

## GENERAL TERMS AND CONDITIONS OF BUSINESS FOR BARNHOUSE NATURPRODUKTE GMBH (hereinafter: GTC)

### § 1 General, scope

- (1) The present General Terms and Conditions of Business (hereinafter: GTC) apply exclusively and world-wide to all the business relationships of Barnhouse Naturprodukte GmbH (Barnhouse) with their business partners, customers (purchasers) and suppliers (vendors). Customers within the meaning of the present GTC are both consumers (natural persons) and merchants (§ 14 German Civil Code). When an order is placed purchaser and vendor take cognisance of these conditions. Conflicting regulations shall apply only if they have been agreed in writing / in textual form prior to the conclusion of the business transaction. This shall apply in every case, even when we agree to accept the supplied goods in the full knowledge of the vendor's GTC.
- (2) The Barnhouse Codex, in which our quality principles, as amended, are set out, is an integral component of these GTC.
- (3) In individual cases written agreements, which have been concluded, take precedence over these GTC (§ 305 (b) German Civil Code). Verbal agreements have no validity. These must be confirmed exclusively in textual form and signed by all the business partners involved.
- (4) In the form of a framework agreement in the version notified to the purchaser, which was valid on the date of the purchaser's order or in the latest version communicated to it in textual form the GTC also apply to future contracts of the same nature, without the requirement of referring to them for each separate order.
- (5) The term, textual form includes the written form pursuant to § 126 (b) German Civil Code.

### § 2 Conclusion of the Contract

- (1) Customer orders are not deemed to be binding until confirmed in writing by Barnhouse. Prior to accepting the order confirmation in textual form the purchaser must advert to obvious errors, (e.g. spelling or arithmetical errors) and incompleteness in the confirmation of the customer order and the order documents for the purposes of correction or completion, otherwise the contract is deemed not to have been concluded. The terms of contract specified in writing on the order confirmations are deemed to take precedence over these GTC.
- (2) Orders placed with suppliers by Barnhouse are not deemed to be binding until they have been transferred or confirmed in writing. Prior to accepting the order confirmation in textual form the vendor must advert to obvious errors, (e.g. spelling or arithmetical errors) and incompleteness including in the contract and order documents for the purposes of correction or completion, otherwise the contract is deemed not to have been concluded. The terms of contract specified in writing on the purchase contracts are deemed to take precedence over these GTC.
- (3) The vendor must perform the order from Barnhouse unconditionally within the agreed delivery period. A late delivery is deemed to be a new offer and requires fresh agreement by Barnhouse.

### § 3 Delivery period and delayed delivery

- (1) The delivery period specified by Barnhouse in the order or contract confirmation is binding. If no delivery period is specified and it is not otherwise agreed, the customary delivery period applies to the respective goods. The business partners are each obliged to notify the other without delay in writing, if it is anticipated that the agreed delivery period cannot be complied with.
- (2) If Barnhouse fails to perform or does not perform within the agreed delivery period or falls into arrears, the respective rights, in particular to withdrawal and compensation in damages, are determined in accordance with the statutory provisions. The provisions in Para. 4 remain unaffected.
- (3) If the vendor is in arrears and if it is unable to provide any replacement goods acceptable to us within the period agreed in the order documents, it shall be liable for any production losses to the amount of the statutory amount of loss. This also includes claims for damages from Barnhouse's customers, to which by reason of the lack of means of production (such as raw materials and packaging materials) it was impossible to deliver.
- (4) Alternatively, Barnhouse may invoice a fixed-rate cost in the amount of 10% of the order value or the goods delivered late. We are entitled to demand the fixed-rate costs, together with completion and compensation in damages at a minimum amount owed by the vendor in accordance with the statutory provisions; the assertion of further claims remains unaffected. It remains reserved to the vendor to prove a lower loss.
- (5) The statutory provisions apply to default of acceptance.

