I. GENERAL CONDITIONS

1. In respect of the suppliers or services provided (termed hereinafter: Suppliers), the mutually agreed written declarations are authoritative. The General Terms and Conditions of the Supplier apply to the supply of the good or service provider (termed hereinafter: Supplier) has given his explicit written consent to this effect.

2. In respect of cost estimates, drawings and other such documents (termed hereinafter: Documents) concerning the order, the Supplier unconditionally retains his ownership and copyright entitlements. The Documents may only be made accessible to third parties with the Supplier’s prior consent and are to be returned to same at his request without delay. The Supplier shall infringe the third-party smoking rights corresponding to the ordering party’s documents; these may however be made accessible to such third parties as have been authorised to provide supplies on the Supplier’s behalf.

II. PRICES AND TERMS OF PAYMENT

1. Prices: The prices apply to supplies from the Supplier’s warehouse including packaging plus statutory value-added tax valid at the given time.

2. Despatch occurs on the account and at the risk of the ordering party.

3. Payments are to be remitted to the bank account indicated on the invoice at no cost for the Supplier.

4. Payments in respect of invoices are due without deduction and should be on the account indicated on the invoice within 30 days of the invoice date. Payment in form of bills of exchange is not allowed.

5. The purchaser is automatically deemed to be in default of payment if payment of an invoice or equivalent demand for payment has not been received by the agreed deadline.

6. Should the purchaser not meet the agreed payment deadline, interest at 8% above the base interest rate is payable on the invoiced amount in accordance with Article 247 of the German Civil Code. Should the purchaser be wholly or partially in arrears with the payment, the Supplier may defer the delivery or to demand immediate payment of the full amount outstanding or cancel the contract after setting a new deadline. The right of the Supplier to additionally claim damages remains unaffected.

7. The ordering party can only set off such claims as are undisputed or legally binding.

III. RESERVATION OF OWNERSHIP

1. The items supplied (conditional goods) remain the property of the Supplier until all claims vis-à-vis the ordering party arising from the business relationship concerned have been met. Insofar as the value of all the collateral rights the Supplier enjoys exceeds the value of the claims secured by more than 20 percent, the Supplier shall release the corresponding part of the collateral rights at the request of the ordering party.

2. While the reservation of ownership applies, the ordering party is not allowed to mortgage the items or assign collateral, and he may only sell the items to vendors in their normal course of business under a contract that withholds the full payment of the amount outstanding before ownership is transferred to the customer concerned.

3. a) Should the ordering party sell on conditional goods, he automatically assigns to the Supplier by way of collateral his future claims from the on-sale transactions vis-à-vis his customers together with all ancillary rights, including any balance claims, without any subsequent declarations to this effect being required. Should the conditional goods be sold on together with other items without a separate price having been agreed for the goods supplied conditionally, the ordering party assigns to the Supplier 50% of the transfer damages as corresponds to the value of the conditional goods as indicated on the Supplier’s invoice with priority over any other claims.

b) In order for a justified interest to be made plausible, the ordering party is to provide the Supplier with the information and documents required to assert his rights vis-à-vis the customers.

c) The ordering party is entitled to collect the assigned claims until such time as his claim has been secured. Should there be a justified reason for withdrawing the ordering party’s authorisation to collect claims, above all due to default of payment, cancellation of payment, the opening of insolvent proceedings (bankruptcy, settlement, total enforcement), a dispute over a bill of exchange or similar justified reasons for assuming the ordering party’s insolvency, the Supplier is entitled to do so. Moreover, having given prior and adequate notice of his intention to disclose the collateral assignment and/or sell or assign, the ordering party obtains permission by letter to instruct the third party to pay the amount outstanding to the Supplier. The ordering party agrees to keep the new item on the Supplier’s behalf with the diligence of a prudent businessman, items that are not paid for as paid for, returned items, consumables, and items returned by the third party.

d) Should such processing, reforming or combining occur with other items not belonging to the Supplier, the Supplier is entitled to such part-ownership of the new item as is equivalent to the ratio of the value of the processed, reformed or combined conditional goods to the value of all the processed, reformed or combined goods at the time of the processing, reforming or combining. Insofar as the ordering party acquires sole ownership of the new item, the Supplier and ordering party agree that the ordering party obtains the exclusive claim vis-à-vis the third party to the value of the processing, reforming or combining equivalent to the ratio of the value of the processed, reformed or combined conditional goods to the value of the other processed, reformed or combined goods at the time of the processing, reforming or combining.

