

**GENERAL CONDITIONS FOR THE PURCHASE OF PLANT,
MACHINERY AND EQUIPMENT FOR THE FINNISH FOREST INDUSTRY****Approved by the Finnish Forest Industries Federation
on 21 November 1994****1
Introduction**

These general purchasing conditions shall be applicable provided the parties have so agreed in writing.

The term "contract" shall be deemed to mean not only the contract document itself but also an offer accepted in writing by the purchaser or an order accepted in writing by the vendor.

**2
Contracting**

- 2.1 A contract shall come into existence when the contracting parties have signed a contract document or the purchaser has accepted the vendor's offer in writing or the vendor has accepted the purchaser's order in writing (order confirmation). An order confirmation shall be binding only when the conditions in the purchaser's order have been confirmed without alteration.

**3
Technical data, documents and other instructions**

- 3.1 Information concerning weights, dimensions, performance characteristics, prices and technical and other details which the contracting parties surrender to each other in catalogues, brochures, circulars, advertisements, illustrated material and price lists before a contract has come into existence shall be approximate. Such information shall be binding only when it is appended to the contract or referred to in the contract.
- 3.2 All drawings and documents which the contracting parties surrender to each other before or after a contract has come into existence shall remain the property of the party supplying them. The receiving party may not use them without the approval of the supplying party for any purpose other than provided for in the contract.
- 3.3 The vendor must surrender to the purchaser the documentation necessary to get equipment in running order, place it in operation and keep it running at the latest together with the delivery.
- The vendor must surrender to the purchaser the drawings and documentation required for normal maintenance.
- Unless otherwise agreed, the necessary documentation shall be supplied in two copies in the original language and in two copies in Finnish.

The documentation shall be at the purchaser's disposal from the time stipulated by the contracting parties.

Ownership of the documentation and the information contained therein required for the operation, servicing and maintenance of the equipment delivered shall be transferred to the purchaser.

In the designing of equipment the purchaser's factory standards shall primarily be observed. If these have not been agreed on, either SFS/DIN or ISO standards shall be applied according to the purchaser's choice.

- 3.4 The vendor shall see to the preliminary oiling and greasing of machinery at the purchaser's expense. The vendor shall be responsible for agreeing with the purchaser on the manufacturer and quality of oil products.
- 3.5 The special tools required for the operation, maintenance and repair of delivered equipment shall be included in the delivery, in sufficient scope, at the vendor's expense.
- 3.6 The vendor shall be obliged to deliver essential spare parts for a period of ten years from the execution of the delivery and shall be obliged to provide assistance in ensuring the availability of spare parts after this period.
- 3.7 The vendor shall equip delivered equipment with nameplates in Finnish as required by the authorities and the purchaser.

4 Subcontractors

The vendor shall be obligated to have a subcontractor approved in advance. The vendor shall be responsible for subcontractors' consignments as for his own and shall see that consignments from subcontractors reach the purchaser according to the agreed timetable and equipped with the correct references and on the correct terms of delivery.

5 Modifications

- 5.1 The vendor shall upon request make such modifications to the goods without compensation as do not cause the protraction of the delivery or additional cost. The purchaser shall have the right to have other modifications made. Such modifications shall not affect the conditions of the contract, the price or guarantee terms unless separate agreement is made in writing.
- 5.2 The machinery and equipment covered by the contract shall unless otherwise agreed be models of the latest type in current production that the vendor has at his disposal at the time the contract is signed. If the vendor has revised the construction of the machinery or equipment after the contract has come into force but before delivery, the purchaser must be given an opportunity to study the new construction in good time before the date of delivery.

Upon the request of the purchaser the delivery must take place according to the revised construction, in which case separate agreement shall be made concerning the effects of modifications on the terms of the agreement.

6 Packing

The costs of such packing as is necessary for the prevention of the soiling, damaging or deterioration of the goods during normal transport or handling shall be included in the prices mentioned in the offer and the contract.

Containers shall be clearly marked with the order number and mark of the purchaser and with the position number if this has been given.

7 Quality control and inspections prior to acceptance

- 7.1 The purchaser or the person authorized by him shall during and after the time of manufacture have the right to see that the quality, dimensioning, performance capability and delivery schedule are met. The vendor shall for the purpose of inspection make available the necessary documentation and data in his possession unless they have already been surrendered to the purchaser in accordance with the stipulations in clause 3.
- 7.2 The vendor shall arrange the inspections referred to in paragraph 7.1 at the place of the manufacture of the goods in association with his own control of the manufacture and shall be responsible for their cost with the exception of the personal costs of the purchaser's representative.
- 7.3 The vendor shall be responsible for all the inspections required by law of the manufacturer or importer and for the costs arising therefrom.
- 7.4 A record shall be compiled of the inspections and tests performed which shall be assigned to the purchaser duly signed.
- 7.5 The inspections and tests performed by the purchaser shall not diminish the responsibilities of the vendor according to the contract.

