



General terms and conditions of export credit insurance guaranteed by the State Treasury

Approved under a Resolution of the Management Board of KUKE S.A.
No. 1/1/IN/2021 of 13th May 2021



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**INDIVIDUAL POLICY
BUYER'S CREDIT**

Contents

4	§1.	Definitions
6	§2.	Objective of the Insurance Agreement
6	.....	§3.	Subject of Insurance Cover
7	.....	§4.	Exclusion of Liability
7	.....	§5.	Period of Insurance Cover
8	.....	§6.	Events Causing Loss
9	.....	§7.	Date of Loss
10	....	§8.	The Policyholder's Deductible
10	....	§9.	Premium and Fees
10	...	§10.	Proceedings Relating to Risk Assessment and Risk Control
11	...	§11.	KUKE S.A. Powers of Attorney and their Scope
12	...	§12.	Insolvency or Cessation of Business Operations by the Policyholder
12	...	§13.	Threat of Loss
12	...	§14.	Conditions for award of indemnity
13	...	§15.	Intergovernmental Debt Restructuring Agreement
13	...	§16.	Appropriation of Payments and Amounts in Respect of the Credit Agreement
14	...	§17.	Determination of the Loss Amount
14	...	§18.	Additional Costs
14	...	§19.	Payment of indemnity
15	..	§20.	Transfer of the right to indemnity under the Insurance Agreement - Assignment
15	...	§21.	Transfer of rights after the payment of indemnity - subrogation
15	..	§22.	Duties and Obligations of the Policyholder After Loss Occurrence
16	..	§23.	Proceedings After the Payment of Indemnity
17	..	§24.	Recovered Amounts
17	..	§25.	Reimbursement of Indemnity
17	..	§26.	Sanctions for Breaches of Duties and Obligations by the Policyholder
17	...	§27.	Payment Currency
18	..	§28.	Resolution of Disputes Arising from the Insurance Agreement
18	...	§29.	Legal Grounds

§1. Definitions

- 1. Debtor** - a private or public entity established or residing outside the territory of the Republic of Poland, required to repay the Receivables resulting from the Credit Agreement.
- 2. Export** - trade in products or services indicated in the Insurance Agreement performed by the entrepreneur established or residing in the territory of the Republic of Poland, a Subsidiary Company or members of a Consortium with a participation of an entrepreneur established or residing in the territory of the Republic of Poland, with an Importer under a Contract.
- 3. Exporter** - an entrepreneur established or residing in the territory of the Republic of Poland making sales of Domestic Products or Services. The term "Exporter", depending on the context, may also refer in these GTC to a Subsidiary Company or a Consortium.
- 4. Importer** - an entity established or residing outside the territory of the Republic of Poland, which is a party to the Contract.
- 5. Consortium** - a consortium of entities with the participation of the entrepreneur established or residing in the territory of the Republic of Poland that executes a Contract with the Importer or Debtor.
- 6. Contract** -
 - 1)** an export contract executed by and between an entrepreneur established or residing in the territory of the Republic of Poland and the Importer or Debtor; or
 - 2)** a sales contract executed by and between a Subsidiary Company and an Importer or a Debtor; or
 - 3)** a sales contract executed by and between a Consortium and an Importer or a Debtor;concerning the supply of products or performance of services, which is financed in whole or in part based on a Credit Agreement.
- 7. Additional Costs** - the costs incurred by the Policyholder before the payment of an indemnity in relation to the actions intended to avoid the Loss or reduce its size. Additional Costs also include the costs of execution of the instructions of KUKE S.A., the costs of acquiring and upholding property insurance by the Policyholder if such cover is not provided by the Debtor, the costs of court proceedings and other legal expenses exclusive of the costs related to the establishment and maintenance in force of the Securities, the costs of protesting a bill of exchange and the costs incurred in order to resolve disputes concerning the scope of rights of the Policyholder related to the Credit Agreement.
- 8. Local Costs** - expenses incurred for products and services in the Importer's country that are necessary to execute the entire project (exclusive of the commissions payable to agents of the Exporter in the Importer's country), noting that the Contract is a part of the entire project. The amount of admissible Local Costs is specified in the OECD Arrangement.
- 9. Credit** - credit granted pursuant to the Credit Agreement.
- 10. KUKE S.A.** - the Export Credit Insurance Corporation joint stock company [Korporacja Ubezpieczeń Kredytów Eksportowych Spółka Akcyjna].
- 11. Receivables** - every monetary amount due to the Policyholder from the Debtor pursuant or in relation to the Credit Agreement.
- 12. GTC** - these General Terms and Conditions of Export Credit Insurance Guaranteed by the State Treasury, the individual policy, buyer credit, approved under Resolution of the Management Board of KUKE S.A. No. 1/1/IN/2021 of 13th May 2021.
- 13. OECD** - the Organisation for Economic Co-Operation and Development.
- 14. OECD Arrangement** - the OECD Arrangement on Officially Supported Export Credits.
- 15. Proceedings after the Payment of Indemnity** - the proceedings carried out after the payment of an indemnity aimed at payment of the Receivables by the Debtor, or the Security Provider, or the satisfaction of claims of KUKE S.A. and of the Policyholder in a different manner.
- 16. Domestic Products and Services** - the products and services that meet the requirement of the domestic origin provided for in the Detailed Terms and Conditions. In justified cases, the Detailed Terms and Conditions

may provide that the Insurance Cover may also include the products or services that are not or had not been the Domestic Products and Services.

