



**General terms and conditions**  
**of State Treasury guaranteed individual**  
**insurance of short-term export**  
**receivables or costs of production**  
**(non-marketable risk) - Safe Contract Policy**



**KUKE**  
PFR Group

Finding  
solutions



**General terms and conditions of State Treasury  
guaranteed individual insurance of short-term  
export receivables or costs of production  
(non-marketable risk) - Safe Contract Policy**

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## §1. Definitions

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**Delivery of Goods/Services** - the release of goods or performance of a service by the Policyholder (or person acting on their behalf) order to fulfil the obligations arising out of the Agreement for sale concluded with the Counterparty. The delivery of goods/services occurs on the day of release of the goods or performance of a service in accordance with the conditions laid down in the Sales Agreement.

**Export** - trade exchange performed by the Insurer and the Counterparty.

**Exporter** - the entrepreneur (or its separate business entity) established or resident in the territory of the Republic of Poland. The term "Exporter", depending on the context, may in these GTC also refer to a Subsidiary Entrepreneur or a Consortium.

**Consortium** - a consortium of entities with the participation of the entrepreneur established or resident in the territory of the Republic of Poland that concludes a Sale Agreement with the Counterparty.

**Counterparty** - entrepreneur who concluded with the Insurer the Sales Agreement stipulated in the Specific Terms and Conditions.

**Production Costs** - documented manufacturing costs or purchase price of products or services incurred by the Insurer in order to fulfil the obligations resulting from the Sales Agreement concluded with the Counterparty.

**Counterparty's Country** - country in which the Counterparty is resident or established.

**Trade Credit** - deferred payment for goods or services supplied by the Counterparty in accordance with the terms of the Agreement for Sale.

**KUKE S.A.** - the Insurer.

**Receivables** - cash amount (including tax on goods and services subject to provisions) due to the Insured from the Counterparty subject to the Sales Agreement stipulated in the Specific Terms and Conditions in respect of the Delivery of Goods/Services. The date of the Receivables arising shall be the date of Delivery of

Goods/Services. In the event of the Insured transmitting goods periodically or in parts within one Sales Agreement concluded with the same Counterparty, with the date of each Delivery of Goods/Services and/or any batch or part thereof for which a separate invoice was issued, a separate Receivable arises.

**Trade Credit Period** - period calculated in days from the date of Delivery of the Goods/Services confirmed by an invoice entitling to receive the payment to the date set as the Due Date for the relevant Delivery of Goods/Services.

**Risk Term** - period constituting the sum of the Credit Risk Term and the Production Risk Term.

**Credit Risk Term** - period in days from the date of the first Delivery of Goods/Services confirmed by an invoice until the last Payment Term agreed under the Sale Agreement and confirmed by an invoice.

**Production Risk Term** - period in days from the date of entry into force of the Sales Agreement until the date of the last Delivery of Goods/Services executed under the Sales Agreement.

**GTC** - these General Terms and Conditions of the State Treasury Guaranteed Individual Insurance of Short-Term Export Receivables or Costs of Production (non-marketable risk) - Safe Contract Policy.

**Recovery Proceedings** - the proceedings conducted in the case of a Credit Risk against payment of compensation with the aim of the Counterparty and the Underwriter or Guarantor paying the Receivables, if there are any, or the claim of the Guarantor being satisfied in another manner.

**Proceedings in the case of threat of Loss** - the proceedings conducted in the case of a Production Risk against payment of compensation with the aim of minimizing the Loss.

**Proceedings after the Payment of Compensation** - the proceedings carried out after the payout of compensation intended as payment of the Receivables or compensation of the Costs of Production by the Counterparty or the Underwriter or Guarantor, if there are any, or the satisfaction of claims of KUKE S.A. and of the Policyholder in an alternative manner.

**Subsidiary Entrepreneur** – an entrepreneur in relation to which the Exporter understood at this point as an entrepreneur established or resident in the territory of the Republic of Poland:

- 1) Has the power to cast the majority of votes either directly or indirectly at a general meeting of shareholders are at a general meeting, also as a pledgee, usufructuary, or on the management board of the Subsidiary Entrepreneur as a capital company, also on the basis of arrangements with other persons; or
- 2) Is authorised to appoint or remove the majority of the members of the management board of the Subsidiary Entrepreneur as a capital company or cooperative, also on the basis of arrangements with other persons; or
- 3) Is authorised to appoint or dismiss the majority of the members of the supervisory board of the Subsidiary Entrepreneur, also on the basis of arrangements with other persons; or
- 4) The Members of the Management Board of the Exporter, the shareholders of the Exporter or the Exporter constitute more than half of the Members of the Management Board of the Subsidiary Entrepreneur; or
- 5) Has the power to cast the majority of votes either directly or indirectly at the Subsidiary Entrepreneur as a partnership or at a general meeting of the Subsidiary Entrepreneur as a subsidiary cooperative, also on the basis of arrangements with other persons; or
- 6) Exercises a decisive influence on the activities of the Subsidiary Entrepreneur as a capital company or cooperative, in particular on the basis of agreements foreseeing the management of the Subsidiary Entrepreneur or the transfer of profit by the Subsidiary Entrepreneur;

concerned with the sale of products or services.

**Disputed Receivables** – the subject of the Dispute, including the disputed receivables, unless KUKE S.A., subject to the gathered documents, acknowledges that the claim filed by the Counterparty does not have any legal or material justification.

**Claim for Compensation** – an application of the Policyholder requesting the payment of compensation.

**Credit Risk** – the risk of Damage or Loss being incurred by the Policyholder in relation to the performance of the Sales Agreement after the Delivery of Goods/Services.

**Production Risk** – the risk of Loss being incurred by the Policyholder in relation to the performance of the Sales Agreement before the Delivery of Goods/Services.

**Dispute** – charges (court and out of court) filed by the Counterparty in relation to the Policyholder where the Counterparty fails to acknowledge the claims of the Policyholder, particularly questioning the chargeability of the Receivables, the performance or proper performance of the duties and obligations by the Policyholder resulting from the Sales Agreement in principle or amount, or files mutual claims that have not been accepted by the Policyholder, or off sets its Receivables against the Receivables of the Policyholder.

**Insurance Sum** – the upper limit of the liability of KUKE S.A. established pursuant to the Insurance Agreement, not higher than the value of Sales Agreement provided for in the Specific Terms and Conditions, designated separately for the Credit Risk and the Production Risk.

**Loss** – property loss of the Policyholder caused by the non-payment to the Policyholder of full or part of the Receivables covered by the insurance cover as a result of the event specified in §4, par. 1 of the GTC or property loss of the Policyholder caused by the impossibility of performance of the Sales Agreement in the Production Risk Term as a result of the event stipulated in §4, par. 2 of the GTC.

**Payment Term** – the term agreed between the Policyholder and the Counterparty within which the Counterparty is required to effect payment of the Receivables.

**Policyholder** – the entity who has concluded an Insurance Agreement with KUKE S.A. – an Exporter, Subsidiary Entrepreneur, Consortium, or Financial Institution that entered into the Insurance Agreement after the purchase of receivables under the Sales Agreement. In the event of a financial institution entering into the Insurance Agreement, the provisions relating to the Policyholder shall still apply accordingly to the Exporter.

**Deductible** - the Policyholders deductible in the Loss, that is, the part of the Loss specified in percentage terms in the Specific Terms and Conditions by which the compensation is reduced. The deductible cannot be Policyholder with any other insurance company.

**Insurance Agreement** - an agreement under which insurance cover is granted to the Policyholder on the terms and conditions provided for in these GTC and in the Specific Terms and Conditions including annexes.

