



# General Terms and Conditions of Security Label GmbH

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## **I. Scope of our General Terms and Conditions**

1.1 All deliveries, services and offers from us to companies (Art. 14 BGB [German Civil Code]), legal entities under public law or special funds under public law are conducted on the basis of our following General Terms and Conditions. These are an integral part of all contracts we conclude with our contracting party (hereinafter called „Principal“) on the deliveries, services and quotations offer to us by it, even when they have not been agreed again separately.

1.2 Terms and conditions of the Principal or third parties shall not apply, even if we do not oppose their validity separately in individual cases. Even when we refer to correspondence, which contains or refers to terms and conditions of the Principal or a third party, this shall not constitute an agreement with the validity of said terms and conditions.

1.3 Conflicting, deviating and supplementary general and contractual terms and conditions of the Principal shall only become an integral part of the contract if and when we have expressly agreed to their validity in writing. The requirement of agreement shall apply in all cases, for example also if we make unconditional delivery despite being aware of the Principal's general terms and conditions. This shall also apply to special agreements relating to delivery and payment conditions of business transactions, entered into with our sales representatives, who are not entitled to conclude such agreements.

1.4 Indications to the validity of legal provisions only serve as clarifications. Therefore, even without such clarifications, legal provisions shall apply provided they have not been directly changed or expressly excluded in these General Terms and Conditions.

## **II. Offers/Order acceptance/Description of goods**

2.1 Our offers are without obligation and non-binding. This shall also apply if we have made catalogues, technical documentations (e.g. drawings, plans, computations, calculations, references to DIN norms), other product descriptions or documents - also in electronic form - available to the Principal, to which we retain ownership and copyright.

2.2 An order for the goods placed by the Principal shall be considered a binding offer of contract. Unless the order states otherwise, we are entitled to accept the offer of contract within 14 days of having received it.

2.3 Acceptance can be declared either in writing (e.g. with order confirmation) or by delivering the goods to the Principal.

### **III. Delivery date/Delivery delay**

3.1 The delivery date shall be agreed upon individually or quoted by us with the acceptance of order.

3.2 Should we not be able to meet binding delivery dates for reasons for which we are not responsible (unavailability of performance), we shall inform the Principal of this immediately and at the same time indicate the estimated new delivery date. Should performance still not be available by the new delivery date, we are entitled to withdraw from the contract in total or in part; we shall reimburse any payment already made by the Principal immediately. A case of unavailability of performance in terms of this is especially delayed delivery from our supplier, if we have concluded a congruent covering transaction, neither ourselves nor our supplier are at fault or we are not obligated to procure in individual cases.

3.3 Our delivery default shall be determined by legal provisions. In all cases, however, the Principal must send a reminder. Should we be delayed with the delivery, the Principal can demand a flat-rate compensation for damages due to the delay. The flat-rate compensation for every completed week of delay shall be 0.5% of the net price (delivery value), however up to a maximum of 5% of the value of the goods included in the delayed delivery. We retain the right to prove that the Principal did not incur any damages or significantly less damage than the above flat-rate.

3.4 The Principal's rights according to point 8 of these General Terms and Conditions and our rights, in particular in the case of the exemption of the duty to perform (e.g. due to impossibility or unreasonableness of the performance and/or remedy) shall remain unaffected. In the event of force majeure, such as industrial action, official measures as well as in the event of operational disruptions for which we are not responsible, point 3 shall also apply.

### **IV. Transfer of risk/Approval/Acceptance delay/Delivery volume**

4.1 The delivery shall occur ex warehouse which is also the place of fulfilment (EXW, Sarstedt (Incoterms 2010)). At the request and expense of the Principal, the goods will be sent to a different location (sale by dispatch). Unless otherwise agreed, we are entitled to determine the method of dispatch (in particular transport companies, dispatch route, packaging).

4.2 The risk of accidental loss or accidental deterioration of the goods shall be transferred to the Principal according to the Incoterms mentioned, at the latest with the handover of the goods. In the event of sale by dispatch, the risk of accidental loss or accidental deterioration of the goods as well as the risk of delay shall already be transferred at the time of delivering the goods to the shipping agent, freight forwarder or any other person or institution designated to execute shipment. Should approval have been agreed upon, this shall be decisive in determining the transfer of risk. For the rest, the legal provisions of the law on work contracts shall apply accordingly to an agreed approval. The handover or approval are equivalent if the Principal delays acceptance.

