

## **STANDARD TERMS AND CONDITIONS**

(Suppliers)

These Conditions are to be considered exclusively valid regarding the supply contracts, orders and other agreements for the supply of products, tools, fixtures, raw-materials – hereinafter referred to as “Goods” – concluded by VIDEOTON Holding Rt. and each and every of its affiliate companies (the VIDEOTON group) – hereinafter referred to as “VIDEOTON” – in their scope of production and Suppliers, Sub-contractors – hereinafter referred to as “Supplier” –, unless otherwise agreed in any written agreement between the parties. A VIDEOTON affiliate is every company in which VIDEOTON Holding Rt. or its shareholders hold directly or indirectly at least 25% participation, or 25% of the voting rights.

- 1.1. Any order is to be considered Attachment Nr. 1. to this Standard Terms and Conditions, whereas the individual orders, call-offs (hereinafter referred to altogether as “Order”) are to be executed by issuing this Purchase Order towards the Supplier. Orders from VIDEOTON may, according to special agreement of the parties, also be executed through the MFG PRO System, however, the order still has to contain the provisions of this Article. Supplier agrees to sell and supply -- with reasonably expected skill and care -- the Goods at the price, in the quantities, of the quality and of the type set forth on the face of this Purchase Order for a duration, at the location and with the personnel of Supplier as further set forth on the face of the Purchase Order and in accordance with and to be bound by, and to comply with, all the other terms and conditions on the face and back of this Purchase Order, including any supplements thereto, and all specifications and other documents referred to in this Purchase Order (hereafter collectively “the Contractual Conditions”).
- 1.2. Supplier may accept the Order and any alterations thereof by returning the Purchase Order duly signed within 24 hours of receipt or in a timeframe otherwise determined by VIDEOTON. Should the supplier fulfil any of it’s obligations under the Order within this timeframe, it will be automatically bound under the Order.
- 1.3. Where any special conditions of purchase on the face of this Purchase Order are thought to be in conflict with the general terms and conditions on the back of this Purchase Order, the special conditions shall prevail. Any departure from any of the Contractual Conditions of this Purchase Order shall only be effective with VIDEOTON's written approval. Any modification to any of the terms or conditions of this Purchase Order may only be made by the parties in writing.
- 1.4. VIDEOTON accepts no liability for any of the Goods unless this Purchase Order has been placed or amended by a duly authorized representative of VIDEOTON.

## **2. DELIVERY AND PERFORMANCE**

- 2.1. Delivery of the Goods and Performance of the Services shall be made within the time period, at the location and in the quantity and quality specified in the Purchase Order. The obligation of the Supplier shall only be considered duly fulfilled, if it has been done fully in compliance with the abovementioned. An Order is exclusively valid for delivery within the timeframe and in the quantity specified in the Order, any alterations thereof may only be done with prior express written consent by VIDEOTON.

- 2.2. If no time for delivery or performance is specified in this Purchase Order, the time for delivery or performance shall be at the times and in the amount requested in a release or delivery or performance schedule furnished by VIDEOTON.
- 2.3. VIDEOTON does not accept any premature or ahead-of-time delivery of any Goods or Services ordered if it is not agreed previously in writing and if the time of delivery departs from the originally agreed schedule / timing of delivery.
- 2.4. If Supplier fails to or does not adequately fulfil any of Supplier's obligations pursuant to this Purchase Order, VIDEOTON may at its own discretion decide to extend additional time for Supplier to fulfill such obligations, exercise its rights set forth in points 4.3 or 7 herein, or terminate the Purchase Order, unless the parties provide otherwise in writing.
- 2.5. VIDEOTON shall only pay for any Goods delivered by Supplier in excess of the amount specified in this Purchase Order if it agreed to the excess amount in writing prior to delivery.
- 2.6. Any signature by or on behalf of VIDEOTON on any delivery note of Supplier shall not signify acceptance of the quantity and/or quality of the Goods.
- 2.7. If at any time Supplier has reason to believe that deliveries or performance of any of the Goods will not be made as scheduled, it shall immediately give VIDEOTON written notice setting forth the cause or causes of the anticipated delay. Such notice shall not relieve Supplier of its obligations with respect to the agreed time of delivery or performance.
- 2.8. If the Goods are specifically manufactured for VIDEOTON and are not available in commercial trade elsewhere than Supplier shall be prepared – upon termination of its contractual relationship with VIDEOTON – to agree and negotiate with VIDEOTON an arrangement that secures the provision of the Goods concerned upon such request from VIDEOTON for a period of 10 years after the cessation / termination of the contractual relationship.

