

INSURANCE COVER FOR PROJECTS AND WORKS ABROAD

GENERAL CONDITIONS

This English translation of the Spanish version serves merely for information purposes. In case of discrepancy, the Spanish text shall prevail.

Authorised pursuant to Articles 3 and 8 of Act 8/2014 of 22 April on State Cover of the Risks of Internationalisation of the Spanish Economy by the Ministry of Economy and Competitiveness through 8th February 2017.



ENGLISH



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PRELIMINARY ARTICLE

DEFINITIONS



INSURED PARTY

Refers to the entity with respect to which the policy has been taken out, whether the Policyholder or not.

If the Policyholder and the Insured Party are separate entities, the obligations and duties derived from the insurance contract shall correspond to the Policyholder, except for those that must, in light of their nature, be fulfilled by the Insured Party.

INSURER

Refers to the Compañía Española de Seguros de Crédito a la Exportación, S.A., Compañía de Seguros y Reaseguros, acting in its own name and on behalf of the Spanish State.

BENEFICIARY

Refers to the entity designated by the Insured Party to collect any compensation arising from a possible claim.

CONTRACTING PARTY

Refers to the entity that contracts the Contractor to execute the works and undertakes to pay for the same.

CONTRACTOR

Refers to the signatory to the Works Contract and the holder of any rights and obligations arising thereof.

WORKING CAPITAL

Refers to cash amounts deposited by the Contracting Party in the country where the works are located so that they can be executed by the Contractor.

GUARANTOR

Refers to the natural or legal person that jointly, severally and irrevocably guarantees the obligations of the Contracting Party to the Insured Party.

INSURED CURRENCY

Refers to the currency of the Insured Amount and the Risk Ceiling indicated in a special condition.

RISK CEILING

Refers to the maximum risk limit reported by the Contractor to the Insurer. As a rule it consists of the amount corresponding to a certain number of certificates that are the maximum that the Contractor can have accrued under risk. The Risk Ceiling is declared by the Insured Party to the Insurer and is the base on which the Insured Amount is calculated.

MACHINERY POOL

Refers to equipment, stocks and/or installations that the Contractor uses to execute the Works Contract and which are itemised in a special condition.

POLICY

Refers to this insurance contract, comprising of these general conditions and its special conditions and, if applicable, its corresponding supplements.

INSURED AMOUNT

Refers to the claim ceiling to be paid by the Insurer and is calculated in the special conditions to the Policy for each risk covered by the same.

The Insured Amount for credit risks and contract rescission is calculated by applying the coverage percentage to the Risk Ceiling.

The Insured Amount for Working Capital and the Machinery Pool is calculated by applying the coverage percentage in the special conditions to the Policy.

Moreover, the Insured Amount shall include, by way of compensation, the salvage or recovery expenses referred to in Article 3 of these general conditions.

POLICYHOLDER

Refers to the natural or legal person taking out the Policy and which assumes the duties and obligations derived from the contract, except for those that, in light of their nature, must be fulfilled by the Insured Party.

The rights deriving from the Policy shall correspond to the Insured Party or, where appropriate, the designated Beneficiary.

CHAPTER I

OBJECT AND SCOPE OF THE INSURANCE



ARTICLE 1 OBJECT OF THE INSURANCE

Based on the Insured Party's statements and in accordance with the general and special conditions of the Policy, the Insurer undertakes to compensate the Insured Party, under the terms and conditions stipulated in the Policy, up to the Insured Amount ceiling for its definitive net losses resulting from the occurrence of one or more of the risks referred to in Article 2.

Furthermore, the salvage and recovery expenses and any other expenses that may be agreed, linked to the mitigation of the effects of a loss, shall be the subject of cover.

ARTICLE 2 RISKS COVERED

2.1 CONTRACT RESCISSION RISK

2.1 A) OF A COMMERCIAL NATURE

For the purposes of Article 1, contract rescission risks of a commercial nature are understood as those arising from any the following circumstances:

Six (6) months having elapsed as of notifying the Insurer of:

- (i) The unilateral and unsubstantiated rescission of the Works Contract by the Contracting Party; or
- (ii) The impossibility of performing the Works Contract on account of the manifest breach of Contracting Party obligations; or
- (iii) The express or tacit refusal of the Contracting Party or of the independent certifying entity to certify or receive the effectively executed work,
in all of these cases as long as the Contracting Party is a private entity and as long as there has been no prior non-compliance by the Contractor or they are not involved in a commercial dispute.

