

General Terms and Conditions of Purchase

1 Applicability of these Conditions

1.1 All agreements and/or purchase orders (hereinafter to be referred to as: "Agreement" or as "Order"), signed by an authorized member of staff, as well as all offers for and the acceptance of Agreements under which any Avery Dennison legal entity, (hereinafter to be referred to as: "Avery Dennison" or "Avery Dennison") purchases goods, including computer software and/or services from a natural or legal person (hereinafter to be referred to as "Supplier"), shall be subject exclusively to the current General Terms and Conditions of Purchase (hereinafter to be referred to as: "Conditions").

1.2 In these Conditions, delivery shall refer to the supply of goods and/or the rendering of services. Unless specified otherwise and depending on the topic, any reference in these Conditions to goods shall also include a reference to services. The applicability of any general conditions by Supplier is hereby excluded. These Conditions shall also apply to all future trading relationships with Supplier, even if they are not communicated anew.

1.3 Deviations from these Conditions shall only be enforceable if agreed in writing by both Avery Dennison and Supplier and signed by their authorized representatives.

1.4 These Conditions constitute the entire agreement between the parties, and supersede all prior or contemporaneous oral or written understandings, negotiations, warranties, or agreements of any kind. In the case of a conflict between the Conditions and a written contract signed by both parties, the following order of precedence shall apply: (1) a fully executed contract between the parties such as a Purchase Agreement; and (2) the Conditions. Avery Dennison reserves the right to modify the Conditions unilaterally.

2 Offers: Conclusion of Agreements

2.1 Offers made by Supplier shall be deemed to be irrevocable. Unless a fixed period is specified for the validity of the offer it shall remain valid for sixty (60) days.

2.2 Subject to paragraph 3 below, Avery Dennison shall not be bound until it has expressly and in writing confirmed an Order or accepted an offer made by Supplier. Any performance or preparation for a performance to be executed by Supplier prior to Avery Dennison's Order and/or Order confirmation shall be done for the account and risk of Supplier.

3 Modifications

In the case an order is placed by Avery Dennison and accepted by Supplier which involves several deliveries over a certain period of time, Avery Dennison shall have the right to cancel and/or modify the part of the order in respect of which the actual preparation for delivery has not yet been performed. In such event Avery Dennison shall only be liable to pay a reasonable compensation for any direct expenses incurred by Supplier. Supplier shall not be entitled to compensation for indirect or consequential losses including but not limited to loss of profit and damages due to such cancellation and/or modification. The requested changes are deemed to be accepted by Supplier if and to the extent Supplier fails to reject such changes in writing or e-mail, indicating its reasons, within eight (8) days after the notification date of such changes.

4 Inspection at Supplier's premises

4.1 Prior to the dispatch of goods Supplier shall be bound to inspect and test the goods to ascertain whether they conform to the agreed specifications and performance criteria that Avery Dennison may expect, without prejudice to the next paragraph. The initial shipment of a revision or if requested on Avery Dennison order shall be accompanied by a first article inspection report (FIA) to which Supplier shall certify the shipment meets the specifications and performance criteria defined by Avery Dennison.

4.2 Avery Dennison shall have the right but not the obligation to inspect or cause the inspection of the goods intended for delivery to Avery Dennison during their manufacturing, processing or storage. If this right is exercised by Avery Dennison, Supplier shall provide or cause the provision of such facilities as may reasonably be demanded by Avery Dennison for such purpose. The choice to exercise or not to exercise this right shall neither affect Supplier's warranties and/or liabilities nor Avery Dennison's right of complaint or refusal of acceptance of the goods.

4.3 If in the course of any inspection or test pursuant to the provisions of the two preceding paragraphs it is established by Avery Dennison that the goods to be delivered do not conform to the description in the Order or that it is likely that they will not so conform after completion of the manufacturing process, Avery Dennison shall have the right to demand either the cancellation or due performance of the Order, at its option, without prejudice to its right to compensation of damages. The approval of the goods by Avery Dennison shall not release Supplier from Supplier's warranties and liabilities.

