

7ConNetwork Payment Protection Plan Conditions

GENERAL OVERVIEW

In order to secure the highest standard within the 7ConNetwork all Members agreed and do commit to the undermentioned rules and conditions and to report any breaches by one of the members.

Members commit to safeguarding the interests and reputation of 7ConNetwork in their city and/or appointed specific territory by operating to the highest standards of professionalism including but not limited to integrity, quality and customer service.

The 7ConNetwork Payment Production Plan Conditions was last modified on 19th January 2020

1.COVERING:

7ConNetwork has established a payment **Payment Protection Plan** for the benefit of its members and it's part of the application to join the 7ConNetwork.

The 7ConNetwork Payment Protection Plan is "the collective, cooperative, collaborative and unified fund contribution by active 7ConNetwork members".

The enrollment to the 7ConNetwork Payment Protection Plan is **mandatory** for all partners and associate members.

The 7ConNetwork Payment Protection Plan works in conjunction with the 7ConNetwork Credit Alert System.

Credit Alert System is a customized website tool, which enables members to report their over-60 days receivables and to upload statements and corresponding e-mails and/or letters to the 7ConNetwork credit control database. After reporting all information, members are entitled to claim their receivables.

2.DEFINITIONS:

- I. All terms covered under Payment Protection plan include those from the 7ConNetwork rules and regulations (latest version, to be downloaded via www.7ConNetwork.com) and the 7ConNetwork credit reporting with the addition of the following:
- II. Participants of 7ConNetwork Payment Protection Plan:
7ConNetwork members and 7ConNetwork affiliated company/ies or branch/es which are active and have paid their membership fees annually and timely.
- III. Creditor: 7ConNetwork member company to whom money is owed.
- IV. Debtor: 7ConNetwork company that owes money.

- V. The 7ConNetwork Payment Protection Plan is self-funded by 7ConNetworks' Members. The fund held under 7ConNetwork Protection Fund are limited to what is available for members to use in case of insolvency.
- VI. The 7ConNetwork is a mean of last resort for dispute claims as a result of insolvency and bankruptcy by active 7ConNetwork member(s). The 7ConNetwork Payment Protection Plan will be in conjunction with 7ConNetwork Credit Alert Reporting System. Any outstanding/unpaid invoices NOT REPORTED via the 7ConNetwork Credit Alert Reporting System will not be considered for recovery under the 7ConNetwork Payment Protection Plan.
- VII. The 7ConNetwork Payment Protection Plan fee/contribution is non-refundable.
- VIII. The 7ConNetwork Payment Protection Plan is governed, managed and supervised by the 7ConNetwork HQ's Finance Team in the Netherlands.
- IX. The 7ConNetwork Payment Protection Fund will be maintained in the books as 'Funds Held in Trust' account. These 'funds held in trust' account will not in any form be considered as income by the 7ConNetwork. It is a reserved fund to satisfy claim for default payment due to insolvency.

3.OVERVIEW:

The 7ConNetwork Payment Protection Plan is mainly funded by 7ConNetwork Members and, to a smaller extent, also self-funded by the members with a Payment Protection fee of EURO 500 per annum.

Although originally established to cover only issues of bankruptcy/insolvency, the 7ConNetwork Payment Protection Plan has been expanded to protect 7ConNetwork members against bad/delinquent debts from other 7ConNetwork members arising after that date, and can be used at the discretion of the 7ConNetwork Payment Protection Plan committee for other situations and to guarantee up to USD 5,000 for each year of membership with a maximum of USD 25,000 per year for members that have been a member of the 7ConNetwork for 5 years or more.

The Payment Protection Plan is a self-funding plan and the total amount of claims cannot exceed 70% of the total of Payment Protection Plan fees received per year.

4.FEES & CONDITIONS:

- 4.1 The maximum amount that will be paid out in any single incident is an aggregate amount of USD 5,000 per year, for each year of membership to a maximum of 250,000 USD to a member with over 5 years of membership. Example: a member that belongs 2 years to 7ConNetwork will be subject to a 10,000 Maximum payout, and a member with 5 years a maximum of 25.0000 USD pay out.
- 4.2 The 7ConNetwork Payment Protection Plan will not cover any single invoice over 10,000 USD such a transaction is considered a "special project" and can be subject to a special agreement, conditions, deadlines, and possible disputes.
- 4.3 The 7ConNetwork Payment Protection Plan, however, will pay out the total amount of multiple invoices to a maximum from 5,000 to 25,000 USD as per above, excluding single invoices that are over 10,000 USD and are considered a "special project" based on above mentioned special condition.

