

AGREEMENT FOR THE PRODUCTION OF HEMP

Entered into in compliance with Law No. 242 of 2 December 2016 containing "Provisions for the promotion of hemp production and Agro-industrial chain"

BETWEEN

The Producers Cooperative, "ITALCANAPA Società Cooperativa a responsabilità limitata", with offices in [REDACTED], fiscal code and number of registration with the Register of Enterprises of Arezzo [REDACTED], certified e-mail (PEC) [REDACTED] represented for the purposes of entering into this Agreement by the Chairman of the Board of Directors and Legal representative [REDACTED] fiscal code [REDACTED] with an address for service for the purposes of this deed at the offices of the company, in [REDACTED] hereinafter also "Seller",

AND

"HEMP FOR HEALTH – H4H s.r.l.", a limited liability company, with offices in Bibbiena (AR), via Rignano No. 17/b, post code 52011, fiscal code and number of registration with the Register of Enterprises of Arezzo 02335550519, certified e-mail (PEC) hempforhealth.h4hsrl@pec.it, represented for the purposes of entering into this Agreement by the Member-Sole Director and legal representative Mr Robert Gregory James Whyte Eadie, fiscal code DEARRT65E17Z401H, with an address for service for the purposes of this deed at the offices of the company, in Bibbiena, via Rignano No. 17/b, hereinafter also referred to as "Purchaser",

Jointly referred to as "Parties".

DEFINITIONS

In this Agreement the capitalised terms below shall have the following meanings:

Seller: Producers Cooperative, "ITALCANAPA Società Cooperativa a responsabilità limitata", with offices in [REDACTED] fiscal code and number of registration with the Register of Enterprises of [REDACTED];

Purchaser: "HEMP FOR HEALTH – H4H s.r.l.", limited liability company, with offices in Bibbiena

(AR), via Rignano No. 17/b, post code 52011, fiscal code and number of registration with the Register of Enterprises of Arezzo 02335550519;

Parties: jointly the Seller and Purchaser;

Associates: by way of example, the Seller's farmers, employees, representatives, consultants or collaborators on whatever basis;

Agreement: this agreement, entered into in compliance with Law No. 242 of 2 December 2016 containing "*Provisions for the promotion of hemp production and Agro-industrial chain*";

Period of Exclusivity: period corresponding to the entire term of the Agreement, during which the Seller undertakes (i) not to enter into with third parties, directly or indirectly, any type of agreement having as its subject-matter, by way of example, the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products; (ii) to ensure and offer its services only in favour of the Purchaser; (iii) not to start, carry on, favour or encourage any discussion or negotiation with any third party in relation to a possible activity concerning, by way of example, the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products;

Competing Transaction: any other transaction in conflict with the transaction under this Agreement;

Product: hemp crop;

Confidential Information: any and all information disclosed in whatever form in relation to, depending on and/or during the negotiation, execution and/or performance of this Agreement.

WHEREAS

The recitals form an integral part of this Agreement;

the Seller, in the form of a limited liability Cooperative, will be engaged in the cultivation and production of hemp, activity for which it will use the collaboration of the Purchaser;

the Purchaser, set up in the form of a limited liability company, has as its object the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products and is interested in collaborating with the Seller, which meets the necessary professional requirements and has the suitable organisational skills to grow hemp plants;

this Agreement is entered into in compliance with Law No. 242 of 2 December 2016 containing "*Provisions for the promotion of hemp production and Agro-industrial chain*";

articles headings have been included in this Agreement for ease of reference only and shall not be deemed to be decisive for the purposes of the interpretation of the provisions contained therein;

without prejudice to the specific mandatory statutory provisions, for the purposes of this Agreement, should any of the provisions herein become unlawful, invalid or unenforceable on the basis of the law in force during the term of the Agreement, the aforesaid provision will be considered detached from the

remaining part of the Agreement, while the remaining provisions will be considered perfectly valid and effective;

this Agreement is drawn up in two languages: Italian and English. In case of dispute, the Italian text shall prevail and Italian shall be the only language of the proceedings.

NOW, THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

ARTICLE 1

SCOPE OF THE AGREEMENT

By executing this Agreement, the Parties, each within its sphere of competence, undertake as follows.

