

COGEPA
SALES CONDITIONS

These sales conditions apply to sale of paper

1. through sales offices and other legal entities of COGEPA
2. through agents

This contract is based on the following sales conditions. The vendor exclusively delivers based on these conditions; they also apply if the buyer expressly demands something different. By accepting the order confirmation the buyer expresses his consent. Purchase conditions of the buyer - as far as they are not in agreement with these conditions - are herewith explicitly excluded.

Art. 1 NOTIFICATION OF ORDER

Every purchase order for paper and board, whether it be a making order or a stock order, must be transmitted in such a way that the supplier is given at least the following information clearly and unambiguously:

1. Reference to a possible quotation (exchange of correspondence, a visit, sending of price lists...)

2. Quantity,

3. Quality, with reference to a grade or type, as well as any other indication which may be necessary,

4. In the case of reels:

- width of reels
- diameter of reels
- interior diameter of cores
- basis weight (grammage per m2)

In the case of sheets:

- dimensions
- machine direction, if appropriate
- basis weight (grammage per m2)

5. Presentation type of packing,

6. Delivery dates, destinations and method of delivery.

7. Agreed price,

8. Agreed conditions of payment.

Art. 2 CONFIRMATION OF ORDERS (Confirmation of receipt of order)

The vendor is bound in a contract with the buyer only when he has confirmed the buyer's order in a manner which covers all the points mentioned in Article 1. This confirmation constitutes the basis and origin of the delivery contract. The order confirmation must be sent within a maximum period of 10 days from receipt of the notification of order. The details listed in the confirmation of orders are considered correct and accepted if there is no immediate objection. The vendor has to agree in writing to all stipulations in order to make them binding. In case wages, salaries, costs of material, energy costs and freight costs or Government and/or other taxes, less, duties etc. rulling at the time when the contract is made will be increased or introduced, the vendor has the right to increase even firm prices by the corresponding proportion (from the day the increases/introduction become effective). The buyer has the right to cancel the undelivered part of the contractual quantity in writing within five working days after the announcement of the price increase.

Art. 3 SIZE

a) Size

The size of a sheet of paper or board is defined by its two dimensions, width and length, the smaller dimension being given first.

Art. 4 PACKING

The usual packaging materials such as paper, wood, board (including board cores) are not returnable. If more costly packaging is required and this packaging is reusable, it will be necessary to make a special agreement concerning its return. For special packs such as wooden crates, cylindrical packaging for reels, full trays, special cores etc., any extra expense involved will be invoiced to the buyer.

Art. 5 TRANSFER OF RISK

The goods are sold at the risk and peril of the buyer:

- once they have been loaded at the vendor's premises onto the means of transport chosen by the vendor for the goods which he is responsible for shipping, apart from recourse to the forwarding agent carrying the goods.
- from the time that the goods to be picked up at the vendor's premises by the buyer by means arranged by him are put at his disposal. The same applies if delivery is postponed by the buyer subsequent to notification of availability in the vendor's own warehouses, the buyer taking responsibility for collection and loading at this time. If the buyer, when the goods arrive, notices either a difference between the quantities delivered and the quantities declared on the transport documents, or apparent damage to the goods, he must immediately state his reservations to the forwarding agent and, at the same time, inform the vendor.

Art. 6 DELIVERY

a) *Date and place of delivery*

The delivery period begins with the date of confirmation of order. The place of delivery is, unless otherwise agreed, the vendor's establishment. If the vendor, for reasons within his control, does not observe the delivery times, the buyer has the right to cancel his obligation after a reasonable delay. No damages or interest charges can be claimed for non-execution of an order unless the failure to meet the delivery date is deliberate or the result of negligence on the part of the vendor.

b) *Impossibility of making delivery (final, temporary or partial).*

The vendor is freed of his obligation by any event beyond his control which prevents or retards delivery of the goods and for which he could not be held responsible (such as lack of raw materials and other indispensable supplies, machine breakdowns or lack of motor power, labour problems, lack of means of transport).

