

General Conditions of Purchase (valid as of August 2011)

I. General/Scope

1. The following Conditions of Purchase apply to contracts concluded between any German company within the Heristo AG-Group and other companies, in accordance with article 310 par. 1 of the German Civil Code (BGB).
2. Our Conditions of Purchase shall apply exclusively. Unless otherwise agreed in writing beforehand, no differing conditions stipulated by any other contractual partner shall be valid. Our Conditions of Purchase shall also apply, if we carry out any transaction in the knowledge of differing conditions of the other contractual party.
3. They shall also apply to all future business relations.
4. In order to gain validity, any agreements deviating from these Conditions of Purchase and/ or any additional agreements shall be included in the Contract in writing.

II. Offer/Prices

1. Our orders shall only be binding, if made in writing or confirmed in writing after ordering verbally in person or by telephone.
2. We shall no longer be bound by an offer submitted by us, if the supplier has not accepted it within two weeks.
3. The prices stated in our orders are binding. Prices given exclude the applicable value added tax. Unless otherwise agreed in writing, they include delivery, carriage paid, as well as packaging costs and, if importing, customs duties and other import charges.
4. When agreeing to "prices subject to change", the price that is valid on the day of delivery shall be deemed agreed.
5. In a contractual relationship that governs regular purchases of goods by us, the contractual partner shall allow for price changes in our favour, even if binding prices have been agreed, especially if he lowers the relevant prices in general or for a number of his customers. This also applies to contractual relationships that govern the delivery of goods which we only want to purchase after four months after conclusion of the contract.
6. We only grant remuneration or compensation for visits, preparation of offers, brochures, quotes, etc, if expressly agreed in writing.

III. Our Contractual Partner's Service

1. If we refer to predefined drawings, images, calculations, plans and/ or specifications of tolerances in our order, the contractual partner agrees that the characteristics resulting therefrom will be the contracted quality of the goods to be delivered. This also applies to packaging and labelling according to our instructions.
2. Our submission of drawings, images, calculations, plans and/ or specification of tolerances does not release the contractual partner from his obligation to check these documents as to their accuracy and suitability for producing and delivering the products ordered.
3. If our orders are based on samples and proofs, the quality of these samples and proofs shall be deemed guaranteed by the contractual partner.
4. If we repeatedly order the same type of products on the basis of previous orders or in the framework of a long-term supply agreement, the contractual partner shall inform us about changes to specifications, production and production processes, composition and ingredients as well as changes in any supplier to the contractual partner, before delivery to us.
5. Agreements on changes to our order with regards to product quantity or quality shall be made in writing.
6. The contractual partner may only set off against any claims that are undisputed or have become res judicata. He may only exercise his right of retention based on claims arising from the same contract.

IV. Our Service/Terms of Payment

1. In order for us to be able to process invoices properly and quickly, the contractual partner shall state our order number, the gross, net and, if applicable, calculation weight, the article description with article number and, in case of partial deliveries, the remaining quantity on all invoices.

We shall not be held responsible for delays in the processing and payment of the invoice, if any of this information is missing.

2. A cash discount has been agreed. Unless otherwise agreed, this discount is of 3%, if payment is made within 30 days of full delivery of fault-free goods and receipt of invoice. Time delays caused by incorrect or incomplete billing extend the cash discount period.

3. Our contractual partner's right to compensation for damages caused by delays is limited to typically foreseeable damages or the specific damage announced before the beginning of the delay, unless the delay results from gross negligence or intent on our part. In case of a delay in payment on our part, our contractual partner's right to compensation instead of delivery is limited to the value of the order, unless the delay results from gross negligence or intent on our part.

4. We are entitled to offset and retention rights to the extent permitted by law. In case a monetary claim is assigned to a third party, we remain entitled to make payment to our contractual partner.

V. Packaging

1. Any return of packaging material shall be subject to a separate agreement. If the return of packaging material has been agreed, it shall be carried out at the risk and cost of the contractual partner.
2. Upon our request, the contractual partner shall take back and/ or dispose of any non-recyclable packaging material at his cost. If the contractual partner fails to perform this duty within the deadline, he shall compensate us for the expenses and damages incurred therefrom.

