



PROTECTION FOR CARGO OFFERED UNDER UPS SUPPLY CHAIN SOLUTIONS, INC.'S POLICY OF INSURANCE

| Explanation of Program Coverage |

- 1. STRUCTURE OF COVERAGE:** UPS Supply Chain Solutions, Inc. (referred to herein as "UPS-SCS") offers its customers ("Customers") the opportunity to include their eligible commercial shipments of cargo under a policy of insurance issued to and maintained by UPS-SCS (the "Insurance Policy"). The Insurance Policy is underwritten by an authorized insurance company (the "Insurance Underwriter") and produced by insurance agent UPS Capital Insurance Agency, Inc. ("UPSCIA"). UPS-SCS is the sole assured and sole policyholder under the terms of the Insurance Policy. For shipments of cargo duly insured under the Insurance Policy, the Customers are not the named assured or additional assureds and thus hold no rights under the Insurance Policy. Customers shall be loss payees to the extent of their interest in the insured shipment. UPSCIA has prepared this explanation of program coverage (this "Explanation") to summarize critical coverage terms under the Insurance Policy for the benefit of Customers in their capacity as prospective loss payees. Adherence to the terms summarized in this Explanation is a condition precedent for Customers' shipments of cargo to be included and protected under the Insurance Policy.
- 2. ELIGIBLE CONVEYANCES AND ROUTES:** Only shipments with UPS-SCS are eligible for coverage under the Insurance Policy. International ground, air and ocean shipments are eligible for coverage under the Insurance Policy to and from all points of the world, except as specifically excluded. Air and/or ground shipments within and/or between the United States, Canada, Puerto Rico and/or Mexico are not eligible for coverage under the Insurance Policy. Whenever coverage provided by the Insurance Policy would be in violation of any U.S. economic or trade sanctions coverage will be void. UPS-SCS also reserves the right to prohibit any otherwise eligible Customer shipment(s) from being included under the Insurance Policy immediately upon notice to the Customer, which prohibition shall not apply to any eligible shipments already properly included for coverage at the time such notice is issued.
- 3. REQUESTING A SHIPMENT BE INCLUDED FOR PROTECTION:** Before requesting that a shipment of cargo be included for coverage under the Insurance Policy, the Customer should fully review this Explanation to ensure that their shipments are eligible for inclusion and to understand the terms of protection offered under the Insurance Policy. Customer's compliance with the UPS-SCS shipping terms and conditions in effect at time of shipment shall be a condition precedent for coverage under the Insurance Policy. In accepting the terms of coverage under the Insurance Policy, the Customer does so on behalf of itself and on behalf of all parties with any interest in the cargo. In order for a shipment to be included for coverage under the Insurance Policy, the Customer must arrange for and pay for such shipment to be included on a per-shipment basis. It is the obligation of the Customer to receive written confirmation from UPS-SCS that the shipment is included for coverage under the Insurance Policy prior to time of shipment. Some commodity types are subject to special approval; see "Commodities Requiring Special Approval" in the "Scope of Coverage" section below.
- 4. COVERAGE LIMITS, DEDUCTIBLE:** The aggregate coverage for all shipments of all UPS-SCS customers under the Insurance Policy is limited to \$250,000 per barge and \$500,000 per any other conveyance. In the event of international inland transit by parcel post or mail, Coverage under the Insurance Policy is limited to \$50,000 per prepackage. Additional limits may apply as per the Customer's specific quotation. The applicable deductible or self-retention shall be as stated in the Customer's specific quotation.
- 5. SCOPE OF COVERAGE:** The Insurance Policy provides coverage for physical loss and/or damage to shipment contents in the course of transit, subject to insuring conditions, limitations and exclusions. The Note that the Insurance Policy provides no coverage for delay in transit or for consequential or indirect losses. The scope of coverage under the Insurance Policy is summarized as follows:
 - (a) Duration:** Coverage under the Insurance Policy commences upon the shipment of cargo leaving the origin warehouse of the insured transport and continues during the ordinary course of the transit arranged by UPS-SCS, including customary transshipment, until the sooner of: (i) delivery to final warehouse at the destination of the insured transport; or (ii) fifteen days after the shipment arrives at the destination port, airport or other hub, if not yet delivered to final warehouse at the destination of the insured transport or thirty days if the destination to which the goods are insured is outside the limits of the port, whichever shall first occur.
 - (b) Valuation:** New goods should be valued at invoice cost + freight + insurance cost + plus incurred duty + 10%. In all cases, the claim payment will not exceed the lesser of verified valuation or amount declared for insurance purposes, less any applicable deductible. Loss valuations are subject to substantiation and the Insurance Policy is not an agreed value policy.
 - (c) Excluded Commodities:** Not all commodities are eligible for coverage under the Insurance Policy. The Insurance Policy specifically excludes the following commodities from coverage: contraband, illicit goods, personal household goods; accounts receivable; fish meal; nuclear fuel and substances; bullion; stamps; cash; currency; money; coins; deeds; notes; securities; bills; evidence of debt; precious stones; fine arts and jewelry.

