

SOUTH DOT



SLIP 2019 - 2020



ARTIGRAF

OFFER SLIP

INSURED: **ARTIGRAF S.A. de C.V.**, related and/or associated companies currently existing or that may be incorporated in the future. The insured is covered as owner and/or holder and/or responsible and/or depositary for any cause and/or subsidiary and/or associated companies currently existing or that may be raised, acquired or constituted.

REINSURED: General de Seguros Bolivia S.A.

SCOPE: Estados Unidos de México

PERIOD: **From: 15th March, 2019 to: 15th March, 2020** both days at 12.01 hours local standard time at the address of the Insured.

COBERAGE: All Risk including Machinery Breakdown, Flood, Boiler explosion, Earthquake, Tsunami, Windstorms as well as business interruption including LOP, fixed expenses & wages (6-month indemnity period) as more fully defined on the original policy

INTEREST: Any real or personal property of any kind and description being the property of the insured or the property of others under care, custody or control for which the insured may be legally liable or for which there is an insurable interest (not otherwise specifically excluded by the policy), including but not limited to: Buildings, machineries, equipment, extra expenses, stocks, money, ducts, tanks, except as excluded hereinafter, as defined in the Original Policy wording and clauses referenced herein.

LIMITS **MXN 310,000,000 (US\$ 16,200,000)** combined single first loss limit each and every loss in excess of underlying deductibles

IN EXCESS OF: Original deductibles each and every loss (100%):

Material Damages:

Hydro Meterological: 1% of Insured values per structure affected

Earthquake/Volcanic: As per AMIS seismic zone chart

Fire: US\$ 100,000 of Insured values per event

Business Interruption

5 days

PROPOSAL PREMIUM: **MXN 3,600,805 (US\$ 188,000) @ 100% (rate 1,9%0)**
BMI PREMIUM: **MXN 4,800,000 (US\$ 250,000) @ 100% (rate 2,53%0)**
SHARE: **50% p/o 100%**
BROKERAGE: **27,5 % + Tax**

RESUMEN:

GENERAL CONDITIONS:

| | ARTIGRAF | |
|---------------------------|----------------------|-------------------|
| | PROPOSAL (MXN) | BMI (US\$) |
| DIRECT DAMAGE | | |
| BUSINESS INTERRUPTION | 1,894,461,261 | 99,000,000 |
| LIMIT OF LIABILITY | 310,000,000 | 20,000,000 |
| GENERAL DEDUCTIBLE MD | 2,000,000 | US\$ 100,000 |
| MD TURBINES | NA | NA |
| GENERAL DEDUCTIBLE BI | 5 Days | 7 Days |
| GENERAL DEDUCTIBLE NATCAT | 1%/AMIS | 1%/AMIS |
| ANNUAL PREMIUM @ 100% NET | 3,600,805 | 250,000 |
| BROKERAGE | 20% | 27,5% |
| MACHINERY BREAKDOWN | Included | Included |

Following text of A.L.S. 1972; except amends included in this contract

- Sanction Limitation & Exclusion Clause LMA 3100
- Average Clause NMA 348
- Swing Clause 10%
- Declaration of goods at 100% (Mindep)
- Cancellation clause NMA 355 –as original plus 30 days but never more than 90 days.
- Errors & Omissions
- New Replacement, except for damages valued by Actual Cost
- Adjusters:
- Hours Clause NMA 2842
- Claims Cooperation Clause, as attached
- Special Cancellation Clause, as attached
- Arbitration Clause, as attached
- Premium payment: LSW 3001 (90 days from inception).
- Terrorism Exclusion Endorsement (reinsurance) NMA 2921
- Radioactive contamination exclusion clause NMA 1270
- Biological chemical material exclusion clause NMA 2962
- Electronic Date Recognition Clause NMA 2808 (named perils)
- Fraudulent Claims Clause LMA 5062
- Nuclear Energy Perils Exclusion Clause (1994) NMA 1975

- T&D Lines are excluded, except 300m. From the Insured's premises LSW 1635
- Debits & Credit Tax Clause

SPECIFIC CONDITIONS:

- 2,50% of slip premium hereon for Risk Management Expenses and/or Survey costs
- Normal condition of outdoor goods.
- Design Error LEG 1/96
- Serial Losses Clause only for coverage CAR/EAR
- Recession Clause from the Insurer, as attached.
- Physical explosion clause, as attached.
- Cedant's Liquidation Clause.
- Repair and/or Replacement and/or Reconstruction Clause
- Outdoor goods: it is noted that this policy covers goods in the open air as long as the normal condition is that they remain outdoors, and that they are specially equipped for this purpose
- Works of construction and installation (CAR/EAR). Covers properties under construction up to one work per month without overlaps and for works which total value does not exceed the indicated sublimit. Excludes tests, maintenance and Liability
- Subrogation waiver regarding subsidiary and affiliated companies.

EXCLUSION:

- Electronic date recognition.
- Vehicles Licensed for road used
- Burglary & Punitive damages.
- Theft/Robbery
- Cyber risks exclusion clause NMA 2915
- Non-sudden, accidental or unexpected Pollution and/or contamination.
- Preexistent damages.
- Nuclear radiation or contamination, chemical or biological influences.
- **Cut-through clause**
- Ex-gratia Payments
- Cultivation/animals/plants
- Liability of any kind
- Works of art and jewelry
- War Exclusion Clause NMA 464
- Sudden and Accidental Seepage, Pollution and Contamination Clause NMA 1685

LAW AND JURISDICTION:

Law: Estado Unidos de México Laws.

Jurisdiction: National Civil and Commercial Courts of Ciudad de México, México

TERMS OF PAYMENT: 90 days from inception – LSW 3100

SUB LIMITS: Included into the Maximum Liability of this contract combined MD/BI

| COBERAGES | ARTIGRAF | |
|---|------------|----------------|
| | SUB-LIMIT | DEDUCTIBLES |
| Goods Temporary Removed | | |
| Goods/Property of the Insured in third party locations | 260,000 | General |
| Robbery coverage | | |
| Goods Recently Acquired | 525,000 | General |
| Fire Extinction expenses | 40,000 | General |
| Bad Debt Documents | | |
| Crystals, Signs and Marquees | | General |
| Damages due to water and other Substances | | General |
| Spillage and Pollution Damages | | General |
| Flood Damages | | |
| Contractors' Equipment (Excluding Liability) | 1,000,000 | |
| Fixed Data Processing Electronic Equipment | | |
| Stands, Fairs and Expositions | | |
| Extraordinary Expenses: | 260,000 | General |
| Expediting Expenses | | General |
| Professional Fees | | General |
| Consequencial losses | | General |
| Moulds, models and clises | | |
| Propery while in transit | | General |
| Demolitions/ Increase of cost of construction | | General |
| Errors & omissions | | General |
| Civil Authority | | General |
| Sabotage & Terrorism | | General |
| Account Debit | | General |
| Locations non known | | General |
| Debris Removal and Cleanup | 6,250,000 | N/A |
| Personnal property | | |
| Removal and Cleanup of pollutant and contaminant substances | | |
| Theft of General Content including Goods | | |
| Machinery Breakdown (Munchener) | 11,000,000 | by list |
| Earthquake | 16,200,000 | General |
| Suppliers | | |
| Freezing | | |
| Clients | | |
| Interdependence | | |
| Interruption of Access | | |
| FLEXA | 16,200,000 | General |
| Hurricane, gale, cyclone and Tornado, Hail | 16,200,000 | General |
| Repairs/Extensions, Minor Constructions excluding tests, maintenance and Liability | | General |
| Good Outdoor | 100,000 | General |
| Automatic cover for known items | 525,000 | General |
| Care, Control and custody | | |
| Data Processing | | |
| Strikes and Civil Commotion | | General |
| Liability (Risks covered) | | |
| Snow Accumulation Damage | | |
| Business Interruption Machinery Breakdown | | General |

INFORMATION:

Field Gas Production and Processing:

LOCATIONS:

| LOCATION | ARTIGRAF | |
|---|-------------|-------------------|
| | MAX LIMIT | SERVICE |
| Artigraf, SA de CV; Carretera a García Km 1.2 | 532,965,319 | Plant & warehouse |
| Artigraf, SA de CV; Carretera - Queretaro Km 156 | 477,931,581 | Plant & warehouse |
| Artigraf, SA de CV; Carretera Federal Mexico-Puebla | 286,713,816 | Plant & warehouse |
| Papelera Ultra, SA de CV; Carretera Federal Mexico | 596,850,543 | Plant & warehouse |

LOSS HISTORY:

No losses last 10 years

CLAUSES:

DEBITS AND CREDITS TAX CLAUSE:

"In the event of loss affecting this reinsurance, the retrocessionaires agree to pay to the reinsurer and to the Insurer, the costs actually incurred by the retrocedent and the insurer as tax to be applied on bank checking account debits and credits according to law n°25413, derived from the transfer of funds between the retrocessionaires and the reinsurer, and between the reinsurer and the insurer as well as the tax corresponding to their transfer of funds due to the payment made by the insurer to the assured, including payments to third parties, adjusters or other costs inherent to the loss adjustment."

RESCISSION CLAUSE BY THE INSURER

Contrary to what is established in the conditions of the policy, the rescission to be carried out by the insurer will be with a written notice of not less than 45 days

INSOLVENCY CLAUSE:

Should the Retrocedent be liquidated, whether voluntarily or involuntarily, it is hereby set forth that the Reinsurers hereon shall pay directly to the liquidator the balances eventually due after the unrestricted offset of reciprocal debts, irrespective of whether said

retrocedent having fulfilled or not its obligations to the insured or its liquidation status.

CLAIMS CO-OPERATION CLAUSE

When requested in writing, the Company shall afford the Reinsurer an opportunity to be associated with the Company, at the expense of the Reinsurer, in the defense of any claim involving this Agreement. The Company and the Reinsurer shall cooperate in every respect in the defense of such claim.

In the event that the Reinsurer elects to be associated with the Company in the defense of a claim hereunder, the Reinsurer shall provide reasonably specific instructions as respects the defense of such claim. The failure of the Reinsurer to provide such instructions shall be deemed to be a waiver of its right to be associated with the Company in the defense of such claim, and the Reinsurer will be bound by the claim decisions and settlements made by the Company, subject to all other terms and limitations of this Agreement.

Notwithstanding the foregoing, the Company and Reinsurer agree that claims up to USD 500.000.- may be defended and settled by the Company without any referral to the Reinsurer, and the Reinsurer may only be associated with the Company with respect to such claims upon agreement of the Company.

PHYSICAL EXPLOSION CLAUSE

It is noted and agreed that higher damages caused to other insured assets covered herein are included when arise from any of the risks covered and subject to the exclusions of the policy, as a result of a physical explosion of boilers, within the limits and conditions of this contract.

SPECIAL TERMINATION CLAUSE

A. In the event that the Company or the Reinsurer is acquired or controlled by, merger with, or reinsures its entire business with any other company or corporation, the other party shall have the right to terminate this Contract forthwith upon the giving of 30 days' notice in writing, by Certified or Registered Mail.

B. In the event a Reinsurer hereon ceases underwriting operations, or a state insurance department or other legal authority orders the Reinsurer to cease writing business, or the Reinsurer is placed under regulatory supervision, and/or experiences a Downgrade, the Company may, at its discretion, terminate the participation of such Reinsurer on a cut-off basis on or after the Downgrade or disclosure

by the Reinsurer that underwriting activities have ceased or regulatory supervision has been placed, by giving notice in writing via either Certified or Registered Mail.

C. For purposes of this Article, "Downgrade" means:

1. In respect of a Reinsurer with an A.M. Best ("Best") rating, a reduction of the Reinsurer's Best's Rating to a level that is: a) lower than "A-", and b) lower than Best's Rating that was in effect at the inception of this Contract.

2. In respect of a Reinsurer with a Standard and Poor's ("S&P") rating, a reduction of the Reinsurer's S&P Rating to a level that is: a) lower than "A", and b) lower than the S&P Rating that was in effect at the inception of this Contract.

3. In respect of a Reinsurer with both a Best's Rating and an S&P Rating, a reduction in either of the Reinsurer's Best's or S&P Rating to a level that is: a) lower than Best's "A-" or S&P "A", and b) lower than the Best's or S&P Rating that was in effect at the inception of this Contract.