VI. Delivery and Delayed Delivery

1. The delivery time stated in our order is binding. The delivery time commences on the day of the order (order date). The delivery time shall be deemed to be met, if the goods have been received by us or at the reception point specified by us within the stated time frame.
2. The contractual partner shall inform us immediately of any expected delays.
3. For cargo shipments, a separate shipping note shall be transmitted to us on the day of shipment.
4. Our order number, the quantity and quantity unit, the gross, net and, if applicable, calculation weight, the article description, article number and, in case of partial deliveries, the remaining quantity shall be stated on delivery notes and packing slips.
5. In case of delayed delivery, we are entitled to claim a flat compensation for damages caused by the delay; this compensation shall be 1.5% of the agreed purchase price for each completed calendar week, but no more than a total of 10% of the agreed purchase price. We reserve the right to submit evidence of greater damages as well as any further statutory rights. The contractual partner shall be entitled to prove that no damages or significantly lower damages were incurred due to the delay.

VII. Warranty Rights

1. The contractual partner commits to a thorough inspection of outgoing goods and shall inform us about existing concerns with regards to possible faults.
2. We will inspect the goods with regards to possible deviations in quality and quantity within a reasonable time frame. Any notification of fault shall be deemed in time, if the supplier receives it within five working days from receipt of goods. However, in case of hidden faults, this period only begins with the detection of these faults.
3. In case of faulty goods, we are entitled to request either the correction of the fault or delivery of a new item within the scope of subsequent performance. If we are entitled to withdraw from the contract, we may choose to either limit the withdrawal to the faulty part of the delivery or to apply it to the delivery as a whole. We are entitled to all statutory claims and rights without restriction.
4. The period of limitation ends 36 months after transfer of risk, unless the mandatory provisions of the articles 478, 479 of the German Civil Code (BGB) apply.
5. Insofar as we may have recourse against the contractual partner in accordance with art. 478 of the German Civil Code (BGB), our claims, defined in articles 437 and 478 par. 2 of the German Civil Code (BGB), with regards to faults in newly produced goods sold to any of our customers shall expire at the earliest six months after we have fulfilled our

customer's claims.

6. By way of security, the contractual partner hereby assigns to us any and all statutory and/ or contractual warranty rights for faulty goods against his primary suppliers and subcontractors he may be entitled to. We accept this assignment. This assignment for security purposes is subject to the condition subsequent that the contractual partner completely satisfies our warranty claims. Insofar as he does not fulfil this obligation, we shall not disclose the assignment.

7. If the contractual partner has improved, exchanged or repaired the delivered goods or parts thereof, a new warranty period of 36 months applies to the subsequently delivered, exchanged or repaired item, starting from the date of subsequent delivery, exchange or receipt of repaired item.

8. Longer statutory periods of limitation and the legal regulations regarding suspensions and recommencements of limitation periods shall not be limited by the provisions in this section.

VIII. Our Contractual Partner's Liability

1. Should we receive a claim for product liability or any other liability case and our contractual partner is responsible for the product faults or damages or the cause lies in his area of control and organisation, he shall indemnify us against the resulting liability upon first request, insofar as he is liable to third parties himself.

2. Within the limitations of his liability for damages in the sense of section 1, the contractual partner shall also be obliged to reimburse any and all expenditures arising from or connected with a product recall made by our company. As far as possible and reasonable, we shall notify the contractual partner of the content and extent of the recall action to be taken and give him the opportunity to comment.

3. The contractual partner undertakes to maintain relevant product liability insurance providing a minimum cover of EUR 5 million per personal injury/property damage claim as a lump sum, and to provide us with evidence of this.

4. Our other statutory claims and rights shall remain unaffected by the aforementioned regulations.

5. Any assignment of contractual rights and obligations to third parties requires our written approval and shall not affect the contractual partner's liability.

IX. Trade Mark Rights and Third Party Rights

1. The contractual partner guarantees that no third party rights are infringed by or in connection with his delivery and our contractual use of the same.

2. Should we receive a claim on those grounds, the contractual partner shall indemnify us against any such claims upon our first written request. Before reaching a settlement or any other agreement on this matter with the third party, we shall seek the contractual partner's written consent.

3. Unless the contractual partner proves that he is not responsible for the breach of duty upon which the infringement of the trade mark right is based, the indemnity obligation relates to all expenses necessarily incurred by us arising from or in connection with the claim asserted by a third party, or which we deem necessary for proper handling, from a reasonable point of view.

