

General Terms and Conditions of Purchase

1. Scope of validity of these General Terms and Conditions of Purchase

- 1.1 These General Terms and Conditions of Purchase shall apply exclusively for orders by FALCO Zrt (hereinafter „FALCO“) with a Supplier and for the contracts materialising as a result of such orders. General terms and conditions of business or other terms and conditions of the Supplier in addition to or differing from these General Terms and Conditions of Purchase shall only apply in those cases in which they have been expressly recognised in writing by FALCO.
- 1.2 The Supplier's terms and conditions of business in addition to or differing from these General Terms and Conditions of Purchase shall not apply either, even if FALCO has not objected to them or has accepted the deliveries of the Supplier without reservations, aware of the Supplier's terms and conditions.
- 1.3 The following terms and conditions for the supply of products shall also apply analogously for to work performances and services. In case of work performance, taking of the delivered products shall be replaced by acceptance of work, and in case of services by receipt of the service.
- 1.4 As soon as these General Terms and Conditions of Purchase have been taken as a basis for a legal transaction concluded with the Supplier, they shall also apply for the delivery of all future goods and the provision of work performances and services by the same Supplier to FALCO with the exclusion of any terms and conditions of the Supplier in addition thereto or differing therefrom, even if not mentioned in subsequent contracts, unless FALCO has used any other general terms and conditions of business as a basis for its legal transactions or another express agreement has been made between the contract parties.
- 1.5 Rights exceeding these General Terms and Conditions of Purchase that FALCO is entitled to pursuant to legal provisions or other agreements remain unaffected.

2. Orders, Order Confirmations, Subcontracting, Assignment of Receivables

- 2.1 Orders shall only be binding if they are placed in writing. The requirement for written form shall only be satisfied if an order is signed by FALCO. The electronic signature on an order generated by use of the ERP- or by use of another electronic system shall be deemed equivalent to the signature by hand. In particular an order just placed in an email without electronic signature shall not be binding for .FALCO . The Supplier shall have to confirm the respective order as well as any order amendments by signing them off and returning the FALCO order confirmation form within two working days (including Saturdays) from the date on which the order was placed. It shall be the date on which the order confirmation is received by FALCO alone which shall determine whether the periods of time set have been observed. Other order confirmations not complying with this requirement (e.g. order confirmation on the Supplier's forms) shall not be recognised by FALCO. Any changes to FALCO's order confirmation form made by the Supplier shall only be deemed agreed if confirmed by FALCO in writing. The same shall apply to subsequent contract modifications.
- 2.2 If FALCO does not receive any order confirmation in accordance with clause 2.1 within the period of time set in clause 2.1, FALCO shall no longer be bound to its order and it is entitled to reject the delaying confirmation or the fulfilment without confirmation.
- 2.3 The Supplier must not assign his rights or obligations to a third party without the prior express written consent of FALCO. The procurement of all goods or the procurement of goods in parts by the Supplier from a third party shall also be subject to the prior express written consent of FALCO. A violation of the above provisions shall entitle FALCO to withdraw from the contract without the Supplier being able to raise any claims as a consequence thereof. Further claims of FALCO shall remain unaffected.
- 2.4 The assignment of the Supplier's claims against FALCO to third parties shall be subject to the prior express written consent of FALCO and shall otherwise be invalid. In this case FALCO shall also be entitled to withdraw from the contract without the Supplier being able to raise any further claims as a consequence thereof. Further claims of FALCO shall remain unaffected..
- 2.5 In particular in case of goods and materials as well as in case of processes subject to special treatment inter alia with regard to transport, packing, marking, storage, handling, manufacture and disposal as a result of laws, decrees, and other regulations, as far as their composition and their impact on the environment the Supplier shall hand over the necessary paperwork and documents to FALCO at some stage prior to order confirmation. Otherwise FALCO shall be entitled to withdraw from the contract. This shall be without prejudice to any further claims of FALCO. If there is a change in the requirements concerning the goods, materials or the processes in the course of the supply relationship the Supplier shall let FALCO have the paperwork and documents relating to the amended specifications without delay.
If the financial situation of the Supplier deteriorates essentially or if the legitimate application by the Supplier or a third party for the commencement of insolvency proceedings or similar measures in respect of the Supplier's assets is rejected due to lack of assets, FALCO is entitled to withdraw from the contract with respect to those parts of the contract that have not yet been fulfilled.

