

SALES CONDITIONS

(the “Sales Conditions”), *Version 2014*

Art. 1 Applicability and entire agreement

These Sales Conditions apply to any order and order confirmation related to sale of paper and board (the “Goods”)

1. through legal entities of Sappi Europe (the “Seller”);
2. through agents of legal entities of Sappi Europe;
3. to a buyer (the “Buyer”).

The Seller reserves its right to modify these Sales Conditions from time to time.

References by the Buyer to its own purchasing conditions in an order or other written document are not binding despite a subsequent sale of Goods by the Seller in response to this solicitation. Any conditions used by the Buyer are herewith explicitly excluded.

Together with any terms accepted by the Seller in connection with an order (see Art. 3 below) these Sales Conditions constitute the entire agreement between the Seller and the Buyer in relation to the Goods ordered and supersede all other agreements (the “Contract”). Any amendments to the Contract must be expressly agreed in writing by authorised representatives of the Parties.

Art. 2 Notification of Order

Every purchase order for the Goods must be transmitted in such a way that the Seller 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, a brand or samples supplied, 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) or thickness (in hundredths of mm).In the case of sheets:
 - dimensions;
 - machine direction, if appropriate;
 - basis weight (grammage per m²) or thickness (in hundredths of mm).
5. Presentation type of packing;
6. Delivery dates, destinations and method of delivery (incl. applicable Incoterm);
7. Agreed price;
8. Agreed conditions of payment.

Art. 3 Formation of Contract by Order Confirmation (Confirmation of receipt of order)

The Contract is formed and the Parties are bound by this Contract when the Seller has confirmed the Buyer's order in a manner which covers all the points mentioned in Article 2 (the “Order Confirmation”). The Order Confirmation constitutes the basis and origin of the Contract. The details listed in the Order Confirmation are considered correct and accepted by the Buyer unless the Buyer objects on the following business day. If after conclusion of the Contract the total costs of production and transportation increase ten (10) per cent or more, the Seller 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 (5) business days after the announcement of the price increase.

Art. 4 Specifications

The Seller will deliver the Goods in accordance with the specifications regarding quantity and quality as specified in the Contract (**the “Specifications”**).

Art. 5 Transfer of risk and title

a) Risk

The risk of loss or damage to the Goods will pass to the Buyer in accordance with the agreed Incoterm.

b) Title

The Seller reserves ownership of the Goods delivered to the Buyer until the Seller has received payment for all sums owed by the Buyer through their business relationship.

The Buyer may convert or resell the Goods in the course of normal commercial operations and hereby assigns to the Seller all claims arising from the resale of the Goods concerned. The Buyer further acknowledges that until ownership passes

- it must hold the Goods on a fiduciary basis as the Seller’s bailee;
- it must store the Goods separately and be able to identify them as the Seller’s property;
- it must insure the Goods against loss or damage and has a duty to inform the Seller immediately of any action taken by third parties against the reservation of ownership (for example any seizure etc.);
- the Seller is entitled, without previous notice, to enter the Buyer’s premises for the purpose of retaking possession of the unpaid Goods if payment of an invoice is not received in full by the respective due date and/or an insolvency proceeding in the meaning of Council Regulation (EC) No. 1346/2000 of 29 May 2000 (as amended) has been opened or rejected due to lack of funds.

Art. 6 Delivery and Force Majeure

The delivery period begins with the date of the Order Confirmation. The place of delivery is defined by the agreed Incoterm. The Seller will inform the Buyer of any foreseeable delay in delivery. No damages or interest charges can be claimed for non-execution of an Order unless the failure to meet the delivery date is deliberate.

The Seller is freed of its obligation by any event beyond his reasonable 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 “Force Majeure Event”**).

The Seller is responsible for notifying the Buyer of the existence of, and reasons for, any temporary delay or his complete inability to supply due to a Force Majeure Event. If the non-performance is only temporary, execution of the Contract will be suspended. If, however, its duration exceeds fourteen (14) days, either Party has the right to cancel the Contract without indemnity. If, at the time the Force Majeure Event arises, the Seller has already produced part of the Order, the Buyer is obliged to take delivery of the quantity made under the conditions already agreed. When the Seller is unable to deliver the Goods as a result of a Force Majeure Event, the said Goods will be clearly marked for the Buyer and put at his disposal at his expense and at his risk in the Seller’s warehouses. The Seller must without undue delay inform the Buyer when such action has been taken.

