

General Terms and Conditions of Sale

In the following text our customer is named “Buyer”, regardless to the concrete legal structure or registered firm Heinrich Krug GmbH & Co. KG is also named “Seller” or “we”.

§ 1 General

(1) The terms and conditions set out below shall form part of the agreement concluded with us. They shall apply exclusively and only to entrepreneurs or legal entities by public law as special governmental entities within the meaning of sec. 310 para. 1 BGB (German Civil Code).

(2) Our General Terms and Conditions of Sale shall always apply in accordance with the most recent version and to all subsequent transactions without any need of express reference thereto or agreement thereon at the conclusion of such transaction.

(3) We hereby object to any counter confirmation, counter offer or other reference by the Buyer to his general terms and conditions; any dissenting terms and conditions of the Buyer shall only apply if we have confirmed the same in writing.

(4) The Buyer may not assign any claims arising from transactions with us without our written approval.

§ 2 Offers; Orders

(1) Our offers shall not be binding; in particular with reference to quantities, price and delivery time. You will find the actual wording of our general terms and conditions of sale on our website under www.heinrich-krug.de.

(2) Orders placed by the Buyer shall not be regarded as accepted until these have been confirmed to us in writing. If we should fail to confirm an agreement in writing which we have entered into verbally or in a telephone conversation, then our invoice shall be regarded as confirmation, or accordingly our provision for the transport by our customer and the and/or information to the part about the preparation or our information, about our bringing in of the forwarder due to the sales contract.

§ 3 Prices; Weight

(1) Our prices shall exclude any statutory VAT which shall be payable at the date of delivery.

(2) If, as a result of a change of law between the agreement date and the delivery date, additional or increased charges – in particular duties, levies, currency compensation payments, shall be payable, then we shall have the right to increase the purchase price accordingly. Heinrich Krug will point out to such changes and will give further information demanded. The foregoing rules shall apply to any fees for examination.

(3) The purchase price shall be based on the weight as determined at the loading. A customary weight decrease during transport shall be at the risk of the Buyer.

§ 4 Quantity; Quality; Labelling

(1) At all times, we shall have the right to supply 5% more or less than the agreed amount.

The price will be adjusted accordingly.

(2) Unless otherwise agreed or confirmed by us in writing, the quality of the goods shall be in accordance with customary trade practice.

§ 5 Shipment; Delivery

(1) Place of shipment is Seller`s place of business, the production plant or another place named by us.

Costs of shipment, packaging materials and delivery/transport fall with the Buyer, if not agreed otherwise. Buyer has to inform Heinrich Krug GmbH & Co. KG in writing – at the latest – within a period of seven days after Seller`s notification of the readiness for shipment and delivery, esp. the time of shipment, the carrier or a transportation by his own means.

In case parties agree that Heinrich Krug GmbH & Co. KG organizes shipment and delivery, again all respective costs have to be carried by the Buyer, incl. packaging material. Seller may charge an adequate handling fee, at least 3 percent of the merchandise price.

(2) The goods shall be transported uninsured and in any event at the risk of the Buyer, if no further arrangement has been made.

A transport insurance will only be taken on a specific order by the Buyer and on his expense. If no special demands have been notified, Seller has discretion to select an adequate insurance.

(3) If the event Buyer does not inform Heinrich Krug GmbH & Co. KG in time (s. above sect. 1 – seven days after notification) about the shipment procedures pp. and insofar no other written agreement has been made, Seller will decide about the relevant transportation and delivery including the way and the means. Heinrich Krug GmbH & Co. KG will exercise fair discretion, but without any liability for the cheapest and fastest transport.

All Costs incl. the handling fee of sect. 1, last passage, always fall with the Buyer.

This service by Heinrich Krug GmbH & Co. KG does not change the conditions of the sale contract and the place of performance.

(4) If the Buyer provides the means of transport, then he shall be responsible for its availability on time. We shall immediately be informed of any delays. Any costs arising therefrom shall be at the expense of the Buyer.

(5) Heinrich Krug GmbH & Co. KG shall have the right to reasonable delivery in instalments.

