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HEMPFLAX GROUP B.V.

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General terms and conditions

Organisational structure

HempFlax Group B.V. (registered with the Chamber of Commerce under number 10145305, branch number 18551335), hereinafter referred to as: **HempFlax**, is (via its subsidiaries) active at several locations:

The Netherlands

- HempFlax B.V., COC 02332420
- HemPure B.V., COC 65049950

Germany

- Hempflax Deutschland GmbH, HRB 204206

Romania

- HEMPFLAX EUROPE S.R.L., CUI 31139980, J01/48/2013
- DRONKERS GROND S.R.L., CUI 33104954, J1/290/2014
- AGRAFICIENT S.R.L., CUI 31059733, J1/7/2013

Article 1. Definitions

In these general terms and conditions the following terms, both in plural and in singular, have the following meaning unless expressly otherwise indicated:

1. **HempFlax**: the company using these general terms and conditions, as supplier of the Goods.
2. **Purchaser**: the natural or legal person using the services of HempFlax and any organisation with whom the Purchaser is affiliated in a corporate or in an organisational sense.
3. **Goods**: all products offered or delivered by HempFlax, including raw materials, semi-finished products and end products.

Article 2. Applicability

1. The current general terms and conditions apply to all offers, quotations, agreements and deliveries by HempFlax, of whatever nature, unless such applicability is wholly or partially excluded or it has been expressly otherwise agreed.
2. Any conditions of the Purchaser are expressly rejected. Deviations from and additions to these conditions only apply if and insofar as they have been expressly accepted by HempFlax in writing.
3. If during a short or longer time, whether or not tacitly, HempFlax has accepted deviations from the current general terms and conditions, this does not affect its right to as yet demand direct and strict observance of these conditions. The Purchaser cannot derive any rights from the manner in which HempFlax applies the current conditions.
4. The current conditions also apply to all agreements with HempFlax for the performance of which third parties must be engaged. These third parties can rely directly on the current conditions towards the Purchaser, including on any exclusions or limitations of liability.
5. If one or more provisions of the current general terms and conditions or any other agreement with HempFlax should be in conflict with a mandatory statutory provision or any applicable legal provision, this shall not affect the validity of all the other provisions of these general terms and conditions or the underlying agreement and the relevant provisions shall lapse and shall be replaced by a

new, legally permissible and comparable provision to be determined by HempFlax.

6. HempFlax reserves the right to change the current conditions at any time. The latest filed version or version as in force at the time the agreement was formed applies.
7. In the event of conflict between the content of an agreement entered into between the Purchaser and HempFlax and the current conditions, the content of the agreement prevails.
8. If versions of these general terms and conditions are in a different language than Dutch, the Dutch text prevails.

Article 3. Offers and quotations

1. All offers and quotations by HempFlax are revocable and are made without obligation, unless otherwise indicated in writing.
2. The Purchaser guarantees the correctness and completeness of the specifications and other information provided by the Purchaser, or on its behalf, to HempFlax and on which HempFlax bases its offer.
3. Apparent errors or clerical errors in the offer of HempFlax do not bind HempFlax.
4. A composite quotation does not oblige HempFlax to carry out a part of the order for a corresponding part of the stated price.
5. The prices in the offers and the quotations of HempFlax are exclusive of VAT and other levies by government, unless otherwise indicated.

Article 4. Formation of the agreement

1. Subject to the provisions below, an agreement with HempFlax is only formed after (1) HempFlax has confirmed an offer or order from the Purchaser in writing; (2) the moment HempFlax starts with the performance of the agreement; or (3) the moment HempFlax sends an invoice to the Purchaser relating to the relevant agreement.
An order confirmation issued by HempFlax is deemed to accurately and comprehensively reflect the agreement, unless the Purchaser immediately objects to it in writing.
2. The content of the agreement is exclusively determined by the description contained in the offer and the confirmation.
3. Any additional agreements or changes made at a later date only bind HempFlax if they have been confirmed by HempFlax in writing within fourteen (14) days and the Purchaser has not lodged a written objection to such within three (3) working days.
4. For agreements for which, due to their nature and size, no written offer or confirmation is sent, the invoice is deemed to accurately and comprehensively reflect the agreement, subject to written objection within seven (7) working days after the invoice date.