e) In the event of the new item being sold, the ordering party automatically assigns the Supplier by way of collateral his claims from the on-sale transaction vis-à-vis his customers together with all ancillary rights, without any subsequent declaration to this effect being required. However, the assignment only applies to the amount corresponding to the value of the processed, reformed or combined conditional goods as invoiced by the Supplier. Satisfaction of the share of the claim assigned to the Supplier has priority. In respect of the authority to collect claims and the grounds on which it can be revoked, item 3c) applies accordingly.

d) Should the ordering party combine the conditional goods with plots of land or material, the ordering party assigns to the Supplier by way of collateral his claim vis-à-vis the third party to the value of the manufactured goods together with such claim as he is entitled to as remuneration together with all ancillary rights to the ratio of the value of the combined conditional goods to that of the value of the manufactured goods. The ordering party warrants that the combination, without any subsequent declaration to this effect being required.

5. In respect of any mortgaging, confiscation or other similar action by third parties, the ordering party is obliged to notify the Supplier accordingly without delay.

6. Should the products be modified or processed without the Supplier’s consent, his agreed claim vis-à-vis the ordering party to the value of the products is reduced to the remaining value after the effect of default of payment, the Supplier is entitled to recollect the conditional goods after having issued a reminder or having set a new deadline in accordance with lit. b). The ordering party is obliged to sell the products at a public auction. If the products cannot be sold at a public auction, the Supplier is entitled to demand the return of the products at a price or cancel the contract. In the case of minor defects, no cancellation of contract is possible. Any claims vis-à-vis the Supplier in respect of service provision or remedial action lapse one year after the goods purchased were supplied.

V. LIABILITY

1. The Supplier is only obliged to pay such damages or reimbursement expenses due to major material defects or other contractual violations as can be attributed to his wilful or grossly negligent actions; this does not apply to damage occurring due to violation of the ordering party or his agent. In case of damage to persons or property in respect of damages one year after the goods purchased were supplied.

2. The above agreed limitations of liability apply to the same extent for the culpability of the Supplier’s vicarious agents. Insofar as the culpability of the Supplier is ruled out in respect of the gross negligence of his vicarious agents, this exclusion does not affect the personal liability of same.

3. Should the ordering party claim damages instead of service provision, he is obliged to inform the Supplier of any defects. If he does not inform the Supplier of the defects in time, the Supplier is not obliged to rectify the defects.

4. Any warranty declarations by the Supplier must be in writing.

5. In accordance with the terms governing liability for compensation as per Article 478 of the German Civil Code, the Supplier is not liable for damages arising from material defects or other circumstances that occurred after the transfer of risk to the ordering party. Should the ordering party claim damages of reimbursement of expenses vis-à-vis the Supplier in accordance with Article 438 Para. 2 of the German Civil Code, the ordering party must prove its applicability; Articles 478 Para. 3 and 476 of the German Civil Code do not apply in this case. Any claims asserted by the ordering party vis-à-vis the Supplier against the manufacturer concerned or, in the event of defects from the manufacturer, the ordering party is not released from his obligations in accordance with Para. 5 Sentence 2 lapse one year after the goods purchased were supplied. No extension to the limitation period in accordance with Article 479 Para 2 of the German Civil Code is possible.

VI. TRADEMARKS AND COPYRIGHT

1. Insofar as a third party asserts justified claims vis-à-vis the Supplier in respect of violation of a trademark or copyright (termed hereinafter: Trademarks) by products supplied by the Supplier and used in accordance with the given contract, the Supplier is liable vis-à-vis the ordering party as follows:

a) The Supplier will obtain usage rights for the product concerned at his expense or replace the product, as he sees fit. Should the Supplier be unable to do this on reasonable terms, he is obliged to take the product back and reimburse the purchase price.

b) The Supplier’s above-mentioned obligations only apply if the ordering party immediately notifies the Supplier in writing of the claims asserted by the given third party if a violation as such is not recognised and if the Supplier can avail himself of a defence. Should the ordering party fail to notify the Supplier in due time, the Supplier is entitled to reduce the purchase price or cancel the contract. In the event of damage for limitation or other good reasons, he is obliged to draw the given third party’s attention to the fact that usage discontinuation is not connected with a reasonable alternative. The ordering party can assert the claim vis-à-vis the Supplier.

II. JURISDICTION

The contractual agreements are subject to the jurisdiction of the courts of Münster.

All contractual agreements are governed exclusively by German law. The United Nations’ convention on Contracts for the International Sale of Goods (CISG) does not apply.