4. In respect of a Reinsurer that is a Lloyd's Syndicate, a reduction of the Reinsurer's S&P Lloyd's Syndicate Assessment (LSA) ranking from the LSA ranking that was in effect at the inception of this Contract.

5. In the event that a Reinsurer has neither a Best's Rating nor an S&P Rating, the term "Downgrade" shall mean a reduction in Policyholder Surplus of more than 20% as measured against the Policy Holder Surplus held by the Reinsurer at the inception of this Contract and the Company shall have the same right of termination as set out in Paragraph B. above.

D. S&P's placing a Reinsurer on Credit Watch, or Best's Adding a rating modifier of "u" (Under Review) to a Best's Rating, do not, by themselves, constitute a Downgrade.

E. If any provision of this Article shall be rendered illegal or unenforceable by the laws, regulations or public policy of any jurisdiction, such provision shall be considered void in such jurisdiction, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

F. If the Company chooses to effect termination on a cut—off basis, it will thereafter have the option on written notice to commute the Reinsurer's liability for losses on Policies covered by this Contract as of the effective date of termination. The Company and Reinsurer shall attempt to agree on the capitalized value of the Reinsurer's liability under such Policies and settle such liability within 120 days of the Company's written notice to the Reinsurer. If agreement and settlement do not occur within 120 days, the Reinsurer shall

immediately post security in a form typically required by the Company's domiciliary regulator in connection with allowing credit for reinsurance. Security shall be in the amount last requested by the Company from the Reinsurer in connection with the Commutation. The Company shall have the right to petition any court of competent jurisdiction for an order directing the Reinsurer to post such security. The parties will then appoint an actuary to decide the appropriate amount to be paid by the reinsurer out of said security. Such appointment shall occur within 30 days of the Company's written request for security. If the Company and the Reinsurer cannot agree on an actuary, the Company and the Reinsurer each will nominate three individuals, of whom the other will decline two, and the final decision will be made by drawing lots. All nominated actuaries shall be disinterested in the outcome of the commutation and shall be members of the American Academy of Actuaries. The selection procedure shall occur within 14 days of written notice by one party to the other of a failure to agree on an actuary. The decision in writing of the chosen actuary shall be issued within 90 days of her or his appointment shall be final and binding on both parties, and may be confirmed in any court of competent jurisdiction. The fees and expenses of the actuary shall be equally divided between the parties. Payment by the Reinsurer of the amount of liability ascertained will constitute a complete and final release of the Reinsurer in respect to its liability under this Contract.

G. Alternatively, except as respects termination effected as a result of the Company's exercise of this right as set forth in 3(b) above, the Company at its sole discretion, may require the subscribing Reinsurer to return all premium paid under this Contract, less paid losses and ceding commission, if any, and the Subscribing Reinsurer will be released completely from any and all liability under the Contract.

ARBITRATION CLAUSE

All disputes between the Reinsured and the Reinsurers (hereinafter referred to as "the parties") arising out of or in connection with the present Agreement, including its formation and validity, and whether arising during or after the period of the main Agreement, shall be referred to an Arbitration Tribunal and finally settled pursuant to the Rules of Arbitration of the International Chamber of Commerce (the "Rules") in the manner hereinafter set out.

Unless the parties agree upon a single Arbitrator within thirty days of one receiving a written request from the other for Arbitration, the Claimant (the party requesting Arbitration) shall appoint his

Arbitrator and give written notice thereof to the Respondent. Within thirty days of receiving such notice the Respondent shall appoint his Arbitrator and give written notice thereof to the Claimant, failing which the Claimant may apply to the Appointor hereinafter named to nominate an Arbitrator on behalf of the Respondent.

Should the Arbitrators fail to agree, then they shall within thirty days of such disagreement appoint an Umpire to whom the matter in difference shall be referred. Should the Arbitrators fail within such period to appoint an Umpire, then either of them or either of the parties may apply to the Appointor for the appointment of the Umpire.

Unless the parties otherwise agree, the Arbitration Tribunal shall consist of disinterested persons employed or engaged in a senior position in Insurance or Reinsurance Underwriting.