17. Subsidiary Company - an entrepreneur in relation to which the Exporter, understood at this point as an entrepreneur established or residing in the territory of the Republic of Poland that:

- 1) has the power to cast the majority of votes either directly or indirectly at a general meeting of shareholders or at a general meeting, also as a pledgee, usufructuary, or on the management board of the Subsidiary Company, should it be 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 Company, should it be a capital company or a cooperative, also on the basis of arrangements with other persons; or
- 3) is authorised to appoint or remove the majority of the members of the supervisory board of the Subsidiary Company, 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 a half of the members of the management board of the Subsidiary Company; or
- 5) has the power to cast the majority of votes either directly or indirectly at the Subsidiary Company, should it be a partnership, or at a general meeting of the Subsidiary Company, should it be a subsidiary cooperative, also on the basis of arrangements with other persons; or
- 6) exercises a decisive influence on the activities of the Subsidiary Company, should it be a capital company or a cooperative, in particular on the basis of agreements foreseeing the management of the Subsidiary Company or the transfer of profit by the Subsidiary Company;

that sells products or services that had been Domestic Products or Services.

18. Indemnity Claim - an application of the Policyholder requesting the payment of an indemnity.

19. Dispute - charges (in and out of court) filed by the Debtor in relation to the Receivables of the Policyholder

where the Debtor fails to acknowledge the claims of the Policyholder for the payment of Receivables, particularly questioning the chargeability of the Receivables, the performance or proper performance of the duties and obligations by the Policyholder resulting from the Credit Agreement in principle or amount, or files mutual claims that have not been accepted by the Policyholder, or withholds its Receivables against the Receivables of the Policyholder that have not been accepted by the Policyholder.

20. Insurance Sum - the value of the Receivables constituting the subject of Insurance, as provided for in the Detailed Terms and Conditions.

21. Loss - property loss of the Policyholder caused by the non-performance or improper performance of the Credit Agreement by the Debtor, if it normally, directly, and exclusively results from one or more Events Causing Loss.

22. Policyholder - a bank, a leasing company, another insurance company, or other financing institution (one or more), to whom, in connection with the Credit granted to the Debtor, KUKE s.A. has provided State Treasury guaranteed insurance cover for the Receivables due subject to a granted Credit, which cover is hereinafter referred to as the **Insurance** or **Insurance Cover**.

23. Credit Agreement - an agreement executed by and between at least one Policyholder and at least one Debtor, covered by the Insurance, concerning the financing or refinancing of the cost incurred by the Debtor for the execution by at least one Exporter of at least one Contract, within which agreement the Policyholder undertakes to disburse the funds to at least one Exporter on behalf of the Importer, pursuant to the terms and conditions of the Contract, whereas the Debtor repays the Receivables.

24. Insurance Agreement - an agreement under which the Insurance Cover is granted to the Policyholder on the terms and conditions provided for in these GTC and in the Detailed Terms and Conditions (including annexes thereto).

25. Act - the Act on Export Insurance Backed by the State Treasury of 7th July 1994.

26. Detailed Terms and Conditions – a document confirming the conclusion of an Insurance Agreement by and between the Policyholder and KUKE S.A. The Detailed Terms and Conditions may contain additional or different provisions to those entailed in these GTC. In the event of any discrepancies between the provisions of the GTC and the Detailed Terms and Conditions, the provisions of the Detailed Terms and Conditions shall prevail.

27. Security Provider – a surety, guarantor or another entity establishing the Security.

28. Security – personal or material collateral established to secure the Receivables or other liabilities related to the Credit Agreement and specified in the Detailed Terms and Conditions as the Security.

29. Event Causing Loss – the events specified in §6.

§2. Objective of the Insurance Agreement

1. The objective of the Insurance is enabling financing institutions to provide secure financing for medium- and long-term export transactions of Polish entrepreneurs acting independently, in a Consortium, or through their subsidiaries, to all countries in the world.
2. Pursuant to these GTC and the Detailed Terms and Conditions supplementing them, KUKE S.A. undertakes to cover the Loss incurred by the Policyholder as a result of the non-performance or improper performance of the Credit Agreement by the Debtor, in connection with the financing of the Contract under a Credit Agreement, provided that the Credit Agreement has been executed with a risk period of two or more years, and the Loss is directly and exclusively attributable to one or more of the events specified in §6.
3. The risk period equals the total Credit drawdown period and the repayment period of Receivables.

§3. Subject of Insurance Cover

1. The subject of the Insurance Cover are the Receivables due to the Policyholder under an executed Credit Agreement specified in the Detailed Terms and Condi-

tions, in an amount specified in the Detailed Terms and Conditions.

2. The Insurance Cover depends on the cumulative fulfilment of the following conditions:
 - 1) signing and entry into force of a Credit Agreement;
 - 2) the Debtor and the Security Provider obtaining the authorisations (in particular the authorisation for the transfer of funds) necessary to fulfil their obligations in compliance with the legal provisions binding and applicable in the country of the Debtor and the Security Provider on the day of entry into force of the Credit Agreement, with the exception of those that could only be obtained later.
3. The Insurance Cover may include:
 - 1) The principal amount due to the Policyholder from the Debtor by virtue of the Credit granted thereto to finance or refinance:
 - a) the Contract;
 - b) Local Costs;
 - c) capitalised interest or commissions accrued during the Credit drawdown period;
 - d) the insurance premium of KUKE S.A.;
 - e) other receivables resulting from the Credit Agreement, if they have been stipulated in the Detailed Terms and Conditions,
 - 2) interest on the principal amount, payable on the capital instalments up to the date of maturity of the given capital instalment, i.e. interest on unmatured capital,
 - 3) accrued bank commissions on the due Credit remaining to be paid pursuant to the repayment schedule of the Receivables determined in the Detailed Terms and Conditions, i.e. on the unmatured capital.
4. The Receivables covered by Insurance are specified in the Detailed Terms and Conditions.
5. The Insurance Cover also includes the amounts specified in clause 7 and the Additional Costs specified in §18.
6. The Insurance Cover does not include:
 - 1) penalty interest;
 - 2) interest for default;
 - 3) interest due on capital instalments after the expiry of the date on which the given instalment is due, i.e. interest on matured capital;

- 4) bank commissions on the Credit remaining to be paid after the expiry of the due date on which the given instalment is due, that is, commissions on matured capital;
 - 5) lost benefits or other indirect losses incurred by the Policyholder;
 - 6) foreign currency exchange differences, subject to the Insurance Cover resulting from §6, clause 2, point 6).
7. In the event it becomes impossible for the Policyholder to continue the performance of the Credit Agreement as a result of the decisions of the Government of the Republic of Poland or the instructions of KUKE S.A. mentioned in §10, clause 2, the Policyholder shall additionally be entitled to an indemnity in the amount of the contractual penalty that it shall have to pay the Debtor for the termination of the Credit Agreement. The limitation on the amount of Receivables mentioned in clause 1 shall not apply in this case.

