membership application procedure, and confirming that the applicant firm is stable and solvent. The risk assessor will be asked to propose a reasonable credit risk limit for each applicant. In the event that the applicant is admitted as a member, this credit risk limit will be published on the CQR Intranet where it may be viewed solely by other members and the CQR Organization. Credit risk may exceed the displayed limit only when the two parties agree in writing, and under their own exclusive responsibility.

4.1.2. Financial Ratios: Applicants' liquidity and solvency positions should meet the following standards:

Liquidity ratio = $(A/B + C/D) / 2$ = the result should be equal or superior to 1.

(A = Current Assets YEAR-2 (includes cash, equivalents, accounts receivable, inventories, prepaid expenses). B = Current Liabilities YEAR-2 (includes bank loans and notes payable, long term debt due; 1 year, accounts payable, taxes payable, wages, salaries, bonuses payable). C = Current Assets YEAR-1 (includes cash, equivalents, accounts receivable, inventories, prepaid expenses). D = Current Liabilities YEAR-1 (includes bank loans and notes payable, long term debt due 1 year, accounts payable, taxes payable, wages, salaries, bonuses payable))

Gearing ratio = $(A/B + C/D) / 2$ = the result should be equal to or less than 2.

(A = Medium and Long Term Debt YEAR-2 (Due 1 Year). B = Owners Equity YEAR-2 (Include shares/stock value, additional contributed capital, retained earnings and reserves). C = Medium and Long Term Debt YEAR-1 (Due; 1 Year). D = Owners Equity YEAR-1 (Include shares/stock value, additional contributed capital, retained earnings and reserves)

4.1.3 Insurance: Coverage by Errors and Omissions and Freight Service Liability insurance, as detailed below, is optional but highly recommended:

4.1.3.1. Insured Services:

- Freight Forwarder acting as Agent (Road, Sea and Air)
- Freight Forwarder acting as Principal (Road, Sea and Air)
- Non Vessel Operating Cargo Carrier (NVOCC)

4.1.3.2. Trading Areas: Worldwide

4.1.3.3. Limit of Liability:

- Errors and Omissions minimum coverage limit: 50,000 USD per incident or occurrence
- Freight Service Liability minimum coverage limit: 200,000 USD per incident or occurrence

4.2. Notification and Admission:

4.2.1. Notification: The CQR Organization will decide on new applications and notify the applicant of its decision in writing within approximately 15 days.

4.2.2. Membership Agreement: In the event that an application is approved, this notification will be accompanied by a Membership Agreement which the applicant will sign, stamp, and return to the CQR Organization.

4.2.3. Payment Protection Plan (PPP): A space is provided on the membership application form for the applicant to indicate whether or not he/she chooses to participate in the PPP.

4.2.4. Admission: Upon receipt of the duly signed and stamped Membership Agreement, the CQR Organization will admit the new member which will thenceforth hold exclusive rights to operate as a CQR member in the city and/or territory assigned by CQR as long as it meets its obligations as set forth in the Membership Agreement and Rules and Procedures. All existing members will be notified of the admission of the new member.

4.2.5. Listing: An Agent Profile of each member will be published in the *Agent Finder* section of the password-protected CQR Intranet, and will be accessible to other members. This listing will include the member's trading name, location, contact details, bank details, local charges, and recommended credit risk limit, along with other pertinent information, such as any special capabilities or services offered.

Rule 5. Annual Membership Fee and Payment Protection Plan (PPP) contribution

Agents who intend to continue as members for another year must order a bank transfer to pay the full amount of the next year's membership fee. If they choose to participate in the Payment Protection Plan (PPP), they must send a separate transfer of 500 EUR in payment of the first annual contribution to the PPP.

5.1. Membership fee amount: The annual membership fee varies from one territory to another. The fee for each territory can be found on the CQR website under *Territories and Fees*. Membership fees will be revised each year, but increases will never be larger than 10% in a single year.

5.2. Discounts for referrals: Members who recommend other qualified freight forwarding agents as candidates to join CQR will obtain either a 25% discount on their next membership fee or USD250 worth of Amazon.com e-vouchers for every successful candidate. For those wishing to participate, a Referral Program Form is available on the CQR intranet.

