



General Terms and Conditions
of Treasury-Backed Insurance
of Short-Term Export Receivables -
POLICY WITHOUT BORDERS



KUKE
PFR Group

Finding
solutions

Contents

3	.....	§1.	Definitions
4	.....	§2.	Objective of the Insurance Agreement
4	.....	§3.	Subject of Insurance
6	.....	§4.	Events Covered under the Insurance
6	.....	§5.	Exclusions and Limitations of Insurance Coverage and Liability
7	.....	§6.	Deductible of the Policyholder in the Claim
7	.....	§7.	Upper Limit of Liability
7	.....	§8.	Application for the Insurance Cover and the Insurance Agreement
8	.....	§9.	Validity of the Insurance Agreement and the Rules on its Termination
8	.....	§10.	Currency of the Insurance Agreement
8	.....	§11.	Individual Credit Limit
9	.....	§12.	Protection+ Credit Limit
9	.....	§13.	Premium Arising from the Insurance Agreement
10	...	§14.	Costs of Recovery and Recourse Proceedings
10	...	§15.	Reporting of Turnover
11	...	§16.	Proceedings in the Event of Counterparty's Default
12	...	§17.	Date of Loss Occurrence
12	...	§18.	Filing of a Claim for Compensation
13	...	§19.	Determination of the Loss Amount
14	..	§20.	Conditions for the Payment of Compensation
15	...	§21.	Amount of Compensation
15	..	§22.	Subrogation and Recourse Proceedings
15	..	§23.	Amounts Recovered after Payment of Compensation
16	..	§24.	Breach of Obligations by the Policyholder
16	..	§25.	Inspection of Documents
16	..	§26.	Form and Procedure for Amendments
17	...	§27.	Resolution of Disputes Arising from the Insurance Agreement
17	..	§28.	Assignment of Rights to Compensation under the Insurance Agreement
17	...	§29.	Legal Basis

§1. Definitions

Limit Decision – the decision of KUKE S.A. communicated to Policyholder concerning setting, increasing, decreasing, maintaining, closing or refusing to set the Credit Limit or a decision to change the supplementary conditions.

Delivery of Goods/Services – the release of goods or performance of a service by the Policyholder (or person acting on their behalf) in 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 the release of the goods or performance of services in accordance with the conditions laid down in the Agreement for Sale.

Extranet – closed computer network based on Internet protocols, designed for the exchange of information and statements between KUKE S.A. and the Policyholder. The rules of operation of the Extranet are set out in separate regulations.

Counterparty – entrepreneur (the client of the Policyholder) established or resident in the territory of one of the countries listed on the List of Countries.

Public Counterparty – Counterparty which, in whatever form represents a public authority and which cannot, either judicially or administratively, be declared insolvent, or a private counterparty which can be considered a public body due to:

- Their legal status;
- The real effectiveness of any legal action against them;
- Their sources of financing or revenue;
- The capacity to discharge its debts by using sources which are not related to central government funds, in particular revenues raised by local taxation, or by providing public services;
- The degree of influence or control over them that can be exercised by the host country government.

Production Costs – documented manufacturing costs and the purchase price of products and services in the meaning of the Accounting Act.

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.

Credit Limit – Individual Credit Limit and the Protection+ Credit Limit – maximum amount of the Receivables covered by the insurance protection of KUKE S.A. that are due to the Policyholder from the relevant Counterparty, provided the terms and conditions laid down in the Insurance Agreement have been met.

Individual Credit Limit – The Credit Limit for the relevant Counterparty, at the request of the Policyholder, set by KUKE S.A. in the Limit Decision.

Protection+ Credit Limit – supplementary and payable separately Credit Limit for a relevant Counterparty set at the request of the Policyholder in the Limit Decision.

List of Countries – list specifying the countries in which the Counterparty may be established or be resident under the Insurance Agreement. The List of Countries constitutes Annexe A to the Specific Terms and Conditions. The current List of Countries is also available on the KUKE S.A. website (www.kuke.com.pl) – Policy Without Borders tab.

Document Minimum – the terms and conditions that the Policyholder is required to apply each time to Agreements for Sale. The document minimum constitutes Annexe B to the Specific Terms and Conditions.

Receivable – a monetary amount resulting from the issued invoice (inclusive of tax on goods and services, if provided for under the law) that is due to the Policyholder from the Counterparty on the Delivery of Goods/Services. The date of the Receivables arising will be the date of the Delivery of Goods/Services.

Trade Credit Period – period calculated in days from the date of issue of the invoice entitling to receive payment up to the date set as the Payment Term.

Production Risk Period – period calculated in days from the date of entry into force of the Agreement for Sale to the date set in the Agreement for Sale as the term for the execution of Goods/Services delivery.

GTC – these General Terms and Conditions of Treasury-Backed Insurance of Short-Term Export Receivables – Policy Without Borders

Recourse Proceedings – proceedings conducted by KUKE S.A. after the payment of compensation, aimed at the payment of the Receivables by the Counterparty, guarantor or security provider, if any.

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

Dispute – charges (court and out of court) filed by the Counterparty in relation to the Receivables of the Policyholder where the Counterparty 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 of the Policyholder resulting from the Agreement for Sale in principle or the amount, or the Policyholder filing mutual claims that have not been accepted by the Policyholder or off setting its Receivables against the Receivables of the Policyholder.

Loss – property loss of the Policyholder caused by the non-payment to the Policyholder of all or part of the Receivables covered by the insurance protection as a result of the event specified in § 4 of the GTC.

Rate and Minimum Premium Tariff – a list laying down the insurance rate and minimum premium amounts for the insurance protection. The Rate and Minimum Premium Tariff constitutes Annexe C to the Specific Terms and Conditions.

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

Policyholder – entrepreneur who has concluded an Insurance Agreement with KUKE S.A.