- 4.4 For a member to receive payment from the 7ConNetwork Payment Protection Plan, the recipient must agree to sign any future recoveries of the debt over to the 7ConNetwork management and to fully cooperate with 7ConNetwork management in instituting collection and/or legal recovery of such debt.
- 4.5 To receive payment from the 7ConNetwork Payment Protection Plan, the recipient must report its receivables, not before 60 days and not after 90 days through the **Credit Alert Reporting System** tool. Failure to do so will result possibly in payout failure. The 7ConNetwork Payment Protection Plan will only pay out in case members who are doing business with each other have mutually agreed to a maximum credit limit of 25.000 USD with related payment terms in accordance to the 7ConNetwork conditions in their agency agreement.
- 4.6 The 7ConNetwork Payment Protection Plan will not approve or being involved in any credit application between the members - as sole decision lies with the corresponding 7ConNetwork Members to grant each other credit terms.
- 4.7 7ConNetwork new members may only register a claim to the 7ConNetwork Payment Protection Plan after 2 years, from joining the 7ConNetwork and in good standing.
- 4.8 The annual 7ConNetwork Payment Protection Plan fee of EURO 500; the aggregate amount of coverage as well the condition is subject to change.
- 4.9 Claims will only be considered if the **Credit Alert Reporting** procedure has been followed. The non-reporting of delinquent debts will make them ineligible for recovery under the 7ConNetwork Payment Protection Plan. Claims will only be considered when invoiced under the company name that was signed on the initial 7ConNetwork Membership registration agreement at the time of membership.
- 4.10 Furthermore, only invoices relating to the offices/cities that are registered will be eligible to participate in this fund (i.e. if a company only registers its Shanghai office but has several other offices in China, only invoices covering freight originating and routed from their Shanghai office will be considered as eligible). Those members who have offices not registered can become eligible for future access to the 7ConNetwork Payment Protection Plan by paying EURO 500 for each office and be part of the fund process.
- 4.11 The documents that will be taken into consideration will be the email correspondence, Invoice, Statement of accounts, Air/Ocean Way bills and Prove of deliveries. When an Airway/Ocean bill is being consigned to a branch of a member that is not enrolled into the 7ConNetwork Payment Protection Plan but the invoice is billed to the HQ it might not be considered after investigating all the circumstances of possible fraud.
- 4.12 Claims will only be considered if incurred when invoiced while the claimant is an active 7ConNetwork member i.e. from date of enrollment (funds received by 7ConNetwork) on a “go-forward” basis until termination of membership.
- 4.13 If any of the claiming members are also a member of another network with a financial security guarantee plan, or they have external private insurance that covers all or part of

the debts, the claim against the 7ConNetwork Payment Protection Plan will be reviewed after payments made by the other network or the insurance company.

- 4.14 Failure to report enrollment to other network's financial security guarantee plans or an active private bad debt insurance can be considered a possible fraud and members will not be covered by the 7ConNetwork Payment Protection Plan.
- 4.15 Claims will only be considered if an invoice is issued no more than 7 working days of shipment's departure or arrival.
- 4.16 It must be fully understood that the 7ConNetwork Payment Protection Plan is primarily for bad debts rather than operational errors and valid for transportation of general cargo.
- 4.17 Claims will not be accepted – unless approved by the 7ConNetwork Management
- 4.18 Three (3) reminders have been sent at reasonable intervals, the latest being within 60 days of the date of the invoice as reported via 7ConNetwork Credit Alert
- 4.19 An official report has been filed by the 7ConNetwork member creditor with the 7ConNetwork Management within 75 days from the date of the invoice and in any case by the last day for claims.
- 4.20 Claims should be made within 15 days after notice of bankruptcy or insolvency of an active 7ConNetwork member.
- 4.21 Active 7ConNetwork members who apply for compensation must satisfy all conditions set by the 7ConNetwork Management
- 4.22 The year to date total claim settlement amount of 7ConNetwork Payment Protection Plan will be the basis for the aggregate pro-rata settlement in case of multiple and qualified claims. If all above conditions are met, 7ConNetwork Payment Protection Plan is obliged to pay out the recipient at a maximum of 180 days from the date of claim.
- 4.23 7ConNetwork Payment Protection Plan adopts Force Majeure policy that frees us from liability or obligation when an extraordinary event or circumstance beyond our control, such as war, sanctions, strikes, riot, crime or an event described by the legal term "Act of God" (such as hurricanes, flooding, earthquakes, volcanic eruption). Force Majeure is NOT intended to excuse negligence – as where non-performance is caused by usual and natural consequences of external forces.
- 4.24 Disputes are investigated and are due to an evaluation and mediation procedure during the annual 7ConNetwork general conference only two 7ConNetwork members chosen by both parties and chosen by the 7ConNetwork management are entitled to act as mediators. Mediators and 7ConNetwork management will carry one vote each (total three votes) to decide on a specific dispute unless a settlement has been successfully agreed among the two parties during the evaluation and mediation procedure. Disputes have to be reported no later than 60 days and not before 90 days for a member to be legible to an investigation, evaluation and mediation process.

4.25 Payments into the 7ConNetwork Payment Protection Plan are not refundable to participants upon leaving the organization.

4.26 The Scheme is governed by The Netherlands and members agree to submit themselves to the exclusive jurisdiction of The Netherlands court.