3. Delivery, Delivery Period, Default and Contractual Penalty

- 3.1 Unless a provision has been made to the contrary, delivery is to be made free place of use (including unloading), to the place of use named by FALCO. FALCO will not accept consignments if it is expected to pay for the freight charges.
- 3.2 Notification of dispatch is to be sent to the agreed place of use no later than 3 working days prior to delivery. Notifications of dispatch and waybills must in particular state the order number.
- 3.3 The Supplier shall be obliged to attach the relevant delivery notes to the consignments. The scope of delivery, item numbers and material numbers, the supplied quantity, the date of manufacture and the order details, in particular FALCO's order number, order date and the supplier number are to be stated on the delivery note. If these preconditions are not satisfied, FALCO shall consequently not be responsible for the delays in processing and payment as a consequence thereof.
- 3.4 Hazardous materials and substances constituting a threat to waterways and groundwater may only be delivered upon presentation of an EU safety specification sheet and after they have been cleared in writing by FALCO.
- 3.5 The products pass into the full unencumbered ownership of FALCO upon receipt. The Supplier warrants to be entitled to resell and transfer ownership in the products.
- 3.6 The delivery dates and periods stated in the order or otherwise agreed (hereinafter collectively referred to as "Time of Delivery") are binding. The delivery periods shall commence on the order date. The receipt of the products at the place of use specified by FALCO shall determine whether a consignment has been delivered within the Time of Delivery. In addition to this, a consignment shall only have been delivered within the Time of Delivery in those cases in which the documents pertaining to the consignment are delivered to FALCO.
- 3.7 FALCO is not obliged to off-take premature deliveries or part deliveries which have not been agreed in writing. FALCO may store premature deliveries at the expense of the Supplier or return them at the latter's cost.
- 3.8 The Supplier is obliged to notify FALCO without delay in writing, stating the reasons and the anticipated duration of delay, if circumstances arise or become known to him, indicating that he is unable to meet the agreed Time of Delivery, or there is at least a risk that he will be unable to meet them. The rights to which FALCO is entitled from default shall remain unaffected. In addition to this, the Supplier shall be liable for all additional damage arising to FALCO, as a result of the default in delivery that could not be identified at the earliest possible point in time.
- 3.9 If the Supplier notifies FALCO that he is unable to meet an agreed delivery date, FALCO shall be entitled to withdraw from the contract. The right of FALCO to claim damages for compensation for default of the Supplier shall not be affected by FALCO's withdrawal (or non-withdrawal) from the contract. Further claims remain unaffected.

- 3.10 In the event of delay in delivery, FALCO shall be entitled either to withdraw from the contract, or to insist upon delivery. In the event that there is a delay in delivery, FALCO shall also be entitled to source the products from another supplier. The additional costs associated with this are to be borne by the Supplier. Further claims remain unaffected.
- 3.11 In the event of delay by the Supplier, FALCO shall be entitled to demand a contractual penalty in the amount of 1,0 % of the net order value for each commenced calendar day of delay, however not exceeding a total of 15 % of the net order value. Further claims of FALCO remain unaffected. The contractual penalty shall be taken into account of any claims for damages. The claim of FALCO for delivery is not excluded until the Supplier has paid damages in lieu of delivery upon request of FALCO. Acceptance of late delivery shall not be deemed waiver of damage claims or contractual penalty.
- 3.12 In each case of delay in delivery the Supplier shall, in addition to the above, be obliged to deliver the products by the fastest possible means at his own expense unless FALCO asserts its right to withdraw from the contract or the claim of FALCO for delivery is excluded due to the fact the Supplier has paid damages in lieu of delivery upon request of FALCO.
- 3.13 The additional costs (for example storage cost) incurred as a result of consignments being dispatched early, or part consignments being dispatched, shall have to be borne by the Supplier, in so far as such services have not been specifically requested by FALCO in writing, and FALCO has not already made a specific written statement that it is prepared to bear any additional costs which may accrue to it.

4. Force majeure

- 4.1 Events caused by force majeure shall exempt the parties to the contract from their obligations for the duration of the disturbance and for the scope of its impact. In such a case the contract parties shall be obliged to notify each other in writing without delay and to adjust their obligations in good faith taking the prevailing circumstances into account. If the hindrance should last for more than 2 months, each contract party shall be entitled to withdraw from that part of the contract not yet fulfilled. Upon request of either party, the other party will declare after expiration of the period whether it will exercise its right of withdrawal.