8 Purchase price

The purchase price shall be deemed to mean the price of the goods including packaging and other obligations on the vendor as mentioned in the agreement, delivered in accordance with the agreed terms of delivery excluding value added tax. Value added tax shall be added to the purchase price according to law.

9
Insurance

The vendor shall be responsible for any damage incurred by the goods and shall at his own expense see to all insurance covering the goods until they have been delivered according to condition A in the ICC terms of delivery unless otherwise specified in clause 11.

The vendor must have sufficient valid liability and product liability insurance.

At the purchaser's request the vendor shall be obligated to present insurance documents for the purchaser's approval. The purchaser's approval shall not reduce the vendor's obligations.

10
Delivery time and penalty for delay

10.1 Unless otherwise agreed the delivery time shall commence when the contract has come into existence.

Unless the agreed terms of delivery otherwise dictate, delivery shall be deemed to have taken place on the date marked on the bill of lading, freight note or corresponding document or if the vendor performs the installation when the goods have been accepted.

The vendor shall not be entitled without the consent of the purchaser to deliver the goods before the agreed delivery date.

10.2 If the delivery is delayed through the fault of the vendor, the purchaser shall be entitled to a delay penalty amounting to 1.0% of the purchase price excluding value added tax for each week or part thereof up to a maximum of 10%.

If the delivery of separately agreed drawings or technical documentation to be supplied by the vendor is delayed, the vendor shall pay 0.1% of the purchase price excluding value added tax for each week or part thereof on each batch of documents up to a maximum of 2%.

If the delivery or a part of the delivery is delayed or if a delay appears likely, the vendor shall immediately notify the purchaser in writing and state the cause of the delay and a new delivery date. Giving notice shall not release the vendor from paying a delay penalty.

It shall be separately agreed how the delay in delivery will affect the schedule of payments.

In addition to the delay penalty the purchaser shall be entitled to compensation for damages arising from the delay.

11

Payments and delay in the acceptance of the goods

- 11.1 The purchaser shall make payments in accordance with the contract according to the agreed schedule.
- 11.2 If the purchaser cannot accept a delivery in accordance with the contract according to the agreed schedule, the effect of this on contract conditions such as costs, the schedule of payments and insurance shall be separately agreed.
- 11.3 Payment shall be regarded as being made on time, whenever the parties have not otherwise agreed as to the place or manner of payment, if payment is made place to a financial institution in Finland on the due date.

12

Guarantees

- 12.1 The guarantee period shall begin when the purchaser has taken the machinery or equipment into operation and at the latest within 6 months of delivery.
- 12.2 The vendor shall at his own expense repair defects due to construction, materials or manufacture, operating and serving instructions encountered during the guarantee period at a time suitable to the purchaser and also provide compensation for damages. In addition to any part which proves defective, the guarantee shall also cover any other parts of the machinery or equipment which are broken as a result of the defect.
- 12.3 The guarantee shall not cover defects encountered after 16,000 running hours or two years after the commencement of the guarantee period.
- 12.4 The guarantee shall not cover defects due to improper installation, inadequate maintenance or alterations made without the written consent of the vendor, repairs improperly executed by the purchaser, or natural wear. Neither shall the guarantee cover faults caused by improper use of the machinery or equipment or operation in conditions for which it was not intended or disregard of instructions given by the vendor.
- The vendor shall be responsible after the guarantee period for defects and deficiencies in machinery or equipment which are due to the vendor's gross negligence or an unobserved fault and which the purchaser could not reasonably be expected to notice during the acceptance inspection or guarantee period.
- 12.5 The guarantee shall not cover defects due to constructions specified by the purchaser which the vendor has not approved or materials procured by the purchaser which are found to be defective or contrary to specifications given by the vendor.
- 12.6 Upon receipt of written advice of a defect from the purchaser, the vendor shall without delay agree with the purchaser on the method of repairing the defect as well as the place and time.

- 12.7 Unless the vendor is responsible for installation or if repairing the defect on site is not expedient, the purchaser shall send the faulty goods or parts to the vendor. Having surrendered to the purchaser repaired or new goods or parts, the vendor shall be deemed to have fulfilled his obligations under the guarantee. The vendor shall bear the costs of transport.
- 12.8 When faults are eliminated on the installation site the vendor shall be responsible for the expenses of his personnel and for the transport of the necessary materials and requisites.
- 12.9 The same guarantee shall be given in respect of new or repaired parts delivered to replace faulty ones as for the original machinery or equipment.
- 12.10 If the vendor does not fulfil his repair obligations or upon receipt of the advice does not without delay agree with the purchaser on the measures required, the purchaser shall have the right to execute the necessary repairs at the expense of the vendor. As a guarantee of fulfilling this obligation the vendor shall give the purchaser a guarantee approved by the purchaser by the starting date of the operation stage. This guarantee shall be valid up until 3 months after the end of the guarantee period.