Art 6A: Failure to collect the Goods

When the Buyer does not collect the Goods when notified that they are available or postpones a due delivery, the Seller is entitled to put the Goods in a warehouse, raise the corresponding invoice and charge any costs related to the Buyer’s delayed acceptance incurred between the initially agreed delivery date and the date of the actual physical supply of the Goods to the Buyer. The Buyer agrees that the transfer of risk occurs at the initially agreed delivery date.

Art. 7 Payment and payment delays

a) Period for payment

The agreed period for payment always starts on the invoice date.

b) Place of payment

Unless otherwise agreed, the place of payment is the registered office of the Seller. Commercial representatives or agents of the Seller 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 Seller accept 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 Seller confirmed by its bank at the set date. If the Buyer does not fulfil this obligation, the Seller is entitled to cancel the Contract.

e) Delays in payment and decrease of the Buyer's creditworthiness

If payment of an invoice is not received on the Seller's bank account at the latest on the due date, without prejudice to any other right, the Seller is entitled to:

- cancel confirmed Orders, including the right to stop any deliveries in transit and to suspend future deliveries;
- claim interest of twelve (12)% p.a.;
- claim an amount of 40 EUR for administrative and internal costs as well as reasonable compensation from the Buyer for any recovery costs exceeding the 40 EUR incurred due to the Buyer's late payment. This includes expenses for, inter alia, instructing a lawyer or employing a debt collection agency.
- ask for immediate payment of all outstanding invoices whether due or not;
- request payment before production or delivery of future Orders.

The Seller is also entitled to cancel confirmed Orders and to suspend future deliveries if the Buyer's creditworthiness has been reduced or if the Buyer has reached its credit limit.

Art. 8 Inspection of the Goods and Claims

a) Acceptance

The Buyer must inspect the Goods immediately upon their receipt. If the Buyer 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 Seller in writing.

Any complaint which the Buyer may have with respect to the quality of the Goods must be made in writing immediately and before use but not later than

- ten (10) business days after receipt of the Goods for obvious defects which can be revealed by simple examination or elementary check; and
- not later than six (6) months after receipt of the Goods and within ten (10) business days following the discovery of the defect for concealed defects which can only be revealed by a thorough examination, test or normal passage through the machine.

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 prior written approval of the Seller.

If the Buyer does not observe the time limits stipulated above in this clause, the Goods are considered to have been accepted. Consequently, no claims will be effective against the Seller and the Buyer will lose all right to compensation. The portion of the consignment already converted cannot form the object of a claim and for any claim to succeed, at least ninety (90)% of the quantity of the contested Goods must remain available, intact and readily identifiable. Observation of a defect in one portion of the Goods cannot justify rejection of the whole consignment. A complaint about a portion of the Goods does equally not release the Buyer from the obligation to pay within the agreed period for the whole consignment.

b) Action following a justifiable complaint

Should a complaint be accepted by the Seller, the Seller will take back or dispose of at his own expense the defective Goods. The Buyer must make them available in good condition (other than the defects notified to the Seller) and in the original or equivalent presentation and packing. The Seller will 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 Seller not supply the replacement Goods within a suitable period, however, or should the new Goods also be defective, the Buyer is entitled to a reduction in the selling price or to cancellation of the Contract. The Buyer is not entitled, however, to claim for any 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 or wilful misconduct on the part of the Seller.

Art. 9 Applicable law and jurisdiction

This Contract is governed by and construed in accordance with the laws of Belgium, with the exclusion of its conflict of laws principles and the 1980 United Nations Convention on Contracts of the International Sale of Goods (Vienna Convention).

Exclusive jurisdiction for all disputes arising out of or in connection with this Contract will be the Courts of Brussels (Belgium).

Art. 10 Weight tolerances of deliveries

I. Papers and boards in sheets

As the assessment of the differences between the weight ordered and the weight supplied must be made for each order or part order subject to the same delivery date and concerning a single grade (furnish, shade, finish and other specifications) and a single size, the tolerances will be as follows according to the size of the tonnages delivered:

I.1. Standard printing papers and boards in sheets

Definition: standard grades of papers and boards are those stated to be such by type, basis weight and size, in price lists and other commercial documents.

I.1.1. Standard printing papers and boards - standard types, basis weights and sizes.

<u>Quantity ordered</u>	<u>Without maximum or minimum quantity (*)</u>
More than 20 tonnes	± 2.5 % with a maximum of 1 tonne
10 to 20 tonnes inc.	± 4.0 %
5 to 10 tonnes inc.	± 5.0%
3 to 5 tonnes inc.	± 7.0%
Below 3 tonnes (**)	± 8.0 %

(*) If variation is only allowed on one direction, the tolerances in this table must be doubled.

(**) Tolerances of ± 8 % for orders up to 3 tonnes do not apply to bulk grades which are only sold through wholesalers in quantities less than 3 tonnes.

