

Terms of Purchase

PAMA paper machinery GmbH

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1. Scope of validity

1.1 The following terms of purchase exclusively apply to orders from PAMA paper machinery GmbH („PAMA“) for deliveries and services (“delivery item“). Amendments and supplements to these terms of purchase require written confirmation from the purchaser.

1.2 The supplier's general terms of business differing from or supplementing these terms purchase are non-binding for the purchaser, even if the purchaser does not explicitly object. Unconditional delivery of the goods – notwithstanding any previous objections and differing supplier terms – is deemed to be acknowledgement of the purchaser's terms of purchase.

1.3 If deliveries are made in accordance with these terms of purchase, the terms are valid for follow-up orders.

2. Definitions

2.1 The suppliers, in the sense of these terms of purchase, are sellers, contractors and producers of deliveries and services.

3. Orders, conclusion of contract and order confirmations

3.1 The supply contract takes effect upon issue of an order by PAMA and acceptance by a supplier. If the supplier does not accept the order within a week of receipt, PAMA is entitled to cancel the order.

3.2 Only written orders are legally binding. In the case of informal arrangement of business, the order from PAMA is valid as a commercial confirmation. A fax or e-mail is also valid as written confirmation under this point.

3.3 Costing estimates from the supplier are binding and are not to be commissioned, unless PAMA has explicitly agreed to commission.

3.4 If a framework contract exists between PAMA and the supplier, the terms of the framework contract take priority over the regulations in these terms of purchase, if it relates to the subject of the order.

3.5 If a framework contract exists between PAMA and the supplier for the purchase of similar types of services, a written order confirmation issued by PAMA is binding if the supplier does not object to the order within five working days.

3.6 If PAMA does not respond to suggestions or request of verification from the supplier, this does not represent agreement unless other explicit and written arrangements have been made.

3.7 If the purchaser does not receive a written order confirmation within 4 working days, calculated from the date of the order, the order counts as accepted.

3.8 In the case of non-fulfilled or not completely fulfilled orders, the purchaser is entitled to demand changes with respect to the construction, supply quantity and delivery time. The effects, and particularly additional or reduced costs and changes to the delivery schedules, must be appropriately considered.

3.9 If, during implementation of the contract, it becomes apparent that differences from the original arranged specification are required or appropriate, the supplier must promptly inform PAMA. PAMA will then promptly inform the supplier whether, and which changes the supplier should make to the original order. If the incurred costs by the supplier change during implementation of the contract, PAMA and the supplier are entitled to demand adjustment of the payment.

3.10 PAMA can request changes to the service, including after conclusion of the contract, as long as this is reasonable for the supplier. In the case of a change to the contract, the effects, with particular respect to additional or reduced costs and the delivery times, must be appropriately considered by both contracting parties.

3.11 Subject to the provision of a different regulation, release orders become binding if the supplier does not object within two weeks.

4. Product approval

If samples are requested by the purchaser, the supplier may only begin with production once a written sample approval has been provided by the purchaser.

5. Extent of services/non-transferability

5.1 The extent of performance obligations by the supplier results from the specifications and descriptions of work made upon conclusion of the contract and also from details in quotes and advertisements from the supplier.

5.2 The supplier may not transfer his contractual obligations, or fundamental parts thereof, to third-parties without the previous agreement of PAMA. If PAMA agrees, responsibility for fulfillment of the contract remains with the supplier together with the third-party.

6. Prices

6.1 Domestic deliveries: the agreed prices are fixed prices and apply delivered with customs clearance to the factory stated in the order (DDP, Incoterms in the valid version upon acceptance of the order). International deliveries: the agreed prices are fixed prices and apply delivered with customs clearance to the factory stated in the order (DDP, Incoterms in the valid version upon acceptance of the order).

6.2 The prices include packaging, loading and freight costs including any insurance costs for transportation of the goods. This also applies to additional charges for any express transport services required due to reasons that are the responsibility of the supplier.

