

Payment Protection Program (PPP) rules & regulations

Rule 1. Management of the PPP(Payment Protection Program)

The PPP is managed and administered by World Food Cargo Alliance (WFCA), whose decision will be final. WFCA will supervise and manage the funds held in the PPP.

Rule 2. Participation of the PPP

The PPP is managed and administered by World Food Cargo Alliance (WFCA), whose decision will be final. WFCA will supervise and manage the funds held in the PPP.

Rule 3. Purpose

The PPP is intended to provide the means whereby which a member of WFCA (creditor) can recover unpaid funds/invoices arising from commercial shipments that are owed by another member of WFCA (debtor) which has declared bankruptcy or went out of business. A member company that ceases to exist as a result of a merger and/or acquisition is considered to remain liable for its debt and is not covered by the PPP.

Rule 4. Accounting period

The financial year for the PPP is the same as WFCA's financial year.

Rule 5. Member coverage

The PPP will cover debts incurred by members of up to 25,000 USD per debtor.

Rule 6. Contributions

WFCA will determine the annual participation fees.

6.1. The annual PPP participation fee is now set at 500 USD per member. It will be reviewed each year. 6.2. Annual PPP participation fees are due within 15 days of receipt of the PPP invoice, and all bank and transfer costs and fees will be paid by the participant.

6.2. Annual PPP participation fees are due within 15 days of receipt of the PPP invoice, and all bank and transfer costs and fees will be paid by the participant.

Rule 7. Compensation procedures

When the debtor's membership in WFCA is terminated, notification of the termination will be given by email along with a deadline date for making any claim against the PPP. No claim received by WFCA

after the deadline will be considered. Participants who apply for compensation must satisfy WFCA that:

- The unpaid invoice relates to services in connection with international shipments.
- The invoice was correctly issued in accordance with WFCA's Rules and Procedures.
- Three reminders were sent at reasonable intervals, the latest being within 90 days of the date of the invoice informing the defaulter that a report would be filed with WFCA.

Rule 8. Operating rules for WFCA

In its report, the PPP participant will formally request WFCA to contact the defaulter and assist in the recovery of the sum or sums overdue. If no request is made within 90 days of the date of the invoice, then the overdue sum will cease to qualify for any compensation. Upon receipt of a request for compensation, WFCA will verify that the creditor complied with the aforementioned procedures, that reasonable attempts to resolve the matter were made and were unsuccessful, and that no claim submitted after the report date as announced by WFCA was taken into consideration..

Rule 9. Compensation evaluation and calculation

During the first quarter of each financial year WFCA at its sole discretion will review and evaluate every individual claim and the total of claims received the previous financial year, using the following criteria:

- 9.1. The gross amount of an invoice taken into consideration will be exclusive of local taxes, VAT, and interests/charges for late payments.
- 9.2. The sum of invoices from any creditor/s will be reduced by the amount of any invoices or charges owed by the creditor/s to the debtor. 9.3. In the event that it becomes necessary to make payments to multiple creditors within the same fiscal year, proportional payments will be made up to a maximum limit of 25,000 USD per debtor.
- 9.4. The compensation will be limited to 80% of available PPP funds. The balance of any monies not distributed in the corresponding financial year will be used to increase the PPP funds.

Rule 10. Dispute Resolution Services

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. The unpaid invoice/s relates to a service rendered in conjunction with the shipment documents (Bill of lading, AWB, etc.)
- 10.2. Services were provided by and at the request of a current member.
- 10.3. The invoice/s in question meet/s all legal requirements of the country in which it was issued and meets the following minimum requirements:
- 10.3.1. Complete name and contact information of the company that issued the invoices.
- 10.3.2. Complete name and contact information of company billed.
- 10.3.3. Date on which the invoice was issued.
- 10.3.4. Date of service/s for which the invoice was issued.
- 10.3.5. Amount billed for the service/s rendered.
- 10.3.6. Rate quotation details.

Rule 11. Subrogation

Before any compensation payment is required, WFCA will notify the participant of the compensation amount calculated under Rule 10. As a condition of entitlement the participant will accept and will make in writing the irrevocable transfer of its rights against the debtor in these matters to World Food Cargo Alliance.

Rule 12. Administration and operating costs

WFCA will draw on PPP funds to pay legal and other costs incurred in recovering bad debts among members, and to pay expenses incurred in the ordinary management and administration of the fund. A full accounting of these expenditures will be available to all contributors to the PPP.

Rule 13. Effective date

No application for compensation will be accepted in respect of an invoice if the date of the service is prior to the applicant's participation in the PPP.

Rule 14. Acknowledgement of PPP operating regulations

All members will acknowledge that they have read and understood the Rules and Regulations governing the PPP. Acknowledgment will consist of a signed statement indicating consent to participate in the PPP. Members that do not submit this signed statement will not be eligible to receive payment under the PPP.

Rule 15. Payment of PPP claims

Payment of approved claims under the PPP will be made during the first quarter of each calendar year.

Rule 16. Jurisdiction

Any legal disagreement, conflict, dispute, controversy, interpretation or enforcement of any document related to the PPP shall be submitted to the jurisdiction of Hong Kong law courts, to the exclusion of the jurisdiction of the courts of another country.

Rule 17. Disclaimer

WFCA will not be liable for any member's failure to meet its obligations to other members or to third parties. Members understand and agree that the PPP is not an insurance policy and that Disputes Resolution is a service. Both the PPP and the Disputes Resolution Service are resources offered by WFCA to its members.