

General Terms of Trade of Mayr-Melnhof Cartonboard International GmbH (formerly MMK Export GmbH)

(valid as of July 1st 2008)

1 General

1.1 In the following, the term "Seller" shall mean the Mayr-Melnhof Cartonboard International GmbH, as a member of the Mayr-Melnhof AG Group and the term "Buyer" shall mean the person or legal entity with whom the Seller enters into a business relationship subject to these General Terms of Trade. These General Terms of Trade shall apply to any contract concluded between the Seller and the Buyer (hereinafter referred to as "Contract"), as well as to any subsequent orders in the case of ongoing business relations. By ordering goods from the Seller, the Buyer is deemed to have accepted these Terms and Conditions. INCOTERMS in the current version as issued by the ICC (International Chamber of Commerce) (currently INCOTERMS 2000) shall apply only upon and to the extent of any explicit agreement by the Seller.

1.2 Any offers issued by the Seller shall not be binding.

1.3 Orders, as well as modifications to confirmed orders by the customer shall be deemed accepted only upon written confirmation by the Seller through its authorised representatives. Failure to reply by the Seller shall not be deemed tacit approval. In the event that the terms contained in an acceptance of order by the Seller differ from those contained in the Buyer's order, the terms set out in the Seller's acknowledgement shall be deemed accepted by the Buyer unless the Buyer objects to such terms forthwith. The Seller shall not accept liability for any errors in the confirmation of order, unless notified thereof forthwith by the Buyer on receipt of the confirmation of order.

1.4 The languages in which contracts, orders and complaints shall be prepared shall be English.

2 Delivery and Passing of Hazard

2.1 The terms of delivery indicated by the Seller shall be the vendor's establishment, shall not be binding, and shall commence on the day of free for production order confirmation, but in no case prior to the receipt of any agreed advance payments, letter of credit or bank guarantees.

2.2 The Seller shall be entitled to demand acceptance of the order 30 days after expiration of the delivery term. Goods shall be delivered exclusively for use in accordance with the specified purpose

2.3 In the event of non-compliance with the delivery date by the Seller, the Buyer shall expressly grant a reasonable period of grace. If such a period of grace expires without the delivery being made or if the Seller notifies the Buyer that delivery cannot be made, the Buyer shall be entitled to terminate the Contract. Such termination must be declared in writing within one week after the expiration of the period of grace or after the Seller's notification. In the event of non-compliance with delivery dates, the Buyer shall not be entitled to claim damages.

2.4 Unless explicitly agreed otherwise in writing, the Seller shall be entitled to effect deliveries in one or more parts. Notwithstanding any other provisions herein, each delivery shall be deemed to constitute a separate Contract.

2.5 If the Buyer fails to provide the Seller with detailed specifications regarding the contracted goods within due time, the Seller shall not be obliged to comply with the indicated delivery date. The Seller reserves the right to terminate the Contract after granting a reasonable period of grace.

2.6 Unless explicitly agreed otherwise in writing (in particular by way of INCOTERMS), the Seller's warehouse from which the goods are delivered shall be the place of performance and transfer of risk.

2.7 If the Seller, upon the Buyer's request, despatches the goods to any other place than the place of performance, all risks and hazards shall pass to the Buyer upon the Seller having handed over the goods to the shipping agent, the carrier or any other person or agency designated for such handling. The Seller reserves the right to choose the shipping agent for carriage-free deliveries.

3 Prices

3.1 Any and all prices shall be in USD as agreed and exclusive of VAT unless a different currency has been agreed with the Buyer.

3.2 In the event of any increases in costs in connection with energy, transport or raw materials amounting to or exceeding 10% in total and occurring after conclusion of the Contract, the Seller shall be entitled to demand that a new purchase price be agreed and to invoice such higher purchase price, provided that the Buyer is notified of such an increase at least thirty days in advance.

3.3 Unless agreed otherwise in writing by the Seller (in particular by way of INCOTERMS), the prices confirmed and stated on the price list and accepted by the Seller shall be exclusive of customs charges but shall include costs of standard packaging, reject sheets, loading costs, transport costs and standard costs for sheeting on basis of 30 days net. Any ancillary costs (in particular customs charges) shall be borne by the Buyer.

3.4 Unless agreed otherwise the respectively valid price list is applied as well as the upcharges and discounts mentioned on it.