Deductible – portion of the Loss, expressed as a percentage, by which the indemnity is reduced.

Insurance Agreement – contract under which the Policyholder has been granted insurance cover pursuant to the terms and conditions laid down in these GTC, the

Specific Terms and Conditions with Annexes, and the Limit guarantees.

Agreement for Sale (export contract) – agreement for sale of goods or services concluded between the Policyholder and the Counterparty.

Specific Terms and Conditions – document confirming the conclusion of an Insurance Agreement between the Policyholder and the Insurer. The Specific Terms and Conditions may contain additional or different terms to these GTC.

§2. Objective of the Insurance Agreement

The Policy Without Borders insurance policy was created to allow Polish entrepreneurs safe export outside the European Union. The Policy Without Borders comprises 165 countries, including from Asia, Africa and the Middle East, covering both commercial and political risks as well as force majeure.

Offered within this solution are Counterparty risk assessment and its monitoring with cost free debt collection on behalf of the Client and payment of potential compensation.

Moreover, there are many advantageous options available within this product like an additional credit limit, the possibility of insuring the Production Risk, a low deductible, or the absence of the domesticity of products or services criterion.

The Policy Without Borders perfectly complements the Package insurance policy covering trade with 36 developed countries. Thus, we are giving our Clients the opportunity to trade with Counterparties from 201 countries, including Poland.

§3. Subject of Insurance

1. Subject to these GTC, KUKE S.A. provides insurance protection for:
 - 1) Trade credit receivables below two years and in the case of Receivables from the sale of agricultural products – under a Trade Credit not exceeding 540 days or

- 2) Receivables mentioned in Point 1, with the Production Costs, if the Production Risk Period does not exceed 12 months and the Trade Credit Period and the Production Risk Period cumulatively do not exceed two years.

i *The Production Risk includes, e.g.: the costs of purchase of raw materials, materials, semi-finished products, packaging, transport, including the costs due to suppliers or sub-contractors; the amounts due to suppliers or sub-contractors, expenses necessarily incurred relating to the costs of surveillance and warehousing (incurred by the Policyholder during the insurance term, relating to the storage of goods manufactured for the performance of the Agreement for Sale); energy costs, remuneration of employees, contractors, as well as other fixed costs.*

2. The insurance protection covers Receivables that are due to the Policyholder from the Counterparty, which cumulatively fulfil the following conditions:
 - 1) Concern the delivery of the exported goods/services for which the payment is being made under the 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) Arose during the period of validity of the Credit Limit and meet the possible supplementary conditions laid down in the Limit Decision;
 - 4) Are not Disputed, 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 §20.6 of the GTC;
 - 5) Are payable under a Trade Credit whose term does not exceed the maximum Trade Credit Term;
 - 6) Appear in the report on turnover mentioned in §15 of the GTC;
 - 7) For which the Policyholder met the conditions laid down in the Document Minimum.

i *The insurance solely covers undisputed Receivables, also such that your Counterparty has not questioned, e.g., by refusing to pay for the delivered goods due to the poor quality or wrong quantity of the received product, and provided that all the conditions listed above have been met.*

3. The insurance cover also includes Receivables arising in relation to the Policyholder, which were subsequently transferred to the account of a third party, if:
 - 1) A reassignment of the receivables to the Policyholder was performed before the notification of the Claim mentioned in §18.1 of the GTC or before the initiation of proceedings before the court, according to the instruction of the Insurer; however, in the absence of the reassignment of the receivables as at the day of submission of the request for recovery pursuant to §16.2.1 of the GTC, the Policyholder is required to possess the power and authority to act on behalf of the current creditor of the insured Receivables; or
 - 2) KUKE S.A. has given consent to the insurance of Receivables for the account of a third party before their transfer.

i *Under the Trade Credit, you can insure the sales executed by your subsidiary registered abroad.*

4. The insurance protection covers Receivables in the order they arise, up to the amount of the Credit Limit for the given Counterparty. Receivables exceeding the Credit Limit are covered by insurance protection in place of the paid Receivables paid up to the day of payment of the compensation, provided that they meet the conditions of the insurance cover and only up to the amount of the Credit Limit applicable on the day they arose.
5. The Policyholder may, without the consent of KUKE S.A., extend the Payment Term set originally for the Counterparty in relation to every Receivable provided that the following conditions have cumulatively been met:
 - 1) The originally set Payment Term for the Receivable in question has not yet occurred;

- 2) The extension of the Payment Term will be performed in writing, in electronic, or document form (e.g., by email);
 - 3) The total Trade Credit Period granted to the Counterparty after the extension does not exceed the maximum Trade Credit Period specified in the Limit Decision;
 - 4) The Counterparty is not in arrears with payments of any other Receivable for longer than 30 days (covered or not covered by the insurance protection) in relation to the Policyholder;
 - 5) The Counterparty and their guarantor or underwriter, if any, has not been declared legally insolvent, mentioned in §4.1 of the GTC;
6. The terms and conditions of insurance of the Production Costs have been laid down in the Specific Terms and Conditions (Production Risk Insurance Clause).

§4. Events Covered under the Insurance

The insurance protection covers the risk of non-payment of all or part of the Receivables as a result of the following events:

- 1) Legal or de facto declaration of insolvency of the Counterparty, excluding a Public Counterparty and their underwriter or guarantor, if any;
- 2) Delay in performance by the Counterparty or their underwriter or guarantor, if any;
- 3) 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 impossible the completion of the Agreement for Sale;
- 4) Announcement of a general payment moratorium by the government of the Counterparty's country or a country that participates in making payments concerning the Agreement for Sale;
- 5) Inability or delay in transferring the Receivables due in connection with the Agreement for sale, 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;
- 6) Adoption of legal regulations in the Counterparty's country pursuant to which the payments completed by the Counterparty in the 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 Contract, are insufficient for the Counterparty to fully meet the payment obligations as at the day of payment;

- 7) Measures or decisions taken by the government of the Republic of Poland or the European Union concerning trade between Member States and third countries, such as a ban on transports, given that the consequences of such measures or decisions render it impossible for the Agreement for Sale to be completed and were not compensated in any other form by the given government;
- 8) 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, piracy at sea, and pandemic.

i You obtain insurance protection broader than the standard scope of insurance protection, i.e., also against events referred to as "force majeure".

