

General Terms and Conditions of Sale

1 Entire Agreement

- 1.1 Any offer or delivery of goods and provision of services made by us shall be subject to the Terms and Conditions set forth herein if nothing else has been agreed on by the parties explicitly in writing. It is acknowledged and agreed that these Terms and Conditions shall also apply to all future agreements between the parties without there being a need to refer to these Terms and Conditions again. Customer's own general terms and conditions are subject to our explicit written approval insofar as they are not in accordance with our Terms and Conditions of Sale presented here.
- 1.2 The Customer's contractual rights are not transferable to third parties in whole or in part without our written consent.
- 1.3 Offers are not binding. All purchase orders for goods and services as well as contracts concluded through our sales representatives will only become binding when confirmed by us in writing or executed. This requirement of writing may only be waived by written agreement.
- 1.4 Amendments, verbal collateral agreements, guarantees, representations on the condition of the goods and subsequent supplementary stipulations shall only be valid if confirmed by the Supplier in writing. This also applies to statements made by our employees and any other vicarious agents.

2. Prices

- 2.1 Prices are quoted in Euro and delivery will be ex works excluding packaging, freight / carriage, transport risk, postage and insurance if nothing else has been explicitly agreed.
- 2.2 All prices are net prices excluding turnover tax, which shall also be borne by the Customer to the amount required by law.
- 2.3 Prices are subject to change with regard to an unexpected increase in production costs such as, but not limited to raw material or wages. In such cases we are entitled to adjust our prices accordingly even for orders which have already been confirmed. This shall not apply to fixed prices.

3. Terms of payment

- 3.1 Unless otherwise agreed, the account has to be settled within 30 days from date of invoice in full. The purchase price shall not be considered as received until it has been credited to our account. Cheques and bills of exchange have to be honoured before payment is considered as received.
- 3.2 Bills of exchange, which we reserve the right to accept, and cheques will only be accepted on account of performance. Concerning the acceptance of bills of exchange the we will not be liable for timely presentation and protesting. Liabilities on bills (tax, discounting, commission and collection expenses) shall be at the expense of the Customer.
- 3.3 In case of default we are immediately entitled to interest on payment in arrears to the amount of 8 percentage

points above the base lending rate p. a. if the customer is a businessman under the German Code of Commercial Law (HGB) or 5 percentage points above the base lending rate p.a..if the Customer is a consumer. We reserve the right to claim further damages.

- 3.4 Customers may only withhold or offset due payments against their own counter-claims if these are uncontested or recognized by declaratory judgment.
- 3.5 Regardless of the maturity date of a bill of exchange we may have accepted and credited, any receivables become due immediately in the event of a default in payment, protest of a bill of exchange or suspension of payments by the Customer. In any of these aforementioned cases we reserve the right to perform outstanding deliveries only against advance payment or provision of security, and, if no such advance payment is made or security provided within two weeks' time, to repudiate the contract immediately without setting a further time limit. Any further claims remain unaffected.

4. Delivery

- 4.1 Unless otherwise expressly agreed in writing, we shall deliver ex works.
- 4.2 Delivery periods shall only be binding if expressly agreed in writing. Delivery periods shall run from the date given in the order confirmation, with the exception however, that such a period does not start to run before all details relating to an order, including the furnishing of any required official certificates, have been settled. Delivery periods shall be deemed to have been adhered to as soon as if the customer has been advised on time that the goods are ready for dispatch even if the goods cannot be dispatched in time through no fault of our own.
- 4.3 Concerning delivery periods and dates not expressly defined as fixed in the order confirmation, the Customer shall grant a reasonable grace period for delivery two weeks after the original delivery period has expired. Only on expiry of this additional grace period will we be in default.
- 4.4 Without prejudicing our rights which may arise from the Customer's default, delivery periods and dates shall be deemed to be extended by the length of time during which the Customer fails to comply with his obligations to us. In case we do not comply with our own obligations we shall only be liable for damages according to section 8 of these Terms and Conditions.
- 4.5 We are entitled to part deliveries and part performance as long as they do not unreasonably affect the Customer.
- 4.6 The Customer may rescind the contract after two unsuccessful grace periods unless the obstacle is merely temporary in nature and a delay would not unreasonably affect the Customer.
- 4.7 In case of default in delivery due to Force Majeure or due to an event beyond reasonable control rendering delivery on schedule substantially more difficult or impossible, such as, but not limited to disruption, strikes, lockout, orders by the authorities, natural disaster, scarcity of raw materials on a global scale, we will be exonerated from the duty to comply with an agreed delivery period. In such case we will inform the Customer without undue delay.

