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Code of Business Conduct

of Hungarian Gas Trade Ltd

regarding its activities as natural gas trade licensee

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1 Scope and field of application of the Code of Business Conduct, definitions, Hungarian Gas Trade Ltd data

1.1 Subject and objective of the Code of Business Conduct

Hungarian Gas Trade Ltd (hereinafter referred to as “MFGK”) performs its activity pursuant to the natural gas trade operational licence No. 238/2009 (hereinafter referred to as Licence) issued by the Hungarian Energy Office, the legal predecessor of the Hungarian Energy and Public Utility Regulatory Authority (hereinafter referred to as Office or HEPURA) on 18th June 2009.¹ According to the Licence, MFGK is entitled to perform natural gas trade activity, which means the purchase and sale of natural gas, for a countervalue, on a commercial basis, but not for own use, along with mediating services related to the sale of natural gas.

Pursuant to Section 113 (1) of Act No. XL of 2008 on natural gas supply (hereinafter referred to as Gas Act) MFGK shall prepare its code of business conduct specifying general safety, quality, technical, commercial, settlement and payment rules for services provided by MFGK, as well as the terms of meeting supply quality and user demand. Other relating rules of law also specify more detailed prescriptions as to the content, and this Code of Business Conduct was prepared in compliance therewith.

As per Section 113 (4) of the Gas Act, MFGK shall make the Code of Business Conduct accessible to the Buyers on its website.

This Code of Business Conduct is the revised and renewed version of MFGK’s former Code of Business Conduct approved by the Office in its Resolution No. 2717/2019.

Pursuant to Section 119 (1) of the Gas Act, the Office may impose the following sanctions on MFGK if it performs its natural gas activity in any manner that is contrary to the requirements of any directly applicable legal act or legal provision of the EU which is of general scope, its Licence, any Office resolution, the Grid Code, this Code of Business Conduct or any binding resolution of the Agency for the Cooperation of Energy Regulators:

- a) it may call upon MFGK to fulfil its obligations and compel it to end the infringement within a specified time limit;
- b) it may impose a penalty;
- c) it may suspend the MFGK’s activity if the deadline expires without any result;
- d) may prohibit MFGK from continuing its activities with immediate effect;
- e) may suspend or revoke MFGK’s operational licence.

1.2 Scope and field of application of the Code of Business Conduct

This Code of Business Conduct shall govern the legal relationship between MFGK and the Buyer purchasing its gas for sale and/or requiring related services. These legal relations are established in line with the general terms and conditions of the Code of Business Conduct, from which the Parties

¹ The licence was amended by HEPURA by its Resolution No. 1996/2013 on 04 November 2013, then by its Resolution No. 5770/2015 on 19 October 2015, and then by its Resolution No. 4383/2016 on 25 August 2016.

may derogate in bilateral contracts they concluded, also having regard to the prevailing rules of competition law (non-discriminatory, transparent procedure).

The provisions of the Code of Business Conduct shall be applicable in the relation between the Buyer and MFGK

- unless otherwise provided by the Parties in a bilateral contract,
- if a relevant issue is not at all regulated by the Parties in a contract,
- if there is an existing contractual relation established or regulated by a rule of law or resolution in which such rule of law or resolution does not provide otherwise or where the rule of law or resolution explicitly prescribes so.

Exceptions from the applicability of the Code of Business Conduct:

- The provisions of the Code of Business Conduct shall apply to transactions on the natural gas trading platform or on the regulated or organised natural gas markets.

MFGK shall comply with the legislation, standards and rules of the gas industry during its trading activity and in its contractual relations, therefore the Code of Business Conduct has been prepared in line with these requirements.²

1.3 Amendment of the Code of Business Conduct

Pursuant to Government Decree No. 19/2009. (I.30.) on the implementation of Act No. XL of 2008 on natural gas supply (hereinafter referred to as Implementation Decree), MFGK shall revise the Code of Business Conduct at least every year from the date of the approval resolution of the Office. The revision shall cover the changes of the regulatory background, the modification of MFGK's operational practice and its contractual systems. Should such changes have a material impact on the Code of Business Conduct, MFGK shall make the required amendments, and the consolidated amended Code of Business Conduct shall be submitted to the Office without delay for approval. Where based on the revision the Code of Business Conduct does not require amendments, the licensee shall submit a relating written statement to the Office.

The amended Code of Business Conduct shall take effect on the day specified in the Office's approval resolution, or in the absence of such, on the day the definitive resolution is communicated.

1.4 Definitions

Terms used herein – and not specifically defined – shall be construed in accordance with the definitions of the Gas Act, the Implementation Decree, other relating rules of law and the Operational and Trading Code of the Hungarian Natural Gas System (hereinafter referred to as Grid Code).

² The list thereof shall be contained in Appendix No. II: *Legislation, standards and internal guidelines*.

1.4.1 Terms defined in the Code of Business Conduct

| Term | Definition |
|------------------------------------|---|
| Underconsumption / Underacceptance | Non-compliance with the minimum take obligation as per contract. |
| Underdelivery | Non-compliance with the minimum delivery obligation as per contract. |
| Delivery Point | Exit or entry points of the transmission system or island operation, exit points of the distribution system, storage, partial island operation, the Hungarian Gas Balancing Point (MGP) and trading points outside the area of Hungary. |
| Banking Day / Business Day | Days when financial institutions are open and conduct transactions, in case of HUF-based items: in Hungary; in case of EUR-based items: in Germany and/or Hungary; in case of USD-based items: in the United States and/or in Hungary. |
| Natural Gas Distribution Licensee | Company that holds a natural gas distribution operational licence issued by the Office under the Gas Act. |
| Code of Conduct | MVM Group level or internal corporate regulation documents specifying the rules of lawful and responsible conduct prescribed for MFGK and its employees. |
| EURIBOR | Frankfurt interbank offered rate determined according to the rules of the European Central Bank. |
| Parties | MFGK and Buyer in contractual relationship with MFGK. |
| User | Buyer purchasing natural gas for own use. |
| Gas Quality | Natural gas quality meeting Section 66/A (2) of the Implementation Decree and the Quality Settlement Rules (MER). |
| Bidder / Contracting Entity | User or natural gas trader that informs MFGK of its intention to purchase natural gas and/or related services to take natural gas, irrespective of whether it has any binding contract with MFGK. |
| Commercial Emergency Action Plan | MFGK-BSz-027 Extraordinary Situation Management Rules of MFGK and the relating MFGK-FU-02705 Process Guidelines Applicable in the event of Breakdowns, Emergencies and Restrictions in Natural Gas Supply |
| LIBOR | London interbank offered reference rate. |
| Quality Deviation | Supplying natural gas deviating from the quality set forth in the contract or the Code of Business Conduct. |

| | |
|------------------------------|---|
| Operational Licence | Licence to perform activities as per Section 114 (1) of the Gas Act. |
| Financial Guarantee | Cash deposit, irrevocable and unconditional first demand guarantee issued by a qualifying bank (bank guarantee) or an undertaking with due credit rating (parent company guarantee) accepted by the MVM Zrt, as the owner of MFGK. |
| Flexibility Service | Natural gas trade service where MFGK offers a service not specifically related to natural gas off-take, but covering the Buyer's portfolio management needs with regard to the natural gas quantity specified by the Buyer, as requested by the Buyer (secondary capacity sale and purchase, exchange between delivery points, storage service, time-swap, logistical service etc.) |
| Transmission System Operator | Transmission operator appointed by the Office to perform the representation, management and coordination tasks of the integrated natural gas system as set forth in the Gas Act. |
| Transmission Operator | Licensee performing natural gas transmission, and the operation, maintenance and development of transmission pipelines. |
| Storage Licensee | Company that holds a natural gas storage operational licence issued by the Office under the Gas Act. |
| Overconsumption | Takeover exceeding the natural gas quantity set out in the contract, where there is a maximum daily, monthly, quarterly or annual maximum takeover term specified along with sanctions. |
| Trade Secret | Trade secret shall include in relation to the economic activity any and all fact, information, other data and the compilation thereof, which is confidential – not generally known or easily accessible by persons pursuing the relevant economic activity, as a body or in the assembly of its components – where for the sake of maintaining its confidentiality, the owners of the secret shall conduct themselves as generally expected in the relevant situation. [Act on Trade Secrets, Section 1(1)] |
| Code of Business Conduct | This Code of Business Conduct. |
| Buyer | User or natural gas trader (also including Trader Buyers) concluding a contract with MFGK on the purchase of natural gas and/or the usage of related services, or entering into a legal relationship of service provision. |
| Trader Buyer | Buyer with whom MFGK concludes a sale and purchase contract to meet the natural gas demand of Users the Buyer supplies. |

1.4.2 Abbreviations used in the Code of Business Conduct

| Abbreviation | Meaning |
|--------------------------|--|
| Price Application Decree | HEPURA Decree No. 11/2016 (XI.14.) on the rules of the application of natural gas system usage fees, extra charges and connection fees |
| ÁSZF | General terms and conditions of contract |
| Offer Decree | NFM Decree No. 67/2016 (XII.29.) on the quantity and price of natural gas resources offered for purchase to universal service providers and of natural gas from domestic production, and on those entitled to and obliged by the use thereof |
| Gas Act | Act No. XL. of 2008 on natural gas supply |
| Restriction Decree | Government Decree No. 110/2020. (IV.14.) on the restriction of natural gas off-take, the usage of the natural gas strategic reserve, and other measures required in case of emergency in natural gas supply |
| HEPURA / Office | Hungarian Energy and Public Utility Regulatory Authority |
| HTLO | Hungarian Trade Licensing Office |
| MSZ | Hungarian Standard |
| HHSA | Hungarian Hydrocarbon Stockpiling Association |
| MVM Zrt. | Hungarian Electricity Private Limited Company |
| Civil Code | Act No. V of 2013 on the Civil Code |
| Grid Code | Operational and Trading Code of the Hungarian Natural Gas System |
| QAR | Quality Accounting Rules |
| Trade Secret Act | Act No. LIV of 2018 on the Protection of Trade Secrets |
| Implementation Decree | Government Decree No. 19/2009. (I.30.) on the implementation of Act No. XL of 2008 on natural gas supply |

1.4.3 MFGK Data

MFGK performs its natural gas trading activity with an organisation structured as described in the document “*MFGK Organisational Chart*” available on MFGK’s website.

| | |
|-----------------------|---|
| Company name: | Hungarian Natural Gas Trade Limited Company |
| Short company name: | Hungarian Gas Trade Ltd |
| Registered seat: | 1138 Budapest, Váci út 144-150. |
| Trade Registry No.: | 01-10-045044 |
| Date of registration: | 25t October 2000 |
| Company form: | Limited Company |
| Tax No.: | 12543300-2-44 |
| Business year: | from 01 January to 31 December each year |

2 Description of the activity performed and services provided by MFGK, list of Buyer groups supplied by MFGK

MFGK performs its natural gas trade activities pursuant to the laws and standards set out in its Code of Business Conduct and Code of Conduct. MFGK's activities and the structure and operational system of the organisation performing and managing the activities are specified in MFGK's Organizational and Operational Rules.

2.1 Core activities performed by MFGK

As its core activity, MFGK conducts natural gas trade, and provides related services and additional services to its Buyers.

As part of its core activity, MFGK purchases natural gas based on long and short term supply contracts, during which the natural gas supplying partner delivers the natural gas to MFGK at specified delivery points. In addition, as part of its natural gas purchase and sale activity, MFGK concludes spot and forward natural gas sales transactions on the Hungarian and foreign regulated and organised markets and other platforms.

To sell purchased resources, MFGK concludes natural gas sale and purchase contracts with its Buyers, under which Buyers shall take the natural gas at the specified delivery point(s) and/or have it transported or stored by MFGK.