6.3 On his own account and risk, the supplier must deal with obtaining the export and import permits and other official authorisations as well as all customs formalities required for import and export of goods, and possibly for transit through other countries.

7. Invoices and payment terms

7.1 Invoices without order details and the correct postal address cannot be processed by the purchaser.

7.2 Payment takes place after delivery of the goods in accordance with the contract and receipt of a correct and verifiable invoice within 14 days with 5 % cash discount or within 30 days net. Deduction of the discount is also authorized in the case of offsetting.

7.3 In the case of incorrect deliveries or services, PAMA is authorized to retain part of the payment until correct fulfillment.

7.4 In the case of notification of defects (especially with respect to the specific product type, quality, quantity and delivery date) and in the case of incorrect invoicing, PAMA is entitled to invoice a flat rate for expenses totaling 250.00 EUR.

8. Delivery times and delay

8.1 The agreed delivery times and delivery dates are binding.

8.2 If the supplier notices that he is unable to comply with the delivery times and delivery dates, he must immediately notify the purchaser in writing, stating the reasons and the predicted duration of the delay. The supplier's responsibility for punctual fulfillment of the contract is not affected by this.

8.3 If performance by the supplier is fully or partially delayed, he must pay a contract penalty to the purchaser. The penalty is charged at 1% for each calendar day of the delay, but up to a maximum of 15% of the price of the remaining part of the service. The purchaser's claim to a contract penalty remains in force if it is not stipulated at the time of accepting the service. All other claims by the purchaser remain unaffected.

8.4 PAMA has the right to declare conditional enforcement of the contract penalty within ten working days of acceptance of the delayed service.

9. Delivery, acceptance and documents

9.1 The delivery must correspond with the layout, extent and disposition of the order. The supplier's delivery note accompanying the goods must contain the purchaser's order number and article data (e.g. proof of quality, serial numbers and quantities) and must be enclosed with the delivery. If applicable, the EC safety data sheet and the corresponding 3.1 certificates must be supplied. Furthermore, proof must be provided to the products have been manufactured in accordance with the Machinery Act 2006/42/EC where applicable.

9.2 Delivery notes must be included with each delivery. Two copies of invoices stating the PAMA order reference must be sent to PAMA.

9.3 The purchaser is entitled to return unscheduled partial or additional deliveries as well as additional deliveries made before the agreed date on the account and risk of the supplier and is entitled to charge storage costs.

9.4 PAMA is not obliged to accept deliveries under the consideration of commercial factors subject to industrial action, unindebted operational disturbances, riots, authoritative measures or other cases of force majeure. PAMA is entitled to withdraw from the contract.

9.5 In the case of delayed deliveries, PAMA is entitled to the legal rights and claims. After unsuccessful expiry of an appropriate deadline, PAMA is particularly entitled to declare withdrawal from the contract and demand replacement of damages from the supplier due to non-fulfillment or may procure the items from a third-party.

10. Export controls

10.1 Before making the first delivery, the supplier is obliged to punctually submit the necessary written declarations on the delivery item (e.g. country of origin, commodity code, supplier declaration and movement certificate etc.) and inform the purchaser about any subsequent export restrictions. Any change to the country of origin must be immediately informed to the purchaser in writing.

10.2 If the delivery requires an export permit, this must be obtained by the supplier within good time. A copy of the export permit must be handed over to the purchaser upon delivery at the latest.

11. Transfer of ownership

11.1 Ownership of the supplied goods is transferred to the purchaser at the place of fulfillment.

11.2 The purchaser maintains ownership of any parts provided to the purchaser. Processing or transformation by the supplier is undertaken on behalf of the purchaser. If goods subject to retention of title are processed together with other items which do not belong to the purchaser, he gains joint ownership of the new item in relation to the value of the purchaser's item (purchase price plus VAT) and the other items to be processed at the time of processing.