(6) Our delivery obligation shall at all times be subject to timely and orderly receipt of the goods from our own suppliers.

(7) Unless otherwise expressly agreed in writing, any indicated time of delivery or unloading shall be non-binding.

(8) Any inability to supply as a result of force majeure or other unforeseen incidents outside our responsibility including, without limitation, strike, lock out, acts of public authorities, subsequent cease of export or import opportunities and our reservation of timely supply from our own supplies in accordance with subsection (6) above shall, for their duration and in accordance with their impact, relieve us from the obligation to comply with any agreed time for delivery and unloading. They shall entitle us to also withdraw from the agreement which shall not result in any compensation claims of the Buyer, when a total of 4 months has passed. If at a point of time prior it is clear that the duration of those reasons for the inability to supply

including the force majeure cannot be resolved, each side may rescind, if it has informed about such a fact and has not received a constructive answer by the other part. If such a correspondence may be exchanged by mail. In such a case no side can claim damages or any form of compensation.

(9) If any agreed time of delivery or unloading shall be exceeded and there shall be no incident referred to in subsection (8) above, then the Buyer must specify to us a reasonable cure period of minimum two weeks. If we shall fail to meet such deadline also, then the Buyer shall have the right to rescind the agreement but shall have no right to seek compensation for breach of contract or default unless in cases of wilful misconduct or gross negligence on our part.

§ 6 Duty to Inspection and Objection

(1) Upon delivery at the agreed destination or Buyer's own transport upon taking possession, the Buyer shall immediately

- a) check quantities, weight, qualities and packaging and record any objections thereto on the delivery note or consignment note and/or the acknowledgement of receipt/warehouse removal note of the cold storage and
- b) conduct a quality and quantity check representatively on a spot check basis and, for such purpose, open the packaging (cartons, bags, tins, foils etc.) and to check the weight, size and specifications of the goods.

(2) In case of a notice of defect the Buyer shall comply with the following procedures and deadlines:

- a) The notification shall be made by no later than the expiry of the working day on after which the delivery of the goods to the agreed destination or on which possession of the goods has been taken. In the event of an objection to a hidden defect which, despite a first complete and careful inspection in accordance with subsection (1) above, has remained undiscovered a different deadline regime shall apply. In such case the objection must be raised within the expiry of the working day after which the defect has been discovered. In the case of a hidden defect the notification for Seller must comprise a statement why the defect could not be detected by passing the goods to Buyer and how he was found. Seller

must be informed by which circumstances the (hidden) defect was found and which suspicion had arisen.

In case of suspicion defect the merchandise has to be checked completely. This is a duty of the contract.

b) The detailed notice shall be delivered to us within the aforementioned deadlines in writing, by fax or mail. Any notice by telephone conversation shall not be accepted. Any notice to sales representatives, commission agents or agents shall not be valid.

c) The notice must clearly specify the kind and amount of the alleged defect.

d) The Buyer agrees to make available for inspection the objected goods at the place of inspection; such inspection may be done by us, our suppliers or any expert we may have designated.

(3) No objections with regard to quantities, weight or packaging of the goods shall be possible unless a note has been placed on the delivery note or a consignment note or a receipt of acknowledgement in accordance with subparagraph (1) (a) above. Moreover, any right to object shall cease to exist, when the Buyer has mixed, used or resold the goods delivered or shall have started its processing. This rule does apply accordingly to hidden defects after they have been detected and Buyer continues with his above named operations.

(4) Any good for which objections shall not have been raised in accordance with the procedures including the necessary information and deadlines set out above shall be regarded as approved and accepted.

§ 7 Warranty; Limitation of Liability

(1) Upon justified objections which shall have been raised in accordance with the procedures and deadlines hereunder Heinrich Krug has two attempts to cure those defects incl. the right to subsequent supply. In case this should not lead to an adequate status of the merchandise within a justified period of time, the Buyer shall have the right to claim a reduction in the purchase price which shall be without prejudice to our right, to choose the return of the objected goods and claim repayment of the price.