According to the above, MFGK performs the following activities as part of its core activity:

- a) adoption of planning, organisational and commercial measures related to natural gas procurement, concluding long term and short term supply contracts;
- b) administration related to natural gas export and import;
- c) needs assessment related to natural gas sales, sales opportunity analysis;
- d) concluding contracts in line with Buyer demands, which are either customized or partially/fully based on the Code of Business Conduct;
- e) organizing source and capacity management, i.e. ensuring the availability of the natural gas quantity and required capacity that will securely meet the contractual and/or legally prescribed supply obligation in the short, medium and long run, and their nominations;
- f) in case of supply-based contract, supplying the User on a consumption basis at the delivery point,

- g)* quantity and financial settlement;
- h)* provision of data supply as per contract to the Buyers according to the Grid Code and the Code of Business Conduct;
- i)* taking the required measures in the event of breakdown, restriction or emergency in natural gas supply. By taking measures specified in its Code of Business Conduct and the Commercial Emergency Action Plan – also submitted to the Office –, MFGK ensures that in the event of any breakdown, restriction or emergency in gas supply, its Buyers have as few disadvantages as possible.
- j)* secondary capacity trade;
- k)* concluding spot and forward natural gas sale and purchase transaction on regulated and organised natural gas markets, and on other platforms for hedging and speculative purposes.

2.2 Ancillary activities performed by MFGK

In addition to the core activities, MFGK provides ancillary services to its Buyers in relation to natural gas supply:

- a)* provision of flexibility services, portfolio management;
- b)* fulfilling Buyers' daily and intraday capacity requests;
- c)* indirect participation in trading on regulated and organized natural gas market and on other platforms through orders;
- d)* other, natural gas related ancillary services, as required.

2.3 Buyers MFGK enters into natural gas sale and purchase contractual relationship with

- a)* Users taking directly from the transmission line, with minimum 5 Mm³/year consumption expected for the gas year;
- b)* gas sector participants with full or restricted natural gas trading licence to perform activities in Hungary or with universal service provision licence or entitled by law to perform gas trading activity without a trade licence;
- c)* non-household Users connecting to the distribution system, with minimum 5 Mm³/year consumption expected for the gas year;
- d)* other natural gas traders not covered by item b).

3 Relations with external environment, supervisory authorities, Buyers and system operators

3.1 Relations with superior bodies, supervisory authorities and advocacy groups, tasks of superior bodies for Buyers

The Office exercises official supervision over MFGK. Tasks and competences of the Office exercised for the sake of Buyers are set forth in Sections 126-127 and 127/A of the Gas Act.

3.2 Organisation and operation of communication with Buyers

MFGK keeps regular contact with the participants of the natural gas market and advocacy organisations (see Appendix No. I: “*List of Advocacy Organisations*”).

Representatives of MFGK are delegated to the Natural Gas Trade Licensee Forum (Licensee Forum) supporting the work of the Regulations Committee (RC). The Licensee Forum’s procedures are specified in the rules of procedure of the Licensee Forum, while the RC’s operation is governed by the Implementation Decree and the Grid Code.

MFGK is the member of the Hungarian Energy Traders’ Association (HETA).

MFGK also cooperates with the local and national bodies, organisations, authorities and municipalities as prescribed by the relating rules of law, authority regulations and its Licence.

Direct communication with MFGK’s Buyers shall be performed by employees specified according to the following:

- a) in case of general contract administration: customer relations specialist as per contract,
- b) in case of nomination management: natural gas trading specialists specified as per contract,
- c) in case of administration relating to price coordination, invoices and overdue payments: business support specialists as per contract.

In case of administration as per items a) and b), specialists shall communicate with the Buyer in writing and/or by electronic means. Communication in issues as per item c) shall be carried out by postal mail or by electronic means.

3.3 Information regularly provided or to be provided to Buyers under natural gas trade contract

MFGK shall do its utmost to respond to and/or investigate in a unified procedure without delay any data request, report or complaint submitted by Buyers in relation to its activity.

Information provided to Buyers under the contractual data supply obligation or in response to other requests shall be in particular:

- a) general, related to the operation of the natural gas market,
- b) related to the conclusion or amendment of contract,
- c) related to settlement,
- d) related to invoicing and the settlement thereof,
- e) related to service quality and gas quality,
- f) related to breach of contract and damage

or for other purposes.

3.4 Communication with system operators

MFGK shall keep contact with system operators through the contact person(s) specified in the contracts concluded with them. The operative rules of system usage and the rules of communication shall be

governed by the Grid Code, the system operators' code of business conduct and contracts concluded with system operators.

In case of Buyer complaints concerning the system operator – unless arising from the contract on system usage –, negotiations with the system operator shall be performed by MFGK on behalf of the Buyer.

4 General rules of natural gas supply security, data protection and environment protection

4.1 Security of supply guarantees for Buyers and provisions ensuring supply

As a precondition for issuing the operational licence, during the application procedure, MFGK demonstrated to the Office that it has the assets, financial, economic and organisational conditions which facilitate the secure supply of Buyers. Pursuant to the obligation as per Section 124, Subsection (2) of the Implementation Decree, MFGK shall continuously meet the conditions required for issuing the Licence. In addition, until 31 March each year, MFGK shall submit to the Office a preparedness plan guaranteeing the secure winter supply of users using the natural gas trade service, along with the planned user demand assessment, also describing the gas sources and capacities required for supplying Users in winter.

MFGK shall manage its resources to fully meet its natural gas delivery obligations assumed in its contracts or prescribed by law – except for the cases of breakdown, emergency, restriction, force majeure or the legitimate refusal of performance³ – provided that the capacity and the availability of the respective infrastructure of the integrated natural gas system render this possible. To that effect, MFGK shall

- a) contract for and take over natural gas resources guaranteeing the secure natural gas supply of its Buyers;
- b) establish a portfolio of contract quantities considering nominations and consumption trends to ensure that peak consumption is met with proper flexibility, also determining the measures required in case of certain supply conditions;
- c) analyse supply conditions each week based on the temperature forecasts of the National Meteorological Service, and specify the set of operative measures for the given week;
- d) on the basis of nominations, make the required resources available performing daily dispatching, on a continuous 7/24 work schedule;
- e) book Hungarian gas storage and transmission capacities meeting the contracted consumer peak demands and ensuring proper flexibility;
- f) conclude short and long term agreements providing the required resources with due flexibility;
- g) offer and conclude contracts on interruption for the sake of peak management;
- h) regularly request, check and determine the Buyers' future volume and peak capacity demands and shall submit them to the system operators to ensure long term availability for the integrated natural gas system.

³ In the event of payment default or the lack of financial security as provided for in the contract.

4.2 Safeguards for data protection (scope of Buyer data processed, rules of processing personal data and rules of procedure applicable in case of violating personal data rights)

4.2.1 Scope of Buyer data processed

MFGK shall contract with legal entities only, and not with natural persons, hence personal data processing is limited, takes place only for business communication purposes as per Section 4.2.2.

When meeting its statutory obligations and duties and when establishing the required internal rules of procedure, MFGK shall fully consider the legislation governing data protection and confidentiality, and shall comply with the provisions thereof. Data processing includes the collection, recording, storage, procession, usage, forwarding and public disclosure of data, along with their deletion. Data where full or limited disclosure is allowed primarily include data supply by natural gas undertakings, data supply based on Hungary's EU or international commitment, along with information specified by the Grid Code, essentially promoting the continuous and safe operation and settlement of the integrated natural gas system. As to such data, it is a foremost expectation to ensure non-discriminatory access for authorized parties, also considering that disclosed data and information may only be used by the recipient in relation to performing its activity concerning the operation of the integrated natural gas system.

Given that the contract concluded by MFGK and the Buyer contains confidential business information, MFGK shall handle trade secrets it becomes aware of confidentially, in line with the legal requirements.

With regard to trade secrets, confidential data, MFGK shall take careful account of the provisions of Act No. LVII of 1996 on the prohibition of unfair and restrictive market practices, with special regard to the provision on the prohibition of unfair data acquisition, usage and unauthorized disclosure and publication.

4.2.2 Rules of processing personal data and rules of procedure applicable in case of violating personal data rights

In relation to processing personal data, informing data subjects and conferring the right for remedy, MFGK shall act in line with Act No. CXII of 2011 on the Right of Informational Self-Determination and on Freedom of Information Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

During the conclusion and performance of the respective contract, personal data of natural person employees, company representatives, contributors (hereinafter jointly referred to as "Contributors") are disclosed by MFGK and the Buyer to each other in relation to the respective contract. Each Party shall be the controller with regard to their own Contributor, while the other Party shall be the recipient with regard to the controller Party's Contributor.

MFGK shall inform the Buyer in line with the stipulations herein that MFGK shall process Contributors' personal data disclosed to MFGK as recipient in relation to the respective contract, for the following purposes:

- a) handling of the respective contract,
- b) keeping registry of documents during the performance the contract,

- c) managing invoices,
- d) keeping registry of business partners' contact details at an organisational unit level,
- e) maintaining customer relations (e.g.: conducting Buyer satisfaction surveys, organizing customer meetings).

The relating detailed information leaflet on processing personal data – also including the rights of data subjects and the rules of procedure applicable in case of violating personal data rights – shall be available on the website www.magyarfoldgazkereskedo.hu at:

<http://www.magyarfoldgazkereskedo.hu/kozerdeku-adatok/ugyfeleinknek/dokumentumok/gdpr/>

MFGK declares as data controller to have verifiably informed its own Contributors of the stipulations of this section in full as per the specifications herein.

By signing the respective contract, Buyer unconditionally and irrevocably obliges itself to verifiably inform its own Contributors of the stipulations of this section in full as per the specifications of this section, as data controller during the performance of the respective contract. Buyer shall have full liability for damages with regard to the consequences arising from the non-performance or late performance of its obligation specified in this section, and shall completely indemnify and hold MFGK harmless from and against any relating claim or demand, and shall act towards a third party with regard to such claim or demand. This obligation of the Buyer includes full and complete payment of penalties or penalty type sanctions imposed by any authority – including the National Authority for Data Protection and Freedom of Information, EU authority –, court or third party acting in relation to the above.

4.3 Restriction of data access

MFGK employs – mechanical and electronic – security systems to handle, store and file data. As a result, data processing, registration, forwarding, location and disposal shall be clearly determined, and protected against unauthorized access.

With regard to the rules relating to the electronic management of confidential data, MFGK shall consider the provisions of Act No. CCXXII of 2015 on the General Rules for Electronic Administration and Trust Services, along with other relating rules of law. IT subsystems and applications supporting confidential data management and processing shall be separated from the other parts of the IT system with firewalls.

4.4 Confidentiality

Parties

- a) shall comply with the applicable data protection rules; and
- b) shall handle confidentially any and all information qualifying as trade secret which they disclose to each other or become aware of during their cooperation, along with any information, documentation and data qualified as confidential in writing (confidential information) or by any legislation.

The confidentiality obligation of the Parties shall cover any and all trade secrets and confidential information they may become aware of, especially including professional solutions and know-how. Parties may use instruments and information related to the contract only to promote the performance

of the contract. Such information may not be published or disclosed to any third party without prior consent from the other Party except if so required by an effective and valid legal regulation, court or any other authority. Parties shall immediately notify each other to this effect in writing, also attaching the relevant court order or authority resolution. Parties shall call the attention of the proceeding authorities to the appropriate handling of such information.

Information available in the public domain shall not be considered as subject to confidentiality obligation. The availability of a piece of information in the public domain shall be proven by the Party referring to the information's public nature.

The confidentiality obligation shall not apply to the disclosure of the respective trade secret or confidential information to MVM Zrt's or the Parties' possible contracted partners.

4.5 Environmental (energy efficiency) standards and provisions for such standards

During its activity, MFGK shall comply with the Hungarian environmental and energy efficiency standards, and during the conclusion of its contracts, expects the same from its contracting parties.