### **3. TRANSPORTATION**

- 3.1. Unless otherwise specified in this Purchase Order, the Incoterms shall be applicable where Supplier is in one national state or jurisdiction and VIDEOTON is in another.
- 3.2. Unless otherwise stipulated on the face of this Purchase Order, where the Incoterms apply the Goods shall be delivered by Supplier "DDP" at the destination specified for delivery in this Purchase Order. Where the Incoterms do not apply, Supplier shall nevertheless be responsible for delivering the Goods by the shortest route to the destination specified for any delivery in this Purchase Order.
- 3.3. Except as otherwise provided in this Purchase Order, control over and title to the Goods shall pass to VIDEOTON upon completion of the unloading of the Goods at the destination specified for any delivery and Supplier shall bear the risk of loss of the Goods until such delivery. If the Goods are to be delivered in installments, title to and control over the Goods in each installment shall pass in the same way as provided in this Condition 3.3.
- 3.4. If upon special agreement between the Parties the entire payment is made in advance, transfer of title in and control over all of the Goods shall take place at the moment of payment. In the event of partial payment in advance, transfer of title in and control over all of the Goods equal

to the portion of price paid shall take place at the moment of payment. In these eventualities, Supplier shall be responsible for keeping the Goods in safe custody and properly and fully insured until delivered to VIDEOTON.

- 3.5. The Goods shall be suitably packed and/or protected for shipment and transportation, the cost for which shall be borne by Supplier or Supplier's representative. The Goods shall be packaged in units/batches in accordance with VIDEOTON's requirements. Each package shall bear VIDEOTON's order number, be accompanied by a readily accessible packing note detailing the contents and conform with any applicable importation regulations. Failure of Supplier to comply with the shipping and transportation instructions or any other bad or insufficient packing shall render Supplier liable for any resulting damage and/or expense incurred by VIDEOTON.
- 3.6. Supplier expressly and fully warrants that the Goods delivered for VIDEOTON are its exclusive property, free of any burdens and/or claims, which ownership shall be transferred to VIDEOTON according to the provisions of the Agreement between the Parties without any burden or claim – with special regard to the intellectual property rights – completely to VIDEOTON.
- 3.7. Supplier shall be fully responsible for any and all environmental damages caused by or incurring in the course of transportation of Goods including but by no means limited to spillage, seepage etc.

#### **4. INSPECTION AND REJECTION**

4.1. Supplier shall provide and maintain inspection, testing and process control systems acceptable, accessible and usable to and by VIDEOTON for and during production of the Goods to ensure compliance with this Purchase Order. Acceptance of such systems by VIDEOTON shall not alter the obligations and liability of Supplier under this Purchase Order. Records of all such inspection and testing work by Supplier shall be kept and copies shall be provided to VIDEOTON free of charge upon request for as long as any obligations under this Purchase Order remain unperformed or for such longer period as may be specified by law.

4.2. Quality of the Goods shall be verified by Official Documentation forming the basis of Guarantee. Such Documentation shall be attached to the goods. Supplier shall fully and directly be liable towards VIDEOTON and/or its Contractual Partners for the quality of the Goods and the compliance with the specifications stipulated in the Documentation. By virtue of the attached Documentation VIDEOTON is not obliged to perform incoming quality control. However, lack of such inspection doesn't affect the contractual rights or those provided by law. If the Goods are delivered pre-packaged, and packaging differs from the requirements defined in a mandatory instruction or regulation or such agreed upon by the Parties, or the packaging is damaged, then such defect or difference or lack shall be considered a quality defect.

4.3. Notwithstanding provisions in 4.2., VIDEOTON is entitled to control quantity and quality of delivered Goods. Inspection and testing of the Goods may occur:

- (a) at Supplier's plant and any other place of manufacture at any reasonable time or times during production and/or storage; or
- (b) before transportation; and/or

(c)after delivery,

for which Supplier shall, at its own expense, furnish or cause to be furnished access, facilities and assistance reasonably necessary to ensure the safety and convenience of those attending each such inspection and testing.

- 4.4. If any of the Products/Services are found not to conform with the requirements of this Purchase Order, VIDEOTON may, at its option and after providing notice to Supplier, exercise any of its rights set forth in Condition 7, or, as an alternative to Supplier's correction or replacement of non-conforming Products/Services, VIDEOTON may at its option reject or return any of the non-conforming Products/Services at Supplier's expense, and demand immediate return of any amounts already paid for such Products/Services.

## **5. STANDARDS**

- 5.1. Supplier agrees to ensure that in the course of performing its duties pursuant to this Purchase Order the Goods delivered and Services performed shall comply with all applicable laws and regulations -- in particular, with environmental, packaging, labeling, product liability and quality control -- as well as with VIDEOTON's quality requirements as detailed on the face of this Purchase Order and/or annexed hereto.
- 5.2. Supplier warrants to VIDEOTON that none of the chemical materials produced by Supplier or found in Supplier's products are prohibited by law, and the existence of chemicals that require labelling are accordingly clearly labelled.
- 5.3. Supplier warrants to VIDEOTON that the Goods or normal use of the Goods present no threat to human health or property.
- 5.4. Supplier warrants to VIDEOTON that the Goods and any related documentation or specifications are of a standard acceptable in commercial practice.
- 5.5. Unless otherwise agreed to on the face of this Purchase Order, Supplier shall at its own expense obtain all necessary permits for transporting, importing and exporting the Goods, and warrant to VIDEOTON the possession of such permits.
- 5.6. Supplier shall indemnify VIDEOTON against any and all damages, claims, liabilities, losses, costs and expenses arising out of or relating to any actual or alleged death of or injury to any person, damage to any property, or any other damage or loss that results or is claimed to result in whole or in part from any actual or alleged defects in the Goods or any breach of any of the terms and conditions of this Purchase Order. Supplier will maintain adequate insurance (including, without limitation product liability insurance) to protect VIDEOTON against such damages, claims, liabilities, losses, costs and expenses and Supplier agrees to produce evidence of such insurance cover when requested by VIDEOTON.
- 5.7. If anyone wishes to enforce any claims against VIDEOTON regarding the Goods delivered, or in connection therewith, or in connection with the circumstances of delivery, or anyone files a legal process on such grounds, Supplier shall upon request from VIDEOTON do everything necessary to avoid such claims or processes. Should negotiations or legal process be started, Supplier is obliged to step up for VIDEOTON during negotiations or in the process, and do everything