5. Documentation and Quality Control

- 5.1 The Supplier shall have to supply in particular the following product documentation together with the products unless otherwise agreed in written:
- Material specifications, product tolerances
 - Safety data sheets in Hungarian (in absence of this, the cost of translation is to be borne by the Supplier)
 - Operating and processing instructions with tolerances
 - Clearance certificates (especially clearance of the delivered product in respect of dangers for life, body and health as well as compliance with product- and/or environmental conditions, for example REACH)
 - assembly instructions and operation manual
- The documents are to be updated by the Supplier and sent to FALCO without specific request.
- 5.2 The Supplier shall have to carry out quality controls in line with the latest state of the art.
- The Supplier shall be solely responsible for the quality and quality control of all the products he supplies to FALCO. The minimum specifications in terms of quality control will be recorded in the quality agreements. The Supplier shall be responsible for conducting the quality checks ensuring the stipulated product quality.

6. Prices, Invoice and Payment, Set-Off

- 6.1 The prices stated in the order are, unless otherwise agreed in writing, fixed prices and cannot be changed.
- 6.2 The prices quoted in the order are to be understood "free place of use". The prices include, unless otherwise agreed in writing, costs of packaging, shipping equipment, arising tooling costs as well as transportation costs until the place of use stated by FALCO including costs of transit insurance as well as customs clearance costs. Statutory VAT is included in the price unless expressly indicated net price.
- 6.3 The invoice is to be sent immediately after delivery by email as PDF attachment to the email address stated and by separate cover to the postal address of FALCO. It must in particular include date, order number, the supplier number, and the name and address of the beneficiary. If these preconditions have not been satisfied, the invoice will be regarded as not having been sent. Services must be specified by identifying labour and material costs so that the corresponding invoice can be verified. The Supplier shall have to identify invoices as being either part invoices or final invoices.
- The consideration of FALCO shall depend on the delivery being fulfilled on time and properly as well as on the receipt of the invoice plus all the evidence belonging thereto such as certificates, test/acceptance certificates, acceptance records, time sheets on hours spent and other documentation. Part invoices may be issued in accordance with written agreements.
- 6.4 If an invoice is received from the 1st to the 15th of the month, it will be paid on 15th of the following month, and if an invoice is received from the 16th to the last day of a month, it shall be paid on the last day of the following month. If the products are received by FALCO in a later half of the month than the time at which the invoice is received, the preceding payment deadlines shall apply accordingly, subject to the proviso that instead of the date of receipt of the invoice, the date of receipt of the products shall be taken as the relevant date.
- 6.5 With regard to timeliness of payment, the date of transfer of payment by FALCO shall be applicable. If the payment date as set out in section 6.4. above falls on a Saturday, Sunday or public holiday of the state, in which FALCO has its registered seat, the decisive date shall be the next possible bank date.
- 6.6 If there is a defect covered by warranty, FALCO shall be entitled to postpone payment, without losing discounts, early payment discounts or similar price reductions until the defect has been properly rectified. The payment deadline in this context begins upon complete rectification of the defects.
- 6.7 Taking receipt of delivered products and/or paying for them by FALCO shall not constitute acceptance and shall be made subject to the reservation of the invoice being checked as well as the assertion of claims under warranty or guarantee and/or compensation claims for damages.
- 6.8 The Purchaser shall only be entitled to offset payment or assert counterclaims if the counterclaims have been finally and conclusively established by a competent court of law or are undisputed.
- 6.9 FALCO may offset its claims as well as claims of associated companies of FALCO in the sense of § 178 point 17 of the XCII Law of taxation from 2003 against claims of the Supplier.

7. Transfer of Risk

- 7.1 The Supplier bears the risk of the accidental loss or incidental deterioration of the products until such time as these are provided to FALCO.
- 7.2 If the Supplier is required to erect or install the products at the premises of FALCO, the risk of the accidental loss or incidental deterioration of the products shall not pass to FALCO until the products have been completely erected or installed. This also applies if FALCO assumed certain services, such as transport costs.

