

# General Terms and Conditions of Sale

## 1. Application

All orders shall be performed exclusively in accordance with the following terms and conditions. Any deviations from these rules must be agreed in writing.

## 2. Offers

Offers shall only be valid when in writing. Prices offered shall apply on condition that the order specifications provided by the customer upon which the offer has been tendered remain unchanged. Moreover, they shall apply on condition that the cost factors prevailing at the time of agreeing the order remain unchanged. Where such cost factors (e.g. material, other supplies, wages & salaries, statutory charges, etc.) have changed by the time of delivery, the contractor is entitled to negotiate price adjustments by presenting the original costing and specifying what increases in cost factors have occurred. The prices tendered do not include value-added tax. They shall apply freight-free to place of destination if not otherwise agreed in writing.

Where orders involve tolling, the agreed prices and conditions shall apply on condition that the contractor is provided with the necessary material for tolling in good time before performing the order.

## 3. Acceptance of order

The contract shall be deemed accepted when the order has been confirmed in writing by the contractor. The contractor is entitled to renegotiate contractual conditions affected as a result of alterations to specifications requested at a later date by the customer. All changes to specifications of the order must be confirmed in writing by the contractor.

Should the contractor later become aware of a significant deterioration of the financial position of the customer, the contractor may demand payment in advance or a suitable security before continuing to process the order or before delivering the goods.

## 4. Performance

### 4.1 Consultation

Consultation, the provision of information and suggestions on the use, processing and possible application of products manufactured by the contractor shall only contain a guarantee on characteristics where this has been agreed in writing.

### 4.2 Samples/trial reels

The provision of samples/ trial reels or similar does not manifest a guarantee of their characteristics in the sense of Section 494 of the German Civil Code (§ 494 BGB).

### 4.3 Acceptance of technical specifications by the customer

The customer is obliged to examine all printing and/or production specifications provided by the contractor and ensure that they meet with the main and necessary requirements in terms of the envisaged use of the product manufactured. The contractor shall accept no liability for the suitability of the product in terms of its envisaged use. The customer shall sign and return the specifications as a sign of acceptance. Samples or trial reels provided to the customer shall be counter-signed as a sign of acceptance. Any changes required by the customer shall be clearly marked. The contractor shall not be liable for any apparent defects which the customer oversaw on examination or did not challenge, unless the contractor concealed such defects with intent to deceive. Technical advice and recommendations from the contractor shall be based on reasonable examination but remain outside the scope of his contractual liability. Accordingly, the contractor cannot be held liable on this account.

### 4.4 Tolerance in quantity

The contractor is principally entitled to deliver 10% in excess or below the contracted quantity due to the production process. Percentage of waste may amount to max. 3%. Unless specific production standards have been agreed in individual orders, these tolerances are taken as accepted by the customer.

### 4.5 Tolerance in quality

The order shall be completed according to usual merchantable quality and according to the state of the art and within the framework of those tolerances which technically apply with regard to the material of process involved; in case of the foil thickness up to +/- 10 %. Unless specific production standards have been agreed in individual orders, these tolerances are taken as accepted by the customer.

## 5. Supply and acceptance of goods

5.1 The contractor is obliged to send the goods on the date agreed. The agreed delivery date will be adhered to on condition that all details relating to performance have been clarified and that the customer has provided the contractor in due time with all the necessary prerequisites (e.g. provision of all specifications relating to printing, acceptance of printing proofs and other order documents, etc.). If the customer requires production time affecting changes to be made to the order after the same has been confirmed, a new delivery time shall commence after the contractor has confirmed these changes. The contractor is allowed to effect partial deliveries. The customer has no rights pertaining to outstanding deliveries where delays in partial deliveries occur.

### 5.2 Delay in delivery / claim for damages

Rights pertaining to delays in delivery may only be raised by the customer after he has set out a reasonable further delivery period in writing. Damages may only be claimed for delayed delivery if it can be shown that the contractor acted intentionally or through gross negligence, but even in this case such damages are limited to the amount of the value of the order. This rule shall apply correspondingly to the contractor's legal representatives and servants. Reimbursement of indirect damages, e.g. due to loss of profit or any covering purchases, are excluded.