13 Liability for damages

The vendor shall be responsible for damages to the buyer or a third party caused by delivered machines and equipment in accordance with the Trade Act, the Product Liability Act and general regulations pertaining to compensation for damages.

14 Transfer of rights of ownership and risk

- 14.1 Unless otherwise agreed right of ownership to the goods supplied shall be transferred to the purchaser when the delivery has taken place. Machines and equipment shall, if the vendor performs installation, be held in pledge by the purchaser from the time they reach the purchaser's stocks or the installation site.
- 14.2 Unless otherwise agreed risk respecting the consignment shall be transferred to the purchaser at the time stipulated in the agreed terms of delivery.

15 Official approval

The machinery and equipment shall be manufactured in accordance with the stipulations in force in Finland at the time the contract comes into existence. Before delivery the vendor shall make the payments incurred for official inspections.

The vendor must provide notification of official regulations regarding environmental, labour protection and other such matters which must be taken into consideration in installing and operating the machinery and equipment.

Whenever the aforementioned stipulations are amended during the validity of the contract, the vendor shall undertake to implement the required alterations. Separate agreement shall be made concerning the effect of the alterations on the terms of the contract.

16

Patent and licence disputes

The vendor shall be responsible for infringements of patent and other industrial rights and licensing rights occasioned by the delivered goods and their use and for the resolutions of disputes caused thereby and likewise for damages or other demands incurred by the purchaser. The purchaser shall immediately give notice to the vendor of demands as covered by this clause.

If the infringement of the aforementioned rights can be avoided only by obtaining permission from the patent holder or by making alterations in the delivery, the vendor shall compensate the purchaser for any costs and losses which are incurred by the purchaser in executing the delivery on the basis of the original specifications and other terms.

17

Force majeure

- 17.1 If delay of the delivery or part thereof is caused by force majeure, the delivery period shall be deemed as being extensible at the most by the duration of the hindrance. A contracting party may not claim force majeure unless he has given written notice thereof within two weeks of his receiving knowledge thereof or at the latest within a month of its commencement.
- 17.2 If the purchaser for his part cannot owing to force majeure take delivery in the manner agreed or at the agreed time, the delivery period shall be deemed as being extensible at the most by the duration of the hindrance provided that the purchaser has appropriately advised the vendor of the hindrance.
- 17.3 An unforeseeable factor occurring after the signing of the contract and independent of the contracting parties and which was not within the knowledge of the contracting parties and which expressly prevents or makes impossible the fulfilling of the contract shall be deemed an insuperable hindrance (force majeure). Fire, act of God, mobilization, war, currency restrictions, import and export restrictions, restrictions on the availability of energy, strike or lockout or other such overwhelming and abnormal occurrence independent of the contracting parties shall be regarded as constituting such a factor.
- 17.4 Delay of deliveries from subcontractors shall not absolve the vendor of responsibility if the delay of the subcontractor is due to a reason other than force majeure.

18

Dissolution of the contract

- 18.1 If it becomes impossible to fulfil the contract by reason of force majeure or if its continuation causes unreasonable harm or loss to a contracting party, the contracting parties shall negotiate concerning the effect of the hindrance on the contract. If unanimity cannot be reached concerning the maintenance of the contract, either party shall have the right to dissolve the contract by giving written notice.
- 18.2 If delay of the delivery for a reason other than force majeure causes the purchaser considerable inconvenience and if the delay continues at least 10 weeks and the vendor cannot show that he is able to deliver the goods within a reasonably extended period of time, the purchaser shall have the right upon written notice to dissolve the contract and to demand compensation from the vendor for damages caused by the dissolution. The vendor shall reimburse the payments made by the purchaser with legal interest.
- 18.3 If the operating values, method of operation or other factors regarding the machinery or equipment are not in accordance with the contract and if they cannot be achieved within a reasonable period of time granted to the vendor, the purchaser shall have the right to dissolve the contract and to demand compensation for damages caused to the purchaser. If the deficiency is slight, there shall be no right to dissolution but the purchaser shall be entitled to a reduction in price.

19

Transfer of contract

Neither contracting party may transfer the obligations and rights according to these conditions to a third party without the consent of the other party.

20

Arbitration

Disputes arising from the contract which the contracting parties are unable to resolve together shall be resolved by a board of arbitration to which the purchaser and the vendor shall each appoint one member and these in collaboration a chairman. If unanimous agreement cannot be reached on the selection of the chairman or if the purchaser or vendor does not appoint a member, these shall be appointed by the Central Chamber of Commerce in Helsinki. Otherwise the Finnish Act on Arbitration of 23 October 1992 shall be observed. Arbitration shall take place in Helsinki.

Finnish law and prevailing judicial procedure shall be observed in legal proceedings concerning the contract.