8. Claims for Defects and Guarantees

- 8.1 FALCO shall notify obvious defects within 14 calendar days of delivery of the products. FALCO shall notify the Supplier of any concealed defects within 14 calendar days of such defects being established. In the case of deliveries comprising a large number of the same type of product, FALCO shall inspect an appropriate number of those products for defects. If the products become unsaleable through the inspection, the volume to be inspected shall be reduced accordingly. If individual random samples of a delivery are defective, FALCO can at its discretion demand either the removal of the defective items by the Supplier or assert claims for defects in respect of the entire delivery. If defects in the products necessitate an inspection of the products going beyond the standard inspection of goods received, the Supplier must bear the costs of such inspection. In the case of the delay or loss of the notice, the timely posting shall be sufficient.
- 8.2 The Supplier guarantees that the delivered products are free of defects. This also includes in particular that these comply with the documents such as drawings, descriptions, duties record book, specimens, specifications, terms and conditions of acceptance etc. on which the order are based. In addition to this, the products must also comply with the respective statutory regulations and directives of official bodies, professional associations and trade associations of the country of destination of the products or otherwise those of Hungary and comply with the regulations and the state-of-the-art technology. The Supplier shall release FALCO from all third party claims asserted against FALCO or its customers on the basis of the defects or the breach of these provisions or regulations. FALCO must be notified immediately in writing of any misgivings that the Supplier may have in respect of the performance of the order as specified by FALCO.
- 8.3 The Supplier shall guarantee that no defects occur within the warranty period irrespective of whether a defect already existed when risk was passed over or only became apparent subsequently. The warranty period shall be 3 years from the point in time at which the products were delivered to the place of use determined by FALCO. If the Supplier delivers production material to FALCO which is earmarked for installation in the final analysis in the end product, the warranty period shall only begin once the end product has been delivered to the end customer.
- 8.4 The warranty claims shall become time-barred upon expiry of a period of 3 years from delivery of the products. If the defective products were used in construction in line with their customary usage and caused the defectiveness of such construction or where the claim concerns a defect in a structure, the statute of limitations shall be five years. The preceding shall not apply if the Supplier fraudulently concealed the defect. Shall a longer mandatory eligibility be valid according to the legal regulations, it should prevail and be applied.
- In the event that there are defects, the limitation period shall be extended by the period of time between the notification and the rectification of the defect.
- 8.5 In case of defects in the products, FALCO shall, notwithstanding the statutory rights based on defects, be entitled at its discretion to demand the delivery of non-defective products free of charge or to have a repair carried out. In both cases the Supplier shall bear all costs connected with free replacement or repair. This shall also apply if, in accordance with their designated use, the products were transported to a destination other than the place of use stipulated by FALCO. In the event that a replacement is delivered, the Supplier shall have to take back the defective parts at his own expense.
- If FALCO chooses to have the defect rectified and the Supplier does not accept this, FALCO may demand a replacement delivery / service free of charge, for which the same warranty regulations shall then apply, or FALCO may make recourse to statutory warranty claims in addition.
- 8.6 If the Supplier fails to duly provide subsequent delivery of non-defective products or duly rectify the defect within a reasonable deadline set by FALCO, FALCO may buy in a replacement for the defective products from a third party or have the defect rectified by a third party. In both cases the Supplier shall bear all the costs incurred in this connection. The setting of a deadline is not necessary in particular if the Supplier refuses to provide both types of subsequent performance or if the subsequent performance owed to FALCO fails or is unreasonable for FALCO. The subsequent performance by the Supplier is unreasonable for FALCO in particular if FALCO has already supplied the defective products to third parties. In addition, there is no need for a deadline to be set if the Supplier seriously and conclusively refuses to perform or if there are special circumstances which, giving due consideration of the mutual interests involved, justify the immediate assertion of the claim for defects. For the purposes of this provision, special circumstances shall be given in particular in urgent cases in which subsequent performance by the Supplier is unlikely to avert the disadvantage to FALCO. In this case, FALCO is entitled to perform the necessary measures at the cost and at the risk of the Supplier, even in the absence of the fruitless expiry of a reasonable deadline, provided FALCO notifies the Supplier accordingly.
- 8.7 In case of defects in the products, FALCO shall be entitled to invoice the Supplier for each case of defect a handling fee in the amount of 5 % of the net order value of the respective delivery, however not less than € 100.00 net.. Further claims remain unaffected.
- 8.8 FALCO's other rights or rights going beyond this shall not be affected by the regulations agreed in the General Terms and Conditions of Purchase. If the Supplier contracts guarantee to the products delivered by it, the regulations of the Hungarian Civil Code are valid (6:171§)
- 8.9 The acceptance of the products and the processing, payment and reordering or products that have not yet been recognised to be defective and notified as such do not constitute approval of the delivery, nor do the aforementioned constitute any waiver of claims to defects on the part of FALCO.
- 8.10 This shall be without prejudice to further guarantees of the Supplier.
- 9. Packing and the Environment**
- 9.1 Products have to be packed in such a way that the products will not be damaged on the way to the stipulated point of use under normal transport conditions. The given prices include the packaging standard in trade.
- 9.2 All packaging delivered to FALCO will either have to be taken back by the Supplier free of cost to FALCO or the Supplier will have to have a valid contractual agreement with a recognized recycling system. In this case the applicable licence number has to be stated not only on the delivery note but also on each invoice.
- 9.3 Suppliers not participating in a recycling system will have to show the precise packing quantities by material and volume for each delivery.
- 10. Hazardous goods and Preparations**
- 10.1 The legal regulations are to be observed by the Supplier for goods and materials in particular, as well as for processes subject to special treatment inter alia with regard to transport, packing, marking, storage, handling, manufacture and disposal as a result of laws, decrees, and other regulations, as far as composition and impact on the environment of goods and materials are concerned. In this case, the supplier provides the necessary papers and documents to FALCO already before the order confirmation. Especially the dangerous and water threatening substances are allowed to deliver only after the EG-Safety Data Sheet and the permission of FALCO. If the requirements change during the delivery time, the supplier sends the papers and documents corresponding to the changed requirements without delay.
- 10.2 FALCO is entitled to return hazardous materials and substances constituting a threat to waterways and groundwater provided for test purposes to the Supplier free of charge.
- 10.3 The Supplier shall be liable to FALCO for all damages incurred as a result of non-compliance with the existing statutory regulations.
- 11. Product liability**
- 11.1 If a claim is asserted against FALCO under Hungarian Product Liability law or the law of another country on account of a product it has manufactured or otherwise put into circulation being defective, the Supplier shall be obliged to indemnify FALCO from all third party claims. This shall be without prejudice to any further claims. This indemnification obligation shall also include the costs which FALCO incurs as a result of calling in legal assistance or otherwise in