5.3. PPP contribution amount: The annual fee for participation in the PPP will be 500 EUR. This amount will be revised each year, but any increase will never exceed the 10% in a single year. Full details of the PPP are available on the CQR website under *Payment Protection Plan*.

5.4. Invoice and payment: Annual membership fee and PPP contributions will be invoiced 30 days before the end of the membership year, and payment by bank transfer will be due before the end of the membership year. All bank charges will be paid by the member.

5.5. Branch offices: Members may register their branch offices in the same country as the principal member. For each branch they register they will pay only 50% of the published membership fee for the territory and 500 EUR annually as the contribution due from each branch office to the PPP.

5.6. Refunds: No refunds of membership fees or contributions to the PPP will be made to a member who has outstanding payment obligations to other members. A member who voluntarily resigns from the network will be refunded 80% of his contribution to the PPP for that year, less a proportion of any claims made against the fund. No part of the annual membership fee will be refunded in the event of a member's expulsion or resignation.

Rule 6. Termination of membership

Rule 6-A. RESIGNATION: Any member who wishes to resign from the network must notify the CQR Organization of these intentions at least one month before the end of the membership year.

6-A.1. Late notice: If the written resignation is received later than 30 days before the end of the membership year, the member will pay the full membership fee.

6-A.2. Refunds: Members who resign from the network will be refunded their total contributions to the PPP fund, less:

- 20% of this total, which will be retained by CQR to cover expenses anticipated to arise in respect of future claims, such as legal or debt collection costs.
- The member's pro rata share of the total monies disbursed to meet claims made against the fund during the period of their membership.

The refund --net of these two amounts-- will be made by bank transfer during the first quarter of the calendar year.

Rule 6-B. EXPULSION: Members who are expelled for any of the reasons listed below are liable to forfeit all claims for refund of any part of membership fee and/or contribution to the PPP fund.

- Engaging in dubious business practices, rendering poor service, or neglecting responsibilities to other members.
- Failure to cooperate with or request cooperation from other members.
- Recurrent late payments of invoices issued by other members.
- Failure to pay invoices issued by other members.
- Failure to attend two consecutive annual conventions.
- Failure to actively contribute to sales promotion.
- Bad faith in a dispute with another member.
- Recurrent violations of any other rules.

Rule 7. Language and Communications

The English language will be used in all business and institutional communications between members. Members will adhere to the following procedures in their e-mail communications with other members and with the CQR Organization.

7.1. Members: The subject line in all e-mail communications between members must begin with the initials 'CQR', followed by the name of the city of origin, and then followed by the subject of the email, as shown in the following examples:

CQR - New York / Booking 1x40'HC Hong Kong - New York

CQR - Paris / Air rate to Ho Chi Minh

CQR - Melbourne / Pre Alert 325 Kg to Kobe

7.2. CQR Organization: The subject line of all email communications sent by the CQR Organization will begin with 'CQR - Head Office', followed by the message subject, as show in the following example:

CQR - Head Office / New agent incorporation in Sudan

Rule 8. Sales Coordination

All members are obliged to contribute actively to sales promotion and coordination.

8.1. Sales leads: Members are encouraged to download the Sales Lead Form from the CQR Intranet. By using these forms, members will be sure that no important information will be omitted.

8.2. Response time: A member receiving a sales lead will acknowledge receipt on the same day. Within five working days the receiving member will contact the customer, visit the customer if necessary, and notify the sending member of the status of the sales lead.

8.3. Buying and selling rates: All members will provide NET/NET buying rates and real selling rates to the other members. For the sake of transparency, at the request of members with whom they have cooperated in a transaction, the corresponding members will furnish copies of the respective invoices received from suppliers and sent to customers.

8.4. Quotations: All quotations must show: a) the prices offered by at least two different carriers in order to give the buyer a choice; b) the currency to be used; c) transit time; d) route; e) airline/shipping line.

8.4.1. Surcharges: Any applicable surcharges such as BAF, CAF, Fuel, Security, Congestion, War Risk, etc. will be those valid at the time of shipment.

8.4.2. Additional costs: The contracting party must be notified of any additional costs that may arise and be asked to approve them. No member may charge for services not specified in the quotation or make extra charges that were not submitted in advance to the approval of the contracting party.