3.5 Arisen deviations of the invoiced price compared to the price of the order confirmation because of storage fee or upcharges or discounts on delivered quantity within the frame of the respectively valid price list will be accepted obligingly by the Buyer.

3.6 Call off orders are executed under the terms of a valid stock agreement.

4 Terms of Payment

4.1 Unless agreed otherwise in writing, payments shall be made in full within thirty days of the invoice date, whereby any right to retention or set-off against counterclaims shall be excluded. The place of performance shall be the Seller's establishment. Payments by bill of exchange or cheque as well as discounts and deductions shall be accepted by the Seller only if explicitly agreed in the invoice.

4.2 Default interest shall be payable on overdue amounts at the rate of 10% p.a. above the LIBOR rate for the invoiced currency. The Seller shall further be entitled to reimbursement of any costs incurred by the Seller in connection with reminders, collection, inquiries and investigation as well as legal counsel.

4.3 If payments are outstanding for deliveries where no retention of title was agreed or where such retention of title has already expired, any payments received shall be appropriated first to such outstanding claims and only after full settlement thereof to claims regarding deliveries still subject to retention of title.

4.4 In the event that the Buyer becomes insolvent, liquidates its business, or if a petition in bankruptcy or an application for winding up proceedings is filed against the Buyer, or if such bankruptcy or composition proceedings are instituted or refused owing to lack of funds, or if in the reasonable opinion of the Seller the creditworthiness of the Buyer shall have deteriorated prior to delivery in such a way as might reasonably jeopardise the fulfilment of any of the Buyer's obligations, the Seller shall be entitled either to request full or partial payment of the price prior to delivery or the provision of further reasonable security for payment by the Buyer in a form reasonably acceptable to the Seller, or to terminate the Contract after granting a reasonable period of grace.

5 Retention of Title

5.1 Until the purchase price plus any default interest and expenses incurred in connection with reminders and collecting of monies as well as other costs have been paid in full, the delivered goods shall remain the property of the Seller.

5.2 The Buyer shall be entitled to resell and process goods subject to retention of title in the ordinary course of its business. If goods subject to retention of title are processed to a new product together with goods not owned by the Buyer, the Seller shall acquire joint ownership in such new products in proportion to the value of the goods subject to retention of title. The Buyer's claims

from the resale of goods subject to retention of title shall be deemed assigned to the Seller to the extent corresponding to the invoiced price for such goods (extended retention of title).

5.3 The Buyer shall be obliged to make book entries stating the retention of title and to immediately notify the Seller of any third-party seizures (in particular attachments) of goods to which title has been retained or of assigned claims. Likewise any assignment of claims of the Buyer to the Seller shall be documented in an appropriate form and shall be disclosed to the Buyer's contracting party not later than in the course of invoicing.

6 Default by the Buyer

6.1 In the event of a delay in or refusal of acceptance of delivery by more than 14 days, the Seller shall in addition to its other rights (such as termination and free sale at the Buyer's expense) be entitled to store the respective goods at the expense and at the risk of the Buyer, and to invoice such goods as duly delivered and accepted. In this case, the purchase price shall become due for payment immediately.

6.2 Should the Buyer be in default in making any payment due under the Contract, the Seller shall have the right upon giving 14 days' prior written notice to withhold any further deliveries to the Buyer until such payment has been received by the Seller. The seller shall further be entitled, after having granted a reasonable period of grace, to terminate the Contract and to request that the Buyer settle any outstanding payments, even if they are not yet due or if a respite has been granted. In such a case, agreed discounts (in particular rebates) shall become void, and the Seller shall be entitled to claim the full invoiced amount. The exercise of any of the above rights by the Seller shall in no case trigger any liabilities and/or obligations of the Seller to the Buyer, such as, in particular, an obligation to pay damages.

7 Force Majeure

7.1 Upon the occurrence of an event of force majeure, the Seller shall be entitled to extend the term of delivery by the duration of the respective event plus a reasonable period for re-commencement of operations, or to terminate the Contract in part or in full, whereby any claims of the Buyer (in particular damage claims) shall be excluded.

