

## TERMS AND CONDITIONS

### 1. GENERAL REQUIREMENTS AGAINST THE PRODUCT

- a. The straw of wheat plant produced from agricultural production is deemed Product, and Principal, upon a pre-delivery arrangement, may accept the straw of other cereal grains (accepted by Hungrana Kft) as Product in the proportion determined by it.
- b. **Dimensions of the accepted bale:**
  - height: 0.9 metres
  - length: min: 2.25 metres – max: 2.55 metres
  - width: 1.2 metres
- c. **Weight of the accepted bale:**
  - minimum weight: 400 kg
  - maximum weight: 600 kg
- d. The average humidity of the Product to be accepted, specified in the Agreement may be max. 20% according to the conditions set out in Annex 2. If the average humidity of any bale exceeds this value, Principal may act in accordance with Annex 2.
- e. The process of determining the humidity is included in Annex 2.
- f. The bale shall not contain any solid contamination (eg. wood, metal, stone), only the flammable binder material required for binding. It shall not contain any detectable contaminants (eg. mud, soil), contaminant and toxic materials from healthcare and environmental aspect, or hazardous materials from personal and property security aspects.
- g. Principal may refuse to accept the Product of inappropriate quality (see in particular, but not limited to: Sub-section f). When refusing the acceptance of the Product, Principal shall promptly notify Supplier, and Supplier shall return the inappropriate quality Product on its own cost. Principal, in such case, in addition to its claim for penalty and indemnification, may claim from Supplier the delivery of appropriate quality Product in the same quantity as soon as reasonable expected.
- h. Supply of new (not specified in Section 1) product type is possible upon prior arrangement, sampling, inspection and arrangement.

### 2. PAYMENT TERMS

- a. Principal shall make Supplier List in accordance with Annex 3 to this Agreement every week, which constitutes the basis of the settlement. In the List, the quantity, quality features and price of the transferred Product is stated. This Supplier List shall be sent to Supplier.
- b. Based on the Supplier List, Supplier issues and sends an invoice to Principal. Supplier shall issue the invoice upon quantity rounded to 0.1 ton units.
- c. The invoices shall be issued in accordance with the formal and material requirements stated in the Agreement and relevant laws, by stating the Agreement No. and Supplier's bank account number, as well as the product's rating (VTSZ, SZJ). Supplier shall attach the Delivery Note certifying the performance, to the invoice. If the invoice is not issued in accordance with these conditions, Principal does not accept the invoice for performance.
- d. The invoices (on original counterpart and one copy) shall be sent to Principal's Accounting Department by post. Address: 2432 Szabadegyháza, Ipartelep.
- e. Payment shall be performed by bank transfer according to the agreement arranged between Principal and Supplier, within 8 banking days from the reception of the invoice.
- f. Penalty payment due date: 15 days from the reception of the relevant notice letter.
- g. Irrespective of the otherwise available rights and remedies, Principal reserves the right to account any yet unpaid amount or indemnification by Supplier to Principal, including the debts arising outside this contractual relationship into Principal's debts due to Supplier.

- h. Supplier, in the event of Principal's payment default, may charge default interest rate in the amount of the Central Bank's Prime Rate in case of properly issued and undisputed invoices.

### **3. PRINCIPAL'S OBLIGATIONS**

- a. Principal's duty is to make entry to the site available, and ensure the use of all further areas reasonably necessary for proper contractual performance.
- b. Principal shall perform the quantity measurement and quality test duties required to acceptance as provided in Annex 2.
- c. Principal shall perform the lading-out of transportation vehicles at Principal's site.
- d. In case of performance, Principal shall prepare the Supplier List (Annex 3) to Supplier.
- e. Principal ensures contact keeping for daily, weekly and operative supply schedules by the persons designated by Supplier.
- f. On the last business day of each week until 14:00, it shall send the supply quantity scheduled to the next week, and the corresponding Order No. in daily breakdown, to Supplier, unless Principal is not willing to supply any quantity for the next week.