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5. Each agreement is entered into by HempFlax under the suspensive condition that HempFlax is authorised to investigate the creditworthiness of the Purchaser, such in connection with the monetary performance of the agreement. Should HempFlax be of the view, such on reasonable grounds, that the Purchaser is not (sufficiently) creditworthy, HempFlax is entitled to temporarily suspend its obligations. If there is such a suspension, HempFlax shall notify the Purchaser of this immediately in writing and offer the Purchaser the opportunity to provide security.

Article 5. Delivery

1. Unless otherwise agreed in writing, delivery takes place from a distribution location indicated by HempFlax (ex-works). From the moment they leave the distribution location, the Goods to be delivered are for the account and at the risk of the Purchaser.
2. The provisions in paragraph 1 apply even if HempFlax is responsible for the transport of the Goods. Unless otherwise agreed, the manner of transport is determined by HempFlax. The Purchaser is obliged to take receipt of the Goods at the agreed time and location and to unload such immediately.
3. From the moment the Goods are for the account and at the risk of the Purchaser, the Purchaser ensures adequate insurance of the Goods is in place against all possible risks such as - but not limited to - loss, theft, damage and/or destruction of the Goods. Even if HempFlax and the Purchaser agree that HempFlax is responsible for transport insurance, the Goods to be delivered are for the account and at the risk of the Purchaser from the moment they leave the distribution location.
4. HempFlax is entitled to deliver and invoice the Goods in consignments.
5. The Goods are also for the account and at the risk of the Purchaser from the moment (1) the date of actual delivery is delayed at the request or by the actions of the Purchaser, (2) the Purchaser requests delivery in consignment and/or the Goods are not collected, from the moment these Goods have been identified in the records and/or storage area of HempFlax as being 'goods of the Purchaser'. The costs of (extra) transport, storage, insurance and other extra costs are for the account of the Purchaser.
6. Unless expressly otherwise agreed, the export and import responsibilities (including custom) are for the account of the Purchaser and the Purchaser is responsible for the payment of any taxes, rights and levies.

Article 6. Transport and packaging

1. In connection with the provisions in the previous article, transit damage is for the account and at the risk of the Purchaser.
2. HempFlax is not obliged to insure the Goods to be delivered to the Purchaser against risks of transit damage unless otherwise agreed during the formation of the agreement.
3. If HempFlax uses returnable packaging material, the Purchaser is obliged to pay a deposit as security for the return of the returnable packaging material. The amount of the deposit is determined by HempFlax

and will be included as such in HempFlax's invoice and consignment note. If no use is made of returnable packaging material, the purchase price is inclusive of packaging unless otherwise agreed. The packaging material, not being returnable packaging material, is not taken back.

4. Packaging will be the normal packaging material used by HempFlax. HempFlax is not obliged to use different packaging material. If at the request of the Purchaser HempFlax uses different packaging material and/or brands, the associated risks and (additional) costs of such are for the account of the Purchaser.
5. HempFlax only repays deposits for returnable packaging material to the Purchaser if the returnable packaging material is empty, undamaged and (if applicable) properly separated.

Article 7. Guarantee

1. HempFlax guarantees that the Goods correspond with the agreement and the specifications stated in the offer.
2. HempFlax does not give guarantees relating to the suitability of its goods for the use intended by the Purchaser unless specifically otherwise agreed.

Article 8. Complaints

1. On delivery, the Purchaser must inspect whether the Goods correspond with the agreement. If the Goods do not correspond with the agreement, the Purchaser can no longer rely on this if he has not notified HempFlax of this within five (5) working days after delivery in writing, stating reasons. The right to complain also lapses if (1) the Purchaser renders insufficient cooperation to the investigation of HempFlax into the validity of a submitted complaint or (2) the Goods have been processed and/or treated.
2. Changes in technical insights in the sector and/or government regulations are at the risk of the Purchaser. Minor or technically unavoidable deviations in quality, quantity, measurements, colour, size etc. do not form a ground for complaint.
3. Return shipments are only accepted after prior written approval from HempFlax. The costs and risks associated with return shipments are at the risk of the Purchaser.
4. If the delivered Goods are defective and all procedural regulations set out above have been observed, HempFlax shall either replace the defective Goods by non-defective Goods or credit the amount corresponding with the complaint to the Purchaser, such at the discretion of HempFlax. HempFlax is not liable for any loss suffered by Purchaser in respect of the defective Goods.
5. A reliance by the Purchaser on this article does not give a right to suspend its payment obligation or a right to settlement.