In the event of a commercial dispute existing between the Contracting Party and the Contractor pursuant to which the former is alleging non-compliances by the latter, cover shall be suspended until such time as the commercial dispute is settled, either by mutual agreement or a final arbitration award, finding or sentence that there has been no non-compliance by the Contractor, as provided for in Article 4 to these general conditions.

2.1 B) OF A POLITICAL OR EXTRAORDINARY NATURE

For the purposes of Article 1, contract rescission risks of a political or extraordinary nature are understood as those arising from the following circumstances:

Six (6) months having elapsed as of:

- a) The unilateral and unsubstantiated rescission of the Works Contract by the Contracting Party, as long as the Contracting Party is a public entity; or
- b) The impossibility of performing the works on account of the manifest breach of Contracting Party obligations, as long as the Contracting Party is a public entity, or if a private entity, as a direct result of any of the following causes:

- (i) Civil or international war, revolution, uprising, terrorism, substantial breaches of the peace, or any similar event, that occurs abroad.
 - (ii) Political or economic events or legislative or administrative measures that occur in the country where the Works Contract is being executed.
 - (iii) Political circumstances or events occurring in the country where the Works Contract is to be executed that lead to the requisition, nationalisation, confiscation, seizure, expropriation, destruction or damaging of goods or materials under the Works Contract, as well as any other event that prevents the receipt of the works by the Contracting Party.
 - (iv) Measures by the Government of Spain, as well as those of the European Union and any other international bodies to which Spain is a party and to which it is bound thus rendering it impossible to execute the Works Contract, the receipt of payment or the recovery of the goods.
 - (v) Circumstances or events understood to be disaster situations such as cyclones, floods, earthquakes, volcanic eruptions, seaquakes and similar phenomena, as well as nuclear accidents and those caused by chemical, biochemical or similar substances that occur abroad;
- c) The express or tacit refusal of the Contracting Party or of the independent certifying entity to certify or receive the effectively executed work, as long as the Contracting Party is a public entity.

2.2 CREDIT RISK

2.2 A) OF A COMMERCIAL NATURE

For the purposes of Article 1, credit risks of a commercial nature are understood as those arising from the following circumstances:

Total or partial default on Works Contract payment or of the accepted certificates for a period of over three (3) months following the maturity of the same, whenever the Contracting Party is considered to be a private entity and as long as there is no prior non-compliance by the Contractor, or the parties are not involved in a commercial dispute.

In the event of a commercial dispute existing between the Contracting Party and the Contractor pursuant to which the former is alleging non-compliances by the latter, cover shall be suspended until such time as the commercial dispute is settled, either by mutual agreement or a final arbitration award, finding or sentence that there has been no non-compliance by the Contractor, as provided for in Article 4 to these general conditions.

2.2 B) OF A POLITICAL OR EXTRAORDINARY NATURE

For the purposes of Article 1, credit risks of a political or extraordinary nature are understood as the financial losses or damages to which the Insured Party might be subject in the cases described below as long as there is no prior non-compliance by the Contractor, or the parties are not involved in a commercial dispute:

Total or partial default on payment of the price or of the accepted certificates for a period of over three (3) months following the maturity of the same, whenever the Contracting Party is considered to be a public entity, or being a private entity, the cause for non-payment can be put down to any of the following circumstances:

- (i) The express or tacit actions and decisions adopted by foreign public institutions, or arising from critical economic conditions that have arisen in the country where the works are being carried out. Where the Debtor might have made payment in the local currency by means of a releasing deposit with a bank or into an official account in the Debtor's country for the sums owing, and which, on being changed into the agreed exchange rate, fail to cover the amount due on the date the funds are transferred.

This reason also applies to cases where the Debtor is a public entity.

- (ii) Civil or international war, revolution, uprising, terrorism, substantial breaches of the peace, or any similar event, that occurs abroad.
- (iii) Political or economic events or legislative or administrative measures that occur in the country where the Works Contract is being executed that cause alterations to the balance of payments or monetary parity to such an extent that a general situation of insolvency prevails in the country of the Contracting Party.

Payment deferral with respect to foreign payments in the country of the Contracting Party and where appropriate, in that of the Guarantor or that of a third party through which it is essential that the credit payment be made, is understood to form part of such events. Payment deferral shall be understood herein as the publicly known, de facto or de jure, defaulting on international payment obligations of a country with respect to one or more creditor countries.

