

General Conditions of Purchase of TSI GmbH & Co. KG

1. Conclusion of Contract/Legal Form Requirements

Any legal relationship between supplier and us is subject to the following terms and conditions. Conditions stipulated by the supplier as well as deviating agreements will be applicable only if confirmed in written form. Neither the fact we do not expressly object to an agreement nor our acceptance or payment of goods or services shall be construed as an acknowledgement. The sales contract and all modifications, side agreements, declarations regarding the termination of the sales contract and all other statements or notices require text form as defined in § 126b German Civil Code (BGB).

2. Delivery Terms

All deliveries are free warehouse to a location determined by us, and unless determined otherwise, shall include packaging and conservation. The dispatch is carried out at the risk and the expense of the supplier.

3. Delivery Dates/Delivery Default

Agreed dates and time limits are binding. A delivery date or term requirement shall be deemed satisfied if we or the consignee determined by our company has received the goods in time. The supplier shall inform us immediately in written form about any delay in delivery. The supplier must also indicate the reason for such delay and its expected duration. If the reason for the delay is beyond the supplier's control, the supplier may invoke such reason only if the supplier has met its obligation to notify us in due time. If the supplier gets in delay with a delivery, we are entitled after previous written threat towards the supplier to demand a contractual penalty from the supplier. A penalty of 0.5% will be charged for each week or part of a week, the maximum penalty is 5% of the total order value. This agreement pertaining to the contractual penalty or enforcement thereof shall not affect any justified legal claims for a delay in delivery. Paid contractual penalties shall be set off against claims of damages. The contractual penalty may be claimed until the date of payment of the delayed goods.

4. Quality Requirements

The supplier guarantees the quality of goods as in agreed condition. The following minimum quality requirements are to be complied with all items supplied to us by supplier:

- The respective food law regulations and the principals of food hygiene are to be taken into account. Always valid as the fundamental element is the current status of international food hygiene regulation (852/2004).
- The composition and declaration of each product is required to comply with the Food and Feed Code (LFGB) and its subsequent regulations; EU-regulations, central principals, DIN-ISO requirements, guidelines, and ALS declarations etc. in their respective current version.
- Examination procedures as per § 64 LFGB are to be applied to determine the analytical index figures.
- Allergens and possible cross-contaminants contained in the products are to be notified fully in advance. Serving as the fundamental here are, in each case, the currently applicable German as well as international regulations.
- The must take preventive measures to ensure protection of the production site (Food Defense) from possible malicious manipulation (physical, chemical or biological contamination, sabotage, espionage).
- Should a product supply agreement be reached, a certificate of analysis is to be furnished for each product from an independent and accredited laboratory that confirms the marketability of the product in the European market. If desired, these examinations can also be commissioned by us, in so far as the supplier bears the cost of examination.

We inspect incoming goods only with respect to externally apparent defects and externally apparent deviations in identity and volume. We will give notice of such defects without undue delay. Furthermore, we will give notice of defects as soon as such defects have been detected in the ordinary course of business. With respect to the foregoing, the supplier hereby waives the right to assert that the defects have been asserted too late. If defects have been discovered, we shall be entitled to return the entire shipment. In case of significant quality defects or recall situations, we shall have the right to require a lump-sum for administration activities up to 500.00 €.

5. Prices/Payment Terms

The agreed prices are firm prices. Unless otherwise is agreed, payment will be made within 14 days with a 3% discount or within 45 days net. The periods are computed from (i) the time of performance in compliance with the contract and (ii) receipt of a proper and verifiable invoice. If we receive and accept a delivery at an earlier date than the agreed upon, the payment period begins with the agreed delivery date. We are entitled to choose the method of payment in our discretion. The supplier is not entitled to assign a claim against us to a third party or have such claim collected by a third party. The provisions of § 354a German Commercial Code (Handelsgesetzbuch) shall not be affected by the foregoing sentence.