5 Packaging and delivery

5.1 Supplier shall properly pack and label each shipment for the type of transportation and in accordance with Avery Dennison's requirements, including but not limited to Avery Dennison's specification number, quantity, and purchase Order number and Supplier's production lot number. Supplier warrants that Supplier's packaging materials meet the requirements laid down in the environmental statutes and regulations applying from time to time. Supplier shall make every effort to use durable, reusable and/or recyclable packaging material which minimizes packaging waste received by Avery Dennison. In an effort to standardize incoming freight packaging, Avery Dennison may from time to time impose its own packaging specifications. If any such requirements cause an increase or decrease in the cost or in the time required for performance, an equitable adjustment shall be negotiated and the underlying Agreement shall be modified in writing accordingly.

See <http://www.printers.averydennison.com/en/home/suppliers.html>

5.2 All shipments must include a packing slip identified by Purchase Order number, including Release Number, if applicable, and show gross fare and net weights, or quantity as required, in accordance with Avery Dennison packaging guidelines. See

<http://www.monarch.averydennison.com/suppliers>. All shipments will be made to the by Avery Dennison designated or between Avery Dennison and Supplier agreed end destination(s) and at the time and in the manner provided in Avery Dennison's order.

5.3 Supplier shall deliver the goods at the agreed time without the need of a further reminder or notice of default. Supplier agrees that meeting the delivery date is an essential condition stipulated by Avery Dennison in concluding an agreement.

5.4 Avery Dennison is entitled to postpone delivery. In such instance Supplier shall ensure that the goods are properly packaged, stored, preserved, secured separately and insured and designated in such a way that they are readily identifiable.

5.5 Avery Dennison is authorized to refuse to take delivery of goods if the goods are delivered in such a manner as to make it hard for Avery to accept delivery of the goods efficiently, without prejudice to Avery Dennison's right to claim compensation for damage caused by extra handling, insufficient or inappropriate packaging.

5.6 If any of the goods ordered have been damaged or lost during transport, the damaged or lost goods shall be repaired and/or replaced, free of cost by Supplier at Avery Dennison's first request. If a timely remedy by Supplier for replacement and/or repair of the goods cannot be performed, Supplier shall immediately inform Avery Dennison and Avery Dennison shall have the right to terminate the Agreement and purchase the damaged and/or lost goods from a third party and Supplier will indemnify Avery Dennison for the costs involved in such third party purchase. This right of third party sourcing will not be used unreasonably by Avery Dennison.

5.7 Supplier shall promptly inform Avery Dennison as soon as Supplier knows or should reasonably know that the goods cannot be delivered in time. Without prejudice to the foregoing, if the goods or part of the goods have not been delivered at the agreed time, Supplier shall be in default by law and Avery Dennison shall be authorized but not be obliged to cancel the Agreement at any time by written notice, and without judicial intervention. Such cancellation shall extend over the goods not yet delivered and may relate to the goods already delivered pursuant to the same Agreement, at the option of Avery Dennison. If the Agreement is cancelled in accordance with this paragraph Avery Dennison shall be authorized to return the delivered goods to Supplier for Supplier's account and risk and the Supplier shall be bound to refund any payments Supplier may already have received for such goods to Avery Dennison immediately.

5.8 If the Agreement is terminated in the manner referred to in paragraphs 5.6 or 5.7, Supplier shall be bound to compensate all and any damage suffered by Avery Dennison as a result of the non-delivery or late delivery of the goods or part of the goods.

6 Inspection and testing at Avery Dennison's premises

Payment for goods delivered hereunder shall not constitute acceptance of the quality and/or quantity thereof. Avery Dennison will carry out its usual inspection of incoming deliveries of such goods (including a simple visual inspection and matching lot numbers on containers with those on the shipping documentation) within thirty (30) days after the receipt thereof and reject any or all of said goods which are, in Avery Dennison's judgment, defective or nonconforming as can be visually detected from the format in which the delivered goods are packed and labeled. Goods rejected and goods supplied in quantities exceeding the quantities of the purchase Order, may be returned to Supplier at its expense and, in addition to Avery Dennison's other rights, Avery Dennison may charge Supplier all expenses of unpacking, examining, repacking, and reshipping such goods. Without prejudice to any other remedies available to Avery Dennison, Supplier will replace defective or nonconforming goods, when such visual defect or nonconformance has been detected by Avery Dennison, within a mutually agreed upon time frame of Avery Dennison's rejection and/or notice thereof. In the event that Avery Dennison receives goods whose defect and/or nonconformity is not apparent on examination, Avery Dennison reserves the right to require replacement, as well as damages or terminate the Agreement as described in paragraph 5.6 above. Such inspection and testing by Avery Dennison shall not relieve Supplier in any way from its obligation of testing, inspection and quality control of the goods.