**Sales Agreement** - the agreement specified in the Specific Terms and Conditions.

**Specific Terms and Conditions** - document confirming the conclusion of an Insurance Agreement between the Policyholder and the Insurer and specifying the parameters of the Insurance Agreement mentioned in the GTC and other specific terms and conditions, including possible additional terms and conditions applicable to the Sales Agreements. The Specific Terms and Conditions may contain additional or different terms and conditions to these GTC.

**Security Agent** - the underwriter or guarantor or another entity establishing Collateral for the payment of the Receivables or Costs of Production.

**Collateral** - collateral established to secure the payment of the Receivables to the Policyholder or reimbursement of the Costs of Production incurred thereby.

## §2. Objective of the Insurance Agreement

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The Safe Contract Policy ensures Polish entrepreneurs the safe execution of Sales Agreements concluded with Counterparties from countries outside the area of the European Union and highly developed economies in the world. The product therefore concerns, among others, most countries in Asia, Africa both Americas. The Insurance under the Credit Risk ensures protection for Sales Agreements from the first Delivery of Goods/Services until the last Payment Term, up to the determined Insurance Sum. The Product not only ensures protection of Receivables in the case of such events as commercial risk, political risk or force majeure but also of the Costs of Production.

The Safe Contract Policy also ensures the Policyholder, without any additional fees, solid and reliable risk assessment and monitoring of the Counterparty's financial standing over the entire course of the performance of the Sales Agreement. The compensation is paid out in the currency of the Sales Agreement, which limits the foreign exchange risk and, moreover, is guaranteed by the State Treasury.

This Policy is the perfect solution particularly for companies involved in investment export, which is exposed to higher financial risk due to the substantial value of the executed Sales Agreement and the common long Payment Terms applicable thereto.

## §3. Subject of Insurance

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1. Subject to these GTC, KUKE S.A. provides insurance protection for:
  - 1) The Receivables on account of the Sales Agreement (including interest on the principal amount resulting from the Sales Agreement that arose up to the Payment Term of the Receivables) if the Credit Risk Term is below two years, with the reservation that in the case of agricultural commodities the maximum Credit Risk Term amounts to 540 days (Credit Risk); or
  - 2) The Costs of Production, if the Production Risk Term is below two years when the payment is executed before the Delivery of Goods/Services, at the Delivery of Goods/Services or is secured by a letter of credit confirmed by a bank established in the Republic of Poland or a guarantee (Production Risk); or
  - 3) The Receivables mentioned in point 1 along with the Costs of Production mentioned in point 2, if the Risk Term is below two years, including where the Production Risk Term is below one year (Credit Risk and Production Risk).
2. Within the Credit Risk, the Receivables that cumulatively satisfy the following conditions are covered by the insurance protection:
  - 1) Concern the Export of Goods or Services for which the payment is being made under a Trade Credit;
  - 2) Have been confirmed by an invoice issued in compliance with the binding provisions, the payment of which was expressed in the currencies specified

in Table A Average Exchange Rates Table of the National Bank of Poland or in Polish zloty;

- 3)** Are indisputable, unless the claims have been acknowledged by the Counterparty or the Policyholder has submitted a final judgement of a court or arbitrator's final decision ordering the payment of the Receivable, in accordance with §18, par. 7 of the GTC;
  - 4)** Result from the Sales Agreement;
  - 5)** Comply with the terms and conditions stipulated in the Insurance Agreement, including any additional terms and conditions of granting the insurance cover stipulated in the Specific Terms and Conditions.
- 3.** Within the Credit Risk, the insurance cover applies to Receivables according to the order in which they arose, up to the Insurance Sum determined in the Specific Terms and Conditions for the Receivables.
- 4.** Within the Production Risk, the insurance cover applies to the Costs of Production that cumulatively satisfy the following conditions:
- 1)** Have been included in the financial and in-kind schedule of costs incurred under the Sales Agreement;
  - 2)** Have been incurred by the Policyholder within the Production Risk Term, subject to par. 6;
  - 3)** Constitute manufacturing costs or the acquisition price in the meaning of the Accounting Act of 29 September 1994, are directly related to a given product or service and cover the reasonable portion of the costs indirectly related with the manufacturing of the given product or service.

Direct costs comprise:

- a)** The value of the direct materials used;
- b)** The costs of warehousing of semi-finished and finished goods that are essential in the production process and KUKE S.A. has consented to their warehousing;
- c)** The acquisition and processing costs directly related to production;
- d)** Other costs incurred in relation to bringing the product or service to the form/state and location it is in on the day of the valuation.

The reasonable – appropriate to the manufacturing term of the product – portion of the indirect costs comprise:

- e)** Variable indirect Costs of Production (production overheads);
  - f)** The portion of the fixed, indirect Costs of Production (production overheads) that corresponds to the level of the said costs at normal production capacity.
- 4)** Are evidenced in a manner allowing for the identification of evidence and accounting records and preparation of information that are to be included in the documentation of the Policyholder related to the Insurance Agreement concerning the execution of the Sales Agreement.
  - 5)** Comply with the terms and conditions stipulated in the Insurance Agreement, including any additional terms and conditions of granting the insurance cover stipulated in the Specific Terms and Conditions.
- 5.** Within the Production Risk, the insurance cover applies the Costs of Production up to the Insurance Sum determined in the Specific Terms and Conditions for the Costs of Production.
- 6.** If the Policyholder incurred the Costs of Production before the date of entry into force of the Sales Agreement, they may – with consent of KUKE S.A. – be covered under the insurance within the limits specified in the Specific Terms and Conditions.

#### §4. Events Covered under the Insurance

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- 1.** In the case of Credit Risk, the insurance protection covers the risk of non-payment of all or part of the Receivables as a direct result of the following events:
  - 1)** Payment default on the part of the Counterparty and underwriter or guarantor, if there are any, concerning the payment of the Receivables;
  - 2)** Actual insolvency of the Counterparty and underwriter or guarantor, if there are any;
  - 3)** Legally ascertained insolvency of the Counterparty and underwriter or guarantor, if there are any;
  - 4)** Measures or decisions of a third country other than the Republic of Poland, undertaken by the government or other state body of the third country regarded as a government intervention, rendering completion of the Sales Agreement impossible;

- 5) Announcement of a general payment moratorium by the government of the Counterparty's country or a country that participates in making payments concerning the Sales Agreement;
- 6) Inability or delay in transferring Receivables due from a Sales Agreement as a result of political events, economic difficulties, legal regulations or administrative decisions which occurred or were undertaken outside the borders of the Republic of Poland;
- 7) Legal regulations in the Counterparty's country pursuant to which payments completed by the Counterparty in local currency release the Counterparty from debt regardless of the fact that as a result of exchange rate fluctuations such payments completed by the Counterparty, after calculation to the currency of the Sales Agreement, are insufficient for the Counterparty to fully meet the payment obligations as at the day of effecting the payment;
- 8) Measures or decisions undertaken by the government of the Republic of Poland, including any measures and decisions undertaken by the European Union concerning trade between a Member State and third countries, such as a ban on transports, given that the consequences of such measures and decisions render it impossible for the Sales Agreement to be properly executed and were not compensated in any other form by the given government;
- 9) Force majeure, occurring outside the borders of the Republic of Poland, particularly including the following events and their consequences: war, civil war, uprising, revolution, riots, protracted mass strikes, earthquakes, volcano eruptions, cyclones, typhoons, floods, sudden tidal waves, fires of catastrophic dimensions, nuclear accidents, and piracy at sea.