§5. Exclusions and Limitations of Insurance Coverage and Liability

i Please read carefully. In this paragraph you will find information on exclusions from insurance protection and cases where KUKE insurance protection no longer functions.

1. The insurance cover does not include the following Receivables:
 - 1) Receivables 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 §4.38 of the GTC;

- 2) Incidental receivables, including interest for default, compensation for delay, and contractual penalties;
 - 3) Receivables resulting from foreign exchange differences;
 - 4) Receivables resulting from bank transfer charges;
 - 5) Receivables payable under irrevocable letters of credit and confirmed by a bank with its seat in the Republic of Poland;
 - 6) Receivables payable before the Delivery of the Goods/Services (advance payment) or on the day of issue of an invoice;
 - 7) Receivables corresponding to unreported turnover within the deadline set in the Specific Terms and Conditions, unless that – at the request of the Policyholder – KUKE S.A. has agreed to provide insurance cover for the respective Receivables;
 - 8) Receivables in relation to which the Policyholder has not submitted a request for recovery within the term stipulated in §16.2.1 of the GTC;
 - 9) Receivables that arose when the default in payment of any Receivables (covered or not by the insurance) from the given Counterparty exceeds 60 days, unless that – at the request of the Policyholder – KUKE S.A. agreed to provide insurance cover for the respective Receivables;
 - 10) Receivables in relation to which the Policyholder has waived, without the consent of KUKE S.A., the claims in relation to the Counterparty, underwriter or guarantor, if any;
 - 11) Disputed receivables, subject to §20.6 of the GTC.
2. The liability of KUKE S.A. is excluded in respect of:
- 1) Losses occurring as a result of a breach or non-performance by the Policyholder or Counterparty of the provisions of the law, and decisions and regulations of government or administrative bodies concerning foreign trade or foreign exchange transactions binding in their country;
 - 2) Losses occurring as a result of the events mentioned in § 4.37 of the GTC, if these events occurred after 30 days counted from the Payment Term;
 - 3) Losses occurring as a result of the events mentioned in § 4.8 of the GTC, provided that these events occurred after the Payment Term laid down in the Agreement for Sale;
 - 4) Losses occurring when the payment collateral required by KUKE S.A. lost their validity within 120 days of the Payment Term or turned out to be ineffective for reasons resting with the Policyholder;

- 5) 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.

§6. Deductible of the Policyholder in the Claim

1. The deductible amounts to 5%.
2. The deductible cannot be insured with any other insurance company.

§7. Upper Limit of Liability

The upper limit of liability of KUKE S.A. by virtue of the insurance cover encompassing the Receivables of the Policyholder from each Counterparty constitutes the amount of the Credit Limit, less the deductible specified under §6 of the GTC.

Q *Example: you have a Credit Limit amounting to €200,000 for your Counterparty in Ukraine. The deductible was set at 5%, therefore, the maximum liability ceiling of KUKE will be €190,000.*

§8. Application for the Insurance Cover and the Insurance Agreement

1. The Insurance Agreement is concluded in writing, in electronic or in document form based on an insurance application submitted by the Policyholder on an official KUKE S.A. form. The Policyholder is required to present all the information required in the insurance application in accordance with the factual circumstances.

i *Note that if you have a qualified electronic signature, for instance, you can use it to conclude an Insurance Agreement with KUKE.*

2. If the information and data presented in the application are insufficient to complete the risk assessment, the Policyholder is required to provide additional exhaustive

information according to KUKE's instruction and to the best of their knowledge.

3. Once KUKE S.A. performs the risk assessment, it communicates the terms and conditions to the Policyholder, including information about the amount of the set Credit Limits.
4. After the acceptance by the Policyholder of the terms and conditions received, KUKE S.A. draws up and delivers the Insurance Agreement to the Policyholder.

§9. Validity of the Insurance Agreement and the Rules on its Termination

1. The Insurance Agreement is concluded for an indefinite term. The beginning of the validity period of the Insurance Agreement is specified in the Specific Terms and Conditions.
2. The Policyholder is entitled to withdraw from the 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.
3. Each party is entitled to renounce the Insurance Agreement with a 30 day period of notice of termination.
4. When agreeing on the wording of the Insurance Agreement, in the case of divergent provisions, the provisions of the Limit Decisions will prevail, followed by the provisions of the Specific Terms and Conditions, and subsequently the GTC.

§10. Currency of the Insurance Agreement

1. The currency of the Insurance Agreement is the Polish zloty.
2. The currency of the insurance agreement will be applicable to all settlements resulting and relating to the Insurance Agreement, subject to §16.2.1 and §23.4 of the GTC.
3. Amounts expressed in currencies other than the currency of the Insurance Agreement are subject to conversion

into the currency of the Insurance Agreement according to Table A Average Exchange Rates Table of the National Bank of Poland used by the Policyholder in the accounting records for the Receivables confirmed by the respective invoice (pursuant to the provisions of accounting regulations), subject to the provisions of §13.3 of the GTC and §3.4 of the GTC.

§11. Individual Credit Limit

1. KUKE S.A. issues a Limit Decision based on the Credit Limit application for a given Counterparty received from the Policyholder and following a risk assessment.

i You can submit your Individual Credit Limit application online via the Extranet or by email.