5. Shipment, Passing of Risk, Packaging

- 5.1 Unless otherwise expressly agreed in writing delivery and shipment are carried out at the Customer's risk. The risk shall pass to the Customer as soon as the goods have been handed over to the carrier or person executing the shipment.
- 5.2 At the Customer's request, and at his expense, we will take out a transport insurance policy at a minimum amount of the invoice value.
- 5.3 If a shipment is delayed for reasons for which the Customer is responsible the risk of accidental deterioration, loss and destruction shall pass to the Customer upon our notification that the goods are ready for dispatch. Expenses incurred by us after passing of risk, such as, but not limited to storage costs, shall be borne by the Customer. This will not affect any further claims we may have.
- 5.4 The type of packaging is specified in the relevant order confirmation. Packaging which the Customer hires from us shall be returned at the Customer's expense to our relevant place of business within 4 weeks; otherwise the Customer will be charged for the packaging.
- 5.5 We will take back packaging within the limits imposed by the Federal stipulations on packaging. During official opening hours packaging may be returned at the factory site following prior timely announcement if no other collecting point was designated. Packaging may also be returned during deliveries if no other collecting point was designated. However, packaging will only be taken back immediately on the delivery of goods. Packaging of previous deliveries will only be taken back on the occasion of a new delivery if we were notified priorly in good time and the packaging is made readily available. The customer bears the costs connected with the return of used packaging. Should a collecting point designated to the customer be further away than our factory site the customer is only obliged to bear the cost which would arise if the goods were returned to our factory site. Packaging returned must be clean, free of impurities and sorted according to different types of packaging. Otherwise we are entitled to charge the customer for any further costs which may arise for the waste disposal.

6. Retention of Title

- 6.1 Delivered goods shall fully remain our property (goods sold subject to retention of title) until all receivables connected with the relevant legal relationship, on whatever legal grounds, have been paid in full.
- 6.2 For our benefit the Customer is obliged to store the goods appropriately with reasonable care and to insure them at his own expense against loss and damage to an extent which may reasonably be expected of a prudent businessman. Hereby the Customer assigns to us in advance any claims which may accrue from the insurance policies. Upon our request, the Customer is obliged to provide us with a complete inventory of the reserved goods.
- 6.3 In case of processing, combining or mixing of reserved goods with other material by the Customer we shall be entitled to a pro rata co-ownership of the new product determined by the proportion of the reserved goods used to the other ingredients of the new product.

- 6.4 The Customer may dispose freely of the reserved goods in the course of his business. However, this authorization will become extinct immediately if the Customer defaults on his obligations or becomes insolvent, or if composition or insolvency proceedings (or similar proceedings) have been filed or commenced. The same applies should the Customer agree with his own respective customers on a non-assignability with regard to the respective purchase price.
- 6.5 The Customer immediately assigns to us any receivables as well as ancillary rights resulting from resale of (processed) goods initially sold by us under retention of title to the amount of our claims against himself until all our claims have been settled. The Customer shall only be entitled and authorized to resell goods if it is made sure that the receivables from such sales accrue to us.
- 6.6 The Customer shall be authorized to collect receivables assigned to us until we revoke such authorization. We are entitled to such revocation if the Customer defaults on financial obligations towards us resulting from our business relationship. Should the preconditions of revocation exist the Customer shall promptly upon request supply us with the complete data concerning the assigned receivables and notify the debtors of such assignment. We reserve the right to personally advise the debtors of such assignment.
- 6.7 If the value of the collateral deposited for our benefit exceeds the amount of secured claims by a total of more than fifty (50) per cent, the Customer shall be entitled to demand that we insofar release securities of our own choice.
- 6.8 The Customer is obliged to inform us immediately of compulsory enforcement measures or encroachments by a third party.
- 6.9 If we claim retention of title, this shall only be deemed a rescission of the contract if expressly stated so by us in writing. The Customer's right to possess goods under retention of title shall be null and void if he fails to meet his contractual obligations.
- 6.10 If the country into which the Reserved Products are imported does not recognise the right of retention of title, we may request the Customer to provide other securities similar in value to the Reserved Products (such as, but not limited to, a third party guarantee). The Customer shall undertake all lawful and necessary measures within its power to ensure that we obtain the necessary security in the value of the Reserved Products. The Customer is obliged to notify us immediately should any of the securities granted to us be endangered by a claim brought by a third party.

7. Warranty

- 7.1 The Customer has to inspect the goods supplied immediately upon receipt and before processing. Obvious defects must be reported by the Customer in writing within a week from receipt, non-obvious defects must be reported in writing within a week from detection. In this case any processing, combining or mixing of the goods must be stopped immediately. Otherwise the goods are deemed approved.
- 7.2 If a complaint is made in respect of a defect of goods with good cause and in due time we will remedy the defect at our discretion by replacement or rectification. We shall only bear costs necessary for supplementary

performance.