§4. Exclusion of Liability

The liability of KUKE S.A. is excluded in the following cases:

- 1) related to bribery in connection with the execution of the Credit Agreement, on the terms and conditions provided for in the Detailed Terms and Conditions,
- 2) Losses directly attributable to:
 - a) each action or omission of the Policyholder or a person acting on behalf thereof;
 - b) provisions limiting the rights of the Policyholder in the Credit Agreement or the Security documents, excluding the provisions that ensure the Debtor has appropriate terms or remedial measures enabling them to avoid the occurrence of an event of default (regardless of its definition in the Credit Agreement) and possible restrictions in the possibility of initiating enforcement against Security, should such restrictions have been accepted by KUKE S.A.;
 - c) arrangements between the Policyholder and the Debtor made without the consent of KUKE S.A. after the entry into force of the Credit Agreement by virtue of which the Parties suspend or postpone the repayment of the Receivables;
- 3) damage to the property of the Policyholder not being a normal, direct, and exclusive consequence of Events Causing Loss.
- d) improper execution or performance of the duties and obligations of the Policyholder resulting from the Credit Agreement, including the disbursement of the Credit and the performance of subsequent disbursements in a manner nonconforming with the terms and conditions of the Credit Agreement or the Insurance Agreement;
- e) a violation or non-performance by the Policyholder of the legal provisions applicable to the Credit Agreement, including provisions introducing restrictive measures and other provisions with a sanctioning effect;
- f) costs incurred contrary to the instructions of KUKE S.A. applicable thereto;
- g) disbursements from the Credit made against the instructions of KUKE S.A. applicable thereto;
- h) a waiver of claims made by the Policyholder without the consent of KUKE S.A. in relation to the Debtor or to the Security, legal defects in the credit documentation (including the Security documents) incurred through the fault of the Policyholder which defects make it impossible to pursue a claim for the payment of the Receivables, failure in establishing the Security, or causing the Security to be terminated; the Policyholder may not use an argument that KUKE S.A. knew or could have known the content of the credit documentation at the time of execution of the Insurance Agreement,

§5. Period of Insurance Cover

- 1. The Insurance Cover includes Losses that may occur after the first utilisation of the Credit (credit risk).
- 2. The Insurance Cover commences, subject to the terms and conditions provided for in §3, clause 2, and in the Detailed Terms and Conditions:
 - 1) for specific Credit instalments, as the Credit granted thereto by the Policyholder is utilised by the Debtor;
 - 2) for the remaining insured Receivables:
 - a) at the time of the said Receivables arising, if they have fallen due after the first utilisation of the Credit;

- b) upon the first utilisation of the Credit, if the said Receivables have fallen due before the first utilisation of the Credit.

- 3. For each insured Receivable, the Insurance Cover shall last until the complete repayment of this Receivable, in line with the repayment schedule specified in the Detailed Terms and Conditions, or until the granting or refusal to grant by KUKE S.A. (in relation to each Receivable) the payment of an indemnity under the Insurance Agreement.

§6. Events Causing Loss

- 1. Events Causing Loss specified as a commercial risk:
 - 1) insolvency – legal or actual ascertainment of insolvency of a private Debtor and their surety or guarantor, if there are any and they are private entities, consisting in its inability to fulfil the obligation in relation to the Policyholder;
 - 2) delay – delay in the performance of an obligation by a private Debtor and their surety or guarantor, if there are any and they are private entities.
 - 2. Events Causing Loss specified as a political risk:
 - 1) delay – delay in the fulfilment of the obligation by the Debtor who is a private entity, and their surety or guarantor who are public entities;
 - 2) delay – delay in the fulfilment of the obligation by the Debtor who is a public entity, and their surety or guarantor, if there are any;
 - 3) decisions of a third country – measures or decisions of a third country other than the Republic of Poland or the country of the Policyholder, taken by a government of a third country or its public authorities in the form that is considered to be a government intervention, which render the performance of the Credit Agreement impossible;
 - 4) moratorium – the announcement of a universal payment moratorium by the government of the Debtor's country or country that is participating in the performance of payments in connection with the Credit Agreement;
 - 5) rendering the transfer of Receivables impossible – the impossibility or a delay of the transfer of the Receivables paid in relation to the Credit Agreement, caused by political events, economic difficulties, and/or legal or administrative regulations that occurred or were taken outside the borders of the Republic of Poland;
 - 6) legal provisions in the country of the Debtor / surety / guarantor – legal regulations, subject to which the payments made by the Debtor / surety / guarantor in the local currency result in releasing the Debtor / surety / guarantor of the debt, regardless of whether, as a result of foreign currency exchange fluctuations, the payment completed by the Debtor / surety / guarantor, translated into the currency of the Credit Agreement, is insufficient for the Debtor / surety / guarantor to fully fulfil the payment obligation as at the day of making the payment;
 - 7) decisions in the country of KUKE S.A. or of the Policyholder – measures or decisions taken by the government of the Republic of Poland or the government of the country of the Policyholder, including any measures and decisions taken by the European Union concerning trade between a Member State and third countries, such as a ban on the export, if the consequences of such measures or decisions make it impossible for the Credit Agreement to be properly performed and are not compensated in any other form by the given government;
 - 8) force majeure – 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 acts of piracy at sea.
- 3. Insolvency of the Debtor / surety / guarantor mentioned in clause 1, point 1) occurs:
 - 1) in the case of a legal insolvency, if:
 - a) the Debtor / surety / guarantor has been declared bankrupt or the declaration of bankruptcy has been denied due to the absence of assets of the Debtor / surety / guarantor;
 - b) the Debtor / surety / guarantor has suspended payments and turned to all or the majority of the creditors for arrangements and then judicially or extrajudicially carried out a settlement or wind-up within the total amount;
 - c) the enforcement proceedings initiated at the request of the Policyholder failed to result in the full satisfaction of its claims as a result of

the absence of assets of the Debtor / surety / guarantor,

- 2)** in the case of an actual insolvency, if - on the basis of circumstances authenticating the financial standing of the Debtor / surety / guarantor presented by the Policyholder - KUKE S.A. shall acknowledge that the given Debtor / surety / guarantor is insolvent, and the institution of court enforcement proceedings against them would be ineffective or evidently not profitable.

