

Supplementary insurance terms and conditions for liability insurance against damage caused by directors and officers of small-sized enterprises

Article 1 Introductory provisions

1. These supplementary insurance terms and conditions for liability insurance against damage caused by directors and officers (hereinafter referred to as the "DPP-SME-DO") supplement the provisions of the VPP-MZ, OPP-SME-Z and form an integral part of the insurance policy, if the insurance policy so provides.
2. The liability insurance against damage caused by directors and officers (hereinafter referred to as the "insurance") shall be governed by the applicable provisions of the Civil Code, the VPP-MZ, OPP-SME-Z, these DPP-SME-DO and by the insurance policy.

Article 2 Subject and scope of the insurance

By way of derogation from Art. 2 of the OPP-SME-Z, it is agreed that:

1. On the basis of a concluded insurance policy, the insured shall have the right to have the insurer pay on behalf of the insured to the aggrieved party, to the extent agreed, compensation for damage suffered by a third party (hereinafter referred to as the "aggrieved party") who has made a claim against the insured for damage for which the insured is liable and which is covered by this liability insurance against damage caused by members of the company's bodies (hereinafter as the "insurance").
2. Insured event shall, pursuant to these insurance terms and conditions, mean rise of any claim vis-à-vis the insured person(s) covered by these DPP-SME-DO and by special contractual arrangements of the concluded insurance policy. This claim to claim payment shall arise on condition that the claim was first asserted and notified to the insurer or the circumstances giving rise to the claim were first notified to the insurer (hereinafter referred to as the "notification of circumstances") during the policy period or during the extended claim notification period, and at the same time, the claim relates to the breach of the insured person(s)'s duty which occurred before the termination of the policy period specified in the insurance policy, but at the earliest after the commencement date of the insurance or after the retroactive date, if agreed in the insurance policy.
3. The insurer shall pay:
 - (a) to the aggrieved party the claim payment as compensation for damage caused by the insured as a result of a breach of duty on condition that the claim is covered by this insurance, except for cases where the company has already paid the damages to the aggrieved party/parties on behalf of the insured (**Insurance of members of company bodies**),
 - (b) to the company the claim payment as compensation for damage caused by the insured as a result of a breach of duty provided that the claim is covered by this insurance to the extent corresponding to the damages lawfully paid to the aggrieved party/parties by the company, however, in the maximum amount of damages actually paid by the company (**Company compensation insurance**),
 - (c) the costs of legal representation (max. up to the tariff remuneration of the attorney-at-law) of any insured person in case of claims asserted in terms of points (a) and (b) of para. 3 of this Article of these DPP-SME-DO in court or out-of-court proceedings pending against the insured until the final settlement of the claim, however, each time in the maximum amount of the liability limit specified in the insurance policy (**Legal representation costs insurance**).

Any legal representative, attorney-at-law, lawyer etc. representing the insured in legal matters must be approved by the insurer in advance. The costs of legal representation incurred with such legal representative, attorney, lawyer etc. shall be reimbursed by the insurer only if approved in advance in writing by the insurer.

In lieu of the reimbursement of costs, the insurer shall be entitled to appoint to the insured for a necessary time a legal representative that shall represent the insured in the proceedings for damages at the expense of the insurer. The insurer reserves the right to investigate, scrutinize and in its own discretion amicably settle any claim.

4. The insurance shall cover any claim for damages asserted vis-à-vis the insured which arose worldwide, except for the territories of the USA and Canada.
5. The extent of damages provided by the insurer shall be limited by the claim payment limit and other sublimit agreed in the insurance policy and in these DPP-SME-DO.

Article 3 Insurance exclusions

1. The insurance does not cover the insured risks listed below, but these risks may be insured additionally by agreement with the Insurer; therefore, unless otherwise stated in the insurance policy, the insurance does not cover any of the following risks:
 - (a) public relations and reputational costs,
 - (b) compensation for loss of earnings due to attendance at a court hearing,
 - (c) extradition costs - the costs of extraditing the insured to a foreign country,
 - (d) costs of legal representation in proceedings against personal liberty or property,
 - (e) personal expenses related to the confiscation of property,
 - (f) cash bond costs in legal proceedings,
 - (g) costs of legal defence in connection with personal injury or damage to health,
 - (h) costs of psychological care,
 - (i) costs associated with the intervention of a regulatory body
 - (j) urgent costs.
2. Further, pursuant to these DPP-SME-DO, the insurance shall not cover any damage resulting from the claim asserted vis-à-vis the insured resulting from:
 - (a) any intentional breach of duty, intentional criminal offence, fraud, intentional misuse of authority or any other act or breach of obligations carried out with the knowledge of the insured that it is a breach of duty or legal obligation; whereas, this exclusion shall apply to the insured who has committed these acts only and shall not apply to other insured persons and may be applied only on the basis of acknowledgement of the insured, final court ruling or any other final decision;
 - (b) any circumstances or breach of duty which have been or could have been known to the insured prior to the start of the policy period as circumstances leading to the rise of a claim,
 - (c) any claims having existed prior to the policy period, or
 - (d) any claims or facts which have been notified prior to the start of the policy period,
 - (e) directly or indirectly from injuries, diseases, damage to health, death or any mental illnesses however caused, from damage to or destruction of any movable property including loss of opportunity to use such property, whereas this exclusion in relation to liability for damage for violation of employee rights shall not include any mental illness,
 - (f) directly or indirectly