MFGK operates an integrated management system based on the requirements of Hungarian Standards MSZ EN ISO 9001:2015 and MSZ EN ISO 50001:2012. MFGK organizes the processes of said integrated management system in an energy efficient manner, continuously improves the system's effectiveness and has it certified by an independent third party. MFGK's management is committed to compliance with the requirements of quality management and energy management standards to fulfil Buyer demands.

MFGK provides energy efficiency information and advices to its Users on its website (www.magyarfoldgazkereskedo.hu) and via its customer relations specialists if so required, promoting the development of their awareness on energy consumption, containing practical and useful information on energy saving possibilities accessible for the Users and on available investment subsidy schemes. MFGK's website (www.magyarfoldgazkereskedo.hu) contains a link to the energy efficiency information webpage.

During the conclusion and amendment of contract, MFGK provides information to its Users on the contact details of energy certifiers certifying the energy performance of buildings, persons and organisations performing energy audits, and consumer consultation or consumer protection organisations in energy (also including the internet address in case of consumer consultation and protection organisations in energy), along with providing information on the availability of energy efficiency improvement measures and programmes – available in Hungary. This is to enable said persons and organisations to provide information on the energy efficiency improvement measures and programmes, on the reference values of energy consumption and on the descriptions regarding the consumption reduction of equipment using natural gas.

Above information is made available by MFGK on its website (www.magyarfoldgazkereskedo.hu) and via its customer relations specialists free of charge.

5 Quality requirements for natural gas trade services and natural gas traded

5.1 Quality parameters provided by MFGK with regard to natural gas trading

The quality of natural gas trading activity conducted by MFGK shall be determined by the level of quality of performing sales and related services, and by the quality of its relationship with the external environment.

MFGK obliges itself in its contracts concluded with its Buyers to perform sales under the conditions and at the quality level specified. MFGK shall improve other quality parameters of consumer service not covered by the contracts with due care expected of MFGK (e.g.: by improving Buyer satisfaction). The customer relations specialist or the natural gas trading specialist specified in the contract shall keep contact with the Buyer.

External contact keeping shall take place as specified in Chapter 3.

5.2 Quality requirements of the natural gas traded

MFGK sells natural gas meeting Section 66/A (2) of the Implementation Decree and the stipulations of QAR, however selling natural gas of a different quality may be agreed with Buyers based on individual demand in so far as the system operator providing the service consents thereto. Pursuant to its Licence, MFGK shall deliver natural gas with the parameters and in the quality specified by the contract.

The natural gas MFGK purchases from its suppliers and injects into the integrated natural gas system shall meet Section 66/A (2) of the Implementation Decree and the stipulations of QAR.

5.3 Procedure for checking gas quality

5.3.1 Relating regulations

Metering the quantity and quality shall be in accordance with the relating Hungarian standards, using regularly examined metering devices owned by the transmission operator, the natural gas distribution licensee, the storage licensee or the Buyer. Quantity and quality measurements shall be performed pursuant to the Gas Act, the Implementation Decree, the Grid Code, the QAR, and Code of Business Conduct of FGSZ Natural Gas Transmission Company available on its website (www.fgsz.hu), together with its chapter on the general terms and conditions of contract, and the stipulations of Act No. XLV of 1991 on metrology.

5.3.2 Managing deviations from natural gas quality

In issues concerning complaints about the quality or quantity of the delivered natural gas, MFGK shall take action at the relevant system operators. If disputing the quality data of the measurement or settlement period, the Buyer shall inform MFGK in writing thereof. MFGK shall start the investigation of the complaint as soon as possible, and in the event of cogency, it shall arrange for the required corrective measures. All data required for the procedure shall be made available by the Buyer to MFGK.

Buyer shall report the natural gas quality problem to MFGK's customer relations specialist or to the MFGK's Natural Gas Operation Group in writing within 4 hours from detection. Following this deadline, no quality complaint may be raised.

Where the Buyer can verify the disputed gas quality, together with the place and date of the sampling on which it is based (hereinafter jointly referred to as Sample) with a document issued by an independent third expert, Parties shall seek to reach an agreement on the natural gas quality dispute. Where the Buyer does not have a Sample, MFGK shall verify the quality of the natural gas under dispute in the relevant period, relying on the documents at its disposal.

If based on the above, Parties maintain their disagreement, Parties shall seek to agree by involving an additional expert or the HTLO or another accredited organisation (hereinafter referred to as Examination). The findings of the examination shall be binding for the Buyer and for MFGK alike. Should the natural gas quality dispute be justified, the costs of the HTLO Examination shall be borne by MFGK. Otherwise, Buyer shall pay the costs of the Examination.

If MFGK becomes aware that at an exit point relevant for the Buyer, the quality parameters of natural gas fail to meet the applicable gas quality limits specified in Section 5.2 of this Code of Business Conduct (off-specification gas), MFGK shall notify the Buyer regarding the expected or occurred deviation from the specification immediately after becoming aware thereof. Based on the notification, Buyer shall decide in writing on the refusal of the affected quantity. In as far as Buyer does not raise any objections within 1 business day, or if Buyer accepts in writing the offered non-standard natural gas, following the expiry of the period available for objections, performance shall qualify as contractual.

If the non-standard natural gas offered by MFGK is refused, it may result in underdelivery. In this case, the natural gas takeover obligation assumed by the Buyer shall be decreased by the quantity of natural gas refused as per contract.

Following the notification or the quality change, Buyer may require the termination of non-standard natural gas delivery, which shall not be qualified as the Buyer's breach of contract.

6 Method and detailed rules of fulfilling Buyer demand, and the rules of reporting changes concerning the Buyer

The conclusion of contract by and between MFGK and the Buyer on natural gas sale and/or the provision of related services shall be based on the Buyer's invitation to tender or the Buyer's request for offer. In case of an invitation to tender (tender) launched by the Buyer, MFGK will proceed according to the specifications of the invitation to tender, subject to the relating rules of law and its internal regulations.

6.1 Rules and procedure of informing the Contracting Entity or Buyer

MFGK continuously accepts requests for offer on natural gas purchase. MFGK examines the requests received and responds to the Contracting Entity (Buyer) with regard to the request for offer within a reasonable deadline. If fulfilling the request is possible as far as natural gas quantity and capacity are concerned, MFGK shall prepare its contract offer within 15 business days from the date of receiving the request for offer or by the deadline requested by the Buyer. As a precondition for the offer, MFGK may

require that a) the Parties conclude a confidentiality contract with a mutually agreed content, and b) the Contracting Entity (Buyer) sends to MFGK the data requested by MFGK for the offer.

Simultaneously with sending the offer regarding the contract, MFGK shall inform the Contracting Entity (Buyer) that – even if the offer is accepted without any disagreement or amendment – the contract may only be concluded if the conditions prescribed by the Code of Business Conduct for the Contracting Entity (Buyer) are met.

MFGK as the tenderer explicitly limits the possibility of accepting contract offers only to the conditions specified in the offer. Legal representations deviating from or complementing the offer shall not become part of the contract.

Requests for offer can be submitted in oral form or in writing (including electronic forms as well). MFGK's contact person will send the indicative or mandatory offer to the partner by e-mail. The terms of the agreement resulting from the acceptance of the offer shall be fixed by the Parties in a written contractual form in accordance with clause 7.4.

6.2 List of data, documents requested from the Contracting Entity or Buyer, method of submission

The following data and statements shall be submitted to MFGK in writing if it concerns future natural gas sales to the Contracting Entity (Buyer).

1. Contracting Entity (Buyer) data

- a) Company name
- b) Seat
- c) Trade Registry No.
- d) Company form
- e) Tax number
- f) Name of authorized representative(s)
- g) Contact details of the contact person (phone, e-mail, fax)
- h) Power of attorney [if a third person acts on behalf of the Contracting Entity (Buyer)]

2. Other data required for fulfilling the natural gas purchase request

In case of natural gas purchase requests, a request for offer with the following data content shall be submitted to MFGK:

- a) Requested annual, quarterly and monthly natural gas quantity for the relevant period in kWh;;
- b) If applicable, off-take winter and summer peak demand in the relevant period per delivery point, in kWh/h, kWh/day;
- c) In case of exit point natural gas purchase
 - (i) pressure demand at the exit point of the delivery station;
 - (ii) minimum consumption data for the lower measurement range of quantity metering (kWh/h);

- (iii) type of consumption (temperature dependent or non-temperature dependent, seasonal or continuous supply);
 - (iv) if required, capacity booking nominations with data content as per the Grid Code and MFGK's capacity request submission table;
 - (v) purchased and own capacities of the supplied Buyer;
 - (vi) data related to other applicable natural gas sale and purchase contracts that affect the fulfilment of the request.
- 3. Statements required for fulfilling the natural gas purchase request
 - a) Authentic information on existing services not purchased from MFGK, yet required for fulfilling the request;
 - b) Certificate on the financial guarantee;
 - c) Required technical specifications (e.g.: load speed data in case of industrial power plants).
- 4. Request for other product
 - a) Capacity request;
 - b) Storage stock.

6.3 Characteristics of internet or paper-based natural gas trade contracting

Purchasing natural gas from MFGK or using its services shall not be possible only in an electronic way or by phone.

6.4 Procedure applicable in case of changes related to the Buyer

Buyer shall immediately – but not later than within 10 business days – inform MFGK of any changes in the Buyer's data, contact details or distribution system contract.

MFGK and Buyer shall agree in the contract on the provisions applicable if there is a change of Buyer. In doing so, the relevant rules of law shall be considered, with special regard to the Gas Act and the Implementation Decree.

Legal succession in itself shall not affect the contractual rights and obligations – unless otherwise agreed by the Parties –, however if the Buyer's credit rating changes, MFGK shall be entitled to require a proper Financial Guarantee as a precondition for (further) performance.

7 General Terms and Conditions of Contract (ÁSZF)

7.1 General scope of contracts

The ÁSZF specified in the Code of Business Conduct regulate the basic principles of the legal relationships between MFGK and the Buyers, therefore any contractual relationship concluded between the Parties under this Code of Business Conduct shall be governed by them. Parties shall be entitled to derogate from the stipulations of the ÁSZF on mutual agreement, in compliance with the relating rules of competition law.

MFGK concludes its sale and purchase contracts in line with the principle of concluding contracts with every Buyer in compliance with the ÁSZF, but with regard to the specific User supply conditions and demands, reflecting the transactional will of both Parties. In order to meet Buyer expectations and market conditions with utmost flexibility, in addition to the ÁSZF, the minimum content elements may be set forth in Annex No. 2 on the *“General Content elements of Contracts”* are also included by MFGK in the contracts.

7.2 Rights and Obligations of Parties

As to providing the services within MFGK’s core activity, the rights and obligations of the Parties are as follows.

7.2.1 MFGK’s obligations

- a) Transporting the natural gas owned by MFGK to the delivery point according to the Buyer’s request, and/or daily nomination – as accepted and verified by MFGK on its IT platform. Provisions applicable to daily nomination shall be specified in Annex No. 3 on the *“Regulations for nomination by the Buyer”*.
- b) Delivering natural gas at the delivery point to the Buyer in compliance with the quality parameters set forth in Section 5.2 of the Code of Business Conduct.
- c) Periodically taking protocol of the delivered natural gas – pursuant to Section 7.8 – and settle the accounts of the delivered natural gas.
- d) Performing MFGK’s obligations relating to capacity booking – as per Section 7.3.
- e) In case of switching traders, compliance with the provisions of Section 8.