### § 4 Defective deliveries

- (1) The statutory provisions apply to rights and duties in the case of defects of goods or title in the goods (including incorrect delivery and shortfalls in delivery) and in the case of other breaches of duty by Barnhouse or by the vendor, unless specified otherwise in the following.
- (2) In accordance with the statutory provisions it is the vendor's liability that on the passing of the risk the goods have the quality and condition agreed in the contract, in particular also those properties specified in Barnhouse's quality principles. Those product and manufacturing specifications, which, in particular by virtue of designation or reference in our GTC, are the object of the respective contract or which are in any way similar to these GTC included in the contract, are deemed to have been agreed as properties and conditions.
- (3) By way of derogation from § 442 (1) second sentence German Civil Code we are unconditionally entitled to assert claims for defects, if the defect has remained unknown to us at the date of conclusion of the contract as a consequence of gross negligence.
- (4) The statutory provisions (§§ 377 and 381 German Commercial Code) apply to the commercial obligation of examination and notification of defects, with the following stipulation. Our obligation of examination is restricted to defects, which obviously come to light in a visual check during our goods inwards control (obvious defects) including in the delivery documents and during our quality control by a random sampling method (e.g. transport damage, incorrect delivery and shortfall in delivery, externally visible pest infestation). Moreover, it depends on to what extent an examination is feasible having regard to the circumstances of the individual case in accordance with correct business practice. In all cases our complaint (notification of defects) is deemed to be prompt and timely, if it is received by the vendor within 7 days. Our duty to give notice of defects for latent defects is excluded.
- (5) The costs incurred for the purpose of inspection and supplementary performance are borne by the vendor. In the case of unjustified requests for the rectification of defects we shall be liable only if we knowingly or with gross negligence failed to detect that there was no defect present.
- (6) If the vendor fails to fulfil its obligation of supplementary performance at our option by remedying the defect (subsequent improvement), or by supplying a defect-free object (replacement), within a reasonable period of grace set by us, we are entitled ourselves to remedy the defect and to require compensation from the vendor for the expense hereby necessitated. If the supplementary performance by the vendor is without success or is unreasonable for us (e.g. by reason of special urgency or the threat of the occurrence of disproportionate loss), there is no requirement to set a deadline. We shall notify the vendor promptly, as far as possible in advance, of circumstances of this nature.
- (7) Moreover, Barnhouse is entitled in the event of a defect of goods or title in accordance with the statutory provisions to a reduction in the purchase price or to withdraw from the contract. Furthermore, in accordance with the statutory provisions we have a claim to compensation in damages and reimbursement of expenses.
- (8) For the purpose of inspection of the delivered quality we reserve the right to take random samples and to have these examined in an accredited laboratory. If, in the course of such investigations, results are identified, which conflict with our quality principles, the vendor shall bear the costs of the investigation.
- (9) In the case of defective delivery, which causes Barnhouse or its direct business partners to recall from trading outlets the products produced and supplied by Barnhouse in ignorance of the defect, Barnhouse may assert a fixed-rate cost in the amount of 10% of the value of the products delivered, which were recalled from trading outlets, plus third-party costs arising from any claims for compensation in damages asserted against it. Barnhouse is entitled to demand these fixed-rate costs, together with the fulfilment and a minimum amount compensation in damages due from the vendor in accordance with the statutory provisions; assertion of claims for more extensive damages remains unaffected. It remains reserved to the vendor to prove a lower loss.

## § 5 Claims of recourse

- (1) In addition to claims for defects we are unconditionally entitled to our statutory rights of recourse within a supply chain (supplier regress pursuant to §§ 478 and 479 German Civil Code). We are entitled in particular to require from the vendor the precise nature of the supplementary performance (subsequent improvement or replacement), which we owe to our customer in any individual case. Our statutory option (§ 439(1) German Civil Code) is not hereby restricted.
- (2) Before we acknowledge or fulfil a claim for defects asserted by our customer (including reimbursement of expenses pursuant to §§ 478 (2) and 429 (2) German Civil Code), we notify the vendor and having briefly described the issue request a written response. If the written response is not received within a reasonable period and if in addition, no amicable solution emerges, the claim for defects effectively allowed by us is deemed owed to our customer. In this case it is the responsibility of the vendor to provide proof to the contrary.
- (3) Our claims arising from supplier regress also apply, if prior to their sale to a consumer the goods have been further processed by us or by one of our customers into another product.

## § 6 Product liability

- (1) If the vendor is responsible for product damage, it must indemnify and hold us harmless in this respect from claims by third parties, when the origin rests in its managerial and organisational area and it itself is liable to in relation to third parties.
- (2) As part of its indemnity bond the vendor must reimburse costs pursuant to §§ 683 and 670 German Civil Code, which arise from or in connection with a claim by third party including any recall campaigns organised by us. Insofar as possible and reasonable we shall notify the vendor of recall measures and give it the opportunity to give a written response. More extensive statutory claims remain unaffected.
- (3) The vendor must conclude and maintain product liability insurance with a fixed-rate limit of liability of at least 10 million euros per case of personal injury or damage to property.