- (iv) Measures by the Government of Spain, as well as those of the European Union and any other international bodies to which Spain is a party and to which it is bound thus rendering it impossible to execute the Works Contract, the receipt of payment or the recovery of the goods.
- (v) Circumstances or events understood to be disaster situations such as cyclones, floods, earthquakes, volcanic eruptions, seaquakes and similar phenomena, as well as nuclear accidents and those caused by chemical, biochemical or similar substances that occur abroad.

2.3 WORKING CAPITAL RISK

For the purposes of Article 1, Working Capital risk is understood to refer to the failure, after six (6) months have elapsed, either wholly or in part, to transfer abroad the cash sums deposited by the Insured Party with financial institutions in the country as Working Capital where the Works Contract is being executed, as long as the said funds were transferable abroad at the time of the depositing of the same in the country of the Contracting Party and that the Insured Party continues to hold title to the same whenever the failure to transfer can be put down to any of the following political risks:

- (i) Civil or international war, revolution, uprising, terrorism, substantial breaches of the peace, or any similar event, that occurs abroad in the country where the Works Contract is being executed.
- (ii) Political or economic events or legislative or administrative measures that occur in the country where the Works Contract is being executed.

2.4 RIESGO DE PARQUE DE MAQUINARIA

For the purposes of Article 1, the Machinery Pool risk is understood to refer to the elapsing of six (6) months since the occurrence of any of the following extraordinary and/or political risks:

- (i) The expropriation, nationalisation, confiscation or seizure ordered by the authorities of the country where the Works Contract is being executed of the Machinery Pool.
- (ii) Those measures enforced by the authorities of the country where the work is being done that deny the Contractor the previously recognised right to re-expedite the items that go to make up the Contractor machinery pool.
- (iii) The destruction of the Machinery Pool for any of the following reasons: (i) civil or international war, revolution, uprising, terrorism, substantial breaches of the peace, or any similar event, that occurs abroad; (ii) circumstances or events understood to be disaster situations such as cyclones, floods, earthquakes, volcanic eruptions, seaquakes and similar phenomena, as well as nuclear accidents and those caused by chemical, biochemical or similar substances that occur abroad.

ARTICLE 3 SALVAGE AND RECOVERY EXPENSES

The Insurer shall assume responsibility, at the cover percentage, of the salvage or recovery expenses paid by the Insured Party to prevent or minimise the loss caused or which could cause the occurrence of any of the risks described in Article 2, or as a consequence of the preventive measures accepted by the Insurer in accordance with the provisions set out in Article 12.

For the Insurer to be obligated to pay the said expenses, these must be previously accepted by the said Insurer. When the aforementioned expenses are incurred to jointly salvage or recover other uninsured losses to which the Insured Party is subject, the amount of the said expenses will be paid by the Insured Party and the Insurer in proportion to their respective interests.

The said expenses shall be reimbursed by the Insurer in the thirty (30) days following the day on which the Insured Party provided proof of payment, in the currency in which such payments were made or in Euros, at the discretion of the Insurer, and in the latter case applying the official listing of the day on which the payment was made.

ARTICLE 4 ITEMS AND CIRCUMSTANCES EXCLUDED FROM THE COVER

4.1 The following items are expressly excluded from cover under this Policy, and will not be the subject of compensation under any circumstances:

- (i) Default interest, return expenses, taxes, renewal or negotiation of bills, any type of bank charge, as well as fines or contract penalties and any other item not expressly covered by the Policy.

4.2 Losses suffered in the cases listed below are expressly excluded from the cover and shall not be the subject of any compensation:

- (i) When the Insured Party fails to comply with any of the Policy cover conditions.
- (ii) When the risk occurs outside the effective period of the Policy.
- (iii) When there is a commercial dispute between the Contracting Party and the Contractor, unless the Insured Party can substantiate by means of a court judgement, arbitration award or any other acceptable proof of not having been in breach of the Works Contract and, accordingly, the validity and enforceability of the Contractor claim for payment against the Contracting Party.

Notwithstanding the foregoing, the Insured Party shall have the right to claim the payment of provisional compensation from the Insurer as soon as the corresponding legal proceeding is initiated by the Contractor against the Contracting Party and, where appropriate, the Guarantor, until a court judgement or arbitration award is forthcoming or the proof referred to in the previous subparagraph is furnished. If resort is had to this right, the Insured Party must provide an annually renewable bank guarantee or bond with conditions that are acceptable to the Insurer that duly guarantees the return of the provisional compensation should the final arbitration finding or award find that there was a breach of the Works Contract by the Contracting Party and, therefore, the Contractor had no right to compensation under the Policy.