7.2.2 Buyer’s obligations

- a) In case of natural gas sale at the transmission pipeline or distribution line exit point, making daily consumption forecasts and consumption nominations, while in case of natural gas sale at the transmission pipeline entry point, making daily natural gas nomination to MFGK pursuant to Annex No. 2 on the *“Regulations for nomination by the Buyer”*. In case of transmission pipeline delivery points, daily nominations shall be submitted as hourly maximum and daily or hourly off-take quantities via MFGK’s IT platform for each delivery point in kWh. In case of distribution line delivery points, daily or hourly off-take quantities shall be submitted for each delivery point in kWh.
- b) Making available to MFGK the transmission pipeline, distribution line and storage capacities required for supplying the Buyer ((i) user booking), or assigning MFGK with the task of booking such capacities ((ii) MFGK booking, or transfer of the capacity booking right).

In relation to this, the following deadlines must be met by the Buyer:

- (i) In case of user booking, Buyer shall make available to MFGK the capacities required for supplying the Buyer so that the delivery shall be carried out until 19:00 on the gas day preceding the first gas day of supply.
- (ii) In as far as the Buyer does not intend to book the required capacity directly (MFGK booking), MFGK can book capacities at the system operators upon holding the required legal statements.

Under the contract, Buyer shall make a statement on the quantity of capacities to be booked, along with the booking period (if applicable), also specifying which capacities are to be used for supplying users eligible for universal service.

If the right of capacity booking is transferred after the annual, quarterly or monthly capacity booking period, MFGK shall book the required capacities in the form of available capacity products. The fee for the contracted capacities shall be fully paid by the Buyer pursuant to the fees specified in the Price Application Decree, depending on the type of capacities (firm or interruptible, annual, quarterly, monthly, daily, intra-day or off-winter).

- c) In case of switching traders, compliance with the provisions of Section 8.
- d) Taking over the delivered natural gas at the delivery point according to the Buyer's daily nomination accepted and verified by MFGK.
- e) Paying to MFGK the price, fee or other elements related to natural gas supply, with special regard to the price of the consumed natural gas, the system usage fee, surcharges and penalties, along with reimbursing the costs related to payment.
- f) Making available, continuously maintaining and replenishing if required the Financial Guarantee prescribed as the precondition of commencing performance by MFGK.
- g) Properly using MFGK's IT platform as mandatory.
- h) Fulfilling the obligation to inform as per Section 4.2.2 herein.

7.2.3 MFGK's rights

- a) Refusing or restricting the fulfilment of Buyer's nomination pursuant to the contract and the Code of Business Conduct.
- b) Restricting natural gas supply – to the extent and time necessary – in case of force majeure, breakdown, natural gas supply crisis or the maintenance of the transmission, distribution or storage system, or in case of the Buyer's payment default⁴(also including default on the obligations relating to Financial Guarantee provision and replenishment).
- c) Refusing
 - (i) the delivery of natural gas quantity exceeding the quantity contracted by the Buyer,
 - (ii) the delivery of natural gas quantity exceeding the Buyer's nomination,
 - (iii) the off-take request exceeding the booked hourly capacity, or the twenty-four-fold of the hourly capacity in case of daily natural gas quantity.

⁴ Cases of legitimate refusal of performance

- d) Exercising MFGK's rights relating to capacity booking – as per Section 7.3.

7.2.4 Buyer's rights

Nominating and off-taking natural gas quantities.

In addition to the above, specific contracts concluded by MFGK and Buyer shall govern the special rights and obligations of the Parties.

7.3 MFGK's rights and obligations relating to capacity booking

Prior to the gas year, MFGK shall prompt the Buyer to submit the capacity booking nomination to MFGK, which Buyer shall perform by the deadline specified by MFGK. Following the nomination submitted by the Buyer, MFGK shall make a proposal to the Buyer on the extent of contracted capacities. If the Buyer refuses this, Parties shall negotiate and agree on the extent of contracted capacities not later than until the date specified by MFGK. Based on the agreement, MFGK shall provide such capacities as a mediated service, the consideration for which shall be paid by the Buyer.

7.3.1 Rules applicable to Users leaving MFGK's supply in the event of switching traders

If User independently exercises its right of disposal over capacities, however during the time it is supplied by MFGK, it transfers such capacities to MFGK, such capacities shall be fully reverted from MFGK to the User upon the termination of the contract concluded with MFGK.

If User transferred its right of capacity booking to MFGK, in the event of switching traders, the capacities MFGK booked to supply the User shall be made available by MFGK to the User or the new natural gas trader the User concluded a contract with, who shall book them at the system operators as per Section 26/B (3) and (4) of the Implementation Decree.

If User transferred its right of disposal over the capacities to the Trader Buyer supplying the User, which Trader Buyer transferred booked capacities as secondary capacities to MFGK, such booked capacities shall be fully reverted from MFGK to the Trader Buyer

If the recipient of the capacity transfer intends to take the storage working gas capacity offered by MFGK, but the storage working gas capacity is filled with natural gas, the recipient may decide whether to take the unfilled part of the working gas capacity or to purchase the working gas together with the capacity at the – working natural gas stock – price specified by MFGK for the respective Buyer.

7.3.2 Rules applicable to Users entering MFGK's supply in the event of switching traders

Pursuant to Section 26/B(4) of the Implementation Decree, MFGK shall be entitled to refuse in part or in full the capacity offered to MFGK if it was booked by the previous trader supplying the User for the purpose of supplying the User.

7.4 Managing specific conditions

The ÁSZF and the specific contract(s) signed by the Parties shall constitute a uniform contract and shall be construed together at all times.

The ÁSZF shall be an essential content element and integral part of the contract concluded by MFGK and the Buyer. If there is a discrepancy between the ÁSZF and any other condition of the contract, the latter shall prevail pursuant to Section 6:80 of the Civil Code.

Contracts between the Parties shall be concluded in writing. In case the Parties reach an agreement orally or by electronic way the Parties shall confirm such agreement in a duly signed contract within the shortest time possible.

For the sake of transparent registry and processing, contracts must have a registration number.

During the application of the ÁSZF specified in the Code of Business Conduct, the relevant provisions of the Civil Code shall prevail as underlying rules.

7.5 Conditions of price application, pricing, conditions of price changes, and the applicable procedure in case of price changes

The countervalue of sold products and related services shall be determined according to the negotiations with the Buyer and the conditions of the Buyer's call for procurement tender – insofar as they are viable.

The price of natural gas can be determined:

- a) At a price as mutually agreed by the Parties, fixed for the respective contract period (Fixed Price);
- b) By using a price formula, in which case (i) the constant base values serving as the basis of the formula must be fixed, along with (ii) the methodology of determining reference values that reflect market price changes and the source of their publication. Essentially, there are three price formula forms:
 - “oil product indexed” formula reflecting stock market changes of fuel oil, gas oil using nine-month average calculation throughout a quarter,
 - “spot market gas price indexed” formula reflecting short term, current natural gas market changes,
 - “combigas” formula combining the “oil product indexed” and the “spot market gas price indexed” formulas, the contracted formula of which fixes the ratio of the two formulas applied.
- c) In relation to the price formula as per item b), Buyers can – where provided for by their contract with MFGK – mitigate the risks of volatile market conditions by using a fixed price for the respective period. In this case a specific price for the period of price fixing is determined based on the forward prices available at the time of fixing, for the quantity to be fixed, subject to a takeover obligation specified in advance in terms of percentage.
- d) Based on the regulated price formula.

In cases as per item a-c), the price payable for the natural gas shall be specified in the unit of measure and currency agreed with the Buyer. Depending on the type of contract, the prices according the price formula can be determined – for the relevant period – quarterly or monthly.

The sales price of the natural gas sold to the Buyer and the price formula shall be specified in the contracts between the Parties.

In the event that system usage fees change following the conclusion of the contract, – unless otherwise agreed by the Parties – the new system usage fees shall automatically become part of the contract (with the scope and extent of the change).

In the event that the regulated prices of the Offer Decree are modified, Buyers as per Section 141/A of the Gas Act can nominate at the modified prices for the first time for the gas day following the entry into force of the amending decree, or for the day of entry into force provided the amending decree has been published more than one day prior to entry into force. In case of selling through offer as set out in Section 141/J of the Gas Act, MFGK shall apply the regulated prices of the Offer Decree as of the day of entry into force.

Quantity settlement related to price application and the payment conditions shall be specified in Chapter 7.8 of the Code of Business Conduct.

7.6 Rules applicable in case of breakdown, restriction and suspension

7.6.1 Breakdown, restriction

Pursuant to Section 20 (1) c) of the Implementation Decree and in accordance with Section 13 (4) of the Restriction Decree and the relating rules of the system operators, MFGK prepared a Commercial Emergency Action Plan to deal with breakdowns and emergencies in natural gas supply.

In accordance with the Section “Natural gas supply crisis situation, restriction” of the Gas Act, the transmission system operator shall perform in cooperation with the system operators the technical and operative management of controlling breakdowns, emergencies and restrictions in natural gas supply.

In case of the conditions described in Section 98/A of the Gas Act, the transmission system operator is entitled to instruct MFGK to suspend the performance of its contracts to the extent required for the sake of ensuring system balance and gas supply. As per Section 98/A. (6) of the Gas Act, Buyer shall be obliged to carry out the measures adopted (particularly including user self-restriction), and bear any and all related financial or other consequences (together with potential damage), with the exception as per Section 98/A. (6) of the Gas Act, that is

- a. the restriction is required by solidarity measure in compliance with the Gas Act,
- b. the restrictions were executed by the transmission system operator through fault of its own, without justification.

MFGK shall do its utmost to prevent emergencies and restrictions. For the sake of this, it shall keep its Commercial Emergency Action Plan updated, and cooperate with the transmission system operator and the system operators in recovering emergencies and restrictions, in carrying out professional

instructions and self-restrictions, the required extent of which shall be specified by the transmission system operator based on the prevailing restriction order approved by the Office.

User restrictions prescribed due to breakdown or lack of resource – regardless of the reasons and the user group concerned – shall qualify as legitimate refusal of service (performance) at all times, hence it does not result in a breach of contract on behalf of either Party.

Suspension or interruption of Buyer supply under contract – concluded upon mutual agreement by the Parties – shall not qualify as user restriction.

Pursuant to Section 12 (1) of the Restriction Decree, MFGK shall provide the required data to the transmission operator and the distribution licensees to compile the restriction order, and shall be entitled to require data supply from the Buyers it is related to. Buyer shall be liable for the completeness, authenticity and applicability of data supply. The transmission operator and the distribution licensee shall continuously update the data supplied for the restriction order, in addition to which – if MFGK shall provide the required data – it is entitled to require further data supply from the related Buyers. Setting the restriction category on the basis of their own consumption shall be the right and obligation of the Users, that is of MFGK's Buyers, which shall be included in MFGK's data supply and contracts according to Buyer statement. Buyers shall within 8 days, or without delay in case of restriction, notify MFGK of any change that may modify the restriction category.

Restriction categories are specified in Section 13 of the Restriction Decree. In addition to the above, concluded contracts stipulate the user's obligation of self-restriction applicable in case of restriction, along with the possibilities and methodology of intervention by the system operator.

7.6.2 Suspension

The cases of legitimate suspension of the contract shall be contained in this chapter.

7.6.2.1 Maintenance

Parties shall coordinate generally prior to the gas year with regard to the date of the annual maintenance of equipment they own or operate, or have operated by a third party, in relation to performing the contract between them. Where possible, MFGK shall inform the Buyer on the date or modified date of the annual maintenance of equipment operated by a third party if such may affect contractual performance towards the Buyer. Where Buyer is a system user, it shall do its utmost to obtain information or immediately inform MFGK on any maintenance (planned maintenance) by which it is affected.

In compliance with the relating provisions of the Grid Code, transmission operator or distribution licensee may restrict or suspend - in the absence of any other reasonable solution - transmission or distribution with regard to the minimum number of users and minimum length of time required in case of maintaining, revamping, reconstructing, developing or replacing (planned maintenance) the transmission or distribution system. To this effect, they shall inform the relevant system users, including therefore MFGK, who shall inform the affected Buyer on the restriction and suspension as stipulated in the contract.