connection with warding off product liability claims. The supplier is bound to effect an adequate product liability insurance on covering the risk of product liability. At the request of FALCO the insurance coverage shall be verified without delay.

- 11.2 In the event of a claim being asserted against FALCO in accordance with clause 11.1, the Supplier shall give FALCO all reasonable information and support necessary to ward off the claims.

11.3 In so far as FALCO is obliged to conduct a recall, exchange or warning campaign on account of the products delivered by the Supplier being defective, or if such measures become necessary in particular on account of a threat to health or life of people, the Supplier shall be obliged within the scope of his indemnification obligation to assume the costs arising in this connection. To the extent possible and reasonable, FALCO shall notify the Supplier of the contents and scope of the measures to be performed. The Supplier shall support FALCO during the measures to be performed to the best of his abilities and shall take all reasonable measures ordered by FALCO.

12. Third Party Proprietary Rights

- 12.1 The Supplier guarantees that the delivery and use of the products does not infringe any third party's rights (in particular national or international patent rights, trademarks, utility patent rights, and copyrights) The Supplier shall indemnify FALCO and its customers against all third party claims based on any breaches of proprietary rights. The duty to provide indemnification also applies to all expenses incurred by FALCO in this connection. In particular, FALCO has the right to obtain the authorisation to use the products from the third party at the Supplier's cost. The duty to indemnify shall not apply if the products were manufactured in accordance with sketches, models or other detailed information provided by FALCO and the Supplier did not know or it does not have to know that it violates the trademark or copyrights of third parties.

- 12.2 The contract parties shall undertake to notify each other without delay in writing of any risks of breaches and alleged breaches of which they become aware and shall upon mutual consent take all reasonable, available and possible counter measures against asserted breaches

13. Retention of title, Provision of Means of Productions and other Items Supplied

- 13.1 Neither an expanded retention of title nor an extended retention of title by the Supplier whatsoever, shall be recognised by FALCO and shall be invalid. In all other cases an agreed, simple retention of title by the Supplier shall be valid only, if it refers to payment obligations of FALCO solely with respect to the respective contract and is effective only until fulfillment of payment obligations in the contract.

- 13.2 FALCO reserves all rights, in particular property rights and title, in the parts, raw materials, tools etc. (referred to hereinafter as "Means of Production") made available to the Supplier as well as documents, samples, models, data etc. handed over, (hereinafter: "Other Items Supplied").

- 13.3 The Supplier shall bear the costs and the risk of transporting and handing over the Means of Production and Other Items Supplied, unless agreed otherwise in writing.

- 13.4 The Supplier shall be obliged to properly label all Means of Production and Other Items Supplied provided by FALCO so that they are identified as property of FALCO. The Supplier is not authorised to pledge in lien, furnish as security or otherwise dispose of the Means of Production or Other Items Supplied in a manner that could threaten FALCO's ownership thereof. In the case of pledges or other encroachment by third parties, the Supplier must notify FALCO without delay in writing and provide all necessary information; inform the third party of the ownership rights of FALCO; and participate in the measures undertaken by FALCO to protect the items concerned. If the third party is not in a position to reimburse to FALCO the legal and out-of-court costs for the assertion of the ownership rights of FALCO, the Supplier shall be liable vis-à-vis FALCO to reimburse the resultant loss.