- (iv) When the Insured Party has failed to follow legitimate instructions received from the Insurer.
- (v) When the Works Contract is affected by a crime involving the corruption of a public official under that which is provided for in Article 286b of the Spanish Criminal Code, as found in a final judgement.

- (vi) When the Works Contract is classified as unlawful, null and void or defeasible, or its stated obligations rendered unenforceable because of an infringement of any currently applicable legal provisions to the same by a court that declares itself with due authority in the matter, whether or not such a court belongs to the Spanish jurisdiction.
- (vii) When the goods and services under the Works Contract are penalised or prohibited or when the Contracting Party or the Guarantor are natural or legal persons that are subject to penalties, restrictions or prohibitions imposed nationally, by the European Union or by any other organisation with which Spain has agreed to comply, prior to the effective date of the Policy. The Insured Party is obligated to verify this point.

In the event that the penalties, restrictions or prohibitions to contract referred to in the previous paragraph are imposed at a time after the effective date of the Policy, the Insured Party agrees to follow any instructions that it may receive from the Insurer with a view to complying with them. *reconocido en sentencia firme.*

4.3 The Insurer has the right to suspend the cover and the processing of a claim whenever any legal proceeding has been initiated for the circumstances described in this Article, without any compensation being enforceable until a final award or judgement is given stating that the aforementioned circumstances or events that constitute exclusion from cover have either not occurred or not been duly accredited.

ARTICLE 5 EXCLUSION OF LEGAL RISK

It is hereby certified that the Insurer does not assume the legal risk of the transaction or of the documentation signed by the Insured Party.

The Insurer shall be exempted from the obligation of compensation in the event that: (i) the losses caused are directly or indirectly due to an action or omission of the Insured Party; or (ii) the Works Contract, its payment methods or its guarantees have been arranged or documented incorrectly, and it is determined that they are invalid or unenforceable.

The Insured Party is obligated to arrange the transaction with the utmost diligence and, in any case, as it usually arranges similar transactions in which it does not take out insurance or a guarantee.

ARTICLE 6 INSURED AMOUNT

This refers to the compensation amount ceiling to be paid out by the Insurer with respect any of the risks described in herein and, where appropriate, covered by this Policy. Its amount is stipulated in a special condition.

Moreover, the Insured Amount shall include, by way of compensation, the salvage or recovery expenses referred to in Article 3 of these general conditions.

ARTICLE 7

EXECUTION, EFFECTIVE DATE AND TERM OF THE INSURANCE

The insurance contract shall be executed by mere consent but will not come into effect until the following conditions have been met:

- (i) The Policy has been signed by both parties, the Insurer and the Policyholder.
- (ii) The corresponding premium or its first instalment, where instalments have been agreed, has been paid.
- (iii) The Works Contract has been signed between the parties and has become effective.

The term of the insurance will be established in the special conditions.

ARTICLE 8

DISCREPANCIES BETWEEN THE OFFER AND THE POLICY

If the content of the Policy differs from the insurance offer made by the Insurer, the Insured Party can make a claim to the latter within one (1) month of delivery of the Policy to rectify the existing discrepancy. If no claim is made within the said period, the provisions set out in the Policy shall apply.

If, during the validity period of the offer, the risk is modified or worsened or new circumstances, data or facts arise that were unknown to the Insurer when drawing up the offer, the Insurer can make the appropriate changes, inclusions and modifications to the Policy to adjust it to the new risk situation.

CHAPTER II

OBLIGATIONS OF THE INSURED PARTY



ARTÍCULO 9 PAYMENT OF THE PREMIUM AND DEFAULT EFFECTS

The premium corresponding to this contract is a single premium and shall be due in full on signature of the Policy.

The premium must be paid in the Insured Currency and on the dates and in the form and place indicated in the special conditions.

In the case of failure to pay the single premium, the insurance contract shall not be valid and therefore shall not produce any effects. If a period of one (1) month elapses from failure to pay the single premium, the Policy shall be automatically terminated without the need for the Insurer to issue a cancellation. If the premium has not been paid before a loss occurs, the Insurer will be released from its obligation.

In the case of failure to pay an instalment of the single premium, in those cases where instalments have been established (except for the first instalment which must be paid for the cover to become effective), the total coverage of the Insured Amount shall be reduced in the same proportion as the unpaid premium. If a period of three (3) months elapses from the first failure to pay an instalment of the single premium, the coverage shall be automatically terminated without the need for the Insurer to issue a cancellation.