- i. from any existing, alleged, or imminent emission, leakage, or dispersal of pollutants on or into the soil, atmosphere or any water source, or body of water, regardless of whether such emission, leakage or dispersal has been intentional or accidental,
- ii. from any requests or orders to test, monitor, clean, remove, keep, manufacture, detoxicate or neutralize any pollutants,

and this exclusion shall not apply to any costs of legal representation and any claim asserted by any shareholder of the company if such incident(s) which resulted in the claim have occurred outside the jurisdiction of the United States of America or Canada, and any territories and domains thereof and any proceedings in connection with such claims are pending outside the jurisdiction of Canada and the United States of America, and any territories and domains thereof;

- (g) from any taking out, breach of obligation to take out, failure to take out any kind of insurance regardless of whether statutory, compulsory contractual or any other, as well as from ineligibility, impossibility of the company or the insured to receive any claim payment from any insurance of the company or of the insured due to the insolvency of the insurance company the insurance policy has been concluded with, to pay the claim payment or any part thereof;
- (h) any existing or intended transaction or offer for sale or acquisition or listing of any securities of any private company or joint stock company, including, however, not limited to, the initial issuance of securities, secondary issuance of securities or private listing of securities,
- (i) from or in connection with any provision of or failure to provide any advisory, consulting, intermediary, expert, telecommunication, investment, accounting, auditing, IT, or any other services for remuneration by the company or by the insured for the benefit of any third parties,
- (j) from any liability for damage caused by a defective product, defects of provided services or necessity to withdraw products off the market including all costs associated with such withdrawal of products off the market,
- (k) from any obligation of the insured or the company to pay taxes, levies, premiums for public insurance or any similar statutory payments and the administration thereof,
- (l) from the obligation of the insured to pay:
 - i. fines and penalties imposed in connection with intentional fraudulent acts or any criminal offence,
 - ii. fines and penalties which are not insurable by law,
 - iii. fines and penalties imposed as a result of a breach of any law governing taxes, levies, public insurance or any other statutory payments and the administration thereof.

Article 4

The start, change and termination of the insurance

1. If any transaction occurs during the policy period, the policyholder shall without undue delay inform the insurer thereof, however, no later than 30 days from the date of the transaction and the insurance shall cover only such breach of duty which occurred prior to the date of the transaction.

Article 5

Definitions

1. **Securities** are the following instruments:

- (a) shares, temporary deeds, participation certificates, bonds, certificates of deposit, treasury bonds, savings books, vouchers, bills of exchange, cheques, traveller's cheques, bills of lading, warehouse receipts, storage and any debenture bonds, commodity pledge certificates, cooperative participation certificates, investment certificates or any other securities pursuant to the generally binding regulations, or
- (b) other written certificates relating to securities specified in point (a) of this paragraph.

2. **Subsidiary** is any legal entity in which the policyholder owns, at the beginning of the policy period, more than 50% of the shares with voting rights or a business interest of more than 50%, either

directly or indirectly through one or more of its subsidiaries, and/or in which the policyholder during the policy period through one or more transactions becomes the owner of more than 50% of the shares with voting rights, or acquires a business interest of more than 50% directly or indirectly through one or more of its subsidiaries.

The company will be considered a subsidiary only for the period during which it meets the criteria set out in the previous paragraph. Any subsidiary the shares of which are publicly tradable or the securities of which are registered with a securities market or stock exchange or with a financial institution is by default not covered by this insurance and may be covered by the insurance only with the consent of the insurer after a risk assessment based on sufficient information requested by the insurer and payment of the additional premium.

