PORTFOLIO CREDIT INSURANCE

EXPORT COSTS AND RECEIVABLES POLICY GENERAL TERMS AND CONDITIONS

Canada

TAKE ON THE WORLD

CONTENTS

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions, together with the Coverage Certificate and your Credit Approvals, determine your insurance coverage. They are legal documents so please read them carefully.

The Policy is issued and delivered to the Main Insured ("you" or "your") by the Insurer ("we", "us" or "our"), each a "Party", and together the "Parties", to this Policy. The Main Insured and the Insurer are identified in the Coverage Certificate.

Capitalized terms not defined in these General Terms and Conditions are set out in the Coverage Certificate.

COVERAGE

1. We insure you against the risk of non-payment of an undisputed amount payable by a Buyer under Contracts entered into during the Policy Period, which non-payment causes you to sustain a loss ("Loss"). The Loss must be a direct result of the occurrence of an Insured Event to be eligible for coverage. This coverage is provided in consideration of your undertaking to pay all required premium and fees when due and is subject to all the terms and conditions of the Policy.
2. The only Insured Events covered by the Policy are those specified in the Coverage Certificate. Insured Events are also individually defined in Section 43 even though some may not be applicable to you.
3. If there is a dispute between you and the Buyer with regard to any matter which brings into question the amount owing (or whether there is any amount owing) to you by the Buyer, including disputes arising out of other sales contracts, shipments or commercial arrangements, covered or not under this Policy, we have no liability with respect to the claim or the Loss until the dispute is finally settled or resolved, by negotiation or otherwise and the amount of the Loss is clearly established. Once the dispute is finally settled or resolved, the Loss Amount will be calculated in accordance with Sections 20 and 21, as applicable, if the Loss is covered.
4. We agree to pay the Insured Percentage of the Loss Amount in connection with a Loss, subject to the terms and conditions of the Policy.

CREDIT LIMITS AND MAXIMUM LIABILITY

5. For coverage to apply to sales to a Buyer, the country in which the Buyer is located must be listed in the Coverage Certificate and you must establish a Credit Limit for the Buyer by following the procedures specified in the "Credit Limits" section of the Coverage Certificate.
6. (1) We may, at any time, by giving notice to you:

   (a) change or cancel a Credit Approval or your Discretionary Credit Limit (if a Discretionary Credit Limit is set out in the Coverage Certificate);

   (b) exclude a Buyer or a country; and

   (c) change the conditions of coverage applicable to any Buyer or country.

   Any of these changes, cancellations or exclusions apply only to Contracts entered into after you receive our notice. A Loss relating to Contracts entered into after you receive our notice of cancellation or exclusion is excluded from coverage. If the notice is a notice of change, a Loss for Contracts entered into after you receive the notice is subject to the changes set out in the notice.

   (2) If you request a Credit Approval for a Buyer in a country that is not in the Country Table of the Coverage Certificate, or for payment terms that are not in the Country Table of the Coverage Certificate, your Credit Approval request will be deemed to be a request to add the country or payment terms to the Coverage Certificate whether or not we agree to issue the Credit Approval. You will then have to declare all your sales in that country or with those payment terms, as the case may be, if the Policy requires you to declare your sales to us. Refer to the "Premium and Declaration of Sales" section of the Coverage Certificate.

7. Credit Approvals may be issued on the basis of the information you gave us. If that information is untrue, incomplete or incorrect, the Credit Approval will be void as if it had never been issued.

8. Regardless of the total amount of all Credit Limits, our maximum liability for all Losses in respect of Contracts entered into during each Annual Period is limited to the Overall Maximum Liability amount specified in the Coverage Certificate. Separate maximum liabilities applicable only to certain categories of Losses may also apply.

ADDITIONAL INSUREDS

9. (1) If there is an Additional Insured section in the Coverage Certificate, the terms and conditions of coverage that apply to you also apply to any Additional Insured specifically identified in that section.

   (2) We may cancel the coverage for any Additional Insured on 60 days' prior notice to you. We will not be liable for the payment of a claim for any Contracts entered into by the Additional Insured after the end of the notice period. Also, the Additional Insured continues to be bound by all of its respective Policy duties and obligations, including those relating to claims paid prior to the cancellation or that may be paid after the cancellation.

   (3) For each Additional Insured, the Main Insured must:

      (a) be the authorized agent for the Additional Insured to deal with us on its behalf in all matters relating to the Policy (for example: requesting Credit Limits, providing us with authorizations or releases of liability, filing claims, and receiving claim payments);

      (b) be the only party communicating with us on behalf of the Additional Insured with respect to the Policy; and

      (c) notify us immediately if the Main Insured stops acting as agent for the Additional Insured. Once we receive this advice, we may cancel coverage under the Policy for the Additional Insured with 60 days' notice.

   (4) In addition, for Additional Insureds located outside of Canada:

      (a) premium paid in respect of the Additional Insured's covered sales is exclusive of any tax (for example a tax on premium) which may be payable by the Additional Insured in the Additional Insured's country; and

      (b) the Main Insured must notify us immediately if there is any material change to the information provided to us relating to the Additional Insured, including, a change in the ownership or location of the Additional Insured or in the sales of the Additional Insured.

DOCUMENTATION RISK

10. Although we may have received or commented on a Contract or any other documentation, you solely are responsible for ensuring the effectiveness of all documentation and ensuring the existence of a legally valid, binding and enforceable payment obligation by the Buyer and any applicable guarantor or other relevant party.

EXCLUSIONS

11. We are not liable for the payment of a claim for a Loss if:

   (1) at any time, you made any misrepresentation, or failed to disclose any information, that is material to our rights, liabilities or obligations under the Policy;

   (2) you agreed with the Buyer to change the payment terms under the Contract;

   (3) you do not have sole right, title and interest to the receivable (for example, you have factored or sold your receivable without entering into a Tripartite Agreement) or your rights and interests under the Contract are not free and clear of any third party claims or encumbrances;

(4) you or your agent caused the Loss or breached the Contract (for example by failing to perform under the Contract) or could have avoided the Loss by acting in a commercially reasonable manner;

(5) the Buyer failed to pay the down payment in accordance with the terms of the Contract, if the Contract provides for a down payment;

(6) when the Contract was entered into, the Buyer was in default of its payment obligations to you for a period longer than the period specified in the "Contracts Entered into when Buyer in Default" section of the Coverage Certificate;

(7) you or your agent, an Affiliate or an agent of an Affiliate have engaged in or knowingly been party to any action, in relation to the Contract, that is prohibited by Canada's *Corruption of Foreign Public Officials Act* or by the criminal laws dealing with the bribery of public officials that are applicable in a country in which the agent or Affiliate is located. If however, the claim is payable to a third party pursuant to a Direction to Pay or Tripartite Agreement, we will make the claim payment to that third party, provided that the third party is not a Related Entity. In those cases, you must pay us on demand the amount of the claim payment plus interest at the Bank of Canada's prime business rate determined on the date of our demand plus 2% per annum, calculated from the date the claim was paid to the date of demand. Additional interest may apply to any late payment as per Section 29;

(8) when the Contract was entered into, you did not have all permits, certificates, licenses or other approvals required to perform the Contract, or, prior to the Goods being Shipped, the Buyer did not have all such documents that the Buyer was responsible to obtain;

(9) you are entitled to be indemnified for the Loss under any other insurance policy or other similar risk transfer agreement;

(10) the Loss is directly or indirectly caused by, or contributed to by, or arises from:

(a) ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or

(c) any weapon or war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or

(11) regardless of the War and Related Disturbances Insured Event, the Loss is directly or indirectly caused by, or contributed to by, or arises from the occurrence of war (whether before or after the outbreak of hostilities) between any of the following five powers: The People's Republic of China, France, the United Kingdom, the Russian Federation, and the United States of America.

YOUR DUTIES AND OBLIGATIONS

12. You must:

(1) pay premium and Credit Approval fees, as specified in the Coverage Certificate, when due;

(2) declare your sales as specified in the Coverage Certificate, if required by the terms of the Coverage Certificate;

(3) notify us immediately of any event or circumstance of which you are aware that could cause a Loss, including any deterioration of the financial condition of the Buyer;

(4) immediately notify us when a Buyer has been in default under Contracts (see the "Claims and Overdues" section of the Coverage Certificate for details);

(5) take all reasonable steps, before and after the filing of a claim application, to prevent and minimize a Loss or potential Loss as though the Contract were not insured, including:

(a) follow reasonable commercial practices for collecting and monitoring overdue accounts;

(b) file a proof of claim in the bankruptcy of the Buyer if the Buyer enters bankruptcy;

(c) not enter into new Contracts, stop incurring costs on an existing Contract or stop shipping to the Buyer when you become aware that the risk of non-payment is occurring or is likely to occur; and

(d) take any steps requested by us, which may include us asking you to stop shipping; and

(6) comply with Sanctions legislation, immediately notify us of a Contract that becomes prohibited by Sanctions and discontinue all activities under the Contract if you have control over the discontinuation of the activity, and, in consultation and collaboration with us, seek the permits, certificates or other approvals that may be required or desirable when we request you to do so.

CLAIMS PROCESS

13. (1) When making a claim application, you must establish:

(a) that an Insured Event and a Loss have occurred;

(b) that the Loss is covered; and

(c) the Loss Amount.