2. The application mentioned in paragraph 1 may concern setting an Individual Credit Limit for a Counterparty or changes to its parameters.
3. Based on the completed risk assessment, KUKE S.A. has the right to refuse to set an Individual Credit Limit, set it at a lower level than that applied for by the Policyholder, or impose supplementary terms and conditions.
4. The set Individual Credit Limit is valid from the date specified in the Limit Decision.
5. The Policyholder is responsible for the contents of the documents based on which the security for the repayment of the Receivables was provided (as far as this is required under the Limit Decision) and for the effectiveness of the establishment of security measures and their compliance with the law applicable to such security. Verification of meeting these terms and conditions takes place once the Claim for Damages concerning the outstanding Receivables by the Counterparty has been lodged.
6. Each subsequent Limit Decision replaces the last Limit Decision for a given Counterparty and remains binding and applicable in relation to the Receivables that arose from the date specified in the Limit Decision, subject to paragraph 11. The balance of Receivables covered by insurance protection that arose up to the

day of application of the current Individual Credit Limit decreases the amount of the Individual Credit Limit set by the subsequent Limit Decision.

i *The Limit Decision lays down the parameters of the set Individual Credit Limit, particularly: the amount expressed in a currency, the maximum Trade Credit Period, the binding term, and possible supplementary terms and conditions. Each subsequent Limit Decision replaces the previous Limit Decision.*

7. The Individual Credit Limit is confidential.
8. The Individual Credit Limit ceases to apply and remain binding on the date of termination of the Insurance Agreement.
9. Within risk monitoring or in the event of the Policyholder ceasing to report the turnover generated in relation to the Counterparty, KUKE S.A. is entitled to change the parameters of the Individual Limit Decision.
10. Each Limit Decision is sent to the Policyholder via the Extranet or additionally by email to the email address provided by the Policyholder in the Specific Terms and Conditions. A change in the email address used to communicate the Limit Decisions requires the notification of KUKE S.A., providing information on the new email address, sent from the email address used to date for this purpose, or a change in the Specific Terms and Conditions.
11. If the Insurance Agreement does not provide otherwise, the Limit Decision concerning lowering or cancelling an Individual Credit Limit for a given Counterparty, or a change in the additional terms and conditions applies from the date of it being communicated to the Policyholder in the manner specified in paragraph 10 and concerns the Receivables arising on the following day.
12. Any changes to the registration details of the Counterparty (name or address) set out in the Limit Decision do not require an amendment of the Limit Decision.

§12. Protection+ Credit Limit

i *If the Individual Credit Limit is too low for your trade needs, you can purchase additional insurance cover. The Protection+ Credit Limit is always set for a period of 90 days.*

1. In each case whenever there is such a need, the Policyholder can submit a request for additional insurance cover exceeding the Individual Credit Limit by setting a Protection+ Credit Limit.
2. After assessing the risk, KUKE S.A. issues a Limit Decision concerning the setting of the Protection+ Credit Limit, which is then communicated to the Policyholder in the manner described in §11.10.
3. The Protection+ Credit Limit is a term-based limit set for a period of 90 days which automatically expires.
4. The Protection+ Credit Limit ceases to apply at the latest when the protection expires by virtue of the Individual Credit Limit.
5. The provisions of §11.79 of the GTC apply respectively to the Protection+ Credit Limit.

§13. Premium Arising from the Insurance Agreement

1. In the case of the Individual Credit Limit:
 - 1) The Policyholder is required to pay an insurance premium to KUKE S.A. for each calendar month of availability of the Individual Credit Limit for at least one day for a given Counterparty.
 - 2) The premium is calculated in the following manner:
 - a) According to a percentage rate of the amount of the reported turnover generated with the Counterparty in a given calendar month;
 - b) In the event of failing to report the turnover with the Counterparty, its absence, or when the premium calculated in accordance with sub-point (a) is lower than the minimum premium in a given calendar month - the insurance premium is equal to the minimum premium specified in the Rate and Minimum Premium Tariff.

- 3) The amount of the percentage rate mentioned in paragraph 1.2(a) is specified in the Rate and Minimum Premium Tariff and is dependent on:
 - a) The maximum Trade Credit Term;
 - b) The classification of the Counterparty's country.

Example 1: The rate for the insurance of Receivables with a 60-day payment term from a counterparty from Vietnam amounts to 0.504%. In a given calendar month, you generated PLN 50,000 in sales to your recipient in Hanoi. KUKE calculates the premium based on your reported turnover, which amounts to PLN 252 (50,000 x 0.504%).

Example 2: The rate for the insurance of Receivables with a 90-day payment term from a counterparty from Russia amounts to 0.542%. You have a credit limit for your recipient in Saint Petersburg amounting to €200,000. In a given calendar month, you generated no sales to this recipient in the given calendar month. According to the provisions of the Insurance Agreement, KUKE will charge you a minimum fee of PLN 120.

2. In the case of the Protection+ Credit Limit, the insurance premium is calculated each time from the amount of the Protection+ Credit Limit, according to the percentage rate specified in the Rate and Minimum Premium Tariff (Protection+ premium).
3. In the case of a Credit Limit in a foreign currency, the Protection+ premium is calculated in Polish zloty, applying Table A Exchange Rates Table of the National Bank of Poland applicable on the last day of month preceding the month of issue of a bill/invoice by KUKE S.A.
4. Payment of the premium by the Policyholder does not prejudice the liability of KUKE S.A.
5. In the event of the premium not being paid within the designated deadline, KUKE S.A. is entitled to statutory interest for the delay.
6. The premium is payable on the basis of an invoice/bill issued by KUKE S.A. within the deadline specified in the Specific Terms and Conditions. KUKE S.A. may deduct from the compensation amount any outstanding insur-

ance premiums that have fallen due by the date of the compensation payout.