The vendor is responsible for notifying the buyer without delay, and in writing, of the existence of, and reasons for, any temporary delay or his complete inability to supply. If the problem is only temporary, execution of the contract shall be suspended while it continues. If, however, its duration exceeds two weeks, unless there has been an agreement between the parties, either of them has the right to cancel the contract without indemnity. Nevertheless, if the obstacle applies to part of a contract consisting of staggered deliveries, right of cancellation shall only be exercised in regard to the specific delivery in question and not in regard to future deliveries. If, at the time the problem preventing delivery arises, whether it be insurmountable or merely temporary, the vendor has already made part of the order, the buyer is obliged to take delivery of the quantity made under the conditions already agreed. When a vendor, who is bound by his contract to ship the goods, finds himself unable to do so as a result of events such as those enumerated in the first paragraph of sub-title (b) of the present article, the said goods will be clearly marked for the buyer and put at his disposal at his expense and at his risk in the vendor's stores or in an external depot. The vendor must immediately inform the buyer when such action has been taken.

c) *Failure to collect the goods (final, temporary or partial)*

When the buyer does not collect the goods when notified that they are available or postpones a due delivery, the vendor will be entitled to put goods in outside store at the buyer's expense or to claim storage costs if he keeps them

in his own warehouse. If the buyer invokes an event which is not his fault, such as those mentioned in par. (b), the seller will be entitled to cancel the contract after a period of two weeks but without any right to damages. If the buyer cannot cite such an event, the vendor may - after two weeks - cancel the contract and claim damages and interest. If the delivery affected is part of a contract for staggered delivery, the right of cancellation may only be exercised in regard to the said delivery and not to future deliveries.

Art. 7 WEIGHT TO BE INVOICED

a) Papers and boards in reels

Reels of all grades are invoiced at the gross weight (its weighed weight) including paper and board, wrappings, core, plug and usual strapping.

b) Paper in uncounted sheets and sheets of board

These, whether delivered in parcels or on pallets, are invoiced at the gross weight (its weighed weight) including paper or board and usual packaging materials;

c) Paper in counted sheets

The packaging unit for paper in counted sheets is invoiced at nominal weight, this being equal to the product of the basis weight (grammage per m²) actually ordered and the area of the number of sheets in the packaged unit.

Art. 8 PAYMENT

a) Period for payment

Whatever the period for payment agreed upon, the invoice date, which is that of the day of dispatch or of notification of availability, constitutes the commencement of this period.

b) Place of payment

Unless otherwise agreed, the place of payment is the office of the vendor. Commercial travellers or agents of the vendor may not collect the amounts on the invoices unless they carry special authority to do so.

c) Risks and expenses in settlement

The risks and expenses pertaining to the transfer of funds are the responsibility of the buyer. Should the vendor accept the payment by draft, its cost and any expenses arising from possible discounting will be for the buyer's account.

d) Letter of credit

If payment is made by letter of credit, such letter of credit has to be presented to the vendor confirmed by his bank at the set date. If the buyer does not fulfil this obligation, the vendor is entitled to cancel the contract.

e) Delays in payment and problems over the buyer's credit

If an invoice becomes due but is not settled, the vendor is entitled to claim interest amounting to 4% p.a. above the official rate of respectively the European Central Bank or the outside the Euro area the national bank of vendor's country or - at the vendor's choice - above the official rate of the national bank of the buyer's country. In case of delays in payment the vendor can also ask for immediate payment of all outstanding invoices whether due or not as well as payment before delivery of all orders accepted, unless the buyer supplies an abstract bank guarantee as a security for all these payments. Should the buyer, however, despite a reminder be in delay with a payment, the vendor is not bound to further deliveries and is furthermore entitled to cancel deliveries already agreed upon. The vendor also has a right to cancel if the buyer's credit is no longer good after the written confirmation of orders has been sent and the buyer does not respond to the vendor's request to immediately supply an unconditional bank-guarantee for timely payment of the invoices. At the same time all other claims of the vendor remain valid.