7.6.2.2 *Legitimate refusal of gas delivery (performance) – due to Buyer's payment default*

If the Buyer defaults on any of its payment liabilities, MFGK may refuse to deliver natural gas (performance) in compliance with the following procedure:

- a) in the event of a 2-calendar-day payment default, MFGK shall send a payment notification to the Buyer by postal mail and/or by electronic means or by fax;
- b) within 3 banking days from receiving the notification via e-mail or fax⁵, Buyer shall be obliged to pay the debt according to the payment notification, and immediately inform MFGK with a certificate thereof;
- c) in the event that the debt is not paid within the deadline specified above and in the meantime Parties cannot reach an agreement on payment, MFGK shall be entitled to enforce its substantiated claim from the Financial Guarantee provided by the Buyer, which guarantee must be replenished by the Buyer to the contractual amount within 5 banking days from enforcement. If - for any reason - the amount invoiced by MFGK is not credited to MFGK's account within 3 banking days from enforcing the demand, MFGK may legitimately refuse gas delivery (performance).

MFGK is not obliged to start delivery or may legitimately refuse performance unless Buyer fulfils its obligation related to the provision of Financial Guarantee, or unless - in case of enforcement - it certifies replenishment thereof to the contractual amount within 5 banking days. The same procedure shall apply in cases when Buyer's credit rating materially deteriorates in MFGK's opinion, and following a notification, Buyer fails to fulfil its obligation related to the provision of Financial Guarantee within 8 banking days.

Unless Buyer provided payment guarantee to MFGK and the debt is paid or payment agreement is reached within the specified deadline, MFGK may legitimately refuse performance (following the unsuccessful expiry of the deadline).

In case of Buyers (i) with district heating generation license selling district heating to district heating service providers also supplying household users or priority institutions, or (ii) supplying district heating also to household users or priority institutions as district heating service provider licensees, the above specified procedure is modified according to Section 29/B of the Gas Act.

7.6.2.3 *Force Majeure*

- a) Term and effects of Force Majeure

Force majeure shall include any and all (i) extraordinary events (ii) that occur after the conclusion of contract, (iii) preventing or postponing its performance, provided they could not be foreseen and prevented by the contracting parties, and (iv) they are neither resulting from the conduct of the contracting Parties.

⁵ The details of being duly notified shall be specified in Section 9 "Notices and Communication" of the Code of Business Conduct.

Following the submission of the notification regarding a Force Majeure event, the affected Party may refuse the performance of its obligations as per contract in part or in full – and shall not be liable for the delay or default – insofar as such was caused by Force Majeure.

b) Cases of Force Majeure

If the preconditions under point (a) are met such events may especially include, but are not restricted to: natural disasters, fire, explosions, floods, strikes, riots, civil disorder, embargoes, revolutions, earthquakes, binding measures of authorities after the effective date of this contract, prohibition of export and import, the blockade of docks or channels, radioactive or chemical pollution, or the delivery restrictions concerning MFGK's supplier.

c) Exceptions

The lack of approvals, licences, rights or authorizations required for the execution of the contract (ual obligations), the lack of financial funds, the change of law, certain cases of extraordinary weather conditions (e.g.: unusually mild winter) or an economic crisis shall not be considered as a Force Majeure.

Third party's default shall not qualify as Force Majeure, except if it resulted from an event or circumstance that

- (i) affects the system operator's operation and/or related services or the off-take of natural gas, and
- (ii) would exempt such third party from its obligations as per this section on the basis of Force Majeure (regarding such third party as a party to the contract concluded by the Parties).

d) Procedure to apply in case of Force Majeure, Parties' notification obligation

The Party whose performance is prevented by a Force Majeure event shall – as a precondition for exemption – notify the other Party and the Office about the relevant Force Majeure event as soon as reasonably possible. The notification shall specify the type of event, its impact on contractual performance and as far as possible, the expected duration of non-performance.

The Party announcing the Force Majeure event shall notify the other Party as soon as reasonably possible if:

- (i) the Force Majeure event has ceased; or
- (ii) the Force Majeure event has ceased to affect the performance of the announcing Party.

Neither Party shall be exempt from fulfilling their contractual obligations until the affected Party announces the Force Majeure event.

e) Obligations of the Parties in case of Force Majeure:

- (i) shall use reasonable endeavours to avoid, prevent, stop or mitigate the effects of the Force Majeure event;
- (ii) shall use reasonable endeavours to continue the performance of the Contract immediately after the Force Majeure event has ceased; and

- (iii) shall inform the other Party, on the reasonable request of the other Party, about the type and causes of the Force Majeure event, the actions taken to avoid, cease or mitigate the Force Majeure event and the expected duration thereof.

f) Term of contract affected by Force Majeure

The period in which the relevant Party's rights and obligations are applicable shall be extended by the period required by the relevant Party for controlling the impacts of the Force Majeure event,

- (i) provided that the extension of performance is not longer than the time reasonably required for controlling the consequences of Force Majeure;
- (ii) with the exception that Force Majeure shall not exempt the relevant Party from the breach of contract if it is intentional or not related to Force Majeure.

In the event that Force Majeure prevents or hinders performance for more than a month, Parties shall initiate negotiations to find a mutually acceptable solution.

In the event that Force Majeure prevents or hinders performance for more than three month, either Party shall be entitled to terminate the contract with immediate effect.

7.7 Requirements for the contracting Party, detailed description of Financial Guarantee options

7.7.1 Requirements for the contracting Party

MFGK requires the contracting Party to meet the following conditions and make the following statements:

- a) statement not older than 30 days declaring that it is not subject to foreclosure, liquidation or winding-up;
- b) a certificate of incorporation not older than 30 days and the original or authenticated copy of the specimen signature of authorised signatories.
- c) If the delivery point is not a place of consumption, the contracting Party shall have the capacity required for accepting and transporting the natural gas as per the Grid Code

7.7.2 Financial Guarantee

MFGK may require Financial Guarantee from its Buyers guaranteeing their contractual obligations, which shall be submitted by the Buyer to MFGK. In the absence thereof, MFGK will conclude a contract with prepayment scheme included.

If Buyer fails to provide the prescribed Financial Guarantee in time or fails to replenish it, settlement between the Parties shall automatically be modified into a prepayment scheme. Until prepayment is fulfilled, MFGK may legitimately refuse performance.

MFGK may forego the provision of Financial Guarantee on the basis of specific credit ratings, if so justified. However, in such cases, MFGK reserves the right to review the Buyer's credit rating at any

time during the term of the contract. If based on MFGK's partner rating methodology, the Buyer's credit rating materially deteriorates, MFGK shall be entitled to require Financial Guarantee from the Buyer, which the Buyer shall fulfil within 8 banking days following the notification. In the absence thereof, until the guarantee provision is fulfilled, MFGK may legitimately refuse performance.

When determining the value of the Financial Guarantee, MFGK considers the delivered quantities, the contract prices, the fee elements and other tariff items, taxes and deadlines related to contractual performance, in line with the internal regulation documents.

MFGK will accept the following guarantee forms:

- cash deposit,
- bank guarantee,
- parent company guarantee subject to the parent company's due credit rating.

Accepting any other guarantee schemes may be individually considered, with the proviso that no direct or indirect preference is given by MFGK to any of its affiliates.

Guarantee requirements in case of bank and parent company guarantees:

- irrevocable,
- unconditional,
- the issuer of the guarantee shall perform upon first demand, without investigating the underlying relationship and regardless of any objections,
- the issuer of the guarantee shall perform within 3 (three) banking days from receiving the payment notification.

The guarantee may be accepted on condition that during the preliminary coordination, MFGK accepted

- the text of the guarantee draft, and
- the company issuing the guarantee, as a guarantor.

In the event that the guarantee is enforced, Buyer shall arrange it with the issuer of the guarantee to have the guarantee replenished to the original value within 5 banking days, and shall immediately inform MFGK thereof.

7.7.2.1 Ex-post Financial Guarantee requirement

In the event that Buyer is in default of its payment obligations for over 3 business days two consecutive times, or if MFGK becomes aware that in MFGK's point of view the Buyer's economic conditions have significantly deteriorated, MFGK shall without delay initiate negotiations with the Buyer to clarify the circumstances.

If Parties fail to agree within 10 business days regarding the clarification of circumstances, MFGK shall be unilaterally entitled to subsequently require a Financial Guarantee after the conclusion of the contract, which Buyer shall not dispute but provide.

MFGK shall notify the Buyer in writing of the Financial Guarantee requirement – specifying the reason thereof –, who then shall provide the Financial Guarantee to MFGK in the form required by MFGK within 10 business days from receiving the notification.

7.7.2.2 Guaranteeing contractual obligations in case of overdue debt

Guaranteeing its contractual obligations, Buyer shall provide in favour of MFGK an irrevocable and unconditional first demand Financial Guarantee that is to be replenished to the contractual value within 5 banking days following payment by the bank, to ensure continuous service, in case overdue debt is generated.

The extent of the Financial Guarantee shall be determined by MFGK upon the conclusion of contract considering the highest value of risk exposure – calculated and forecast on the basis of key contract parameters (quantities, prices, payment conditions) – (including taxes and the HHSA membership fee – if applicable).

Following the unsuccessful expiry of the contractual payment deadline and the notification in compliance with the above procedure, MFGK may demand payment directly from the bank providing the Financial Guarantee (without any statement from the Buyer). Setting the value of the Financial Guarantee and its certification by the Buyer shall be due prior to the contractual delivery period commences, unless otherwise agree by the Parties in the contract. The Financial Guarantee shall be valid from the first day of delivery until the end of the 2nd month following the termination of the contract.

7.7.2.3 Guarantee applied by MFGK as a natural gas trader (including the supplier of last resort service)

In the event that MFGK is appointed to supply Users with natural gas, MFGK may prescribe prepayment terms other than the above with regard to supplying the Buyer, such as:

- a) In case of Buyers without any Financial Guarantee accepted by MFGK, Buyers may be obliged to make weekly prepayments according to the following: during the period of appointment, MFGK issues weekly intra-month invoices to such Buyers. As a precondition for starting supply, on the first day of the legal relationship of service provision (start of appointment), MFGK issues the weekly intra-month invoice, which the Buyer must settle. On the day following the receipt of payment, MFGK shall start supplying the Buyer. MFGK considers the payment performed when the amount invoiced is credited to MFGK's account.
- b) The weekly intra-month invoice shall be issued by MFGK on the 30% of the Buyer's expected monthly peak consumption using the Buyer's monthly nomination or data supply provided by its previous trader, or in the absence thereof, MFGK relies on its monthly quantity estimate when issuing the intra-month invoice.
- c) Buyers shall pay the invoices with a 5-day payment deadline.

Depending on the type, duration, value and content of the specific contracts, MFGK may forego some of the said conditions with the proviso that no direct or indirect preference is given to any of its affiliates.

7.8 Quantity settlement and payment conditions

7.8.1 Calculations applied during metering and settlement

MFGK uses metering procedures applied by the transmission operator and the natural gas distribution licensees as a service, MFGK neither possesses any metering devices of its own, nor performs own metering calculations. Metering and determining the quality of the natural gas quantity shall be carried out pursuant to the relating section of the Grid Code and the relating sections of the codes of business conduct of the transmission operator and the natural gas distribution licensees.

MFGK excludes any liability that may arise from procedures applied by the system operator licensees.

If the metering system and the gas metering equipment at the place of consumption is owned by the Buyer – as per the agreement between the User and the transmission operator or natural gas distribution licensee –, User shall arrange the operation, maintenance and certification of the meter and the metering system.

