

General Terms and Conditions of Avery Dennison Deutschland GmbH ("Avery")

Section 1 – General Terms and Conditions of Sale and Delivery

§ 1 Scope

Avery's supplies and services shall be exclusively based on the following General Terms and Conditions of Sale and Delivery ("Terms"). The Purchaser's general terms conditions of sale shall not apply. Any conditions varying from these Terms and Conditions, stipulated verbally, in writing, personally or by e-mail, in particular in the Purchaser's general terms and conditions of sale, shall only be applicable when confirmed by Avery in writing, including any deliveries made subject to no reservations by Avery, although not explicitly rejecting again any of the Purchaser's terms and conditions conflicting with those of Avery.

§ 2 Conclusion of Contract, Confirmation of Order

Avery's quotations shall be subject to change and prior sale. Avery's quotations shall only be final when explicitly designated as such. In all other cases they shall be deemed invitations to quote. In these cases, Avery's written confirmation shall be required for the conclusion of a contract.

The scope of delivery shall be based on Avery's written confirmation of order. Should Avery supply products from third parties, confirmations of orders by Avery shall be subject to the receipt of products by Avery.

Any information, leaflets and advertising statements whatsoever, in particular specifications, pictures, drawings, samples, information referring to quality, condition, composition, performance, consumption and suitability for an application, dimensions and weights of any products listed in the contract and verbal secondary agreements and assurances made by Avery, his employees and agents, shall be subject to change and require Avery's written confirmation in order to be legally binding.

Minor variations from product information shall be deemed approved, unless being unacceptable to the Purchaser.

§ 3 Delivery and Transfer of Risk

Delivery dates stated shall be approximate only, unless explicitly being classed as final in Avery's confirmation of order. Avery shall be entitled to make deliveries prior to any date of delivery stated.

Should a firm delivery date not be kept, the Purchaser shall only be entitled to rescission from the contract after expiry of a final period of grace having been set by him. A regular minimum period of grace of two weeks, commencing on expiry of the final period of delivery set, shall be deemed adequate. The above shall apply to standard products and components only. Should delays in delivery be due to mild negligence, claims for damages in compliance with § 286 BGB (German Civil Code) shall be limited to a maximum of 5 % of the total price of the products, for which Avery is in delay.

Avery shall be entitled to make part deliveries, subject to these being financially acceptable to the Purchaser. For part deliveries, the price of goods supplied shall be due for payment on delivery and receipt of an invoice.

Any services to be rendered shall be deemed completed even though the volume of a consignment varies by up to 10 % in shortfall or surplus. The risk shall be transferred to the Purchaser by transfer to the forwarder or any other person instructed with transport. The above shall also apply to exceptional cases, in which Avery pays for the shipping costs of a consignment according to a separate agreement.

Should no specific instructions of the Purchaser have been received, Avery shall be responsible for the selection of a suitable forwarder.

§ 4 Prices and Terms of Payment

Prices agreed shall be net prices plus statutory VAT as applicable, ex works Eching. Packaging, assembly, installation, training or any other secondary services shall be charged extra, based on prices applicable when work is being performed.

Avery shall be entitled at any point in time to request down payments from the Purchaser. Unless otherwise agreed, Avery's invoices shall be payable within 8 days minus 2 % cash discount and/or within a period of 30 days strictly net. For repairs and servicing, Avery's invoices shall be due for payment within 8 days strictly net.

The Purchaser shall be in delay when not paying Avery on receipt of a reminder sent after the purchasing price is due. Irrespective of the above, the Purchaser shall be in delay when not effecting payment on a date set in the contract.

This shall not affect the statutory rule, according to which the Purchaser will be in delay 30 (thirty) days after receipt of an invoice.

Should the Purchaser delay payment, Avery shall be entitled, irrespective of any other or further rights, to demand interest of 8 percentage points above the applicable basic rate in compliance with § 247 BGB (German Civil Code). However, the Purchaser shall be allowed to prove that Avery did not suffer any loss at all or that Avery's loss was much less than the above rate of interest for delay.

Should the Purchaser's payments for a contract be delayed, Avery shall be entitled to retain supplies of goods to the Purchaser until full payment of any amounts outstanding. In this case, Avery shall also be entitled to terminate the contract to the Purchaser in writing (rescission). On termination of the contract, any accounts receivable from the Purchaser by Avery shall become due and payable at once. Avery shall be released from his duty to supply the Purchaser with goods.

Should payment in installments have been agreed in writing, the residual amount outstanding shall become due for payment immediately, should the Purchaser be in delay with an installment for longer than one month and not pay installments fully and/or punctually for the third time, subject to the said delay being caused by him.