Article 9. Payment

1. Payment by the Purchaser of the amount owed to HempFlax must be made within 14 days after the invoice date without the Purchaser having any right to deduction, discount, suspension or settlement, unless otherwise agreed. The day of payment is the day of the transfer of the due amount into the account of HempFlax.



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2. If the Purchaser has not paid within the term set in the first paragraph, the Purchaser is in default by operation of law and HempFlax is from that moment entitled to charge cumulative interest of one percent (1%) per month. In addition, HempFlax is entitled to charge administration costs with a minimum of € 75 (exclusive of VAT).
3. If the Purchaser has not paid within the term referred to in paragraph 1, the Purchaser is obliged to pay all judicial and extrajudicial (collection) costs actually incurred by HempFlax. The payment of the incurred costs is however not restricted to any cost order made by the Court.
4. In the event of a jointly issued order, the Purchasers are jointly and severally liable for the payment of the invoice amount and the payable interest and costs.
5. If in the opinion of HempFlax the financial position or the payment history of the Purchaser gives rise to this or if the Purchaser fails to pay an advance or fails to pay an invoice within the set payment term, HempFlax is entitled to demand that the Purchaser provides immediate (additional) security in a form to be determined by HempFlax. If the Purchaser fails to provide the required security, HempFlax is entitled, without prejudice to its other rights, to immediately suspend the further performance of the agreement and all that the Purchaser owes HempFlax on whatever basis, become immediately due and payable.

Article 10. Retention of title

1. All the Goods delivered by HempFlax, of which it has been agreed that they will be transferred in ownership to the Purchaser, remain nevertheless the property of HempFlax until such time as the Purchaser has complied with all its payment obligations towards HempFlax in full.
2. The payment obligations referred to in the previous paragraph include:
 - all due and payable and non-due and payable payment obligations pursuant to any agreement with HempFlax to deliver Goods; and
 - all claims relating to the failure in the performance of any agreement entered into with HempFlax.
3. The Purchaser owes HempFlax, pursuant to compensation, an amount in cash equal to the economic loss suffered by HempFlax as a result of the non-performance by the Purchaser of any (financial) obligation towards HempFlax, including value reduction, whether or not as a result of unmarketability, of the Goods delivered by HempFlax.
4. HempFlax is entitled to offset all the amounts paid by the Purchaser to HempFlax, including advances and payments on terminated agreements, with compensation payable by the Purchaser to HempFlax pursuant to this article.
5. As long as the ownership of the Goods has not transferred to the Purchaser, the Purchaser may not sell, pledge, transfer in security, grant any other right to third parties, except in the normal course of its business. The Purchaser is obliged to keep the Goods delivered subject to retention of ownership with due care insofar as not processed or sold in the normal course of its business. If an attachment is

levied on the delivered Goods, the Purchaser will notify HempFlax of this immediately.

6. The provisions in this article do not affect the rights of HempFlax to claim (additional) compensation and to commence (other) remedies at law.
7. The restrictions imposed on the Purchaser in this article can be deviated from with the permission of HempFlax.

Article 11. Term

1. If a term/date has been agreed between the Purchaser and HempFlax within which the delivery of Goods must take place and the Purchaser fails to:
 - (a) pay an advance - if agreed - or (b) make the necessary information available on time, in full, in the desired form and in the desired manner, the Purchaser and HempFlax will enter into consultation on a new period/date within which delivery must take place.
2. Terms within which the delivery of the Goods must have been completed are never to be viewed as strict deadlines.