7 Complaints procedure and return of goods

7.1 Any claim as a result of delayed shipments and/or defective goods, without prejudice to their rights in these Conditions or at law that Avery Dennison may have, shall at Avery Dennison's discretion, be handled by Avery Dennison's claims department.

7.2 Unless it is expressly agreed otherwise in writing, any return of goods shall be for the account and at the risk of Supplier.

8 Transfer of ownership and risk, Avery Dennison's Property

8.1 Title to and ownership in the goods shall not transfer to Avery Dennison until such goods are received at Avery Dennison's designated production facility as defined in the specific purchase Order and/or as agreed upon by the terms and conditions of any applicable consignment or supplier managed inventory program. Any retention of title by Supplier shall be excluded.

8.2 For the avoidance of doubt Supplier shall bear the risk of loss of or damage to any goods until transfer of title occurs as defined in this paragraph 8. After such delivery and acceptance, Avery Dennison shall bear the risk of such loss of or damage to such goods, except to the extent that such loss or damage arises out of or results from the negligence or willful misconduct of Supplier or its agents or suppliers.

8.3 Seller acknowledges that all materials and tools furnished or specifically paid for by Avery Dennison are the property of Avery Dennison and shall be used only for Avery Dennison's purposes, unless otherwise specifically approved by Avery Dennison. All such materials and tools shall be subject to removal upon notice by specifically approved by Avery Dennison. All such materials and tools shall be subject to removal upon notice by Avery Dennison, shall be used only for this Purchase Order or subsequent ones issued by Avery Dennison, shall be kept separate from the other materials or tools, and shall be clearly identified as the property of Avery Dennison. The Seller assumes all liability for loss or damage to Avery Dennison's property; normal wear and tear excepted.

9 Terms of payment

9.1 If no longer period has expressly been agreed between the parties, Avery Dennison shall be entitled to observe a payment term of 60 days (counting from the receipt of the invoice). Payment by Avery Dennison shall not release Supplier from its warranties and liabilities on any account whatsoever.

9.2 Avery Dennison is entitled to suspend payment if a default in the goods, the performance thereof, or a default in any installation/assembly work by Supplier has been established or if the invoice is not found to be in good order by Avery Dennison. Avery Dennison shall inform Supplier thereof within reasonable time.

9.3 Invoicing and payment shall be in DOLLARS unless otherwise specified in an Agreement.

9.4 Stated prices are exclusive of VAT and comprise all costs incurred in connection with the Agreement with Supplier. Prices are fixed, unless the Agreement provides for circumstances that may lead to a price adjustment and specifies the manner in which such adjustment may be done.

9.5 Claims by Supplier for additional payments on the ground of misunderstanding regarding the goods to be supplied will not be entertained by Avery Dennison, regardless of the basis on which such claims are made.

10 Right to setoff

All claims of Supplier for payments due from Avery Dennison shall be subject to deduction or set off by Avery Dennison by reason of any counterclaim arising out of the relevant Agreement or law, but only in an amount not to exceed the value of such counterclaim.

11 Warranties, liability, indemnity and insurance

11.1 In addition to the other warranties in these Conditions, Supplier warrants that:

- all goods to be delivered are suitable for their destined purpose as made known to or by Avery Dennison or as follows from the nature of the goods or the relevant Agreement;
- the goods are manufactured with good workmanship, are new, of good quality and free from manufacturing, construction or material defects;
- the goods are entirely in conformity with the Order and/or Agreement and with any specifications belonging thereto including those regarding quantity, description and quality;
- the goods are in all respects identical with the samples made available or provided by Avery Dennison and/or Supplier with the exception of such differences as have been agreed to by Avery Dennison and Supplier;
- the goods in all respects satisfy all the applicable statutory regulations and/or all the regulations laid down by each relevant competent authority with respect to such goods (such as but not limited to the quality, the environment, health and safety, and origin) and in particular with all relevant EU regulations and directives;
- the goods shall conform to any statements made on the containers or labels or advertisements for such goods, and all goods shall be adequately packaged, marked and labeled;

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(g) it has authority to enter into an Agreement with these Conditions on such topic and that in so doing it will not infringe any agreement it may have with any third party.