(2) If the Loss arises from business transacted by your agent, by an Additional Insured or an Affiliate, or their agent, you must have them sign, and you must remit to us, a form (provided by us) in which they make a declaration to the effect that they have not engaged in activities prohibited by criminal laws dealing with corruption or the bribery of foreign public officials in relation to the Contract in question.

14. We are not liable to pay a claim if you do not file your claim application prior to the 'Latest Date to Submit a Claim' which is specified in the Coverage Certificate.

15. We are entitled to investigate all aspects of each claim. You must assist us with the investigation and provide us with any Information that we reasonably request, including a copy of the Contract, documents evidencing the debt and the shipment and any Information required to determine whether any of the exclusions specified in the Policy apply to the claim. You must also keep in your possession all documents that support the claim for a period of 5 years and be ready to produce them to us upon request.

16. We have no obligation to assess a claim application until the Insured Event has occurred.

17. We will advise you of our decision on your claim application within 30 days of receipt of a complete claim application and all additional Information we may reasonably request.

18. If we pay a claim and later discover that you had no right to any part of the claim payment, we may demand repayment of the amount to which you were not entitled. If we discover that you did not comply with any of your recovery obligations under the Policy, we may demand repayment of the entire claim payment. You must pay the amount to be repaid, upon demand, plus interest at the Bank of Canada's prime business rate determined on the day of our demand plus 2% per annum, calculated from the date the claim was paid to the date of demand by us. Additional interest may apply to any late payment as per Section 29.

19. We reserve all our rights under the Policy. No action or failure to act on our part will constitute a waiver of our rights under the Policy (for example: investigating a claim or overdue payment, preventing or minimizing a Loss, or negotiating with a Buyer or any third party).

CALCULATION OF LOSS AMOUNT

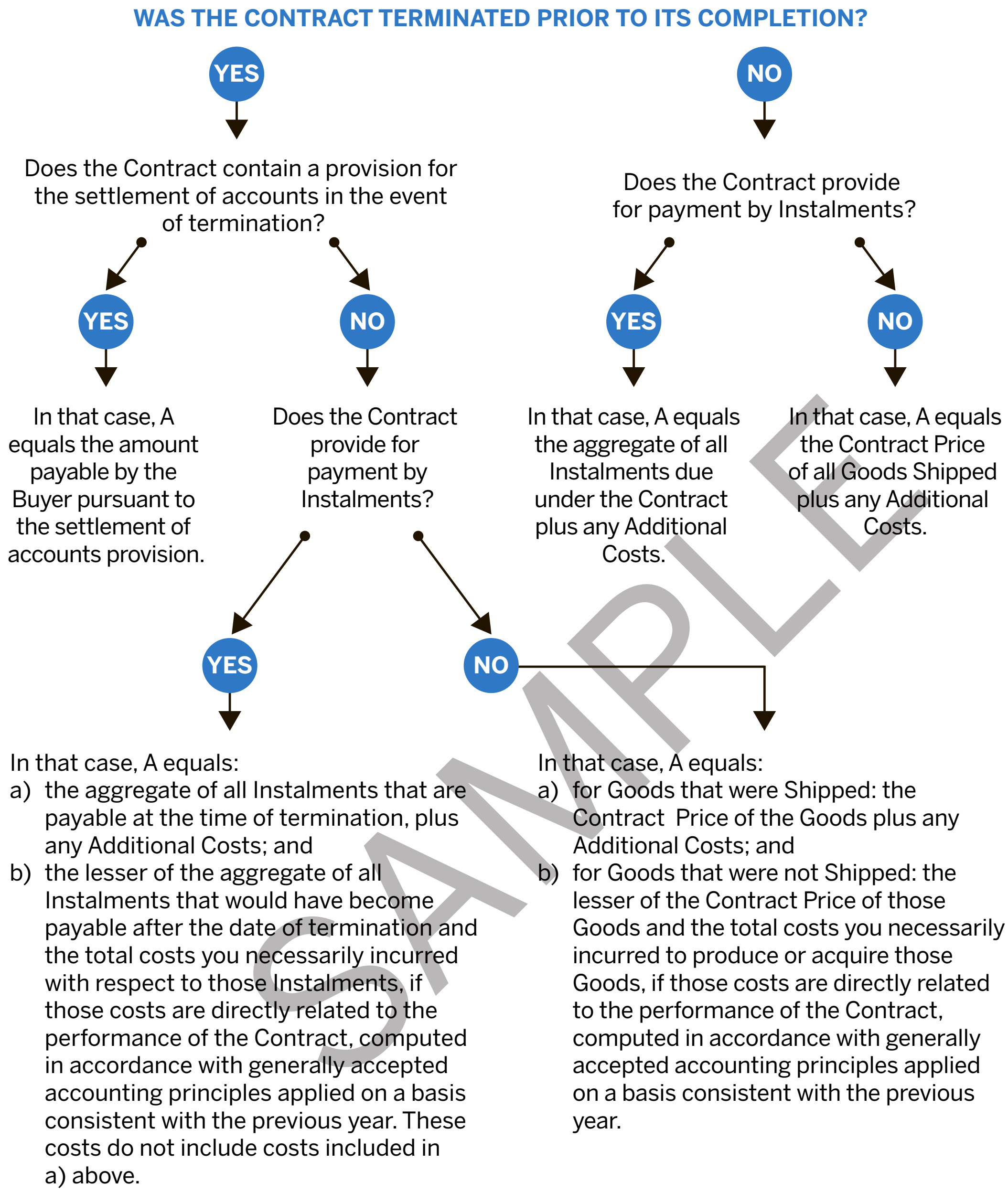
20. (1) The Loss Amount is calculated in the Contract Currency, as follows:

Loss Amount = A minus B

If A minus B > Credit Limit*, the Loss Amount = Credit Limit*.

* less the amount of any previous claim payments made for the same Buyer which have not been recovered.

(2) A is determined differently depending on the Contract and the circumstances of the Loss as set out in the flow chart below:



(3) B equals the total of:

(a) any amount which you have agreed the Buyer is entitled to take into account by way of payment, credit, set-off or counterclaim;

(b) all amounts received or recovered by you or on your behalf with respect to amounts computed in A above or realized through any security or guarantee in respect of the amounts owed under the Contract;

(c) all amounts received through the resale or disposal of the Goods and of any finished or unfinished goods, materials or supplies which were produced or acquired by you for purposes of the Contract; and

(d) all costs included in the Contract Price which, because of the occurrence of the Insured Event, you did not actually incur.

21. In case of a dispute between you and the Buyer as referenced in Section 3, the Loss Amount will not be calculated until the dispute is finally settled or resolved. If there is a settlement with the Buyer or a final ruling by a court or arbitrator resolving the dispute, "A" in Section 20 above will be that portion of the agreed settlement amount or the amount awarded to you in the ruling, that relates to the Loss, plus any Additional Costs, and any deductions listed in Section 20(3) already taken into account in the award or settlement amount will not apply to the calculation of "B" in Section 20.

22. If there is a Non-Qualifying Loss section in the Coverage Certificate, we are not liable for the payment of a claim for a Loss when the Loss Amount is equal to or less than the Non-Qualifying Loss amount.

DEDUCTIBLE

23. (1) The total Loss Amount of all Losses you sustain for Contracts entered into during an Annual Period must reach the amount of the Deductible specified in the Coverage Certificate before we are required to pay any claim for Contracts entered into during that Annual Period. A Loss must be eligible for a claim payment under the Policy to be allocated to the Deductible. Each Loss Amount calculated for Contracts entered into during an Annual Period is reduced by the amount of the Deductible remaining for that Annual Period. The amount of the Deductible is specified in the Coverage Certificate.

    (2) Deductibles apply to each Annual Period, which means that if Contracts are entered into over multiple Annual Periods, a separate Deductible (as applicable) will apply for each Annual Period, based on when the Contracts were entered into.

CLAIM PAYMENTS AND CURRENCY CONVERSIONS

24. Claims are paid in the Contract Currency if we offer the option of making the claim payment in that currency; otherwise claims are paid in the Policy Currency. The list of currencies available for claim payments can be obtained from us upon request and we may change it from time to time without any prior notice.

25. When necessary, currencies are converted to the Policy Currency at the exchange rate applicable on the Business Day immediately before the date you submit your claim (for example: to calculate the remaining maximum liability, a deductible, etc.). The exchange rate will be obtained from Reuters (or such other source as we may notify you) and "Business Day" means a day on which: (1) exchange rates are available from Reuters or such other source; and (2) EDC is open for business in Ottawa, Canada.

LOSS RECOVERY

26. (1) **If the Main Insured is located outside of Quebec**, on payment of a claim, including payments made directly to a third party pursuant to a Direction to Pay or Tripartite Agreement, we are subrogated to all your recovery rights for the entire amount due under the Contract (i.e., we take your place with respect to those rights), whether or not you are fully indemnified under the Policy for that amount. We may take legal action in your name to exercise any subrogated rights. On payment of a claim, you must:

    (a) fully co-operate with us in our recovery efforts, which may include the defence of any counterclaim that is brought against us; and

    (b) if we request, take all steps necessary or expedient to recover the Loss Amount, including:

        (i) indemnify us against any liability that we may incur as a result of any reasonable action taken by us to recover the Loss or that we may incur as a result of your actions or omissions;

        (ii) bring legal proceedings, or provide us with any documentation or authorization necessary to allow us to give instructions on your behalf or bring legal proceedings in your name; and

        (iii) transfer and assign to us all of your right, title and interest in all amounts owed to you under the Contract, or any security or guarantee in respect of the Loss, and give notice of the assignment only as directed by us.