4.3 Should the Principal delay acceptance, neglect its acts of participation or should our delivery be delayed for any other reasons for which the Principal is responsible, we are entitled to claim compensation for the damages thus incurred including extra expenses (e.g. storage fees). For this we can invoice a flat-rate compensation in the amount of 0.5% of the purchase price for every calendar week, however, up to a maximum of 5% of the purchase price or 10% of the purchase price in the event of final non-acceptance. Proof of greater damages and our legal claims (in particular, reimbursement of extra expenses, adequate compensation, termination) shall remain unaffected; however, the flat-rate must be offset against further financial claims. The Principal shall be permitted to prove that absolutely no or a significantly lower damage has been incurred than the above flat-rate.

4.4 We are only entitled to make partial deliveries if (i) the partial delivery is useful to the Principal within the

framework of the contractual purpose, (ii) the delivery of the remaining goods ordered is secured and (iii) the Principal does not incur extensive extra expenses or additional costs (unless we agree to cover these costs).

## **V. Prices/Payment conditions**

5.1 Unless otherwise agreed in individual cases, our prices valid at the time of conclusion of contract shall apply, and this ex warehouse plus statutory value added tax. Unless otherwise agreed, subsequent changes at the Principal's request, including machine stoppages caused by this, must also be paid for. Repetitions of print proofs required by the Principal due to minimal deviations from the sample are also considered subsequent changes. Sketches, drafts, specimens, print proofs, proof copies as well as changes to data supplied/transmitted and similar pre-work that was requested by the Principal shall be invoiced.

5.2 With regard to sales by dispatch (point 4.1), the Principal shall bear the transport costs ex warehouse and the costs of transport insurance possibly requested by the Principal. Possible customs duties, fees, taxes and other official charges are borne by the Principal.

5.3 The purchase price shall become due and payable within 30 days from invoice date and delivery or acceptance of the goods.

5.4 Should the above payment term expire, the Principal shall be in default. Interest at the current statutory default interest rate shall be charged on the purchase price during default. We reserve the right to assert additional default damages. With regard to merchants, our claim to the commercial maturity interest rate shall remain unaffected (Art. 353 HGB [German Commercial Code]).

5.5 The Principal is only entitled to the rights of offsetting and retention if its claim has been legally determined and is undisputed. Should the delivery contain defects, the Principal's opposing rights, in particular pursuant to point 7.7 sentence 2, shall remain unaffected.

5.6 Should it become obvious after conclusion of contract that our claim to the purchase price is threatened by the Principal's inability to pay (e.g. by initiating insolvency proceedings), we are entitled to withdraw from the contract according to legal provisions regarding refusal of performance (Art 321 BGB) - and possibly after setting a deadline. In the case of contracts for the production of unreasonable items (one-off production), we can declare withdrawal immediately; the legal provisions regarding the dispensability of a deadline shall remain unaffected.

5.7 Irrespective of point 5.6, in the event of concrete signs of an inability to pay or a decline in the Principal's creditworthiness, we are entitled to make further processing of the order and further deliveries conditional on advance payment or securing the purchase price.

## **VI. Retention of title**

6.1 Until all present and future claims from the purchase contract and from an ongoing business relationship (secured claims) have been paid in full, we shall retain the title to the goods sold.

6.2 Goods subject to retention of title may neither be pledged to third parties nor assigned as security until full payment of the secured claims. The Principal must inform us immediately, if and when the retention goods are attached by a third party.

6.3 Should the Principal conduct itself in a manner contrary to the contract, in particular not paying the outstanding purchase price, we are entitled according to legal provisions to withdraw from the contract and demand the return of the goods based on the retention of title and the withdrawal. Should the Principal fail to pay the

outstanding purchase price, we may only assert these rights when we have first unsuccessfully set the Principal a reasonable deadline to pay or such a deadline is unnecessary according to legal provisions.

6.4 The Principal is authorised to sell and/or process the retention goods in the normal course of business. In this event, the following additional provisions shall apply.