The Arbitration Tribunal within the scope permitted by the Rules shall have power to fix all procedural rules for the holding of the Arbitration including discretionary power to make orders as to any matters which it may consider proper in the circumstances of the case with regard to pleadings, discovery, inspection of documents, examination of witnesses and any other matter whatsoever relating to the conduct of the Arbitration and may receive and act upon such evidence whether oral or written strictly admissible or not as it shall in its discretion think fit.

The Appointer shall be the Secretary General for the time being of the Court of Arbitration of the International Chamber of Commerce.

Each Party shall bear the expenses of its own arbitrator and shall jointly and equally bear with the other party the expenses of the Umpire. The remaining costs of the arbitration proceedings shall be allocated by the Arbitration Tribunal.

The seat of the Arbitration for all disputes shall be in Buenos Aires, Argentina. This Agreement and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation and of or to any of the transaction documents shall be governed by and construed in accordance with the laws of the Republic of Argentina.

The award of the Arbitration Tribunal shall be in writing and binding upon the parties who covenant to carry out the same. If either of the parties should fail to carry out any award the other may apply for its enforcement to a court of competent jurisdiction in any territory in which the party in default is domiciled or has assets or carries on business.

PREMIUM PAYMENT CLAUSE

Notwithstanding any provision to the contrary within this contract or any endorsement hereto, in respect of non-payment of premium only the following clause will apply.

The (Re) Insured undertakes that premium will be paid in full to (Re) Insurers within 120 days of inception of this contract (or, in respect of instalment premiums, when due).

If the premium due under this contract has not been so paid to (Re) Insurers by the 120 days from the inception of this contract (and, in respect of instalment premiums, by the date they are due) (Re) Insurers shall have the right to cancel this contract by notifying the (Re) Insured via the broker in writing. In the event of cancellation, premium is due to (Re) Insurers on a pro rata basis for the period that (Re) Insurers are on risk but the full contract premium shall be payable to (Re) Insurers on a pro rata basis for the period that (Re) Insurers are on risk but the full contract premium shall be payable to (Re) Insurers in the event of a loss or occurrence prior to the date of termination which gives rise to valid claim under this contract.

It is agreed that (Re) Insurers shall give not less than 45 days prior notice of cancellation to the (Re) Insured via the broker. If premium due is paid in full to (Re) Insurers before the notice period expires, notice of cancellation shall automatically be revoked. If not, the contract shall automatically terminate at the end of the notice period.

If any provision of this clause is found by any court or administration body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability will not affect the other provisions of this clause which will remain in full force and effect.

LSW 3001
30/09/08

INDUSTRIES, SEEPAGE, POLLUTION AND CONTAMINATION EXCLUSION CLAUSE No.4

This Insurance does not cover any liability for:

1. Personal Injury or Bodily Injury or loss of, damage to or loss of use of property directly or indirectly caused by seepage, pollution or contamination.
2. The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances.
3. Fines, penalties, punitive or exemplary damages.

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NMA1686

SPECIAL CANCELLATION PROVISIONS (REINSURANCE)

It is understood and agreed that if any Reinsurer subscribing to this Reinsurance:

ceases underwriting or accepting new business, whether entirely or in any class of business which partially or totally includes the coverage under this Policy, or enters into a runoff arrangement or is subject to a scheme of arrangement, or any action is taken in any jurisdiction for the suspension of payments by, or the dissolution, winding up, termination of existence, liquidation, insolvency administration or bankruptcy of any Reinsurer, or a provisional liquidator, liquidator, trustee, administrator, receiver, administrative receiver or similar officer is appointed in respect of any Reinsurer or in respect of any part of its assets, or any authorization, approval or consent, license, exemption, filing, registration or notarization or other requirement necessary or desirable to enable any Reinsurer to carry on business is modified, revoked or withheld or does not remain or proves not to have been in full force and effect, or it becomes unlawful for any Reinsurer to perform any of its obligations under the Policy or an intention is announced to take any of the actions stated in paragraphs A. to D. above, or in the published opinion of the Reinsurer's auditors or a credit rating agency, the financial ability of a Reinsurer to pay claims is or may be impaired, then the Reinsured or the Reinsurer's Broker (as agent of the Reinsured) is entitled at its option to cancel that Reinsurer's participation in this Policy at any time after the applicable act stated above.