A. The Seller undertakes:

1. to provide and cultivate for the benefit of the Purchaser, at least 100 hectares of land (100 Ha), as per the aggregate surface identified in the corporate files subject-matter of this Agreement (**Annex 1**);
2. to ensure traceability of sown land;
3. to ensure sowing by May 15, 2019;
4. to ensure that also during all growing phases the goods will maintain the characteristics provided for by sector-specific legislation, as well as those requested by the Purchaser;
5. to implement programmes to provide information, training and assistance to the Associates, in order to ensure crop compliance with the provisions of law, as well as with the Purchaser's requests;
6. to make any effort aimed at ensuring that its Associates attend all technical meetings organised with the Purchaser;
7. to comply, and ensure its Associate's compliance, with the programme and methods of engagement agreed with the Purchaser;
8. to allow and facilitate access to crops by the Purchaser and its technicians;
9. to communicate in writing and/or by certified e-mail (PEC) any delay in sowing and/or any possible change of plots specifying the reasons thereof;
10. to deliver the Product to the warehouse indicated by the Purchaser.

B. The Purchaser undertakes:

1. to supply hemp seeds certified at European level no later than 15 April 2019;
2. to assist the Seller with trained personnel during all cultivation phases, until the yield of the finished product;
3. to implement programmes to provide information, training and assistance to the Seller and its Associates, in order to ensure crop compliance with the provisions of law, as well as with its own requests;
4. to make available, if necessary and requested, suitable tools for the preparation and cultivation of lands;
5. to collect the Product delivered by the Seller, originating from its Associates' crops in the agreed ways

and quantities;

6. to examine with the greatest care the products upon delivery and to notify in writing the Seller of any defect or fault within the term of 30 days from discovery.

The Parties agree that, in any case, the Purchaser's right remains unprejudiced to carry out, without giving prior notice, all checks permitted by law or anyway deemed appropriate in order to evaluate the Seller's compliance with the obligations under this Agreement.

ARTICLE 2

CONSIDERATION AND METHODS OF PAYMENT

The Purchaser, by virtue of the commitments undertaken by the Seller under Article 1 above, undertakes to pay for the first year of harvest, that will end on December 31, 2019, the amount of Euro 10,000.00 (ten thousand/00) per hectare, to be divided in three instalments as follows:

- (i) the first one equal to 30% to be paid no later than 30 April 2019;
- (ii) the second one equal to 30% to be paid no later than 30 July 2019;
- (iii) the third and last one equal to 40% to be paid within 30 days from the date of delivery of the Product to the warehouse indicated by the Purchaser.

The Parties agree as well that the aforesaid amount will be paid as consideration for the first year's harvest, that will end on December 31, 2019, irrespective of the quantity of Product actually delivered to the Purchaser.

Without prejudice to the provisions of the above paragraph, for the years following the first one, that will end on December 31, 2019, the Parties undertake to negotiate and agree in good faith the price of the Product, based on the quantity and quality of product actually delivered to the Purchaser.

Without prejudice to the foregoing, the Purchaser undertakes to pay the Seller the due price within 30 days from the date of delivery of the Product to the warehouse.

ARTICLE 3

TERM OF THE AGREEMENT

This Agreement will have a term of 5 (five) years starting from the date of its execution and will be tacitly renewed for 5 (five) years on all the conditions provided for herein.

ARTICLE 4

EXCLUSIVITY IN FAVOUR OF THE PURCHASER

For the entire term of this Agreement ("Period of Exclusivity") the Seller undertakes:

- (i) not to enter into with third parties, directly or indirectly, any type of agreement having as its subject-matter, by way of example, the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products;

- (ii) to ensure and offer its services only in favour of the Purchaser;
- (iii) not to start, carry on, favour or encourage any discussion or negotiation with any third party in relation to a possible activity concerning, by way of example, the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products, or in relation to any other transaction in conflict with the transaction under this Agreement (hereinafter also "Competing Transaction");
- (iv) not to reach with any third party any agreement whatsoever having as its subject-matter a Competing Transaction;
- (v) not to disclose information on the Purchaser to any third party in relation to a Competing Transaction;
- (vi) to immediately inform the Purchaser in writing about any offer or proposal received by third parties, in connection with, by way of example, the cultivation, production, manipulation, preservation, transformation and marketing of hemp-based products or any other transaction in conflict with the transaction under this Agreement.