- 4.** The Event Causing Loss mentioned in clause 1, point 1) shall occur if insolvency is declared both in relation to the Debtor, as well as all its sureties or guarantors (if there are any).
- 5.** The Events Causing Loss mentioned in clause 1, point 2), and clause 2, point 1), as well as clause 2, point 2) shall occur if both the Debtor and all its sureties or guarantors (if there are any) shall be in default, as well as if, by the time of the Loss occurrence, neither the Debtor or any of the sureties or guarantors (if there are any) completed the payment of the Receivables, and the Policyholder shall carry out all the necessary actions intended to retain the right to recovery or to recover the Receivables, including, in particular, those specified in §14, clause 1, and §14, clause 2.
- 6.** The indemnity is paid on the basis of an Event Causing Loss that first caused the occurrence of the Loss. Should the paid indemnity fail to exhaust the Insurance Sum and the Loss also occurred as a result of other Events Causing Loss, an indemnity based on subsequent Events Causing Loss shall be paid out thereafter, in the order in which the Loss occurred, until the Insurance Sum is exhausted, subject to §3, clause 7, and the Additional Costs specified in §18.

§7. Date of Loss

- 1.** The credit risk materialises when the Policyholder fails to receive the payment of the Receivables in full or in part within the required due date or the due dates specified in clause 2 and 3, provided that this inability results from one or more of the Events Causing Loss specified in §6.
- 2.** The date of Loss in the case of a private debtor:

- 1)** should an event mentioned in §6, clause 1, point 2), §6, clause 2, point 1), and §6, clause 2, point 2) (delay) occur, the Loss arises three months from the expiry of the payment due date specified in the Credit Agreement for the unpaid Receivable,
- 2)** should an event mentioned in §6, clause 1, point 1) (insolvency) occur:
 - a)** in the case of a legal insolvency, the Loss occurs:
 - i)** on the date of issue of a final court decision or of another competent body, announcing the bankruptcy or refusing to announce it due to the absence of assets of the Debtor / surety / guarantor;
 - ii)** on the date of entering into a court or out-of-court settlement by the Debtor / surety / guarantor and the creditors; or
 - iii)** on the date of issue of a final decision by a competent enforcement authority establishing the full or partial recovery of the Receivables of the Policyholder ineffective,
 - b)** in the case of an actual insolvency, the Loss occurs on the date of KUKE S.A. deeming the Debtor / surety / guarantor actually insolvent, which may occur not earlier than with the expiry of three months from the payment due date of each of the insured Receivables;
- 3)** in the case of the events mentioned in §6, clause 2, point 3), §6, clause 2, point 4), and §6, clause 2, point 6) - §6, clause 2, point 8) - the Loss occurs three months from the expiry of the payment due date specified in the Credit Agreement for the outstanding Receivable;
- 4)** in the case of the event mentioned in §6, clause 2, point 5) - the Loss occurs three months from the fulfilment of the formalities necessary to complete the transfer of funds submitted by the Debtor / surety / guarantor, provided that such formalities have been properly completed not later than within three months of the expiry of the payment due date specified in the Credit Agreement.

- 3.** The date of Loss in the case of a public debtor: three months from the expiry of the payment due date for the outstanding Receivable specified in the Credit Agreement.
- 4.** The terms specified in clause 2 and 3 shall not apply in the case of a bilateral intergovernmental agreement between the government of the country of the Debtor

and the government of the Republic of Poland on debt restructuring, encompassing the insured Receivables.

§8. The Policyholder's Deductible

KUKE S.A. may cover Receivables with Insurance up to 100% against political risk and up to 100% against commercial risk. The remaining part, if any, constitutes the Policyholder's deductible. The percentage of Insurance Cover is specified in the Detailed Terms and Conditions.

§9. Premium and Fees

1. Upon the execution of the Insurance Agreement, the Policyholder is required to pay a premium in the amount and within the terms specified in the Detailed Terms and Conditions.
2. KUKE S.A. is entitled to charge fees from the Policyholder in the case of certain changes to the Insurance Agreement, also including changes giving rise to a reimbursement of the premium. The amounts and the terms and conditions of charging the fees are specified in the Detailed Terms and Conditions.
3. In the case of changes to the parameters affecting the premium amount, KUKE S.A. shall issue a bill taking into account the new premium parameters.
4. If the Policyholder fails to pay the premium within the term set, KUKE S.A. shall call the Policyholder to make this payment, setting a final payment due date not longer than 30 days for the payment. After the ineffective expiry of this term, KUKE S.A. shall be entitled to give notice of termination of the Insurance Agreement with immediate effect.
5. The termination of the Insurance Agreement in the situation specified in clause 4 shall not deprive KUKE S.A. of the right to request payment of the premium for the period for which it was liable.
6. KUKE S.A. shall charge statutory interest for delay in payment of every amount due to KUKE S.A. from the Policyholder, commencing from the date of maturity of this amount.