Offsetting or applying a right of retention due to any counterclaims of the Purchaser, which have been contested by Avery and not been confirmed by a court decision, shall be excluded. In all other respects, the Purchaser shall only be entitled to apply a right of retention for any counterclaims based on the same contractual relationship.

§ 5 Warranty

Avery warrants that goods delivered are free from manufacturing faults, subject to normal use and operation in accordance with the contract. The warranty shall be based on the following scope: Should faulty materials be found within a period of six months (or if applicable, within a period of time stated in product information, subject to being longer than six months) after the first date of delivery, Avery shall at Avery's discretion be entitled to repair the faulty object or supply a replacement.

The Purchaser agrees to inform Avery in writing without delay but at the latest within a week after receipt of a delivery. Any other faults that cannot even be discovered after careful inspection within this period of time, shall be notified to Avery in writing immediately after discovery.

After final failure or should repairs or replacements be impossible to complete within an adequate period of time, the Purchaser shall be entitled to request a reduction of the purchasing price (reduction) or cancellation of the contract (cancellation). The above shall not affect any other rights of the Purchaser due to a lack of assured properties.

The Purchaser agrees to personally examine each product independently for suitability for its intended use. For reciprocal commercial transactions § 377 HGB (German Commercial Code) shall apply. Warranty shall not comprise any remedy of faults caused by external influences or operating faults. There shall be no warranty claims for goods and components subject to normal wear and tear, such as thermoprinting heads. There shall be no warranty claims should the Purchaser not comply with operating and maintenance instructions or should unauthorized third parties interfere with or make changes in the goods or should expendables, not complying with specifications for the goods, have been used. In addition, no warranty claims shall exist for any loss/damage caused by operation of the goods together with equipment or software not compatible with the goods, unless having been explicitly promised by Avery.

We reserve the right to unavoidable deviations in weight, dimensions, structure, adhesive strength, colour or other properties. A deviation of a quota of 10% in dimension is accepted as usual in the trade and shall not represent just cause for complaint. In the case of printed or ready-made articles, we shall make every effort to comply as closely as possible with the required shades of colour. Due to the differing properties of the materials, variations in colour and fit are, for technical reasons, inevitable and may not be grounds for complaint unless substantial differences occur. With regard to the design of machines as well as spares and accessories, this will also apply in the case of identical supplementary orders. We reserve the right to introduce technical progress and innovations. Any other warranty claims of the Purchaser shall be excluded.

§ 6 Limitation of Liability (Exclusion and Limitation of Liability)

Avery shall not be liable for any loss/damage caused by mild negligence, except in cases where major or cardinal duties according to the contract have been breached in a manner hazardous to the purpose of the contract.

For mildly negligent breaches of duties essential to the contract or in the case of breach of duty due to gross negligence by mere agents (e.g. excluding executives or any other bodies of the company), Avery's liability shall be limited to losses/damage foreseeable on conclusion of the and typical for a contract.

Avery shall not be liable for any indirect losses/damage, losses/damage caused as a consequence of faults, or loss of profit, caused by intentional or grossly negligent breach of duty by Avery's employees or agents, not being Avery's bodies or executives or breaches of essential contractual duties not caused by gross negligence or intentionally. The Purchaser's warranty claims shall be subject to the statute of limitations at least after a period of two years (should the Purchaser be a company, after a period of twelve months). From the point in time at which the Purchaser was notified of the losses/damage and/or without any consideration of knowledge at least after a period of three years from the date of an event causing the said damage/loss.

The above shall not apply to warranty claims caused by tortuous acts, malicious intent or human loss of life, physical injuries or impaired health.

Except for any cases of liability in compliance with the Product Liability Law, for initial impossibility or any lack of assured properties, the above limitations of liability shall apply to claims for damages irrespective of the legal reason.

The above limitations of liability shall also apply to any claims for damages being made by the Purchaser against Avery's employees or agents.

§ 7 Retention of Title

Avery shall retain title in the goods until full payment of the purchasing price and any other claims for payment due on conclusion of a contract from the current business relationship with the Purchaser or his associated companies.

Avery authorizes the Purchaser and his associated companies to dispose of the goods during normal business. However, the Purchaser agrees at this point in time to assign to Avery any accounts receivable up to the final amount outstanding for an invoice (including VAT) resulting from resale to his customers or third parties, e.g. irrespective of whether any items supplied have been resold with or without having been processed. The Purchaser shall remain authorised to collect his accounts receivable after assignment.

Avery's authority to personally collect amounts outstanding shall not be affected by the above. However, Avery agrees not to collect the amount outstanding for as long as the Purchaser is honoring his duties to pay him from any proceeds received, if the Purchaser's financial status is not subject to major changes, if the Purchaser is not in delay with payments and in particular if no insolvency proceedings have been instituted or the Purchaser is insolvent.