(2) The Buyer shall not be entitled to any further rights or remedies. In particular, we shall not be responsible for any compensation based on breach of contract or default unless the goods shall lack a characteristic that we shall have expressly guaranteed or in cases of wilful misconduct or gross negligence on our part.

(3) In the case goods have been shipped on Buyer's expense or the Seller has handled the shipment in due compliance with this contract the costs of a reshipment of the goods fall with the Buyer.

(4) In case Buyer's objections are correct, Heinrich Krug GmbH & Co. KG carries the costs of the remedy as far as this was justified.

As far as objections are unfounded, the customer has to reimburse the Seller for his expenses.

§ 8 Payment

(1) Our purchase price claims are net cash amounts and payable free of any deduction upon receipt of the invoice unless other payment terms shall have been agreed.

(2) We shall accept promissory notes and cheques only upon specific arrangement and only in lieu of payment. Any fees for discount bills or promissory notes shall be at the expense of the Buyer and immediately payable.

(3) If the invoice amount shall not have been settled within 10 calendar days after the date of invoice or as at another due date, then we shall without the need to a separate warning notice have the right to recover default interest in a proven amount but in any event an amount equalling 8 % above the base rate of the European Central Bank or Heinrich Krug GmbH & Co. KG may choose the interest rate of the HGB.

(4) If the Buyer's business shall be operated beyond the ordinary course of business which shall include, without limitation, acts of seizure or a situation where a protest in relation to promissory notes or cheques has been made, payments shall be delayed or even discontinued or judicial or out of court settlement or insolvency proceedings shall have been petitioned or opened or proceedings in accordance with the German Insolvency Act shall have been petitioned, then we shall have the right to declare all our claims arising from the busi-

ness relationship as immediately due and payable, even if we shall have accepted promissory notes or cheques. The same shall apply if the Buyer shall be in payment default towards us or other incidents shall surface which give rise to doubts about its creditworthiness. Moreover, we may in such event demand prepayments or a security deposit or rescind the agreement.

(5) The Buyer shall have no right to set off, retention or reduction unless the underlying counterclaims have been conclusively determined by a court or expressly acknowledged by us.

§ 9 Retention of Title

(1) Heinrich Krug GmbH & Co. KG shall retain full title of the goods that have been delivered until the Buyer has discharged all claims arising from the business relationship which shall include any account balance and claims from refinancing or reverse promissory notes.

(2) The Buyer shall have the right to dispose of the goods delivered by us within the ordinary course of business. The authority granted hereunder shall cease in the cases referred to in § 8 (4) above. Moreover, we may withdraw the sales authority of the Buyer through written notice if it shall be in breach of any obligation owed to us and shall in particular be in payment default or we shall become aware of other incidents that give rise to doubts about its creditworthiness.

(3) The Buyer's right to process the goods delivered shall also be subject to the limitations set out in subsection (2) above. The Buyer shall not acquire title to the fully or partly processed goods; the processing shall be free of charge for our benefit as Manufacturer in the sense of § 950 of the German Civil Code. If we should, for whatever reason, lose our rights under the retention of title, then it is hereby agreed between us and the Buyer that we shall acquire title upon processing of the goods and the Buyer shall remain custodian of the goods which shall be free of charge.

(4) If the goods in which we have retained title shall be inseparably assembled or mixed with goods that are third party property, then we shall acquire co-title in the new goods or the mixed stock. The proportion of title shall follow from the proportion of the invoice value of the goods delivered by us under retention of title and the invoice value of the other goods.

(5) Goods in which we shall acquire sole or co-title in accordance with subsection (3) and (4) shall, the same as with regard to the goods delivered under retention of title according to subsection (1) above, be regarded as goods delivered under retention of title for the purposes of the following paragraphs.