(2) **If the Main Insured is located in Quebec**, in accordance with Quebec law, on payment of a claim, including payments made directly to a third party pursuant to a Direction to Pay or Tripartite Agreement, we are subrogated to all your recovery rights under the Contract (i.e., we take your place with respect to those rights) up to the amount paid under the Policy. We may take legal action in our name to exercise any subrogated rights. On payment of a claim, you must:

(a) fully co-operate with us in our recovery efforts, which may include the defence of any counterclaim that is brought against us; and

(b) if we request:

(i) indemnify us against any liability that we may incur as a result of any reasonable action taken by us to recover the Loss or that we may incur as a result of your actions or omissions; and

(ii) transfer and assign to us all of your right, title and interest in all amounts owed to you for the Loss, or any security or guarantee in respect of the Loss, up to the amount paid under the Policy.

(3) In the case of Subsections 26(1) and 26(2) above, we waive all subrogation rights if the claim is paid to a third party pursuant to a Direction to Pay or Tripartite Agreement in circumstances where no claim payment would otherwise have been made as a result of the application of the corruption exclusion specified in Subsection 11(7) if no Direction to Pay or Tripartite Agreement had been in place.

27. If we pay a claim, we will share with you all reasonable external recovery and loss mitigation expenses that we previously approved. Our share of the expenses is limited to the Insured Percentage applicable to the Loss. We are not responsible for paying any expenses (including legal fees):

(1) associated with a dispute between you and the Buyer;

(2) relating to the defence of any set-off or counterclaim by the Buyer; or

(3) incurred once the Loss Amount has been fully recovered.

28. After we pay a claim with respect to a Buyer, you must report to us all amounts you recover from that Buyer or from anyone on its behalf. All amounts recovered (other than from a taxation authority as a refund of sales tax) are applied as specified in the Coverage Certificate, if applicable. You must immediately remit amounts recovered that are due to us, and until paid, these amounts must be held in trust for us.

PAYMENTS AND CREDITS

29. (1) If you fail to pay any amount when due to us under this Policy as invoiced, you will pay interest calculated at a rate and in the manner as set out in your invoice.

(2) You must pay all amounts invoiced by us in the currency of the invoice. If you do not pay in the currency of the invoice, we will convert the amount paid to the currency of the invoice at the foreign exchange rate applicable on the date we received payment. The exchange rate will be obtained from Reuters, or such other source as we may notify you. Any shortfall will be subject to late interest. Any overpayment will be credited to your account.

(3) If you make a payment to us and do not direct us to apply this payment to any particular amount owing to us in connection with an EDC Product, we may apply that payment to any unpaid amount which you owe us, in the order and manner of our choice.

(4) If we are unable to contact you to obtain your instructions within a period of 30 days with respect to the application of a credit in your favour under the Policy (other than a premium credit specified in the Coverage Certificate), we will choose to either:

(a) apply the credit to any unpaid amount which you owe us in connection with any EDC Product, in the order and manner of our choice; or

(b) remit the amount to you.

(5) We may reduce any amount we owe you under the Policy, by any amount you owe us under the Policy or under any other EDC Product. These rights are in addition to any other rights (including rights of set-off) that we may have.

(6) You are responsible to pay all banking fees with respect to all payments made to us under this Policy, including banking fees for wire transfers and non-sufficient funds cheques.

POLICY CANCELLATION

30. (1) You may cancel the Policy immediately upon notice to us and we will not be liable for the payment of a claim for any Contracts entered into after the date of your notice.

(2) We may cancel the Policy:

(a) on 60 days' prior notice to you; or

(b) on 15 days' prior notice to you if you failed to fully and properly perform any of your duties or obligations when required under the Policy, unless you correct the failure within the 15 day notice period;

and in either case, we will not be liable for the payment of a claim for any Contract entered into after the end of the notice period.

(3) We may also cancel the Policy immediately upon notice to you if you, your agent or Affiliate or an agent of an Affiliate has engaged in or knowingly been party to any action, in relation to any insured Contract, that is prohibited by Canada's *Corruption of Foreign Public Officials Act* or by the criminal laws dealing with the bribery of public officials that apply in a country in which the agent or Affiliate is located. In that case, we will not be liable for the payment of a claim for any Contracts that were entered into after the date of our notice.

(4) When the Policy is cancelled, the Parties continue to be bound by all of their respective Policy duties and obligations, including those relating to claims paid prior to the cancellation or that may be paid after cancellation. No coverage is provided under any circumstances for Contracts entered into after the effective date of cancellation of the Policy.

OTHER CONDITIONS

31. The Policy and the Application on which the Policy is based form the entire contract of insurance. No other statements, undertakings or agreements will form part of the contract of insurance.

32. An entity is your agent for purposes of the Policy when you have authorized that entity to act on your behalf or when that entity can reasonably be considered to have been acting as your agent. Statements or actions of your agent in dealings with us or third parties will bind you. All references in the Policy to "you" include your agent, except where the context clearly requires otherwise. A payment by a Buyer to your agent is deemed to be a payment to you.

33. (1) The Policy is issued on the basis of the statements made and information provided by you or your agent during the registration process and in the Application. If any of those statements or any of that information is untrue, incomplete or incorrect, the Policy will be void as if the Policy had never been issued.

(2) You must act with the utmost good faith at all times and disclose to us:

(a) any material change to the statements made in the registration process and in the Application (for example if your corporate structure changes or you move outside of Canada); and

(b) all material facts and circumstances of which you become aware or should be aware relating to the risk covered under the Policy.

34. (1) The full, proper and timely performance of all of your duties and obligations under the Policy is a condition precedent to coverage and to any of our other obligations under the Policy, including our liability to pay claims. For greater clarity, every action specified in the Policy that you must perform, or not perform, is deemed to be one of your duties and obligations under the Policy (for example, your obligations in Section 13 regarding the claims process and in Section 9 regarding any Additional Insured).

(2) No failure or delay on our part in the exercise of any right under this Policy is a waiver of that right. If at any time we waive the application of an exclusion or our right to enforce strict compliance by you of any of your duties or obligations under the Policy, we retain our right to enforce the exclusion and strict compliance with your duties and obligations in the future.

35. Upon our request, you must provide us with copies of any and all Information in connection with any matter under the Policy or give us access to and allow us to make copies of the Information. You will take all reasonable steps to allow us to obtain or review any Information that is in the possession of any other entity. We may request all Information with respect to any claim that has already been paid. You must keep all relevant Information for these purposes for a period of 5 years.

36. (1) Every notice of any kind, request, approval, waiver, consent and agreement ("Notice") to be given or made under the Policy must be in writing. Notices must be delivered by hand, mail, email or through your online account with us. Notices to you will be sent to the address (including email address) you provided to us when you registered for your online account or that you provide to us from time to time after registration. Notices to us must be sent through your online account or, if by hand or mail, to 150 Slater St., Ottawa, ON, K1A 1K3, Canada (or another mailing address that EDC may notify you from time to time), and if by email, to the email address of your underwriter which can be found in your online account.

(2) All Notices are effective when received. Notices are deemed received:

(a) upon delivery if delivered by hand;

(b) on the earlier of actual receipt and seven days after posting if sent by mail; and

(c) on the date of transmission if sent by email or through your online account.

37. Regardless of anything to the contrary in the Policy, if the provision of insurance, the payment of a claim, or the provision of any benefit under the Policy would expose us to any sanction, prohibition or restriction under Sanctions, then we will not be liable to pay any claim in relation to the affected coverage and we will have the right to cancel your Policy. Where permissible by law, we agree to use reasonable efforts consistent with our internal policy and legal and regulatory restrictions to cure or avoid such exposure (including applying for permits or certificates) if those efforts are not disadvantageous to us, in our reasonable judgment.

38. You cannot assign the Policy or any right, title or interest in it to anyone without our prior consent.

39. If any provision of the Policy is unenforceable to any extent, the rest of this Policy will not be affected and all other provisions of this Policy will be enforceable to the fullest extent permitted.

40. The collection, use and disclosure of any personal information in connection with the Policy will be made in compliance with the *Privacy Act*. The personal information will be retained by us as per the standard retention period under the *Privacy Act* or any longer retention period we deem appropriate to continue to conduct business with you. You may request access to your personal information under the *Privacy Act* by sending us a letter at our address specified in Section 36(1) above c/o "Compliance and Ethics/Privacy & Access to Information", mentioning the *Privacy Act* and describing the information that you are seeking.

41. The Policy is governed by and will be interpreted in accordance with the laws of the Canadian province or territory where the Main Insured is located (as specified in the Coverage Certificate) and the federal laws of Canada applicable in that province or territory. Any legal proceeding with respect to the Policy must be brought to the courts of that province or territory, and, as a condition of receiving the benefit of the insurance coverage provided under this Policy, all insured parties consent and agree to submit to the jurisdiction of the courts of that province or territory in all matters in respect of the Policy.