7. Should the premium not be paid by the agreed date, KUKE S.A. is entitled to give notice of termination of the Insurance Agreement with immediate effect and request payment of the premium for the period during which it was liable.

§14. Costs of Recovery and Recourse Proceedings

1. The arrangements for bearing the costs of recovery proceedings initiated before the payout of compensation have been laid down in the Specific Terms and Conditions.
2. In the event of a Dispute with the Counterparty, the Policyholder bears the costs of settling the Dispute, regardless of the moment when the Dispute arose.
3. The costs of proceedings initiated after the payout of compensation are incurred by:
 - 1) KUKE S.A. - in relation to the amount of indemnity paid out (costs of Recourse Proceedings);
 - 2) The Policyholder - in the remaining scope.
4. The reimbursement of the costs of the proceedings to the Policyholder (in net amounts), mentioned in paragraph 1 and 3, are based on evidence that they have been incurred, up to the amount accepted by KUKE S.A.
5. The Policyholder will be charged with the costs of the proceedings referred to in paragraph 13 on the basis of a bill/invoice issued by KUKE S.A.

§15. Reporting of Turnover

Turnover is reported via the Extranet.

1. The Policyholder is required to report the generated turnover under the Trade Credit once a month, via the Extranet, with Counterparties for whom there was a Credit Limit set up in the relevant month, within the deadline specified in the Specific Terms and Conditions.

2. Turnover is reported in Polish zloty on the basis of invoices issued by the Policyholder in the manner specified in §26.5.2 of the GTC.
3. Turnover is reported inclusive of VAT, if such is charged.
4. In the case of a correction Invoice being issued in relation to an invoice issued in the period for which the turnover was reported – the Policyholder may submit a correction of the turnover for the given period provided that the correction Invoice was issued before the expiry of the Payment Term specified on the invoice to which the correction relates. A correction of turnover should be submitted to KUKE S.A. within the deadline for the nearest turnover report after the date of issue of the correction Invoice. The Policyholder submits the turnover correction within the period for which the turnover was reported resulting from the correction invoice. The submitted correction decreases or increases the value of the previously reported turnover.
5. Reporting of turnover within the deadline determines the existence of insurance cover.
6. The reporting of turnover by the Policyholder does not prejudice the liability of KUKE S.A. in relation to the Receivables covered by the report. This liability and its scope are determined by the Insurance Agreement.

§16. Proceedings in the Event of Counterparty's Default

i *Please read carefully about your duties and obligations in the event of not receiving a payment from your Counterparty covered by the insurance. Delivering on these commitments is key for the debt collection process to run smoothly and for you to receive the compensation due to you.*

1. In the event of failing to receive the Receivables from the Counterparty that are covered or not by the insurance protection, despite the expiry of the Payment Term, before submitting the request for recovery mentioned in paragraph 2.1 to KUKE S.A."
 - 1) The Policyholder may express consent to the debt repayment schedule proposed by the Counterparty provided that the date of the last instalment falls before the expiry of 60 days from the Payment Term of the oldest outstanding Receivable;
- 2) If collateral for payment of the Receivable was secured in the Credit Limit, the Policyholder uses such collateral within the term specified in the document establishing the collateral – provided that such a deadline was set and in accordance with the instruction of KUKE S.A.
2. In the event of failing to receive the Receivables, not later than on the 60th day from the Payment Term of the most overdue Receivable covered under the insurance, the Policyholder is required to submit the following to KUKE S.A. in the manner specified in §26.5.3 of the GTC:
 - 1) The request for recovery covering all the outstanding Receivables from the Counterparty, which are covered or not under the insurance protection, including also those in relation to which the Payment Term has not yet occurred, in the currency of the invoice from which the outstanding Receivables result;
 - 2) A scan of a signed power of attorney to conduct the recovery proceedings granted to KUKE S.A., unless a general power of attorney to conduct the debt recovery proceedings was granted earlier by the Policyholder. Should a power of attorney not have been granted, KUKE S.A. is relieved of liability if its inaction increases the likelihood of its occurrence or the extent of the Loss. Upon the request of KUKE S.A., the Policyholder is required to submit an original copy of the power of attorney to KUKE S.A.
3. After the request for recovery, the Policyholder is required to undertake the following:
 - 1) Agree with KUKE S.A. the terms and conditions for possible further sales to the Counterparty (irrespective of the payment form foreseen or its collateral);
 - 2) Obtain the consent of KUKE S.A. for the conclusion of an agreement, arrangement or settlement concerning the insured Receivables;
 - 3) Comply with the guidelines and instructions of KUKE S.A.;
 - 4) Promptly (not later than within 7 days) submit any information and documents concerning or directly or indirectly related to the recovery proceedings in progress;
 - 5) Promptly (not later than within 3 days) report via the Extranet every payment or other settlement of the Receivables included in the request for recovery.

4. In the event of the Policyholder breaching the duties and obligations mentioned in paragraph 1 or paragraph 3, KUKÉ S.A. is entitled to refuse the payout of compensation or to limit its amount, provided that such a breach affected the liability of KUKÉ S.A.
5. KUKÉ S.A. conducts the debt recovery proceedings based on the request for recovery. KUKÉ S.A. may commission the conduct of the recovery proceedings to a third party, or express consent for it to be conducted by the Policyholder or by an entity appointed by the Policyholder. In the event of the recovery proceedings being conducted by the Policyholder or at its order, the Policyholder is required to observe the instruction of KUKÉ S.A. and to notify KUKÉ S.A. of its progress on an ongoing basis.
6. The debt recovery proceedings are not conducted in relation to Receivables that are the subject of Dispute.