For standard grades sold in BLOC-PALLET units (these are pre-packaged units containing a specific theoretical number of sheets as shown in the manufacturer's price lists), no tolerances between the number of sheets ordered and the number of sheets invoiced are allowed. Accuracy of counting, in the possible difference between the number of sheets invoiced and the number of sheets delivered, is dealt with in Article 13.

I.1.2. Standard printing papers and boards in standard basis weights but in special sizes

<u>Quantity ordered</u>	<u>Without maximum or minimum quantity stipulated in order (*)</u>
More than 100 tonnes	Previous agreement
50 to 100 tonnes inc.	± 4%
20 to 50 tonnes inc.	± 6%
10 to 20 tonnes inc.	± 8%
5 to 10 tonnes inc.	± 10%
3 to 5 tonnes inc.	± 15%
Below 3 tonnes	± 20%

(*) If variation is only allowed in one direction, the tolerances in this table must be doubled.

If the type of paper ordered and the technical conditions permit, smaller tolerances may be agreed by special arrangement.

I.1.3. Making orders of printing papers with other characteristics than those indicated in I.1.1. and I.1.2. The tolerances for these papers, to be agreed between the Buyer and the Seller, may not be below those defined in I.1.1. and I.1.2..

I.2. Boards (other than boards purely for printing use)

<u>Quantity ordered</u>	<u>Without maximum or minimum quantity stipulated in order (*)</u>
More than 100 tonnes	Previous agreement
From 50 to 100 tonnes inc.	± 5.0 %
20 to 50 tonnes inc.	± 10.0%
10 to 20 tonnes inc.	± 12.0%
5 to 10 tonnes inc.	± 15.0%
5 tonnes and below	By agreement but larger tolerances than for quantities above 5 tonnes

(*) If variation is only allowed in one direction, the tolerances in this table must be doubled.

I.3. Packaging/wrapping papers and other papers

<u>Quantity ordered</u>	<u>Without maximum or minimum quantity stipulated in order (*)</u>
More than 100 tonnes	Previous agreement

From 50 to 100 tonnes inc.	± 4%
20 to 50 tonnes inc.	± 6%
10 to 20 tonnes inc.	± 8%
5 to 10 tonnes inc.	± 10%
3 to 5 tonnes inc.	± 15%
2 to 3 tonnes inc.	± 20%

(*) If variation is only allowed in one direction, the tolerances in this table must be doubled. If the type of paper ordered and the technical conditions permit, smaller tolerances may be agreed by special arrangement.

II. Papers and boards in reels

As a result of variety of reel dimensions it is impossible to fix the quantitative tolerances uniformly. Consequently, the Seller and the Buyer will have to set specific tolerances. However, if there is no agreement, tolerances will be those envisaged above in 1.1.0 for printing papers and boards, in 1.2.0 for boards and in 1.3.0 for packaging/wrapping and other papers.

Art. 11 Tolerances in counting accuracy

For orders based on a counted number of sheets, the following tolerances must be observed:

I. Number of sheets per delivery of printing papers

For invoicing in counted sheets, the number of sheets invoiced should not depart from the number of sheets supplied by:

- more or less than 3 % for a consignment below 1 tonne or less than 5,000 sheets
- more or less than 2 % for a consignment equal to or above 1 tonne or more than 5,000 sheets.

II. Number of sheets per wrapped unit or counted unit

The difference between the theoretical number of sheets and the actual number of sheets per wrapped or counted unit may not exceed the following values for 95 % of the packaged units supplied:

- ± 3 % with an allowance of 5 sheets above or below, for printing papers and boards from 60 gsm upward.
- ± 5 % with an allowance of 5 sheets above or below, for other printing papers, for packaging/wrapping papers and for thin and special papers.
- ± 8% with an allowance of 5 sheets above or below, for cylinder board, special boards and straw board.

Art. 12 Basis weight tolerances

I. Dispersion of unit value within a delivery

The variations between the basis weights ordered and those of the sheets supplied must not exceed the following values in the case of 95% of the sheets supplied:

I.1. For uncoated printings and writings and uncoated wrapping/packaging papers

<u>Basis weight ordered</u>	<u>Without maximum or minimum stipulated in order</u>
Up to and including 32 gsm	± 2.5 gsm
From 33 to 39 gsm inc.	± 8.0 %
From 40 to 59 gsm inc.	± 6.0 %
From 60 to 179 gsm inc.	± 5.0 %
From 180 to 224 gsm inc.	± 6.0 %
From 225 gsm	± 7%

I.2. For coated printings and writings and coated packaging papers

The above tolerances are increased by 1 percentage point up to and including 32 gsm and 2 points beyond this. For example: + 2.5 g becomes + 3.5 g and ±6 % becomes ±8 %.