Article 12. Liability

1. HempFlax's liability is limited to solely direct loss, which exclusively means:
 - a. The reasonable costs to determine the cause and extent of the loss, insofar as the determination relates to loss in the meaning of these general terms and conditions.
 - b. Reasonable costs incurred to prevent or limit loss, insofar as the Purchaser demonstrates that these costs have led to a limitation of direct loss as referred to in these general terms and conditions.
2. HempFlax is never liable for indirect loss, including consequential loss, loss of profit, lost savings, loss due to business interruption, late or improper performance by HempFlax and loss as a result of (contractual) penalties, including penalties for failing to meet any delivery term.
3. HempFlax is not liable for loss caused by the failure of the equipment, software, data files, registers or other items, none excluded, used by HempFlax in the performance of the agreement and for loss caused by computer viruses and by the interception of audio and/or data transmissions of telephone, fax or email or (other) data traffic.
4. HempFlax is not liable for penalties imposed on the Purchaser and/or sanctions and loss which are the result of owning hemp products and their derivatives, having them delivered, stored, processed, treated or otherwise coming into contact with such.
5. All claims and other powers towards HempFlax, on whatever basis, lapse one year after the formation of the underlying agreement between the Purchaser and HempFlax and in addition if they have not been submitted to HempFlax in writing stating reasons within one month after the moment the Purchaser was aware, or could reasonably have been aware, of the facts on which he bases his rights and powers.
6. The Purchaser indemnifies HempFlax and is obliged in the relevant cases to indemnify HempFlax against all claims by third parties which are directly or indirectly connected with the Goods delivered by HempFlax and to pay HempFlax the reasonable costs of defence against such claims.



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Article 13. Force majeure

1. Force majeure in these general terms and conditions means, in addition to that included in the legislation and case law, all external causes, whether or not foreseen, which are outside the control of HempFlax but as a result of which HempFlax is unable to perform its obligations, including (but not limited to):
 - i. force majeure at the suppliers of HempFlax;
 - ii. failures by suppliers to properly perform the obligations which have been prescribed by the Purchaser to HempFlax;
 - iii. defectiveness of items, equipment, software or materials of third parties, the use of which was prescribed by the Purchaser to HempFlax;
 - iv. government measures;
 - v. electricity failure;
 - vi. internet, computer network or telecommunication facilities failure;
 - vii. war, uprising and riots;
 - viii. natural disasters, epidemics and sickness in general;
 - ix. work occupation;
 - x. strike, occupation and actions by activists;
 - xi. general transport problems.
2. HempFlax is also entitled to rely on force majeure if the circumstance preventing (further) performance, commences after HempFlax should have fulfilled its obligation.
3. During force majeure, the obligations of HempFlax are suspended. If the period during which the performance of the obligations is impossible due to force majeure lasts longer than two (2) months, both parties are entitled to terminate the agreement without an obligation to pay compensation arising in such case.
4. If on the occurrence of the force majeure situation, HempFlax has already partially performed its obligations or can only partially fulfil its obligations, it is entitled to invoice the already performed or performable part separately and the Purchaser is obliged to pay this invoice as if it concerned a separate agreement.

Article 14. Intellectual property

1. Without prejudice to the other provisions in these general terms and conditions, HempFlax retains the intellectual property rights to the products it has developed and/or manufactured, the production processes and the associated know-how.
2. All compositions, documents, advice, designs, prototypes and trial productions provided by HempFlax are exclusively intended for internal use by the Purchaser and may not be reproduced, disclosed or brought to the attention of third parties without the prior permission of HempFlax.
3. The items referred to in the previous paragraph must be immediately returned at the demand of HempFlax, without prejudice to other legal measures at the service of HempFlax to safeguards its rights.
4. HempFlax also reserves the right to use the increased knowledge it has acquired through the delivery or development of Goods to the Purchaser also for other purposes insofar as this does not disclose strictly confidential information of the Purchaser to third parties.
5. Finally, the Purchaser is under a duty of confidentiality in respect of all information received

from HempFlax of which it knows or should know that it is confidential information.

Article 15. Applicable law and choice of forum

1. All agreements entered and to be entered into by HempFlax are governed by Dutch law.
2. All disputes - including those which are only viewed as such by one of the parties - which arise as a result of an agreement to which the current conditions apply wholly or in part or as a result of other agreements which are the result of such an agreement, will be heard by the competent court in the district of the place of business of HempFlax, unless a mandatory statutory provision dictates otherwise. This does not affect HempFlax being able to agree with the Purchaser to have the dispute be resolved by means of independent arbitration.

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