possible to have VIDEOTON dismissed from the process. Failing to reach so, or in case Supplier doesn't fulfil this obligation, Supplier shall reimburse VIDEOTON the amount enforced against VIDEOTON (including the amount to be paid by settlement), including all costs and damages occurring directly or indirectly in connection with the negotiations and the process, also including the costs of legal representation. All obligations of such nature have to be paid directly by the Supplier. All damages or costs that cannot be paid by the Supplier directly, Supplier must indemnify VIDEOTON within 8 days from the due date. Such obligations of Supplier as set forth in this Section 5.7 shall also apply to any and all consequential and/or incidental losses and/or damages as the case may be, including but not limited to proceedings in tort including any callbacks irrespective of whether the Goods or Services have in the meantime been assembled into other products if the claim is verified to have been instigated as a direct consequence of any deficiencies relating to the Goods or Services concerned.

## **6. PRICE, PAYMENT AND PRICE WARRANTY**

- 6.1. Prices stated in this Purchase Order are firm and final but do not include value added tax or any equivalent duty or tax, which duty or tax shall be paid by VIDEOTON after receipt of a valid, detailed invoice.

Prices shall be deemed to be inclusive of any other form of purchase tax and/or import duties applicable from time to time unless otherwise expressly provided in this Purchase Order. If for any reason VIDEOTON pays for any such purchase tax or import duty, Supplier shall immediately, upon request by VIDEOTON, indemnify VIDEOTON for such amounts.

Prices include all expenses incurred by Supplier in the course of fulfilling its obligations under this Purchase Order.

- 6.2. Unless otherwise agreed upon, an invoice shall only be issued following delivery/performance of all of the Goods/Services in accordance with the Purchase Order.
- 6.3. Invoice has to be in full compliance with the applicable laws and regulations and the agreements of the Parties, VIDEOTON shall only accept and pay an invoice matching these requirements. VIDEOTON is entitled to reject an incomplete or faulty invoice, and VIDEOTON shall not be liable for any damages regarding late payment due to prolonged term of payment for such reason.
- 6.4. In case of late payment VIDEOTON is entitled to deduct a daily 1 (one) per cent liquidated damages from the net amount of the invoice. In the event of faulty delivery the ratio of liquidated damages is 25 (twenty-five) per cent on the net amount of the Invoice. The sum of the liquidated damages may be deducted from the invoice concerned or any other debts towards Supplier along with the notification of the supplier thereof. Should a deduction be not possible, Supplier will be obliged to pay the amount of liquidated damages to VIDEOTON within 8 days.
- 6.5. Unless otherwise stated on the face of this Purchase Order, payment shall be effected within 60 days from receipt of an invoice, suitable for taxation purposes.
- 6.6. Date of payment shall be the date on which the bank-account of VIDEOTON is credited with the amount of due payment for the Supplier.

- 6.7. If the performance of the Supplier differs from any provision of the Purchase Order to the detriment of VIDEOTON, VIDEOTON shall be entitled to withhold payment partly or fully – depending on the circumstances – without the consequences of late payment.
- 6.8. Supplier warrants to VIDEOTON at the date and/or execution of this Purchase Order and at the date or dates of delivery and performance of the Goods that the prices determined in Condition 6.1 for the Goods are not less favorable than those extended to any other customer of Supplier for Goods of similar quantity, quality and type. If Supplier reduces its price for the same or similar Goods or there is otherwise a breach of this warranty, Supplier shall reduce the price or prices in this Purchase Order in a corresponding manner and amount (including without limitation for those Goods delivered or performed prior to the date of such reduction) and/or return the price difference to VIDEOTON. Supplier shall take such remedial action within eight days of notice of breach by VIDEOTON.
- 6.9. Payment for the Goods delivered or performed under this Purchase Order shall not constitute acceptance of the Goods, and all payments against documents or otherwise shall be made with a reservation of rights by VIDEOTON for defects or breaches, including, without limitation, defects unknown to VIDEOTON but apparent on the face of the Goods.
- 6.10. Unless otherwise agreed upon, VIDEOTON may in no case be obliged to pre-financing whether in the form of advance payment or any other form.