§10. Proceedings Relating to Risk Assessment and Risk Control

1. The Policyholder shall - while exercising due diligence - observe the following principles:
 - 1) within risk assessment:
 - a) before the conclusion of the Insurance Agreement, the Policyholder shall perform an in-depth analysis and report all the material circumstances known to him concerning the transaction that may affect the risk assessment and the decision of KUKE S.A. regarding the Insurance Cover;
 - b) the Policyholder shall provide KUKE S.A. with true and complete information,
 - 2) within the changes concerning risk - from the moment of receiving the information the Policyholder shall promptly notify KUKE S.A. of the following circumstances:
 - a) material changes to the Contract financed by the Credit Agreement;
 - b) any events occurring during the performance of the Contract or the Credit Agreement that may have a significant negative effect on the performance of the Credit Agreement or on the payment of the Receivables;
 - c) any requests of the Debtor aimed at changing the terms of payment under the Credit Agreement or the Security related thereto;
 - d) any difficulties with the transfer of funds under the Credit Agreement;
 - e) actions of the Debtor or surety/guarantor and significant events concerning the said entities or their countries that could constitute an obstacle in the performance of the Credit Agreement or the collection of the Receivables covered by the Insurance;
 - f) absence of timely payments of any of the Receivables under the Credit Agreement;
 - g) the occurrence of an Event Causing Loss.
2. The occurrence of one of the circumstances mentioned in clause 1, point 2) constitutes an increased risk and commits the Policyholder to take, in agreement with KUKE S.A., all the measures and steps necessary to retain his rights in relation to the Debtor or a third party. From the time of the occurrence of such circumstances, the Policyholder is required to follow the instructions of

KUKE S.A. intended to avoid the Loss, limits its size, or secure the Receivables covered by the Insurance.

3. The Policyholder shall not, without the written consent of KUKE S.A., make any changes concerning the risk assumed by KUKE S.A., in particular, the Policyholder shall not, subject to the provisions of §20, without the consent of KUKE S.A.:
 - 1) release the Debtor from its debt in full or in part;
 - 2) resign from any Security related to the Credit Agreement;
 - 3) transfer or encumber (or express consent to the transfer or encumbrance) the Receivables resulting from the Credit Agreement;
 - 4) enter into any agreement, settlement or arrangement concerning the Receivables covered by the Insurance.
4. Subject to clause 5, the Policyholder shall not, without the consent of KUKE S.A., make any material changes to the terms and conditions of the Credit Agreement and documents related to the Credit Agreement, including the Security documents.
5. The Policyholder shall not be required to obtain the consent of KUKE S.A. in the following matters:
 - 1) increase or decrease the amount of the Credit Agreement if such a change does not exceed 10% of the original value of this agreement and does not exceed the equivalent of €100,000 using the average exchange rate of the National Bank of Poland applicable on the date of signing the additional arrangement confirming this change;
 - 2) extend the period of utilisation of the Credit if the original term was not extended by more than 25% and the extension does not exceed 6 months.
6. The Policyholder shall report the following information to KUKE S.A.:
 - 1) every disbursement of the Credit;
 - 2) every repayment of the Receivables;
 - 3) every change in the schedule for Credit disbursement or the repayment of Receivables.
7. The Policyholder shall promptly report the information mentioned in clause 6, however, not later than by the 10th day of the month following the month in which the given event occurred.

8. The Policyholder shall notify KUKE S.A. of any changes to the Credit Agreement within 14 days, counted from the date of their implementation.

§11. KUKE S.A. Powers of Attorney and their Scope

1. In case of the risk increase, KUKE S.A. may turn to the Policyholder and request that it submits a declaration as to whether or not it still intends to independently exercise and pursue its rights resulting from the Credit Agreement and the Security documents, or if it authorises KUKE S.A. to do this. The declaration should be submitted not later than within 14 days.
2. Upon granting KUKE S.A. the authorisation mentioned in clause 1, KUKE S.A. shall require the Policyholder to issue a document thereto establishing an irrevocable power of attorney and deliver or transfer thereto, in a manner that is effective in relation to third parties, all documents and securities setting out the rights resulting from the Credit Agreement and Security documents that are useful for their execution.
3. In the case of issuing an authorisation, a power of attorney, and other documents mentioned in clause 2, KUKE S.A. shall perform on behalf of the Policyholder the acts in law and in fact intended to manage the rights of the Policyholder under the Credit Agreement and Security documents, inclusive of execution of a settlement, acknowledgement of a claim, writing off a debt, the possibility of taking steps to amicably settle a dispute with the Debtor, and taking all preventive measures recognised thereby.
4. In the event of the Policyholder not granting a power of attorney and the remaining documents mentioned in clause 2, KUKE S.A. shall be relieved of liability if failure to take action on its part shall increase the likelihood of a Loss occurring.
5. Should KUKE S.A. take the actions mentioned in clause 2, representing all the rights of the Policyholder resulting from the Credit Agreement and the Security documents, the Policyholder must accept the decisions and endorse the actions which KUKE S.A. shall take in relation to the rights of the Policyholder that are intended to prevent the Loss or limits its size.

6. Should KUKE S.A. not intend to bring action against the defaulting Debtor, or should the Policyholder make the declaration mentioned in clause 1 on the intention of independently exercising and pursuing its rights resulting from the Credit Agreement and the Security documents, the Policyholder shall take all measures to retain its rights and recover the Receivables covered by the Insurance and to follow the instructions of KUKE S.A. in this scope.

§12. Insolvency or Cessation of Business Operations by the Policyholder

1. The Policyholder shall notify KUKE S.A., not later than within 14 days, of the following:
 - 1) the partial or complete cessation of business operations;
 - 2) a request to the creditors to suspend or defer payments;
 - 3) submission of a request to open bankruptcy or restructuring proceedings in relation thereto and of the initiation of such proceedings;
 - 4) other proceedings in relation thereto (judicial or extrajudicial), concerning its winding up, change of legal form, or change of ownership.
2. In the situations specified in clause 1, point 1), 2), and 4), KUKE S.A. may terminate the Insurance Agreement with immediate effect; this shall not apply to the case where the Insurance Cover has already commenced and the premium has been paid.