In the event that instalments have been agreed on the single premium and a loss occurs, the premium shall automatically fall due and payable in full, offset with the pending amount being charged against the compensation.

ARTÍCULO 10 RETURN OF PREMIUM AND ADDITIONAL PREMIUM

10.1 RETURN PREMIUM

A return premium shall be applicable in the cases listed below:

- (i) If the Policy is cancelled before its effective date.
- (ii) In the case of reductions to the Insured Amount or the term of the insurance, on account of change in contract terms and conditions.

Notwithstanding, the Insurer shall in all cases retain ten per cent (10%) of the premium to be returned.

The premium cannot be returned under any circumstances in the case of a loss.

10.2 ADDITIONAL PREMIUM

An additional premium shall be applicable in the case of an extension of the term of the insurance or an increase to the Insured Amount or to the Risk Ceiling.

10.3 The Insurer shall return the premium or receive the additional premium in the Insured Currency.

The return premium or additional premium, as applicable, must be recorded in the corresponding supplement containing the respective reduction or increase in the object of the insurance.

ARTÍCULO 11

INFORMATION FOR THE INSURER BEFORE SIGNING THE POLICY

The Insured Party has a duty to inform the Insurer, before signing the Policy, of all circumstances of which it is aware and that may influence the correct assessment of the risk.

In addition, the Insured Party must fill out, sign and return the questionnaire provided by the Insurer in the request for cover.

Given that the questionnaire is provided at a very early stage of the coverage assessment when the essential aspects of the risk have not yet been determined, and without prejudice to the obligation to fill out the aforementioned questionnaire, the Insured Party shall be obligated to report any later circumstance that may occur and of which it is aware and that may influence the correct assessment of the risk or any change to anything notified in the request for cover, by email or any other means that provides proof of its receipt by the Insurer. The information provided by these means to the Insurer shall be considered as statements by the Insured Party, according to which the Insurer can ascertain the risk.

As at the Policy signature date, the Insured Party declares that it has conducted its own analysis of the risk by checking its books, and that it has accessed the files and records that it normally uses to verify the solvency of its clients, without noting the existence of unpaid amounts or financial asset situations that could endanger compliance with the obligations assumed by the Contracting Party and, if applicable, the Guarantor, under the Works Contract. Consequently, and in accordance with its duty to inform, the Insured Party expressly declares, to the best of its knowledge and understanding, that it is unaware of any circumstances that could prevent, delay or adversely affect the obligations derived from the Works Contract.

ARTÍCULO 12

OTHER OBLIGATIONS TO INFORM THE INSURER. PREVENTIVE MEASURES

The Insured Party must inform the Insurer, as soon as it becomes aware of them, of any circumstances that worsen the risk and are of such a nature that if they had been known by the latter at the time of entering into the insurance contract, the Insurer would not have subscribed to the same or would have led to more severe terms and conditions, regardless of whether the aforementioned circumstances figured or not in the questionnaire referred to in the previous Article.

In the event of a worsening risk, the Insured Party must inform the Insurer of what preventive measures the Insured Party believes should be adopted and particularly those that are required to accredit its rights and avoid any prejudice to the same. Furthermore, where appropriate, the pertinent legal claim proceedings should be taken either administratively, through the courts or by means of arbitration, as stipulated in the Works Contract or in the legislation that applies to the same.

The Insurer may agree to the aforementioned measures or not, as the case may be, while the Insured Party must carry out any instructions it receives in this respect from the Insurer, including, where appropriate, suspending the work or seeking the rescission of the Works Contract.

ARTÍCULO 13

CHANGES TO WORKS CONTRACT CONDITIONS

No terms, conditions or the scope of the Works Contract, or the Contractor obligations stipulated therein, its amount or term of execution can be changed without the written consent of the Insurer. The Insured Party must inform the Insurer of any other change to the Works Contract not itemised above no later than thirty (30) days as of the change in question.

If the change affects the terms and conditions of the Works Contract mentioned herein, the Insurer shall record the new terms and/or conditions in a supplement to this Policy.