Unless otherwise agreed, the insurance policy provides insurance cover only for breaches of obligations occurring during the period in which the policyholder holds, directly or indirectly through one or more subsidiaries, more than 50% of the shares with voting rights in the subsidiary or a business interest of more than 50%.

3. **Policy period** is a period of provision of insurance cover starting from the commencement of the insurance specified in the insurance policy. If the insurance is terminated in accordance with generally binding legal regulations before the expiry of the policy period specified in the insurance policy, the policy period will be identical to the period from the commencement of the insurance until its termination.
4. **Financial institution** means any bank, financial institution, insurance company, leasing company, asset administrator or administrator of investment funds, investment companies, investment services broker, securities trader or commodities trader, companies providing alternative investment services (private equity, hedge funds, real estate properties, etc.) or any other companies the activities of which are similar to the activities of companies indicated in this paragraph.
5. **Liability limit** is the amount stated in the insurance policy. It is the aggregate claim payment limit of the insurer for one and all insured events as defined in Article 2 of these DPP-SME-DO, arising from all claims made against the insured during the policy period or during the extended claim notification period. Any liability sublimit specified in the insurance policy shall also be the sublimit for all insured events during the policy period or during the extended claim notification period and within the total liability limit and shall not increase it.
6. **Compensation for loss of earnings due to attendance at a court hearing** refers to any compensation of part of the insured's earnings lost due to attendance at a court hearing or investigation, provided that the insured's attendance is required by a public authority and the loss of earnings has not been compensated by the company or awarded by a public authority.
7. **Public relations and reputational damage costs** are all reasonable costs, justified and necessary fees and expenses incurred by the insured with the prior written consent of the insurer in order to prevent or eliminate negative publicity and damage to the insured's reputation in connection with the claims covered by this insurance.
8. **Costs of legal representation** include:
 - (a) the costs of legal representation of the insured in pre-trial and trial proceedings in criminal proceedings brought against the insured, if such proceedings are brought in connection with a claim for damages,
 - (b) the costs of civil proceedings for damages before the competent authority, if such proceedings were necessary to determine the liability of the insured or the amount of the payment to be made by the insurer if such costs are to be paid (borne) by the insured,
 - (c) the costs of legal representation of the insured in any proceedings for damages, as well as the costs incurred by

the insured in the out-of-court negotiation of the claims of the aggrieved party,

- (d) the costs of external consultants and other costs incurred by the insured in order to mitigate the damage or to settle a claim that has arisen and is related to the alleged breach of duties,
- (e) the costs of the investigation.

The costs of legal representation must be approved in writing by the insurer in advance. The costs of legal representation do not include any labour costs, benefits, bonuses, etc. incurred by the insured, the policyholder or the company.

The costs of legal representation will be reimbursed within the total liability limit specified in the insurance policy unless otherwise agreed in the insurance policy.

9. **Costs of investigation** shall refer to reasonably incurred costs of legal representation of the insured and any other reasonably incurred costs of the insured or for their benefit with the prior written consent of the insurer, which must not be unreasonably withheld. The costs of investigation shall not include wages, salaries, or any other remuneration of the insured persons or the employees of the company.

Investigation shall refer to any official investigation, inquiry, examination, or inspection of matters of the company carried out by a person or institution legally competent to carry out such actions (public authorities) and

- (a) the insured persons are obliged to participate therein, or
- (b) includes any actions of the insured persons within the company.

10. **Extradition costs - the costs of extraditing the insured to a foreign country** are reasonably incurred legal defence costs and other costs reasonably incurred by the insured or for the benefit of the insured with the prior written consent of the insurer, which shall not be unreasonably withheld, in connection with their extradition or surrender or any other measure relating to such extradition or surrender under any applicable law, including a European or international arrest warrant or similar measure, including any appeal or other review proceedings under any applicable law.

11. **Costs of legal representation in proceedings against personal liberty or property** are the costs of legal representation reasonably incurred by or for the benefit of the insured and any other necessary expenses incurred by the insured with the prior written consent of the insurer, which shall not be unreasonably withheld, for the purpose of legal representation in proceedings against property or personal liberty.

Proceedings against property or personal liberty means any act which results or may result in:

- (a) the restriction or deprivation of ownership rights to the property of the insured,
- (b) the temporary or permanent obstruction of the performance of the insured's duties, or
- (c) the restriction or deprivation of the personal liberty of the insured.

12. **Personal expenses related to confiscation of property** are the following personal or family expenses incurred by the insured, such as tuition fees, housing, media, telephone, and internet costs, and private insurance premiums, which are paid exclusively by the insured when the insured has been prohibited by court order to dispose of their personal movable or immovable property. These costs shall be reimbursed only if the contract between the insured and the relevant service provider was concluded prior to the issue of the court order and, at the same time, the insured has already used all funds not affected by the court order.

