



GENERAL PURCHASING TERMS OF ANDRITZ SLOVAKIA S.R.O.

(December 2012 edition)

Unless otherwise agreed in writing, the following terms and conditions exclusively apply to our inquiries and purchase orders. We shall not be bound by Seller's terms and conditions unless expressly accepted by us in writing. Quotations and consultation provided by the Seller shall be without charge to and not binding on us, but shall be binding on the Seller. The Seller is obliged to collect sufficient information on all details concerning the subject of inquiry or supply.

Definitions

- i. The term "We, Us and AFB" shall mean the originating company as stated in the purchase order.
- ii. The term "Seller" shall mean the person, firm or company to whom the purchase order is issued.
- iii. The term "Goods" means all or part of the articles, materials, equipment, services, works, supplies and other things described in the purchase order, including but not limited to manuals, operation instructions, reports and drawings to be supplied by Seller.
- iv. The term "Purchase Order" means the order in writing issued to the Seller by the Buyer, comprising of the documents referred to therein and constituting a binding agreement between them.
- v. The term "the Contract" shall mean the contract between us and the Seller consisting of the Purchase Order, these conditions and any other documents (or part thereof) specified in the Purchase Order.

1. Award

1. Purchase Orders shall only be legally binding if issued on our order forms.
2. Verbal or telephone orders must be confirmed in writing to become binding.
3. Variations and/or amendments to Purchase Orders need to be agreed in writing.

2. Order Confirmation

ASK must receive the written order confirmation not later than 3 days after receipt of purchase order.

The Purchase Order is also deemed to be unconditionally accepted if the Seller is perceived to have commenced carrying out the Purchase Order after receipt or if the Goods have been (partially) shipped. Our Purchase Order number must always be duly stated.





3. **Prices**

1. The prices are fixed and firm and include transport.
2. If prices and conditions have not already been established in our Purchase Order but have been left subject to subsequent communication, they only become binding after our written acceptance.
3. The Goods are to be properly packed in perfect condition for transport, using environmentally-friendly, recyclable material. Packing material upon our decision will be returned at Seller's cost and risk. All wooden packing must be heat-treated.

4. **Invoicing**

All invoices are to be addressed to ASK. The invoices must be submitted in duplicate and should bear reference to date and method of dispatch and place of delivery. Value added tax, where applicable, shall be shown separately and all invoices as a strictly net extra charge. A separate invoice must be issued for each individual shipment under the Contract. Apart from the Purchase Order and item number, all relevant Purchase Order and dispatch data must be indicated in the invoice. For services the relevant proofs must be attached to the invoices. We reserve the right to return any invoices that do not conform to this requirement. In this case no invoice shall be considered to have been submitted until a rectified invoice is presented.

5. **Payment**

1. Unless otherwise agreed, payments shall be made net 60 days after the later of delivery and acceptance of the Goods, receipt of all documentation and receipt of invoice or within 30 days with a 2% discount.
Should a notification of defect be necessary for the supply, payment is not due until the defect has been satisfactorily remedied. If the documents and/or certificates agreed upon are not available on the date for payment, the delivery shall be regarded as not fulfilled and payment will not be made until the outstanding documentation has been presented.
2. The Seller agrees to set off claims and obligations of all kinds in any amount due to the Seller.
3. Assignment of claims and reservation of titles shall not be made without our prior written consent, and are not valid without written consent from us.
4. If a partial payment is made by us, the Seller undertakes to use this money for payment to third parties for the materials required for manufacture of the goods. These shall be considered materials provided by us.
5. ASK reserves the right to withhold payment for the products not approved by ASK.