Natural gas quantities are settled in energy (kWh) based on gross calorific value (GCV) at 25/0°C reference temperature.

7.8.2 Basis, conditions, period and rules of settlement

For each place of performance, settlement between the Parties shall be based on the following:

- a) the capacities specified for the Buyer in the contract;
- b) the booked hourly natural gas capacity of the User paying distribution transmission capacity fee as per the Price Application Decree (user with capacity fee), or the Buyer's daily natural gas consumption nomination relying on the nominal total capacity of the gas meters installed at the site of the user subject to distribution base fee as per the Price Application Decree (user with base fee);
- c) the monthly contract quantities, or in the absence of a signed (valid) contract, the quantity determined – estimated – by MFGK;
- d) system operator's settlement metering results, allocations;
- e) the regularly taken and jointly approved delivery protocols.

In the absence of the Buyer's acceptance statement by the deadline, the delivery protocol communicated to the Buyer shall be deemed to be accepted after the expiry of three business days.

The basic time unit of quantity settlements shall be the gas day. During settlement, deviations from the daily consumption nomination that can be allocated to the Buyer in the reference month shall be considered pursuant to the prevailing Grid Code.

User shall understand that pursuant to the rules of law applicable in Hungary and the Grid Code, system operators operating natural gas distribution system are entitled and obliged to determine the consumed quantity.

Settlement between MFGK and the User shall be carried out monthly, on the basis of the quantities taken in the reference month as measured according to Section 7.8.1, or alternatively, Parties may otherwise agree on shorter periods – specified in the relating contract. Subject to the agreement

concluded with the User, MFGK may issue invoices more frequently on the jointly determined quantity, however the final settlement of such partial quantities shall be performed on the basis of measurements as per Section 7.8.1. In the event of selling to universal service providers, MFGK shall apply the regulated prices of the Offer Decree and the rules contained therein. In the lack of offer decree based prices and quantities for the given quarter, MFGK shall apply the prices valid for the preceding period pursuant to the prevailing Offer Decree until the amendment of the Offer Decree for the quarter takes effect. The non-quantity-based transmission and storage costs set out in the Offer Decree shall be paid by the Buyer on the basis of the sum of the hourly peak capacities contracted for the transmission exit points, in equal monthly instalments. Accordingly, MFGK multiplies the non-quantity-based regulated fee element with the sum of the hourly peak capacities contracted for the transmission exit points in the reference month, which product is then divided by the number of months in the contractual nomination period. The monthly fee thus calculated shall be invoiced to the Buyer.

7.8.3 Procedure of invoicing and managing invoice complaints

7.8.3.1 Invoice types

MFGK shall issue invoices based on 7.8.2 on the Basis, conditions, period and rules of settlement, hence the following types of invoices are issued subject to the relating applicable rules of law on invoicing:

- a) The capacity fee shall be prepayable monthly, in 12-month equal instalments. MFGK shall issue a capacity fee - as a mediated service - invoice on the monthly amount of the annual capacity fee until the 15th day of the month preceding the reference month, or in case of a holiday, on the first business day thereafter. The invoice shall be paid until the 1st day of the reference month.
- b) A preliminary invoice shall be issued by MFGK until the 15th day of the month preceding the reference month on the gas fee corresponding to the contracted percentage of the monthly contract quantity of the relevant settlement period, or in the absence of contract, to 50% of the monthly quantity assumed to be used. This invoice shall be payable until the 15th day of the reference month.
- c) Preliminary settlement data (that are final in terms of balancing) provided by the transmission operator – the reference month's fact quantities – shall be indicated per delivery point in the annex to the settlement invoice. MFGK shall issue a settlement invoice until the 6th business day following the settlement period on the value of the delivered natural gas quantity based on the daily settlement measurement of the transmission operator or the natural gas distribution licensee. Quantities included in preliminary invoice shall be considered in the settlement invoice. The payment deadline of the settlement invoice shall be 15 calendar days from the end of the settlement period.
- d) Based on the final settlement data (relying on the quantities re-determined in the reallocation procedure), the settlement invoice shall be corrected, or supplemented until the 25th of the month following the settlement period if so required, on which MFGK shall issue a correction invoice (a document to be treated as invoice) or invoice. The payment

deadline of the invoice or correction invoice shall be the 10th calendar day from the date of issuance.

- e) Simultaneously with the final settlement, fees determined pursuant to the rules of law and regulations, and contracts shall also be invoiced, including for example volume related fee, flexibility service fee, trade fee and the natural gas odorization fee invoiced as an intermediary service or the HHSA membership fee which is invoiced separately. The payment deadline of these invoices shall be the 10th business day from the date of issuance.
- f) Surcharges for nomination, capacity overrun and for the violation of interruption or restriction shall be settled by MFGK with the Buyers under terms pursuant to the rules of law and the relevant provisions of the Grid Code. In this case the payment deadline shall be the 10th business day from the date of the debit note. Such invoice fee shall be counted for as a mediated service.

7.8.3.2 Issuing the invoice

- a) Invoices may be issued on paper or in the form of electronic invoice in the currency of the natural gas unit price, or in a different currency.
 - (i) If the unit price of the natural gas is determined in foreign currency and the invoice is also issued in foreign currency, MFGK shall indicate the total net amount, the VAT value and the total gross value of the invoice in HUF as well.
 - (ii) If the unit price of the natural gas is determined in foreign currency, while the invoice is issued in HUF, currency conversion shall be carried out at the exchange rate specified in the contract concluded with the Buyer, while in the absence of a contractual provision, it shall be carried out at the official exchange rate published by the Central Bank of Hungary as valid for the last day of the invoicing period.
- b) Invoices may be issued on paper or in the form of electronic invoice. MFGK applies electronic invoicing if so chosen by the Buyer with the proviso that – upon notifying the Buyer in due time in advance – MFGK may switch to electronic invoicing at any time if the conditions of accepting electronic invoices exist at the Buyer too.
- c) Invoices shall be issued pursuant to the prevailing legal requirements at all times, and they may be accepted only if issued in compliance with the relating requirements. The invoice shall contain the taxes prescribed by law (e.g.: excise duty, VAT, if applicable). Buyer may dispute the preliminary invoice only in case of detecting an arithmetical or formal mistake.
- d) The invoice shall be considered as submitted:
 - (i) upon the certified date of delivery if delivered in person;
 - (ii) not later than on the 3rd business day after mailing in case of letters sent by registered postal mail;
 - (iii) in case of sending via email, on the day the email is sent.
 - (iv) in case of an electronic invoice, upon sending it unless MFGK receives on the day of sending an error message with regard to delivering the electronic invoice.

- e) The payment liability is considered as met on the day MFGK's bank credits the amount to MFGK's bank account – without any deduction.

If the day of payment is holiday or banking holiday, the payment date shall be the first business day following the holiday or banking holiday. The method of payment shall be bank transfer to the bank account specified in the invoice.

In as far as the contracted natural gas quantity is delivered and accepted at a Hungarian Gas Balancing Point (MGP), in the absence of an agreement concluded with the Buyer, MFGK shall be entitled to issue invoices more frequently than once per month.

Based on their mutual confirmation via email, Parties shall offset liabilities and receivables outstanding towards each other on the same value day. The difference shall be settled by the relevant party by bank transfer until the deadline set out in the invoice.

7.8.3.3 Procedure for managing invoice complaints

Buyer may dispute the invoice in writing within the limitation period of 3 years from the due date of the claim [Section 28/A (6) of the Gas Act], but within 4 business days from receipt if possible. The complaint shall specify the disputed data, the amount and the reason for the dispute.

If Buyer disputes the quantity data serving as the basis of the invoice, the disputed quantity should already be recorded in the protocol on which settlement is based.

Within 2 business days from receiving the complaint, Parties shall negotiate the disputed item.

If agreeing with the content of the dispute following the invoicing, MFGK shall issue and immediately send to the Buyer a corrected invoice (a document to be treated as invoice) or a new invoice.

Should the Parties fail to agree within 30 business days from receiving the complaint, either Party may initiate the procedure pursuant to Section 9.7 on the rules of Dispute settlement.

7.9 Rules and procedure for breach of contract and irregular off-take

7.9.1 Cases of breach of contract and irregular off-take

7.9.1.1 Irregular off-take

- (i) In case of sale at the entry and exit points of the transmission pipeline, irregular off-take is not an applicable term as metering devices are not operated by the User.
- (ii) In case of irregular off-take by the Buyer on the distribution pipeline, the relevant natural gas distribution licensee shall proceed according to its own code of business conduct.

7.9.1.2 Breach of contract

In case of breach of contract, the other Party is entitled to demand the performance of the contract from the Party in breach of contract, failing which its justified claim can be enforced.

MFGK shall be liable pursuant to the applicable rules set out in Section 6:142 of the Civil Code with regard to any damage incurred in relation to performing the contract, with the proviso that it shall be released from such liability for damage only if it substantiates that the breach of contract was caused by a circumstance beyond its control and unforeseeable at the time of contracting, and it was not reasonably possible to prevent such circumstance or eliminate the damage.

With the exception of: Force Majeure; measures required in case of breakdown and planned maintenance; and the legitimate refusal of performance in case of payment default – the following shall qualify as breach of contract by MFGK, in particular:

- (i) quality deviation: performance is defective if there is a deviation for reasons attributable to MFGK from the quality stipulated by the contract in excess of the range specified therein. The duration of the quality defect shall be the period from the last measurement day preceding the day when the examined and disputed sample was taken until the day the quality defect is eliminated – or the contract is amended,
- (ii) availability failure: failure by MFGK to make the natural gas available - continuously, as per contract, or the unjustified (non-contractual) restriction or suspension of natural gas delivery by MFGK.

With the exception of: Force Majeure; planned maintenance; breakdown or restriction not attributable to the Buyer – the following shall qualify as breach of contract by the Buyer, in particular:

- underconsumption, whether or not attributable to the Buyer,
- overconsumption, whether or not attributable to the Buyer.

In case of restriction, the maximum available hourly off-take (hourly peak) shall be fixed and the quantity thus determined shall be the maximum quantity used for declaring overconsumption in the relevant period of restriction. However, the maximum quantity may not exceed the hourly peak ratio (restricted hourly peak/contracted hourly peak) proportion of the quantity contracted for the relevant period (contracted quantity * (restricted hourly peak/contracted hourly peak)),

- nomination deviation, in which case the actual gas day off-take of the Buyer deviates from its nomination submitted for each delivery point as approved by MFGK for the relevant gas day,
- capacity overrun, which shall mean exceeding the maximum hourly natural gas quantity to be off-taken per delivery point by the Buyer,
- non-compliance with restriction and suspension,
- default on payment obligation or non-payment,
- failure to provide Financial Guarantee in time, or the failure of replenishing the enforced bank guarantee - if the Parties agree on the provision of bank guarantee.

7.9.2 Sanctions and legal consequences

Parties shall agree on penalty, payment guarantee, interest for default and damages, along with the following fees and surcharges to guarantee performance.

Pursuant to Section 3 of Act No. IX of 2016 on collection flat rate, MFGK may claim collection flat rate from the Users in case of breach of contract (default on payment obligation arising from commercial transaction).

Since the legitimate refusal of performance does not constitute breach of contract, no obligation to pay surcharge, penalty, damages or interest for default arises. In this case, the minimum natural gas quantity and the extent of the availability obligation shall be reduced with the quantity not delivered or not taken due to the suspension of delivery.

7.9.2.1 Surcharge, additional charge

The liability to pay surcharge is not conditional on the failure of the Party in breach of contract.

- (i) In case of underconsumption, the amount of surcharge shall be the quantity of natural gas not taken below the minimum contracted quantity multiplied by 50% of the arithmetic average of the contract price prevailing in the relevant gas year;
- (ii) In case of overconsumption, the additional charge shall be the quantity of natural gas taken above the maximum contracted quantity multiplied by 25% of the arithmetic average of the contract price prevailing in the relevant gas year;

The surcharge shall be payable within 12 calendar days from issuing the surcharge notice. In addition to the surcharge, the entitled Party may demand damages in excess thereof.