42. Without prior consent of the other Party, no Party will release any information provided by the other Party that is not publicly available ("Confidential Information") to anyone, other than to its shareholders, employees, officers, directors, agents, brokers, advisors, consultants, legal counsel and to regulatory authorities. This duty of confidentiality is subject to the requirements of law, regulation, legal process, and audit. We may disclose the Confidential Information pursuant to Export Development Canada's and Canada's international commitments, to the extent required for us to comply with applicable laws and to our potential or actual reinsurers, retrocessionaires, co-insurers, insurers and service providers (including affiliates, directors, officers, employees, advisors, auditors, reinsurers, or agents of any of those entities).

INTERPRETATION AND DEFINITIONS

43. All references in this Policy to "days" mean calendar days, and an "entity" includes an individual, a partnership, a sole proprietorship and a body corporate. Unless the context requires otherwise, the singular includes the plural and vice versa.

The following definitions apply to the Policy:

(1) "Additional Costs" means any additional insurance, freight or other handling costs that you incurred as a result of any interruption or diversion of delivery directly caused by the occurrence of the Insured Event which resulted in the Loss (including demurrage costs caused by the Buyer's action or inaction, but excluding all other demurrage costs);

(2) "Affiliate" means an entity:

(a) which has a direct or indirect equity interest in you (i.e. your parent company);

(b) in which you have a direct or indirect equity interest (i.e. your subsidiary); or

(c) which is related to you through a common third party's direct or indirect equity interest in both that entity and you (i.e. your sister-company);

(3) "Annual Period" means the period specified in the Coverage Certificate;

(4) "Application" means the application for insurance and any and all additional written information you or anyone on your behalf submitted to us for purposes of the issuance of the Policy;

(5) "Bankruptcy" means circumstances where:

(a) the Buyer is the subject of bankruptcy or insolvency proceedings under the laws of its country; or

(b) a legally binding composition arrangement has been concluded among the Buyer and all its creditors, where creditors agree to receive partial payments for the amounts owed to them by the Buyer;

(6) "Buyer" means your customer i.e., the entity that has the obligation to pay for the Goods;

(7) "CAD" means the lawful currency of Canada;

(8) "Confidential Information" has the meaning set out in Section 42;

(9) "Contract" means a contract of sale, including individual purchase orders placed under a Master Contract but excluding the Master Contract itself:

(a) that is not an Excluded Contract;

(b) with a Buyer located in a country listed in the Coverage Certificate;

(c) with payment terms specified in the Country Table of the Coverage Certificate for the country in which the Buyer is located;

(d) that provides that all the Goods are to be Shipped before a maximum period of time after the contract is entered into. That period is specified in the Coverage Certificate under "Pre-Shipment Period"; and

(e) that complies with the provisions of any Credit Approval issued for the Buyer and any other applicable provisions set out in the Coverage Certificate;

(10) “Contract Currency” means the currency in which the Buyer must pay under the Contract;

(11) “Contract Price” means the amount to be paid by the Buyer under the Contract, and excluding:

(a) any tax that is reimbursable by a taxation authority if not paid by the Buyer;

(b) any amount which the Contract allows the Buyer to withhold at its discretion (i.e., a holdback);

(c) any down payment to be made by the Buyer to you under the Contract;

(d) any amount to be paid by an irrevocable letter of credit;

(e) any amount paid with hard currency, money order, bank draft, credit card or certified cheque, and any amount you secured with cash collateral, before you started incurring costs in respect of the Contract; and

(f) any default interest (i.e., interest on a late payment);

(12) “Contract Termination” meansthe termination of the Contract by the Buyer in circumstances where: i) the termination was not the result of your breach of the Contract and, ii) a period of consecutive days equal to the Waiting Period set out in the Coverage Certificate has elapsed (starting on the day after the termination occurred);

(13) “Coverage Certificate” means the document that sets out terms and conditions of coverage specific to you and stipulates special conditions which amend these General Terms and Conditions;

(14) “Credit Approval” means the document in which we set out the Credit Limit and specific terms on which we insure sales to a Buyer;

(15) “Credit Limit” means the maximum Loss Amount for a Buyer covered under the Policy;

(16) “Currency Conversion & Transfer” means:

(a) the operation of a law (or a governmental directive having the force of law) in the Buyer’s country which restricts or prevents the conversion or transfer of currency, provided that:

(i) the law or directive was not in effect on the date you entered into the Contract but was in effect on the Due Date, and it continued to apply throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the law or directive came into effect);

(ii) the Buyer has complied with all requirements in its country for the conversion or transfer of currency to make the required payment; and

(iii) the Buyer has made an irrevocable deposit for transfer to you of a sum equal to the amount of the required payment in the Contract Currency (or the equivalent in the currency of the Buyer’s country if the Contract Currency is not available to the Buyer), unless the Buyer was precluded from making the deposit by a law or any governmental directive having the force of law in that country;

(b) the operation of a law (or a governmental directive having the force of law) in the Buyer’s country which restricts or prevents you from converting or transferring a payment made to you by the Buyer in its country within 30 days of the payment, provided that:

(i) the law or directive was not in effect on the date you entered into the Contract but was in effect on the Due Date, and it continued to apply throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the law or directive came into effect); and

(ii) you have complied with all requirements in the Buyer’s country for the conversion or transfer of currency to convert the payment made by the Buyer into a freely convertible currency or to transfer the payment out of the Buyer’s country;

(17) "Default" means the Buyer's failure to pay by the Due Date any part of the Contract Price of the Goods and the failure was not remedied during the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the Due Date), provided that, in the case of Goods that are not services, the Buyer (or someone on its behalf) took delivery of the Goods that were delivered in accordance with the terms of the Contract;

(18) "Direction to Pay" means a document under which you direct us to pay claims to a third party and provide that party with certain information;

(19) "Due Date" means the date on which payment under a Contract is owed;

(20) "EDC Product" means any product provided by Export Development Canada ("EDC") to you or to a third party for your benefit (for example: this Policy or any other insurance product, a bonding product or a financing product). If a product is only administered by EDC but EDC is not the insurer or lender, that product is not an EDC Product;

(21) "Excluded Contract" means a sales contract:

- (a) with a Buyer who is an individual acting in a personal capacity;
- (b) with a Buyer that is a Related Entity, unless we specifically acknowledged your affiliation with the Buyer in a Credit Approval;
- (c) with a federal, provincial, state, territorial, municipal or other government Buyer;
- (d) to be entirely paid by an irrevocable letter of credit;
- (e) to be entirely paid to you by a Canadian or American Buyer with hard currency, money order, bank draft, credit card or certified cheque before you start to incur costs on the Contract;
- (f) that you are prohibited by law from performing;
- (g) that violates Sanctions in place at the time the sales contract was entered into;
- (h) which we notified you is not insured under the Policy; or
- (i) which is not covered, as per the "Coverage Description" section of the Coverage Certificate;

(22) "Export Restrictions" means the cancellation or non-renewal by a governmental or quasi-governmental authority of an existing export permit (or the imposition by a governmental or quasi-governmental authority of new restrictions which prevent the export of the Goods), after the date you entered into the Contract, and the cancellation, non-renewal or new restrictions remained effective throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the cancellation, non-renewal or new restrictions became effective). For a Loss caused by an Export Restriction to be covered, the Loss must be an amount that would have been payable by the Buyer if the Export Restriction had not occurred;

(23) "Goods" means the goods and services that you sell;

(24) "Import Restrictions" means the cancellation or non-renewal by a governmental or quasi-governmental authority of an existing import permit (or the imposition by a governmental or quasi-governmental authority of new restrictions which prevent the import of the Goods), after the date you entered into the Contract, and the cancellation, non-renewal or new restrictions remained effective throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the cancellation, non-renewal or new restrictions became effective). For a Loss caused by an Import Restriction to be covered, the Loss must be an amount that would have been payable by the Buyer if the Import Restriction had not occurred;

(25) "Information" means information or data of any kind that is in any way relevant to any matter under the Policy, regardless of the medium in which it is stored or through which it is transmitted, including all communications, financial records, accounts and other documents that you or an Affiliate possess or control that relate to any matter under the Policy;

(26) "Instalment" means a portion of the Contract Price payable pursuant to a Contract;

(27) "Insured Event" means any of the following (if listed in the Coverage Certificate):

(a) Bankruptcy;

(b) Default;

(c) Repudiation;

(d) Contract Termination;

(e) Currency Conversion and Transfer;

(f) Export Restrictions;

(g) Import Restrictions;

(h) License Cancellation;

(i) War and Related Disturbances; and

(j) any other event expressly designated as an Insured Event in a Special Condition of the Coverage Certificate;

(28) "License Cancellation" means: (i) the cancellation or non-renewal by a governmental or quasi-governmental authority of any properly obtained license, approval or authorization specifically issued for purposes of the Contract or the imposition by a governmental or quasi-governmental authority of a requirement for licenses, approvals or authorizations that were not required on the date you entered into the Contract, and (ii) the cancellation, non-renewal or new requirement remained effective throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the cancellation, non-renewal or new requirement became effective). For a Loss caused by a License Cancellation to be covered, the Loss must be an amount that would have been payable by the Buyer if the License Cancellation had not occurred;

(29) "Loss" has the meaning set out in Section 1;

(30) "Loss Amount" means the amount of a Loss calculated in accordance with Section 20;

(31) "Master Contract" means a contract providing a general framework for eventual sales between you and a Buyer and under which it is expected that purchase orders will be sent to you by the Buyer to complete the sale process;

(32) "Policy" means these General Terms and Conditions, the Coverage Certificate, the Credit Approvals and any amendments to these documents;