6. Delivery

1. Unless otherwise agreed in writing DDU apply for the delivering of the Goods (including packing and conservation) in accordance with incoterms in the applicable version at the time of issuance of the Purchase Order.
Concerning passing of the risk it is regardless of DDU incoterms agreed that the supplier bears the risk for the goods until these have been received and accepted by ASK at the stated place of delivery. This also is the case even if ASK is in charge of the transport, bears the costs and/or has arranged a transport with a third party. In case of loss or damage of goods in transit the supplier is obliged to supply replacement goods without this affecting AFB's other claims and remedies for breach.
2. The stipulated delivery date - arrival at destination - must be strictly observed, otherwise we shall be entitled either to insist on delivery and to claim damages for delayed delivery, or to claim damages for non-fulfilment of the Purchase Order and to terminate the Contract with immediate effect. On such termination we shall be entitled without prejudice to any other rights we may have to return to the Seller at the Seller's risk and expense any of the Goods already delivered and to recover from the Seller any monies already paid in respect of such Goods and all other expenses to which we have been put in consequence of the decision to return the Goods.
3. If the Goods are delivered before the stipulated date, which may only be made with our consent, the specified periods related to delivery shall not begin until the delivery date originally agreed upon.
4. ASK shall be entitled to charge the Seller a penalty in the amount of 1% (0.5% for documentation) of the total order value for each week of delay in delivery or parts thereof. Every loss caused by Seller exceeding this amount has to be reimbursed by Seller. Unconditional acceptance and/or payment of all or parts of the goods/services supplied shall not constitute any waiver of the penalty payment due.
5. Should it become impossible to meet the delivery date due to force majeure or supplementary instructions issued by us, this must be indicated by the Seller in writing without delay. If the Seller fails to fulfil this obligation, requests to extend the delivery date cannot be considered. If a justified claim is made to extend the delivery date, the new date of delivery must be agreed in writing. If this new delivery date is exceeded, the conditions originally laid down shall apply automatically.
6. Force majeure means exceptional events or circumstances beyond the parties control which could not have been foreseen by the contractual partner invoking force majeure at the time of issuance of the Purchase Order and which prevent him from fulfilling his contractual obligations. All forms of war and natural disaster as well as nationwide and officially declared strikes shall be considered circumstances of force majeure. Manufacturing defects, casting rejects, bottlenecks in procurement and delayed deliveries from sub-suppliers, for example, will not be considered force majeure.



7. Dispatch Regulations

The goods, which must be in perfect condition, are packed very carefully for transportation. ASK can decide to return the packing for the account and risk of the Seller.

All necessary or useful information for storage and further handling (inclusive of lifting and transport situations) must be clearly indicated on the packing.

All goods must be delivered at the delivery address, specified in the purchase order. If the goods are delivered incorrectly the supplier is held liable for all additional costs that might incur in connection with delivery at the correct address.

All goods must be labelled according to AFB' specifications. If no labelling has been specified, the goods must be labelled with ASK item number.

The delivery instructions which ASK issue must be strictly observed; any damage or ensuing costs attributable to delivery regulations or conditions not being observed (e.g. extra freight, demurrage, customs duties) shall be borne exclusively by the Seller. If there are no delivery regulations or conditions, the cheapest and most favourable means of shipping and delivery for ASK are to be used. Delivery through a forwarding agent always requires ASK consent; if this form of delivery is used, ASK delivery regulations and ASK order number must be handed over to the forwarding agent so that he can also pass these on to the carrier, if any.

A packing slip and dispatch note are to be packed with the consignment itself.

In case of direct supply, a copy of the delivery note or readiness of dispatch note must be sent immediately to ASK. The following information must be indicated on the delivery note and on the package: ASK complete order number and item number, contents, consecutive number of the package, usual markings, gross and net weights as well as dimensions of the package. Labelling requirements must be observed.

When supplying goods duty unpaid, the relevant customs documents, if necessary certificates of origin, movement and identification certificates, etc., must be sent along with the goods.

In case of consignment with over dimensional size the Seller has the duty to inform ASK about the shipment in detail (packaging, dimensions and weights) at least 6 weeks in advance to the delivery.

If delivery documents are not issued according to the order, ASK shall be entitled to return the consignment at the Supplier's expense and/or to reimbursement of the ensuing additional costs.

All relevant documents, order confirmation, delivery note, invoice etc. must be marked with purchase order number and item number.



If the order is marked with another delivery address (direct orders) than the address of ASK a delivery note with purchase order number must still follow the delivery. A copy should be faxed or emailed to AFB's purchase department. No documents must state prices or other information relevant to ASK only.