## **7. REPRESENTATIONS AND WARRANTIES**

7.1 The Supplier warrants that:

- a. it is a lawfully existing company which is registered and operates under the laws of the country it has its seat in and is not subject to any bankruptcy, liquidation, voluntary dissolution or any other similar proceedings under its personal law;
- b. it shall notify VIDEOTON if any liquidation or bankruptcy or any other similar proceedings affecting its financial situation have been initiated against the Supplier or it has applied for its voluntary dissolution;
- c. it has all necessary authorization for the execution of the Purchase Order(s) as well as to perform its obligations and to consummate the transactions contemplated therein. All corporate acts and other proceedings required to be taken by the Supplier to authorize the execution and performance of this Purchase Order(s) and the consummation of the transactions contemplated therein have been duly and properly executed;
- d. this Purchase Order has been duly executed by the Supplier and it constitutes a legally valid, binding and enforceable obligation of the Supplier in accordance with its terms;
- e. the execution of this Purchase Order(s) by the Supplier does not, and the consummation of the transactions contemplated herein and in compliance with the terms herein will not
  - f.1. conflict with or result in a breach of The Supplier's corporate documents or,
  - f.2. violate or conflict with any agreement to which The Supplier is a party;

- f. it shall notify the VIDEOTON within reasonable time if there have been material changes in its corporate structure;
  - g. it shall notify VIDEOTON within reasonable time if there have been material changes in its management;
  - i. it warrants that it has all the permissions from the competent authorities to perform any and all activities required to fulfill the Purchase Order(s).
- 7.2. Supplier expressly warrants to VIDEOTON at the date of this Purchase Order and at the date or dates of delivery or performance that the Goods will:
- (a) conform to Condition 5 as well as to any and all requirements, specifications, conditions, drawings, plans, designs, instructions, samples or other descriptions or data furnished by or on behalf of VIDEOTON or by or on behalf of Supplier;
  - (b) be fit and sufficient for the purpose(s) for which they were manufactured and sold and, if Supplier knows or has reason to know of any other particular purpose for which VIDEOTON intends to use such Goods, the Goods will be fit for such particular purpose;
  - (c) be new and merchantable;
  - (d) be of first class quality, material and workmanship and free from defects, whether latent or patent;
  - (e) be free from any claim or right of any nature by any third person (including, without limitation, any claim or right to a patent or other intellectual property right or any right under Condition 12);
  - (f) be conveyed with good title to VIDEOTON.
- 7.3. The warranties in Condition 7.1 and 7.2 shall survive VIDEOTON's inspection or failure to inspect, acceptance and use of the Goods and signature by and on behalf of VIDEOTON on any delivery note shall not signify acceptance of the quality of the Goods nor that there has not been a breach of warranty.
- 7.4. All of Supplier's warranties in Condition 7.1 and 7.2 and elsewhere in this Purchase Order shall run to VIDEOTON, its successors, assigns, customers and users of any of the Goods or of products incorporating any of the Goods sold by VIDEOTON.
- 7.5. Supplier agrees at its own expense immediately upon service of VIDEOTON's written notice to do so, that:
- (a) Supplier will correct completely the defects in any Goods not conforming to the warranties in Condition 5 or 7.1 or any other warranties in this Purchase Order; or,
  - (b) at VIDEOTON's option Supplier will replace such Goods.
- 7.6. If Supplier does not within 14 days of VIDEOTON's notice undertake such correction or replacement, or if safety of persons and/or property so requires, then without having notified Supplier, VIDEOTON may itself or on its behalf by a third party make such correction or replacement at Supplier's cost and expense and Supplier shall immediately indemnify VIDEOTON on demand for any such cost or expenses suffered by VIDEOTON.

- 7.7. The warranties and remedies in this Condition 7 shall be in addition to any other warranties and remedies of additional scope in this Purchase Order or otherwise provided by Supplier to VIDEOTON or provided by law.
- 7.8. Supplier assumes a guarantee regarding the supplied Goods as described in Attachment 2. of this Standard Terms and Conditions. Starting date of such guarantee is the date on which the Product containing the Goods first enters into commerce.

## **8. PERSONNEL OF SUPPLIER AND WORK ON VIDEOTON'S PREMISES**

- 8.1. The personnel of Supplier shall in no sense be considered employees or agents of VIDEOTON, nor shall they be entitled to or eligible, by reason of the contractual relationship hereby created, to participate in any benefits or privileges given or extended by VIDEOTON to its employees.
- 8.2. Supplier shall supervise all personnel assigned to the performance of Supplier's obligations under this Purchase Order but VIDEOTON shall have direct control over such personnel when they are operating on VIDEOTON's premises. (A signed and confirmed Purchase Order shall under no circumstances be deemed or construed as an authorization extended by VIDEOTON to Supplier to use any of VIDEOTON'S facilities and/or resources or to have access thereto and any such authorizations shall be provided by VIDEOTON separately under its own terms and conditions.)
- 8.3. Supplier shall ensure that its personnel have the training and expertise and conduct themselves in a manner appropriate and necessary, as well as ensure that its personnel have life, health, accident and/or social insurance appropriate and necessary, for performance of this Purchase Order and as required by law.
- 8.4. Supplier shall ensure that its personnel are familiar with and comply with statutory requirements as well as with Supplier and VIDEOTON's health, safety and environmental rules annexed to this Purchase Order. Supplier shall be directly and fully liable towards VIDEOTON or any third party for any damages suffered as a result of Supplier's failure to comply with such requirements and rules.
- 8.5. VIDEOTON reserves the right to require at any time and from time to time Supplier to remove any personnel from the contract work whom VIDEOTON deems to be unsatisfactory or who fail to follow VIDEOTON's instructions.
- 8.6. Supplier shall ensure that any substitute personnel provided for any reason have appropriate skills and training. In the event that substitute personnel do not comply with Condition 8.3, VIDEOTON reserves the right to terminate this Purchase Order according to Condition 13.
- 8.7. Supplier shall indemnify VIDEOTON for all damages suffered that were caused by actions or omissions of Supplier's personnel, sub-contractors or other representatives, in accordance with the rules of the Hungarian Civil Code. Supplier shall maintain insurance necessary to protect VIDEOTON from said risks arising in connection with Supplier's activities related to performance of this Purchase Order as well as covering Supplier's property, and will provide documentation to VIDEOTON of such insurance at any time upon request.