### **4. SUPPLIER'S OBLIGATIONS**

- a. Supplier shall deliver the Product in the quantity, composition and quality specified in the Agreement and its Annexes to Principal's site.
- b. Supplier shall provide the quantity of the Product to be delivered or accepted according to the delivery schedules continuously provided by Principal. Supplier shall attach Delivery Notes to each delivery, stating the product type, otherwise the supply may be rejected.
- c. Parties set forth, that Supplier, among the products specified in Section 1.a, may perform only by the previously arranged type baled Product, and every supply (Product delivered in the same time) may contain only the same type of baled Product.
- h. Supplier warrants that the Product delivered in accordance with the Agreement is free of any burdens or encumbrances (legal warranty).
- i. Supplier acknowledges, that due to extremely fire hazardous materials and plant operation, smoking is prohibited in Principal's whole site. Should Supplier or its Agent breaches the smoking prohibition, Supplier shall be liable for all damages arising from it. Supplier hereby acknowledges, that smoking in Principal's site results in criminal reporting by Principal.

### **5. SALE & PURCHASE OF THE PRODUCT**

- a. Principal shall receive the Product from Supplier or its authorized haulier scaled, based on the Delivery Note or Acceptance Protocol.
- b. Supplier acknowledges, that Principal performs the quality test of the Product as provided in Annex 2 in details.
- c. Supplier acknowledges, that the weight measurement of the accepted weight is performed by Principal using the measurement device validated by OMH (public road scale).
- d. Costs of weighting, sampling and quality test shall be borne by Principal.
- e. If Principal, during the acceptance of the Product, detects quality deficiency (if the Product's quality does not meet the requirements stated in the Agreement and/or the Delivery Note), it shall record it in a report or in another credible manner (eg.: recording onto the Delivery Note). Principal may refuse the acceptance of Product with objected quality, which shall be promptly returned by Supplier following re-weighting. Supplier hereby acknowledges, that during the delivery of the cargo, avoiding quality deterioration due to wet weather is Supplier's duty. Principal, during the classification of the product, shall act in accordance with Annex 2.
- f. Principal undertakes that it enables Supplier's representative to continuously or randomly test the quantity and quality of the Product at its place of acceptance.
- g. In case of quality objection or disputed matters, Parties may appoint the competence of an independent Certification Institute, whose test results they accept and acknowledge as mandatory.

- h. Parties agree that in all disputed cases, the quality test will be exclusively conducted by primarily SGS Hungária Kft, and in the event of its hindrance, Wessling Magyarország Kft, which test result is mandatory for both Parties. In case of justified quality objection according to the Certification Institute, the test fee shall be paid by Supplier, otherwise by Principal. In uncertain cases, the costs of accredited lab tests shall be borne by Supplier.
- i. Parties set forth, that the title of the Product shall transfer to Principal by hand-over at the transfer point (Principal's site).

## **6. DELIVERY SCHEDULES**

- a. The delivery schedules regarding the daily quantities shall be exactly followed by Supplier. In the event Supplier foresees that the delivery will differ from the schedules, then it shall promptly send notification to Principal.
- b. If the discrepancy from the delivery schedules occurs due to a reason within Supplier's control, Principal reserves the right, in addition to claim for its damages and the penalty (Section 7), to cancel the order and make a third party perform so that its additional costs shall be borne by Supplier.
- c. After the quantity undelivered on the daily schedules, in case of Principal's such decision, Supplier (in case of its liability) shall pay penalty as provided in Section 7.

## **7. INDEMNIFICATION & PENALTY**

- a. Supplier shall indemnify Principal regarding all losses, damages, loss of profits and expenses (including the reasonable arisen professional fees and expenses), that arose due to breach, negligent performance or non-performance or default by Supplier or its sub-contractors. Supplier is aware of that Principal's factory performs significant volume of production, therefore, the amount of damages caused by Supplier may exceed the price of the delivered product multiple times (including, but not limited to, downtime due to contamination). Taking this into consideration, Supplier shall be liable for the full damage, including the consequential damages.
- b. In the event of under-delivery due to Supplier's failure, Supplier shall pay penalty (cancellation penalty). The amount of penalty is the 20% of the acceptance price of the undelivered fuel. Parties set forth, that the acceptance price is the price corresponding to 14% humidity and not price correction is made. Parties deem such case under-delivery, when Supplier fails to perform the full amount even upon the expiry of the contractual term. If the quantity is delivered within the contractual period, but not according to the appropriate schedules, then the penalty rules stated in Section C shall apply.
- c. If Supplier performs late, then the amount of default penalty is the 1% of the price of the Product subject to such default per each day, max. 20% of the purchase price of the Product subject to such default.
- d. Should Supplier perform late (Section 8), then as default performance penalty, the 20% of the purchase price of the Product subject to such default performance shall be paid as penalty.
- e. Principal may claim for its damages credibly arisen beyond the penalty from Supplier.

