

Philip Morris Hungary Ltd.
General Terms and Conditions
Effective as of: 15 December 2017

Purpose of these General Terms and Conditions (hereinafter referred to as GTC) is to define the business expectations of Philip Morris Hungary Ltd. between PM and its contracting partners in a manner accessible and understandable for all and to stipulate fundamental rights and requirements regarding fulfilment of contracts. Adoption of these GTC excludes application of any other GTCs and shall be applied for all agreements PM concludes under which PM enters into contract regarding the sale, purchase, procurement or transportation of goods or the provision of services. If there is a discrepancy between the provisions of the Agreement between PM and its partner and the provisions of these GTC, the Agreement shall prevail. The provisions of GTC shall be binding for both PM and its partner after GTC enters into force, however, Parties may, by mutual agreement, deviate from certain provisions of GTC or may exclude application of certain provisions of GTC, provided that Parties expressly agree upon this in writing.

1. Definitions

The words and expressions printed in capital in the agreement concluded between PM and its partner and in these GTC have the following meanings, unless the context requires otherwise:

- “**PM**” means Philip Morris Hungary Ltd. (registered seat: 1085 Budapest, Kálvin tér 12., Hungary; VAT registered business entity; Tax number: 10624225-2-44);
- “**Seller**” means any natural person or legal entity, who/which sells Products to PM;
- “**Service provider**” means any natural person or legal entity, who/which provides Services to PM;
- “**Partner**” means Seller and/or Supplier;
- “**Party**” means PM or the Partner individually;
- “**Parties**” means PM and the Partner together;
- “**Product**” means all such movable property or transferable valuable rights that PM has ordered from the Partner with the intention of buying, in accordance with the type, quantity and quality thereof; or which has been created as a result of Services.
- “**Service**” means any service or other activity which PM has ordered from the Partner;
- “**GTC**” means these General Terms and Conditions;
- “**Order**” means the written, paper based or electronic document approved according to monetary limits in line with the authorized signatory matrix and recorded in the ERP system to facilitate invoice processing. The Order is addressed to the Partner and PM specifies in the document the PO number, the Products or Services, their quality, quantity, specification, price and other relevant conditions;
- “**Contract**” means the sale and purchase and/or service agreement and/or assignment entered into between the Parties relating to the sale of the given Products or provision of the given Services which is regulated in details by the Order and these GTC.
- “**PO number**” means the Purchase order number specified by PM and sent to Partner;
- “**Force majeure**” means all such event or circumstance that the Parties cannot foresee and cannot prevent because of matters outside the Parties’ reasonable control and therefore either Party is or both Parties are prevented in any way from performing any of their obligations fully or partially under this Agreement or if either Party is or both Parties are only able to perform their obligations after such hindrance is ceased to exist and which event includes particularly but not only war, revolution, rebellion and riot, flood, fire, earthquake, severe epidemics, strikes, etc., provided that such circumstances de facto prevent the Party from performing its liabilities under this Agreement;

2. Order Acceptance, Establishment of the Contract

- 2.1. PM shall send the Order to the Partner in written form, in a paper based or electronic document format (in the latter case sent via e-mail). PM considers also the Order sent by e-mail to the partner as legally binding. The present GTC in its up-to-date form – which shall constitute part of the Order and of the Contract as well – is available, readable and downloadable at a page on PM’s website, through the link (http address) known by the Partner. It is the Partner’s responsibility to check the actual version of these GTC and to read the terms and conditions contained therein thoroughly, before submitting an offer to PM.
- 2.2. By accepting the Order – that can also happen in a traditional written form or via an electronic document sent from the official e-mail address of the Partner registered in the corporate registry or previously communicated to PM in the Partner’s offer, the Partner undertakes to fulfil the Order and admits the Order and these GTC as legally binding.
- 2.3. In case of Orders regarding the sale of Products or the provision of Services, the Partner shall confirm the acceptance of the Order to PM in writing within 5 (five) working days after receipt of the Order in any of the methods of communication specified under Section 2.2. Should the Partner not send any reply (confirmation as specified under Section 2.2) within 5 working days after the Order is sent, it will constitute a Contract including the terms and conditions specified in the present GTC (implied consent). Taking in consideration the circumstances mentioned in Section 2.1, the Partner should have been aware of the content of these GTC, i.e. he/she may not refer to the fact that PM did not make the GTC available to him/her. Moreover, the Order shall be deemed accepted if the Products and/or the Services ordered by PM are delivered in whole or in part by the Partner.
- 2.4. The fact of acceptance of Products or Services, and their conformity to the specification appended to the Order in terms of type, quantity and quality shall be confirmed by PM in a protocol of conveyance or in a delivery note, which shall also form the basis for the Partner to issue its invoice.
- 2.5. In any case when these GTC will be modified, PM shall be obliged to send the amended version also directly to the Partner in any of the methods of communication mentioned in Section 2.1. If the amendments mean more disadvantageous conditions or create additional obligations on the Partner’s side, they shall become part of the Contract only by explicit consent of the Partner as specified under Section 2.2. In case of lack of explicit consent (approval), the given Order and Contract between the Parties shall be governed by the original (earlier) version of the GTC.