However, should this be the case or should there be any other important reason, Avery shall be entitled to claim that the Purchaser notifies Avery of any assigned accounts receivable and their debtors, to provide any information required for collection, hands over appropriate documentation and notifies debtors (third parties) of the said assignment. This advance assignment shall comprise both the acquired amount outstanding and acquired securities and possibly substitute amounts outstanding. Any other disposal of the goods shall not be allowed and shall cause

compensation. Should the Purchaser be in delay with payments, Avery shall be entitled to take back any goods supplied, subject to reservation of title, and a period of grace of two weeks having unsuccessfully expired.

These arrangements shall not be equal to rescission from the contract, thus upholding the existing scope of any claims made by Avery.

Avery shall be entitled to rescind from the contract. In case of attachment of the goods by third parties, the Purchaser agrees to alert the said parties to Avery's rights and to notify Avery without delay. Should the said third party not be in a position to refund to Avery judicial and extra-judicial costs for proceedings instituted in compliance with § 771 ZPO, the Purchaser shall be liable for any expenses incurred by Avery.

The Purchaser agrees to treat with care any goods delivered and in particular to adequately insure these at his expense against loss due to fire, flood and theft at replacement value. Should any maintenance or inspection work be required, the Purchaser agrees to cause this to be done at his cost in good time.

§ 8 Act of God

Delays in delivery and services due to Act of God and unforeseeable, inevitable and serious events not caused by Avery, but delaying or making rendering of Avery's services impossible – such as retrospectively occurring difficulties in procuring materials, disruptions in operation, strikes, legal lockouts, lack of staff, lack of raw materials and power, lack of transport, official regulations, etc. – shall entitle Avery – even though times and deadlines have been finally agreed – to delay supplies and services for the duration of such impediments. The above shall also apply, should delays be suffered by Avery's suppliers or their subcontractors. Avery agrees to carefully select his own suppliers. Should deliveries or services be delayed by Act of God, Avery agrees to notify the Purchaser of the beginning and end of underlying events. Should an impediment last for more than three months, the Purchaser shall be entitled, after having set an adequate period of grace, to rescind from the contract for that part of the contract that has not been completed. Should an impediment last for more than three months, Avery may also rescind from the contract, subject to this also seeming adequate in the Purchaser's interest. Should the said part delivery no longer be of interest to the Purchaser, subject to the consideration of Avery's just interests, he shall be entitled to rescind from the contract.

§ 9 Copyrights and Third-Party Rights

Avery shall be the beneficiary of the copyright for any goods manufactured, including any samples, designs, models, lithographies or similar products and tools – hereinafter referred to as the production tools. This shall apply even when specified in an estimate, quotation, confirmation of order and/or an invoice. The Purchaser shall not be entitled to fully or partly copy, change or process any production tools without Avery's prior written approval.

Avery agrees to keep the Purchaser indemnified against any third-party claims for infringement of commercial intellectual property rights or copyrights, subject to the Purchaser notifying Avery in writing without delay of any assertion of the said claims and allowing Avery any legal and technical defense as required, in particular change or replacement of goods. Any further claims by the Purchaser, irrespective of the legal reason, shall be excluded.

§ 10 Deterioration of Purchaser's Assets, Termination of Contract

Should the Purchaser become insolvent after conclusion of a contract, should bankruptcy proceedings be instituted over his assets or should circumstances occur that considerably affect the Purchaser's creditworthiness, Avery shall be entitled to refuse making deliveries until payment has been made or the Purchaser has provided a security for these. The same shall apply should Avery become aware of any facts, without Avery's fault and after conclusion of a contract, supporting a major deterioration in the Purchaser's assets, even though these existed prior to conclusion of a contract.

Should the Purchaser neither receive payment within an adequate period of time nor any security for the said payment, Avery shall be entitled to rescind from the contract or claim damages for default. Should Avery opt for damages, Avery shall be entitled to claim global damages of 12.5 % of the order value (including VAT). However, the Purchaser shall be entitled to provide proof for Avery not having suffered any loss whatsoever or that Avery's loss is much less than the above percentage.

§ 11 Final Provisions

The place of performance for supplies, services and payment of any consideration shall be Eching. The Purchaser shall only be entitled to transfer to third parties any rights resulting from business with Avery after prior written agreement. Contracts between Avery and the Purchaser shall be subject to German law and the exclusion of international private law. The UN Convention for the International Sale of Goods (CISG) shall not apply. For any litigation resulting either directly or indirectly from a contract, litigation referring to bills of payment and cheques, the parties hereto exclusively submit to the jurisdiction of the courts of justice competent for Avery's registered office. This shall not apply to court proceedings for the payment of debts. Avery reserves the right to institute legal proceedings against the Purchaser at his general jurisdiction. Should individual provisions of this contract and/or the General Terms and Conditions of Sale and Delivery be fully or partly ineffective or should omissions be found in the contract, the effectivity of any other provisions or parts thereof shall not be affected. Any provision that is fully or partly ineffective shall be replaced by a suitable provision being as close as possible to the financial effect of the ineffective provision and/or its ineffective part.