ARTICLE 5

UNILATERAL TERMINATION

The Purchaser will be entitled to unilaterally terminate, at its discretion, the Agreement at any time during its term, by giving notice thereof to the Seller at least 3 months before the effective date of said termination, without having to pay any amount as indemnity or damages.

ARTICLE 6

TERMINATION

Each Party will be entitled to terminate this Agreement, pursuant to and for the purposes of Article 1453 and the following of the Italian Civil Code, if the other party materially breaches any of its obligations under this Agreement and/or does not remedy said breach within the deadline fixed in the relevant written notice whereby the non-defaulting Party notifies the relevant breach and orders the defaulting Party to remedy it.

ARTICLE 7

CONFIDENTIALITY

For the purposes of this article, the term "Confidential Information" means any and all information disclosed in any form – including by way of example only and without limitation – verbal information or information in paper, electronic, magnetic format, by e-mail or direct reading – in relation to, depending on and/or during the negotiation, execution and/or performance of this Agreement, such as, by way of example only: (i) the terms and conditions of this Agreement (ii) any information and document concerning the negotiations preceding the execution of the Agreement; (iii) any information, technical,

strategic, economic or commercial data concerning the company's activity, business and/or assets of the Purchaser; (iv) all information and technical data, technical studies, analysis, compilations or any other document or information concerning the Products received from or on behalf of the Purchaser, during the performance of the activities envisaged by this Agreement.

Except for the disclosure obligations imposed by the applicable law, by regulations or by any other provision, order or decision adopted by any competent authority, the Seller undertakes to: (i) keep strictly confidential and secret all Confidential Information and not to disclose, in whole or in part, its content to any third parties both during the term and following the termination, for any reason, of this Agreement; (ii) to ensure and to see to it that, also pursuant to and for the purposes of Article 1381 of the Italian Civil Code, Associates to whom Confidential Information was disclosed use said Confidential Information in full compliance with the obligations and restrictions under this Agreement.

The confidentiality obligations under this article shall remain in force for the entire term of this Agreement and for a period of 5 years after its termination, for any reason whatsoever.

ARTICLE 8

NOTICES

All notices must be made in writing and/or by certified e-mail (PEC) to the addresses indicated in the Register of Enterprises.

ARTICLE 9

ARBITRATION CLAUSE

All disputes arising out of this Agreement or in relation thereto shall be resolved by means of arbitration according to the Regulation of the Arbitration Chamber of Milan, by three arbitrators, appointed in compliance with said Regulation. The arbitration will be according to standard procedure and arbitrators will decide according to law.

The arbitration will take place in Arezzo and will be conducted in the Italian language.

ARTICLE 10

PRIVACY

The Parties are aware and declare that the fulfilment of the obligations under this Agreement does not imply the processing of personal data. In any case, in the event that personal data be processed in the performance of this Agreement, the Parties undertake to process said data only for the purposes connected to the fulfilment of the obligations provided for by this Agreement, pursuant to Legislative Decree No. 196 of 30 June 2003 "*Personal data protection code*" as well as to Regulation EU 2016/679 "*on the protection of natural persons with regard to the processing of personal data and on the free movement of such data*".

ARTICLE 11

FINAL PROVISIONS


The Parties represent that this Agreement has been freely negotiated between them and that, therefore, the article 1341 of the Civil Code does not find application.


This Agreement represents the entire agreement reached by the Parties in relation to its scope and replaces any and all previous agreements, communications, proposals or declarations, including verbal ones, on the same subject-matter.

Any amendment and addition to this Agreement shall be made in writing by deed signed by the legal representatives of the Parties or by persons duly empowered by the Parties by specific Power of Attorney. All matters not expressly provided for in this Agreement shall be governed by Law No. 242 of 2 December 2016 containing "Provisions for the promotion of hemp production and Agro-industrial chain".

Date Feb. 8, 2019

ITALCANAPA s.r.l.
Chairman and Legal representative

 "signed"

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HEMP FOR HEALTH – H4H s.r.l.
Member-Sole Director and Legal representative

"Robert Gregory James Whyte Eadie"

(Robert Gregory James Whyte Eadie)