## **9. VIDEOTON'S PROPERTY**

- 9.1. Unless otherwise agreed to in writing, all data, drawings, goods, tools, equipment, materials or any other property or anything affixed or attached thereto or furnished to or for use of Supplier by or on behalf of VIDEOTON or specially paid for by or on behalf of VIDEOTON, shall be the property of VIDEOTON (all such items hereafter "VIDEOTON's Property").
- 9.2. VIDEOTON's Property, and whenever practical each individual item thereof, shall be plainly identified as "property of Videoton Rt". Supplier shall be responsible for the safe storage of VIDEOTON's Property separately from Supplier's or a third party's property.
- 9.3. Supplier shall not substitute any property for VIDEOTON's Property nor use such property except in fulfilling VIDEOTON's orders.
- 9.4. VIDEOTON's Property, while in Supplier's custody or control, shall be held at Supplier's risk, and shall be kept insured by Supplier at Supplier's expense in an amount equal to the replacement cost of VIDEOTON's Property. VIDEOTON's Property shall be returned upon written request by VIDEOTON at Supplier's expense in the same condition as originally received by Supplier, reasonable wear and tear excepted.
- 9.5. VIDEOTON reserves the right to repossess VIDEOTON's Property and Supplier shall grant an irrevocable right to VIDEOTON, its servants or agents to enter upon all or any of its land or premises or any land or premises occupied by Supplier for such purpose. This right shall continue to exist even if this Purchase Order is cancelled or terminated for any reason.

## **10. SUPPLIER'S INFORMATION**

- 10.1. Any Information disclosed to or made available by Supplier during performance of this Purchase Order shall, unless otherwise agreed to by VIDEOTON in writing, be acquired by VIDEOTON free from any restrictions. The consideration for such Information shall be deemed to be included within the price payable for the Goods in this Purchase Order.
- 10.2. With respect to any Information disclosed to VIDEOTON by Supplier, Supplier agrees that it has the full and unrestricted right to disclose the same to VIDEOTON without incurring legal liability to others, and that VIDEOTON shall have full and unrestricted right to use and publish the same as it may see fit, subject only to such restrictions as are prescribed by intellectual property law.
- 10.3. Supplier shall indemnify and hold harmless VIDEOTON from all damages and expenses caused by VIDEOTON's use of and reliance upon inaccurate Information provided by or on behalf of Supplier.

## **11. VIDEOTON'S INFORMATION**

- 11.1. Supplier shall, during performance of this Purchase Order and for a period of twenty (20) years following completion or cancellation of this Purchase Order, keep confidential any Information

furnished by VIDEOTON in connection with this Purchase Order or produced by Supplier for VIDEOTON. Supplier shall not divulge or use, directly or indirectly, Information without the prior written authorization of VIDEOTON.

Supplier may only divulge such Information (and to the extent necessary) to those of its employees that require it directly to assist in the performance of Supplier's obligations under this Purchase Order.

- 11.2. Except as required for the efficient performance of this Purchase Order, Supplier shall not make copies nor permit copies to be made of Information without the prior written authorization of VIDEOTON, which Information shall remain property of VIDEOTON and must be returned to VIDEOTON on demand free of charge.
- 11.3. Supplier shall in order to handling VIDEOTON's informations and owner's interests confidentially by it's personnel ensure that all its personnel assigned to perform this Purchase Order shall, prior to commencing work hereunder, execute VIDEOTON's standard confidentiality agreement and such other documents in regard with VIDEOTON requires to ensure that VIDEOTON's confidential and proprietary interests are kept secure and that its business policies are complied with.

Supplier accepts and declares that compliance with this condition does not exempt Supplier from any of its obligations under this Purchase Order.

## **12. INTELLECTUAL PROPERTY**

- 12.1. Supplier shall, at the request of VIDEOTON, defend at its own cost any claim, suit or proceeding brought against (or which in the reasonable opinion of VIDEOTON is likely to be made against) VIDEOTON and/or any of its customers that is based on a claim that any article or apparatus, or any part thereof, included within the Goods, as well as any product, device or process resulting from the use thereof, or any Services (hereafter collectively "Affected Items"), constitutes an infringement or alleged infringement of any intellectual property right. Whether or not Supplier does so defend such suit or proceeding, Supplier shall, as the case may be, bear and be responsible for all damages, costs and expenses in respect of such suit or proceeding or which may otherwise be incurred in respect of such infringement or alleged infringement.
- 12.2. In case use of the Affected Items is prohibited or otherwise prevented, or allegation of infringement is made or threatened, at the option of VIDEOTON, Supplier shall:
  - (a) procure the right enabling use of the Affected Items by VIDEOTON;
  - (b) provide to VIDEOTON's satisfaction substitute Affected Items that do not infringe upon intellectual property rights and whose use is not prevented; or
  - (c) remove said Affected Items and refund to VIDEOTON the full purchase price and other costs which may be incurred in respect thereof.
- 12.3. Supplier agrees and represents as follows:
  - (a) that it shall communicate in writing to VIDEOTON promptly and fully all inventions, innovations, programs, know-how and techniques made or conceived by it (whether patentable or not and copyrightable or not and whether made solely by it or jointly with

others and including improvements or modifications) which are conceived or developed directly from any work which it may do pursuant to this Purchase Order;