(33) "Policy Period" means the period during which Contracts must be entered into to be eligible for coverage under the Policy, as specified in the Coverage Certificate;

(34) "Repudiation" means the failure by the Buyer to take delivery of the Goods within 30 days from the date the Goods were placed at the Buyer's disposal in accordance with the delivery terms of the Contract and, following this failure, you have resold or otherwise disposed of the Goods with our prior approval;

(35) "Related Entity" means:

(a) an Affiliate; or

(b) an entity:

(i) who has a family relationship with you;

(ii) whose direct or indirect owner has a family relationship with you or your direct or indirect owner (for example, your shareholder is the brother of your Buyer's shareholder); or

(iii) who has any other kind of non-arm's length relationship with you, or with your direct or indirect owner, which could cause an insurer to believe that you might not act prudently with respect to sales to that entity, to our detriment (for example, your shareholder and your Buyer's shareholder have a friendship that goes beyond a normal business relationship);

(36) "Sanctions" means the economic or financial sanctions imposed by Canada or the United States of America or any of their respective governmental institutions, agencies and subdivisions;

(37) "Shipped" means:

(a) in the case of goods, that the goods you sold have been placed in transit for delivery to the destination specified by the Buyer or, where the Contract does not require you to place the goods in transit (for example goods sold out of consignment or goods already in the Buyer's possession), that the Buyer has been invoiced for the goods; and

(b) in the case of services, that any part of the services you sold have been completed in accordance with the terms of the Contract;

(38) "Tripartite Agreement" means an agreement among you, us and a third party who acquires an interest in all or some of the receivables that are insured under the Policy, outlining the conditions under which the Policy applies to the receivables;

(39) "USD" means the lawful currency of the United States of America; and

(40) "War and Related Disturbances" means war or hostilities between two or more countries, or rebellion, revolution, insurrection, civil commotion or acts of political terrorism, in any country other than Canada which continued throughout the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the date the event began). This Insured Event does not include an event that was within the scope of marine cargo insurance that was available on the date the Goods were Shipped, whether or not marine cargo insurance was obtained. For a Loss caused by War and Related Disturbances to be covered, the Loss must be an amount that would have been payable by the Buyer if the War and Related Disturbances had not occurred.

PORTFOLIO CREDIT INSURANCE

DOMESTIC COSTS AND RECEIVABLES POLICY
GENERAL TERMS AND CONDITIONS

CONTENTS

GENERAL TERMS AND CONDITIONS

These General Terms and Conditions, together with the Coverage Certificate and your Credit Approvals, determine your insurance coverage. They are legal documents so please read them carefully.

The Policy is issued and delivered to the Main Insured ("you" or "your") by the Insurers ("we", "us" or "our") each a "Party", and together the "Parties", to this Policy. For the purposes of the Insurance Companies Act (Canada), this document was issued in the course of each Insurer's insurance business in Canada. The Main Insured and each Insurer are identified in the Coverage Certificate.

Each Insurer's liability is limited to the Insurer's Share as set out in the Coverage Certificate and in no circumstance will an Insurer be liable for the Insurer's Share of any another Insurer.

Export Development Canada ("EDC") is the administrator of this Policy for the Insurers. All communications and correspondence between the Main Insured and the Insurers are to be with EDC, and all requests, claims, declarations and other submissions and notices required by the Policy to be made to the Insurers are to be made to EDC. All premium is to be paid to EDC on behalf of the Insurers. EDC is not an insurer and has no liability under the Policy.

Capitalized terms not defined in these General Terms and Conditions are set out in the Coverage Certificate.

COVERAGE

1. We insure you against the risk of non-payment of an undisputed amount payable by a Buyer under Contracts entered into during the Policy Period, which non-payment causes you to sustain a loss ("Loss"). The Loss must be a direct result of the occurrence of an Insured Event to be eligible for coverage. This coverage is provided in consideration of your undertaking to pay all required premium and fees when due and is subject to all the terms and conditions of the Policy.

2. The only Insured Events covered by the Policy are those specified in the Coverage Certificate. Insured Events are also individually defined in Section 43 even though some may not be applicable to you.

3. If there is a dispute between you and the Buyer with regard to any matter which brings into question the amount owing (or whether there is any amount owing) to you by the Buyer, including disputes arising out of other sales contracts, shipments or commercial arrangements, covered or not under this Policy, we have no liability with respect to the claim or the Loss until the dispute is finally settled or resolved, by negotiation or otherwise and the amount of the Loss is clearly established. Once the dispute is finally settled or resolved, the Loss Amount will be calculated in accordance with Sections 20 and 21, as applicable, if the Loss is covered.

4. We agree to pay the Insured Percentage of the Loss Amount in connection with a Loss, subject to the terms and conditions of the Policy.

CREDIT LIMITS AND MAXIMUM LIABILITY

5. For coverage to apply to sales to a Buyer, the Buyer must be located in Canada and you must establish a Credit Limit for the Buyer by following the procedures specified in the "Credit Limits" section of the Coverage Certificate.

6. (1) We may, at any time, by giving notice to you:

   (a) change or cancel a Credit Approval or your Discretionary Credit Limit (if a Discretionary Credit Limit is set out in the Coverage Certificate);

   (b) exclude a Buyer; and

   (c) change the conditions of coverage applicable to any Buyer.

   Any of these changes, cancellations or exclusions apply only to Contracts entered into after you receive our notice. A Loss relating to Contracts entered into after you receive our notice of cancellation or exclusion is excluded from coverage. If the notice is a notice of change, a Loss for Contracts entered into after you receive the notice is subject to the changes set out in the notice.

(2) If you request a Credit Approval involving payment terms that are not in the Country Table of the Coverage Certificate, your Credit Approval request will be deemed to be a request to add the payment terms to the Coverage Certificate whether or not we agree to issue the Credit Approval. You will then have to declare all your sales with those payment terms, if the Policy requires you to declare your sales to us. Refer to the "Premium and Declaration of Sales" section of the Coverage Certificate.

7. Credit Approvals may be issued on the basis of the information you gave us. If that information is untrue, incomplete or incorrect, the Credit Approval will be void as if it had never been issued.

8. Regardless of the total amount of all Credit Limits, our maximum liability for all Losses in respect of Contracts entered into during each Annual Period is limited to the Overall Maximum Liability amount specified in the Coverage Certificate. Separate maximum liabilities applicable only to certain categories of Losses may also apply.

ADDITIONAL INSUREDS

9. (1) If there is an Additional Insured section in the Coverage Certificate, the terms and conditions of coverage that apply to you also apply to any Additional Insured specifically identified in that section.

(2) We may cancel the coverage for any Additional Insured on 60 days' prior notice to you. We will not be liable for the payment of a claim for any Contracts entered into by the Additional Insured after the end of the notice period. Also, the Additional Insured continues to be bound by all of its respective Policy duties and obligations, including those relating to claims paid prior to the cancellation or that may be paid after the cancellation.

(3) For each Additional Insured, the Main Insured must:

(a) be the authorized agent for the Additional Insured to deal with us on its behalf in all matters relating to the Policy (for example: requesting Credit Limits, providing us with authorizations or releases of liability, filing claims, and receiving claim payments);

(b) be the only party communicating with us on behalf of the Additional Insured with respect to the Policy; and

(c) notify us immediately if the Main Insured stops acting as agent for the Additional Insured. Once we receive this advice, we may cancel coverage under the Policy for the Additional Insured with 60 days' notice.

DOCUMENTATION RISK

10. Although we may have received or commented on a Contract or any other documentation, you solely are responsible for ensuring the effectiveness of all documentation and ensuring the existence of a legally valid, binding and enforceable payment obligation by the Buyer and any applicable guarantor or other relevant party.

EXCLUSIONS

11. We are not liable for the payment of a claim for a Loss if:

(1) at any time, you made any misrepresentation, or failed to disclose any information, that is material to our rights, liabilities or obligations under the Policy;

(2) you agreed with the Buyer to change the payment terms under the Contract;

(3) you do not have sole right, title and interest to the receivable (for example, you have factored or sold your receivable without entering into a Tripartite Agreement) or your rights and interests under the Contract are not free and clear of any third party claims or encumbrances;

(4) you or your agent caused the Loss or breached the Contract (for example by failing to perform under the Contract) or could have avoided the Loss by acting in a commercially reasonable manner;

(5) the Buyer failed to pay the down payment in accordance with the terms of the Contract, if the Contract provides for a down payment;

(6) when the Contract was entered into, the Buyer was in default of its payment obligations to you for a period longer than the period specified in the "Contracts Entered into when Buyer in Default" section of the Coverage Certificate;

(7) you or your agent, an Affiliate or an agent of an Affiliate have engaged in or knowingly been party to any action, in relation to the Contract, that is prohibited by *Canada's Corruption of Foreign Public Officials Act* or by the criminal laws dealing with the bribery of public officials that are applicable in a country in which the agent or Affiliate is located. If however, the claim is payable to a third party pursuant to a Direction to Pay or Tripartite Agreement, we will make the claim payment to that third party, provided that the third party is not a Related Entity. In those cases, you must pay us on demand the amount of the claim payment plus interest at the Bank of Canada's prime business rate determined on the date of our demand plus 2% per annum, calculated from the date the claim was paid to the date of demand. Additional interest may apply to any late payment as per Section 29;

(8) when the Contract was entered into, you did not have all permits, certificates, licenses or other approvals required to perform the Contract, or, prior to the Goods being Shipped, the Buyer did not have all such documents that the Buyer was responsible to obtain;

(9) you are entitled to be indemnified for the Loss under any other insurance policy or other similar risk transfer agreement; or

(10) the Loss is directly or indirectly caused by, or contributed to by, or arises from:

(a) ionizing radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;

(b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; or

(c) any weapon or war employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter.

