

HUNGARIAN GENERAL FORWARDING CONDITIONS (HGFC)

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§ 1.

Territory of Application

1. These conditions must be applied to all contracts which come into being between principal as undertaking and forwarder as undertaking, and which will be qualified as forwarding according to Hungarian law.
2. In case the forwarder issues a combined freight document (MTO/CTO/NVOCC) or another document with similar content, the conditions of those documents come before the HGFC.
3. Is the subject of the contract money, security paper, precious metal, gems, weapon, antiquity, painting, hallucinogen material or other special valuable but not normal commercial good, these General Forwarding Conditions are to be applied in case of explicit written agreement of the contracting parties, only.

§ 2.

Forwarding Contract

1. *(Main commitment of the parties)*

In the forwarding contract the forwarder is obliged to conclude contracts for transportation of the consignment in his own name and in favour of the principal and to make legal declarations in this connection, the principal is obliged to pay fee.

2. *(Forwarder's offer, acceptance of the offer)*

Forwarder's offer is valid only in case of immediate acceptance, except the case that the binding validity is stated in the offer. In this case – lack of differing agreement – the written acceptance of identical contents with the offer must arrive to the forwarder latest 17:00 hour on the final day of the deadline. On base of acceptance arriving after this time, no contract can be considered to have been concluded. No forwarding contract can be considered as concluded if forwarder does not make a written accepting statement on principal's offer with identical content.

3. *(Forwarder's silence, abstention)*

Forwarder's silence or abstention can be considered as a legal declaration in point of a concrete business, and on base of previous disposal of the parties, only.

4. *(General contract conditions of the principal)*

General contract conditions of the principal are not to be applied.

5. *(Form of the commission)*

Commission (acceptance) must be put in writing. Principal is obliged to confirm commissions given by telephone or verbally immediately in writing. Any consequences arising from the principal failing to do so are the principal's liability.

6. *(Commitments in co-operation and information)*

Principal and forwarder are obliged to co-operate and to inform each other about the essential circumstances of the contract during the discussions, at the contract completion, within its existence and termination.

7. *(Usage in the relationship of the parties)*

Branch's usages and those formerly developed between the parties became part of the contract only, if parties explicit agree on those.

8. *(Content of the forwarding commission)*

Commission must contain data and all information necessary for the execution of the forwarding contract complete and exact. Any consequences arising from incomplete or inexact commission are the responsibility of the principal.

9. *(Verifying data)*

The forwarder has no obligation to verify the authenticity, correctness, exactness, etc. of data received from principal.

§ 3.

Fulfilment of the Commission

1. *(Priority of principal's interests)*

In the course of fulfilment of the commission the forwarder must represent the interests of the principal. Representing of the principal's interests does not include any action, or abstention from any action with which the forwarder would cause damage, costs or other disadvantages for itself.

2. *(Instructions)*

Forwarder is obliged to follow the instructions of principal, but it has to draw principal's attention to their unprofessionalism. Consequences of inexpedient, unprofessional, incomplete, false und delayed instructions will be borne by principal.

3. *(Principal buoying the instruction)*

If principal buoys the instructions despite warning, forwarder may desist from the contract, respectively it can denounce it or can attend to it after providing of a security given by the principal, to principal's risk. The consequences arising from the time elapsing concerning providing of insurance charge principal.

4. (*Differing from the instruction*)

Forwarder can differ from principal's instruction if the interest of principal – basing on the data staying at the disposal of forwarder – indisputably requires it and there is no way to inform principal beforehand. In such a case principal must be informed without delay.

5. (*Refusal of fulfilment of instruction*)

Forwarder has to refuse the fulfilment of the instruction if its execution led to breach of law or regulation of authorities or it endangered the person or property of others.

6. (*Costs of instruction*)

Principal is obliged to refund forwarder's costs arising due to fulfilment of the instruction, resp. it has, on requirement of forwarder, to effect advance payment in due time.

