

## Standard Terms of Engagement

*effective from 1 April 2025*

### 1. Introduction

- 1.1 These Standard Terms of Engagement (hereinafter: „**Terms**”) apply for the legal services provided by Kovács Réti Szegheő Attorneys at Law (hereinafter: “**KRS**”) to its clients on the basis of the agreement for legal services entered into by and between the parties.
- 1.2 The effective text of the Terms can be found at [www.krs.hu](http://www.krs.hu).

### 2. Engagement

- 2.1 The agreement for legal services, the client’s instructions and the facts determine the subject of the engagement including any written information from the client, from client’s contact persons or advisors.
- 2.2 These Terms determine the conditions of legal services provided by KRS.
- 2.3 These Terms together with the agreement for legal services constitute the contract between the client and KRS. The contract enters into force on the signing date of the agreement for legal services or at the start of providing the legal services whichever is the earlier.
- 2.4 If any of the regulations of the agreement for legal service is contrary to these Terms, the regulations of the agreement for legal services shall apply.
- 2.5 KRS shall perform the assignment exclusively on the basis of Hungarian law, unless otherwise expressly agreed with the client in the assignment contract. KRS provides legal advice concerning foreign law through its foreign partner offices, whose activities shall be governed by the provisions on experts pursuant to Section 2.8.
- 2.6 All the deadlines of the engagement are determined in the agreement for legal services or at the start of providing the services. If client is in delay with providing the necessary information for the engagement or if client provides insufficient information, KRS shall not be held liable for any damages due to the deadlines missed or any prejudice suffered by the client.
- 2.7 The members of KRS substitute attorneys at law authorized by KRS or trainee attorneys proceed during the provision of legal services.
- 2.8 During the course of the engagement it may be necessary for KRS to instruct an expert service provider on issues beyond KRS’s expertise, to which the client consents. KRS will consult the client if possible before engaging experts and will always exercise due diligence in their selection. The client authorises KRS to accept on his behalf the terms and conditions of the relationship between the client and the expert as determined by the expert, including any limitation of the expert's liability. KRS shall not be liable for the acts and/or defaults of the expert it engages. The client shall indemnify and hold harmless KRS against all claims asserted by the expert, including reasonable legal costs, which are in any way related to the services provided to the client, unless they result from the gross negligence or wilful misconduct of KRS.
- 2.9 KRS is not obliged to accept the engagement and does not have to provide reasons when refusing an engagement.
- 2.10 Acceptance of the mandate by KRS shall not mean an obligation to achieve a certain result, but an obligation to attempt to achieve it.



- 2.11 Parties can terminate the agreement for legal services with mutual consent at any time. Client is entitled to terminate the engagement with a 30 (thirty) day notice period without cause. KRS is entitled to terminate the engagement with a 15 (fifteen) day notice period without cause (ordinary termination). Client is entitled to terminate the engagement with immediate effect, in case of serious breach of contract, provided that in case of an engagement with a flat rate, client undertakes to pay the monthly flat rate for a further 90 (ninety) day period following the termination of the agreement, which amount covers the costs of KRS resources allocated for the engagement. Parties shall settle accounts if the engagement is terminated for whatever reason.

### **3. Conflicts of Interests**

- 3.1 Before accepting the engagement, KRS will determine whether KRS is able to advise the client having regard to any legal or professional regulations relating to conflicts of interest. Should a conflict of interest arise before accepting or during the engagement, parties shall negotiate regarding the (further) provision of legal services, on the condition that KRS is entitled to immediately suspend or terminate the engagement. Client agrees to inform KRS on any circumstances if it seems that KRS may not be able to accept the engagement because of a conflict of interest.

### **4. Fees**

- 4.1 The fee of the engagement is determined by the agreement for legal services or the correspondence between the parties that can be an hourly rate, a success fee or a flat rate or their combination.
- 4.2 The hourly rates are multiplied by the working time spent. The shortest unit of time spent is 10 (ten) minutes.
- 4.3 KRS is entitled to 50 (fifty) % of the hourly rates for the time of travel.
- 4.4 KRS charges a 5 (five) % flat rate for the general costs arising in connection with the provision of legal services (e.g. telephone, fax, copying charges) not including any further third party expenses incurred by KRS on the client's behalf (e.g. costs of duties, publication fee, translation costs, public notary fees, cost of land registry or company extract, banking, fuel expenses etc.).
- 4.5 The flat and hourly rate of the engagement and the amount of disbursements and expenses as stipulated by the agreement for legal services are adjusted at the start of each calendar year with the consumer price index published for the preceding year.
- 4.6 KRS is entitled to issue its invoices on its performance on a monthly basis or in a period/time defined by the respective mandate agreement. KRS shall send a report on the time spent on the assignment together with the invoice. The client has the right to reject the invoice and the underlying activities and records within a maximum period of 30 (thirty) days from the receipt of the invoice. After the expiry of this time limit or after the invoice has been paid, the client shall be deemed to have accepted the invoice and its annexes.
- 4.7 KRS is entitled to issue an electronic invoice with an authorized code accepted by the Hungarian Tax Authority. The invoice is sent as an enclosure to the e-mail address provided by the mandator. The parties accept the sending of the invoice to the e-mail address provided by the mandator as being delivered to the mandator. In case the mandator doesn't inform KRS on a change of the e-mail address provided earlier, the invoice is considered as being delivered even in case the e-mail address can not accept the message at the time of sending the invoice.