§13. Threat of Loss

1. Should, following the occurrence of the Events Causing Loss, the Receivables covered by the Insurance be unpaid by the payment due date, the Policyholder should report the threat of Loss not later than within 14 days from the date of maturity of the given Receivable. Reporting the threat of Loss means every information of the Policyholder on the non-payment of the Receivables within the payment due date.
2. In the case of the Receivables being paid, the Policyholder should promptly notify KUKE S.A. of this fact, requesting at the same time for the report on the threat

of Loss to be cancelled in the part concerning the paid Receivables.

§14. Conditions for award of indemnity

1. The indemnity shall be paid under the following conditions:
 - 1) the Policyholder reporting a Loss and submitting a complete Indemnity Claim along with a properly prepared loss account, drawn up in accordance with §17, and the documents justifying the Indemnity Claim, in particular establishing the validity and effectiveness of the Credit Agreement and Security documents, and
 - 2) the Policyholder fulfilling the provisions of the Insurance Agreement provided for in these GTC and in the Detailed Terms and Conditions.
2. Additional conditions for awarding the indemnity in the case of Security:
 - 1) should the liabilities of the Debtor in relation to the Policyholder be secured with a suretyship, guarantee, or in another manner, the award of the indemnity is also subject to the following conditions:
 - a) submitting documents confirming that the said Security was established in accordance with the applicable provisions of the law in the country of the Debtor and the applicable provisions of the law for the said Security, and
 - b) submitting documents confirming that the Policyholder performed the acts necessary to retain or execute its rights to the said Security.
 - 2) In the case of suretyships or guarantees, the Policyholder - without waiting for the instruction of KUKE S.A. - should call the surety or the guarantor to perform the duties resulting from the surety agreement or the guarantee and complete the necessary actions to retain or exercise its rights resulting from the surety or the guarantee. If these actions have not been completed within two months from the maturity of the outstanding Receivables, the start of the period specified in §7 shall be postponed to the day on which the surety or the guarantor was requested to fulfil its obligations resulting from the surety agreement or the guarantee.
 - 3) In the case of collateral Security, the Policyholder should complete the necessary actions to retain

or execute its rights resulting from the Credit Agreement.

3. Should a Dispute arise between the Policyholder and the Debtor, KUKE S.A. may suspend the payment of the indemnity until the Dispute is settled in favour of the Policyholder by the arbitration body indicated by the Parties to the Credit Agreement or, in its absence, by a court whose decisions are enforceable in the country of the Debtor.
4. Should an event mentioned in §6, clause 2, point 5) occur, the award of the indemnity may be conditional on the Policyholder documenting the completion of the formalities required by the authorities of the country of the Debtor connected with the transfer of the funds.
5. Any and all the provisions of the Credit Agreement providing the earlier enforceability of the insured Receivables (whose payment date has not yet fallen) as a result of a breach of the provisions of the Credit Agreement by the Debtor shall be ineffective in respect of KUKE S.A. However, KUKE S.A. may pay the indemnity at an earlier date; in such a case, the interest that has not been accrued shall decrease the balance of the loss account.

§15. Intergovernmental Debt Restructuring Agreement

1. If the Credit Agreement is subject to a bilateral intergovernmental debt restructuring agreement, the Policyholder shall comply with the terms and conditions of the said agreement in relation to the Receivables covered by the Insurance and not covered by the Insurance resulting from the Credit Agreement.
2. The Policyholder shall afford KUKE S.A. all necessary assistance with the execution of the debt restructuring agreement.
3. If the Insurance Sum has been incorporated into the bilateral intergovernmental debt restructuring agreement, KUKE S.A. may, after the entry into force of this agreement, pay the indemnity earlier than specified in §19.

§16. Appropriation of Payments and Amounts in Respect of the Credit Agreement

1. The payments obtained towards the Receivables, in particular:
 - 1) from the Debtor,
 - 2) from the sureties or guarantors,
 - 3) from third parties,
 - 4) in respect of the enforcement of Security,
 - 5) from the trustee in bankruptcy,starting from reporting the threat of Loss, regardless of the manner in which they were appropriated by the payers, are intended to satisfy, in chronological order counted towards the oldest outstanding Receivables covered and not covered by the Insurance in order to establish the amount of the Loss, and to split the amounts recovered between KUKE S.A. and the Policyholder after the payment of the indemnity. In relation to the Receivables with the same payment date, these payments shall be counted towards the Receivables covered and not covered by the Insurance proportionally to their respective value ratio.
2. If the Credit Agreement provides several creditors whose Receivables are covered by one Insurance Agreement, payments obtained from the Debtor are counted towards each of the creditors proportionally to the rights of each one of them to the portion of the Receivables due and covered by the Insurance that has not yet been paid, unless the consortium agreement provides other provisions relating to this matter that have been accepted by KUKE S.A.
3. After the satisfaction of the Receivables covered by the Insurance and not covered by the Insurance (if applicable), the excess revenue is counted towards the interest for late payment.
4. In the case of a bilateral intergovernmental debt restructuring agreement providing a partial payment of the Receivables covered by Insurance, the payments are appropriated to cover the said Receivables in the manner specified in the aforementioned intergovernmental agreement. The provisions of clause 1 shall not apply.