§17. Date of Loss Occurrence

i *This paragraph contains information about when a Loss occurs. This is an important date in order to report a claim for compensation to KUKÉ and receive the compensation due.*

1. In the event of the legally declared insolvency of the Counterparty who is not a Public Counterparty and an underwriter or guarantor, if any, and they are private entities, it is deemed that the Loss arises on the day of the legal declaration of insolvency.
2. In the event of the de facto insolvency of the Counterparty who is not a Public Counterparty and an underwriter or guarantor, if any, and they are private entities, it is deemed that the Loss arises on the day of de facto declaration of insolvency by KUKÉ S.A. on the basis of reliable information on the financial situation of the Counterparty.
3. In the event of delay in the payment of Receivables by a Counterparty who is not a Public Counterparty or underwriter or guarantor, if any, and they are not public entities, it is deemed that the Loss arises 60 days from the day on which KUKÉ S.A. received the request for recovery mentioned in §16.2.1 of the GTC, however, not earlier than on the day following the expiry of the Payment Term.

4. In the event of a delay in payment of the Receivables by the Public Counterparty or underwriter or guarantor, if any, and they are public entities, and in the event of the occurrence of the events mentioned in §4.38 of the GTC, the Loss is deemed to occur within a term of 90 days from the day when KUKÉ S.A. received the request for recovery mentioned in §16.2.1 of the GTC, however, not earlier than on the day following the expiry of the Payment Term.
5. In order to determine the date of the Loss for the given Receivable, the event that occurred first will be taken into consideration.

§18. Filing of a Claim for Compensation

i *The claim for compensation is a set of documents that are required to correctly calculate the amount of compensation due. The claim for compensation can be submitted to KUKÉ via the Extranet or by email.*

1. The Policyholder submits a Claim for Compensation on a form provided by KUKÉ S.A., in accordance with the provisions of §26.6 of the GTC.
2. KUKÉ S.A. acknowledges receipt of the Claim for Compensation to the Policyholder and specifies the information and documents that are necessary to establish the amount of the Loss and the compensation amount, within a term of 7 days from the receipt of the claim.
3. The submitted Claim for Compensation must be complete and documented. The Policyholder is required to provide KUKÉ 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.
4. The history of the Counterparty's account constitutes a part of the complete and documented Claim for Compensation (in the currency in which settlements with the Counterparty are conducted and in the currency of the Insurance Agreement), i.e., the analytical history of accounting records in the computer system of the Policy-

holder in the form of a file created by a Microsoft Excel spreadsheet, which should contain the following:

- 1)** The opening balance as at the day preceding the date of Delivery of the Goods/Services concerning the oldest (issued earliest) outstanding invoice reported in the request for recovery, subject to paragraph 5, indicating the relevant items (Receivables and liabilities), i.e., the dates when they arose, their Payment Terms, and the amounts;
 - 2)** All Receivables covered or not under the insurance protection that arose after the date of the opening balance, stating the dates when they arose, their Payment Terms, and the amounts;
 - 3)** All liabilities, payments and settlements after the date of the opening balance, attributing them to respective Receivables mentioned in point 1 and 2, stating the amounts and Payment Terms, i.e., the maturity of the liabilities, and the payments made or settlements, respectively;
 - 4)** The final balance as at the day of the printout. The history of the Counterparty's account, apart from the abovementioned information, should contain the Counterparty's name and specify the period that it concerns.
- 5.** Should the Limit Decision concerning the determination of the Credit Limit indicate the terms and conditions of its applicability, KUKE S.A. may request the history of the Counterparty's account for a different period, specifying the required day of the opening balance.
- 6.** 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.

§19. Determination of the Loss Amount

- 1.** The amount of the Loss constitutes the amount of Receivables covered by insurance protection and unpaid by the Counterparty, determined on the basis of the loss account in the currency of the Insurance Agreement on the basis of the history of the Counterparty's account, mentioned in §18.46 of the GTC, irrespective of the manner in which the Policyholder includes the amounts paid by the Counterparty in the accounting ledgers and irrespective of its arrangements with 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 total Receivables due to the Policyholder from the Counterparty and included in the history of the Counterparty's account, mentioned in §18.46 of the GTC, 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 receipt of the request for recovery - recognised pursuant to the records in the history of the Counterparty's account;
 - 2)** Any completed payments, including amounts redeemed by deduction, performed by the Counterparty or third parties and the amounts obtained before the date of receipt by KUKE S.A. of the request for recovery until the day of payout of the compensation, overpayment and liabilities of the Policyholder due to the Counterparty that remain unsettled as at the day of submitting the request for recovery, corrections to settled invoices, discounts, rebates, and reductions on the prices of the sold goods/services, granted to the Counterparty without the consent of KUKE S.A. - counted towards the oldest outstanding Receivables covered or not by the insurance protection that have been included in the request for recovery, subject to subpoint (a) to (f) hereinbelow:
 - a)** Payments completed by the underwriter or guarantor or amounts obtained from the performance of other collateral that were the condition for the validity of the Credit Limit - are applied towards the oldest outstanding Receivables covered by insurance protection, included in the request for recovery;
 - b)** The amounts obtained under the exercise of acquired rights, guarantees, deposits, security or other property rights that were not the condition for the validity of the Credit Limit (other than those specified under sub-point (a)) - are applied pursuant to the entries in the history of the Counterparty's account;
 - c)** Amounts obtained following the receipt of a final court decision and acceptance by KUKE S.A. of the costs of court proceedings and costs of enforcement proceedings, pursuant to

the instruction on court proceedings provided by KUKE S.A. to the Policyholder – are counted towards the costs of enforcement proceedings, court proceedings, the Receivable, and then towards interest, provided that the recovery costs were not settled separately by KUKE S.A.;

- d)** Payments in respect of the Delivery of Goods/ Services following a final decision of the court in the scope of the legal declaration of insolvency of the Counterparty – are recognised pursuant to the records in the history of the Counterparty's account;
- e)** Payments completed in connection with the continuation of sales following the submission of a request for recovery and having obtained the consent of KUKE S.A. – are recognised pursuant to the conditions of consent of KUKE S.A., provided the terms and conditions of such consent have been respected.
- f)** Corrections, discounts, rebates and reductions concerning outstanding invoices decrease accordingly the amounts on the invoices that they concern.