These costs will be paid directly to the service provider as of the 30th day following the notification of this court decision, but for a maximum period of 24 months or until the payment limit agreed in the insurance policy is reached, whichever occurs first.

13. **Cash bond costs** in legal proceedings refer to all costs reasonably incurred by or for the benefit of the insured in connection with a cash bond or other financial instrument, in an amount determined by the court, which serves to secure an obligation in connection with the legal proceedings relating to the claim. The insurance does not cover the cash bond itself or any other financial instrument.

14. **Costs of legal defence in connection with personal injury or damage to health** are the reasonable costs of the insured's legal defence in connection with a claim for damages for personal injury, death or property damage.

15. **Costs of psychological care** are reasonable costs incurred by the insured, with the prior written consent of the insurer, which may not be unreasonably withheld, for psychological care provided by a psychologist or psychotherapist or other specialist in the field of management of stress caused to the insured as a result of the claim or investigation. These costs are reimbursed only insofar as they exceed other insurance (public or private) covering similar costs.

16. **Costs associated with the intervention of a regulatory body** refer to all costs reasonably incurred for legal representation and other necessary expenses incurred by or for the benefit of the insured for the purpose of legal representation of the insured by legal representatives and the preparation of a report or response to a public authority in connection with the intervention of a regulatory body.

Intervention by a regulatory body means:

- (a) any delivery to the insured, during the policy period, of a formal written notice from a public authority, provided that such notice legally forces the insured to produce or submit documents to the public authority, to answer questions of the public authority or to attend a hearing or proceeding before the public authority, or,
- (b) any inspection, visit, or check-up of a public authority at the company's premises during the policy period, during which documents were produced, inspected, copied or seized or the insured was questioned, or
- (c) any public announcement of the events referred to in the previous point.

17. **Urgent costs** are costs of legal representation or costs related to the intervention of a regulatory body, incurred by or for the benefit of the insured, for which the prior written consent of the insurer could not be obtained for objective reasons. The insurer will give their consent retrospectively provided that it is requested within 14 days of the first occurrence of such costs.

18. **Claim** is:

- (a) any written demand made against the insured by a natural person or legal entity in connection with any breach of duty, or
- (b) any criminal, civil, or arbitration proceedings brought against the insured by a natural or legal entity in connection with any breach of duty, or
- (c) any administrative or similar proceedings or investigation brought against the insured in connection with a breach of duty, or
- (d) any administrative or other official proceeding or investigation brought against the company in connection with any breach of duty by the insured.

Any number of claims against the insured person(s) arising out of or in any way connected with a single breach of duty or a series of identical, similar or repeated breaches of duty arising out of the same situation and which are connected in time, economically and legally, will be considered as a single claim. The date on which all such claims are made shall be deemed to be the date on which the first such claim was made, and all such claims shall relate to the insurance period during which the first such claim was made.

19. **Non-profit organisation** is a legal entity established pursuant to Act No. 213/1997 Coll. on Non-profit Organisations, as amended, which provides services of general interest on pre-determined and equal terms for all users and whose profits may not be used to benefit its founders, members of its bodies or employees, but must be used exclusively to provide services of general interest.

20. **Notification of circumstances** means any written notification by the insured or the company of the occurrence of facts or circumstances which may be expected to give rise to a claim.

The notification must be made without undue delay, but not later than 30 days after the insured or the company has become aware of such facts or circumstances and must at least include

- (a) the grounds for the alleged claim,
- (b) a description of the breach of duty,
- (c) details of the insured person who is alleged to have committed the breach.

All related repeated notifications of the same nature or arising from the same cause shall be considered as a single notification. The date of the first notification shall be considered as the date of notification.

21. **Insured** is, by way of derogation from Art. 16 of the VPP-MZ, a natural person – a past, present or future:

- (a) member of the company's board of directors, member of the company's supervisory board, senior executive of the company, member of the company's audit body, holder of the company's procuracy or an equivalent position under the law of a country other than the Slovak Republic,
- (b) employee of the company who, pursuant to an employment contract, holds a managerial or supervisory position, if the claim asserted against the employee is based on a breach of duty arising from the nature of the work agreed in the employment contract or the scope of the employee's work;
- (c) any of the persons referred to in points (a) and (b) above who at the same time holds one of the aforementioned positions in an affiliated company or non-profit organisation, if he/she represents the company in such position and has been appointed by the company, up to the limit stated in the insurance policy (sublimit),
- (d) spouse of the member of the company's governing body and of the company's employee in cases where the claim has been rightfully asserted against them on the basis of joint ownership or possession of property. Any breach of obligations by the insured's spouse is not covered by the insurance,
- (e) legal representative, heir, or successor of the persons referred to above in the event of their death, incapacity, insolvency or bankruptcy,
- (f) any employee of the company who has been named in a claim made against any of the above persons.