- 4.8 Client agrees to pay the fee and any further expenses of the engagement on the basis of the invoice issued by KRS via bank transfer to the bank account indicated on the invoice within 8 (eight) days after receipt.
- 4.9 In case of delay in payment, KRS is entitled to charge interest for delay according to the Civil Code, as well as a flat fee for the collection of the claim, which shall be 15%, i.e. fifteen percent of the capital claim, but not less than EUR 150.

## **5. Client verification, data protection, confidentiality**

- 5.1 KRS is required to obtain evidence to verify its clients in accordance with money laundering and terrorist financing legislation.
- 5.2 For personal data protection the privacy policy of KRS is applicable.
- 5.3 KRS and its contributors are under a professional duty to keep client documents and information confidential during and after termination of the engagement. KRS is entitled to disclose such where KRS is subject to a legal or a professional obligation to do so or where client consents to the disclosure.
- 5.4 Attorney-client privileged information shall be any and all facts, information and data about which KRS gains knowledge during the engagement. Confidentiality shall be independent of the existence of a legal relation established for practicing the legal profession and shall survive regardless of the termination of legal practice or the termination of the legal relation.

## **6. Intellectual Property Rights**

- 6.1 KRS owns copyright and any neighbouring right in any document prepared by KRS during the course of carrying out the engagement unless parties agreed otherwise in writing. The documents prepared by KRS and delivered to the client can be copied for internal use. Client cannot hand over to third parties or modify the documents or their copies without the prior written consent of KRS.

## **7. Case Register, Document Handling**

- 7.1 KRS keeps a register of the cases of the engagement in order to monitor compliance with rules applicable for attorneys at law and to protect client's rights if KRS is no longer entitled to provide legal services. The register includes the following data:
  - a) the case identification number given by KRS,
  - b) the name of the client,
  - c) the subject of the engagement,
  - d) the date when the agreement for legal services was entered into,
  - e) the registry number of the court proceedings of the engagement and the registry number of
  - f) any connecting cases.
- 7.2 KRS processes the data under Section 7.1 for 5 (five) years following the termination of the engagement, for 10 (ten) years following countersignature if the document is countersigned, for 10 (ten) years where the engagement refers to the registration of an immovable property right into a public register.



## 8. Liability

- 8.1 KRS maintains liability insurance for the compensation of damages caused during its legal professional activity.
- 8.2 **The total liability of KRS towards the client for damages caused by KRS's imputed negligence in connection with the services provided is limited to the amount of the engagement fee invoiced and paid by the client as referred to in the agreement for services up to a maximum amount of 15.000.000,-Ft, i.e. fifteen million HUF.**
- 8.3 KRS compensates for the damage if money or items of property KRS received under the obligation to return or account for is missing, save KRS can prove that the missing occurred for a reason beyond its control.
- 8.4 KRS shall not be liable for the activities of the bank providing lawyer's escrow account service or the provider of the safe deposit box service, if KRS has no fault in connection with their selection.
- 8.5 Client ensures that to the best of its knowledge the data, information, documents made available in order to complete the engagement are complete and accurate. Client is responsible for content and formal errors and client bears the consequences of late availability of documents and information.
- 8.6 Client bears the consequences of non-disclosure of any information or the failure of delivery of documents.
- 8.7 Consequently, client agrees with the signing of the agreement for legal services that KRS is not liable for any damages due to client's failure to deliver or disclose documents or information necessary for the engagement. In case of a dispute, client has to prove which documents or information have been made available for KRS. KRS does not verify the accuracy or objectivity of documents made available, KRS accepts client's declarations as true and objective.
- 8.8 Client takes notice that in every engagement and during the provision of legal services there can be other legal interpretations different from KRS's professional standpoint, evidence can be assessed and valued by courts and authorities differently.
- 8.9 Client accepts the risk of different application of the law including risks due to lack of unified case law, unpredictability of and delays in official procedures.
- 8.10 KRS is entitled to determine the procedure of carrying out the engagement, the necessary measures, use of evidence, filing of submissions, their content, sequence and when they are due.
- 8.11 In case of free engagements, KRS excludes its liability for damages.
- 8.12 Any claims for damages regarding the engagement shall expire after 1 (one) year following the occurrence of damage.
- 8.13 The information on KRS's website or in KRS newsletters is not regarded as legal advice; they only serve to inform clients. Their content is prepared with due care, nevertheless KRS excludes liability for any potential inaccuracy.