Section 2 – Special Provisions

a) Additional provisions for standard software

§ 1 Scope

Should Avery supply software, the following special conditions shall apply. In addition, Avery's General Terms and Conditions of Sale and Delivery shall apply.

§ 2 Scope of Delivery

Delivery of software shall comprise computer and control software and associated documentation.

§ 3 License and Source Code

Avery agrees to grant to the Purchaser a non-exclusive license for the use of the software. The Purchaser shall not be authorised to copy, modify or process this software without Avery's prior written consent. The Purchaser shall only transfer the above license to third parties subject to Avery being notified in writing, the addressee confirming in writing that he will comply with the provisions of this agreement and that the licensee will not retain any copies of the software.

Avery may decline transfer should the addressee be a competitor of Avery or should transfer cause any export or re-export contrary to applicable export limitations. The Purchaser shall not receive any source code for the software or any rights in the same.

§ 4 Rights in the Software

Rights in the software, including any copyrights and other intellectual property rights, shall exclusively remain the property of Avery or an appropriate third-party legal owner. The Purchaser agrees to notify Avery without delay of any illegal use of the software as soon as such use comes to his attention.

The Purchaser agrees to keep secret any confidential information disclosed to him by Avery or his suppliers and not to disclose any to third parties. Avery shall be entitled to make technical arrangements for the protection of any rights in the software.

§ 5 Warranty

Avery guarantees that Avery is authorised to grant any licenses for the use of the software according to the contract. In addition, Avery guarantees that for the use for its designated purpose, the software supplied does not include any errors considerably reducing its value or suitability for its contractually assumed purpose and that at the time of delivery, the Software is provided with any essential functions and performance features as listed in the specification of the product, applicable on signature of a license agreement (including specifications of functions).

Should the software not be suitable for realizing specific essential functions or performance features and should the Purchaser notify Avery of these facts by a written fault documentation, describing in a reproducible format circumstances for the occurrence of faults, Avery shall be entitled at his discretion either to remedy the fault in the software affected or to make available to the Purchaser a version of the software or parts thereof, which offer the functions and performance features described.

The Purchaser shall only be entitled to rescind from the contract should any repair or replacement finally fail. Owing to the fact that the use of faulty software may cause inestimable losses/damage, Avery has a justified interest in not allowing the Purchaser to continue the use of such faulty software. Consequently, any reduction in price shall be excluded after failure of repairs or replacements. In this case, the Purchaser's warranty claims shall be limited to cancellation of the contract for the software concerned.

Any other warranty claims of the Purchaser shall be ruled out. In all other respects, §§ 5,6 of the General Terms and Conditions of Sale and Delivery shall apply.

§ 6 Infringement of Intellectual Property Rights

Should infringement of third-party intellectual property rights by the software be claimed, Avery shall at his sole discretion either procure for the Purchaser a license to use the software in the future free of charge or replace or modify the software free of charge in a manner that the intellectual property rights of third parties are no longer infringed and essential functional features are still maintained or, should none of the above alternatives be feasible subject to reasonable expenses, the contract may be revoked and on return of the software, the Purchaser shall be refunded the sales price minus any licensing fee for the Purchaser's period of use.

Avery shall not be liable for any infringements of intellectual property rights caused by modifications of the software not approved by Avery, use of the software or parts thereof in connection with other products, processes or materials not provided, recommended or approved by Avery, due to the Purchaser continuing his non-conforming acts of infringement, after having been notified that claims have been made against him or of adjustments, which would have prevented the alleged infringement, by which use of the software contrary to contractual provisions was caused.

The Purchaser agrees to keep Avery indemnified against any loss/damage and costs, suffered by Avery due to one of the circumstances listed in para. 2 or any infringements resulting therefrom.

§ 7 Term of Software License

The term of the license shall commence when installation of the software has been fully completed. Each of the parties hereto shall be entitled to terminate the software license for cause. Cause for Avery shall be in particular when the Purchaser has committed a major contract infringement and not ended or remedied this within a period of 10 days after receiving a written reminder from Avery.

On termination of his software license, the Purchaser shall be stripped of any rights to use the software. The Purchaser agrees to surrender without delay but at the latest within a period of 14 days after termination of the software license, any copies of the software and any other documentation or materials, received from Avery for each license or a confirmation of order according to these General Terms and Conditions of Sale.