6.4.1 The retention of title extends to the full value of the products created through processing, mixing or combining our goods, whereby we shall be regarded as the manufacturer. Should processing, mixing or combining with third party goods result in their ownership rights being retained, then we shall acquire co-ownership in proportion to the invoice amounts of the processed, mixed or combined goods. For the rest, the same conditions apply to the created product as to our delivered goods subject to the retention of title.

6.4.2 The Principal already now assigns claims against third parties arising from the resale of the goods or the products to us as security, in full or in the amount of a possible co-ownership share according to the previous paragraph. We accept the assignment. The Principal's duties in point 6.2 shall also apply with regard to assigned claims.

6.4.3 Besides us, the Principal shall remain authorised to collect claims. We undertake not to collect the claims as long as the Principal meets its payment obligations towards us, does not default on payment, does not initiate insolvency proceedings and no other lack in its ability to pay exists. However, should this be the case, we can demand that the Principal discloses the assigned claims and their debtors to us, gives us all the information necessary to collect, hands over the associated documents and informs the debtor (third party) of the assignment.

6.4.4 Should the realisable value of securities exceed our claims by more than 10%, we will release securities at the Principal's request according to its choice.

## **VII. Damage claims by the Principal**

7.1 Legal provisions shall apply to the Principal's rights in the event of material defects and defects of title (including wrong and short deliveries as well as improper assembly or insufficient assembly instructions), unless otherwise stipulated in the following. In all events, special legal provisions for final delivery of the goods to a consumer (supplier's redress according to Art. 478, 479 BGB) shall remain unaffected.

7.2 The basis of our liability for defects is above all the agreement made with regard to the properties of the goods. The agreement on the properties of the goods are the product descriptions marked as such, which were made available to the Principal before its order or incorporated into the contract in the same manner as these General Terms and Conditions, as well as the Principal's print approval.

7.3 Should the properties not have been agreed upon, an assessment whether or not a defect exists must be conducted in accordance with legal regulations (Art 434 (1) pg. 2 and 3 BGB). However, we do not assume any liability for public statements made by third parties (e.g. advertising statements).

7.4 The Principal's claims to damages require that it has met its legal obligations to examine the goods and make notification of defect (Art. 377, 381 HGB). Should a defect be detected during examination or later, we must be notified of this in writing immediately. Notification is considered immediate if it was made within eight (8) days, whereby dispatching the notification on time is sufficient for having met the deadline. Independent of this obligation to examine and notify, the Principal must report obvious defects (including wrong and short deliveries provided these present a defect) in writing within eight (8) days from delivery, whereby here also dispatching the notification on time is sufficient for having met the deadline. Should the principal fail to conduct a proper examination and/or to make notification of defect, our liability for the not reported defect is excluded.

7.5 Slight deviations in quality, colour, design, layout and type due to the printing process shall not affect the

contractual properties (defect-free) of the goods. For colour reproductions in all production processes slight deviations from the original cannot be rejected. The same shall apply to comparisons between other samples and the end product. Unless otherwise agreed, the delivery quantity can be up to 10% larger or smaller. This deviation is based on production techniques and is common in the printing industry. The Principle is obligated to accept this excess or short delivery and pay the agreed upon price for it.

7.6 Should the delivered item be defective, the Principal may first demand subsequent performance and at its discretion either have the defect removed (remedy) or a defect-free item delivered (replacement delivery). Should the Principal not declare its choice of the two rights, we can set him an appropriate deadline to do so. Should the Principal not make a choice within this period, the right to choose passes to us when the deadline has been exceeded.

7.7 We are entitled to make the remedy we owe conditional on the Principal paying the purchase price. However, the Principal is entitled to retain an adequate portion of the purchase price in proportion to the defect.

7.8 The Principal must allow us sufficient time and opportunity to perform the remedy owed by us, especially to pass it on for inspection purposes. In the event of replacement deliveries, the Principal must return the defective goods according to legal provisions.

7.9 Expenses necessary for the purpose of inspection and remedy, in particular, transport, road, work and material costs (not disassembly and assembly costs) shall be borne by us if there actually is a defect. However, should it emerge that the Principal's claim to remedy is unjustified, we can require the Principal to reimburse the costs thus incurred.