The contractor shall be relieved without damages from holding to a delivery date when production at the contractor's or a third party's premises is interrupted upon which production or transportation of the goods is significantly dependent, provided that the contractor has informed the customer accordingly and that a remedy cannot be found in good time or only at unreasonable expense. Interruptions in production are defined as all serious impediments which are objectively neither the responsibility of the contractor, nor foreseeable by him, in particular general shortages of raw materials and energy, transportation difficulties, intervention by the authorities, industrial unrest, war and civil commotion as well as large-scale fire damage. The previous clause shall apply correspondingly when the contractor is not supplied correctly or in good time by his contractors despite appropriate covering purchases.

### 5.3 Delay in acceptance of the goods

The contractor is entitled to charge for costs incurred (e.g. own or storage costs) where acceptance of the goods does not comply with the contractual agreement. General risk shall be transferred onto the customer where goods are not accepted despite the setting of a reasonable further period of time and where this period has expired. The quality risk shall be transferred onto the customer 6 months after the first agreed delivery date at the latest.

## 6. Payment

Invoicing and payment shall generally be in Euro. Another freely convertible currency may be stipulated if the contractor has agreed before order placing. In this case, payment shall be effected in the currency mentioned in the invoice.

Invoicing shall occur when the goods leave the contractor's premises respectively at the point in time at which the customer is in delay of acceptance of the goods. Cheques and bills of exchange shall only be accepted on account of performance. Bills shall only be accepted if specially agreed and if they are eligible. Interest and costs incurred in discounting or collection shall be borne by the customer.

If the financial situation of the customer significantly deteriorates or if the latter falls in arrears with payment or acceptance of the goods for this reason, the contractor may demand immediate payment even of undelivered goods as well as payment of invoices, bills and cheques not yet due where the amounts in question are covered by expenses already incurred by the contractor in performing the order. Where payment is in arrears, interest incurred as a result of the delay to the amount shown by a bank credit, but at least 8% above the current basic interest rate, shall be paid.

Only uncontested or legally verified claims may be offset or payment to such amount withheld against the contractor's invoices.

## 7. Retention of title

The contractor retains title to all goods supplied as well as to such items resulting from processing or tolling until the customer has satisfied all demands/ financial claims resulting from the present or any future transaction (including all demands resulting from contingent liabilities, e.g. bills). The customer is obliged to store and mark goods subject to retention separately.

Any processing or tolling performed by the customer on behalf of the contractor shall not commit the latter. Where co-ownership or sole-ownership by the customer occurs through processing or tolling, joining, combining or mixing the supplied goods with other items, the customer herewith assigns the title to the contractor. The customer shall store such items on behalf of the contractor with the usual commercial care.

Where the customer processes or reprocesses goods subject to retention with other goods not belonging to him and where the law does not permit the contractor sole-ownership, the latter shall have co-ownership of the new items in ratio of the invoice value of the processed goods under retention to the invoice value of the other goods processed; where the customer has joined, combined or mixed the goods, the contractor shall have co-ownership or sole-ownership of the new items in accordance with the legal statutes.

The customer may only sell in the ordinary course of business (for cash payment or under right of retention) the goods supplied or the items resulting from processing or tolling, joining, combining or mixing the goods. Mortgaging, pledging or other actions which endanger the rights of the contractor are prohibited.

Accounts receivable to which the customer is entitled as a result of re-selling goods under retention (or processed or reprocessed goods, as the case may be) or which accrue for another legal reason relating to the goods under retention, are herewith assigned to the contractor to the value of the goods under retention as a security for the latter.

Where goods have previously been processed or reworked with goods not belonging to the customer, the latter herewith assigns the accounts receivable at the following value:

Where processing or tolling has taken place, the accounts receivable shall be divided in ratio of the invoice value of the unprocessed goods under retention to the invoice value of the other reprocessed goods which have been combined with the goods sold; where joining, combining or mixing has occurred, the accounts receivable shall be divided in ratio of the value that the goods had at the time of joining, combining or mixing. Subject to assignment where processing or tolling has occurred is the amount of the account receivable in ratio to the invoice value of the goods under retention, in the case of joining, combining or mixing the amount in ratio to the value of the goods under retention at the time of joining, etc.

Where in respect of the above rule the account receivable is not assigned at all or not assigned to the amount ruled for any reason, the customer's account receivable due from the latter's customer is assigned to the contractor to the amount of the invoice value of the goods under retention contained in the relevant account receivable.

Where the value of the security exceeds the contractor's account receivable by more than 10%, the customer is entitled to demand release from the security.

The customer shall inform the contractor of attachments by any third party to the goods under retention or to assigned accounts receivable and shall provide any documents necessary for intervention. The customer shall bear the costs of such intervention.