- (b) that such inventions, innovations, programs, know-how and techniques, whether documented or not, shall be and remain the sole and exclusive property of VIDEOTON or its nominees without regard to any termination of this Purchase Order; and that any such copyrightable materials shall be deemed to be produced by Supplier for or on behalf of VIDEOTON which shall be the sole owner;
- (c) that all rights, title and interest in and to any programs, systems, data, materials, drawings and any other equipment or property furnished or supplied to Supplier by or on behalf of VIDEOTON are and shall remain the property of VIDEOTON and shall be returned to VIDEOTON on the termination of this Purchase Order. Software supplied to, or created by, Supplier for the performance of this Purchase Order is not to be removed from VIDEOTON's premises without express prior written permission of VIDEOTON;
- (d) that it will assist VIDEOTON and its nominees in every way during and after the term of this Purchase Order (entirely at VIDEOTON's expense) to obtain and/or secure for VIDEOTON's own benefit patents, copyrights, and/or trade secret protection for such inventions, innovations, programs, know-how and techniques, whether documented or not, in any and all countries of the world including, without limitation executing any documents of assignment or registration of copyright or other intellectual property right requested by VIDEOTON;
- (e) that it will make and maintain adequate and current written records of all such inventions, innovations, programs, know-how and techniques in the form of notes, sketches, drawings, flow charts, source codes or reports relating thereto, which records shall be available to VIDEOTON at all times, and that it will forward all such records upon request to VIDEOTON.

12.4. Supplier warrants that it is not the proprietor of any copyright or trade secret, nor the inventor or owner of any patent, nor the owner of any copyright or patent application, which would impair or restrict the freedom of VIDEOTON to use the Goods provided pursuant to this Purchase Order. All programs, systems, data, drawings or materials owned by Supplier prior to execution of this Purchase Order and utilized in the performance of this Purchase Order shall remain the exclusive property of Supplier.

### **13.1. TERMINATION WITH CAUSE**

13.1.1. VIDEOTON may, after service of written notice to Supplier, exercise its right of termination in any of the following instances:

- (a) Supplier's failure to provide Goods which conform to the conditions of this Purchase Order or to statutory requirements;
- (b) Supplier's failure to provide performance according to Condition 2 of this Purchase Order;
- (c) any of the events specified in Condition 14 occur; or
- (d) Supplier ceases to manufacture the Goods required / ordered by VIDEOTON or if Supplier goes out of business;

(e) when permitted by law.

13.1.2. In the event of such termination, VIDEOTON, without prejudice to any other legal or other remedies available to it, may elect to do any or some of the following:

(a) to refuse to accept delivery or performance of any and all of the Goods covered by this Purchase Order;

(b) to return to Supplier any and all Goods already accepted by VIDEOTON at Supplier's risk and expense and to recover from Supplier all payments made for such Goods (including any related freight, storage, handling and other costs and expenses incurred by VIDEOTON) which shall be immediately refunded by Supplier;

(c) to recover any advance payments to Supplier for undelivered or returned Goods or unperformed Services which shall be immediately refunded by Supplier;

(d) to purchase the Goods elsewhere. In this event Supplier is obligated to fully and immediately indemnify VIDEOTON for any resulting losses, including, without limitation, damages and the difference in cost between purchasing elsewhere and purchasing under this Purchase Order and any profits lost as a result of not proceeding with the purchase from Supplier.

13.1.3 In case of 13.1.1.d. VIDEOTON shall have the right to start – immediately upon such notification by Supplier - looking for an alternative Supplier of the Goods or Services to be delivered by Supplier and Supplier shall cover any differences in prices and hold Videoton otherwise harmless from any resulting costs, claims, burdens, encumbrances etc. for the agreed notice period or for 6 months whichever is longer in accordance with the provisions of 13.1.2.d. above.

13.1.4. Upon such termination the Supplier shall immediately return any and all VIDEOTON's Property at no cost and without specific and requisite written notice / request from VIDEOTON according to the provisions of Section 9.4 above.

## **13.2. TERMINATION WITHOUT CAUSE**

13.2.1. VIDEOTON reserves the right at any time to terminate this Purchase Order in whole or (at VIDEOTON's discretion) in part by providing notice thereof to Supplier. Such termination does not require cause or default on the part of Supplier and may occur notwithstanding that title in the Goods may have passed or some Services may have been performed. VIDEOTON may exercise its right to terminate immediately upon breach of any of the conditions of this Purchase Order by Supplier.