In that event, the premium due to such Reinsurer for this Reinsurance shall be the pro rata proportion of the premium allocated to the risks covered under the Policy which corresponds to the period for which the Reinsurer has been on risk, but after the deduction of that Reinsurer's proportion of outstanding claims under the Policy.

Notwithstanding anything to the contrary contained in this Reinsurance or subsequently endorsed to it, it is understood and agreed between the Reinsurers and the Reinsured that if:

the Reinsured, or the agents of the Reinsured on whose instructions this Reinsurance any have been affected, fails to pay Reinsurers the premium or any instalment of the premium by the date it is due, this Policy may be cancelled immediately by Reinsurers by giving notice in writing to the Reinsurers and, if applicable, the Reinsurers will as a consequence return to Assured pro rata premium calculated from the date of notice or from such later date as may be specified in the said notice.

The foregoing provisions are subject to the terms and conditions of any letter of undertaking issued by Reinsurers favor of any assignee or mortgagee of this Policy.

Nothing contained in this Clause shall prejudice or affect any right which Reinsurers may have in respect of any amount remaining due to them, whether in connection with this Policy or otherwise, or any other rights of Reinsurers against the Reinsured or their agents.

CLAUSE OF FLEET LOSSES

"It is agreed and understood that otherwise subject to the terms, exclusions, provisions and conditions contained in the Policy or endorsed thereon, the following clause shall apply to this insurance:

Loss or damage due to faulty design (if covered by endorsement), defective material and/or workmanship arising out of the same cause to structures, parts of structures, machines or equipment of the same type shall be indemnified according to the following scale after applying the policy deductible for each loss:

100% of the first 2 losses

80% of the 3rd loss

60% of the 4th loss

50% of the 5th loss"

PAIRS & SETS CLAUSE

If any claim arises herein for loss or damage (consequent upon a risk covered by the policy) of or to an article constituting one of an insured pair or set, no regard shall be had to the value of the pair or set and the amount recoverable under this policy shall be calculated as though the article had been separately insured at pro rata of the insured value of the pair or set.

Underwriters shall not be liable for any diminution in the value of the pair or set as a result of loss or damage

DIRECT PAYMENT CLAUSE

It is agreed and understood that subject to the terms, definitions, warranties, exclusions, provisions and conditions contained or endorsed or otherwise expressed in the Reinsurance cover, Reinsurers agree in the event of an identifiable claim under the Policy to settle the reinsurance claim directly to the Original Insured subject to:

The Reinsured having obtained the Leading Reinsurer's prior approval to assume liability and for any amounts payable in context with the settlement of the claim.

The Reinsured must instruct Reinsurers in writing to make a payment to the Original Insured and subject to the instruction given to Reinsurers by the Reinsured being irrevocable and Reinsurers' payment to the Original Insured relieves Reinsurers of any and all liability towards the Reinsured or its receiver or any other party with respect to such quantum of the claim in question paid by Reinsurers.

In no case shall such payment exceed the amount of the respective share reinsured by Reinsurers and payable by the Reinsured.

Each Reinsurer is only responsible for his signed share and amount of liability and no joint responsibility exists.

Reinsurers having received the full reinsurance premium before any claim payment. Before making a payment hereunder to the Original Insured each Reinsurer shall have the right to deduct from such payment any amounts due to him by the Reinsured relating to the policy under reference.

The duration of this Agreement shall commence and terminate automatically at the same time as the Reinsurance cover under which this Agreement may become operative. This Agreement can be terminated by either party by means of written notice to the other party at any time.

By giving the payment instruction, the Reinsured confirms and assumes full liability that a payment as described above will not violate currency or exchange or any other laws or regulations.

Nothing in this policy is intended to confer a directly enforceable benefit to any other party other than the Reinsured.

The Reinsured having obtained the leading Reinsurer's prior agreement as to liability under the policy and this reinsurance and for any amounts payable in context with the settlement of the claim.