11.3 The purchaser maintains ownership of any tools. The supplier is obliged to exclusively use the tools for producing the items ordered by the purchaser. The supplier is obliged to insure the new value of tools belonging to the purchaser on his own account against fire, flooding and theft. The supplier must maintain and repair the tools at his own cost. The tools are stored free of charge for the purchaser.

11.4 If security rights granted to the purchaser in accordance with point 9.2 and/or point 9.3 exceed the outstanding cost of the purchaser's provisional delivery items by more than 10 %, the purchaser is obliged to release the security rights of the supplier's choice upon request.

12. Quality

12.1 The supplier must guarantee compliance with the agreed specification using a quality assurance system.

12.2 The supplier must setup and maintain the quality assurance system according to the current technological status. The supplier must produce documents dealing with quality controls and submit them to the purchaser upon request.

12.3 The supplier must produce and use production documents that ensure reproducible and retraceable production and testing of the delivery item.

12.4 The supplier grants the purchaser, his principal and any regulating board access rights to all facilities relating to the order and the corresponding documents. In addition, he hereby consents to a quality audit to assess the effectiveness of the quality assurance system by the purchaser, his principal or a regulating board.

12.5 Furthermore, quality assurance requirements listed in or attached to the order must also be taken into account. Depending on the delivery item to be delivered, a separate quality management agreement (QMV) will be concluded between the purchaser and the supplier.

12.6 If the supplier detects any faults with the delivery item or equivalent products, or if there is the suspicion of a fault, the purchaser must be informed immediately.

12.7 Changes to the delivery item or processes required for production by the supplier require previous written permission from the purchaser.

12.8 The supplier must oblige any sub-contractors in accordance with the above-mentioned regulations.

12.9 Any invalid drawing documents due to order amendments must be dealt with by the supplier so that further use is ruled out.

12.10 Regardless of special regulations, packaging/preservation of the delivery item must take place so that impairments to quality are ruled out during transport.

13. Notice of defects and defects liability (warranty)

13.1 Defective deliveries must be promptly notified by the purchaser to the supplier in writing as soon as they have been established according to the conditions of proper business processes. The supplier thereby waives any objection to delayed notice of defects. Any payment made before detection of defects does not represent acknowledgement that the items are free of defects and supplied in accordance with the regulations.

13.2 The supplier provides a warranty for the perfect condition of the delivery item with respect to construction, make and material as well as compliance with the stated specification and properties.

13.3 The purchaser's claim to warranty expires after 36 months, calculated from delivery of the goods. In the case of improvement, it extends by the period for which the purchaser was unable to use the item.

13.4 PAMA is entitled to full legal claims from defects liability, especially with respect to reduction of the price, replacement deliveries and replacement of damages. The warranty period is also 36 months for replacement deliveries from the date of delivery. According to the purchaser's free choice, the supplier can either provide a free replacement or remedy the defect free of charge. In urgent cases (e.g. if there is the threat of significant damages for the customer's purchaser), the purchaser is entitled to carry out the work personally at the cost of the supplier, allow it to be carried out by a third-party or procure a replacement elsewhere. Other claims remain unaffected by this regulation. In this case, the supplier covers all expenses and additional costs for the purpose of remedying the defect. The supplier's rights from § 439, paragraph 3 of BGB (German Civil Code) remain unaffected.

13.5 If a fault is discovered upon receipt of the goods, the purchaser is entitled to enforce defect claims in relation to the whole delivery. The same applies if the error is discovered when processing.

13.6 Reconditioned parts must be packed separately from newly produced parts and must be displayed as a separate position on the delivery note. This position should be marked on the delivery note and the packaging must be identified with the word "reconditioned". The test report number, order number and the purchaser's order positions must be noted on the delivery note. If no other arrangements are made, the supplier must send an error analysis report with the return delivery at the latest.

13.7 The defects liability period begins again at the time of remedying the fault, if the supplier has undertaken correction of the fault with awareness of the obligation to

extend the period, from the point of view of PAMA. The specific criteria for this are the extent, duration and cost of defect correction work.