13.2.2. In the event of such termination Supplier shall immediately (or in accordance with the notice period specified on the face of this Purchase Order) stop performance of its obligations under this Purchase Order upon receipt of VIDEOTON's notice of termination and shall immediately cause any of its suppliers or sub-contractors to cease performance of such obligations, and shall request instructions from VIDEOTON as to work in progress and take such actions as may be reasonably necessary to protect any property of VIDEOTON in possession or control of Supplier.

13.2.3. Upon such termination, VIDEOTON's sole obligation to Supplier shall be to pay:

- (a) that part of the price set out in this Purchase Order which relates only to finished Goods or Services which conform to the requirements of this Purchase Order and which Goods or Services have been delivered to or performed for VIDEOTON.
- (b) the difference between the price set out in this Purchase Order and the disposal value of Goods which conform to the requirements of the Purchase Order but have not been delivered to or performed for VIDEOTON. In the course of such disposal, Supplier must still comply with Condition 6.5.
- (c) Supplier's actual, direct and documented costs incurred prior to termination in respect of any Goods which are only partly made or performed.

13.2.4. In no event shall VIDEOTON's obligations under this Purchase Order as a result of termination by VIDEOTON exceed obligations that VIDEOTON would have had to Supplier in the absence of such termination.

13.2.5 Upon such termination the Supplier shall immediately return any and all VIDEOTON's Property at no cost and without specific and requisite written notice / request from VIDEOTON according to the provisions of Section 9.4 above.

### **13.3. EFFECT OF TERMINATION**

13.3.1. Termination of this Purchase Order pursuant to Conditions 13.a and 13.b shall be without prejudice to any rights or remedies available to VIDEOTON under this Purchase Order or by law, on or prior to termination.

13.3.2. In the event of termination, Supplier shall immediately deliver to VIDEOTON at VIDEOTON's request:

- (a) all documents, document drafts, drawings, work papers, notes, source codes and charts of any description, produced by Supplier in the course of work effort pursuant to this Purchase Order;
- (b) all equipment, tools, machines, parts, associated components and Goods (even if partly made) produced or manufactured by Supplier in the course of work effort pursuant to this Purchase Order.

13.3.3. In the event of termination, VIDEOTON shall have no liability for:

- (a) any work effort undertaken by Supplier after termination;
- (b) any costs or expenses that Supplier or any supplier or subcontractor reasonably could have avoided incurring.

### **14. INSOLVENCY**

In the event of one or more of the following occurring (or equivalents thereof in Supplier's resident or the Hungarian jurisdiction), VIDEOTON may without any liability cancel or terminate this Purchase Order according to Condition 13:

- (a) Supplier ceasing or threatening to cease its operations in the normal conduct of business;
- (b) Supplier being unable to meet its obligations, liabilities or debts as they mature or fall due;
- (c) any bankruptcy, liquidation or final settlement proceedings initiated or brought by Supplier or other entity so authorized by law;
- (d) if a trustee is appointed or utilized over Supplier or over any of its assets or undertakings, or creditors obtain control over Supplier's assets or undertakings;
- (e) an assignment for the benefit of creditors is made or an agreement therefore is entered into between Supplier and its creditors or creditors' representatives;
- (f) any circumstances exist which entitles a court to appoint a trustee or order liquidation or entitles a creditor to petition for the same;
- (g) any attachment, execution, sequestration or other process being enforced upon or sued out against the property of Supplier

## **15. PUBLICATION**

Without VIDEOTON's prior written permission, Supplier shall not for any reason advertise, publish or announce the fact that VIDEOTON has contracted to purchase the Goods from Supplier, disclose information relating to the Purchase Order, nor use or cooperate or allow to be used the name of VIDEOTON, or any of its customers, in advertising or other publications and announcements.

## **16. NOTIFICATION**

- 16.1 Supplier shall notify VIDEOTON in writing about any plans, occurrences and changes that may result in the cessation of the manufacture and/or delivery of the Goods ordered by VIDEOTON at least 6 months ahead but certainly at the earliest possible date. Supplier shall also notify VIDEOTON in writing at least 6 months ahead but certainly as quickly and early as possible about any plans, occurrences and changes that may cause Supplier to go out of business for whatever reasons.

## **17. ASSIGNMENT/DELEGATION**

- 17.1. Supplier may not assign or delegate its rights or obligations in this Purchase Order or any part of it without the prior written authorization of VIDEOTON; Supplier may not subcontract its duties with any third party or make a declaration to such effect without the prior written authorization of VIDEOTON.

- 17.2. VIDEOTON reserves the right to assign or transfer its rights and/or obligations to any person after providing notice thereof to Supplier.

## **18. LEGAL COMPLIANCE, BUSINESS CONDUCT**

Supplier obliges to and warrants that any of his obligations under this Standard Terms and Conditions (including provisions of his special agreement with VIDEOTON) shall be fulfilled in compliance with the applicable laws and regulations, including those laws that concern (i) bribery or influence peddling (ii) environmental, health protection and work safety. Supplier obliges that its employees or subcontractors shall not (i) use child or prisoner labour in connection with delivering Goods and Services and (ii) shall not attempt bribery or influencing VIDEOTON's employees (including, but not limited to presents, commissions, free journeys, any cash or similar incitements. Delivering Goods and Services by the Supplier is the affirmation that Supplier warrants to fulfil obligations described in this section.