- 13.5 The Supplier is required to handle the Means of Production and other Items Supplied with the due care of a reasonable merchant, to store them free of charge and to insure them at his expense against fire, water and theft so that they are covered for replacement value at new. The Supplier hereby today assigns to FALCO all compensation claims under such insurance. FALCO hereby accepts such assignment. If, pursuant to the insurance contract, assignment is not permissible, the Supplier hereby instructs the insurer to make any payments to FALCO only. This shall be without prejudice to any statutory claims of FALCO going beyond this. On demand, the supplier shall furnish FALCO with evidence of the conclusion and maintenance of the insurance policies. If the Supplier fails to properly fulfil his obligation to conclude insurance or to furnish evidence of the conclusion of an insurance contract, FALCO is entitled, but not under any obligation, to take out corresponding insurance at the Supplier's cost.

- 13.6 The Supplier shall bear the costs of standard maintenance and shall perform any such maintenance and inspection works that become necessary, as well as all maintenance and repair work at the customary intervals at its own cost. The Supplier must notify FALCO of any damages without delay in writing.

- 13.7 The processing, conversion, connection or mixture of means of production provided by FALCO carried out by the Supplier shall be for FALCO. If the means of production are processed, converted or inseparably assembled or mixed with goods of the Supplier or other third parties, FALCO shall acquire co-ownership in the new product in proportion to the value of its product to the new product. If the processing, conversion, assembly or mixture takes place in such a way that the Means of Production of FALCO is to be regarded as an integral component of a main product belonging to the Supplier, the Supplier shall have to grant FALCO co-ownership in the main product in proportion of the value of FALCO's Means of Production to the new product. In all cases, the Supplier shall keep safe the co-ownership proportion belonging to FALCO for FALCO. In any other respect, the same provisions apply to newly created items as to the Means of Production.

13.8 The Supplier is not authorised to make the Means of Production and Other Items Supplied available to third parties. In particular, the Supplier is not authorised to make copies, replicas or other duplicates.

- 13.9 The Supplier shall use the Means of Production, and Other Items Supplied exclusively for manufacturing the products ordered by FALCO.

- 13.10 The Supplier is authorised to use products manufactured by the Supplier entirely or partly in accordance with the specifications of FALCO or using Means of Production or Other Items Supplied by FALCO or to offer, supply or otherwise make available the same to third parties only with the prior written consent of FALCO. This also applies to products that FALCO legitimately did not accept. The Supplier undertakes for each breach of one of these duties to pay an appropriate sum to be determined at the reasonable discretion of FALCO as a contractual penalty;. In addition, a breach of one of these requirements provides a good cause which entitles FALCO for extraordinary termination. This shall be without prejudice to any further claims of FALCO. The contractual penalty shall be taken into account of any claims for damages.

- 13.11 The Supplier is obligated to compensate FALCO for the damage suffered as a result of the loss, destruction or other damage to the means of production or other items supplied,. The Supplier shall notify FALCO without delay, in writing, of the loss, destruction or other damage.

- 13.12 The Means of Production and Other Items Supplied are to be returned to FALCO upon demand at any time and free of charge,. If the Supplier is entitled to co-ownership of the means of production, the surrender is to take place concurrently against the remuneration for the Supplier's co-ownership share. The return transportation to FALCO shall be at the cost and at the risk of the Supplier. The Supplier is obligated to compensate FALCO for wear and tear or other deterioration of the Means of Production going above and beyond natural wear and tear..

14. Employees of the Supplier

- 14.1 The Supplier shall provide the personnel required for the provision of the services. The personnel are bound exclusively by the instructions of the Supplier. In particular, the determination of working hours, such as, for example start and end time, is incumbent solely upon the Supplier. The Supplier is responsible for monitoring the performance of the agreed services. The Supplier shall arrange the accommodation and transport of the personnel.