3. Rights and Duties of the Parties

- 3.1. Financing
- 3.1.1. The Partner shall bear all the costs involved in delivery of the Products or providing the Services, including among others the cost of release of the Products, and their delivery to PM in conformity with the Order, specifically the cost of measuring, packaging, insurance for the duration of transport, and the cost of dispatch and transport, whether it is transportation by the Partner or its subcontractor, via post, mail or courier services. The Partner shall be responsible for the proper performance of its subcontractors.
- 3.1.2. Contrary to the provisions above, PM shall bear the cost of takeover.
- 3.1.3. If the Partner delivers Products in excess as compared to the Order, PM has the right to refuse the takeover of the excess or store those at the Partner’s expense, of which PM

- shall inform the Partner and shall also notify the Partner of the place and time where and when Partner might take the excess back at its own expenses.
- 3.1.4. PM shall not be obliged to pay for those Products or Services that the Partner has over- or under-performed compared to those specified in the Contract.
- 3.2. Liability for damages, warranties
- 3.2.1. Benefits and burdens in terms of the Products, as well as their ownership shall transfer to PM upon delivery of the Products to PM.
- 3.2.2. The Partner shall ensure that the Products are handed over in such a manner that will guarantee their integrity and prevent any damage thereto, and the Partner is specifically obliged to choose such manner of packaging and transport that shall be adequate to the properties of the Products and the terms of the Order.
- 3.2.3. The Partner shall fully bear the risk until the ordered Products are handed over or the order is fully completed.
- 3.2.4. PM shall not be liable for damages caused in excess Products that are not taken over but stored.
- 3.2.5. The Partner shall be liable for defective performance.
- 3.2.6. PM shall be entitled to withdraw from the Contract if the Partner fails to perform its obligation until the extended time limit determined by the PM in the relevant warning letter.
- 3.2.7. If the Products delivered by the Partner do not comply with the terms and conditions specified in the Order and in the GTC and especially if there are physical or legal defects, the Partner shall – upon the decision of PM – immediately correct the faults of the Products or any part thereof or replace such at its own expense, or – in case PM withdraws from the Contract – return the Products.
- 3.2.8. From the date PM announces that it withdraws from the Contract, PM shall not be in any way liable and responsible for the Products apart from making it possible that the Products already delivered are returned, by negotiating with the Partner their return in writing (place and time) in advance.
- 3.2.9. PM shall – with the exception of hidden defects where the defect must be communicated to the Partner within 30 days from the date of its discovery– examine the delivered Products within 30 days from receipt of the Products and shall inform the Partner of any defect or defects in quality.
- 3.2.10. The Partner shall compensate PM for all damages resulting from defective performance, including especially beyond the actual damage of the lost profit and other costs resulting from defective performance, as well as that non-pecuniary damage that PM suffers due to defective performance.
- 3.2.11. The Partner grants PM warranty for the period of 1 year from receiving the Products entirely and without defect or from the performance of any Service, unless applicable law requires a longer warranty period or if the Parties have agreed upon an individual warranty period different from the GTC. In any other issues related to warranty not expressly regulated in the GTC, Parties consider the provisions of Government Decree 151/2003. (IX. 22.) and Government Decree 249/2004 (VIII.27.) applicable. During the warranty period the Partner warrants for the quality, correctness and reliability of the Services rendered under the conditions of GTC and the Order for the period of 1 year after the performance of any Service.
- 3.3. Delay in performance, penalty and rules of compensation
- 3.3.1. The Partner shall be considered to be in delay with its performance if the Products are not delivered or the Services are not performed at the time specified and accepted by the Parties in the Order.
- 3.3.2. If the Partner is in delay with the delivery of the Products as compared to the time specified and accepted by the Parties for reasons the Partner is responsible for, PM shall have the right to charge a penalty at 0,5 % per each calendar day of delay, calculated on the basis of the net value of the ordered delayed Products (delay penalty).
- 3.3.3. If the Partner declines to deliver under an accepted Order for reasons beyond PM's control or in the event of PM's withdrawal from the Contract for reasons attributable to the Partner, PM shall have the right to charge a penalty at 30% of the price of the ordered Products (cancellation penalty). If the penalty as specified herein above fails to cover the damage suffered by PM, PM shall have the right to demand supplementary damages according to the principles of the Civil Code.
- 3.3.4. The provisions on delayed delivery of the Products shall be applied for the delayed delivery of Services as well, with the necessary modifications in light of the provisions set out above.
- 3.3.5. The Partner is not liable for delays if any force majeure event prevented the performance, and he is able to prove this without doubt.
- 3.3.6. All reasonable and justified costs involved in PM's exercise of its warranty rights shall be borne by the Partner, furthermore the Partner gives its consent that PM may deduct the above amounts incl. penalties from the amount due to the Partner as payment for the Products or Services.
- 3.3.7. Should PM withdraw from the Contract or terminate it regarding the Products or Services not offered for delivery pursuant Paragraphs 6:231 or 6:249 of the Civil Code, Partner shall be entitled to a compensation of its justified damages that necessarily and reasonably occurred related to the performance of the Contract, with the limitation that such compensation shall not exceed 50% of the net value of the ordered Products or Services.
- 3.4. Rules on Products, Services and performance of the Order
- 3.4.1. To the specific conditions of the delivery of the Products and Services, i.e. to the Contract between the Parties the provisions of the Order shall primarily apply. Apart from these they shall comply with those specified in the GTC.
- 3.4.2. The Partner warrants and represents that he owns the Products, that PM can acquire the unlimited ownership thereon and that the Products are free from any physical or legal defects and burdens, and specifically are not the object of any lien and are free from any third-party rights and claims, and no execution proceedings are underway in respect thereof.
- 3.4.3. The Partner warrants and represents that it shall perform its obligations hereunder with due diligence applicable to the performance of the relevant type of Services, taking the professional nature of its business into account.
- 3.4.4. The Partner warrants and represents that it holds all applicable permits to carry out its business and all applicable certificates, declarations or verified records, or other documents required by the law that relates to the Products sold or supplied or the Services performed under the Order and these GTC, as well as those that regard the materials used during performance of the Services.
- 3.4.5. The Partner warrants and represents that the Products and Services do not infringe on any third-party patent, trademark, copyright or any other intellectual or industrial property rights and that the manufacture and the sale and purchase of said Products and the performance of the Services is carried on in compliance with the applicable law and the basic principle of the civil law on good faith and honesty.