22. **Breach of duty** is any failure to perform an obligation, distortion of a fact, misleading, false description, inaccurate representation, misleading information, error, excess of authority, omission, violation of employee rights or any other act committed by the insured in the performance of their duties within the company.

Any related, continuous or repeated breach of duties shall constitute a single breach of duty, regardless of whether it has been caused by one insured individually or jointly by several insured persons and regardless of whether the injured party is one or several persons.

23. **Violation of employee rights** is any claim related to the violation of legal rights of employees or job applicants under the Labour Code and other generally binding legal regulations.

24. **Retroactive date.** It is possible to stipulate in the insurance policy that the insurance will also cover damages arising from claims that arise during the policy period and are related to a breach of duty

that occurred prior to the commencement date of the policy period. This period is limited by a so-called retroactive date. The retroactive date is specified in the insurance policy and means the earliest date in the past when the breach of duty could have occurred so that such breach of duty could be considered as the cause of the claim covered by the insurance. Claims arising from breaches of duties that occurred before the retroactive date are not covered by this insurance.

25. **Extended claim notification period** is the additional period following the termination of the policy period during which the policyholder or the insured may ascertain and notify the insurer on any claim or any circumstance that may lead to a claim.

26. **Company** is any legal entity specified in the insurance policy. If agreed in the insurance policy, the subsidiaries specified in the insurance policy shall also be considered as a company.

27. **Affiliated company** is any organisation, association or legal entity in which the company, at the commencement of or prior to the commencement of the policy period, owns, directly or indirectly through one or more subsidiaries, no more than 50% of the shares with voting rights, or a business interest of less than 50%. Affiliated company is not any:

- (a) organisation, association or legal entity having its registered office, shares in book-entry form or traded on stock exchanges in the United States of America or Canada; or
- (b) financial institution.

The insurance shall be applicable to the members of the governing bodies of such entities, provided that such entities are expressly named in the insurance policy.

28. **Damage** is, by way of derogation from the VPP-SME, any financial obligation to be paid by the insured in accordance with the generally binding legal regulations, whether as a result of a final judgement or other final decision, or any financial obligation paid as a result of a written claim for damages up to the extent of the insured's liability under these legal regulations. The damage shall include also fines, penalties, or other financial sanctions imposed under generally binding legal regulations directly upon the insured, as well as claims made against the insured arising from fines, penalties, or other sanctions imposed under generally binding legal regulations on the company or a third party as a result of a breach of the insured's duties.

29. **Transaction** means:

- (a) any merger or fusion of the company with another legal person, or
- (b) the sale of 50% or more of the company's assets to another natural or legal person, or
- (c) any circumstance in which another legal or natural person acquires more than 50% of the shares with voting rights of the company or the majority of the voting rights of the company; or
- (d) any legal or natural person, or legal or natural persons acting in concert, acquire control over the appointment of a majority of the members of the board of directors or executive directors of the company; or
- (e) the company goes into liquidation, a receiver or administrator is appointed to oversee its assets, or it becomes insolvent or bankrupt.

30. **Employee** is any natural person who has an employment relationship with the company or performs work for the company on the basis of an agreement for work performed outside the employment relationship in accordance with the Labour Code.

31. **Pollutants** means any solid, liquid, gaseous or thermal irritants or contaminants, including smoke, vapour, soot, fumes, acids, alkalis, toxic chemicals, liquids, gases or waste products, crude oil, oil, petroleum products, sanitary waste, asbestos or products containing asbestos, fungus, mould, lead or products containing lead and waste products of lead, any other chemical substances or pollutants in the soil, atmosphere, or flowing liquids or water in

artificial reservoirs. Waste products also include recycled, remanufactured or recultivated materials.

Article 6

Closing provisions

1. The provisions of these OPP-SME-DO applicable to the insured shall apply mutatis mutandis also to the policyholder (where the policyholder is a person other than the insured) and/or any other beneficiary.
2. The insurance policy may derogate from the provisions of these OPP-SME-DO.
3. These OPP-SME-DO shall enter into force on 01.07.2024.