2. In the case of Production Risk, the insurance cover includes the risk of it being impossible to execute the Sales Agreement in the Production Risk Term as a direct result of the events mentioned in par. 1 point 2-9 and as a result of a unilateral termination by the Counterparty of the Sales Agreement, understood as the non-performance or improper performance of the contractual duties and obligations, in particular the unfounded refusal to accept the goods or services.

## §5. Exclusions and Limitations of Insurance Coverage and Liability

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1. In the case of Credit Risk, the insurance cover does not include receivables:
  - 1) Due from a Counterparty, in relation to which the Policyholder is a parent undertaking or subsidiary in the meaning of accounting regulations, unless KUKE S.A. expressed consent for the insurance to cover the risk of not receiving the Receivables in full or in part as a result of the events mentioned in §4, par. 1, point 4-9 of the GTC;
  - 2) Incidental receivables, including interest for default, compensation for delay, and contractual penalties;
  - 3) Resulting from foreign exchange differences;
  - 4) Resulting from bank transfer charges;
  - 5) Payable under irrevocable letters of credit and confirmed by a bank with its seat in the Republic of Poland;
  - 6) Payable before the Delivery of the Goods/Services (advance payment) or on the day of issue of an invoice;
  - 7) In relation to which the Policyholder failed to file an intervention order within the term stipulated in §10, par. 2 of the GTC;
  - 8) In relation to which the Policyholder failed to fulfil the instructions of KUKE S.A.;
  - 9) Arising from a situation where a delay in payment of any receivables under the Sales Agreement (covered or not by the insurance) from the given Counterparty exceeds a term of 60 days, unless, subject to a request of the Policyholder, KUKE S.A. consented to include such receivables in the insurance cover;
  - 10) Disputed receivables, until the Counterparty recognizes the Policyholder's claims or the Policyholder submits a final decision of the court or an arbitration decision adjudicating the Receivables to the Policyholder.
2. In the case of Production Risk, the insurance cover does not include:
  - 1) Costs:
    - a) That are the consequences of unused production capacities and production losses;
    - b) General and administrative expenses (overheads) that are unrelated to bringing the product or service to the form/state and location it is in on the day of the valuation;



- c) Warehousing of semi-finished and finished goods other than those specified in §3, par. 4, point 3, sub-point b) of the GTC;
  - d) Of sale of products;
  - e) Financial costs, including obtaining guarantees;
- 2) The costs of production incurred pursuant to the Sales Agreement concluded with the Counterparty in relation to which the Policyholder is a parent undertaking or subsidiary in the meaning of accounting regulations, unless KUKE S.A. expressed consent, at the request of the Policyholder, for the insurance cover against the risk of interruption or impossibility of executing the Sales Agreement solely and exclusively as a result of the events mentioned in §4, par. 1, point 4-9 of the GTC;
  - 3) Insurance premiums paid to KUKE S.A. by virtue of the conclusion of the Insurance Agreement;
  - 4) Foreign currency exchange differences;
  - 5) Costs of production of goods or services supplied to the Counterparty;
  - 6) Bank transfer charges;
  - 7) Production costs incurred in breach of the applicable provisions of the law;
  - 8) Benefits lost;
  - 9) Costs of production incurred despite a Dispute, until its resolution, unless KUKE S.A., at the request of the Policyholder, confirms such costs have been covered by the insurance;
  - 10) Penalties and compensation resulting from the improper performance of the Sales Agreement.
3. The liability of KUKE S.A. is excluded in respect of:
    - 1) Related to bribery, in connection with the conclusion of the Sales Agreement, on the terms and conditions provided for in the Specific Terms and Conditions;
    - 2) Losses occurring as a direct result of:
      - a) Each action or omission of the Policyholder or person acting on behalf thereof;
      - b) Breach or non-performance by the Policyholder of the legal provisions applicable to the Sales Agreement, unless the Policyholder provides evidence that this had no effect on the Loss arising and/or its amount;
      - c) In the case of Credit Risk – the events mentioned in §4, par. 1, point 4-8 of the GTC, if such events occurred after 30 days, counted from the Payment Term;
      - d) In the case of Credit Risk – the events mentioned in §4, par. 1, point 9 of the GTC, if such events occurred after the Payment Term;
    - 3) Waiver of claims by the Policyholder, without the consent of KUKE S.A., in relation to the Counterparty or underwriter or guarantor, or any formal defects arising in the contractual documentation as a fault of the Policyholder, rendering it impossible to pursue these claims or their transfer to KUKE S.A., or failure to establish or leading to the expiration of the Collateral. The Policyholder cannot rely on the circumstance where KUKE S.A. knew or could have become aware of the content of the documentation at the time of conclusion of the Insurance Agreement;
    - 4) The Loss that is not a normal consequence of the events covered by the insurance protection as stipulated in the Insurance Agreement;
    - 5) When required by KUKE S.A. The Collateral has expired before 120 days after the Payment Term or before 120 days from it not being possible to execute the Sales Agreement, or turned out to be ineffective for reasons attributable to the Policyholder;
    - 6) In the event of the Policyholder failing to provide all the information known to them, about which KUKE S.A. enquired before the conclusion of the Insurance Agreement, or misrepresented them;
    - 7) In the case of Production Risk – the unilateral termination by the Counterparty of the Sales Agreement mentioned in §4, par. 2 of the GTC if the possibility of submitting claims for compensation from the Counterparty by such virtue was excluded from the Sales Agreement.

## §6. Application for the Insurance Cover and the Insurance Agreement

1. The Insurance Agreement shall be concluded in writing pursuant to an application for insurance submitted by the Policyholder on a form provided by KUKE S.A.
2. The Policyholder is required to present all the information required in the insurance application in accordance with the factual circumstances constituting material circumstances known to them that could impact the risk assessment and the decisions of KUKE S.A. to provide insurance cover. The Policyholder shall inform KUKE S.A. of any instances of change in the circumstances mentioned in

the previous sentence prior to the Insurance Agreement being concluded.

3. If the information and data presented in the insurance application are insufficient to complete the risk assessment, the Policyholder shall provide additional exhaustive information, according to the instructions of KUKE S.A. and to the best of their knowledge.
4. Based on the information provided in the insurance application and once the risk assessment is completed, KUKE S.A. shall submit to the Policyholder a proposal of the insurance terms and conditions, including the GTCs.
5. Immediately after coming to an agreement concerning all the terms and conditions of the insurance, KUKE S.A. shall draw up and deliver the Insurance Agreement to the Policyholder.
6. In the event of any discrepancies between the provisions entailed in the GTC and the Specific Terms and Conditions, the provisions of the Specific Terms and Conditions shall prevail.
7. In concluding the Insurance Agreement, the Policyholder shall submit declarations concerning:
  - 1) Bribery;
  - 2) Sanctions; and
  - 3) Other required declarations.