§17. Determination of the Loss Amount

1. The determination of the Loss amount occurs at the specific payment due dates. For each outstanding Receivable, the Insured shall present a loss account denominated in the currency of the Credit Agreement. The loss account shall encompass:
 - 1) the amount of the given Receivable covered by the Insurance;
 - 2) all amount appropriated pursuant to §16 towards a given Receivable covered by the Insurance, which has been received by the Policyholder prior to the payment of the indemnity; and
 - 3) the balance of the outstanding Receivable.
2. Should the payment mentioned in clause 1, point 2) be completed in a different currency than the currency of the Credit Agreement, the conversion into the currency of this agreement shall be carried out using the average exchange rate of the National Bank of Poland applicable on the day of crediting the bank account of the Policyholder.
3. In the event of KUKE S.A. deciding to pay the indemnity in total for all the Receivables covered by the Insurance (both the Receivables due and outstanding as well as those whose payment due dates have not yet fallen), the Policyholder should provide one loss account. The loss account shall encompass:
 - 1) the amount of Receivables covered by the Insurance;
 - 2) all amounts counted towards the Receivables covered by the Insurance in compliance with §16, and the amount of interest that shall be accrued between the date of payment of the indemnity and the due date of the Receivables covered by the Insurance; and
 - 3) the balance of outstanding Receivables.
4. The Loss constitutes the basis for the calculation of the indemnity. The Loss amount shall equal the balance of outstanding Receivables from the Loss account. The Loss shall not exceed the Insurance Sum. Should the Loss exceed the Insurance Sum, the Insurance Sum shall constitute the basis for the calculation of the indemnity.
5. The provision concerning the Insurance Sum specified in clause 4 shall not apply to the following:
 - 1) the amount that the Policyholder shall be required to pay to the Debtor for the breach termination of the

Credit Agreement pursuant to the provisions of §3, clause 7; and

- 2) the Additional Costs mentioned in §18.
6. The indemnity shall be equivalent to the product of the Loss amount (or the Insurance Sum in the case specified in clause 4) and the percentage of Insurance cover specified in the Detailed Terms and Conditions.
7. The indemnity in respect of the Additional Costs mentioned in §18 shall be equivalent to the product of the amount of these costs and the percentage of the Insurance Cover specified in the Detailed Terms and Conditions.
8. The indemnity in respect of the contractual penalty mentioned in §3, clause 7 shall be equivalent to the product of the amount of the contractual penalty and the percentage of the Insurance Cover specified in the Detailed Terms and Conditions.

§18. Additional Costs

1. The Additional Costs shall be covered by the Insurance, provided that the written acceptance of KUKE S.A. has been obtained, proportionally to the percentage of Insurance Cover specified in the Detailed Terms and Conditions.
2. Should the costs mentioned in clause 1 also refer to the Receivables not covered by the Insurance, they shall be proportionally attributed to the insured and not insured Receivables.

§19. Payment of indemnity

1. The indemnity shall be paid within 30 days from the date when KUKE S.A. received the Indemnity Claim along with the documents foreseen in §14, clause 1, point 1), however, not earlier than within 30 days after the expiry of the term specified in §7.
2. Should the submitted Indemnity Claim be incomplete or inadequately documented, the Policyholder shall, within a term set by KUKE S.A., supplement the stipulated deficiencies; in such a case, KUKE S.A. shall pay the

indemnity within 30 days from the supplementation of the stipulated data or documents.

§20. Transfer of the right to indemnity under the Insurance Agreement - Assignment

1. The right to an indemnity resulting from the Insurance Agreement may be transferred by the Policyholder to a third party or be the subject of a pledge solely and exclusively upon the prior written consent of KUKE S.A.
 2. Both the Policyholder and the acquiring party ("Assignee") shall promptly notify KUKE S.A. of the transfer of the right to an indemnity.
 3. KUKE S.A. reserves the right to notify the Assignee of any and all infringements of the Policyholder in the scope of its duties and obligations resulting from the Insurance Agreement.
 4. Any additional contractual provisions amending the wording and scope of the transferred right that shall be implemented after the date of the assignment shall be adopted and signed by the Assignee.
 5. The transfer of the right to an indemnity shall not release the Policyholder from any duty and obligation resulting from the Insurance Agreement.
- 2) the right to charge interest on the Receivables mentioned in point 1), on the terms and conditions specified in the Credit Agreement;
 - 3) the right to request from the Debtor the reimbursement of the costs of recovery of the Receivables mentioned in point 1) and 2), in the scope and based on the principles provided for in the Credit Agreement; and
 - 4) the right to request from the Debtor the reimbursement of all other costs that the Debtor was required to reimburse to the Policyholder pursuant to the provisions of the Credit Agreement - in the scope of and based on the principles provided for in the Credit Agreement and up to the amount in which these costs previously incurred by the Policyholder have been then reimbursed thereto by KUKE 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, the Policyholder, at the request of KUKE S.A., shall transfer to KUKE S.A. all rights resulting from the Credit Agreement along with the rights resulting from the Security (taking into account the preservation of the rights by the Policyholder resulting from the Security in the scope of its claims against the Debtor that were not encompassed by the indemnity), in the form of an assignment of rights, endorsement or other required legal form, and shall also complete all other legal acts necessary to effectively exercise the rights of KUKE S.A. in relation to the Receivables for which KUKE S.A. has paid the indemnity, subject to §22.

§21. Transfer of rights after the payment of indemnity - subrogation

1. Once the indemnity shall be paid, any claims of the Policyholder against the Debtor or the Security Providers, if there are any, are transferred to KUKE S.A. up to the amount of the indemnity paid.
 2. The transfer of claims mentioned in clause 1 shall include both the principal amount and the interest, commissions, and additional obligations related to the Receivables in respect of which the indemnity has been paid.
 3. Thereby, the following are transferred to KUKE S.A., resulting from the Credit Agreement:
 - 1) the right to request from the Debtor the repayment of the Receivables in relation to which the subrogation was made;
5. In the event where KUKE 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 specified in §24 that are allocated to the Policyholder.