7.2 Any and all events the cause of which is beyond the reasonable control of the Seller shall be deemed events of force majeure, including but not limited to:

- a. industrial disputes of any kind, unavailability of material or means of transport, closed borders, decrees by the authorities, export embargoes or other circumstances affecting the operations of the Seller, or
- b. forces of nature, acts of war, riots, revolts, revolution, terrorism, sabotage, arson, fire, natural disasters, failure to obtain required official permits; or
- c. late delivery or non-delivery by the Seller's suppliers, in particular as a consequence of energy crises or raw material supply crises or for any other reason not attributable to the Seller.

8 Third-party Rights, Confidentiality

8.1 The Buyer shall indemnify and hold harmless the Seller from and against all claims by third parties in connection with the fulfilment of the Buyer's orders if the fulfilment of such orders pursuant to the specifications given by the Buyer to the Seller infringes the intellectual property rights of third parties.

8.2 Documents are made available to the Buyer exclusively for the purpose as set out in the Contract and are therefore confidential and may not be disclosed to any third party without the Seller's written consent. The Buyer undertakes to observe any intellectual property rights to which the Seller or the Seller's suppliers may be entitled, and shall be liable for any damage resulting from non-compliance with such obligation.

9 Warranty

9.1 Subject to the following provisions, the Seller warrants that goods delivered pursuant to a Contract shall comply with all properties and characteristics expressly agreed in writing or to be

expected pursuant to the legal provisions at the time when risk passes to the Buyer. The Seller does not undertake any warranty in respect of defects caused by improper handling, wear and tear, storage or other acts or omissions of the Buyer or of third parties.

9.2 A delivery shall be deemed to have been effected in compliance with contractual agreements if any deviations in respect of quantity, grammage, thickness, size or width of reels of the goods delivered by the Seller to the Buyer do not exceed the tolerances set out in the schedule. The quantity in respect of any delivery shall thereby be calculated based on the actual weight of the goods at the time of production and packaging. In the case of reels and uncounted sheets the weight shall apply gross for net; in the case of reels the wrappings, cores and bungs and in the case of sheets the wrappings shall be included in the weight. Irrespective of the above provisions, any quantity deviations which are common in the trade, negligible or technically unavoidable shall not be deemed defects.

9.3 The Buyer is obliged to inspect the delivered goods forthwith upon receipt, however, in any case prior to processing the goods, as to any defects. If the goods do not comply with the agreed quality standards, processing must not commence before the Seller has approved thereof in writing. For claims in connection with defects, the following provisions shall apply:

- a. in case of deviations in quantity (i.e. delivered quantity is larger or smaller than contracted quantity) the defects are to be notified by the Buyer to the Seller forthwith, however, in any event within seven days after receipt of delivery of documents showing weight or quantity of the delivered goods and/or after delivery;
- b. in case of defects in quality which can be ascertained by visual inspection of the goods or the packaging or by sampling, the defects must be notified by the Buyer to the Seller forthwith, however, in any case within seven days after delivery;
- c. in case of defects in quality which cannot be determined by visual inspection or by sampling, the defects are to be notified by the Buyer to the Seller forthwith on detection, however, in any event within three months of delivery. Later notification of defects cannot be accepted.

9.4 When notifying a defect, the Buyer shall identify the goods clearly and include a list giving details of each defect claimed and provide the Seller with any documents to support such claim. Any such notification shall be in writing. If such notification is not effected in compliance with the above provisions, any and all warranty, damage and other claims of the Buyer shall be excluded.

9.5 Until any dispute relating to the respective claim has been resolved, the Buyer shall duly store the goods and, in the interest of both contracting parties, keep them insured to cover the purchase price. If it is suspected that the damage occurred during transport, the Buyer is further obliged to notify the forwarding agent (carrier) forthwith, however, in any case within the deadline provided in the forwarding contract.

9.6 Defects in delivery shall be remedied by improvement or replacement of the item. In the event that improvement or replacement is either impossible or would involve unreasonably high expenses for the Seller, the Buyer shall be entitled to a reduction of the price. Any claims in addition thereto, such as in particular claims for cancellation of the Contract, claims for damages or claims for substitute performance shall be excluded.

9.7 Any warranty claims of the Buyer shall come under the statute of limitation six months after the transfer of risks.

9.8 The fulfilment of any warranty obligations of the Seller shall be subject to the Buyer fulfilling any and all of its contractual obligations, in particular its payment obligations as agreed.

10 Liability

10.1 Any claims against the Seller which are not explicitly permitted pursuant to the Contract or to these General Terms of Trade shall be expressly excluded to the extent this is legally admissible.