I.3. For special printing papers such as drawings and other thin papers, whether coated or not, as well as for creped papers, in cases where no special agreement has been arrived at, an extra tolerance of 1 percentage point will be applicable for those listed in 1.1. for non-coated papers and I.2. for coated papers.

I.4. Maximum or minimum basis weight stipulated in order

If a maximum or minimum grammage has been stipulated, the tolerances set out in the three paragraphs above will be

doubled.

II. Average basis weights delivered

The variations between basis weights ordered and delivered must not exceed the following values:

II. 1. Uncoated printings and writings and uncoated wrappings/packaging papers

<u>Basis weight ordered</u>	<u>Without maximum or minimum stipulated in order</u>
Up to and including 32 gsm	± 2.5 gsm
From 33 to 39 gsm inc.	± 6. %
From 40 to 59 gsm inc.	± 4%
From 60 to 179 gsm inc.	± 3. %(*)
From 180 to 224 gsm inc.	± 4. %
From 225 gsm and above	± 5%

(*) For normal basis weights between 60 and 129 g, the tolerance can be made the subject of special agreements for certain categories of papers and the % envisaged above can then be reduced to 2.5%.

If a paper grade is delivered in quantities of 3 tonnes or below, the above tolerances will be raised by 1 percentage point, for example 3.5 g instead of 2.5g and 7 % instead of 6 %.

II.2. For coated printings and writings, as well as for coated packaging/wrapping papers, tolerances will be increased by 2 percentage points compared with those indicated above.

II.3. For printing and special papers such as drawing papers, and other thin papers whether coated or not, in cases where no special agreement has been arrived at, extra tolerances of 1 percentage point will be applicable to the tolerances provided in II.1. for uncoated papers and II.2. for coated papers.

II.4. For boards

1. Multi-ply boards and cartonboards:

180 gsm to 249 gsm	± 6%
250 gsm to 499 gsm	± 5%
500 gsm and above	± 8%

2. Special purpose board ± 8%

3. Cylinder boards and others ± 8%

II.5. For creped papers: ± 10%

II.6. When there are special specifications for multi-ply coated boards, carton boards, cylinder boards and creped papers, and in cases where no special agreement on the subject has been made between manufacturer and the Buyer, tolerances of 1 percentage point higher than those indicated in II.4. and II.5. will be applied. If a maximum or minimum basis weight is stipulated in the order, tolerances provided in para II.1. and II.5, will be doubled.

Art. 13 Tolerances on thickness

If a particular thickness is imperative for a precise end use the Buyer should agree with the supplier an appropriate tolerance to replace the basis weight tolerance.

Art. 14 Tolerances on dimensions of paper and board on reels

I. Width

For reels whose width does not exceed 1.60 m, the width tolerance on the reel is ± 0.5% with a maximum of ±3 mm and a minimum of ± 2 mm. If the Buyer stipulates a maximum or minimum reel width the above tolerance is doubled. For reels whose width exceeds 1.60 m tolerances are to be fixed by special agreement.

II. Diameter

In the case where the diameter of the reels is specified in the order and where this requirement has been accepted by the vendor, the tolerance concerning variation in diameter is:

- for papers

- where there is no stipulation of max or min diameter: - 4 cm and + 2 cm
- where minimum diameter is stipulated: + 4 cm

- where maximum diameter is stipulated: - 8 cm
- for bulk papers, special arrangements may be made.

- for boards

- where there is no stipulation of max or min diameter: ± 6 cm
- where minimum diameter is stipulated: + 12 cm
- where maximum diameter is stipulated: - 12 cm

Reels coming at the end of the parent reel of the last consignment will nevertheless have to be accepted by the Buyer provided that their diameters are more than half of the diameters ordered.

Art. 15 Tolerances on dimensions and squareness of papers in sheet form

I. Papers and boards (other than Para II) in sheets

I.1. Dimensional tolerances

The following maximum variations are allowed for both dimensions of the sheets:

- precision cut: ± 0.2 % or + 0.4 % (*), but with a minimum of ± 2 mm or + 4 mm (*)
- machine cut: ± 0.4 % or + 0.8 % (*), but with a minimum of ± 3 mm or + 6 mm(*)

(*) If no lower tolerance is accepted and this requirement has been mentioned on the order form.

I.2. Tolerances in squareness

For precision cut papers, the rectangular tolerance will be 0.3 % with a minimum of 2 mm calculated on the actual dimensions of the sides.