- 7.3 The Customer shall be entitled to rescind the contract or to reduce the contract price in accordance with his statutory rights; but only after unsuccessfully setting us a time limit twice for supplementary performance. Such periods of grace are only dispensable if provided by law. In the event of rescission, the Customer shall be liable for any deterioration in quality, loss or failure to benefit from the goods caused by the Customer either intentionally or negligently.
- 7.4 The grade and quality of the goods shall as a general rule only include the properties stated in the product descriptions, specifications and data sheets. Public statements, promotion or advertising shall not constitute contractual information on the nature of the goods.
- 7.5 A statement of guarantee shall only be effective if it is made in writing and describes the content of the guarantee as well as the duration and scope of guarantee in sufficient detail.
- 7.6 In the event of fraudulent concealment of defects or in the event of a statement of guarantee (a representation by the Supplier that the goods possess certain qualities at the time of passing of risk and acceptance by the Supplier of strict liability in the event that they do not), the Customer's rights shall be such exclusively as provided by law, subject to the restrictions set out in 8.1.
- 7.7 Provided that the Customer is a businessman, the Customer shall be obliged to notify us of defects in writing or by telefax.
- 7.8 The limitation period for the assertion of defects is 12 months (or 24 months respectively if the Customer is a Consumer). This shall not apply for claims for damages based on personal injury caused by defects which we are liable for or which are based on intent or gross negligence.

8. Liability

- 8.1 In the case of breach of contractual duties, faulty deliveries or tortious acts we are liable for damages and reimbursement of expenses – subject to any other contractual or statutory provisions for liability – only if we acted intentionally or with gross negligence. In cases of slight negligence we will only be liable if such negligence results in the breach of an essential contractual duty. However, in case of slight negligence resulting in the breach of an essential contractual duty our liability shall be limited to damages typical for the respective contract and which were foreseeable at the time the contract was concluded.
- 8.2 We will not be liable for products manufactured and marketed by the Customer.
- 8.3 For damages due to delay in performance attributable to slight negligence our liability shall be limited to 5 % of the agreed purchase price for the respective installment.
- 8.4 The exclusions and limitations of liability set out in section 8.1 shall not apply in cases of fraudulent concealment of defects or in the event of damages resulting from death, injury to health or physical injury or in case of imperative provisions of the law on product liability.
- 8.5 All claims for damages, irrespective of the legal ground, are subject to a limitation period of twelve (12) months

from receipt of goods (or twenty-four [24] months in case the Customer is a Consumer). In case of tortious liability the limitation period begins to run as soon as the Customer becomes aware of the circumstances substantiating the claim and the person liable for damages or should have become aware of them if not for gross negligence. The provisions in this clause shall not apply in cases of intent or in case of other imperative statutory regulations.

- 8.6 If the Customer is an intermediate dealer of the goods and the ultimate buyer of the goods is a consumer, the statutory provisions on limitation periods for recourse claims apply.

9. Confidentiality

- 9.1 Unless otherwise expressly stipulated in writing, no information made available to us in connection with orders shall be deemed confidential, unless the confidential nature is obvious.
- 9.2 We draw attention to the fact that personal data related to a contractual relationship will be stored and may be transmitted to affiliated companies.

10. Termination in the event of Insolvency

In the event of the petition or the institution of insolvency proceedings against the Customer as well as the termination of insolvency proceedings due to insufficient assets we are entitled optionally to rescind or terminate the contract without prior notice.

11. Miscellaneous

- 11.1 Provided that the Customer has the status of a merchant the place of jurisdiction shall be the place of business of the German Horse Pellets Vertrieb GmbH & Co. KG Am Torney 2a, 23970 Wismar, Germany. However, at our discretion we may also start legal proceedings at the Customer's place of business. We are neither prepared nor obliged to participate in alternative dispute resolution procedures of an Independent Consumer Arbitration Service.
- 11.2 Any agreement shall be governed and construed by German material law with the exclusion of the provisions on international conflict of laws thereof and with the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG).
- 11.3 Customary trade terms shall be interpreted in accordance with the Incoterms (International Commercial Terms) valid at the time the contract was concluded.
- 11.4 If any provision of these Terms and Conditions is or becomes ineffective in whole or in part this shall not affect the validity of the remaining provisions. The ineffective clauses shall be replaced by a suitable addition to the contract which shall as closely as possible correspond to the intentions of the parties at the time when the ineffective term was agreed upon.