7. (*Instruction and security*)

Forwarder can connect the fulfilment of the instruction to providing of according securities. If no appropriating security from principal will be provided, forwarder can refuse the fulfilment of the instruction. Non- according security is, which does not reach the amount of costs increased by 10% to be occurred at the participants of the executing chain, and which is not appropriate to be claimed by the forwarder immediately, without any procedure of assertion against principal or third persons. Forwarder has to settle accounts with the security immediately after having claimed it or after payment by the principal.

8. (*Modifying instruction*)

Should principal change its forwarding commission so that forwarder cannot fulfil same, forwarder can desist or can terminate the contract, and claim payment of its costs and fee.

9. (*No instruction provided by principal*)

Should forwarder not have received instruction in due time from principal although having asked for those, it is entitled to act on his own judgement. When acting so, forwarder must consider avoiding and minimising its own damages and costs and easing principal's damage, and observe points of rationality. Damages arose to forwarder this way, will be borne by principal.

10. (*Instruction of third persons*)

Any instruction of principal as per which the shipment is to be held to the disposal of third person cannot be withdrawn if the third person is already entitled to dispose about the shipment. All consequences of the disposal of third person, so especially damages and costs shall be borne by the principal.

11. (*Obstructions*)

Forwarder shall keep principal informed on all circumstances, which obstruct the fulfilment of the commission, or necessitate the amendment of same.

12. (*Withdraw of the commission by principal*)

Should principal withdraw the commission and should forwarder have already started acting in the interest of fulfilment of the same, damages and costs arising so, as well as forwarding fee have to be refunded by principal. In this case principal shall pay penalty to the forwarder, the amount of which is 20% of the agreed fee and is to be counted into the compensation.

13. (*Forwarder's desistance*)

Should circumstances arise being beyond forwarder's influence, due to which the fulfilment of the obligations or part-obligations of forwarder becomes impossible, forwarder is entitled to desist from the contract or to terminate same, and claim the payment of its costs and proportional fee.

14. (*Consolidated cargo*)

Due to lack of principal's explicit forbidding forwarder is entitled to forward the shipment as consolidated cargo.

15. (*Regulations of authorities*)

The forwarder is obliged to be familiar with regulations of the authorities only which are directly pertaining to forwarding and it has to compliance with those. It is not responsible for the compliance with any other regulations of authorities.

16. (*Forwarder's entry into fulfilment*)

Forwarder may fulfil the commission in full or partly by itself. Should forwarder fulfil the commission in full by itself, it has to inform principal hereabout within the settlement of account, latest.

17. (*Deadlines*)

In the absence of a definite written declaration, forwarder does not undertake to forward the consignment on a pre-determined day or by a pre-determined scheduled vehicle, or to perform a pre-determined action to a pre-determined time by itself or by any other participant.

18. (*Acceptance certificate*)

On request of principal, forwarder will issue an acceptance certificate.

19. (*Information*)

On request of principal forwarder gives special information about the fulfilment of the commission. Forwarder informs principal about the last event of the cargo forwarding without delay.

§ 4.

Deliverance of the Consignment to the Forwarder

1. (*Controlling data*)

When delivering the consignment by principal to forwarder, forwarder is entitled, however not obliged to check itself—except for the number of colli - the real data of the consignment.

2. (*Deviating data*)

Should the checked data deviate from those contained in the commission, forwarder shall inform principal about this circumstance immediately and shall announce that data contained in the existing contract are not identical with those of the consignment. All consequences, especially delay, rate level, costs arising from this circumstance will be to the charge of principal.

3. (*Data to be corrected*)

Should the data of the consignment – in the documents or on the consignment itself - for any reason whatsoever, require correction forwarder shall inform principal about this fact and, if necessary shall ask for instructions. Costs arising due this circumstance will be to the charge of principal. Forwarder is not obliged to undertake any repairs on the cargo by itself but can ask principal to do those by itself.

4. (*Actions concerning the cargo*)

Forwarder has no obligation to pack or bundle the consignment or to repair the packing and, generally, to perform any actions concerning the physical condition of the consignment. Exceptional are cases when the cargo endangers person or property of others. In such cases principal is obliged to perform the necessary actions on appeal, within the time given, or to refund related costs to forwarder.