8.4.3. Quotation response time: Members will reply promptly to requests for quotations received from other members. Those requests received in the morning will be answered on the same day, and those received in the afternoon will be answered by the following morning at the latest. *Special case 1:* When it is not possible to determine the exact cost, and/or in the event of complex shipments, members will ask for extra time to prepare the quotation and specify a deadline for submitting it. *Special case 2:* The maximum period for preparing a quotation for major tenders should never exceed ten working days.

8.5. Profit Sharing: For shipments involving the cooperation of two members, the following profit sharing rules will apply:

8.5.1. FOB charge profits: will not be shared, but withheld by the shipper agent at origin.

8.5.2. Destination charge profits: will not be shared, but withheld by the consignee agent at destination.

8.5.3. Freight: Only the profit made from the freight of the shipment will be shared by the members at both ends, as shown below:

Incoterm	Profit Share on Freight
EXW	50% / 50%
FCA	50% / 50%
FAS	50% / 50%
FOB	50% / 50%
CFR	No Profit Share
CIF	No Profit Share
CPT	No Profit Share
DAF	No Profit Share
DES	No Profit Share
DEQ	No Profit Share
DDU	No Profit Share
DDP	No Profit Share

8.5.4. Prepaid cargo: As a general rule members will not share profits earned from prepaid cargo. However, the destination member may handle the shipment and earn a profit by applying market rates to local delivery charges. If the cargo is prepaid but the shipment has been routed, then the destination member will be obliged to share the profit earned on the freight.

8.6. Selling Rates: The member coordinating the shipment shall have the final word on selling rates.

Rule 9. Payments

Invoices for all shipments sent/received within a calendar month will be paid between the 12th and 15th day of the following month. Customs charges (VAT and other taxes) will be paid at the same time as the invoice/cash.

9.1. Means of payment: All invoice payments will be made by bank transfer. All bank fees will be paid by the member ordering the transfer.

9.2. Advance notification: An advance copy of the paper invoice will be sent by e-mail to the member being billed on the date the invoice is issued. The member receiving the invoice will acknowledge receipt of the e-mail.

9.3. Dates: The dates shown on invoices must match the departure date for exports and the customs clearance date for imports.

9.4. Currency: Payments between members will be made in the currency requested in the invoice. Members may use other currencies only when they have agreed to do so in advance.

9.5. Statement of accounts: A statement of accounts listing all invoices and credit notes for shipments among members within a calendar month will also be issued before the 5th day of the following month.

9.6. Confirmation: The member receiving the statement of accounts must confirm receipt between the 6th and 11th day of the month of receipt and ask for copies of any invoices that are missing.

9.7. Disputes: In the event of dispute over an invoice, the recipient must notify the issuer within 10 working days, clearly explaining the reason for the disagreement. After this period no claim will be accepted. If a dispute over an invoice cannot be solved amicably within 45 days, the complainant must file a complaint to the Dispute Resolution Service.

9.8. Penalties: A member who receives no notification of payment from another member by the 16th day of the month following the invoice period will notify the CQR Organization of the incident. The wrongdoer will be contacted and granted an extra five calendar days to make payment.

9.8.1. Yellow: On the first occasion that a member fails to pay an invoice from another member on time, this situation will be reflected in the non-paying member's Agent Profile listing on the Agent Finder tool into the CQR Intranet. A green traffic light symbol signifying "Safe Member" will be replaced by a yellow traffic light signifying "Caution: 1 Delay", but the member's payment terms will not be altered.

9.8.2. Orange: If the member fails to pay within five days after the deadline, or if the member misses a payment deadline on a second occasion, the symbol on the member's Agent Profile listing will be changed to an orange traffic light signifying "Penalized Member", and he will be obliged to make all subsequent payments to members in cash and prior to the release of shipping documents. The extension of this penalty will be determined by the CQR Organization, but will not exceed six months.

9.8.3. Red: If the offender fails to pay the debt within the five-day extension period, the CQR Organization will activate the red "Blocked Member" alarm, changing the symbol on the member's Agent Profile listing to a red traffic light, and all other members will then be barred from engaging in further transactions with the offender. However, if the blocked member (under red light conditions) makes the payment of the outstanding amount within 10 days, the CQR Organization will raise the status from red to orange for a minimum period of one year.