The additional charge shall be payable within 12 calendar days from issuing the invoice.

7.9.2.2 Penalty

The liability to pay penalty shall be conditional not only on the breach of contract, but on the failure of the Party in breach of contract. The basis of penalty shall be the value of the heat quantity affected by the breach of contract, calculated at the contractual gas price.

Amount of penalty: in case of availability failure, 1% / day, but not exceeding in total 25% of the countervalue of the annual average gas fee of the quantity affected by underdelivery.

The penalty shall be payable within 12 calendar days from issuing the penalty notice.

7.9.2.3 Interest for default

In case of payment default, the defaulting Party shall pay an interest for default to the other Party.

In case of payment default, the amount of interest for default shall be:

- (i) in case of payment in EUR: 1 month EURIBOR valid for the first day of default as published on the www.euribor.org website two business days earlier plus seven (7) percentage points, except if the interest for default as per the Civil Code is more favourable for the entitled Party. If the applicable EURIBOR interest rate is negative, it shall be regarded as zero.

(ii) in case of HUF: according to Section 6:155 of the Civil Code.

The starting day of payment obligation for the interest for default shall be the day following the due date. The starting day of calculating interest shall be the day following the payment deadline of the originally issued invoice, and interest shall be calculated until the invoiced amount and the debit note amount are credited by the bank.

Interest payment obligation shall exist even if the Party excused its default [Section 6:48 (4) of the Civil Code].

The payment deadline of the default interest letter shall be the 12th calendar day from issuing the note.

In the event that either Party uses the other Party's money due to invoice complaint, the Party using the money shall also be obliged to pay an interest for default on this amount until the day of payment or set-off.

In case of payment default, – if Buyer owes interest and costs, and the paid amount does not cover the whole of the debt, and the payer has not made arrangements otherwise and its clear intention cannot be identified – MFGK shall use performed payments to settle the costs in the first place, then the interest and finally the principal amount.

If the default exceeds the period required by the procedure for payment default, MFGK is entitled to legitimately refuse to perform natural gas supply.

7.9.2.4 Damages

In case of performance with quality defect, the Buyer is entitled to receive compensation with regard to the damage incurred.

The prevailing Civil Code and other relating legislation shall be applicable to the liability arising from the breach of contract.

MFGK shall be liable for direct damage only; the extent of its liability shall be in accordance with Section 6:143 (1) of the Civil Code. The adversely affected Party shall inform the other Party without delay after learning about the damage incurred, and shall submit a duly justified claim for damages. Should the other Party dispute the fact of damage or the liability, it shall initiate negotiations within 15 calendar days. Failing such negotiations, Parties shall apply the provisions of Section 9.7 on "Dispute Settlement".

7.9.2.5 Other fees, surcharges

a) Nomination deviation surcharge: Buyer shall pay surcharge in case of deviating from its nomination submitted for the relevant day per delivery point as set forth in the contract or the Grid Code, which shall imposed by the system operator on MFGK as system user. The amount of surcharge shall be the item specified in the Price Application Decree or in the specific contract. The basis of calculation shall be the difference between the daily heat quantity nominated by the Buyer and the actual daily heat quantity. A surcharge notice is issued on the amount of the surcharge.

- b) Capacity overrun surcharge: fee (surcharge) payable due to the capacity overrun by the user of the Trader Buyer or Buyer, and shall be paid by the Buyer to MFGK according to the invoice issued by MFGK, which invoice shall be based on the invoicing of the system operator's additional service as a mediated service.
- c) Fee, surcharge payable in case of non-compliance with restriction: if the User supplied by the Trader Buyer or Buyer fails to comply with the restriction order, the resulting fees, surcharges and penalties imposed on MFGK shall be passed on to the Buyer, which the Buyer shall pay.
- d) Balancing fee: MFGK imposes a balancing fee on the Buyer to cover extra charges related to balancing and the use of balancing gas in case of any offtake deviating from the Buyer's nomination.
- e) Interruption surcharge: in case of booking interruptible capacity, if Buyer fails to carry out the capacity adjustment required by the system operator within the deadline specified in the contract – and therefore makes an interruption error –, MFGK charges to the Buyer the interruption surcharge imposed by the system operator – pursuant to Section 10(4) of the Price Application Decree.
- f) Fee and surcharge payable for unauthorized use of capacities contracted for non-winter period: if MFGK's Buyer wrongly uses capacities contracted for non-winter period, it shall pay the fees, as a mediated service pursuant to Section 33/A of the Price Application Decree, based on the invoice issued by MFGK.

Parties explicitly agree that pursuant to the above – in the ratio of the Buyer's fault – MFGK is entitled to submit a debit notice or invoice to the Buyer, which the Buyer shall settle. In their contract, Parties may also agree on other cases of breach of contract and on their legal implications.

7.9.2.6 Collection flat rate

MFGK may claim collection flat rate in case of breach of contract (default on payment obligation arising from commercial transaction) to cover its costs related to collecting its receivables. Parties shall not exclude the collection flat rate in the contract, and shall not specify it to be lower than the amount set out herein.

The collection flat rate shall be a forint amount be equivalent to forty euros, determined according to the official foreign currency average exchange rate of the Central Bank of Hungary – applicable on the starting day of default.

MFGK may claim the collection flat rate within a limitation period of one year from the start of default. The claim shall be due on the performance date if performance is voluntary, in the absence of which the due date shall be the date of the first notification demanding performance.

User shall not be obliged to pay collection flat rate if it excuses its default during the enforcement of the claim to this effect. The fulfilment of the obligation to pay the collection flat rate shall not provide any exemption from the other legal implications of the default; however it shall be set off from the damages.

7.9.3 Restoring contractual conditions

Buyer shall notify MFGK if the reason for breach of contract, suspension or exclusion is eliminated. After receiving the Buyer's notification and the payment of incurred costs, the transmission operator or the relevant natural gas distribution licensee shall restore natural gas supply pursuant to their business conduct rules as instructed by MFGK.

Gas supply may be restored if the following conditions are met:

- a) Buyer eliminated the conditions violating the contract, and
- b) Buyer has paid the countervalue of the natural gas quantity determined according to the contract, has covered the costs of suspending and restoring the gas service, and has fully met its other payment liabilities (arrears, interest for default, surcharge, penalty, collection flat rate etc.).

The administrative and technical procedures of breach of contract and irregular natural gas off-take shall be specified in the business conduct rules of the transmission operator or of the relevant natural gas distribution licensee.

In case of Buyers (i) with district heating generation license selling district heating to district heating service providers also supplying household users or priority institutions, or (ii) supplying district heating also to household users or priority institutions as district heating service provider licensees, MFGK shall proceed according to Section 29/B (3) of the Gas Act.

7.10 Rules of procedure for Buyer complaint administration and management

To ensure a quick and unified procedure for investigating buyer complaints and notifications in relation to MFGK's activity and to eliminate the reasons of such notifications, the following rules of procedure shall be applicable in case of notifications.

Regarding complaints, Buyers can primarily contact the customer relations specialist as per the MFGK contract.

MFGK shall keep registry of any and all complaints and notifications received, along with their evaluation and investigation. MFGK shall not refuse to cooperate in case of notifications and complaints related to its activity.

With regard to complaints and notifications, MFGK shall respond in writing within 15 business days, indicating the period of time it requires for investigating and settling the complaint.

In the event that Buyer does not agree or is not satisfied with the reply received or with the measures taken in response to its notification or complaint, a written complaint may be submitted to the CEO of MFGK.

MFGK shall inform the Buyer on the result of the investigation of the complaint or notification following the investigation thereof. Unless the Buyer responds to the information letter within 30 days, MFGK considers the complaint closed and informs the Buyer in writing to this effect. In case of unsuccessful complaint management between the Buyer and MFGK, or if Buyer deems it justified, advocacy or consumer protection organisations listed in the code of business conduct in Appendix No. I: "*List of Advocacy Organisations*", or the Office may be directly contacted.

Should such notification or complaint concern the contractual relationship between the Parties and if there is a material difference between the positions of the Parties, the concerned Party is entitled to bring the dispute to court.

Procedure applicable in case of invoice-related complaints are specified in Section 7.8.3.

7.11 Cases of contract termination, rules of termination procedure

7.11.1 Cases of contract termination

The contract may be terminated by extraordinary termination with immediate effect if

- a) the Buyer or MFGK becomes the subject of binding liquidation or winding-up procedure;
- b) either Party repeatedly or seriously violates its material obligations arising from the contract, especially if the Buyer fails to fulfil its payment obligation (including obligation to provide and replenish the Financial Guarantee) until the extended deadline specified in MFGK's written notice - provided that MFGK offers this option;
- c) the Office effectively revokes or suspends MFGK's License or the Buyer's operational license - in as far as it is required;
- d) the warranty by the Buyer (see Section 9.5) is false or becomes false.

Unless otherwise provided by the Parties, extraordinary termination shall become effective upon receiving the respective notification.

Either Party shall be entitled to the extraordinary termination of the contract if a Force Majeure event exists continuously for more than three calendar months (or maximum 30 days in case of a contract with a one-year or shorter duration) without any interruption.

In any other cases, the contract may not be terminated effectively.

7.11.2 Rules of contract termination procedure

Parties may terminate the contract any time in writing by mutual agreement.

In the event that the natural gas trade contract is terminated, the right of disposal over and booking capacities transferred by the Buyer shall be reverted to the Buyer on the day of termination. Accordingly, any separate capacity booking service contract shall also be terminated, and (i) the capacities booked by MFGK under the transferred capacity booking right, and (ii) the working gas stock injected into storage to supply the Buyer shall be offered by MFGK to the Buyer or to the new trader supplying the Buyer in case of switching traders. The latter shall take place as follows:

- a) If the contract is terminated with an expiration date, on the date of expiration, MFGK shall offer the volumes of working gas still in storage for the Buyer to the Buyer or to the new trader in case of switching traders. In case of taking such volumes, settlement between the Parties shall be pursuant to the working gas sale and purchase contract.
- b) In the event that the contract is terminated by extraordinary notice prior to its expiration date, MFGK shall confirm the termination within 5 days from receipt, and inform the Buyer

on the statutory terms of valid termination, also specifying the amount of capacities to be handed over in relation to the booking right transfer, and the conditions of settlement. On the day the contract is terminated, MFGK shall offer to the new trader the stock of working gas stored for the Buyer. (In case of taking such volumes, settlement between the Parties shall be pursuant to the working gas sale and purchase contract.)

If the natural gas sale and purchase contract or the capacity booking service contract specifies the amount of transmission pipeline entry, exit and storage capacities, this figure shall be the amount of capacity to be handed over. MFGK shall offer the transmission pipeline entry capacity to the Buyer at the network point where the off-take quantity of the resource contract of supply can be reduced at the least cost. In the process of capacity transfer, MFGK shall decrease its capacity contracts for the day of terminating the supply with the amount of booked capacities handed over to the Buyer or the new trader. Issuing certificates verifying capacity reduction shall be free of charge.

The contract shall be terminated – in the event of termination for any reason – upon the settlement of accounts by the Parties.

8 Rules and procedure of switching traders, settlement methodology

Pursuant to Section 31/A-C of the Gas Act and Section 26/A-B of the Implementation Decree, Users are entitled to switch natural gas traders. In case of switching traders, MFGK shall act in line with the said rules of law, the relating provisions of the Grid Code, Section 7.3.1 and the followings.

8.1 Settlement methods applied in case of user contract termination, acceptable financial guarantees (excluding the switching of traders of Users supplied by Trader Buyers)

In the event that the contract is terminated by mutual agreement, the day of termination shall be the date specified in the written agreement.