For machine cut papers, the rectangular tolerance will be 0.6 % with a minimum of 4 mm calculated on the actual dimensions of the sides.

NB: The tolerances mentioned in 1.1, and I.2. are only applicable to sheets whose smaller side is equal to or greater than 40 cm.

If the type of paper ordered and if the technical conditions permit, lower tolerances may be agreed between the Buyer and the Seller for specific orders.

II. Cylinder boards - boards for special purposes and straw boards

II.1. Tolerances and dimensions

The following maximum deviations are allowed for both dimensions of the sheets:

- precision cut: ± 0.3 % or + 0.6 % (*), but with a minimum of ± 2 mm or + 4 mm(*)
- machine cut: ± 0.5 %, but with a minimum of 5 mm.

(*) If no lower tolerance is accepted and this requirement has been mentioned on the order form.

II.2. Tolerances in squareness

The rectangular tolerance will be ± 2 % with a minimum of ± 2 mm calculated on the actual dimensions of the sides.

NB: The tolerances mentioned in II.1. and II.2. are only applicable to sheets whose small side is equal to or greater than 40 cm.

Art. 16 Other characteristics

In the case of all technical characteristics whose tolerances have not been defined above, slight differences cannot be grounds for complaint on the part of the Buyer so long as the Goods delivered are suitable for the use envisaged in the order. The waviness of paper and board is not a hidden vice. The Buyer of special makings must accept a paper or board which does not entirely match the specification in minor respects but which will meet the needs of the end-use specified, up to a maximum quantity of 10 % of the initial order.

Art. 17 Standard dispersion of measured values

All tolerances assembled in these sales conditions are considered as observed if 95 % of the measured values are within the required tolerances. In addition, unit values measured may show up to a maximum deviation of 1 ½ times the value of the tolerance provided that they do not account for more than 4.5 % of the number measured. Some test results may exceed the limit of 1 ½ times the normal tolerance provided they do not exceed 0.5 % of the total number of tests made.

Example: Article 17 envisages for finished sheets a tolerance of ± 0.2 %, for a length of, for instance, 1 m; this implies a

deviation of ± 2 mm.

The tolerances are considered as observed when:

- at least 95 % of the measured values are within $1\text{ m} \pm 2$ mm
- at most 4.5 % of the measured values may be beyond $1\text{ m} \pm 2$ mm but must be within the limits of $1\text{ m} \pm 3$ mm (1 ½ times the tolerance)
- at most 0.5% of the measured values may exceed $1\text{ m} \pm 3$ mm.

Art. 18 Test methods

As regards testing specifications, reference will be made to the most recent ISO standards whenever these are identical in every respect with the national standards of the supplier country. Otherwise it will be best to apply the national standards of the country of origin. In the absence of standards, checking specifications applicable in every case will be made the subject of a previous agreement. These ISO standards are currently as follows:

I. Sampling for testing: ISO 186 - 1985 Paper and board - Sampling to determine average quality

II. Conditioning of samples: ISO 187 - 1977 Paper and board - Conditioning of samples. The particular climatic conditions applicable during testing and in line with the standard must be made the subject of a previous agreement.

III. Determination of counting accuracy

1. The methods of counting to be applied will have to be made the subject of a previous agreement.
2. From the quantitative point of view, samples taken will have to conform at least to standard ISO 186/1985.

IV. Determination of basis weight: ISO 536 - 1976 Paper and board - Determination of grammage

V. Measurement of thickness: ISO 534/1988 Paper and board - Determination of thickness and apparent bulk density or apparent sheet density

VI. Dimensions and squareness

The specifications set out below describe one method of testing. There may be others.

VI.1. Testing device

Measuring table: a robust construction covered with a plate made of metal, plastics or glass.

Squares: metal arm graduated in 0.5 mm, fixed solidly by screws to the measuring table plate and checked with a standard arm. An auxiliary rule with 0.5 mm graduations.

VI.2. Test method

Checking sheet size: place a small portion of the edge to be checked on the horizontal arm and align it carefully with the vertical arm.

Read off the size on the horizontal arm.

Measure the 4 sides in case of possible angular deviations.

Checking the angle: place the first edge (longitudinal direction) against the horizontal arm square. Carefully align it along the vertical arm

Measure the angular deviation greater than 90° on the horizontal arm and any below 90° , with the help of the auxiliary rule, along the vertical arm. In order to check the three remaining angles, slide the sheet in a clockwise direction across the square (do not turn the sheet over as the reference line may vary).

Results:

- Variations in size: Indicate the most unfavourable values for both the long and short edges.
- Angular variation: Indicate the four variations.

When using the results, take account of the most unfavourable values.