## **8. QUALITY & FAILURES**

- a. Supplier shall observe the food product hygiene requirements, the applicable healthcare requirements and the quality assurance systems approved and to be applied by Principal.
- b. Prior to the schedule deadline, Principal may inspect and check the Product, Supplier's plant, the processes used by it anytime. If, upon such inspection or check, Principal considers that the Product, the plant and/or process do not comply, or are likely not to comply with the contractual requirements, then Principal shall notify Supplier in this regards. Supplier shall make all necessary steps to ensure the compliance, and Principal may claim for further inspections and checks, and entitled to participate to them.

- c. In addition to the above inspection and check, Supplier shall be still responsible for the Product, and the performance of the inspection or check does not reduce or affect Supplier's obligations or Principal's rights set out in this Agreement.

## **9. TERM & TERMINATION**

- 9.1** Either Party is entitled to terminate the Agreement without notice, if it notifies the other Party on its such intention in writing, in the following cases:
- (a) If the other Party materially, or irrespective of written notice, repeatedly breaches its contractual obligation.
  - (b) The assets of the other Party have become subject to lien, final enforcement or other proceeding was ordered against it.
  - (c) If the other Party initiated bankruptcy proceeding against itself, or initiated settlement attempt with its creditors, or is willing to avail the options for debtors provided by the laws otherwise, calls the meeting of creditors, liquidation proceeding is launched against it (except the case of liquidation for reorganization or merge purposes), the Court assigns a bankruptcy guardian and/or liquidator, or final liquidation proceeding is launched against Contracting Party.
  - (d) The other Party finishes or proposes to finish its business activity.
- 9.2** Principal is entitled to terminate the Agreement without notice, if notifies Supplier on its such intention in writing, in the following cases:
- (a) Supplier delivers 20% less Product compared to the called quantity.
  - (b) If Suppliers suspends the delivery without appropriate written justification, or restricts it for a period exceeding 5 (five) business days (in this case irrespective of justification).
  - (c) If Supplier permanently or repeatedly delivers the contracted Product in a quality not acceptable for Principal.
- 9.3** In the event of all terminations on Principal's side provided herein, in regards the undelivered quantity, Principal may claim for cancellation penalty and its damages arising beyond it.
- 9.4** Principal is entitled to withdraw from the Agreement for a reason beyond Supplier's control, however, it shall reimburse Supplier's arising expenses certified by invoices.
- 9.5** Supplier is entitled to terminate the Agreement without notice upon written notification, if Principal fails to fulfil its payment obligation for a period exceeding 60 days in case of undisputed invoices. If either Party terminates the Agreement, or Parties mutually agree in its termination, Parties shall make settlement with each other as provided by the relevant laws.
- 9.6** The termination of the Agreement, for any reason, shall not affect Principal's rights arisen prior to the termination. Sections 12, 13 and 16 remain enforceable irrespective of the termination.

## **10. AMENDMENT TO THE AGREEMENT**

- a. These T&C and all of its annexes completely include Contracting Parties' Agreement. All previous correspondence, notes, reports of meeting, offers, queries, information, brochures, intention letters or transferred documents, unless otherwise mutually stipulated in writing, shall become ineffective.
- b. Principal is entitled to change the Product's technical specification provided in Section 1, where Supplier shall observe such changes during the subsequent delivery. Supplier may make changes regarding any matters only upon prior arrangement with and approval of Principal.
- c. Only Parties' representatives authorized for company signature (or otherwise authorized Parties) are entitled to amend this Agreement, in writing.

Agreement in delivery schedules, its amendment shall be exempt, to which Principal's contact Parties are also authorized via e-mail.

- d. Any changes in Parties' representatives or bank account number are not deemed amendment to this Agreement, as well as changes in the data of organizations and contact persons acting during the execution and performance of the Agreement. The subject Party shall notify the other Party on the above changes, depending on the actual circumstances, either with 10 days deadline in advance in writing, or within 10 days following the emergence (entry) of such change.