- 14.2 The Supplier warrants that with respect to the personnel deployed by it on the premises of FALCO, all locally applicable statutory requirements regarding wage tax, social insurance, residence and work permits have been fulfilled. The Supplier undertakes for each breach of any of these obligations to pay an appropriate fee, to be determined at the reasonable discretion of FALCO as a contractual penalty;. A breach of these requirements also provides a good cause which entitles FALCO to extraordinary termination of the contract. This shall be without prejudice to any further claims of FALCO. The contractual penalty shall be taken into account of any claims for damages.
- 14.3 Insofar as the Supplier is bound by collective agreements or has agreed that collective agreements on employment conditions are to apply, he guarantees that the key working conditions, including payment conditions, of the applicable collective agreement shall be fulfilled in respect of the employees and temporary employees deployed in fulfilment of the contract. Insofar as the Supplier is not bound by collective agreements and no territorial and specialist collective agreement applies, he undertakes to pay the employees reasonable, in particular, ethically acceptable wages for their work. If temporary workers are employed, the Supplier shall ensure that their wages correspond at least to those of comparable employees of the Supplier, unless the temporary employees' wage is governed by a collective agreement.
- 14.4 The Supplier undertakes, both during the contractual relationship with FALCO and for an indefinite period of time thereafter, either itself or through third parties, directly or indirectly, for its own purposes or for those of third parties, not to poach employees from FALCO. Furthermore, the Supplier shall not engage installation firms of FALCO. In this respect, the Supplier shall not incite third parties to poach or commission the same or to support such third parties in the poaching or commissioning. The Supplier undertakes for each instance of breach of the aforementioned duties to pay a fee of 50.000 Euro per person as a contractual penalty,. Each individual attempt to poach in respect of each individual employee is deemed to constitute a separate breach of the aforementioned prohibition. In addition, a breach of these requirements provides a good cause which entitles FALCO to extraordinary termination. This shall be without prejudice to any other claims of FALCO. The contractual penalty shall be taken into account of any claims for damages.
- 15. Sub-contractors**
- 15.1 The use of sub-contractors shall require the prior written consent of FALCO. The Supplier shall have to impose all the obligations he has accepted from FALCO upon the sub-contractors and ensure compliance therewith. Is the supplier or subcontractors hire employees from non-EU countries, the supplier shall submit the respective work permits to FALCO before the work begins.
- 15.2 The Supplier must not prevent sub-contractors – in particular by means of exclusivity agreements – from signing contracts with FALCO for other products / services.
- 15.3 If the Supplier is in breach of the preceding obligations, FALCO shall be entitled to withdraw from the contract and/or to demand compensation for damages on account of non-fulfilment. This shall be without prejudice to any further claims.
- 16. Performance of Work / Health and Safety and Environmental Protection**
- 16.1 The Supplier shall be required, in particular, to observe the recognised state-of-the-art-technology and the guiding statutory, official regulations in force, as well as the applicable regulations of FALCO. In particular, machinery and technical working materials are to be supplied in accordance with the Hungarian Machinery Regulation with operating instructions and an EU statement of conformity and particularly with a CE-mark.
- 16.2 The Supplier shall be required, in particular, to comply with the respective supply and construction regulations of FALCO for machinery, electrics and conduction technology, the FALCO directives for protection from corrosion as well as FALCO directives and construction regulations for small steel articles and steel construction work and the plant marking system for heat and power generation plant, as well as the FALCO factory standard "Construction of stairways, ladders, gangways, workstations etc." If the Supplier is of the opinion that the aforesaid regulations and directives of FALCO are illegal or no longer represent the state of the art, the Supplier shall inform FALCO immediately in writing and shall discuss a solution with FALCO.
- 16.3 If the Supplier supplies hazardous substances within the meaning of the Hungarian regulations (XXV Act fom 2000 and the regulation 44/2000 EüM), he shall have to furnish the EU safety specifications sheet or a comparable document prior to delivery. The Supplier must not use carcinogenic substances.
- 16.4 In so far as the Supplier's deliveries generate waste materials, the Supplier must use them or dispose of them at his own expense in accordance with (Hungarian) waste law. Title, risk and responsibility in terms of (Hungarian) waste law shall pass over to the Supplier at the point in time at which the waste is created.
- 17. Insurance Policies**
- 17.1 For the duration of the contract and the warranty, the Supplier must maintain extended product liability insurance and public liability insurance with worldwide cover and with a minimum sum insured adequate for the products amounting to EURO 10 million per personal loss for each individual and EURO 10 million per instance of property damage and EURO 10 million per financial loss for each case of loss. In particular, insurance cover must also be in place to cover any product recall measures.
- 17.2 With the exception of the supply of materials for work service contracts, which the Supplier shall render at the plants of FALCO, all consignments sent directly to FALCO are to be insured to an appropriate amount by the Supplier. This liability insurance must cover personal injury, property damage and pecuniary loss.
- 17.3 If the Supplier also renders installation services, the Supplier shall additionally undertake to take out and maintain sufficient installation insurance amounting to at least 10 million Euro, whereby existing properties owned by FALCO are also to be covered by the insurance.
- 17.4 The Supplier hereby assigns from the present time the claims under the insurance policies, including all ancillary rights, to FALCO. FALCO hereby accepts such assignment. If assignment is not permissible under the insurance contract in each case, the Supplier hereby instructs the insurer to make any payments only to FALCO. This shall be without prejudice to any further claims of FALCO.
- 17.5 The Supplier shall bear the costs of the conclusion of the insurance policies. On request, the Supplier shall furnish FALCO with evidence of the conclusion and maintenance of the insurance policy in each case. The Supplier shall refrain from all acts and omissions that could threaten the insurance cover.
- 17.6 If the Supplier fails to fulfil his obligation to maintain the insurance or fails to properly fulfil his obligation to furnish evidence of the insurance, FALCO is entitled but not obligated to take out appropriate insurance at the Supplier's cost.. the obligations above affect the supplier and also the subcontractor assigned by it. The supplier obligates itself that it obligates appropriately also the subcontractor employed by it.
- 18. Confidentialiy**