- 3.4.6. All documents pertaining to the Products, such as: declaration of compliance which is the declaration of manufacturer or its authorised representative, confirming at his sole responsibility, that the product satisfies the primary requirements specified in the Hungarian laws which product in circulation should meet, and also the user's manual in Hungarian and the technical documentation shall be supplied by the Partner to PM at the latest when the Products are released to PM.
- 3.4.7. The Partner shall provide technical documentation for the Services performed and the Products delivered as specified in the Order or in the relevant laws (e.g. scaled drawing, material specification, design). This is one of the prerequisites for PM to irrevocably accept any job (Products or Services).
- 3.4.8. The ownership of the technical documentation, as well as any intellectual property rights pertaining thereto shall transfer to PM upon final acceptance. Thereafter PM shall be entitled to use the documentation thus received at its sole discretion for the sake of the intended use of the subject of the Contract, including any modification, upgrade, overhaul or update of such or even reproduction of the given Product by another supplier.
- 3.4.9. The Partner shall provide PM with all required information regarding the legal and actual complaints pertaining to the Products or Services and release any available document pertaining thereto including among others the warranty sheet specifying PM's warranty rights.
- 3.4.10. If the contents of such document pertain to other movable goods that are not included among the Products, the Partner shall release a certified excerpt from such a document.
- 3.4.11. The Partner shall supply all hazardous substances and chemicals in packaging/containers marked visibly in accordance with the relevant regulations. All substances and chemicals must be supplied together with their Material Safety Data Sheets (MSDS).
- 3.4.12. In the event of transportation of packaged Products, the Partner is required to supply a document along with the Products that states the total weight of the packaging of such Products (i.e. the total weight of transport packaging, including palettes, master cases and unit packaging). The information shall specify data on the total weight of packaging of the Products which can be made of the following: plastic, paper and cardboard, aluminium, steel, glass, natural materials (e.g. wood, jute), and multi-material packaging.
- 3.4.13. The Partner shall state the PO number on all documents and correspondence relating to delivery of the Products and the performance of the Services under the Order and it is specifically mandatory to state the order number on all VAT invoices and on the packaging of the Products to be transported.
- 3.4.14. PM may demand that the Partner shall place trademarks, labels, markings and designs on the Products or that it shall use or utilise shapes, patents, copyrights or other intellectual property rights owned by PM in the production of such. The activities described above may be performed by the Partner only on the basis of a written authorisation granted to the Partner by PM for one specific occasion. Neither an Order nor the present GTC grant the Partner any right to use any company mark, trademark, label, marking, design, patent, copyright or any other intellectual property right owned by PM.
- 3.5. Other obligations of the Parties
- 3.5.1. The terms under which PM buys Products or orders Services from the Partner as part of the given Order cannot be less advantageous than the terms granted to other