4. If the compensation is not due or is due in a different amount than that specified in the Claim for Compensation, KUKE S.A. will notify the Policyholder thereof in the manner specified in the Specific Terms and Conditions, indicating the circumstance and the relevant legal basis.

5. If additional conditions were specified in the Limit Decision, acknowledgement of the Claim for Compensation may occur if such terms were met, provided that:

- 1)** The validity of the Individual Credit Limit was contingent upon securing the payment of the Receivables in the form of a surety or guarantee:
 - a)** The collaterals will be established in accordance with the provisions of the law, remain valid at least 120 days after the expiry of the Payment Term of the Receivables, and cannot be ineffective for reasons attributable to the Policyholder;
 - b)** After consultation and in accordance with the recommendations of KUKE S.A., the Policyholder should submit its claims to the security agent, however, not later than within the deadline specified in the document establishing the security, provided that such a deadline was set or the security agent acknowledged the claims of the Policyholder prior to the payment of the compensation.

2) If the Individual Credit Limit was subject to collaterals other than those specified in Point 1, such collaterals should be established in accordance with the law, remain valid, and cannot be ineffective for reasons attributable to the Policyholder.

6. With respect to a dispute, KUKE S.A. will pay out the compensation subject to paragraph 2 hereinabove and §18.3 of the GTC, within a term of 30 days from receiving the Claim for Compensation along with:

- 1)** A court or arbitration ruling awarding the Policyholder all or part of the insured Receivables which may be enforced in the Counterparty's country; or
- 2)** The Counterparty's declaration of recognition of the Policyholder's claim for payment of the Receivables ending the Dispute, made in writing, dated and with the signatures of the persons representing the Counterparty, with documents confirming the authority of the persons making the declaration on its behalf;
- 3)** The current history of the Counterparty's account drawn up in compliance with §18.46 of the GTC.

§20. Conditions for the Payment of Compensation

- 1.** KUKE S.A. will pay out the compensation within 30 days from the date of receiving the Claim for Compensation. If the submitted Claim for Compensation is incomplete or improperly documented, KUKE S.A. will summon the Policyholder to complete the documentation.
- 2.** Should it prove impossible to determine the circumstances necessary to establish the liability of KUKE S.A. or the amount of the benefit within the deadline specified above, in particular for the reasons referred to in paragraph 1 above, the benefit will should be paid within 14 days from the day on which it was possible to clarify such circumstances with due diligence, provided that the Policyholder meets the terms and conditions of the Insurance Agreement.
- 3.** If KUKE S.A. fails to pay out the compensation within the terms stipulated above, it will notify the Policyholder of the reasons why it was impossible to acknowledge his claims in whole or in part; however, the undisputed part of the compensation will be paid out within the term stipulated in paragraph 1.

§21. Amount of Compensation

1. The amount of compensation constitutes the amount of the Loss determined in accordance with §19 of the GTC, up to the maximum amount of the Credit Limit less the Policyholder's deductible.
2. If, after the compensation has been paid out, it turns out that it was unduly paid out in full or in part, the Policyholder is required to return to KUKE S.A. all or the relevant part of the compensation within a term of 10 days from the date of the summons.

§22. Subrogation and Recourse Proceedings

1. On the day of payment of the compensation, the claims of the Policyholder in relation to the Counterparty, their underwriter or guarantor, if any, are transferred to KUKE S.A. up to the amount of the compensation paid out.
2. The proceedings related to debt recovery following the payment of the compensation are carried out by:
 - 1) KUKE S.A. - with respect to the amount of compensation paid out (Recourse Proceedings);
 - 2) The Policyholder - to the remaining extent.
3. In accordance with the instruction of KUKE S.A., the Policyholder is required to confirm the transfer of all or part of the claims mentioned in paragraph 1.
4. In justified cases, in particular when the participation of the Policyholder is necessary as a party to the Agreement for Sale, pursuant to the provisions of the law of the Counterparty's country or others applicable to Recourse Proceedings, KUKE S.A. - in agreement with the Policyholder - will commission thereto the conduct of the Recourse Proceedings intended to recover all the Receivables from the Counterparty (joint debt recovery).
5. In the event of the Policyholder being commissioned to conduct the Recourse Proceedings, the Policyholder:
 - 1) Is required to follow the instruction of KUKE S.A. and to notify KUKE S.A. about the course of the proceedings;
 - 2) Is required to obtain the acceptance of KUKE S.A. in the scope concerning the securing of claims to a bankruptcy estate or decisions aimed at recovering the goods or Receivables, or also to agree on the

procedure to be followed in the event of a proposed settlement or referral of claims to court;

- 3) May not, without the consent of KUKE S.A., waive the rights and collaterals related to the Receivable, release the Counterparty or underwriter or guarantor, if any, from the debt in whole or in part, or cede or pledge the rights and conclude any settlement in this regard.
6. The Policyholder is required to issue to KUKE S.A. all the documents concerning the Receivables for which compensation has been paid out that are necessary to recover such Receivables from the Counterparty and transfer, by way of an assignment of rights, endorsement or any other required legal form, all rights arising from the possession of collateral or personal security of the Receivables for which KUKE S.A. has paid out compensation.
7. The conduct of Recourse Proceedings by KUKE S.A. does not release the Policyholder from the obligation to cooperate in the pursuit of claims against the Counterparty, underwriter or guarantor, if any, or another security provider, and to follow the instruction of KUKE S.A. in this respect.