ARTÍCULO 14

CONSEQUENCES OF THE INSURED PARTY'S FAILURE TO COMPLY WITH ITS DUTIES AND OBLIGATIONS

If the Insured Party: (i) is responsible for secrecy or inaccuracy in the information referred to in Articles 11 and 12; (ii) alters the terms and conditions of the Works Contract as referred to in Article 13 above without the consent of the Insurer; or (iii) fails to comply with any of the duties and obligations established herein with no specifically established consequence, the Insurer shall have the following rights:

- a) Terminate this insurance contract by submitting a statement to the Insured Party within a period of one (1) month of becoming aware of the respective non-compliance.**
- b) Reject the compensation payment if the case of non-compliance involves fraud or negligence by the Insured Party or, if it has already been applied, require the return of the compensation with the corresponding interest.**

CHAPTER III

LOSSES AND RECOVERIES



ARTICLE 15

CLAIM REPORTING AND FORMALITIES TO BE PERFORMED BY THE INSURED PARTY

The Insured Party must inform the Insurer of the occurrence of any of the risks covered no later than twenty (20) days following the date of the occurrence of these.

The Insured Party must submit supporting documentation to substantiate its right to compensation no later than thirty (30) days of being required to do so by the Insurer.

The Insured Party, as soon as it becomes aware of the occurrence of any of the risks covered, must adopt those measures necessary to prevent prejudice to its rights.

Failure to comply with the above obligations may lead to loss of the right to compensation.

ARTICLE 16

HANDLING OF THE COLLECTION PROCESSES AND PROCEEDINGS

a) Once the notification mentioned in the previous Article has been produced, the Insured Party undertakes to assign to the Insurer the handling of the collection processes and any proceeding initiated with regard to the entire credit or its rights arising from the Works Contract, **even for the percentage not covered and for ancillary items, such as interest, guarantees and any other rights derived from it, regardless of whether or not they are insured.**

b) The Insured Party cannot enter into agreements with the Contractor or the Guarantor or initiate any proceedings without the prior authorisation of the Insurer.

c) Failure to comply with the above obligations shall lead to loss of the right to compensation.

ARTICLE 17

ACCESO DEL ASEGURADOR A LA DOCUMENTACIÓN DEL ASEGURADO

The Insured Party must furnish the Insurer with a copy (this should be an authenticated copy of the original whenever so required) of the Works Contract and any other documentation concerning the internationalisation operation that affect the insurance policy.

The Insurer, should it prove necessary to process the claim or to submit the claim in the corresponding jurisdiction, may request that the Insured Party furnish an authenticated and sworn translation of the requisite documents.

The Insured Party will provide the supervising company, to be designated by the Insurer, with all the certificates requested of it related to works execution.

If the Insured Party fails to comply with its obligations stipulated in this Article, the obligation to pay compensation by the Insurer shall be suspended until such time as the Insured Party fulfils the obligations in question.

ARTICLE 18 PAYMENT OF COMPENSATION

In any of the situations provided for in Article 2, and having complied all of the conditions established in the Policy for acceptance of the loss, the Insurer shall pay the appropriate provisional compensation in the amount and within the time limits indicated below.

AMOUNT: The compensation shall be paid in the Insured Currency and its amount shall be the result of applying the cover percentage indicated in the special conditions to the net amount lost by the Insured Party and, if applicable, the agreed salvage or recovery expenses.

In no case whatsoever shall the compensation exceed the Insured Amount plus the salvage or recovery expenses authorised by the Insurer, applying the cover percentage to both of these sums.

TIME LIMITS: The Insurer shall make the compensation payment in the thirty (30) days following the date on which proof of the loss was given due to occurrence of any of the risks contained in Article 2.

The Insurer can deduct any amount owed to it by the Insured Party from the compensation payments.

ARTICLE 19 PAYMENT RECEIPT

When receiving the compensation, the Insured Party will sign the payment receipt acknowledging that the Insurer has fulfilled its obligations as to the compensated amount. The said receipt will show that the compensation is provisional and in advance of the determination of the final compensation.

The Insured Party agrees to repay the Insurer for the amount of the compensations made, within a period of thirty (30) days from the date on which it is required to do so, in the event it is verified that it is not entitled to compensation or the portion of the received amount exceeding the amount determined as final compensation.

ARTICLE 20 SUBROGACIÓN, RECOBROS Y CONVENIOS CON EL CONTRATANTE

20.1 When paying the compensation, the Insurer can be subrogated to the collection rights related to the compensated amount, and shall become the Insured Party's representative for the portion of the credit not covered by the insurance, in the manner established in Article 5(3) of Act 8/2014.

From the moment the compensation is exercised, the Insurer shall become the owner of the interest generated, along with any other right, in proportion to the compensated percentage.