14. Protection rights

The purchaser is liable in accordance with the legal regulations for ensuring that there are no violations of domestic or international protection rights or protection rights registrations involved with the items the supplier delivers, and hereby releases the purchaser or customer from all resulting claims. Liability also applies if the supplier could have prevented the violation against protection rights with the corresponding precautionary measures (e.g. research).

15. Production aids

15.1 Production aids such as drawings, models, samples, tools, gauges or similar items which are provided to the supplier by the purchaser or produced according to the supplier's order details are the property of the purchaser and may not be sold, leased or handed over to third parties in any other way without written permission.

15.2 Production aids provided by the purchaser must be sent back after the end of the contract on the account and risk of the supplier. The purchaser is entitled to the items being returned on the first request. The supplier waives the right to enforce of retention rights.

15.3 If the purchaser covers any tool costs, a separate agreement is made.

15.4 The supplier must maintain and repair all tools on his own account. The storage of tools takes place free of charge for the purchaser.

16. Provisions

16.1 If PAMA provides the supplier with products they own for the production of the delivery items, ownership of these products remains with PAMA up until full payment by the supplier.

16.2 In the case of mixing or processing, PAMA gains joint ownership in relation to the value of the processed items and the value of the newly created items.

17. Environmental protection and safety

17.1 The supplier is obliged to comply with the relevant terms (particularly environmental protection, work protection, the security check laws and the Machinery Act 2006/42/EC). The purchaser is entitled to check compliance with this regulation with a suitable audit.

17.2 Furthermore, the supplier will make sure that negative impacts on the environment are kept as low as possible during construction and production of the goods including with respect to subsequent use and disposal (recycling management).

17.3 If the supplier performs work on the purchaser's company premises, the relevant instructions (information sheet) must be observed.

18. Commercial secrets and advertising

18.1 The supplier is obliged to maintain confidentiality on all commercial and technical information and documents that are not general knowledge, which he becomes aware of through business relations, including throughout the contract period or beyond in the case of early termination of the contract and is obliged to only use information for performance of the ordered services and delivery. Any sub-contractors must also be obliged to maintain confidentiality. Protected information particularly includes technical data, reference quantities, prices and information on products and product developments on current and future research and development projects as well as all PAMA company data.

18.2 The confidentiality obligation in accordance with point 18.1 also extends to all illustrations, drawings, calculations and other documents and information received from the purchaser. They may only be disclosed to third parties with our explicit permission.

18.3 The supplier may only use the purchaser's name for advertising purposes, references or within the scope of other publications if the purchaser has explicitly agreed in advance.

19. Termination of the contract

If the supplier does not make payments or bankruptcy proceedings are initiated against the supplier's assets and not withdrawn within a period of three weeks, if a preliminary insolvency administrator is assigned to deal with the assets, if insolvency proceedings are opened or if a memorandum is imposed, PAMA is entitled to terminate the contract with the supplier without notice and withdraw from individual, outstanding orders.

20. General

20.1 Orders and deliveries are exclusively subject to the laws valid in the Federal Republic of Germany. Application of the United Nations Convention on Contracts for the International Sale of Goods from 11.04.1980 is excluded.

20.2 The supplier authorizes the purchaser, waiving the notification of personal data within the scope of legitimacy of the Federal Data Protection Laws and necessity for fulfillment of the contract, to process and transfer information to departments within the company group dealing with fulfillment of the contract terms.

20.3 Should any clause of the contract or these terms of purchase are or become ineffective, the validity of the other terms of the contract is not affected. The contracting parties are obliged to replace the ineffective regulation with a regulation that comes as close as possible to the meaning of the term.

20.4 The court of jurisdiction is the place of fulfillment. The purchaser is also entitled to file a petition with the court responsible for the premises or subsidiary of the supplier. PAMA reserves the right to initiate proceedings in another, authorized court of jurisdiction.