8. Rejected Goods and suppliers responsibility

1. In the case of rejected Goods/miss-supplies which are returned at the expense and risk of the Seller, we reserve the right either to insist on a replacement supply or to waive the supply and take reimbursement of the relevant payments, if any. Transport for the replacement Goods and for the return of miss-supplied Goods shall be at the expense and risk of the Seller.
2. Should we incur damages or losses resulting from the above, the Seller must provide full compensation.

9. Acceptance

1. Legally effective acceptance of the Goods does not take place until our entire supply has been checked at our customer's works, even if arrival of the Goods has been confirmed and/or the invoice has been paid. Accordingly, we reserve the right to give notification of defect of the Goods at a later date.
2. If the supply does not comply with the terms agreed, the conditions customary in trade or with safety regulations, we shall be entitled to terminate the Contract with immediate effect and to procure replacement at the expense of the Seller.
3. If inspections by us are foreseen, the cost of such inspections shall be borne by the Seller except for our and/or third party's personal expenses. If these inspections have to be repeated for reasons attributable to the Seller, cost of these inspections shall be borne by the Seller.

10. Guarantee

1. Unless otherwise stated in the body of the Purchase Order all standards, specifications, drawings referred to, or pertinent attachments thereof shall be of the latest revision or date of last issue. It shall be the Seller's responsibility to ensure all such documents comply requesting written confirmation from Buyer where any doubt exists.
2. The Seller shall guarantee that the Goods conform in every respect with the Purchase Order, are of sound design, materials, workmanship and in accordance with the best professional practices and capable of any standard of performance specified in the specification. Furthermore the Seller guarantees that design and manufacture of the Goods supplied are correct and in accordance with the latest technology as well as fit for the purpose(s) for which they are acquired as indicated in the Purchase Order either expressly or by indication, and if not so indicated be fit for their ordinary purpose with their intended application; he shall provide a guarantee for the quality of the Goods, the guaranteed features, functioning, efficiency and capacity as well as for



the materials being perfect, for a period of two year's operation (also for shift operations). The guarantee comes into effect when the product has been taken into operation. This guarantee shall be such that we can choose whether the Seller shall at the installation site replace all parts which become unusable, defective or damaged within this period free of charge (including dismantling and re-installation costs), without delay and at his own risk, or whether he shall compensate any damage or loss resulting from the goods being unusable, defective or damaged. In urgent cases we shall be entitled to carry out repairs or to replace the Goods ourselves or to arrange for a third party to do so at the expense of the Seller. If the Goods are exchanged or repaired, the full guarantee commences with new start-up.

3. The Seller undertakes to provide spare and wear parts for a period up to 10 years after delivery at market-prices and customary delivery times.
4. In accepting the order, the Seller expressly declares that the object of delivery is free from third party rights, in particular proprietary rights, and does not infringe in third parties intellectual property. He undertakes to hold harmless and indemnify us from third party claims in respect of the object of delivery and to fully compensate us for any damage or loss suffered.
5. In addition the Seller shall be liable without limitation for all damages he has caused.
6. The goods have to comply with all regulations in force in the land of destination.

11. Cancellation/Suspension

1. Termination
We are entitled to terminate the entire Contract or parts thereof for convenience. In such case we shall be obliged to pay the Seller the Contract price in proportion to the supplies and services already rendered and also refund direct costs for supplies and services in the making for which proof can be furnished as well as for cancellation of orders placed with sub-contractors. Upon receiving notification of our cancellation, the Seller shall be obliged to make every effort to keep the costs we are to refund as low as possible. All and any additional claims arising out of or in connection with a cancellation are excluded.
2. Insolvency
We are entitled to cancel the order with immediate effect, if the Seller becomes insolvent or is declared bankrupt. We shall be free at any time to purchase at our choice materials bought for our order, engineering services or parts on which work has been started at customary prices.
3. Suspension
We are entitled to demand at any time that the Seller interrupts his further processing of the order. In such case the Seller must specify the possible consequences in writing and offer the best possible modification of the scheduling in the economic interests of the project. The Seller will not make any claims for a suspension of time of up to a maximum of 3 months.