20.2 In the event that, after paying the compensation, the Insurer decides not to be subrogated to the credit but rather to the handling of the collection processes and proceedings that, if applicable, must be initiated by the Insured Party itself, **the latter must follow any instructions given to it by the Insurer in relation to the handling of recovery procedures and proceedings.**

20.3 The Insurer can enter into agreements on moratoria and partial and total remissions of debt for the entire credit, even if they include credit not due, and dispose of the full amount of the credit. These agreements shall be fully enforceable and binding on the Insured Party for the full amount of the credit included in these agreements, without prejudice to the Insured Party's ownership of the percentage of

the credit not covered or its right to receive the relevant compensation according to the terms of this Policy.

- 20.4** Any amount received by the Insured Party from the Contractor and/or Guarantor after the compensation has been made, shall be refunded to the Insurer in the same percentage applied to the calculation of the compensation. When the recovery is made by the Insurer, it shall pay the Insured Party the percentage not covered by the insurance..
- 20.5** If the Insured Party holds other credit amounts against the same Contractor not covered by the Policy, collection of those other credits obtained by the Insured Party shall be applied in the same proportion as holds between those credits not covered by the Policy and those effectively covered by the same.

ARTICLE 21 CALCULATING NET LOSS

21.1 RESCISSIONT RISK

If the risk of rescission of the Works Contract occurs as provided for in Article 2.1 of these general terms and conditions, the net, definitive loss shall be calculated by means of drawing up an account of the payable and deductible items, which shall be as follows:

a) PAYABLE ITEMS

The expenses paid out by the Insured Party to execute the work until abandoning the same. The following shall be understood as included in this item: the cost price of the executed works, the price of the preparation work done, the materials purchased and stocked on site, depreciation of the equipment used in executing the work, and any other expenses that the Insured Party has incurred that are essential and directly linked to the execution of the works, until the abandonment of the same and as long as these are legally enforceable on the Contracting Party.

b) DEDUCTIBLE ITEMS

- (i) All the amounts received or to be received by the Insured Party in relation to the Works Contract, whether as a result of the amounts paid out by the Contracting Party, or as a result of an amicable or legal agreement.
- (ii) The amount for recovered materials or the price obtained from the re-sale of these.

21.2 CREDIT RISK

If the credit risk related to the Works Contract occurs as provided for in Article 2.2 of these general terms and conditions, the net, definitive loss shall be calculated by means of drawing up an account of the receivable and deductible items, which shall be as follows:

a) PAYABLE ITEMS

The price of unpaid certifications.

b) DEDUCTIBLE ITEMS

All the amounts received or to be received by the Insured Party whether as a result of the amounts paid out by the Contracting Party, or as a result of an amicable or legal agreement.

21.3 WORKING CAPITAL RISK

If the Working Capital risk occurs as provided for in Article 2.3 of these general terms and conditions, the net, definitive loss shall be the Working Capital amounts that had not been transferred.

21.4 MACHINERY POOL RISK

If the Machinery Pool risk related to the Works Contract occurs as provided for in Article 2.4 of these general terms and conditions, the net, definitive loss shall be calculated by means of drawing up an account of the receivable and deductible items, which shall be as follows:

a) Payable Items

The residual value of the equipment, stocks and/or ancillary installations, in accordance with the depreciation plan that the Insured Party must furnish the Insurer with before underwriting the risk.

b) Deductible Items

- (i) The residual value of the equipment, stocks and/or ancillary installations recovered or the price to be obtained from the re-sale of these upon prior acceptance of the same by the Insurer.
- (ii) Any compensation the Insured Party may have received from third parties on account of the destruction or loss of equipment, stocks and installations.

ARTICLE 22 INDEPENDENT REPORT TO CALCULATE NET LOSS

If the Insured Party does not agree with the calculation of the payable and deductible items and amounts determining the definitive, net loss calculated by the Insurer, a period of thirty (30) days will open for the parties to reach a mutual agreement. If after the said term no agreement has been reached to determine the net loss, the calculation will be obtained by means of a report drawn up by an independent entity chosen by the Insurer from a list of the entities acceptable to both parties that are itemised in the special condition.

If the Policy contains no itemised list of entities acceptable to both parties to draw up the said report, the Insured Party must propose the name of at least two entities it deems acceptable to draw up the report in question on being requested to do so by the Insurer, and in no less than thirty (30) as of receiving the said request. The Insurer can choose between the entity it considers to be most suitable to draw up the report from the two aforementioned entities.