YOUR DUTIES AND OBLIGATIONS

12. You must:

(1) pay premium and Credit Approval fees, as specified in the Coverage Certificate, when due;

(2) declare your sales as specified in the Coverage Certificate, if required by the terms of the Coverage Certificate;

(3) notify us immediately of any event or circumstance of which you are aware that could cause a Loss, including any deterioration of the financial condition of the Buyer;

(4) immediately notify us when a Buyer has been in default under Contracts (see the "Claims and Overdues" section of the Coverage Certificate for details);

(5) take all reasonable steps, before and after the filing of a claim application, to prevent and minimize a Loss or potential Loss as though the Contract were not insured, including:

(a) follow reasonable commercial practices for collecting and monitoring overdue accounts;

(b) file a proof of claim in the bankruptcy of the Buyer if the Buyer enters bankruptcy;

(c) not enter into new Contracts, stop incurring costs on an existing Contract or stop shipping to the Buyer when you become aware that the risk of non-payment is occurring or is likely to occur; and

(d) take any steps requested by us, which may include us asking you to stop shipping; and

(6) comply with Sanctions legislation, immediately notify us of a Contract that becomes prohibited by Sanctions and discontinue all activities under the Contract if you have control over the discontinuation of the activity, and, in consultation and collaboration with us, seek the permits, certificates or other approvals that may be required or desirable when we request you to do so.

CLAIMS PROCESS

13. (1) When making a claim application, you must establish:

    (a) that an Insured Event and a Loss have occurred;

    (b) that the Loss is covered; and

    (c) the Loss Amount.

    (2) If the Loss arises from business transacted by your agent, by an Additional Insured or an Affiliate, or their agent, you must have them sign, and you must remit to us, a form (provided by us) in which they make a declaration to the effect that they have not engaged in activities prohibited by criminal laws dealing with corruption or the bribery of foreign public officials in relation to the Contract in question.

14. We are not liable to pay a claim if you do not file your claim application prior to the 'Latest Date to Submit a Claim' which is specified in the Coverage Certificate.

15. We are entitled to investigate all aspects of each claim. You must assist us with the investigation and provide us with any Information that we reasonably request, including a copy of the Contract, documents evidencing the debt and the shipment and any Information required to determine whether any of the exclusions specified in the Policy apply to the claim. You must also keep in your possession all documents that support the claim for a period of 5 years and be ready to produce them to us upon request.

16. We have no obligation to assess a claim application until the Insured Event has occurred.

17. We will advise you of our decision on your claim application within 30 days of receipt of a complete claim application and all additional Information we may reasonably request.

18. If we pay a claim and later discover that you had no right to any part of the claim payment, we may demand repayment of the amount to which you were not entitled. If we discover that you did not comply with any of your recovery obligations under the Policy, we may demand repayment of the entire claim payment. You must pay the amount to be repaid, upon demand, plus interest at the Bank of Canada's prime business rate determined on the day of our demand plus 2% per annum, calculated from the date the claim was paid to the date of demand by us. Additional interest may apply to any late payment as per Section 29.

19. We reserve all our rights under the Policy. No action or failure to act on our part will constitute a waiver of our rights under the Policy (for example: investigating a claim or overdue payment, preventing or minimizing a Loss, or negotiating with a Buyer or any third party).

CALCULATION OF LOSS AMOUNT

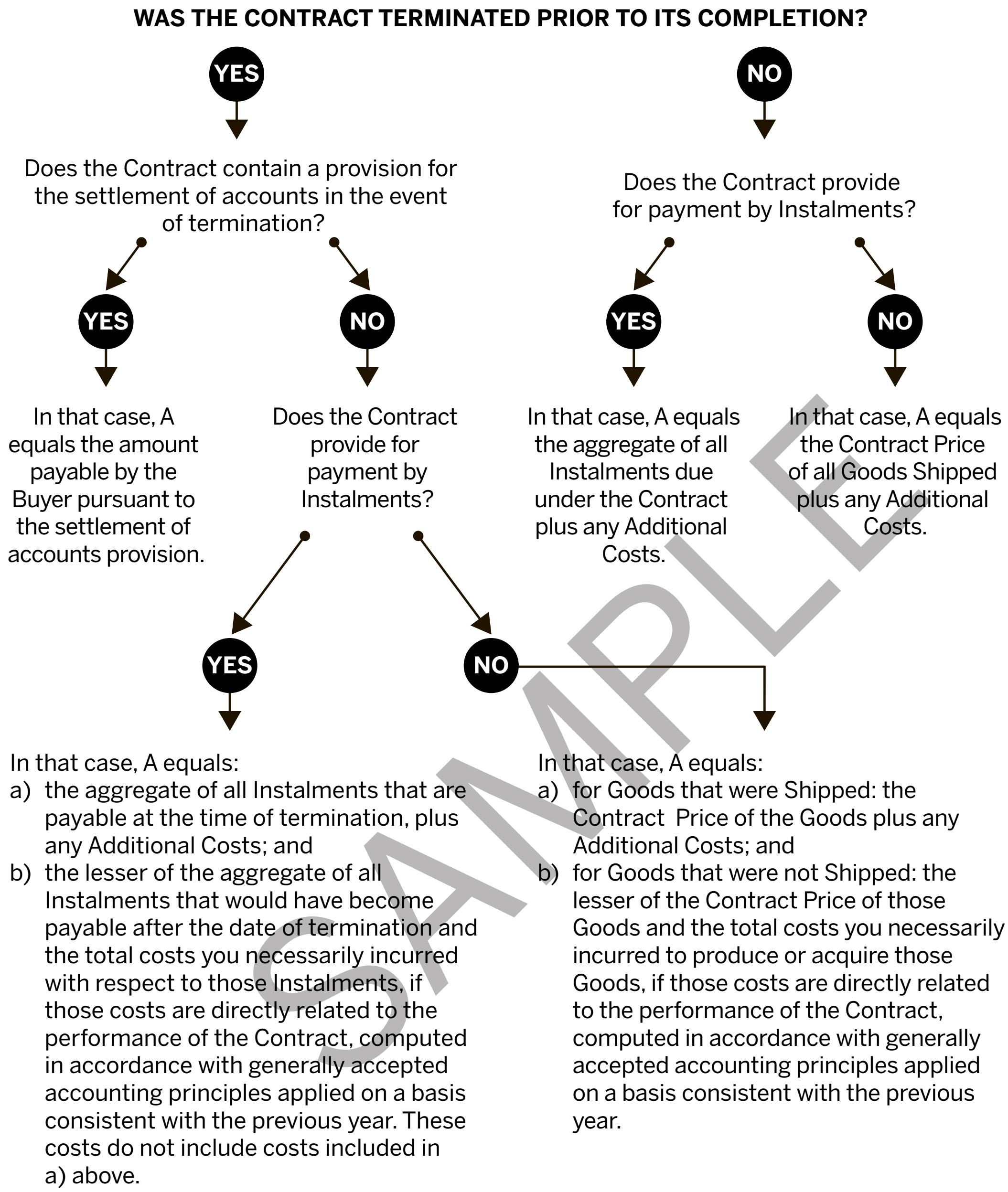
20. (1) The Loss Amount is calculated in the Contract Currency, as follows:

    Loss Amount = A minus B

    If A minus B > Credit Limit*, the Loss Amount = Credit Limit*.

    * less the amount of any previous claim payments made for the same Buyer which have not been recovered.

(2) A is determined differently depending on the Contract and the circumstances of the Loss as set out in the flow chart below:



(3) B equals the total of:

(a) any amount which you have agreed the Buyer is entitled to take into account by way of payment, credit, set-off or counterclaim;

(b) all amounts received or recovered by you or on your behalf with respect to amounts computed in A above or realized through any security or guarantee in respect of the amounts owed under the Contract;

(c) all amounts received through the resale or disposal of the Goods and of any finished or unfinished goods, materials or supplies which were produced or acquired by you for purposes of the Contract; and

(d) all costs included in the Contract Price which, because of the occurrence of the Insured Event, you did not actually incur.

21. In case of a dispute between you and the Buyer as referenced in Section 3, the Loss Amount will not be calculated until the dispute is finally settled or resolved. If there is a settlement with the Buyer or a final ruling by a court or arbitrator resolving the dispute, “A” in Section 20 above will be that portion of the agreed settlement amount or the amount awarded to you in the ruling, that relates to the Loss, plus any Additional Costs, and any deductions listed in Section 20(3) already taken into account in the award or settlement amount will not apply to the calculation of “B” in Section 20.

22. If there is a Non-Qualifying Loss section in the Coverage Certificate, we are not liable for the payment of a claim for a Loss when the Loss Amount is equal to or less than the Non-Qualifying Loss amount.