§ 5.

Hazardous Consignments or Consignments Requiring Special Handling

1. (*Principal's obligation to give information*)

Consignments representing a hazard to other consignments, other goods and persons, or those containing perishables or which are sensitive for other reasons, can be handed over to forwarder based on a prior, definite, written agreement with the forwarder, only. Character of being hazardous, perishable, sensitive or special due to any reason whatever, must be notified at the first establishment of contact, resp. this character must be shown on documents and consignment, as well.

2. (*Written declaration*)

Principal has to issue, sign and hand over beforehand, and in due time to the forwarder a declaration of the consignment showing the hazardous/special parameter of the same with the

classification according to the regulations of transportation for various means of transportation of hazardous consignments. For all damages arising due to failing to do so and due to incapability and delay of the declaration, principal is liable.

3. *(Principal's default)*

If principal has failed to comply with his obligation to render information on the hazardous or special character of the consignment or the compliance was inadequate, forwarder is entitled to take all necessary measures to avert the potential consequences, dangers originating from the character of the consignments. Principal shall pay all forwarder's costs in this connection.

§ 6.

Warehousing

1. *(Cases of warehousing)*

During the duration of the contract, i.e. as need arises, forwarder provides for warehousing the consignment prior to dispatching, delivering and for transit storing. (Warehousing in connection with forwarding).

2. *(Place of warehousing)*

Warehousing may take place in a warehouse owned or operated by the forwarder or in one being in external property, used by forwarder.

3. *(Inspection of the cargo by principal)*

Upon notice in advance, in normal business hours, without disturbing forwarder's operation, principal may inspect the consignment accompanied by forwarder, as its own expense. If necessary, principal may take samples of the goods or may perform other actions with them, if agreed thereon with the forwarder in advance. The proceeding will be written recorded. The expenses in connection with sampling or other actions shall be borne by the principal.

4. *(Principal's responsibility for damages caused in the warehouse)*

Principal shall be responsible for damages caused to forwarder or third persons in connection with inspection, sampling of the goods or other actions.

5. *(Procedure in case of anomalies)*

Should principal allege that the inspected consignment is failing, incomplete or damaged, it may ask for drawing up minutes which may not be refused by forwarder. Should principal wish to employ an expert due to shortage, deficiency or damages of the consignment, forwarder shall consent thereto, but the expenses in connection hereto shall be borne by principal.

§ 7.

Forwarding Insurance

Forwarder will insure the consignment only on principal's definite written order and to latter's account with insurance conditions specified by principal, based on the data given in the commission or on other written, definite data. Forwarder shall not be obliged to interpret data, explore connections. Stating the value of the consignment itself, does not qualify as a commission to insurance.

§ 8.

Fees and costs

1. (*Form and content of fees*)

Principal shall pay forwarder in case of form of firm rates, the lump sum fee of forwarding, in case of settling on commission base, the costs arisen and the forwarding fee. Fees of forwarder concern usual transactions of the business.

2. (*Advance payment*)

Forwarder is not obliged to make advance payment of costs of any kind.

3. (*Maturity*)

Fees, resp. costs in connection with the execution of the commission – in the absence of contrary agreement – are due, when forwarder concluded the forwarding contract, or, if it has not been realized due to reasons in the interestingness of principal, when the reason arose.

4. (*Settlement of payment*)

Principal is obliged to exonerate forwarder from its obligations against third parties, existing on base of the commission, at the termination of the contract, and, if necessary it has to refund its reasoned costs.

§ 9.

Payment

1. (*Maturity*)

Forwarder's invoices are – in the absence of an agreement stipulating it otherwise – due on the day of receipt by the principal, delay of payment commences instantly without a separate call for payment or applying any other condition. Interest of delayed payment is – in absence of other clause – to be settled according to the ruling Hungarian legal regulations.

2. (*Payment by third person*)

Payment obligation of principal will not be changed if principal promises payment by third person. Forwarder can – in the absence of other agreement – decide by itself, how to issue invoices. In case of non-payment by this third person principal shall be obliged to refund forwarder's claims inclusive interests according to the due date of invoices sent to third person.