buyers of identical or similar movable goods in similar quantities or to other purchasers of identical or similar Services.

- 3.5.2. The Partner shall only be entitled to transfer any of the obligations specified in the Contract or rights acquired if it has obtained preliminary written permission from PM. The Partner accepts that PM is entitled to cede either of its rights or obligations that arise from the Order or the present GTC to any of its associated undertakings with notifying the Partner.
- 3.5.3. Beyond the relevant legal provisions, the Partner shall observe the procedures of PM including among others its procedures of occupational Health and Safety, environmental protection, fire safety, protection of property and customer affairs. It is the Partner's responsibility to become familiar with the required procedures but PM is obliged to give the partner all necessary and reasonable information.
- 3.5.4. In the case of international orders, delivery shall comply with the conditions of GTC, of the Order and of rule collection INCOTERMS 2010.
- 3.5.5. All materials used in the Partner/PM's production process (DIM) must comply with the Specifications and Requirements of Materials of Philip Morris.

4. Rules on Contact and Payment Terms

- 4.1. Partner shall keep in contact with PM primarily in writing or electronically – through the contact e-mails of the Parties as communicated with each other, or in case of lack of such information, through the official e-mail addresses indicated in the corporate registry. Should any urgent issues arise in some extraordinary situation, consultation can be done by telephone as well, of which the Parties shall make a note and send to each other via e-mail.
- 4.2. For the Products released and received as well as for the Services performed as specified in the Contract, PM shall pay the fee due to the Partner by bank transfer against the Partner's correctly issued invoice suitable for financial settlement, within 30 days following its receipt by PM.
- 4.3. The Parties is obliged to indicate the PO number on its invoice.
- 4.4. The Partner shall send the invoice within 3 working days dated from its issue to the following postal address: PMI Service Center Europe SP. Z o.o, P.O.Box 44., 330-969 Kraków 28, Poland. made out to Philip Morris Magyarország Kft. (1085 Budapest, Kálvin tér 12., Magyarország).
- 4.5. The Partner shall inform PM in writing if its bank account number is going to change. Any expense arising in connection with defective bank transfer shall be paid by Partner.
- 4.6. PM shall fall in delay whereas the Partner has issued and forwarded the invoice in line with the provisions of Sections 4.2–4.4 but PM still has not paid its countervalue within 30 days from its receipt, without any lawful reason. In this case the Partner shall be entitled to the lump-sum compensation as specified under Section 6:155 of the Civil Code and – should the amount thereof exceed the lump-sum compensation – interest of delay, provided that the Partner has warned PM at least one in writing, with 8 days supplementary term, to the fulfillment.

5. Conduct, Publicity and Contact with Third Parties

- 5.1. Neither the Partner, nor the Partner's employees are entitled to initiate such action or arrangement, or participate in such, that is capable of damaging the reputation of PM or either of its associated undertakings or their business operations, or that is capable of creating a negative image of such or ridiculing, damaging or destroying such.
- 5.2. Without PM's expressed preliminary written approval neither the Partner, nor the Partner's employees are entitled to (i) advertise or publish in any other way or make known to any third parties the

existence of these GTC or the Order or any other details of the legal relationship between PM and Partner; (ii) use the name, commercial name, trademark of PM or any of its associated undertakings, furthermore, the label of the services or brands of such in any press product, advertisement, or any (external or internal) business communication, except if it is (and to that extent that is) essential for performing its contractual obligations specified in the Order.

- 5.3. If at any time any third party tries to contact the Partner or its employee in connection with the activities of PM or either of its associated undertakings, neither the Partner or its employee is entitled to make any reflection regarding this and at the same time is obliged to inform PM of such intention of contact and direct the contacting third party to PM.