11.2 The warranties set out in paragraph 11.1 shall benefit Avery Dennison, its successors, assigns and customers and users of products sold by Avery Dennison;

11.3 If Supplier acts in breach of any of the warranties set out in paragraph 11.1 above, Supplier shall be bound either to replace the goods in question by new goods free of charge and for Supplier's own account and risk within either a mutually agreed upon time frame or if no agreement then fourteen (14) days from the moment when Avery Dennison reports that the goods do not have the warranted qualities, or credit the invoiced amount or refund any payments already made by Avery Dennison, at Avery Dennison's option, without prejudice to Supplier's liability for any further damages in this connection.

11.4 Supplier shall defend, indemnify and hold Avery Dennison harmless from all claims for damages suffered by it and all claims of third parties for compensation of damages (including all reasonable legal expenses) occurring through a breach of Supplier's warranties in these Conditions including damages resulting or arising from product liability and/or product safety and from any unlawful or improper act or omission of Supplier, its agents, employees or subcontractors.

11.5 Without prejudice to its agreed obligations, Supplier shall effect and maintain appropriate product and public liability insurance cover and shall keep the level of insurance under review to ensure its adequacy. If Supplier fails to do so, Avery Dennison may insure and charge Supplier with the cost of such insurances. On request, Supplier will deliver a copy of the then current and applicable relevant insurance contract (including insured amounts) to Avery Dennison.

11.6 If the Agreement includes installation, construction, assembly, commissioning or other work to be carried out by Supplier, such work will be in accordance with good workmanship. Supplier will perform such work using adequate or previously agreed number of persons and materials, components, tools, and equipment of appropriate or agreed specification or quality. The personnel used for this work will be in possession of the appropriate or previously agreed qualifications and valid work permits if applicable. Supplier warrants that the work will be performed in accordance with agreed and legal requirements and that the intended results will be achieved in accordance with the terms of the Agreement.

11.7 In the event that Supplier's performance hereunder requires performance of services by Supplier's employees, or persons under contract to Supplier, on Avery Dennison's property, Supplier agrees that all such work shall be done as an independent contractor and that the persons doing such work shall not be considered employees of Avery Dennison. Supplier shall indemnify and defend Avery Dennison from any and all claims or liabilities arising out of the work covered by this paragraph, and paragraph 11.8. In addition, paragraphs 11.3, 11.4 and 11.5 shall be applicable.

11.8 In the event Supplier utilizes the services of subcontractors to perform its agreed obligations, Supplier shall require from or provide for all subcontractors (regardless of tier) the same minimum insurance requirements detailed in paragraph 11.5. Avery Dennison reserves the right to request confirmation of subcontractor's insurance policies from Supplier when deemed necessary. Any subcontractor shall be approved in advance by Avery Dennison.

12 Intellectual property rights

12.1 Supplier warrants that the goods do not infringe or violate any patent, copyright, trade secret or any other (intellectual) property right belonging to third parties. Nonetheless, Supplier agrees upon receipt of notification to promptly assume full responsibility for defense of any suit or proceeding which may be brought against Avery Dennison or its agents, customers, or other vendors for such alleged infringement, as well as for any alleged unfair competition resulting from similarity in design, trademark or appearance of goods furnished hereunder, and Supplier further agrees to hold harmless and indemnify Avery Dennison, its agents and customers against any and all expenses, losses, royalties, profits and damages including court costs and attorneys' fees resulting from any such suit or proceeding, including any settlement. Avery Dennison may be represented by and actively participate through its own counsel in any such suit or proceeding if it so desires, and the costs of such representation shall be paid by Supplier.