3. (*Set-off and retention*)

Principal and third person nominated by principal may not apply for set-off or retention against forwarder's claims.

4. (*Default of payment*)

Should principal fail to pay fees when due, even in a single event, forwarder may demand security for further new businesses and the already running ones. Should principal not provide the demanded and reasonable security for the running businesses within the term appointed by forwarder, forwarder may denounce the concerned and already running forwarding contracts or may desist from same. Forwarder is especially entitled to ask for security, if principal had already been in payment default against it in other cases or if the expectable costs will not be covered by the value of the consignment. As far as the value of goods is concerned, forwarder may set out from the value quoted by principal, if it was quoted, however, forwarder shall have the right to have the market value of the goods examined and defined by experts. Should the value of the goods defined in such way be lower those quoted, forwarder shall be entitled to set out from such lower value as far as security is concerned, resp. it may ask for additional security. Security is appropriate, if it will be provided in money or bank guarantee and it covers the costs of due and non-disputed claims increased by 10 %, including the usual costs of assertion.

§ 10.

Right of Lien

Forwarder has the right of lien on all matters being in his possession or over those it holds the right of disposal by means of documents originating from the forwarding commission. Right of lien will be extended to secure forwarder's due and non-disputed claims against principal originating from other forwarding contracts. Forwarder's claim may be asserted without judicial proceedings.

§ 11.

Right of Retention

Should principal not fulfil its obligation of payment –may this obligation origin from any business between the parties ever – forwarder may restrain its due service up to the fulfilment of principal's payment obligation or up to providing an appropriate security. Forwarder is entitled to denounce the contract if it has appointed 8 days deadline for payment and principal has not paid within this time period or it has not provided any appropriate security for fulfilment. Concerning appropriate security the content of article 3 § 7 will be normative.

§ 12.

Forwarder's Responsibility

1. (Extent of forwarder's liability)

Should the forwarder's liability be established, its obligation for compensation will be limited for the damages arisen in the consignment and the costs of assessment of damage. Damages arisen in the consignment have to be defined on base of stock exchange price, if not available, on those of market price, if not available, on the usual value of same goods.

2. (Limitation of liability in amount)

Forwarder's liability – except causing damages by hard negligence – is limited. The extent of limitation is – in absence of other disposals given in this § - a) in case of multimodal transportation to be defined according the content of the multimodal document, b) in all other cases SDR 8,33/ gross kg, but max. SDR 500.000,- pro event of damage. This limitation also concerns damages caused besides the contract. Further compensation will be paid by forwarder on base of disposals of this §, only.

3. (Responsibility for persons participating in cargo forwarding)

Forwarder is not responsible for damages caused by carriers, warehouses, loading personal, indirect forwarders or persons rendering other services used by the forwarder, except the case that forwarder has omitted professional care when selecting them.

4. (Forwarder's liability as carrier)

Forwarder shall be liable for damages in the consignment if

- the consignment was carried by itself,
- it let the consignment sent in groupage service and damages sustained as a consequence hereof,
- the consignment gets lost or will be damaged while being in its possession.

5. (Rules for forwarder's liability)

If forwarder is liable as carrier, the general and liability- limiting rules of international agreements for the actual carrying method, resp. the legal regulations of domestic transport branch are to be applied. Should these legal regulations no dispose about liability's limitation, forwarder shall be liable according to article 1-2 of this §.

6. (Place of damage's origin is unknown)

Where cannot be established during the period of which carrying method the damage sustained, the extent of liability shall be the one from among the rules of carrying methods applied in the combined transport, which is the most favourable for the principal.

7. *(Further damages)*

Forwarder may also undertake – on base of written explicit agreement – to reimburse other damages. In such a case principal has to give the in-being and the expectable costs of the damage in advance and it has to provide the confirming documents to forwarder's disposal. Even in this case forwarder will not reimburse damages originating from force majeure, natural disasters, strike, measures of the authorities, or from other similar circumstances staying beyond the usual business transactions. Forwarder's obligation according to this article is not based on the actual liability but it qualifies as a business service. The reimbursement of damage – depending on the circumstances - can be subjected by forwarder to the condition, that principal shall assign to forwarder all rights which are due to principal towards other persons and it will also hand over the necessary documents establishing the claim in fact and rights, should those not have been handed over to forwarder before. The damage declared by principal has to be proven.