10.2 Any damage claims of the Buyer shall come under the statute of limitation six months after the transfer of risk.

10.3 The amount of any damage claims justified on the merits pursuant to mandatory legal provisions and/or pursuant to the

Contract and these General Terms of Trade shall be limited to the purchase price of the respective delivery.

10.4 In the event the Buyer has paid damages to a third party under mandatory provisions of product liability law for a defective product of which the goods delivered by the Seller only constitute a component, the Buyer shall, if it has recourse from the Seller, be obliged to prove that the defect of the end product was caused or partly caused by a defect in the goods delivered by the Seller.

11 Product Liability

11.1 The Buyer shall be obliged to use the goods manufactured, imported or brought into commercial use by the Seller in accordance with their specifications, and to ensure that these goods (also as raw materials or components) shall only be made available to persons who are acquainted with the hazards and risks attaching to these products for use pursuant to the specifications and/or shall only be brought into commercial use by such persons.

11.2 Any specific properties of the Seller's products shall be deemed agreed only if explicitly confirmed in writing. The Seller is basically not liable for damages due to the faulty construction of a product of which goods delivered by the Seller constitute a component or caused by the instructions for use of the manufacturer of such products.

11.3 Furthermore, if the Buyer uses the goods delivered by the Seller as raw material or components for its own products, the Buyer shall be obliged when putting such products into commercial use to extend the obligatory information to consumers under product liability law also to the goods delivered by the Seller.

11.4 The Buyer is obliged to observe the products brought into commercial use by it as to any detrimental properties or hazards in connection with their use as well as to pay attention to the scientific and technical developments and to inform the Seller forthwith of any defects of the goods delivered by the Seller detected thereby.

11.5 The Buyer shall indemnify the Seller for any liabilities, losses, damages, costs and expenses incurred to the Seller owing to a failure by the Buyer to comply with the above provisions.

12 Waiver

12.1 Any failure by the Seller to exercise or enforce its rights hereunder shall not be deemed to be a waiver of any such right; therefore, the right to exercise or enforcement of such a right at a later time is explicitly reserved.

13 Governing Law, Jurisdiction

13.1 The Contract as well as the General Terms of Trade shall be governed by substantive national law of Seller as amended at the time of conclusion of the Contract.

13.2 The applicability of the UN Convention on Contracts for the International Sale of Goods is hereby explicitly excluded pursuant to Article 6 thereof.

13.3 All disputes arising out of the contract as well as the General Terms of Trade or related to their violation, termination or nullity shall be finally settled under the rules of arbitration and conciliation of the International Arbitral Center of the Austrian Federal Economic Chamber in Vienna [Vienna Rules] by one arbitrator appointed in accordance with these rules. The language to be used in the arbitral proceedings shall be German. The place of arbitration shall be Vienna. Pursuant to para. 598 (2) of the Austrian Code of Civil Procedure (ZPO), the parties expressly waive the application of para. 595 (1) Fig. 7 of the said code.

14 Miscellaneous

14.1 Any notices made on behalf of the Seller shall be legally binding only if issued by the required number of authorised representatives (managing directors, authorised signatories, proxies).

14.2 Any agreements between the Seller and the Buyer must be made in writing. Verbal agreements shall be void. Amendments to these General Terms of Trade shall only be effective if made in writing. This requirement shall also be deemed to be met in the case of facsimile or e-mail transmissions.

14.3 If any provision of a Contract or of these General Terms of Trade should be unenforceable in whole or in part, the remaining provisions shall remain unprejudiced. In the case of such partial unenforceability, the contracting parties undertake to replace the unenforceable provisions with enforceable provisions that reflect the intention of the unenforceable provisions as closely as possible.

15 Electronic Mailing of Documents

15.1 Provided that the Buyer agrees separately and in writing, documents relevant to his order (e.g., acknowledgement of order, delivery note, invoice) shall be sent to him via e-mail or in another suitable electronic form. All transmissions to the e-mail address or any other electronic address advised by the Buyer shall be deemed delivered to the Buyer upon mailing. Use of the services of MM community (www.mm-coMMunity.com) shall be subject to the Business Terms designated for that purpose in addition to these General Terms of Trade.

16 Appendix: Cardboard Features

16.1 Types and g/m² Substance Ranges

These quality criteria shall apply to Coated Board grades (GZ, GC, GT, GD) and Uncoated Board grades (UZ, UC, UT UD).