#### **§7. Validity of the Insurance Agreement and the Rules on its Termination**

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1. The validity period of the Insurance Agreement is specified in the Specific Terms and Conditions.
2. The Policyholder shall:
  - 1) Act with the same diligence and prudence that are expected of them in the event of not being insured;
  - 2) Obtain the consent of KUKE S.A. for any change in the parameters indicated in the Insurance Agreement;
  - 3) Transmit information at the request of KUKE S.A. and cooperate with KUKE S.A. in Recovery Proceedings, Proceedings in the event of threat of Loss, and Proceedings After the Compensation Payout;
  - 4) Inform KUKE S.A. of every instance of a bankruptcy petition being filed in relation to the Policyholder;

- 5) Promptly inform KUKE S.A. of criminal court proceedings having been instituted in connection with bribery;
- 6) Obtain the consent of KUKE S.A. for the conclusion of an agreement, arrangement or settlement concerning the insured Sales Agreement;
- 7) Promptly (within 3 working days from receiving the news) inform KUKE S.A. of any changes in the circumstances that they are aware of, which increase the risk of the Counterparty not completing the Receivables payment obligations - in the case of Credit Risk, or increasing the risk of the impossibility of executing the Sales Agreement - in the case of Production Risk, and particularly of the fact that:
  - a) A bankruptcy petition or a petition of similar nature was filed in relation to the Counterparty/ Underwriter or Guarantor, or bankruptcy was declared or bankruptcy proceedings have been instituted;
  - b) Criminal, penal revenue or enforcement proceedings were instituted against the Counterparty or persons holding managerial or supervisory positions therein;
  - c) The Counterparty has requested the payment term to be extended for all or part of the Receivable (applies to Credit Risk) or has requested a change in other terms and conditions of payment or Collateral provided;
- 8) Promptly, from the moment of receiving appropriate news, inform KUKE S.A. of any difficulties in receiving the goods or services or during the transfer of funds foreseen under the Sales Agreement covered by the insurance;
- 9) Cooperate with KUKE S.A. and observe any instructions thereof, whereby KUKE S.A. shall be entitled to instruct the suspension of the performance of the Sales Agreement should an event covered under the insurance, mentioned in §4, par. 1, point 3-9 of the GTC occur;
- 10) Have insurance covering assets related to the performance of the Sales Agreement;
- 11) Obtain the consent of KUKE S.A. to waive any right or Collateral related to the Sales Agreement or derogate from them on behalf of other persons, to the transfer of ownership of the product or encumber it by a lien in favour of other entities.

3. The Policyholder shall inform of the fulfilment of the Sales Agreement on a form provided by KUKE S.A. Such

notification shall be done within 10 days after the end of the month in which the Policyholder carried out all their duties and responsibilities resulting from the Sales Agreement, unless the Specific Terms and Conditions provide otherwise.

4. The Policyholder is entitled to withdraw from Insurance Agreement within a term of 7 days from the date of its conclusion. Withdrawal from the Insurance Agreement does not release the Policyholder from the duty of completing payment of the premium for the term in which KUKE S.A. granted the insurance cover as well as from effecting the payment of any other costs stipulated in the Insurance Agreement.

#### **§8. Currency of the Insurance Agreement**

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The currency of the insurance agreement shall be stipulated in the Specific Terms and Conditions.

#### **§9. Premium Arising from the Insurance Agreement**

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1. The Policyholder shall complete payment of the insurance premium to KUKE S.A. in an amount and within the term provided in the Specific Terms and Conditions, calculated according to the percentage rate of the Insurance Sum amount.
2. The percentage rate amount mentioned in par. 1, point 1 shall also be dependent on the following:
  - 1) The class of the Counterparty's country;
  - 2) The assessment of the Counterparty, underwriter or guarantor, if there are any;
  - 3) The Credit Risk Term or the Production Risk Term, where it is assumed that the Credit Risk Term and the Production Risk Term up to six months are six-month periods;
  - 4) The Policyholder's retention stipulated in the Specific Terms and Conditions;
3. Payment of the premium by the Policyholder does not prejudice the liability of KUKE S.A.
4. In the event of the payment of the premium not being completed within the designated term, KUKE S.A. reserves the right to summon the Policyholder to complete payment of the premium and, in the event of the expiry of

the stipulated deadline for payment, shall be entitled to give notice of termination of the Insurance Agreement with immediate effect. The termination by KUKE S.A. of the Insurance Agreement does not release the Policyholder from the duty of completing payment of the premium for the term in which KUKE S.A. granted the insurance cover.

5. The insurance premium amount shall be verified on the basis of a bill issued by KUKE S.A. in the event of any changes to the Insurance Sum or a change in the parameters mentioned in par. 2, provided that Loss did not occur until that time.
6. In the event of KUKE S.A. not being obligated under the Insurance Agreement to payout the compensation, KUKE S.A. shall not be obliged to reimburse the paid insurance premium to the Policyholder and, in the event of it not being paid, the Policyholder shall be obligated to complete the payment of the premium.

#### **§10. Recovery Proceedings - Credit Risk**

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1. In the event of the payment of the receivables included or not in the insurance cover not being completed despite the expiry of the Payment Term, the Policyholder shall:
  - 1) Promptly after the expiry of the Payment Term, shall make best efforts to recover the receivables from the Counterparty, and in the event of Collateral being established, promptly report their claims to the Security Agent in the proper manner and within the prescribe deadlines;
  - 2) Notify KUKE S.A. of it being impossible to cash a cheque or bill of exchange due to the lack of funds available on the Counterparty's bank account;
  - 3) Obtain the consent of KUKE S.A. to waive the debt or any rights or Collateral related to the insured Receivables or derogate from them on behalf of other persons.
2. In the event of not receiving the Receivables included or not in the insurance cover, the Policyholder shall submit, after the expiry of 30 days but not later than 60 days from the Payment Term the most overdue receivable, a request for recovery on the KUKE S.A. Form in order to institute the Recovery Proceedings in relation to the Counterparty and the Security Agent, if there are any. The request for recovery should include all the outstanding receivables

from the Counterparty included or not in the insurance cover, also including those in relation to which the Payment Term has not yet fallen.

3. After submitting the request for recovery, the Policyholder shall:
  - 1) Agree with KUKE S.A. the conditions for possible further sales to the Counterparty (regardless of the payment form foreseen or its security); In the event of consent being granted by KUKE S.A. for the continued sale and should the terms and conditions of this consent shall be met, the payouts shall be charged in accordance with the terms and conditions provided by KUKE S.A. In the event of consent not being granted by KUKE S.A. for the continued sale or should the terms and conditions of the consent not be met, the provisions of §16, par. 4 of the GTC shall apply;
  - 2) Make available to KUKE, at its request, the legal measures enabling the performance of the rights of the Policyholder in relation to the Counterparty or Underwriter or Guarantor, if there are any, including the granting of a power of attorney with substitutive powers to KUKE S.A. to act in this scope on behalf of the Policyholder;
  - 3) Comply with the instruction of KUKE S.A.;
  - 4) Promptly convey any information and documents concerning or directly or indirectly related to the Recovery Proceedings in progress;
  - 5) Promptly notify, on a form provided by KUKE S.A., of any payments concerning the collected receivables.
4. KUKE S.A. may commission the performance of Recovery Proceedings to a third party, the Policyholder, or express consent for the Policyholder to perform the said proceedings by his own means or by an entity appointed by the Policyholder. In the event of the recovery proceedings being conducted by the Policyholder or at its order, they shall be required to observe the instructions of KUKE S.A. and to inform KUKE S.A. of the progress of the proceedings on an ongoing basis.
5. The recovery proceedings shall not be conducted by KUKE S.A. in relation to Receivables under Litigation.

#### §11. Costs of Recovery Proceedings - Credit Risk

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1. The costs of Recovery Proceedings shall be incurred:
  - 1) By KUKE S.A. in relation to the Insured Receivables;

- 2) By the Policyholder in relation to uninsured receivables and in relation to acts that have been undertaken without or against the instructions of KUKE S.A.