8. *(Principal's seat is inland)*

If forwarder's liability can be established and principal is having a legal seat within the country, for forwarder's liability – in absence of an obligatory legal provision or differing disposal of this § - the content of articles 1-2 of this § is to be applied.

9. *(Principal's seat is abroad)*

If forwarder's liability can be established and principal is having a legal seat abroad, forwarder's liability – in absence of obligatory legal provision or differing disposal of this § - may not be higher than it would be limited for forwarders by regulations ruling in the country of the principal.

10. *(Notification of damage to the forwarder)*

Event of damage and expectable costs are to be announced in writing to forwarder within 48 hours after becoming aware of those, resp. documents proving damage must be sent within 48 hours after receipt.

§ 13.

Principal's responsibility, Securities

1. *(Incompleteness, inaccuracy)*

Principal is responsible for shortness, incompleteness and inaccuracy of instructions, packing, marks and circumstances in this connection, for those of documents, data and information.

2. *(Security)*

Forwarder may, in case of danger of third person's claims ask for appropriate security. In absence of appropriate security forwarder may denounce the contract. Concerning compliance of security the content of article 3 §7 has to be applied.

§ 14.

Assertion of Claims

1. (*Cases of assertion of claim*)

Forwarder is, in case of principal's written instructions, to principal's risk and account, obliged to assert principal's claims before court or excluding it, against the carrier or other participants used by the forwarder.

2. (*Forwarder's transactions without instructions*)

Forwarder is obliged to make necessary declarations to protect principal's rights also without instructions. (E.g. declarations against the carrier at delivery).

3. (*Fees and costs*)

Forwarder's fees do not include the costs of assertion of claim. Forwarder is not obliged to advance costs of claim's assertion. Probably advancement of any costs does not draw conclusions for advancement of further ones. For assertion of claims – independent from the result of the procedure – the fee agreed by the parties and the costs of assertion are forwarder's due.

§ 15.

Termination of the Contract

In case of framework agreement its directions for desistance and denouncement are applicable.

§ 16.

Time of Limitation

Claims originating from a forwarding contract are – except damages caused voluntary or by heavy negligence - subjects of a limitation period of one year. Limitation begins at the time when the claim becomes due. Parties may agree in writing on alteration of the time of limitation. Should forwarder receive information concerning settlement of costs with the principal later than the 120th day before elapsing of the one year limitation time, this will be extended by 180 days.

§ 17.

Applicable law, Competent Court

1. Contracts of the forwarder shall be governed by Hungarian Law.

2. Parties shall endeavour to settle disputes amicably.

3. In the absence of obligatory legal regulation and if parties has not agreed otherwise, the court according to the seat of the forwarder shall have exclusive competence in all cases of dispute.

§ 18.

Miscellaneous

1. Forwarder may depart from the regulations of these HUNGARIAN GENERAL FORWARDING CONDITIONS.
2. The title of individual articles provide information concerning the subject of the actual article only, forwarder will not bear any obligation hereof.
3. **THIS GENERAL CONTRACT CONDITION CAN BE VISITED ON THE HOMEPAGE OF THE ASSOCIATION, RESP. FORWARDER WILL PUBLISH IT ON ITS HOMEPAGE OR HE WILL LINK TO THE ASSOCIATION'S HOMEPAGE. ON PRINCIPAL'S REQUEST IT WILL SEND IT SEPARATELY AS WELL, AND WILL GIVE, IF NECESSARY, INFORMATION ABOUT IT AND WILL NEGOTIATE IT.**
4. **FORWARDER'S RESPONSIBILITY WILL, ACCORDING TO THESE CONDITIONS BE LIMITED.**
5. **TIME OF LIMITATION WILL BE EXTENDED ACCORDING TO THE CONTENTS OF §16.**