9.8.4. Expulsion: The blocked member who fails to pay the debt within the 10 days will be expelled from the network and the CQR Organization will take the following steps:

- Notify all members that they must withhold all payments, and request information from all members about the state of their accounts with the offender.
- Release funds from the PPP to hire legal services in the offender's home country in order to collect the debt.
- Provide detailed information about the incident to the following people and bodies:

* Persons representing other freight forwarders and carriers who acted as the offender's referees during the application process.

* IATA, FIATA, Custom Broker Association, and the freight forwarders association in the offender's home country.

Rule 10. Dispute Resolution Service

In the event of a dispute between two members that cannot be solved amicably, these members will invoke the Dispute Resolution Service, under the terms and conditions established and agreed by all members.

10.1. Agreement to accept resolution: Members requesting this Dispute Resolution Service agree to accept and abide by the decision of the CQR Organization and to refrain from any further litigation relating to the dispute.

10.2. Fee: The CQR Organization will charge a minimum of 500 EUR for rendering this Dispute Resolution Service, to be paid in equal shares by the disputing members. A higher fee will be charged if the services of an attorney, expert witness, or consultant are required. Prior to arbitration, each of the disputing members will receive an invoice from the CQR Organization for 250 EUR, which will be paid by bank transfer.

10.3. Background: Each disputing member will send an e-mail to CQR Organization with details of the reasons of the dispute, along with all supporting evidence.

10.4. Decision: The CQR Organization will reach a decision on the dispute and will notify the parties involved within 20 working days of receipt of the last of the relevant documents.

10.5. Implementation: Within five business days of receiving notification of the decision reached by the CQR Organization the two parties will implement the decision.

10.6. Bad faith: The CQR Organization reserves the right to expel any member that is found to have acted in bad faith in the course of a dispute.

10.7. Debts: The CQR Organization will not collect debts of behalf of its members, but it will punish or expel members who fail to meet their obligations to other members. While it carefully screens applicants to ensure that only the most reputable firms are admitted to the network, the CQR Organization will accept no responsibility for any unpaid debts between members.

Rule 11. Attendance of Annual Convention

Attendance of the annual convention by a principal or an executive delegate of each member firm is mandatory. Members must pay the registration fee in advance, and pay their own travel and lodging expenses.

11.1. Exceptions: Members who submit proof of circumstances justifying their inability to attend at least 30 days before the convention begins may be excused. However, conflicting commitments such as trips or meetings, or the failure to obtain a travel visa in time for the convention, will not be regarded as valid excuses for failure to attend.

11.2. Penalties: Members who fail to attend the conference without a valid excuse (see 11.1., above) will pay the CQR Organization a penalty of 1,000 EUR. Members who fail to attend two consecutive conventions without a valid excuse will be expelled from the network.

Rule 12. Use of the Conqueror Brand

Members will display the Conqueror logo along with their own company logo in communications with customers, suppliers and the public in general, both to indicate their membership of the network and to promote the brand.

12.1. Conqueror logo: The Conqueror logo will be displayed on the member's business cards, e-mail auto-signatures, websites, advertising brochures, invoices, faxes, company vehicles, signs, etc.

12.2. Conqueror website link: The Conqueror website link (www.conquerornetwork.com) will be displayed on the member's website.

12.3. Conqueror brand manual: In using the Conqueror logo and other graphic material, members will adhere to the practices prescribed in the Brand Manual that is available on the CQR Intranet.

12.4. Refraining from use: Any freight forwarding company which ceases to be a member of CQR for any reason will refrain thereafter from using the Conqueror trade name, brand, logo, and/or other CQR graphic materials.

Rule 13. Advertising and Promotion

The Conqueror Organization will assist its members in promoting and strengthening the Conqueror brand image to their own advantage and that of all other members.

13.1. Press releases: Upon admission to the network, new members will send the CQR Organization the names and contact details of specialized transport and general business news media in their city and country. CQR will prepare press releases announcing the admission of the new member, and submit them to these media for publication.

13.2. Member news: Members are encouraged to send news items to the CQR News Editor for publication on the CQR website.

13.3. Press cuttings: Members will make copies of news items published on the basis of the press releases and send them to the CQR News Editor.



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