## § 7 Prices, payment conditions, prohibition of assignment

- (1) The prices agreed on the date of order are fixed prices in euros, plus the Value Added Tax in force. Net prices and payment conditions are binding. The price lists current at any given time are the basis.
- (2) Unless otherwise agreed in an individual case, the price includes all services and additional services of the vendor and all additional costs (e.g. correct packaging, transport costs including any transport and public liability insurance, excise and customs duties, etc.).
- (3) Unless it has our separate written consent the supplier may not transfer, assign or pledge to third parties in full or in part the delivery commitment or the claim for payment arising from this contractual relationship.

## § 8 Payments and default of payment

- (1) Payment must be made solely to the account stated in the invoice.
- (2) Unless otherwise agreed, deduction of payment is expressly excluded.
- (3) The payment deadline specified in invoices or contracts must be complied with.
- (4) The statutory provisions apply to default of payment. Rights of offset and retention and the plea of failure to perform the contract are available to us to the extent admissible in law. We are entitled in particular to withhold payments due, for as long as we are entitled to claims against the vendor arising from incomplete or defective services.

## § 9 Retention of title, non-disclosure, transfer of risk, packaging materials

- (1) Goods delivered by us to the purchaser remain the property of Barnhouse until payment has been received in full.
- (2) All confidential information, conditions and documents, which are related to the supply relationship, are subject to the duty of non-disclosure and this shall persist subsequent to the termination of the business relationship and/or the contract.
- (3) The risk shall not pass to us until the delivery or service has been surrendered to us and has been accepted by us.
- (4) Packaging materials and means of transport used for goods ordered must present no health risk and must correspond to the state of the art and the recommendations of the relevant government agencies.

## § 10 Quality, environment, social

- (1) Barnhouse is particularly committed to environmental protection and the observance of human rights. The supplier undertakes to comply with any national provisions for the protection of the environment in force. It is bound to prevent and/or reduce environmental pollution within its sphere of influence and to consistently improve environmental protection. The supplier similarly undertakes to support Barnhouse in collecting data for the purpose of preparing life cycle assessments.
- (2) Barnhouse welcomes the introduction of national and international standards and norms with respect to quality, environmental and social standards.
- (3) Furthermore, the supplier undertakes to maintain the quality, environmental and social standards as set out in detail in the Barnhouse Naturprodukte GmbH Codex printed below.

## § 11 Data protection

We are permitted to store, process and transfer to other companies the personal data of the business partner, provided that this is necessary for the transaction of the business.

## § 12 Publication/ advertising

Disclosure of business relationships existing with us in publications or for advertising purposes is admissible only with our prior express consent in writing.

## § 13 Severability clause

Insofar as parts of these GTC are invalid in whole or in part, this shall not affect the validity of the contract as a whole.

## § 14 Choice of law, contract language and Court of jurisdiction

- (1) The parties shall endeavour to come to amicable agreement on any differences of opinion. The parties may decide by mutual consent that all disputes, which arise in relation to this contract or concerning its validity, shall be definitively decided in accordance with the rules of arbitration of the Chamber of Trade and Industry located at our registered office or of a comparable organisation to the exclusion of the ordinary courts.
- (2) Alternatively, the parties remain free to enforce claims of any nature in the ordinary courts. For this case Mühldorf am Inn (Germany) is deemed to have been agreed as the Court of jurisdiction and place of performance.
- (3) German and English are agreed as the language of the contract.

## § 15 Final clauses

Applicable law is the law of the Federal Republic of Germany. Status of the GTC: 8 January 2016

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## BARNHOUSE CODEX – QUALITY PRINCIPLES

**This Codex forms the basis for long-term business relationships with our customers and suppliers. It is based on international standards and directives, such as the principles of the International Labour Organisation (ILO), the United Nations Universal Declaration of Human Rights and the United Nations Conventions on the Rights of the Child.**

Similarly, the Barnhouse business partners wish to make a significant contribution to the protection of the social environment.

The suppliers and service providers declare that they agree to search out and prevent breaches of human rights, children's rights, protection of the environment and responsibility for our fellow beings.

### 1. 100 % ecological

Barnhouse produces 100% ecological products. Therefore we accept only raw materials, which as a minimum comply with the standard of the EU Regulation on organic production and labelling of organic products or recognised association guidelines. In addition, compliance

with the product range and pollutant guidelines of the Bundesverband Naturkost Naturwaren (BNN) e.V. [Association of Organic Processors, Wholesalers and Retailers] is also required. The supplier must prove compliance with these principles by submitting an annual organic certificate or its association certificate.

### 2. Fair dealing

Fair dealing with business partners at all levels of manufacture, processing and trade is a basic principle of our economic activity. This, of course, similarly includes our members of staff and their families.

### 3. Sustainable economic activity

This includes treating with care the natural resources of soil, water, air and energy. We expect from our business partners a similarly high contribution to the improvement of all of our living conditions.