If neither of the entities proposed by the Insured Party are acceptable to the Insurer, the disagreement must be resolved by the mechanism provided for in the Policy to resolve disputes.

The cost of the independent report shall in all cases be borne by the Insured Party.

CHAPTER IV

SPECIAL PROVISIONS



ARTICLE 23

ASSIGNMENT OF THE INSURED PARTY'S RIGHTS AND OBLIGATIONS

The Insured Party cannot assign any part or all of the rights and obligations derived from this insurance contract to other entities without the prior authorisation of the Insurer.

In the case of authorisation from the Insurer, the assignment shall be recorded in a supplement to the Policy.

ARTICLE 24

DESIGNATION OF THE INSURANCE BENEFICIARY

The Insured Party shall be entitled to designate a third person or entity as the Beneficiary of the Policy, which will be recorded in special conditions or a supplement to the Policy.

In this case, the Beneficiary of the insurance cannot exercise for its own benefit more rights than those to which the Insured Party itself is entitled.

The Beneficiary of the insurance can fulfil the obligations established in the Policy charged to the Insured Party, in which case they shall be considered as fulfilled by the latter for all intents and purposes.

ARTICLE 25

TAXES, LEGISLATION AND DISPUTE RESOLUTION

25.1 All applicable taxes and rates applicable to the Policy now or in the future for any reason shall be exclusively payable by the Insured Party..

25.2 This insurance contract is governed by the provisions established in the general and special conditions; by **Act 8/2014 of 22 April**, on State Cover of the Risks of Internationalisation of the Spanish Economy; by its implementing **Royal Decree 1006/2014 of 5 December**; and all other relevant regulations in the field of export credit insurance.

Act 50/1980 of 8 October on Insurance Contracts shall also be applicable on a supplementary basis, except for the provisions excluded from or incompatible with what is agreed in the Policy.

This insurance contract belongs to the high risk category and therefore the provisions contained in the Law on Insurance Contracts do not apply to it on a mandatory basis but rather on a supplementary basis, and as long as they do not contradict what is expressly agreed herein.

With regard to the above paragraph, the parties expressly agree that the following items do not apply to this policy:

- **Article 2**, compliance with the mandatory nature of the Law.
- **Article 3**, on the obligation to place special emphasis on the clauses restricting the rights of the insured parties and their mandatory acceptance in writing.
- **Article 8.3**, exclusively in relation to the typographic emphasis on exclusions and limitations.
- **Article 10 y 11**, on the exemption of the Insured Party from the duty of information save the questionnaire established in the said Article. As part of this insurance contract, the Insured Party is obligated to communicate all circumstances of which it is aware and that may have an influence on the risk assessment, even if they are not contained in the questionnaire.

CHAPTER IV: SPECIAL PROVISIONS

- **Article 15**, on non-payment of the premium.
- **Article 16**, on penalties for delayed non-payment notifications.
- **Article 20**, on Insurer default. As part of this insurance contract, Article 1,100 and related Articles of the Civil Code apply to the said default on a contractual basis.
- **Article 71**, exclusively as regards the minimum limit of the percentage of coverage.
- In addition to any other Article of the Law on Insurance Contracts that are inconsistent with what is agreed in this Policy.

It is hereby certified that the Policyholder and the Insured Party expressly accept the stipulations contained in this Policy, under the protection of the principle of autonomous will of the parties, as well as the non-applicability of the aforementioned provisions of the Law on Insurance Contracts, with the stipulations of this Policy taking precedence in all cases in light of the status of this insurance category as high risk.

25.3 Both parties expressly and formally indicate their mutual and unequivocal wish to accept arbitration as the only proceeding to be used to settle disputes between them arising out of this Policy. For these purposes, they explicitly agree, while waiving their right to ordinary jurisdiction, that they will submit to the arbitration in law of one or more arbitrators, within the framework of the Spanish Arbitration Court with headquarters in Madrid, in accordance with its Rules and Regulations and with the procedure established therein. It is further hereby stipulated that they shall entrust to the said Court the administration of the arbitration and the appointment of the arbitrator or the arbitration court, and undertake to comply with the interlocutory orders and the arbitration award that is eventually laid down.

The Insured Party agrees to these general conditions.

In, on of of 20.....

THE INSURER,

THE POLICYHOLDER,

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*Compañía Española de
Seguros de Crédito a la Exportación, S.A.,
Compañía de Seguros y Reaseguros, S.M.E.*

THE INSURED PARTY,

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