2. In the event of Disputed Receivables, the Policyholder shall incur the costs of resolving the Dispute.
3. The costs of Recovery Proceedings shall be settled on the basis of bills/invoices issued. The date of payment has been provided in the Specific Terms and Conditions.
4. If the Insurance Agreement foresees Collateral for Payment of Receivables, the costs of establishing and maintaining collateral in force and possible transfer to KUKE S.A. shall be incurred by the Policyholder.

#### §12. Proceedings in Event of Threat of Loss - Production Risk

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1. The Threat of Loss, when the probability of the events mentioned in §4, par. 2 of the GTC increases, which may lead to it being impossible to execute the Sales Agreement, in particular:
  - 1) A bankruptcy petition or a petition of similar nature was filed in relation to the Counterparty, or bankruptcy was declared or bankruptcy proceedings have been instituted;
  - 2) Criminal, penal revenue or enforcement proceedings were instituted against the Counterparty or persons holding managerial or supervisory positions therein;
  - 3) The Counterparty has requested a change in the terms and conditions of payment or other terms and conditions under the Sales Agreement or a change in the collateral for the Costs of Production;
  - 4) There has been a delay of 60 days in the payment of any receivable due from the Counterparty under the Sales Agreement;
  - 5) Difficulties have occurred in the performance of the Sales Agreement, with the collection of goods or services (particularly unjustified delay in collecting the goods/services or performance of the duties and obligations of the Counterparty, indicating that there is a threat to the continuation of the Sales Agreement), or in transferring the funds foreseen under the Sales Agreement covered by the insurance;

- 6) Difficulties have occurred in the execution of a bill of exchange due to the lack of funds on the bank account of the Counterparty;
  - 7) A Dispute has arisen concerning the Sales Agreement or the Counterparty has filed a complaint that has not been acknowledged by the Policyholder.
2. The terms and conditions of cooperation in the event of a threat of Loss:
- 1) The Policyholder and KUKE S.A. cooperate with each other in order to agree on the Proceedings in the event of a threat or Loss, the proceedings are conducted jointly, however, they may agree that it shall be carried out by the Policyholder, KUKE S.A. or a third person,
  - 2) The Policyholder shall inform KUKE S.A. on an ongoing basis on the course of the Proceedings in the event of a threat of Loss, particularly if it is being carried out by the Policyholder.
3. The duties and obligations of the Policyholder in the event of a threat of Loss:
- 1) Report the threat of Loss on the form provided by KUKE S.A. not later than within 14 days from obtaining information on the occurrence of an event rendering performance of the Sales Agreement impossible, failing which they shall lose the right to the insurance protection;
  - 2) Notify in the proper manner and within the foreseen deadlines their claims to the Security Agent in the event of Collateral for the Costs of Production being established;
  - 3) Take action intended to minimise the Loss and act with the same diligence and prudence that are expected of them in the event of not being insured;
  - 4) Agree with KUKE S.A. the conditions for possible continuation of production or sales to the Counterparty (regardless of the payment form foreseen or its Collateral);
  - 5) Make available to KUKE S.A. at its request the legal measures enabling the execution of rights of the Policyholder in relation to the Counterparty or Underwriter or Guarantor, if there are any, including the granting of a power of attorney with substitutive powers to KUKE S.A. to act in this scope on behalf of the Policyholder;
  - 6) Promptly convey any information and documents concerning and directly or indirectly related to

the proceedings in progress relating to the Sales Agreement;

- 7) Promptly report the recovered amounts that reduce the Loss.
- 4. In the event of the threat of Loss ceasing, the Policyholder shall promptly notify KUKE S.A. of this fact as well as of the resumption of production or sales. The Policyholder shall cover all costs resulting from the decision to resume production, other than the Costs of Production covered under the insurance.

### §13. Costs of Proceedings in Event of Threat of Loss - Production Risk

- 1. KUKE S.A. shall cover the costs of proceedings against the Counterparty or the Security Agent in the event of the threat of Loss in relation to the insured Costs of Production.
- 2. KUKE S.A. shall cover the costs and expenditure in the event of the threat of Loss that have been incurred and documented by the Policyholder.
- 3. In order to minimise the Loss, the costs mentioned in par. 1 and 2 shall be settled on the basis of the issued bills/invoices, after the proceedings have been completed. The date of payment has been provided in the Specific Terms and Conditions.
- 4. In the event of Disputed Receivables, the Policyholder shall incur the costs of resolving the Dispute.
- 5. If the Insurance Agreement foresees Collateral for the Costs of Production, the costs of establishing and maintaining collateral in force and possible transfer to KUKE S.A. shall be incurred by the Policyholder.

### §14. Date of Loss Occurrence

- 1. In the event of legally declared insolvency of the Counterparty and Underwriter or Guarantor, if there are any, the Loss is considered to have occurred on the day the insolvency is legally ascertained.
- 2. In the event of a de facto declaration of insolvency of the Counterparty and Underwriter or Guarantor, if there are

any, it shall be deemed that the Loss arises on the day of the de facto declaration of insolvency by KUKE S.A. on the basis of reliable information on the financial situation of the Counterparty and Underwriter or Guarantor, if there are any, which may occur not earlier than upon the expiry of three months from the payment date of each of the insured Receivables - in the case of Credit Risk, or not earlier than upon the expiry six months from the date of finding that the Sales Agreement cannot be executed - in the case of Production Risk.

3. In the case of Credit Risk - in the event of delay in payment of the Receivables by the Counterparty and the Underwriter or Guarantor, if there are any, and in the occurrence of the events mentioned in §4, par. 1, point 4-9, the Loss shall be considered to have occurred within a term of 90 days from the date when KUKE S.A. had received the request for recovery, no earlier however than on the day after the expiry of the Payment Term.
4. In the case of Production Risk - in the event of the unilateral termination by the Counterparty of the Sales Agreement and the events mentioned in §4, par. 1, point 4-9 of the GTC, it shall be deemed that the Loss arises within a term of 90 days from the date of receipt by KUKE S.A. of the notification concerning the threat of Loss.
5. In order to determine the date of the Loss, the event that first caused the Loss shall be taken into consideration.

### §15. Filing of a Claim for Compensation

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1. The Policyholder shall submit the Claim for Compensation on a form provided by KUKE S.A.
2. KUKE shall confirm receipt of the Claim for Compensation to the Policyholder and shall specify the information and documents that are necessary to determine the amount of the Loss and the amount of compensation awarded within a term of 7 days from receiving the Claim for Compensation.
3. The submitted Claim for Compensation must be complete and documented. The Policyholder is required to provide KUKE S.A. all the information and present the documents and any other evidence necessary to ascertain the circumstances of the occurrence of the event covered under the insurance protection and the amount of the Loss, in particular:
  - 1) Provide the data making it possible for the Claim to be identified;
  - 2) Describe and document the event as a result of which the Loss arose (pursuant to §4 of the GTC);
  - 3) List all the rights, guarantees, security deposits, bills of exchange, mortgage bonds and other Collateral held;
  - 4) Indicate the measures applied to prevent Loss from arising or to reduce its size and the steps taken to secure the recourse claim;
  - 5) Include the history of the Counterparty's account constituting an analytical printout from a computer system of the accounting entries on the Counterparty's account maintained by the Policyholder, containing:
    - a) The Counterparty's name;
    - b) In the case of Credit Risk - the opening balance as at the day before the day of the issue of the oldest (issued earliest) unpaid invoice reported in the request for recovery along with the designation of the specific Receivables constituting it, i.e., the dates when they arose, their maturity dates, and the amounts;
    - c) In the case of Production Risk - the opening balance as at the day of entry into force of the Sales Agreement (or on the day of the first Costs of Production arising - in the case indicated in §3, par. 6 of the GTC) along with the designation of the specific receivables constituting them, i.e., the invoice number or number of other accounting items, the date of their issue, the maturity dates thereof, along with an indication of the agreement/other title on account of which the said receivables arose;
    - d) All the payments and their allocation to specific receivables with which they were settled, stating the amounts and dates when they were credited to the bank account of the Policyholder;
    - e) All remaining receivables covered or not under the insurance that arose after the aforementioned day, stating the dates when they arose, their maturity dates, and the amounts, along with an indication of the agreement/other title on account of which the said receivables arose;
  - 6) In the case of Production Risk:
    - a) Carry out an inventory of production in progress, finished products, semi-finished