6. Warranties/Reimbursement of Cost/Warranty Period/Insurance

If the delivered goods are defective, we will be entitled to the statutory rights, unless the following conditions provide otherwise. If there is danger of unusually high damages or for the purpose of maintaining our ability to deliver to our customers we shall be entitled, following notification of the supplier, to remedy the defects ourselves or have them remedied by a third party. Costs incurred as a result of remedial action taken in accordance with the preceding sentence shall be borne by the supplier. The supplier is responsible for all claims made by third parties for personal injury or property damage due to a defective product supplied by them. He is obliged to indemnify us from any resulting liability. The supplier shall bear all costs associated with the recall, if we are obliged to carry out a recall to third parties because of a defective product provided by the suppliers. In the case of a recall, we reserve the right to charge an administrative fee in the amount of up to 500.00 € per call and in the amount of 35.00 € per supplied retail market of TSI customers.

Unless mandatory law provides otherwise, the supplier is liable for defects that arise within 36 months of the date of receipts of the suppliers delivery or the date of acceptance, provided such acceptance was required as a matter of law or agreement. In case of Supplementary Specific Performance (cure of defects or delivery of goods free of defects), this period is extended by the time during which the delivery item cannot be used as stipulated in the contract. Supplementary Specific Performance is also subject to the periods stated above. All claims relating to defects become time barred at the earliest two months after all claims the customer may have been fulfilled. This delay in time bar expires at the latest five years after delivery to us. The supplier shall, throughout the term of the supply relationship, maintain adequate insurance with respect to the risks of this No. 6. Upon request the supplier shall furnish us with evidence of such coverage.

7. Loss of reputation and return of products

The Supplier undertakes to do everything and anything to be omitted to avoid damage to reputation of TSI and/or its clients. The supplier commits to take back the goods if the actual marketability decrease due to authorities' information and/or media reports or their further selling could damage the reputation of TSI and/or the customer. The supplier waives to the purchase price or will refund to the purchase price already paid. This does not apply if the reduced marketability or suitability for defamation is caused by TSI or has been known by TSI at the time of signature of the contract. In assessing whether an impaired marketability or suitability for defamation exists, it is important whether the trust placed by the end customer within the product range or his satisfaction could be affected by the goods.

8. Materials, Packaging, and Tools provided by Us

Substances, parts, containers, packaging or similar items (each an "Accessory") remain our property. In cases of specification of Accessories union of Accessories or mixture of Accessories, we will become co-owner of the new goods. Our co-ownership share shall be equal to the proportionate value of the Accessories compared to the overall value of the new item. The supplier shall not have any rights of retention on whatever basis of Accessories. Accessories may not made available to third parties and may not be used for any other purposes than the agreed upon purpose.

9. Third-Party-Rights

The supplier is liable for, that by the delivery of the product rights of third parties, in particular (i) rights of ownership, (ii) sales relationship or (iii) protective rights of any kind, such as patents, trademarks, registered designs, registered taste design, copyrights etc., are not injured. In case of violation by the supplier, the supplier releases us from all claims by a third party.

10. Confidentiality

The supplier shall keep secret all information and may not make such information available to a third party without our prior written consent and may not use such information for purposes other than as determined by us. We retain and reserve all other rights (such as copyright) to the information. If the supplier breaches its obligation, a contractual penalty of 10.000 € shall become due and payable immediately for each breach. The supplier shall retain the right to have the contractual penalty determined by a court decision. Damages shall be set off against any paid contractual penalty.

11. Miscellaneous

Place of Fulfillment for all performances is the place of destination specified by us.

The contractual relationship shall be governed by the law of Federal Republic of Germany, excluding the German conflict laws and rules and the provisions of the Convention on Contract for the International Sale of Goods (CISG). The competent place of jurisdiction is Hamburg, Germany. Notwithstanding the foregoing, we will also be entitled to bring suit against the supplier at any other court of competent jurisdiction. If a specific provision of these terms and conditions is or becomes invalid, the remaining terms and conditions shall remain valid.