## 9. Use of Artificial Intelligence-Based Translation Software

### 9.1. Application of AI Technologies in the Translation Process

The Law Firm is entitled to use artificial intelligence-based translation software and technologies developed by third parties to ensure faster, more cost-effective, and more accurate translation services. Such technologies may include, but are not limited to, DeepL, Google Translate API, Microsoft Translator, OpenAI language models, and other AI-powered translation support



solutions. The Client expressly consents to the use of these technologies, including the uploading of materials, documents, and data provided by the Client into AI systems as part of the translation process.

#### 9.2. Data Protection and Security Measures

The Law Firm implements the following general and specific settings to ensure the protection of data and information:

- a) **Data Retention Restriction:** In all AI systems used, the “do not store/retain data” function is mandatorily enabled, ensuring that documents provided by the Client and their translations are not permanently stored in third-party systems.
- b) **Encrypted Data Transmission:** Data uploads and downloads are conducted exclusively through encrypted channels to prevent unauthorized access during transmission.
- c) **Access Restriction:** Access to AI systems is strictly limited to authorized employees bound by confidentiality obligations.
- d) **Data Deletion:** Upon completion of the translation process, all uploaded data is automatically and permanently deleted from AI systems.
- e) **Regular Audits:** The Law Firm regularly reviews and updates the data protection and security settings of the AI systems in use.

#### 9.3. Limitation of Liability

The Law Firm exercises due diligence in protecting data; however, due to the inherent nature of AI-based services, it does not assume liability for any data loss and/or unauthorized access or security incidents.

The Client acknowledges and agrees that:

- a) The Law Firm excludes all liability for indirect or consequential damages resulting from the use of AI systems or their malfunctions.
- b) In the event that the above exclusion is deemed invalid, the total liability of the Law Firm shall not exceed the fee paid by the Client for the specific translation service.
- c) The Law Firm is not responsible for any inaccuracies or substantive errors generated by AI technologies.
- d) Claims arising from legal violations or data protection incidents related to the use of AI technologies shall be directed by the Client to the software provider. The Law Firm will provide reasonable assistance in enforcing such claims but assumes no direct liability or involvement.

#### 9.4. Handling of Attorney-Client Privileged Data

For documents covered by attorney-client privilege, including confidential or sensitive information (such as patent applications, trade secrets, or personal data), and upon the Client’s explicit request, the Law Firm will:

- a) Refrain from using AI technologies, or
- b) Use only AI solutions with enhanced security settings and subject to a data processing agreement.

#### 9.5. User Rights and Obligations

During the translation process, the Client is required to:

- a) Indicate documents containing particularly sensitive or confidential information.
- b) Provide translation materials in a format suitable for processing by AI systems.
- c) Acknowledge that while AI systems enhance efficiency, they do not guarantee professional translation quality.



## **10. Closing Provisions**

- 10.1 KRS is entitled to designate client's name and the subject of the engagement as a reference.
- 10.2 The client expressly undertakes not to take any action in order to establish and to refrain from establishing either directly or indirectly any legal relationship with any employed or associated lawyers or trainee lawyers of KRS designated to the engagement either in connection with the legal services or any other work and also undertakes not to establish any legal relationship in the future in case the agreement for legal services is still valid at that time. In case of breach of this provision KRS is entitled to full compensation.
- 10.3 If any clause of these Terms in whole or in part is declared or becomes void, illegal or otherwise unenforceable, all other terms, provisions or conditions of these Terms shall nevertheless remain in full force and effect. In such event, in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added as a part of these Terms a clause or provision as similar in terms of legal and business content to such illegal, invalid or unenforceable clause or provision as may be possible and be legal, valid and enforceable.
- 10.4 From time to time, KRS is entitled to unilaterally amend these Terms. If this occurs, client is notified of the changes and the effective Terms on the KRS website.
- 10.5 Any matters not regulated by these Terms or the agreement for legal services shall be governed by and construed in accordance with the law of the Republic of Hungary and the regulations issued by the Hungarian Bar and the Budapest Bar.
- 10.6 The Parties shall attempt in good faith to resolve all disputes by mutual agreement. In case Parties do not reach an agreement, they irrevocably submit to the jurisdiction of the Central District Court of Buda or the Budapest Capital Regional Court pursuant to the amount of the claim.