(d) Commodities Requiring Special Approval: Inclusion of the following commodity types ("Special Commodities") is subject to special approval which Customer will need to arrange with their UPS-SCS representative:

Airplanes, unboxed;	Eggs in shells;	Paper in rolls;
Alcoholic Beverages;	Explosives;	Pharmaceuticals;
Ammunitions, munitions;	Frozen goods;	Refrigerated (and/or temperature control goods);
Antiques;	Furs, fur-trimmed clothing;	Refurbished or rebuilt merchandise;
Artwork (fine);	Gems, Stones (precious/semi- precious);	Shipments over the Insurance Policy limits;
Automotive Vehicles (cars, trucks, motorcycles, etc.);	Hard disk drives for personal computers	Statuary;
Bagged or bulk merchandise;	Household goods, personal effects;	Steel, metal sheets, coils, pipes, tubes, rods, tin plate;
Boats, yachts;	Jewelry (gold, silver, etc.);	Used merchandise;
Breakables (chinaware, crystal, ceramic, glass tubes, light bulbs, etc.);	Laptops;	Watches;
Cast iron pipes and stoves;	Live plants and animals;	Windows, plate glass
Ceramic blocks, slabs, tiles;	Machinery;	
Computer memory chips;	Marble blocks / slabs;	
	Meats, fruits, vegetables refrigerated / frozen;	
	Non-containerized cargo on deck;	

If approved, coverage under the Insurance Policy for Special Commodities may be subject to commodity-specific coverage terms with additional restrictions and/or limitations. Certain Special Commodities may only be eligible for total loss coverage under free of particular average (FPA) terms.

(e) Excluded Risks: As with all insurance, coverage under the Insurance Policy is subject to exclusions which exclusions specifically include loss or damage resulting from or attributable to:

- radioactive contamination;
- delay, whether or not caused by an insured peril;
- temperature variation, whether or not caused by an insured peril, except as may be specifically confirmed for a Special Commodity;
- inherent vice to specifically include rust and oxidation;
- fraud or infidelity by the Customer, the shipper or consignee;
- misrepresentation / false information by the Customer, the shipper or consignee;
- cyber attacks;
- illicit trade;
- capture/seizure/arrest/detainment of goods by public authority;
- nuclear contamination;
- insects, vermin, moths, rodents, worms or other buglike creatures including larvae or pupae thereof;
- leakage, evaporation and/or shrinkage;
- wetness, dampness, "container sweat" or mold;
- change in atmospheric pressure;
- change in temperature, except approved Special Commodities;
- contamination or odor contamination;
- change in color, odor, texture or finish;
- discoloration, scratching, marring, denting, chipping and/or electrical or mechanical derangement, except if caused by specific insured perils to include derailment or overturning of a land conveyance, sinking of a waterborne conveyance or crashing of an air conveyance;
- Consequential and indirect damages, such as loss of market, depreciation, or diminution in value as a result of repair; and
- improper, inadequate or otherwise unsuitable packing or preparation of the cargo, provided this exclusion will not apply to the extent that: (i) such packing or preparation was carried out by UPS-SCS; and (ii) the deficiency was unknown to the Customer, the shipper, consignee and anyone bearing an interest in the cargo.

6. Claim Reporting & Claim Process: In the event of damage discovered at time of delivery, the consignee should make written exception to the delivering carrier whenever possible to preserve the Customer's rights and the Insurance Underwriter's subrogation rights. Immediately report to UPSCIA in writing any loss or damage to an insured shipment of cargo, as follows:

e-mail: upscapitalcargoclaims@ups.com | **fax:** 1-866-331-2774
mail: UPS Capital Claims, P.O. Box 100458, Fort Worth, Texas 76185, United States

Supporting documentation and information will be required as will proof of interest and proof of loss. By submitting or pursuing any claim as loss payee under the Insurance Policy, the claiming party agrees to fully cooperate in providing all documentation and information pertinent to such claim, including an examination under oath if requested by the Insurance Underwriters. Any legal action relating to coverage under the Insurance Policy must be brought within one (1) year from the date of the incident from which the claim arises or is otherwise waived. Coverage under the Insurance Policy will be declined for shipments not opened and examined for damage within 180 days from date of delivery. Upon payment of any claim under the Insurance Policy, the Insurance Underwriters shall be subrogated to all rights of the Customer as against responsible parties.

7. Notice of Full and Additional Terms: Under all circumstances, the terms and conditions set forth in the Insurance Policy issued to UPS-SCS shall control and determine insurance coverage. To the extent any terms and conditions stated in this Explanation conflict with those in the Insurance Policy, the Insurance Policy shall control and be binding as to issues of coverage under the Insurance Policy. The Customer, or any prospective Customer, may make a written request to UPS-SCS to obtain a copy of the Insurance Policy. UPSCIA and UPS-SCS reserve the right to change Insurance Underwriters and to allow insuring terms for coverage to be modified in at any time and without notice to Customers, provided that coverage shall always substantially adhere to the summary herein and shall absent notice be without interruption. UPSCIA and UPS-SCS also reserve the right to update the terms of this Explanation and to re-distribute such updated Explanation(s) to the Customers of UPS-SCS at any time. The Customer's attention is drawn to the fact that nothing in this Explanation nor the Insurance Policy shall serve to increase or in any way modify the liability of UPS-SCS for the shipment under the applicable UPS-SCS shipping terms and conditions.