(6) The Buyer hereby assigns to us all claims arising from the resale of the goods delivered under retention of title. Such claims shall also include claims against the bank which, within the scope of such sale, shall have issued or confirmed a letter of credit for the benefit of the Buyer (= reSeller). We hereby accept such assignment. If the goods delivered under retention of title shall be a processed good or a mixed stock, where, in addition to the goods delivered by us, only such goods exist that are either the Buyer's property or a third party property as a result of a (simple) retention of title, then the Buyer shall assign all of the claim arising from the resale. In the other case, i. e. in the event of a conflict between pre-assignment claims by other suppliers, we shall be entitled to receive any resale proceeds on a pro rata basis which shall be determined in proportion to the invoice value of our goods and the other processed or mixed goods.

(7) Where our claims shall be undoubtedly be secured through the assignment and retention by more than 120 %, any surplus of receivables and/or good delivered under retention of title shall, upon demand of the Buyer, be released in accordance with our choice.

(8) The Buyer shall be authorised to collect any receivables arising from the resale of goods. Such authority shall cease to exist in the event that there shall no longer be an ordinary course of business as defined in § 8 (4) above. Moreover, we may withdraw the Buyer's authority to collect, if it shall be in breach of any obligation owed to us and shall in particular be in payment default or we shall become aware of other incidents that give rise to doubts about its creditworthiness. If the above authority shall cease to exist or be withdrawn by us, then the Buyer shall upon our demand immediately specify to us its debtors in the claims assigned and provide us with all information and documentation necessary for collection.

(9) In the event of any third party action against our goods delivered under retention of title or any receivables assigned to us, the Buyer shall notify such party of our property/our right and immediately inform us about such action. The Buyer shall bear the costs of any intervention.

(10) If the Buyer shall be in breach of contract, in particular in payment default, then it shall, upon our demand, immediately return to us all goods delivered under retention of title and assign to us any repossession claims against any third party in conjunction with such goods.

Any repossession or enforcement proceedings with regard to the goods delivered under retention of title shall not be regarded as a rescission of this agreement. The redelivery of the goods has to be carried out after Heinrich Krug has objected to the default of payment for a second time and has hereby demanded payment.

(11) In the cases referred to in § 8 (4) above, we may require the Buyer, to inform us about the claims arising from the resale that have been assigned to us in accordance with § 9 (6) above including its debtors. Following such information, we shall have the right to disclose the assignment as we consider appropriate.

§ 10 Empties

The Buyer agrees to return to us empties (Euro-Boxes, pallets, Euro-Hooks etc.) of the same type, amount and value that it shall have received for the purposes of delivery. All empties shall be returned in a clean state in accordance with applicable hygiene laws. If the Buyer shall be unable to return the same at the delivery of our goods, then it shall immediately ensure a settlement of the account of empties (duty to deliver). If the Buyer shall be in default of the duty to settle the account of empties, then we may, if a reasonable cure period shall have been specified, refuse the acceptance and demand compensation from the Buyer.

§ 11 Final Provisions

(1) The place of performance for deliveries shall always remain Dortmund and even, if Heinrich Krug has accepted the obligation to handle the shipment on customers expense as named in § 5 sect. 1, 2 and 3.

(2) For our benefit, the courts of Dortmund shall have jurisdiction and litigation over all disputes arising directly or indirectly from this agreement and/or a contract between both parties. However, we may also select a different place of jurisdiction and litigation in accordance with the ZPO (German code of Civil litigation).

Dortmund is the place of litigation for all disputes arising without any reference to the jurisdiction of another country by German private international law or international conventions or treaties; is exchanged such a reference parties hereby have exclusively agreed to the applications of material German laws.

(3) The laws of Germany exclusively shall apply. International purchase laws shall not apply. This shall, in particular, refer to the UN Convention (CISG) on the International Sale of Goods.

(4) The invalidity of any provision of these general terms and conditions of sale shall not affect the validity of the other provisions. Invalid provisions shall be deemed to be replaced by such valid provisions that shall be suitable to implement the economic purpose of the deleted provision to the greatest extent possible.

(5) We have stored data of the Buyer on accordance with the German Data Protection Act.

The German laws of data protection apply and store the Buyer's data accordingly. We are allow to process and forward the data for the fulfillment of the respective contract.