§22. Duties and Obligations of the Policyholder After Loss Occurrence

1. The payment of the indemnity by KUKE S.A. shall not release the Policyholder from the duties and obligations resulting from the Insurance Agreement.
2. The Policyholder shall, within 30 days after the payment of the indemnity or at the earliest possible occasion,

provided that compliance within the 30 day term is not possible for reasons beyond its control:

- 1)** transmit to KUKE S.A. information on the total amount of the debt in respect of the Policyholder under the Credit Agreement as at the date of payment of the indemnity;
- 2)** notify KUKE S.A. of its intentions in relation to the Receivables not covered by the Insurance, provided that such Receivables 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 KUKE S.A.;
- 3)** provide KUKE S.A. with evidence, in a manner effective for third parties, necessary for KUKE S.A. to exercise its rights under the subrogation and transmit to KUKE 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 referred to jointly as the "Terms of Subrogation");
- 4)** prepare and send the Debtor a notification, previously approved by KUKE S.A., on the Terms of Subrogation; and
- 5)** should it turn out that:
 - a)** the subrogation of KUKE S.A. to the insured Receivables turns out to be impossible in light of the provisions of the law applicable to pursue the payment of this Receivables from the Debtor;
 - b)** KUKE S.A. shall not be able to enter into the rights under the critical Security; or
 - c)** KUKE S.A. shall not possess the capacity to effectively claim the subrogated Receivables or this subrogation would prejudice the rights of KUKE S.A.;

the Policyholder shall take the entrusted transfer of the Receivables previously subrogated to KUKE S.A., or shall also remain the creditor of the Debtor in respect of the Receivables covered by the Insurance and shall take actions against the Debtor and the Security Providers intended to recover the Receivables; alternatively, the Parties to the Insurance Agreement shall establish a different procedure for pursuing the relevant claims, where, in each case:

- a)** the Policyholder shall exercise its rights exclusively on account, risk and cost of KUKE S.A. and solely and exclusively on the basis of and in the scope specified in the prior written instructions of KUKE S.A.;
 - b)** the Policyholder shall be entitled to fulfil the instructions of KUKE S.A. independently or through the agency of a legal adviser or other entity of its choice, with the prior approval of KUKE S.A. to cover the costs entailed therein.
- 3.** The verification of the terms and conditions and the subrogation possibility mentioned in clause 2, point 5) may be carried out separately by KUKE 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 KUKE 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 KUKE S.A. mentioned in clause 2 and 3, in the scope previously accepted by KUKE S.A., constitute the costs of the Proceedings After the Payment of Indemnity.
- 5.** In the case of the Policyholder failing to fulfil its duties and obligations mentioned in clause 2, point 1) - 5), the Policyholder shall be liable to KUKE S.A. for the damage caused.

§23. Proceedings After the Payment of Indemnity

- 1.** The Proceedings After the Payment of Indemnity shall include recourse proceedings in relation to the amount of the indemnity paid and the proceedings concerning other Receivables conducted after the indemnity payment.
- 2.** The Proceedings After the Payment of Indemnity shall be conducted by KUKE S.A.
- 3.** The Parties to the Insurance Agreement may decide that the Proceedings After the Payment of Indemnity shall be conducted by the Policyholder.
- 4.** The costs of Proceedings After the Payment of Indemnity are incurred by:

- 1) KUKE S.A., in relation to the amount of the indemnity paid (costs of recourse proceedings);
- 2) the Policyholder, in the remaining extent and in relation to the actions that were taken against the instructions of KUKE S.A.

5. The Party to the Insurance Agreement conducting the Proceedings After the Payment of Indemnity shall notify the other party of any planned and undertaken actions.
6. The conduct of the Proceedings After the Payment of Indemnity 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.

§24. Recovered Amounts

1. Any amounts – including interest for delay in payment – enforced under the Credit Agreement after the payment of the indemnity are the recovered amounts.
2. The recovered amounts, regardless of their amount, shall be divided between KUKE S.A. and the Policyholder in the proportion resulting from the ratio of the amount of the paid indemnity to the balance of outstanding Receivables under the Credit Agreement.
3. If the recovered amounts are expressed in a currency different to the currency of the Credit Agreement, the average exchange rate of the National Bank of Poland applicable on the day of crediting the funds to the bank account of the Policyholder shall be used for their conversion.
4. The Policyholder shall, within 14 days, notify KUKE S.A. of the recovery of the amounts and transfer to KUKE S.A. the portion attributable thereto within 14 days from their receipt, i.e. the date when the funds were credited to the bank account of the Policyholder. Should the funds be transmitted at a later date, KUKE S.A. shall be entitled to charge statutory interest for the delay.

§25. Reimbursement of Indemnity

If, after the payment of the indemnity it shall turn out that KUKE S.A. was not required to perform the payment 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 indemnity received within 14 days from the date of the request for its reimbursement.

§26. Sanctions for Breaches of Duties and Obligations by the Policyholder

1. In the event of an undue indemnity being paid 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 indemnity.
2. Should the Policyholder fail to perform its duties and obligations provided by these GTC, in particular in §10, and the duties and obligations provided for in the Detailed Terms and Conditions, 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, increase or absence of a decrease of the Loss; or
 - 2) this concerns information obtained by the Policyholder from third parties and transmitted to KUKE S.A. in good faith.
3. In the case described in clause 2, in the event of the payment of the indemnity being performed, it shall be subject to reimbursement.
4. In the event of the Policyholder taking actions or concealing the facts, by wilful misconduct or gross negligence, in order to mislead KUKE S.A. as to the situation of the Debtor or the Receivables covered by the Insurance, or causing the incorrect risk assessment by KUKE S.A. and/or any increase of the risk from the fault of the Policyholder, KUKE S.A. may refuse to pay the indemnity in whole or in part.

§27. Payment Currency

Any payments resulting from the provisions of the GTC and the Detailed Terms and Conditions shall be made in the currency of the Credit Agreement or in the currency of the premium payment, both in the case of amounts disbursed to the Policyholder and those received by KUKE S.A.

§28. Resolution of Disputes Arising from the Insurance Agreement

Any disputes resulting from the Insurance Agreement executed pursuant to these GTC shall be settled by the competent common court of law with jurisdiction in the territory where KUKE S.A. has its registered office.

§29. Legal Grounds

The following provisions shall apply in all matters not regulated under these GTC:

- 1)** The Act, the implementing provisions to the Act, and other legal acts issued on the grounds thereof;
- 2)** The Polish Civil Code of 23rd April 1964.

This text does not constitute an official translation and may be used only for information purposes.



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