- 18.1 The contract parties shall undertake to treat all orders and all commercial or technical information and documents associated with them as business and industrial secrets and to maintain confidentiality with respect to these secrets for an indefinite period of time. In particular, all the diagrams, drawings, calculations, quality directives, samples and similar objects are to be kept strictly secret. The reproduction and dissemination of secret information shall be permitted only within the scope of operational requirements. It may only be divulged, or made accessible, to third parties upon prior express and written consent.
- 18.2 The Supplier shall undertake to require his sub-suppliers and sub-contractors to comply with the same obligations to maintain confidentiality. The Supplier may use the secret information from FALCO of which he has become aware exclusively in accordance with the provisions governing the relationship between the Parties.
- 18.3 The obligation to maintain confidentiality shall continue to exist after the supply contract has ended, until the confidant information becomes public. The burden of proof in this context shall be borne by the Supplier.
- 18.4 After the supply contract has ended, the Supplier shall undertake to return to FALCO without delay all the business and industrial secrets he has received, provided that they are in hard copy or saved on electronic media. All business and industrial secrets are to be removed from the Supplier's computers and storage media safely and immediately. Reproductions, regardless of the form they take, are to be destroyed in such a way that they cannot be reconstructed.
- 18.5 The contracting partners shall by means of appropriate contractual agreements with the employees and contractors engaged by it, in particular its freelancers and the contractors working for it, as well as service providers, ensure that they, too, refrain from any own use, forwarding or unauthorised recording of such ebusiness and industrial secrets.

19. Place of Performance, Applicable Law, Place of Jurisdiction

- 19.1 The place of performance of the Supplier's supply and subsequent performance obligations shall be the place of use stipulated by FALCO. In any other respect, the place of performance for all services owed by the Supplier and by FALCO shall be the registered seat of FALCO.
- 19.2 All contractual and non-contractual relationships of the contracting parties shall be governed by the substantive law of Hungary. The application of the uniform UN Convention on the International Sale of Goods (CISG) and, to the extent legally permissible, the Hungarian Conflict of Law provisions, shall be excluded.
- 19.3 The exclusive court of Venue for all disputes arising out of or in connection with the contract, including disputes over its conclusion, shall be the registered office of FALCO. FALCO may also sue the Supplier at its registered office, as well as at any other permissible legal venue. Arbitration clauses shall not apply.
- 19.4 Commercial terms will be construed and interpreted in accordance with the applicable Incoterms 2010 – ICC Paris.

20. Final provisions

- 20.1 No remuneration whatsoever shall be granted for the preparation of offers, planning, estimates of costs etc. as a matter of principle.
- 20.2 Sub-contractors of the Supplier are to be notified to FALCO without delay in writing on request.
- 20.3 Agreements that are in contradiction with, in addition to or in derogation from these General Terms and Conditions of Purchase concluded between FALCO and the Supplier for the execution of the contract, must be made in writing. This also applies to the cancellation of this written form requirement.
- 20.4 Should individual provisions of these General Terms and Conditions of Purchase be or become invalid or unenforceable, this shall not affect the validity of the remaining provisions. The parties to the contract shall be obliged to agree on a new provision which comes closest to achieving the targets pursued by the invalid or unenforceable provision. The same applies in the event of a gap.
- 20.5 The legally binding submission of a declaration of origin or issue of a movement of goods certificate for the delivery of products within the contract territory of the European Union valid at the appropriate point in time by the Supplier shall constitute an integral part of every order. If a declaration of origin or movement of goods certificate cannot be issued, specific reference must consequently be made to this in the order confirmation at the latest. In this case, FALCO shall be entitled to withdraw from the contract, without this establishing any claims on the part of the Supplier.
- 20.6 These General Terms and Conditions of Purchase shall be concluded in a Hungarian and an English version. The Hungarian version shall prevail in the event of any discrepancies or in the event of diverging interpretation.