Claiming the right of retention shall not be considered a rescission of the contract.

Where the customer falls in arrears with payments, he may not sell the items which fall to the contractor's sole or co-ownership under these terms and must surrender them to the contractor on demand, on condition that such action has been threatened by the contractor and a further period set by the latter has expired without result. Third party claims in rem remain untouched on surrendering the goods.

The customer shall hold cash payments for assigned accounts receivable separately for the contractor and shall assign the respective amount of these post office giro or bank account credit balances in accordance with the above rules. The amount in question shall be transferred to the contractor without delay.

## 8. Inspection and claims for defects

The goods supplied by the contractor must be inspected in accordance with usual business practice immediately on arrival at their destination. Inspection must cover all the main and required characteristics in respect of the use to which the goods will be put. The customer is also obliged to inspect the delivered goods when reference samples and/or a test certificate are included showing that quality checks have been performed.

Claims are only permissible within 6 weeks of receiving the goods. Claims for concealed defects which are not found on immediate inspection are only eligible when the claim has been received by the contractor within 6 months of the goods being handed over. Partial defects in a delivery may not lead to rejection of the complete delivery where parts free of defects can be separated from defective parts by reasonable means. This can only diminish the purchase price or – where the goods are objectively of no value to the customer – lead to a demand for reverse settlement of the contract. Claims for damages including those due to tort are excluded, except where the contractor, his legal representatives or servants have acted with intent or gross negligence or where characteristics have been assured and where the assurance does not exclude such damages.

The contractor has the right of sending replacement/ subsequent deliveries.

The contractor gives no warranty that the goods are suitable for the purpose intended by the customer, unless specific characteristics have been expressly assured in writing. The contractor shall only be liable for light-fastness, changes and deviations in colour as well as bonding properties, lacquers, laminations, impregnations and coatings where the contractor knew of such material defects before their use by the customer following proper inspection.

Restrictions of liability do not concern any claim resulting from the product liability law.

## 9. Transport and packing

Transport of the goods is at the risk and expense of the customer if not otherwise agreed.

Packing is effected according to the order confirmation whilst pallets, covering boards, wooden cases and other loaned packing material remain the property of the contractor. They shall be returned within a reasonable period of time in good condition, free of freight charges, if not otherwise agreed.

## 10. Sketches, designs, drafts, tools, printing cylinders and other preliminary work

10.1 Drafts, drawings, tools, plates as well as printing and embossing cylinders, etc. remain the sole property of the contractor even if the customer pays partial costs for their use. Designs, drafts and drawings created and produced by the contractor are the contractor's intellectual property and may only be used for the purposes of the order.

10.2 Where drafts, drawings, tools, plates, printing and embossing cylinders, etc. are placed at the contractor's disposal by the customer, those shall be sent free of charge. The contractor shall not be liable for loss or deterioration of such material and any damages resulting from this unless such damage is covered by a corresponding insurance or the contractor has acted with gross negligence.

10.3 Printing cylinders and other tools will be kept for a maximum of 12 months after their last use. The customer shall be informed when the contractor intends to dismantle them. This does also apply to all sketches and designs. Printing documents and other material placed at the contractor's disposal by third parties shall be released after 12 months.

## 11. Copyright

The customer is responsible for verifying the right of reproduction and copyright concerning all printing proofs, designs and samples unless he has expressly ordered the contractor to do this on his behalf. The contractor shall inform the customer of any proprietary rights which could be infringed and which are known to him.

In case of a supply according to plans or instructions of the customer, the latter shall hold the contractor free from legal/ protective rights of any third party. Where the customer infringes the contract, his proprietary rights shall not prevent the contractor from exploiting the goods.

## 12. Marking of the goods

The contractor reserves himself the right to affix his company text, logo or plant identification number to all deliveries in accordance with usual practice, existing regulations and the space available.

## 13. Partial invalidity

Where parts of these terms and conditions are or become invalid, the other rules shall remain in force.

## 14. Place of performance and jurisdiction

Place of performance for delivery and payment is the registered office of the contractor.

Place of jurisdiction is, where legally possible, Hann. Münden / Germany.

The rules of jurisdiction according to Section 38 of the German Code of Civil Procedure (§ 38 ZPO) shall apply in the case of non-merchants as defined under German law („Nichtkaufleute“).

The law of the Federal Republic of Germany shall prevail. The rules for the international sale of movables are expressly excluded herewith.

The German language version of these general terms and conditions shall prevail at all times.