12.2 If Supplier makes, develops or achieves any invention, device or design which is protectable by patents, design patents, trademarks or other industrial or intellectual property rights in any other country, and if such invention, device or design is based on specifications, drawings, test data, ideas, models or any other materials or information supplied to Supplier by Avery Dennison ("Avery Dennison's Specifications"), then Supplier shall immediately notify Avery Dennison of such invention, device or design and shall conduct good faith discussions with Avery Dennison to determine whether Avery Dennison or Supplier shall have title to and interest in such invention, device or design; provided, however, that it is clearly understood that any invention, device or design made, achieved or developed which incorporates or embodies Avery Dennison's Specifications without any substantial innovative ideas on the part of Supplier shall be deemed to belong solely to Avery Dennison in any event and Supplier shall cooperate with Avery Dennison in all respects necessary for Avery Dennison to perfect and enjoy the rights to such invention, device or design.

12.3 Seller shall not, without Avery Dennison's prior written consent, advertise or otherwise disclose, that Avery Dennison has issued this Purchase Order to Seller or otherwise use or refer to any of Avery Dennison's trademarks, trade names or logos without the express written consent of Avery Dennison.

13 Termination

13.1 Without prejudice to any other rights Avery Dennison and Supplier may have, either shall be entitled to terminate the Agreement any time with immediate effect by written notice if the other acts in breach of any of the provisions of the Conditions or the Agreement and fails to remedy such breach within 30 days after receipt of written notice giving full particulars of the breach and requiring it to be remedied.

13.2 Avery Dennison or Supplier shall be entitled to terminate the Agreement by written notice with immediate effect if the other:

- files a petition for bankruptcy proceedings or becomes the subject of bankruptcy proceedings; or
- becomes insolvent, has been granted a suspension of payment; or
- makes an assignment for the benefit of creditors; or
- a receiver is appointed to take charge of all or a material part of its assets; or
- ceases or threatens to cease to carry on business; or
- there is at any time a material change in ownership or control of the other party.

14 Confidentiality

Supplier shall treat all information disclosed to it by Avery Dennison to be confidential and Supplier shall not disclose any such information to any other person, including affiliated companies, or use such information itself for any purpose other than performing these Conditions or any Agreement or Order, without Avery Dennison's written consent. Supplier shall keep the existence, nature and content of these Conditions and attached Agreement or Order confidential, as well as all other commercial information relating to Avery Dennison, in whatsoever form and shall not use, disclose or publish anything with regard to such matters or use Avery Dennison's name for any purpose, without the prior written permission of Avery Dennison.

15 Materials that have been made available

If materials and/or tools are made available by Avery Dennison to Supplier for the execution of the Order, these shall remain the property of Avery Dennison and shall be clearly marked as such by Supplier. All tools provided by Avery Dennison must be returned to Avery Dennison undamaged and carriage paid by Supplier at Avery Dennison's first demand to do so. All repairs due to damage, if any, to materials and/or tools that have been made available by Avery Dennison shall be charged to Supplier. Materials and/or tools which have been made available by Avery Dennison or which have been manufactured in whole or in part at Avery Dennison's expense may not be used for and on behalf of third parties without Avery Dennison's prior consent in writing.

16 Product recall

Supplier shall co-operate fully in any product hold or product recall campaign organized by Avery Dennison and gives all reasonable assistance requested by Avery Dennison in recovering goods which are the subject of such a campaign and preventing their sale to third parties.

17 Chemical Substances

17.1 Supplier warrants that each and all goods, chemical substances or mixtures sold or otherwise transferred to Avery Dennison hereunder comply with the standards, rules, orders and regulations promulgated or prescribed pursuant to mandatory and prevailing health and safety legislation.