§23. Amounts Recovered after Payment of Compensation

1. If, after the compensation has been paid, the recovery of Receivables is conducted separately by the Policyholder and KUKE S.A., each party will first cover its own claims from the payments and amounts recovered. After they have been covered, subsequent payments and amounts obtained will cover the other party's claims.
2. If, after the compensation has been paid out, the recovery of Receivables is being conducted jointly, the Policyholder and KUKE S.A. will share proportionally each payment made and amount recovered. The proportion is calculated as the share of the amount of the compensation paid out in the balance of outstanding Receivables as at the day of payout of the compensation, subject to paragraph 3.
3. If, after the compensation has been paid out, the recovery of Receivables is conducted jointly, the amounts recovered following a final court order will first cover the costs of the enforcement proceedings, court

proceedings, and the Receivables in the proportion specified in paragraph 2, followed by interest, if the recovery costs were not settled separately with KUKE S.A.

4. The transfer of the amounts specified in paragraph 13 is performed by the Policyholder or KUKE S.A. within a term of 15 days counted from the date of their receipt, in the currency of the payouts or applying the exchange rate for the currency of the payout, according to Table A Average Exchange Rates Table of the National Bank of Poland on the day the aforementioned amounts were received.

§24. Breach of Obligations by the Policyholder

1. If the Policyholder, intentionally or through gross negligence, failed to fulfil the obligations under the Insurance Agreement, KUKE S.A. will be released from the obligations related to the claims for which the obligations of the Policyholder were not fulfilled. If compensation was paid out earlier, KUKE S.A. will have the right to demand its reimbursement.
2. If the Policyholder continuously fails to perform its obligations under the Insurance Agreement or if the Policyholder refuses to perform them, KUKE S.A. will be entitled to call upon the Policyholder to perform this obligation. In the event of failing to comply within the specified deadline of not less than 14 days, KUKE S.A. will be entitled to terminate the Insurance Agreement with immediate effect.
3. If the Sales Agreement was concluded as a result of bribery or other crimes of a similar nature, KUKE S.A. will refuse to pay out the compensation, and if the compensation was already paid out, KUKE S.A. is entitled to demand its reimbursement. Proof of committed acts of bribery or other crimes of a similar nature include a final conviction, a publicly accessible arbitral award or equivalent sanctions indicating that they were committed at the time of concluding the Agreement for Sale.

§25. Inspection of Documents

1. Upon the request of KUKE S.A., the Policyholder is required to make available any information, ledgers, documents, and any other materials to the persons authorized by KUKE S.A., and also to 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, Agreement for Sale, the Counterparty or underwriter or guarantor, if any.

2. At the request of the Policyholder, KUKE S.A. will 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 has the right to inspect the claim files and make copies or photocopies thereof at its own expense.

§26. Form and Procedure for Amendments

1. Any amendments to the Specific Terms and Conditions are made in writing, in electronic or document form, unless the Specific Terms and Conditions provide otherwise.
2. The following do not constitute an amendment to the Insurance Agreement:
 - 1) Changes of the details relating to the administrative and organisational support 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.
3. KUKE S.A. will update the data in the Insurance Agreement without the need to conclude an Annexe to the Insurance Agreement, in the scope specified in paragraph 2.
4. Subject to the provisions of paragraph 6 and 7 of the GTC, unless these GTC provide otherwise, the parties to the Insurance Agreement will provide each other with representations and notices in writing or in document form (email or letter scan) to the email address indicated in the Specific Terms and Conditions or on the Extranet.
5. The Policyholder will send KUKE S.A., via the Extranet, the following applications/representations:
 - 1) Applications for setting a Credit Limit, referred to in §11.2 of the GTC;
 - 2) Notifications of turnover, referred to in §15 of the GTC;

- 3) Applications for debt recovery, referred to in §16.2.1 of the GTC;
 - 4) Power of attorney established for KUKE S.A. to conduct debt recovery proceedings in relation to the Counterparty, referred to in §16.2.2 of the GTC.
6. The claim for compensation referred to in §18.1 of the GTC with attachments may be sent to KUKE S.A. via the Extranet or in the form of a scan of the Claim for Compensation form, submitted by authorised persons, by email, to the following email address: odszkodowania@kuke.com.pl.
 7. The representations relating to the withdrawal, notice of termination, or termination of the Insurance Agreement, mentioned in §9.2 and 3 may be submitted in writing, in electronic form or by transmitting by email to the other party a scan of a letter signed by the persons authorised to represent it, containing the wording of the said representation, to the respective email address:
 - 1) klient@kuke.com.pl - in the case of representations of the Policyholder;
 - 2) Specified by the Policyholder in the Specific Terms and Conditions - in the case of representations of KUKE S.A.

§27. Resolution of Disputes Arising from the Insurance Agreement

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

§28. Assignment of Rights to Compensation under the Insurance Agreement

1. The right to compensation under the Insurance Agreement may be transferred to a third party with the consent of KUKE S.A.
2. KUKE 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 will not release the Policyholder from the obligations under the concluded Insurance Agreement.
4. The Policyholder will notify the assignee of any amendments to the Insurance Agreement that were adopted after the execution of the assignment.

§29. Legal Basis

1. The legal basis of the Insurance Agreement are:
 - 1) The Polish Civil Code of 23 April 1964, excluding Article 807 § 1 and 811;
 - 2) The Act on Export Insurance Backed by the State Treasury of 7 July 1994.
2. The provisions of the Acts mentioned in paragraph 1 apply in all matters not governed by the Insurance Agreement.
3. These General Terms and Conditions of Treasury-Backed Insurance of Short-Term Export Receivables - Policy Without Borders were approved by Resolution No. 99/IN/P/2020 of 25 September 2020 of the Management Board of KUKE S.A.



KUKE
PFR Group

Finding
solutions

infoline: 801 060 106
kontakt@kuke.com.pl

50 Krucza Street, 00-025 Warsaw
www.kuke.com.pl