7.10 In urgent cases, such as a threat to operational safety or to avoid disproportionate damages, the Principal has the right to remove defects itself and claim compensation for the hereby objectively required expenses from us. We must be informed immediately of such self-help, if possible in advance. The right to self-help shall not apply if we had been entitled to refuse corresponding remedy according to legal provisions.

7.11 If remedy has failed or the reasonable deadline for remedy set by the Principal has passed unsuccessfully or is unnecessary according to legal provisions, the Principal can withdraw from the purchase contract or reduce the purchase price. In the case of an insignificant defect, however, the right to withdraw shall not apply.

7.12 Claims for compensation of damages or reimbursement of futile expenses by the Principal only exist in accordance with point 8 and are otherwise excluded.

## **VIII. Other liability**

8.1 Provided nothing else emerges from these General Terms and Conditions and the following provisions, we shall only be liable according to the relevant legal provisions in cases where contractual and non-contractual duties have been violated.

8.2 We are liable for damages - irrespective of the legal reason - resulting from intent and gross negligence. In the case of simple negligence, we are only liable

- a) for damages from injury to life, limb and health,
- b) for damages from violating an essential contractual duty (an obligation which, only when

fulfilled, actually makes the proper implementation of the contract possible, and which the contracting party normally trusts and may trust will be adhered to); in this case, however, our liability is limited to the replacement

of the foreseeable, typically occurring damage.

8.3 The limitation of liability arising from point 8.2 shall not apply if we have maliciously concealed a defect or given a guarantee on the properties of the goods. The same shall apply to the Principal's claims according to the product liability law.

8.4 Should a duty be violated that does not constitute a defect, the Principal may only withdraw or terminate if we are responsible for the violation of duty. A free right to termination on the part of the Principal (in particular pursuant to Art. 651, 649 BGB) is excluded. For the rest, legal conditions and consequences shall apply.

#### **IX. Copyright/Property rights**

9.1 The copyright, including the rights to reproduction as well as other property rights that are attached to our drafts, originals, sketches and similar documents and the like, shall remain with us except when expressly stipulated otherwise. Unless expressly agreed upon, the Principal is not assigned any such rights nor granted licences.

9.2 Fine-drawings, films, plates and cutters also remain our property, even if the Principal has been invoiced costs for these.

9.3 We are not liable for Principal-samples or templates from the Principal and their ongoing processing and subsequent use, if these should violate third party rights. The Principal indemnifies us from any third party claims that may result from processing, applying and/or using its templates, samples and similar items.

#### **X. Limitation period**

10.1 The general limitation period for material and legal claims is one year from date of delivery. Should approval have been agreed, the limitation period shall begin with approval.

10.2 Special legal provisions for a real claim by third parties to surrender, in the case of malice on the part of the Principal and for suppliers' regress on final deliveries to consumers shall remain unaffected.

10.3 The above limitation periods shall also apply to contractual and non-contractual damage claims by the Principal that are based on a defect of the goods, unless the application of the normal statutory limitation could lead to a shorter limitation period in individual cases. The limitation periods of the product liability law shall remain unaffected in all events. For the rest, the Principal's damage claims according to point 8 are subject exclusively to the statutory limitation period.

#### **XI. Data protection**

We process customer data by adhering to the provisions of the data protection laws in Germany. The data is protected against unauthorised access, loss or destruction through technical and organisational measures.

#### **XII. Verbal subsidiary agreements**

Verbal subsidiary agreements shall only become effective if they have been confirmed in writing by us. This shall also apply to an amendment of this provision.

#### **XIII. Place of jurisdiction/Choice of law/Final provisions**

13.1 The law of the Federal Republic of Germany shall apply to these General Terms and Conditions and all legal relationships between ourselves and the Principal, under exclusion of international uniform law, especially the CISG. Conditions and effects of the retention of title according to point 6 are subject to the law in force at the location of the item, if the choice of law in favour of German law is impermissible or invalid there.

13.2 If the Principal is a merchant in terms of the German Commercial Code, a legal entity under public law or

a special fund under public law, the exclusive place of jurisdiction - also internationally - for all disputes arising directly or indirectly from the business relationship is our company head office in Hildesheim, Germany. We are, however, also entitled to bring suit at the Principal's general place of jurisdiction.

December 2012  
Security Label GmbH