Separate agreements are required for special grades of boards, e.g. laminated types and grey board types.

The g/m² substance ranges from 160 g/m² to 800 g/m².

16.2 Order Quantities/Tolerances

Order quantity in t Tolerance in % of the order quantity

≤ 1	± 20%
1-2,5 t	± 15%
2,5-5 t	± 7,5%
≥ 5 t	± 5%

16.3 Order Types

Order within the above **tolerances**. The delivery quantity must be within the ± tolerances specified above. Example: Order quantity 3 t, delivery quantity 2.775 to 3.225 t.

Minimum quantity agreed: The delivery quantity is the minimum quantity plus double tolerance above. Example: Order quantity 3 t, delivery quantity 3 to 3.45 t.

Maximum quantity agreed: The delivery quantity is the maximum quantity minus double tolerance below. Example: Order quantity 3 t, delivery quantity 2.55 to 3 t.

16.4 Sample Taking in the Case of Complaints

Delivery (loading units)	pallets/ reels to be tested	sample sheets per pallet/ reel
1-5	each	1
6-19	5	1
20-99	10	1

The pallets/ reels to be tested must be selected randomly (except for 1-5).

The sample sheets must be taken at least ten sheets below the top sheet of each pallet, and after the second to fifth turn for reels.

Sample taking in accordance with DIN EN ISO 186.

16.5 Acclimatisation of Samples and Testing Conditions

Acclimatisation (in accordance with DIN EN 20187) must be performed at 23°C and 50% relative humidity.

The **testing conditions** (in accordance with DIN 50014) are 23°C and 50% relative humidity.

Class 1: ± 1°C and ± 3% relative humidity.

16.6 g/m² Substance

Tolerance: The Mean value of delivery deviates from target (order value) by ± 2.0%.

Test in accordance with DIN EN ISO 536 in delivery condition.

Note: If the values required in the section "Moisture Content" are complied with, the standard relative humidity leads to differences in g/m² substance that must be taken into account in the evaluation.

16.7 Thickness

Tolerance: ± 5% of target thickness.

95% of all measured values must be within the tolerance range, i.e. within ± 5% of the target thickness (+/- 4% for board manufactured in England)

Test in accordance with DIN EN 20534.

16.8 Stiffness

Tolerance: - 15% of the target stiffness.

95% of all measured values must be above the lower tolerance limit.

The stiffness of the samples must be measured in both directions. The resulting mean value is the stiffness ratio of the individual sample.

Test in accordance with DIN EN 53121 (beam test).

Sample width 38.1 mm; free clamping length 50 mm; bending angle 5 degrees; or in accordance with DIN 53123-1 (resonance length method).

16.9 Moisture Content

Relative humidity: Guidelines for g/m² substance up to 400 g/m²: 45 - 60% rel. humidity. Over 400 g/m²: 50 - 65% rel. humidity. Test using electric hygrometer at 23°C.

Absolute humidity: tolerance: ± 1% water (H₂O) of target value. Test in accordance with DIN EN 20287.

16.10 pH Value (Surface)

Tolerance: > 4.5, but max. 10. Test using Zellocheming method V/17/80.

16.11 Cobb Value 1 minute (Water Absorption)

Tolerance: front (coated) 20 - 50 g/m², back 20 - 200 g/m² water absorption. Test in accordance with DIN EN 20535.

16.12 Plybond Strength

Ply adhesion of top surface for offset printing.

The plybond strength must be adequate for normal processing. Particularly high plybond strength requirements, e.g. for further processing, must be specified on the order. Test in accordance with DIN 54516.

16.13 Creasing Ability

If creasing is performed technologically correctly, the crease must not burst open on the outside; the crease roll on the inside must be even. Test in accordance with DIN 55437.

16.14 Cutting

The cut edges must be as free of fibre as possible according to current best practise. **Cutting accuracy** for sheets: No smaller dimensions than specified. Accuracy max. +3 mm; for formats over 100 cm +0,3%. Test using plane table. The angle deviation must not exceed 2 mm per 100 cm cut length. Test using plane table.

16.15 Stacking

Neat well presented stacks - no wavy edges - no waviness in the sheets - no warped or distorted sheets. Visual inspection. The board must be allowed to adjust to the temperature in the processing room in its original packaging.