6. Secrecy

- 6.1. The Parties undertake to handle all Confidential Information in accordance with the strictest rules of business secrecy, with at least such diligence as if these information were their own business secrets and under such rules that they apply in connection with their own business secrets; the Parties shall abstain from using Confidential Information for their own or for others purposes, as well as from disclosing such to any third party, except if permitted so by the entitled party of the Confidential Information in advance, explicitly in writing.
- 6.2. If the Order is terminated for any reason, the Parties shall return any and all written or other material to the entitled Party that includes Confidential Information within 3 working days dated from the termination of the Order and destroy all possible copies, duplicates, and data media for good.
- 6.3. The Parties are obliged to inform the other Party immediately of all such cases if they are forced to release Secret Information (to any court or authority) upon the request of a court or authority.
- 6.4. The obligation of secrecy in this section does not apply for such data and information
- 6.4.1. that have been known to the public at the time of accepting the Order or became known to the public later (but not due to the breach of the obligation of secrecy);
 - 6.4.2. that the other party has possessed legally even before it has been handed over to it by the entitled party;
 - 6.4.3. that is public by virtue of applicable law, or due to the action of an authority or court.
- 6.5. The obligation of secrecy shall remain in force without time limit, also after the Order is terminated, until a data is considered as Confidential Information, or until the circumstances listed in section 6.4 happen.
- 6.6. If the Partner breaches the rules on Secrecy specified in GTC, it shall be obliged to pay PM a penalty amounting to 50% of the net value of the Order. If the penalty as specified herein above fails to cover the damage suffered by PM, PM shall have the right to demand supplementary damages according to the general principles of the Civil Code related to damages, on the basis of those specified in GTC.

7. Termination of the Contract, Withdrawal from the Contract

- 7.1. PM is entitled to withdraw from the Contract or demand price reduction, upon its sole discretion, if the Products delivered or Services performed by the Partner do not comply with the conditions specified in the Order/Contract or these GTC.
- 7.2. PM reserves the right to withdraw from the Contract if the Partner fails to perform its obligation until the extended time limit determined by the PM in the relevant warning letter.
- 7.3. If the Partner delivers such Products that do not have the necessary documents as specified in these GTC, PM is entitled to specify an additional deadline to perform the Contract and if such passes without the requested result, PM shall be entitled to withdraw from the Contract upon written notice to the other party.

- 7.4. If the Partner performs the Services in a manner which is defective or fails to comply with the Contract, PM shall have the right to demand that the Partner change the manner in which such Services are performed. If, for a time limit of 14 days following the date when the Partner receives written notice from PM demanding a change to the manner in which the Services are performed, the Partner fails to perform the Services in a manner which complies with the Order, PM shall have the option to either withdraw from the Contract by written notice, or have the subsequent Services performed by another service provider at the Partner's expense. In this case, the Partner shall bear the risk of damage associated with the performance by the third party. PM shall be entitled to the compensation of such extraordinary costs which the Partner shall be obliged to pay within 10 days of receiving the written notice.
- 7.5. Furthermore, both Parties are entitled to terminate the present GTC and the related Order with immediate effect upon written notice to the other Party if any court initiates with final decision bankruptcy or insolvency procedure against the other Party or if its dissolution or forced dissolution has been decided/ordered by the Court.
- 7.6. If the Partner or a member of the Partner's management or control organisation of the Partner or a person or entity controlling the Partner is included in the sanction list of Specially Designated Nationals and Blocked Persons as compiled by the USA Office of Foreign Assets Control, the Contract concluded under these GTC will be terminated with immediate effect. Under such circumstances, all consideration given by the Parties until that time is subject to return in an unchanged condition unless some change has been necessary within the scope of ordinary course of business.

8. Governing Law and Dispute Resolution

- 8.1. Any and all matters which are not regulated herein shall be governed solely by the Hungarian law and in particular the Act V of 2013 on the Civil Code, except for the provisions of the international private law. Pursuant to Article 6 of the UN Vienna Convention of 11 April 1980 on Contracts on the International Sale of Goods, the Parties have agreed that the Convention shall not apply to those issues included in the present GTC.
- 8.2. The Parties agree that the Order and these GTC cover the entirety of their agreement, thus no previously accepted conditions or practice, neither the generally accepted and followed business customs or practice shall become part of their Contract, only the provisions as set down in the Order and these GTC (with other words, the Parties agree to exclude the applicability of Section 6:63 paragraph (5) of the Civil Code.
- 8.3. Parties agree that they shall attempt to settle all disputes arising from the present GTC and from the Order amicably and out of court. If they cannot settle their dispute or the settlement of the dispute is not possible due to the nature or the extent of the dispute, and according to the general rules of the Code of Civil Procedure a court outside Budapest would be competent in the case, Parties shall subject themselves to the exclusive jurisdiction of Buda Central District Court or Székesfehérvár General Court of, depending on competence.