In case any Goods delivered to VIDEOTON contain any hazardous chemicals, Supplier obliges to attach applicable data (including but not limited to proper labelling and electronic version of safety datasheet).

Goods delivered to VIDEOTON may not contain arsenic, asbestos, benzene, carbon tetrachloride, mercury, kadmium, or any other chemicals included in the Montreal Treaty of Sept. 16<sup>th</sup>, 1987., excluding if VIDEOTON expressly permits in writing.

If VIDEOTON finds out that Supplier is in breach of warranties and guarantees contained in the Standard Terms and Conditions, it is entitled to terminate the Order immediately without being liable to damages or payment.

Supplier permits VIDEOTON or it's representative to inspect the location on which Supplier produces the Goods or delivers Services in order to control observance of (1) quality and warranty and guarantee measures or (2) specifications given by VIDEOTON or any Purchaser thereof stated in the Order.

## **19. SET OFF**

VIDEOTON is entitled to set off any of its due claims, any other claims of damages, liquidative damages, warranties against Supplier into the Order, or upon payment thereof into the invoice issued.

## **20.GOVERNING LAW AND FORUM**

- 20.1. This Purchase Order shall be interpreted according to the laws of Hungary.
- 20.2. The Hungarian Civil Code and relevant statutes shall regulate all issues not regulated in this Purchase Order.

- 20.3. In the event that Supplier and VIDEOTON are from different national jurisdictions, disputes arising in connection with this Purchase Order shall be settled in the Permanent Arbitration Court of the Hungarian Chamber of Commerce, unless otherwise agreed upon by the Parties.
- 20.4. In the event that Supplier and VIDEOTON are both Hungarian nationals, Supplier accepts, depending on the debated value as determined by Act III. Of 1952 the exclusive competence of the Municipal Court of Székesfehérvár, or the County Court of Fejér.

## **21. STATUS OF SUPPLIER**

Supplier is and shall remain an independent contractor and nothing in this Purchase Order shall be deemed to cause the creation of an agency, employment, partnership or joint venture between VIDEOTON and Supplier. Neither party shall have authority to bind the other to any matter or undertaking.

- 22. In case Supplier itself has Standard Terms and Conditions to its Agreements, those shall not be effective regarding VIDEOTON.

## **23. EXCLUSIVITY / SUPPLIER PREFERENCE**

23.1. Nothing in this present Standard Terms and Conditions or in any Purchase Order or other related document shall be deemed or construed by Supplier as right of exclusivity or right of first refusal given to Supplier in terms of any of the Goods or Services ordered or potentially to be ordered by VIDEOTON and VIDEOTON retains the right to purchase or procure similar Goods or Services as ordered from Supplier from other suppliers simultaneously or at any time without giving notification to Supplier thereabout.

## **24. HIERARCHY OF PROVISIONS**

- 24.1. These Standard Terms and Conditions fully apply to all Contracts, Agreements, Orders, Call-offs and any other conditions between the Parties that connect to delivery of Goods for VIDEOTON. In case of discrepancies between these Standard Terms and Conditions and the special Agreement of the Parties, the provisions of the special Agreement shall prevail.
- 24.2. Termination of these Standard Terms and Conditions automatically terminates the applicable Contracts, Agreements and conditions as provided in 5.1. unless otherwise agreed upon.



## **25. TERM OF THE STANDARD TERMS AND CONDITION**

- 25.1. These conditions are valid from the date of execution to an indefinite period of time. VIDEOTON is entitled to unilaterally change the provisions thereof at any time, which changes step into force at the time of sending to Supplier for the purpose of acknowledgement.
- 25.2. These Standard Terms and Conditions may be terminated observing a 30 days notice a any time.
- 25.3. Any Party is entitled to terminate these Standard Terms and Conditions by extraordinary notice in case of breach by the Other Party of any obligation described in these Conditions or other Agreements between the Parties and provided that the compliance to such obligation is not remedied within 15 (fifteen) days of notice by the other Party.  
Unless otherwise agreed upon, acknowledgement of these Conditions causes all other negotiations, agreements and/or contracts to be invalid to the extent that they contradict the provisions of the Conditions. Regarding the Goods ordered, but not delivered up until the time of acknowledgement of these Conditions, these shall step into force.

## **26. DEFINITIONS AND INTERPRETATION:**

In this Purchase Order, the following words shall have the following meanings:

- "Goods"**: goods that are the subject of this Purchase Order.
- "Services"**: services that are the subject of this Purchase Order.
- "VIDEOTON"**: means the purchaser of the Goods as identified on the face of this Purchase Order.
- "Supplier"**: means the supplier of the Goods as identified on the face of this Purchase Order.
- "Purchase Order"**: contractual conditions agreed to by Supplier and VIDEOTON.
- "INCOTERMS"**: published by the International Chamber of Commerce effective upon the date of execution of the Purchase Order and/or during performance of the Purchase Order.
- "Information"**: any knowledge, data, drawing, specification, handbook, model, software, or written or oral communication.

Executed in Székesfehérvár, on the date of 2004. december 18

**VIDEOTON**

**Supplier**