- products, materials and raw materials related to the execution of the Sales Agreement;
- b)** Present the course of execution of the transaction;
- c)** Document and calculate the amount of the submitted Claim for Compensation;
- d)** Attach the original, signed copies by the person entrusted with keeping the accounting books of the Policyholder of printouts from the analytical accounts on which the incurred Costs of Production covered by the insurance were recorded;
- e)** Present and justify possible changes in the breakdown of the Costs of Production in relation to the original cost estimate and financial and in-kind schedule of costs incurred under the Sales Agreement, if they are greater than 10%.

- 4.** KUKE S.A. may request the Counterparty's account history for any other period.
- 5.** The printout of the Counterparty's account history from the computer system should be signed by the person entrusted with keeping the accounting books and an original copy thereof should be sent to KUKE S.A. In special and justified cases, KUKE S.A. may accept a history of the Counterparty's account in another form agreed with KUKE S.A. different from a computer printout.

#### **§16. Determination of Loss Amount - Credit Risk**

- 1.** The Loss amount constitutes the amount of Receivables covered under the insurance unpaid by the Counterparty determined on the basis of the loss account drawn up in the currency of the Insurance Agreement based on the history of the Counterparty's account, pursuant to the terms and principles set out in §15, par. 3, point 5 of the GTC, irrespective of the settlements performed between the Policyholder and the Counterparty.
- 2.** The Loss amount is determined in chronological order of payment terms, starting from the oldest Receivables.
- 3.** The loss account on the debit side includes the amount of all the Receivables due to the Policyholder from the Counterparty and included in the history of the Counterparty's account, mentioned in §15, par. 3, point 5, as well as the Receivables that the Policyholder waived with the consent of KUKE S.A.

- 4.** The loss account on the credit side includes:
  - 1)** Payments completed by the Counterparty or third parties and amounts received before the date of receiving the request for recovery that are recognised pursuant to the records in the history of the Counterparty's account;
  - 2)** Completed payments, including amounts redeemed by offsetting, performed by the Counterparty or third parties, as well as amounts recovered from the date of receipt of the request for recovery by KUKE S.A. until the day of payment of the compensation:
    - a)** Applied towards the oldest receivables due covered or not under the insurance, subject to the provisions of sub-point b and c;
    - b)** In the event of the insurance cover being granted under the condition of the Policyholder possessing Collateral for payment of the Receivables in the form of a surety or guarantee - payments completed by the Security Agent only applied towards the oldest Receivables covered by the insurance encompassed by the request for recovery by the date of payment of the compensation;
    - c)** in the case of other Collateral than those stipulated in sub-point b) - amounts obtained from the performance of acquired rights, guarantees, deposits, collateral or other acquired ownership titles, recognised pursuant to the records in the history of the Counterparty's account;
  - 3)** Any discounts, rebates and reductions on the prices of the goods and services sold that were granted to the Counterparty without the consent of KUKE S.A., if not included on the invoices documenting the Receivables, applied towards the oldest receivables due covered or not under the insurance, starting from the date of KUKE S.A. receiving the request for recovery until the date of payout of the compensation.
- 5.** In relation to Receivables due with the same maturity date, payments are recognised proportionally.

#### **§17. Determination of Loss Amount - Production Risk**

- 1.** The Loss amount is determined on the basis of the documents presented by the Policyholder, in particular the financial and in-kind schedule mentioned in §3, par. 4, point 1 of the GTC, the history of the Counterparty's



account mentioned in §15, par. 3, point 5 of the GTC, the records of the costs of production, the invoices received, the notes and charges and the loss account.

2. The loss account on the debit side includes the amount of all the Costs of Production incurred by the Policyholder from the date of entry into force of the Sales Agreement or earlier - in the case indicated in §3, par. 6 of the GTC covered by the insurance pursuant to the Insurance Agreement.
3. The loss account on the credit side includes:
  - 1) The costs of production of goods or services supplied to the Counterparty;
  - 2) The payments completed by the Counterparty or third parties towards the execution of a part of the Sales Agreement that has not been performed (e.g., deposits, unsettled adjustments relating to receivables settled earlier, etc.);
  - 3) The value of contractual penalties and compensation on account of the premature termination of the Sales Agreement by the Counterparty paid to the Policyholder;
  - 4) The amounts obtained from the fulfilment of acquired rights, insurance, guarantees, deposits and collateral or other proprietary rights;
  - 5) Deducted VAT amounts;
  - 6) The value of production in progress, finished products, semi-finished products, materials and raw materials related to the execution of the Sales Agreement and used for other purposes;
  - 7) The value of production in progress, finished products, semi-finished products, materials and raw materials related to the execution of the Sales Agreement transferred to a third party;
  - 8) The amounts received from the resale of products, semi-finished products, materials and raw materials related to the execution of the Sales Agreement minus the expenses incurred in connection with their preparation for resale;
  - 9) The amounts of deductions carried out by the Policyholder;
  - 10) The amounts of compensation received on account of loss and destruction of products, semi-finished products, materials and raw materials related to the execution of the Sales Agreement.
4. In the event of the occurrence of Loss, KUKE S.A. reserves the right to appoint and designate an expert tasked with

determining the origins and the amount of the Loss is covered by the Claim for Compensation or the possibility of resale of the products, semi-finished products, materials and raw materials related to the execution of the Sales Agreement. The Policyholder shall provide the expert with all the necessary information and submit the accounting books and documents requested thereby. The remuneration of the expert shall be covered by KUKE S.A.

### §18. Conditions for the Payment of Compensation and its Amount

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1. After determining the factual circumstances, establishing the legitimacy of the Claim for Compensation and the amount of the compensation, if the Policyholder met all the terms and conditions of the Insurance Agreement, KUKE S.A. shall pay out the compensation within a term of 30 days from the receipt of a complete and documented Claim for Compensation.
2. If ascertainment of the circumstances necessary to establish the liability of KUKE S.A. or the amount of the compensation within the term stipulated above turns out to be impossible, KUKE S.A. shall complete payment of the compensation within a term of 14 days from the day it was possible to determine the above mentioned circumstances while exercising due diligence.
3. If KUKE S.A. fails to pay out the compensation within the terms stipulated above, it shall notify the Policyholder of the reasons why it was impossible to acknowledge their claims in whole or in part; however, the undisputed part of the compensation shall be paid out thereby within the term stipulated in par. 1 or 2.
4. If the submitted Claim for Compensation is incomplete or improperly documented, KUKE S.A. shall summon the Policyholder to complete the lacking documentation.
5. If there is no entitlement to the compensation or an entitlement to a different amount of compensation than that stipulated in the submitted Claim for Compensation, KUKE S.A. shall inform the Policyholder of this fact, outlining the circumstances and the legal grounds justifying the complete or partial refusal to complete payment of the compensation and shall inform the Policyholder about the possibility of pursuing claims in court.