Art. 9 RESERVATION OF OWNERSHIP

Insofar as the following arrangements do not contravene the rules of public order in the buyer's country, particularly as regards bankruptcy, and unless agreements to the contrary exist:

- The vendor reserves ownership of the goods delivered to him until complete payment has been made for all sums owed to him by the buyer through their business relationship.
- The buyer may convert or resell the said goods in the course of normal commercial operations.
- The conversion of the goods, property rights in which have been reserved, does not transfer ownership to the buyer. When conversion also includes other products not belonging to the buyer the vendor achieves coproprietorship of the new product to the extent of the value of the goods of which ownership is reserved.
- The buyer shall assign to the vendor sums resulting from the resale of the goods, whether converted or not, subject in whole or in part to reservation of ownership, this being compensation for the reservation of ownership which has expired because of resale and as security for the vendor to the extent of the value of the goods subject to the reservation of ownership. On the vendor's request the buyer must notify this assignment to his own buyer.
- To the extent that the value of the guarantees accruing to the vendor from the above arrangements exceeds the sums owed to him by the buyer, he is obliged to give up guarantees to the extent of this excess at the request of the buyer.
- The buyer shall arrange insurance against loss or damage of the goods under reservation of ownership and has a duty to inform the vendor immediately of any action taken by third parties against the reservation of ownership (for example any seizure of goods which form the object of the said reservation).
- The vendor may cancel the sale and take back the goods whether converted or not, of which ownership is reserved, if one of the situations envisaged in Article 8, para. (e) occurs. If the vendor recovers the goods after conversion by the buyer and sells them to a third party he will pay the buyer the difference between the value of these goods before and after conversion.

Art. 10 CLAIMS AND COMPLAINTS

a) Acceptance

Complaints must be notified in writing or by telex or telegram;

- within 5 days of arrival of the goods in the buyer's establishment, in cases where the delivery plainly does not meet the specification either in quantity or quality,
- before use and at the latest within 10 days of the date of arrival of the goods at their destination, if the defect or irregularity can be revealed by a simple examination or elementary check.

After notification at the proper time of any defects, the subsequent conversion of the goods which form the object of the complaint can only take place with the agreement of the vendor.

If the defect has not been notified at the right time, the portion of the consignment already converted cannot form the object of a claim and for any claim to succeed at least 90% of the quantity of the contested paper or board must remain available, intact and readily identifiable. Observation of a defect in one portion of the goods cannot justify rejection of the whole. A complaint about a portion only of the goods delivered does not release the buyer from the obligation to pay within the agreed period for the whole of the consignment and cannot justify total rejection of the consignment.

b) Action following a justifiable complaint

Should a complaint be justified, the vendor shall take back at his own expense the defective goods. The buyer must make them available to him in good condition and in the original or equivalent presentation and packing. The vendor shall then replace the goods at once or as soon as his production capacity and other engagements permit. Such replacement precludes any further compensation to the buyer. Should the vendor not supply the replacement goods within a suitable period, however, or should the new goods also be defective, the buyer can demand a reduction in the selling price or cancellation of the contract. If the goods do not meet the agreed specification the buyer can demand

cancellation of the contract or a reduction in the selling price. He will not be able, however, to claim for damages and interest to cover consequential losses unless he has received a specific guarantee against such losses or unless the losses are attributable to gross negligence on the part of the vendor.

Art. 11 SETTLEMENT OF LITIGATION

This contract is only subject to the law of the country of Belgium, the application of the United Nations Convention on Contracts for the International Sale of Goods has been excluded. The INCOTERMS are considered as agreed upon in their respective due form unless differently provided in these conditions. Any disputes resulting from this contract shall be decided by the competent court of Belgium.