## **11. SUB-CONTRACTOR**

- a. Supplier is entitled to use suppliers, sub-contractors for the purpose of the performance of this Agreement.
- b. Supplier shall be liable for the involved suppliers and sub-contractors as it would have performed the work on its own.

## **12. CONFIDENTIALITY**

- a. Contracting Parties set forth, that all facts, information, solutions or data related to the other Party or any of its activity (hereinafter: information), including in particular the existence and content of this Agreement, is deemed trade secret.
- b. Parties are entitled to use these information solely for the purpose and to the extent provided in this Agreement, and may disclose or make available to third parties only upon the other Party's prior written consent. They undertake further, that they make all necessary measures to retain these information, and order their employees and sub-contractors to act accordingly.
- c. Supplier shall not take photos on Principal's equipment and properties without Principal's prior written consent.
- d. Supplier shall not use Principal's trademark or company name in any marketing of promotional materials, unless Principal consents to its in advance in writing. Principal may revoke the given consent anytime in writing, without cause.
- e. Parties' confidentiality obligation exist during the term of this Agreement and following its termination.
- f. That Contracting Party, who breaches the confidentiality clauses and thus causes damage, shall primarily pay confidentiality penalty in the amount of 5,000,000 HUF (i.e. five million Forints) to the damaged Party within 15 days from the reception of such notice, and shall indemnify for the damages beyond such penalty in accordance with the provisions of the Civil Code.

## **13. NO WAIVER**

- a. Acceptance of inappropriate performance of this Agreement shall not constitute a waiver from other claims arising from breach of contract.
- b. Should either Party fail to claim for the performance of any obligation burdening the other Party, it shall not be deemed as a waiver from its respective right, i.e. that:
  - it may claim for the performance of the particular obligation or claim for indemnification, unless the other Party certifies in writing, that the failing to claim is deemed waiver, nor that
  - it may claim for the contractual performance from the other Party later.

## **14. FORCE MAJEURE**

- a. Parties do not breach the Agreement if the performance of their obligations is prevented by a force majeure event. All extraordinary event arising following the conclusion of this Agreement is deemed force majeure event, that Contracting Parties were unable to remove, to foresee, and that are beyond Parties' control (eg. war, national strike, terror attack, acts of

God, etc.). These events do not depend on Parties' intention and directly prevent the particular Party in its contractual performance.

- b. Either Party shall forthwith, but latest 48 hours within the detection, in writing (via e-mail or by postal mail) notify the other Party on the force majeure event and its expected duration. In the event of failing to meet the above deadline, the omitting Party shall not refer to force majeure event and perform its contractual obligations.
- c. Following the notification, neither Party is liable for failing to perform its contractual obligations or default, if they are due to such force majeure event or its effects.
- d. Parties shall make all reasonable efforts and co-operate to mitigate the impacts of such force majeure event.
- e. On the other Party's request, the subject Party shall present the appropriate certification issued by the authority or union on the fact of force majeure event. Unless otherwise agreed by Parties, the contractual deadlines shall be extended in proportion to the force majeure event.
- f. Parties set forth, that adverse weather conditions are not deemed force majeure, unless its certified consequence is the inability to perform.

## **15. DISPUTE RESOLUTION**

- a. Parties set forth, that they primarily seek to resolve their disputes arising from the Agreement by negotiations, without litigation.
- b. Should such negotiations prove to be ineffective, Parties submit to the exclusive jurisdiction, depending on the litigation value, of the Székesfehérvár Local Court or the Székesfehérvár Superior Court, respectively.

## **16. MISCELLANEOUS**

- a. With respect to matters not regulated hereunder, Parties deem the relevant provisions of the Civil Code applicable, and expressly exclude the provisions of agricultural product distribution.
- b. In the course of the performance of this Agreement, Contracting Parties shall co-operate with each other. Within this framework, they undertake to promptly notify each other on all data, circumstances, issues, changes or problems arising or learnt within their control or interest, that would influence the contractual performance.
- c. Complete or partial invalidity of any part of this Agreement shall not cause the invalidity of the Agreement in whole.
- d. This Agreement and its amendments may be validly made so that Parties mutually send the Agreement (amendment) signed by them with the same content to the other Party by electronic means to their facsimile or e-mail contact details provided herein. The date of Agreement (amendment) in this case matches with the date of the last electronic message.