In the event that a fixed term contract is terminated by the Buyer (hereinafter referred to as termination), MFGK shall send within 5 days from receiving the termination notice a confirmation of the termination conditions and date, indicating the specific ID number of the place of consumption. Buyer's termination shall become effective by fulfilling the indicated contract terms and the conditions stipulated in the confirmation of termination conditions.

As to determining and paying the sums owed, MFGK offers the following alternatives to the Buyer:

a) Prepayment

Within 4 business days from receiving the termination notice, an invoice shall be issued by MFGK on the gas fee for the month preceding the effective date of termination (last contractual month), corresponding to the Buyer's monthly contract quantity of the relevant settlement period. The payment deadline of the invoice shall be 6 calendar days from the date of issue. If Buyer fails to fulfil prepayment until deadline, but not later than until the 15th calendar day preceding the effective date of the termination, and if the Buyer has any outstanding debt in the reference month, MFGK shall not consider the termination as valid.

Following the meter reading at the end of the month, a settlement invoice shall be prepared on the actual consumption, considering the quantity already invoiced and paid for by the Buyer

with regard to the reference month. MFGK shall issue the settlement invoice immediately after the settlement period, but not later than until the 6th business day on the value of the delivered natural gas quantity based on the daily settlement measurement of the transmission operator or natural gas distribution licensee. In the event that based on the settlement invoice, Buyer still has an existing debt, the payment deadline thereof shall be the 8th calendar day from the day of issuing the invoice. In the event that based on the settlement invoice, Buyer is in overpayment, MFGK shall issue a rectification invoice, and shall transfer the repayable sum to the Buyer within 8 calendar days from issuing the rectification invoice.

b) Provision of bank guarantee

Until the 10th calendar day prior to the effective date of the termination of the contract with MFGK, Buyer shall provide a Financial Guarantee in the form of a bank guarantee for its consumption in the last contractual month with a content in line with Section 7.7.2. The amount of bank guarantee with regard to the - not yet invoiced - period preceding the effective date of the termination shall be the gas fee corresponding to the Buyer's contract monthly quantity of the relevant settlement period plus the payment arrears of the Buyer existing prior to the month in which the termination takes effect (if applicable). The bank guarantee shall be valid for 2 months following the effective date of termination. In the event that Buyer fails to submit the bank guarantee to MFGK until the specified deadline, MFGK shall not consider the termination as valid.

MFGK shall issue a settlement invoice until the 6th business day following the settlement period on the value of the delivered natural gas heat quantity based on the daily settlement measurement of the transmission operator or the natural gas distribution licensee. The payment deadline of the invoice shall be the 8th business day from the date of issue. If the Buyer fails to settle the relevant month's invoice until the payment deadline or if it is in arrears, MFGK will enforce the bank guarantee. If the amount of the relevant monthly invoice and the amount the Buyer is otherwise in arrears – if applicable – are credited to MFGK's bank account, MFGK shall return the bank guarantee to the Buyer within 5 business days.

The Buyer shall indicate it in the termination letter, which of the said two settlement alternatives it intends to apply.

In as far as the Buyer selected the settlement alternative, its natural gas sale and purchase contract with MFGK shall not be terminated unless prepayment or bank guarantee is fulfilled until the above specified date. In the absence thereof, the switching of traders shall not be valid.

Pursuant to Section 31/C (1) of the Gas Act, MFGK shall issue a final invoice within 20 days from the termination of the Buyer's natural gas sale and purchase contract – having negotiated it with the Buyer and the new natural gas trader.

8.2 Procedure between MFGK and Trader Buyer if User supplied by Trader Buyer switches traders

- a) Trader Buyer is in contractual relationship with the Users, hence MFGK has no influence as to whether the User remains in or leaves the Trader Buyer's portfolio, therefore capacity

changes of user movements are realized at the Trader Buyer only. MFGK shall cooperate with the Trader Buyer in reducing defaulted costs.

- b) MFGK and Trader Buyer shall supply information required for administering user exits in due time and due form to each other and to third parties concerned in the process.
- c) During the switching of traders, MFGK and Trader Buyer shall carry out the transfer of booked capacities in compliance with Section 7.3.
- d) Trader Buyer shall be entitled to decide on the quantity and place of exit point capacities it shall hand over.
- e) Trader Buyer shall be entitled to decide on the extent of entry capacities required for the exit capacities to be taken over.
- f) Trader Buyer shall be entitled to decide on offering the capacities stuck in its portfolio for sale, on the quantity and price of the offers, along with the method thereof.
- g) Trader Buyer shall reimburse MFGK for its substantiated costs related to the offers as per the above f) paragraph. This shall also include the case when a new User enters the Trader Buyer's supply and such change results in the booking of additional capacities with regard to MFGK.
- h) MFGK shall be entitled to decide on the details of fulfilling the Trader Buyer's entry capacity nomination:
 - with regard to the place of entry point(s),
 - with regard to the method of fulfilment (takeover from external trader, takeover from another Trader Buyer of MFGK's portfolio, booking on other natural gas infrastructure it is in contract with, purchase on the secondary market).

9 Miscellaneous provisions concerning the relation between the contracting parties

9.1 Contract amendment

The contract may be amended by the Parties by mutual agreement only in writing, if signed by their authorized signatory representatives.

If either Party initiates a contract amendment, the other Party shall either make a statement on accepting the proposal, or the Parties specify a date for negotiating the proposal within 15 business days.

Any amendment of the contract may take effect no sooner than as of the start of the amendment negotiations.

Such amendment does not affect any of the rights and obligations established earlier.

It shall not qualify as contract amendment if the data of a contracting Party (e.g.: mail address, account keeping bank, account number, company seat, contact persons etc.) change, and shall become effective via written notification to the other Party.

The Party concerned shall send information on the relevant change within 10 business days.

Any change in the entity of the contracting Parties shall be considered as a contract amendment.

9.2 Assignment of rights and claims

- a) Buyer shall not transfer or assign any of its rights and obligations as per contract to a third Party without the prior written consent of MFGK, except for the assignment of its pecuniary claims on MFGK acknowledged by MFGK. Consent may be refused on reasonable grounds only.
- b) By signing the sale and purchase contract, Buyer grants its prior consent that its contract concluded with MFGK can be assigned to a third party (Section 6:209 of the Civil Code), provided (i) the assignee has an operational license issued by the Office, a copy of which has been sent to the other Party, and (ii) the assignee has at least the same credit rating as the assignor or transferor Party at the date of signing the contract to be assigned, which it can duly demonstrate.
- c) Section 6:208 of the Civil Code shall apply to the legal effects of the assignment of the contract.
- d) In case of legal succession, Buyer shall inform MFGK in advance of the fact of legal succession.

Legal succession in itself shall not affect the rights and obligations arising from the contract.

In case of any change in the Buyer's entity where the credit rating of the Buyer changes in the meantime compared to the rating at the date of signing the contract, MFGK may require the provision of a Financial Guarantee (e.g.: irrevocable, unconditional, first demand financial guarantee), which the Buyer shall provide to MFGK without delay as a condition for providing (further) service.

9.3 Parties' cooperation

- a) In line with Section 6:62 of the Civil Code, throughout the negotiating, concluding, maintaining and terminating the contract, Parties shall cooperate with and inform each other with regard to any material circumstance affecting the contract.
- b) As part of their cooperation, Parties shall in particular:
 - (i) notify the other Party within the deadline in writing with regard to any and all material information, data or change relating to the execution of the contract provisions,
 - (ii) participate in the negotiations relating to the execution of the contract, if so initiated by the other Party,
 - (iii) cooperate in any technical, financial, legal or commercial issues potentially arising after the conclusion of the contract, for the sake of mutual solution,

- (iv) deal with any and all issues arising during the performance of the contract in a constructive manner and in good faith,
- (v) cooperate to obtain all the required official licences, and act at authorities and offices as required for the fulfilment of their obligation to supply data.

9.4 Notifications and communications

- a) Any and all important statements between the Parties regarding the contract – establishing any right or obligation relevant for the performance of the contract – shall be made in writing and delivered in person, by postal mail, by courier, by fax or by electronic means (e-mail).
- b) Important statements shall be deemed as delivered and binding according to the following:
 - (i) on the day and at the time of delivery if delivered in person;
 - (ii) on the day and at the time of delivery if delivered by courier;
 - (iii) on the day of receipt if delivered by postal mail. If documents sent by postal mail cannot be served because the recipient refused to accept it, the document shall be deemed as served on the day of the delivery attempt. If service fails because the recipient did not receive the document (returned to the sender with the label “unclaimed”), the document shall be deemed as served on the fifth business day following the second postal delivery attempt;
 - (iv) if sent by fax and the machine produces a valid fax receipt on business days before 16:00 of the relevant business day (in the time zone of the addressee), the relevant business day, while otherwise the first business day after transmission shall be deemed as the date of delivery;
 - (v) if sent by e-mail and its certified transmission takes places before 16:00 of the relevant business day (in the time zone of the addressee), the relevant business day, while otherwise the first business day after transmitting the e-mail shall be deemed as the date of delivery, except if the mailing system sends an “out-of-office” or failure message.

9.5 Representations and warranties

At the date of signing the contract, Buyer shall represent and warrant that:

- a) it is a company registered and operating pursuant to the rules of law, also representing that to the best of its knowledge, it is not subject to any ongoing or pending liquidation procedure;
- b) any and all legal, administrative and other state measures – including official and other authorizations and licences – required for signing the contract and for performing the transactions as per contract have been taken and they are binding and applicable with full effect;
- c) there is no lawsuit, legal action or procedure ongoing against it – and to its knowledge, no such is to be expected – at any court, administrative agency or court of arbitration which may adversely affect the performance of the its contractual obligations; and

- d) it has the corporate authorizations required for signing the contract, and these shall be the Buyer's legal, valid and binding obligations to be enforced according to the conditions specified therein, not being controversial, nor implying the violation of the rules of law or any agreement or document to which the Buyer is a party.

9.6 Economic clause

In their contractual relationship exceeding the period of one year, Parties shall comply with the following procedure in case of major, unforeseeable changes in the circumstances specified below:

- a) If there is a material change in the technical, economic or legal conditions and circumstances based on which the Parties agreed on the terms of the contract and thus compliance with the contractual provisions under unchanged conditions by either contracting Party can no longer be expected due to the material economic loss or damage incurred by that Party, the affected Party may request in writing the adjustment of the contractual provisions to the modified conditions (contract amendment) to re-establish the fair balance of the Parties' economic interests.
- b) In the event that Parties fail to agree on the amendment of the contract provisions within 3 months from the date the other Party receives such a request, the affected Party shall be entitled to bring the dispute to court, nevertheless the right to terminate the contract shall not be guaranteed even if the court decision is provided.

The claim regarding the new (amended) contract provisions shall exist from the date the Party initiating the amendment first requested new contractual provisions from the other Party – invoking the change in circumstances.

The "Economic Clause" provisions shall not be applied for price review purposes.

9.7 Dispute settlement

Parties shall try to settle all disputes arising between each other by mutual agreement – in an amicable way – if possible, including the option to use a mutually selected expert or other reconciliation forum.

In the event that a dispute cannot be resolved amicably, Parties shall bring the dispute to a relevant and competent court or court of arbitration specified in the contract.

10 Annexes

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| Annex No. 1: | Detailed method of calculation for settlement, parameters |
| Annex No. 2: | General content elements of contracts |
| Annex No. 3: | Regulations for nomination by the Buyer |

11 Appendices

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| Appendix No. I: | List of advocacy organisations |
| Appendix No. II: | Legal regulations, standards and internal regulations |

Budapest, February 2021.

László Zoltán Fritsch
CEO, Member of the Board

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