4. The period of limitation for these claims begins with the transfer of risk and ends after three years.

5. If there are special trade mark rights for the goods and services owed by the contractual partner under this contract, the contractual partner shall be obliged to inform us accordingly.

X. Title and Ownership

1. When ordering goods or parts from our contractual partner, we reserve the ownership rights thereto. Any processing or reshaping by our contractual partner is carried out on our behalf. In case of combination or mixing with other movable goods, we are entitled to co-ownership of the new item at a ratio of the value of the item supplied by us (purchase price plus VAT) versus the other items at the time of combination or mixing.

2. The contractual partner shall insure any tools, machines, machine parts and/ or any other facilities provided by us against fire, water and theft damages at his cost; if requested, he shall show us evidence

thereof within a reasonable time period. The contractual partner hereby assigns all claims for compensation under these insurances to us. We accept this assignment. After expiry of the insurance period without claims, we are entitled to buy the relevant insurance protection at his cost.

3. Unless otherwise agreed, the contractual partner may only use the provided items for providing the services stipulated in the contract. The necessary maintenance and repair works shall be carried out in time and at his cost. We shall be informed immediately of any breakdowns or faults.

XI. Secrecy

1. All images, drawings, calculations and other documents and pieces of information obtained from us shall be kept strictly confidential. We reserve the ownership and trademark rights as well as copyrights to any and all documents submitted with an offer or after conclusion of contract. Unless otherwise agreed in writing, the receiving party shall not make them available to third parties and use them solely for the purpose of executing our order. Unless we have expressly agreed that you may keep them, they must be returned to us immediately and without prior request upon completion of the order.

2. The secrecy obligation shall continue to apply after the execution of the contract; it becomes invalid when and insofar as the production know-how contained in any images, drawings, calculations and other documents provided has become common knowledge.

XII. Our Liability

1. If we have to compensate for a damage on the basis of legal provisions in accordance with these conditions, our liability is limited in cases of slight negligence: we shall only be liable in the event of breach of material contractual duties and cardinal obligations and this liability is limited to typical damages foreseeable at the time of conclusion of the contract. This limitation does not apply to death, physical injury and harm to health. Insofar as the damage is covered by insurance that the contractual partner has taken out for the damage case in question (excluding stated benefit insurance), we shall only be liable for any related disadvantages, such as higher insurance premiums or interest penalties until the damage has been regulated by the insurance company.

2. Our liability due to delay is definitely regulated in section IV.

3. The personal liability of our legal representatives, assistants and employees shall be excluded for damages caused by them due to slight negligence.

XIII. Application of the BSCI Code of Conduct

The contractual partner undertakes to apply the BSCI Code of Conduct (www.bsci-intl.org) and to ensure that his primary suppliers and service providers also comply with it. Upon request, the contractual partner will provide us with evidence of this.

XIV. Place of Jurisdiction/Place of Performance

The place of performance for all obligations arising from the order shall be our place of business. Our place of business shall be the place of jurisdiction for any and all disputes arising from the business relation. We shall also be entitled to sue the contractual partner at the court which has jurisdiction over his place of business or the place of business of one of his subsidiaries.

XV. Language/Applicable Law

1. The contract language is German. If contract documents are available in a language other than German, legal relations between the parties, if applicable, shall solely be governed by the German version of the contract.

2. Unless our general terms and conditions contain any special regulations, only the law applicable to the legal relations of domestic parties at our place of business (German law) applies, to the exclusion of foreign law. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.

XVI. Final Provisions/Severability Clause

1. If, in a contract that both parties consider as concluded, the parties have not actually agreed on an item they should have agreed upon, we shall be authorised to rectify the contractual gaps as amendments to the contract, taking into account the mutual interests as judged reasonable.

2. Should any individual provisions of the contract in question be or become invalid, the validity of the contract as a whole shall not be affected. Should any individual provisions of the contract in question be or become invalid for reasons other than those stated in articles 305 - 310 of the German Civil Code (BGB), the parties will replace the invalid provision by such a provision that corresponds most closely to the contractual partners' intentions in economic terms. The same applies if any individual provisions of the contract in question be or become invalid for reasons stated in articles 305 - 310 of the German Civil Code (BGB), but the law has made no provision in that respect.