DEDUCTIBLE

23. (1) The total Loss Amount of all Losses you sustain for Contracts entered into during an Annual Period must reach the amount of the Deductible specified in the Coverage Certificate before we are required to pay any claim for Contracts entered into during that Annual Period. A Loss must be eligible for a claim payment under the Policy to be allocated to the Deductible. Each Loss Amount calculated for Contracts entered into during an Annual Period is reduced by the amount of the Deductible remaining for that Annual Period. The amount of the Deductible is specified in the Coverage Certificate.

(2) Deductibles apply to each Annual Period, which means that if Contracts are entered into over multiple Annual Periods, a separate Deductible (as applicable) will apply for each Annual Period, based on when the Contracts were entered into.

CLAIM PAYMENTS AND CURRENCY CONVERSIONS

24. Claims are paid in the Contract Currency if we offer the option of making the claim payment in that currency; otherwise claims are paid in the Policy Currency. The list of currencies available for claim payments can be obtained from us upon request and we may change it from time to time without any prior notice.

25. When necessary, currencies are converted to the Policy Currency at the exchange rate applicable on the Business Day immediately before the date you submit your claim (for example: to calculate the remaining maximum liability, a deductible, etc.). The exchange rate will be obtained from Reuters (or such other source as we may notify you) and “Business Day” means a day on which: (1) exchange rates are available from Reuters or such other source; and (2) EDC is open for business in Ottawa, Canada.

LOSS RECOVERY

26. (1) **If the Main Insured is located outside of Quebec**, on payment of a claim, including payments made directly to a third party pursuant to a Direction to Pay or Tripartite Agreement, we are subrogated to all your recovery rights for the entire amount due under the Contract (i.e., we take your place with respect to those rights), whether or not you are fully indemnified under the Policy for that amount. We may take legal action in your name to exercise any subrogated rights. On payment of a claim, you must:

(a) fully co-operate with us in our recovery efforts, which may include the defence of any counterclaim that is brought against us or EDC; and

(b) if we request, take all steps necessary or expedient to recover the Loss Amount, including:

(i) indemnify us and EDC against any liability that we or EDC may incur as a result of any reasonable action taken by us or EDC to recover the Loss or that we or EDC may incur as a result of your actions or omissions;

(ii) bring legal proceedings, or provide us with any documentation or authorization necessary to allow us to give instructions on your behalf or bring legal proceedings in your name; and

(iii) transfer and assign to us all of your right, title and interest in all amounts owed to you under the Contract, or any security or guarantee in respect of the Loss, and give notice of the assignment only as directed by us.

(2) **If the Main Insured is located in Quebec**, in accordance with Quebec law, on payment of a claim, including payments made directly to a third party pursuant to a Direction to Pay or Tripartite Agreement, we are subrogated to all your recovery rights under the Contract (i.e., we take your place with respect to those rights) up to the amount paid under the Policy. We may take legal action in our name to exercise any subrogated rights. On payment of a claim, you must:

(a) fully co-operate with us in our recovery efforts, which may include the defence of any counterclaim that is brought against us or EDC; and

(b) if we request:

(i) indemnify us and EDC against any liability that we or EDC may incur as a result of any reasonable action taken by us or EDC to recover the Loss or that we or EDC may incur as a result of your actions or omissions; and

(ii) transfer and assign to us all of your right, title and interest in all amounts owed to you for the Loss, or any security or guarantee in respect of the Loss, up to the amount paid under the Policy.

(3) In the case of Subsections 26(1) and 26(2) above, we waive all subrogation rights if the claim is paid to a third party pursuant to a Direction to Pay or Tripartite Agreement in circumstances where no claim payment would otherwise have been made as a result of the application of the corruption exclusion specified in Subsection 11(7) if no Direction to Pay or Tripartite Agreement had been in place.

27. If we pay a claim, we will share with you all reasonable external recovery and loss mitigation expenses that we previously approved. Our share of the expenses is limited to the Insured Percentage applicable to the Loss. We are not responsible for paying any expenses (including legal fees):

(1) associated with a dispute between you and the Buyer;

(2) relating to the defence of any set-off or counterclaim by the Buyer; or

(3) incurred once the Loss Amount has been fully recovered.

28. After we pay a claim with respect to a Buyer, you must report to us all amounts you recover from that Buyer or from anyone on its behalf. All amounts recovered (other than from a taxation authority as a refund of sales tax) are applied as specified in the Coverage Certificate, if applicable. You must immediately remit amounts recovered that are due to us, and until paid, these amounts must be held in trust for us.

PAYMENTS AND CREDITS

29. (1) If you fail to pay any amount when due to us under this Policy as invoiced, you will pay interest calculated at a rate and in the manner as set out in your invoice.

(2) You must pay all amounts invoiced by us in the currency of the invoice. If you do not pay in the currency of the invoice, we will convert the amount paid to the currency of the invoice at the foreign exchange rate applicable on the date we received payment. The exchange rate will be obtained from Reuters, or such other source as we may notify you. Any shortfall will be subject to late interest. Any overpayment will be credited to your account.

(3) We may reduce any amount we owe you under the Policy, by any amount you owe us under the Policy. These rights are in addition to any other rights (including rights of set-off) that we may have.

(4) You are responsible to pay all banking fees with respect to all payments made to us under this Policy, including banking fees for wire transfers and non-sufficient funds cheques.

POLICY CANCELLATION

30. (1) You may cancel the Policy immediately upon notice to us and we will not be liable for the payment of a claim for any Contracts entered into after the date of your notice.

(2) We may cancel the Policy:

(a) on 60 days' prior notice to you; or

(b) on 15 days' prior notice to you if you failed to fully and properly perform any of your duties or obligations when required under the Policy, unless you correct the failure within the 15 day notice period;

and in either case, we will not be liable for the payment of a claim for any Contract entered into after the end of the notice period.

(3) We may also cancel the Policy immediately upon notice to you if you, your agent or Affiliate or an agent of an Affiliate has engaged in or knowingly been party to any action, in relation to any insured Contract, that is prohibited by Canada's *Corruption of Foreign Public Officials Act* or by the criminal laws dealing with the bribery of public officials that apply in a country in which the agent or Affiliate is located. In that case, we will not be liable for the payment of a claim for any Contracts that were entered into after the date of our notice.

(4) When the Policy is cancelled, the Parties continue to be bound by all of their respective Policy duties and obligations, including those relating to claims paid prior to the cancellation or that may be paid after cancellation. No coverage is provided under any circumstances for Contracts entered into after the effective date of cancellation of the Policy.

OTHER CONDITIONS

31. The Policy and the Application on which the Policy is based form the entire contract of insurance. No other statements, undertakings or agreements will form part of the contract of insurance.

32. An entity is your agent for purposes of the Policy when you have authorized that entity to act on your behalf or when that entity can reasonably be considered to have been acting as your agent. Statements or actions of your agent in dealings with us or third parties will bind you. All references in the Policy to "you" include your agent, except where the context clearly requires otherwise. A payment by a Buyer to your agent is deemed to be a payment to you.

33. (1) The Policy is issued on the basis of the statements made and information provided by you or your agent during the registration process and in the Application. If any of those statements or any of that information is untrue, incomplete or incorrect, the Policy will be void as if the Policy had never been issued.

(2) You must act with the utmost good faith at all times and disclose to us:

(a) any material change to the statements made in the registration process and in the Application (for example if your corporate structure changes or you move outside of Canada); and

(b) all material facts and circumstances of which you become aware or should be aware relating to the risk covered under the Policy.

34. (1) The full, proper and timely performance of all of your duties and obligations under the Policy is a condition precedent to coverage and to any of our other obligations under the Policy, including our liability to pay claims. For greater clarity, every action specified in the Policy that you must perform, or not perform, is deemed to be one of your duties and obligations under the Policy (for example, your obligations in Section 13 regarding the claims process and in Section 9 regarding any Additional Insured).

(2) No failure or delay on our part in the exercise of any right under this Policy is a waiver of that right. If at any time we waive the application of an exclusion or our right to enforce strict compliance by you of any of your duties or obligations under the Policy, we retain our right to enforce the exclusion and strict compliance with your duties and obligations in the future.

35. Upon our request, you must provide us with copies of any and all Information in connection with any matter under the Policy or give us access to and allow us to make copies of the Information. You will take all reasonable steps to allow us to obtain or review any Information that is in the possession of any other entity. We may request all Information with respect to any claim that has already been paid. You must keep all relevant Information for these purposes for a period of 5 years.

36. (1) Every notice of any kind, request, approval, waiver, consent and agreement ("Notice") to be given or made under the Policy must be in writing. Notices must be delivered by hand, mail, email or through your online account with us. Notices to you will be sent to the address (including email address) you provided to us when you registered for your online account or that you provide to us from time to time after registration. Notices to us must be sent through your online account or, if by hand or mail, to 150 Slater St., Ottawa, ON, K1A 1K3, Canada (or another mailing address that we may notify you from time to time), and if by email, to the email address of your EDC contact which can be found in your online account.

(2) All Notices are effective when received. Notices are deemed received:

(a) upon delivery if delivered by hand;

(b) on the earlier of actual receipt and seven days after posting if sent by mail; and

(c) on the date of transmission if sent by email or through your online account.

37. Regardless of anything to the contrary in the Policy, if the provision of insurance, the payment of a claim, or the provision of any benefit under the Policy would expose us or EDC to any sanction, prohibition or restriction imposed by the European Union or under Sanctions, then we will not be liable to pay any claim in relation to the affected coverage and we will have the right to cancel your Policy. Where permissible by law, we agree to use reasonable efforts consistent with our internal policy and legal and regulatory restrictions to cure or avoid such exposure (including applying for permits or certificates) if those efforts are not disadvantageous to us, in our reasonable judgment.