6. In the event of the Insurance Agreement specifying any additional insurance cover terms and conditions, particularly concerning Collateral, the Claim for Compensation may be acknowledged if:
  - 1) The Collateral was established in compliance with the provisions of the law binding and applicable in the Counterparty's Country, and is also transferable to KUKE S.A. in the event of the pay out of compensation, the Collateral remained valid and binding for at least 120 days after expiry of the term of payment of the Receivables and they did not prove to be ineffective for reasons resting with the Policyholder;
  - 2) The Policyholder reported their claims to the Underwriter or Guarantor, however, not later than within a term of 30 days from the date of payment of the given Receivable or 30 days from the production being suspended, sending to them a recorded delivery letter with a return receipt or the Security Agent accepted the claims of the Policyholder before completing payment of the compensation.
  
7. In relation to Disputed Receivables, KUKE S.A. shall pay out the compensation, subject to par. 1 and 2, within a term of 30 days from receiving the Claim for Compensation with:
  - 1) A judicial decision or arbitration award awarding to the Policyholder the whole or part of the Disputed Receivables, including the insured Receivables or amounts on account of the insured Costs of Production that may be carried out in the Counterparty's Country; or
  - 2) A declaration of the Counterparty on the acknowledgement of the claim, drawn up in writing (with the date and legible signatures of the persons representing the Counterparty) or in electronic form with a qualified electronic signature, along with the documents confirming the powers of the persons signing the declaration on their behalf.
  
8. In relation to the Credit Risk - in particularly justified cases, KUKE S.A. shall be entitled to complete pay out the compensation at an earlier date than resulting from the aforementioned provisions. In such a case, the amount of compensation shall not include interest on capital that may be incurred between the date of pay out of the compensation and the date of maturity of the Receivables, which has not yet expired.
  
9. The amount of the compensation constitutes the amount of the Loss determined pursuant to §16 and 17 of the GTC, up to the maximum amount of the Insured Sum, less the Policyholder's Deductible, whereby the amount of the compensation cannot exceed the actual Loss.
  
10. If, after the payout of compensation, it shall turn out that KUKE S.A. was not required to complete it, pursuant to the provisions of the law and the terms and conditions of the Insurance Agreement, the Policyholder should reimburse the full amount of the received compensation within a term of 14 days from the date of the request for its reimbursement.
  
11. In the event of undue compensation being paid out as a result of the fault of the Policyholder, KUKE S.A. shall charge statutory interest for the delay counted from the date of payment of the compensation.

#### §19. Transfer of Rights after the Payout of Compensation - Subrogation

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1. Once the compensation is paid out, any claims of the Policyholder against the Counterparty or the Underwriter or Guarantor, if there are any, are transferred to KUKE S.A. up to the amount of the compensation paid out.
2. The transfer of claims mentioned in par. 1 shall include both the main receivable and the interest and additional benefits related to the Receivable or the Costs of Production in respect of which the compensation was paid out.
3. Thereby, the following are transferred to KUKE S.A., resulting from the Sales Agreement:
  - 1) The right to demand payment from the Counterparty of the amounts in relation to which subrogation occurred (Receivables or compensation for the Costs of Production incurred by the Policyholder);
  - 2) The right to charge interest on the amounts mentioned in point 1, on the terms and conditions specified in the Sales Agreement;
  - 3) The right to request from the Counterparty the reimbursement of the costs of recovery of the amounts mentioned in point 1 and 2, in the scope and based on the principles provided for in the Sales Agreement; and
  - 4) The right to request from the Counterparty the reimbursement of all other costs that the Counterparty

was required to reimburse to the Policyholder pursuant to the provisions of the Sales Agreement – in the scope and based on the principles provided for in the Sales Agreement and up to the amount in which these costs previously incurred by the Policyholder were then reimbursed thereto by KUKÉ S.A.

4. If it is permitted under the applicable provisions of the law and provided that this effect does not occur directly under the Polish law, including Article 12 of the Act on Export Insurance Backed by the State Treasury of the 7 July 1994, the Policyholder, at the request of KUKÉ S.A., shall transfer to KUKÉ S.A. all rights resulting from the Sales Agreement along with the rights resulting from the Collateral (taking into account the preservation of the rights by the Policyholder resulting from the Collateral in the scope of its claims against the Counterparty that were not encompassed by the compensation), in the form of an assignment of rights, endorsement or other required legal form, and also shall complete all other legal acts necessary to effectively exercise the rights of KUKÉ S.A. in relation to the Receivables or the Costs of Production by virtue of which KUKÉ S.A. paid out the compensation, subject to §20 of the GTC.
5. In the event where KUKÉ S.A., within a subrogation, also exercises the rights of the Policyholder, it shall notify the Policyholder of its actions and transfer a portion of the recovered amounts thereto specified in §20 of the GTC.

## §20. Duties and Obligations of the Policyholder After Loss Occurrence

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1. The payout of compensation by KUKÉ S.A. shall not release the Policyholder from the duties and obligations resulting from the Insurance Agreement.
2. The Policyholder shall, within a term of 30 days after the payout of compensation or at the earliest possible occasion, provided that compliance with the 30 day term is impossible for reasons beyond its control:
  - 1) Transmit to KUKÉ S.A. the information on the total amount of the debt in respect of the Policyholder under the Sales Agreement as at the date of payout of the compensation;
  - 2) Notify KUKÉ S.A. of its intentions in relation to the amounts not covered by the Insurance, provided that such amounts remain payable and outstanding,

subject to such a declaration being interpreted solely and exclusively as reflecting the intentions of the Policyholder as at the date of the submission of such a declaration and shall not in any manner restrict the Policyholder in the execution, change or abandonment of its intentions, of which the Policyholder shall promptly notify KUKÉ S.A.;

- 3) Provide KUKÉ S.A. with evidence, in a manner effective for third parties, necessary for KUKÉ S.A. to exercise its rights under the subrogation and transmit to KUKÉ S.A. a declaration confirming the fact of the existence of the subrogation, the date of the subrogation, the total amount of the subrogated claims and the specification of the claims that create the subrogated claim (hereinafter jointly referred to as the "Terms and Conditions of Subrogation");
- 4) Prepare and send to the Counterparty a notification, previously approved by KUKÉ S.A., on the Terms and Conditions of Subrogation; and
- 5) Should it turn out that:
  - a) The subrogation of KUKÉ S.A. to the insured amount turns out to be impossible in light of the provisions of the law applicable to pursue the payment of this amount from the Counterparty;
  - b) KUKÉ S.A. shall not be able to enter into the rights under the critical Collateral; or
  - c) KUKÉ S.A. shall not possess the capacity to effectively claim for the subrogated amount, or this subrogation would prejudice the rights of KUKÉ S.A.;

The Policyholder shall also assume the trust assignment of the previously subrogated to KUKÉ S.A. Amount or shall remain the creditor of the Counterparty in respect of the amounts covered by the Insurance and shall take action against the Counterparty and the Security Agent intended to recover the said amounts; alternatively, the parties to the Insurance Agreement shall establish a different procedure for pursuing the relevant claims, where, in each case:

- d) The Policyholder shall exercise its rights exclusively on account, risk and cost of KUKÉ S.A. and solely and exclusively on the basis of and in the scope specified in the prior written instructions of KUKÉ S.A.;
- e) The Policyholder shall be entitled to fulfil the instructions of KUKÉ S.A. independently or through the agency of a legal adviser or other

entity of its choice, with the prior approval of KUKÉ S.A. to cover the costs entailed therein.

