

PGP TOBACCO PACKAGING

GENERAL TERMS AND CONDITIONS OF BUSINESS

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1. Scope

- a. These general terms and conditions apply exclusively between parties (buyer and seller) irrespective of any specific conditions in the purchase order of the buyer.
- b. Variations from these general terms and conditions in only binding if explicitly approved in writing by the seller (PGP).
- c. The seller (PGP) processes orders on the basis of these general terms and conditions. Other conditions shall not form part of the contract even if the seller (PGP) do not expressly object to them. If the seller (PGP) accept the order from the buyer without express objection thereto, then it can in no way be deduced by the buyer that we had agreed to these conditions.
- d. These general terms and conditions shall also apply to all present and future transactions between the parties.

2. Offers and Order Validation

- a. Price quotations are offered without engagement.
- b. The sellers (PGP) offer is considered to be expired if it is not confirmed by the buyer within 30 calendar days unless stipulated otherwise.
- c. Orders must be in line with the volume offered. In the event the quantities of an order differ from the quantities offered, prices will be revised accordingly by the seller (PGP).
- d. Prices are based on the buyers requested specification. If subsequent variances from the specification are forthcoming, prices will be revised accordingly by the seller (PGP).
- e. Should the preparation of an offer require significant design and development works, these costs will be passed on by the seller (PGP) to the buyer if an order is not forthcoming.
- f. The intellectual property resulting from design and development works remains solely with the seller (PGP).
- g. The intellectual property derived from design and development works i.e. New designs. Is forbidden be used by the buyer without prior payment and/or written agreement.
- h. Orders will only be executed after the issue of a written and authorised purchase order by the buyer.
- i. Purchase orders must clearly state price structure, reference number, specification, quantity, delivery schedule and payment terms.
- j. The seller (PGP) will acknowledge and confirm the purchase order within 5 business days to the buyer.
- k. The buyers purchase order is considered a legally binding contract by the seller (PGP).
- l. Subsequent amendments by the buyer to any elements to the official purchase after order after confirmation and acknowledgment by the seller (PGP). The seller (PGP) has the right to revise the prices accordingly.
- m. If the buyer cancels a confirmed and acknowledged purchase order, committed costs for raw material provisions and any other preparation works to meet the order must be reimbursed.

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- n. If the buyer postpones the confirmed and acknowledged delivery schedule by more than one week the seller (PGP) has the right to charge storage costs accordingly based on number of pallets per week.
- o. If a contract exceeds a period of 6 months, volumes and delivery schedules must be fixed. Base raw material prices are fixed and valid on the date of contract signature between the parties for 6 months and a clause will be included to address raw material fluctuations thereafter. If price fluctuations of base raw material prices are greater than 5% the seller (PGP) will initiate a renegotiation process with the buyer. If an agreement cannot be reached, the seller (PGP) reserves the right to terminate the contract unilaterally.

3. Delivery and Invoicing

- a. Goods will be dispatched and invoiced by the seller (PGP) on the agreed upon delivery date fixed in the sellers (PGP) order confirmation and acknowledgment.
- b. Subject to the individual job requirements and the inherent nature of the process, the buyer will always allow differences versus order quantity:
 - i. +/- 15% on volume < 1 million blanks
 - ii. +/- 10% on volume > 1 million blanks ≤ 5 million blanks
 - iii. +/- 5% on volume > 5 million blanks
- c. Payment must be made prior to dispatch unless otherwise agreed upon between the parties and confirmed in writing by the seller (PGP).
- d. The seller (PGP) shall retain his right of ownership over goods supplied pending full payment of the relevant invoice.

4. Mutually agree upon specifications:

- a. Printing and converting is performed according to internationally recognised standards and mutually agreed upon process tolerances between the parties.
- b. Printing proofs, colour standards, texts, bar codes, key lines etc approved by the buyer are legally binding and subsequent manufacture of product according to these standards are not subject to complaints or claims from the buyer.
- c. Finished goods packing specifications must be mutually defined and agreed upon between the parties and confirmed in the purchase order or contract.
- d. Amendments requested by the buyer to the agreed finished goods packing specification will be subject to review and possible additional charges.

5. Acceptance of goods

- a. Any claim concerning the sellers (PGP) consignment must be made in writing within 10 business days of the date of delivery.
- b. Claim relating to transport damage must be made immediately upon receipt of the goods.
- c. If a part of the consignment gives reason for a claim, the principle of mitigation for adverse consequences for the remainder of the delivery will be applied.
- d. Under no circumstance can the buyer make a claim against the seller after the finished goods delivered, or part thereof, have been processed or converted.

PGP (FZ- LLC), Unit F93, IMPZ (International Media Production Zone), PO 485024, Dubai UAE

Incorporated as a Free Zone Company with Limited Liability pursuant to the Dubai Technology and Media Free Zone Private Companies Regulations 2003 issued under Law No.1 of 2000 of the Emirate of Dubai (as amended).

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- e. Supplies acknowledged by the seller (PGP) as being defective will either be replaced or credited and limited to the amount of the original invoice value.
- f. The seller (PGP) shall not be liable to pay compensation for any consequential losses.
- g. Finished goods cannot be guaranteed to meet all quality criteria when stored longer than six months after the date of manufacture.
- h. Incorrect storage or use of the finished goods by the buyer precludes the liability of the carton maker.
- i. Any qualitative claim not accepted by the seller (PGP) will be dealt with via a competent commercial arbitration process. The procedure shall be conducted in accordance with the rules established by the arbitrators. Arbitration will be conducted in the country of seller (PGP).
- j. If the dispute cannot be resolved via arbitration and transpires to legal action, the competent court will be in the exclusive jurisdiction of the national law of the country in which the seller is situated – UAE.

6. Confidentiality:

- a. The seller (PGP) will ensure all information or knowledge, explicitly designated as confidential or not, relating to an enquiry or contractual agreement between the parties be held in strict confidence.
- b. The seller shall only disclose information or knowledge to the sellers (PGP) employees and third parties who specifically require the information to fulfil their job or supply material necessary to produce the product.
- c. The seller (PGP) will obligate all employees and third parties to sign a confidentiality agreement to ensure non-disclosure of information or knowledge whether verbally, digitally or in writing.
- d. This Agreement shall be governed, construed and interpreted according to the laws of UAE and its courts shall have sole jurisdiction.
- e. The seller will not be subject to claims based on infringement of intellectual property rights in the case of reproduction of designs in accordance with the buyers purchase order and will seek to protect and underwrite the sellers (PGP) liabilities against any damages awarded by a court of competent jurisdiction with respect to any such claim.
- f. Tooling and printing cylinders bases, cutting formes etc, purchased by the seller (PGP) remain the property of the seller even if the buyer has financially contributed.
- g. Post contract and at the approval of the buyer, the seller is obliged to destroy engraved designs. If no approval is forthcoming, the designs will be destroyed after a period 6 months non-use.

B. Force majeure:

- a. Unforeseen situations out of the control of the seller (PGP) and the sellers suppliers, such as acts of god, natural disasters, industrial strikes, transport delays, civil disorder, riots, war, fire, explosions, epidemics, etc. which may interrupt the supply chain relinquishes the sellers (PGP) from contractual obligations without term of notice or compensation. If circumstances permit written warning will be issued to the buyer by the seller (PGP).

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