38. You cannot assign the Policy or any right, title or interest in it to anyone without our prior consent.

39. If any provision of the Policy is unenforceable to any extent, the rest of this Policy will not be affected and all other provisions of this Policy will be enforceable to the fullest extent permitted.

40. The collection, use and disclosure of any personal information in connection with the Policy will be made in compliance with the *Privacy Act*. The personal information will be retained by us and EDC as per the standard retention period under the *Privacy Act* or any longer retention period we or EDC deem appropriate to continue to conduct business with you. You may request access to your personal information under the *Privacy Act* by sending us a letter at the address specified in Section 36(1) above c/o "Compliance and Ethics/ Privacy & Access to Information", mentioning the *Privacy Act* and describing the information that you are seeking.

41. The Policy is governed by and will be interpreted in accordance with the laws of the Canadian province or territory where the Main Insured is located (as specified in the Coverage Certificate) and the federal laws of Canada applicable in that province or territory. Any legal proceeding with respect to the Policy must be brought to the courts of that province or territory, and, as a condition of receiving the benefit of the insurance coverage provided under this Policy, all insured parties consent and agree to submit to the jurisdiction of the courts of that province or territory in all matters in respect of the Policy.

42. Without prior consent of the other Party, no Party will release any information provided by the other Party that is not publicly available ("Confidential Information") to anyone, other than to its shareholders, employees, officers, directors, agents, brokers, advisors, consultants, legal counsel and to regulatory authorities. This duty of confidentiality is subject to the requirements of law, regulation, legal process, and audit. We may also disclose the Confidential Information, to the extent required for us to comply with applicable laws and to our potential or actual reinsurers, retrocessionaires, co-insurers, insurers and service providers (including affiliates, directors, officers, employees, advisors, auditors, reinsurers, or agents of any of those entities). This Section also applies to EDC as if EDC was a party to this Policy except that EDC may also disclose the Confidential Information pursuant to EDC's and Canada's international commitments.

INTERPRETATION AND DEFINITIONS

43. All references in this Policy to "days" mean calendar days, and an "entity" includes an individual, a partnership, a sole proprietorship and a body corporate. Unless the context requires otherwise, the singular includes the plural and vice versa.

The following definitions apply to the Policy:

(1) “Additional Costs” means any additional insurance, freight or other handling costs that you incurred as a result of any interruption or diversion of delivery directly caused by the occurrence of the Insured Event which resulted in the Loss (including demurrage costs caused by the Buyer’s action or inaction, but excluding all other demurrage costs);

(2) “Affiliate” means an entity:

(a) which has a direct or indirect equity interest in you (i.e. your parent company);

(b) in which you have a direct or indirect equity interest (i.e. your subsidiary); or

(c) which is related to you through a common third party’s direct or indirect equity interest in both that entity and you (i.e. your sister-company);

(3) “Annual Period” means the period specified in the Coverage Certificate;

(4) “Application” means the application for insurance and any and all additional written information you or anyone on your behalf submitted to us for purposes of the issuance of the Policy;

(5) “Bankruptcy” means circumstances where:

(a) the Buyer is the subject of bankruptcy or insolvency proceedings under the laws of Canada; or

(b) a legally binding composition arrangement has been concluded among the Buyer and all its creditors, where creditors agree to receive partial payments for the amounts owed to them by the Buyer;

(6) “Buyer” means your customer located in Canada that has the obligation to pay for the Goods;

(7) “CAD” means the lawful currency of Canada;

(8) “Confidential Information” has the meaning set out in Section 42;

(9) “Contract” means a contract of sale, including individual purchase orders placed under a Master Contract but excluding the Master Contract itself:

(a) that is not an Excluded Contract;

(b) with a Buyer located in Canada;

(c) with payment terms specified in the Country Table of the Coverage Certificate for Canada;

(d) that provides that all the Goods are to be Shipped before a maximum period of time after the contract is entered into. That period is specified in the Coverage Certificate under “Pre-Shipment Period”; and

(e) that complies with the provisions of any Credit Approval issued for the Buyer and any other applicable provisions set out in the Coverage Certificate;

(10) “Contract Currency” means the currency in which the Buyer must pay under the Contract;

(11) “Contract Price” means the amount to be paid by the Buyer under the Contract, and excluding:

(a) any tax that is reimbursable by a taxation authority if not paid by the Buyer;

(b) any amount which the Contract allows the Buyer to withhold at its discretion (i.e., a holdback);

(c) any down payment to be made by the Buyer to you under the Contract;

(d) any amount to be paid by an irrevocable letter of credit;

(e) any amount paid with hard currency, money order, bank draft, credit card or certified cheque, and any amount you secured with cash collateral, before you started incurring costs in respect of the Contract; and

(f) any default interest (i.e., interest on a late payment);

(12) “Contract Termination” meansthe termination of the Contract by the Buyer in circumstances where: i) the termination was not the result of your breach of the Contract; and ii) a period of days equal to the Waiting Period set out in the Coverage Certificate has elapsed (starting on the day after the termination occurred);

(13) “Coverage Certificate” means the document that sets out terms and conditions of coverage specific to you and stipulates special conditions which amend these General Terms and Conditions;

(14) “Credit Approval” means the document in which we set out the Credit Limit and specific terms on which we insure sales to a Buyer;

(15) “Credit Limit” means the maximum Loss Amount for a Buyer covered under the Policy;

(16) “Default” means the Buyer’s failure to pay by the Due Date any part of the Contract Price of the Goods and the failure was not remedied during the Waiting Period set out in the Coverage Certificate (a period of consecutive days starting on the Due Date), provided that, in the case of Goods that are not services, the Buyer (or someone on its behalf) took delivery of the Goods that were delivered in accordance with the terms of the Contract;

(17) “Direction to Pay” means a document under which you direct us to pay claims to a third party and provide that party with certain information;

(18) “Due Date” means the date on which payment under a Contract is owed;

(19) “Excluded Contract” means a sales contract:

- (a) with a Buyer who is an individual acting in a personal capacity;
- (b) with a Buyer that is a Related Entity, unless we specifically acknowledged your affiliation with the Buyer in a Credit Approval;
- (c) with a federal, provincial, state, territorial, municipal or other government Buyer;
- (d) to be entirely paid by an irrevocable letter of credit;
- (e) to be entirely paid to you by a Buyer with hard currency, money order, bank draft, credit card or certified cheque before you start to incur costs on the Contract;
- (f) that you are prohibited by law from performing;
- (g) that violates any sanction, prohibition or restriction imposed by the European Union or Sanctions in place at the time the sales contract was entered into;
- (h) which we notified you is not insured under the Policy; or
- (i) which is not covered, as per the “Coverage Description” section of the Coverage Certificate;

(20) “Goods” means the goods and services that you sell;

(21) “Information” means information or data of any kind that is in any way relevant to any matter under the Policy, regardless of the medium in which it is stored or through which it is transmitted, including all communications, financial records, accounts and other documents that you or an Affiliate possess or control that relate to any matter under the Policy;

(22) “Instalment” means a portion of the Contract Price payable pursuant to a Contract;

(23) “Insured Event” means any of the following (if listed in the Coverage Certificate):

- (a) Bankruptcy;
- (b) Default;
- (c) Contract Termination; and
- (d) any other event expressly designated as an Insured Event in a Special Condition of the Coverage Certificate;

(24) “Loss” has the meaning set out in Section 1;

(25) “Loss Amount” means the amount of a Loss calculated in accordance with Section 20;

(26) “Master Contract” means a contract providing a general framework for eventual sales between you and a Buyer and under which it is expected that purchase orders will be sent to you by the Buyer to complete the sale process;

(27) “Policy” means these General Terms and Conditions, the Coverage Certificate, the Credit Approvals and any amendments to these documents;

(28) “Policy Period” means the period during which Contracts must be entered into to be eligible for coverage under the Policy, as specified in the Coverage Certificate;

(29) “Related Entity” means:

(a) an Affiliate; or

(b) an entity:

(i) who has a family relationship with you;

(ii) whose direct or indirect owner has a family relationship with you or your direct or indirect owner (for example, your shareholder is the brother of your Buyer’s shareholder); or

(iii) who has any other kind of non-arm’s length relationship with you, or with your direct or indirect owner, which could cause an insurer to believe that you might not act prudently with respect to sales to that entity, to our detriment (for example, your shareholder and your Buyer’s shareholder have a friendship that goes beyond a normal business relationship);

(30) “Sanctions” means the economic or financial sanctions imposed by Canada or the United States of America or any of their respective governmental institutions, agencies and subdivisions;

(31) “Shipped” means:

(a) in the case of goods, that the goods you sold have been placed in transit for delivery to the destination specified by the Buyer or, where the Contract does not require you to place the goods in transit (for example goods sold out of consignment or goods already in the Buyer’s possession), that the Buyer has been invoiced for the goods; and

(b) in the case of services, that any part of the services you sold have been completed in accordance with the terms of the Contract;

(32) “Tripartite Agreement” means an agreement among you, us and a third party who acquires an interest in all or some of the receivables that are insured under the Policy, outlining the conditions under which the Policy applies to the receivables; and

(33) “USD” means the lawful currency of the United States of America.