17.2 Supplier further warrants and assures that the goods, which include but are not limited to substances, materials, and articles as supplied to Avery Dennison under an agreement have been registered or notified as required by applicable laws and regulations, including Supplier represents and warrants that its performance hereunder shall at all times be in compliance with all applicable federal, state and local laws, statutes, rules, regulations, orders, guidelines and codes ("laws") including the laws that relate to environmental matters. Supplier warrants that each and every article, chemical substance or mixtures sold or otherwise transferred to Avery Dennison hereunder complies with the standards, rules, orders, and regulations promulgated or prescribed pursuant to the Occupational Safety and Health Act of 1970, as amended, and the Toxic Substances Control Act as applicable. Supplier shall manufacture products in accordance with Avery Dennison's restricted substances list ("RSL") and set out on <http://www.myrbis.averydennison.com/RSL/>. Supplier further warrants that no product will be manufactured with lead, cadmium, mercury or hexavalent chromium that has been intentionally introduced, and the sum of the concentration levels of those heavy metals incidentally present shall not exceed 100 ppm by weight (0.01%), to comply with the heavy metals limits adopted by Avery Dennison, European Union's "Regulation (EC) No 1907/2006 of the European Parliament and of the Council - of 18 December 2006 - concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH).

18 Safety, Environment, Compliance and Ethics

18.1 Supplier and its employees and any third parties engaged by it, shall comply with all legally applicable health and environmental regulations and Avery Dennison's internal company rules, regulations, guidelines and standards for safety, health, work procedures and/or the environment.

18.2 Prior to commencing the implementation of the Agreement, Supplier and its relevant personnel shall familiarize themselves with and adhere to:

- the content of the "Avery Dennison Supplier Standards" describing the working conditions and employment standards with which Supplier's operations are required to comply with at all times, accessible at www.averydennison.com and subject to change from time to time;
- the content of the "Code of Ethics and Business Conduct", relating to the values, principles and key global policies, which apply to Avery Dennison and its subsidiaries' directors, officers and employees worldwide, accessible at www.averydennison.com and subject to change from time to time.

18.3 Supplier undertakes to achieve and improve its business practices as stipulated in both aforementioned documents and shall supply goods under each purchase order or agreement in a manner consistent with the same.

18.4 The cost incurred by any delay in the implementation of the agreement due to the conditions and circumstances described above will be at the expense of Supplier.

18.5 By accepting this Purchase Order, Seller represents that it is in compliance with all applicable federal, state, or other HKSAR/Country of Origin workplace laws and regulations. Avery Dennison OH030 and the Subcontractor, Vendor or Supplier shall abide by the requirements of 41 CFR §§ 60-1.4(a), 60-300.5(a), 60-741.5(a) and 29 CFR 471. These regulations require that covered prime contractors and subcontractors take affirmative action to employ and advance in employment individuals without regard to race, color, religion, sex, national origin, protected veteran status or disability, and they prohibit discrimination against qualified individuals based on their status as protected veterans or individuals with disabilities, and prohibit discrimination against all individuals based on their race, color, religion, sex, or national origin unless exempted by rules, regulation or orders of the Secretary of Labor.

19 Notices

Any notice to be given shall be in writing, addressed to the recipient at its address contained on the form of such document to which these Conditions are attached, or such other address as shall have been notified to the other. A notice shall be deemed to have been properly given: if delivered by hand during normal business hours - upon delivery; if sent by recorded delivery post - on the second working day after posting; if transmitted by facsimile and confirmed as received - at the time of delivery; or at time of confirmation if sent by e-mail to agreed valid and relevant e-mail address in a recognizable way and with request for confirmation of the receiver by the e-mail sender, which confirmation may not be unreasonably withheld by receiver.

20 Miscellaneous

20.1 Avery Dennison's failure to insist on performance of any Supplier's obligations or to exercise any right or privilege or waiver of any breach hereunder shall not thereafter waive any other terms, conditions, or privileges, whether of the same or similar type

20.2 Rights and remedies of Avery Dennison under these Conditions or any other agreement are independent, cumulative and without prejudice to its rights under the law.

20.3 If one or more provisions of these Conditions are void, invalid or unenforceable, the other provisions shall remain in full force.

21 Disputes/Governing Law

21.1 All disputes arising from or connected with offers, deliveries, agreements and any other legal relationships governed by these Conditions shall be submitted exclusively to the competent court in Ohio.

21.2 All offers, deliveries, agreements made subject to these Conditions are construed and shall be governed exclusively by the laws of the country of the Avery Dennison, to the exclusion of the 1980 United Nations Convention on Contracts for the International Sale of Goods (Vienna Convention).

22 Governing Language

These Conditions are written and governed by the English language version. Any other language version of these Conditions is for convenience and translation purposes only.