12. Order Documentation

1. The information contained in our enquiries or orders, the enclosed drawings and drafts as well as samples and other expedients remain our property and may not be used elsewhere without our written consent; they must be returned with the offers or after the order has been executed without any special demand having to be made by us. All drawings, calculations and other, especially technical, documentation to be supplied by the Seller will be in our ownership and the Seller may not use them for any other purpose than the execution of the order. Our order may only be used for advertising purposes, including specialised publications with our prior written consent. In the case of entire plants for which the Seller provides a considerable portion of the components, the Seller is not entitled to name this plant as his reference. The purchase order and all information, documentation, etc., pertaining to it must be treated in confidence as our trade secrets and must not be passed on to third parties. In case the supplier involves third parties in the order execution he has to oblige this third party to confidentiality in the same way. In case of a breach of this provisions the Seller will be held liable.
2. Any annexes to the order of a technical or commercial nature form an integral part of the order.
3. In case of discrepancies in the order documentation, the following priority shall apply:
 1. The purchase order
 2. Special technical and/or commercial conditions and their enclosures
 3. These General Purchasing Terms.

13. Responsibility

1. The supplier is obliged to indemnify ASK and the end user for any damage on person or thing, which is generated completely or partly as a result of errors, defects of the delivery.
2. Without limitation, the Seller is responsible for all damage he has caused, including but not limited to loss of production, loss of profit and any other consequential economic loss.

14. Place of Performance/Partial Invalidity/Jurisdiction/Applicable Law

1. The place of performance for payment is Humenné.
2. In case of invalidity of one or more provisions the other provisions of these General Purchasing Terms remain in force.
3. All disputes between a supplier with its legal seat in Slovakia and ASK arising in connection with the present contract, or further contracts resulting there from, shall be finally settled by the Arbitration Court of the Slovakian Chamber of Commerce in accordance with the applicable Arbitration Rules.. The arbitral tribunal shall be composed of three arbitrators. The arbitral procedure shall be conducted in the



Slovakian language.

Disputes between a supplier with its legal seat outside Denmark and ASK arising out of or in connection with this contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said Rules. The arbitral procedure shall be conducted in English.

The place of arbitration shall be Košice.

The applicable law is the material law of Slovakia.

4. The application of the UN-Convention of the International Sale of Goods shall be excluded.

15. Acceptation of Code of Business Conduct and Ethics by Supplier

"The Supplier herewith confirms that it has taken note of the Code of Business Conduct and Ethics of the Andritz Group ("the Code"), which is published on the Andritz web site at www.andritz.sk. The Supplier acknowledges that the principles laid down therein form the basis for engaging in business with companies of the Andritz Group and that it will respect and adhere to these principles in its own conduct. Andritz reserves the right to terminate the business relationship or contract in the event of a major breach by the Supplier of the rules laid down therein. The Supplier will indemnify and hold Andritz Group companies harmless from damages arising out of its breach of the Code."

16. General

1. The title and risk in the Goods shall remain in the Seller until they are delivered at the point specified in the Purchase Order.
2. All materials provided remain our property and may not be used elsewhere. This reservation of title also applies in the event that the materials are processed.
3. The Seller has to notify key subcontractors to us and seek our approval to use them. We and our customer and/or representatives shall have the right to inspect all Goods at the Seller's works and at the works of his sub-contractors at all reasonable times and to reject Goods which do not comply with the terms of the Contract. The Seller's sub-contracts shall be made in accordance, to allow such right.
4. The making of payment shall not prejudice our rights of rejection. The Seller shall remove rejected Goods at his own expense within seven (7) days of rejection. Failure to do so shall give us the right to return rejected Goods to the Seller at the Seller's risk and expense.
5. All tools, produced for ASK supplies and paid by ASK is solely the property of ASK and can only be used for supplies to ASK. All such tools should be marked "The property of ANDRITZ Slovakia s.r.o. and ASK item number".



17. Obligation of the conditions

1. The conditions are inseparable part of the contract. Appointments agreed in the contract have an advantage with respect to the conditions.
2. By concluding the contract the seller agree with the conditions he was fully awared and will keep them with no exceptions.

The above terms and conditions apply for all ongoing and future business between the Seller and ASK (the parties), and the above-mentioned terms and conditions remain in force until substituted by new, signed terms and conditions.