3. The verification of the terms and conditions and the subrogation possibility mentioned in par. 2, point 5) may be carried out separately by KUKÉ S.A. and the Policyholder (at own cost) or may result from the recommendation of the legal adviser the selection of which shall be agreed by the Parties to the Insurance Agreement, acting in the interests of both KUKÉ S.A. and the Policyholder.
4. The costs incurred by the Policyholder for the benefit of the third parties in relation to the cooperation with KUKÉ S.A. mentioned in par. 2 and 3, in the scope previously accepted by KUKÉ S.A., constitute the costs of the Proceedings After the Compensation Payout.
5. The case of the Policyholder failing to fulfil its duties and obligations mentioned in par. 2, point 1-5, the Policyholder shall be liable to KUKÉ S.A. for the damage caused.

#### **§21. Proceedings After the Compensation Payout**

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1. The Proceedings After the Compensation Payout shall include recourse proceedings in relation to the amount of compensation paid out and the proceedings concerning other amounts conducted after the compensation pay out.
2. The Proceedings After the Compensation Payout shall be conducted by KUKÉ S.A.
3. The Parties to the Insurance Agreement may decide that the Proceedings After the Compensation Payout shall be conducted by the Policyholder.
4. The costs of Proceedings After the Compensation Payout are incurred by:
  - 1) KUKÉ S.A., in relation to the amount of compensation paid out (costs of recourse proceedings);
  - 2) The Policyholder, in the remaining extent and in relation to the actions that were taken against the instructions of KUKÉ S.A.
5. The Party to the Insurance Agreement conducting the Proceedings After the Compensation Payout shall notify the other party of any planned and undertaken actions.

6. The conduct of the Proceedings After the Compensation Payout by one party to the Insurance Agreement shall not release the other party of the duty and obligation to cooperate in the recovery of claims.
7. The costs of the Proceedings After the Compensation Payout shall be settled on the basis of bills/invoices issued. The date of payment has been provided in the Specific Terms and Conditions.

#### **§22. Amounts Recovered After the Compensation Payout**

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1. Any amounts – including interest for delay in payment – enforced under the Sales Agreement after the payout of compensation constitute the recovered amounts.
2. The recovered amounts regardless of their amount, shall be divided between KUKÉ S.A. and the Policyholder proportionally to the value of the share in the Loss of the Policyholder and of KUKÉ S.A. established on the day of payout of the compensation.
3. If the recovered amounts are expressed in a currency different to the currency of the Sales Agreement, the average exchange rate of the National Bank of Poland applicable on the day the funds have been credited to the bank account of the Policyholder shall be used for their conversion.
4. The Policyholder shall, within a term of 14 days, notify KUKÉ S.A. of the recovery of the amounts and transfer to KUKÉ S.A. the portion attributable thereto within a term of 14 days from their receipt, that is, the date the funds were credited to the bank account of the Policyholder. Should the funds be transmitted at a later date, KUKÉ S.A. shall be entitled to charge statutory interest for the delay.

#### **§23. Assignment of Rights to Compensation under the Insurance Agreement**

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1. The right to compensation under the Insurance Agreement may be transferred to a third party with the consent of KUKÉ S.A.
2. KUKÉ S.A. reserves the right to notify the assignee of any infringements of the Policyholder with regard to its obligations under the Insurance Agreement.

3. The assignment of rights to compensation shall not release the Policyholder from the duties and obligations under the concluded Insurance Agreement.
4. The Policyholder shall notify the assignee of any amendments to the Insurance Agreement that were adopted after the execution of the assignment.

#### §24. Procedures and Inspection of Documents

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1. The time expressed in days foreseen for taking the actions constituting the duties and obligations of the Policyholder resulting from these GTC also concerns Saturdays and public holidays (Act of on non-working days of 18 January 1951). If the end of the period for taking the above mentioned actions falls on a public holiday, the deadline shall expire on the following day. If a deadline for the submission of written declarations has been stipulated under the Insurance Agreement in relation to the Policyholder, the postmark date shall be the decisive date.
2. Upon the request of KUKE S.A., the Policyholder shall make available any information, ledgers, documents and any other materials to the persons authorized by KUKE S.A., and shall provide certified copies, extracts or translations of ledgers, opinions, information and any other documents and materials concerning or directly or indirectly relating to the Insurance Agreement, Sales Agreement, the Counterparty or underwriter or guarantor, if there are any.
3. At the request of the Policyholder, KUKE S.A. shall provide the information and documents that had an impact on the determination of the liability of KUKE.S.A. and the amount of compensation. Within the agreed deadline and in accordance with the agreed rules, the Policyholder shall have the right to inspect the claim files and make copies or photocopies thereof at its own expense.

#### §25. Breach of Obligations by the Policyholder

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1. Should the Policyholder fail to perform its duties and obligations provided by the Insurance Agreement, as well as should the Policyholder provide KUKE S.A. with false information, KUKE S.A. shall be free of any liability, unless:
  - 1) These circumstances have no effect on the occurrence of the Loss, its increase or absence; or
  - 2) This concerns information obtained by the Policyholder third parties and transmitted to KUKE S.A. in good faith.
2. In the case described in par. 1, in the event of the compensation being paid out, it shall be subject to reimbursement.
3. In the event of the Policyholder taking actions or concealing the facts, intentionally or owing to gross negligence, in order to mislead KUKE S.A. as to the situation of the Counterparty or as to the Receivables or Costs of Production covered by the Insurance, as well leading, intentionally or owing to gross negligence, to the incorrect assessment of the risk by KUKE S.A. and any increase of the risk from the fault of the Policyholder, KUKE S.A. may refuse to pay out the compensation in whole or in part.

#### §26. Resolution of Disputes Arising from the Insurance Agreement

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Any disputes related to the Insurance Agreement, concluded on the basis of the GTC, shall be settled by the competent court according to general rules.

#### §27. Form and Procedure

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1. The Insurance Agreement is concluded in writing or in electronic form with a qualified electronic signature.

2. The remaining documents and submissions/declarations/notifications related to the Insurance Agreement, in particular the forms mentioned in the GTC shall be transmitted by the parties to the Insurance Agreement in writing, in electronic form with a qualified signature or in document form (email or scan), subject to par. 3.
  3. Whenever there is mention in the GTC of the duty of the Policyholder submitting a request/declaration/notification on a form of KUKE S.A., the Policyholder may submit the request/declaration/notification in another form other than the form provided by KUKE S.A. (e.g., by email), provided that the request/declaration/notification shall contain all the data required by the form provided by KUKE S.A.
  4. The following do not constitute an amendment to the Insurance Agreement:
    - 1) Changes of data relating to the administrative and organisational support and handling of the Insurance Agreement;
    - 2) Changes of the registry data (name or address) of the Policyholder;
    - 3) Changes resulting from the universal succession of the Policyholder.
  5. KUKE S.A. shall update the data in the Insurance Agreement without the need to conclude annexes in the scope specified in paragraph 4.
- §28. Legal Basis**
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1. The legal basis of the Insurance Agreement constitute:
    - 1) The Polish Civil Code of 23 April 1964, with the exception of Article 807 §1 and Article 811;
    - 2) The Act on Export Insurance Backed by the State Treasury of 7 July 1994.
  2. The provisions of the Acts mentioned in par. 1 shall apply in all matters not governed by the Insurance Agreement.
  3. These GTCs were adopted under a Resolution of the Management Board of KUKE S.A. No. 79/IN/P/2021 on 26 July 2021.  
  
NIE PI/2021-07  
  
This is a translated version of the General Terms and Conditions. If, for any reason, there are discrepancies in the translation, the Polish language version shall prevail.



**KUKE**  
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