

CUSTOMER SUPPLIED PAPER TERMS AND CONDITIONS

PMP PRINT PTY LTD (ABN 76 051 706 499 (we or us) CUSTOMER-SUPPLIED PAPER TERMS AND CONDITIONS

APPLICATION OF TERMS

These terms and conditions apply to our handling, storage and use of paper supplied by you by way of clause 6 of our Standard Terms and Conditions, and form part of our Contract with you if you are supplying us with paper for the Goods we are to provide.

1. INFORMATION REQUIREMENTS

- 1.1 In order to enable us to manage the stock of paper received from our customers from time to time, you agree to supply to us:
- (a) in respect of paper that you source, and will be delivered, direct from a paper mill to us (**Mill Paper**):
 - (i) a copy of each purchase order for paper that you place with the relevant paper mill within 24 hours following that purchase order being accepted by the paper mill;
 - (ii) an electronic copy of the shipment manifest in a format and containing such information as we require from time to time (including full and accurate details of customer name, your Contract, transport supplier, scheduled delivery date, grade, quantity, web width and gsm (collectively, **Base Information**)) no later than 5 working days prior to delivery, in the case of paper sourced from a paper mill outside Australia, and 3 days prior to delivery, in the case of paper sourced from an Australian paper mill; and
 - (iii) at the time of delivery of paper to us, a delivery confirmation containing such information as we require from time to time including the Base Information and details of reel numbers and reel weights.
 - (b) in respect of all paper other than Mill Paper:
 - (i) not less than 1 business day prior to the scheduled date of delivery, an advance delivery notice containing such information as we require from time to time including the Base Information; and
 - (ii) at the time of delivery of paper to us, a delivery confirmation/packing list containing such information as we require from time to time including the Base Information and details of reel numbers and reel weights.
- 1.2 You acknowledge that we may reject a delivery of paper in respect of which the above requirements have not been complied with.

2. DELIVERY - PRODUCTION BASED PAPER

- 2.1 The following provisions of this clause 2 apply where, in our Contract, we agree that you will supply paper progressively in quantities to meet, but not exceed, production requirements from time to time (**Production Based Paper**).
- 2.2 Subject to these terms and conditions, you must supply paper to us within the range of quantities agreed in the production schedule forming part of our Contract (**Production Schedule**) by no later than 1 business day prior to each corresponding production commencement date set out in the Production Schedule (**Ideal Delivery Date**). Without limitation, we may refuse to accept delivery of any quantity of paper in excess of a quantity range agreed for delivery under the Production Schedule (**Excess Paper**).
- 2.3 You agree to use your best endeavours to deliver paper to us on the Ideal Delivery Date or the closest prior date that is reasonably possible. You agree that we may refuse to accept delivery of paper on a date that is before 21 days prior to the relevant Ideal Delivery Date. In circumstances where you deliver any paper to us more than 21 days prior to the relevant Ideal Delivery Date and we accept delivery, you agree that we may charge you an early storage fee calculated daily at our then standard commercial rate from the date of delivery until the date that is 21 days prior to the relevant Ideal Delivery Date.
- 2.4 For the removal of doubt, you will be in breach of these terms and conditions if you deliver the relevant quantity of paper to us after the relevant Ideal Delivery Date applying to that paper.
- 2.5 Where, despite clause 2.2, we accept delivery of any Excess Paper, you agree that we may charge you an excess paper storage and handling fee calculated daily at our then standard commercial rate from the time of delivery until the time that the Excess Paper is used in production or otherwise disposed of in accordance with clause 2.6.
- 2.6 Without limiting our entitlement under clause 2.5, if we notify you in writing that we require you to collect any quantity of Excess Paper accepted by us and you fail to do so within 28 days after receipt of our notification, you agree that we may dispose of that Excess Paper and apply any proceeds received against our reasonable costs of disposition and outstanding charges then due by you to us. We will then remit the balance to you.
- 2.7 Without limiting our rights under the preceding provisions of this clause 2, we agree to reasonably consult with you in relation to appropriate action to be taken in relation to any Excess Paper and any deliveries of paper that are less than the quantity required under the Production Schedule.

3. DELIVERY - BULK PAPER

- 3.1 The following provisions of this clause 3 apply where, in our Contract, we agree that you will supply paper in bulk to cover print requirements on a rolling basis (**Bulk Paper**).
- 3.2 You will supply paper to us so as to ensure that we have a stock of paper from you at any point in time that:
- (a) does not exceed your forecasted paper requirements (as agreed with us) for the immediately succeeding 60 days period, or, if another period is agreed in writing by us, for that period agreed (**Maximum Storage Period**); and
 - (b) is not less than your forecasted paper requirements (as agreed with us) for the immediately succeeding 30 days period.
- 3.3 Without limiting any other provision of this clause 3, we may refuse to accept delivery of any quantity of paper to the extent that that acceptance would result in the quantity of paper stored by us exceeding your forecasted paper requirements (as agreed with us) for the Maximum Storage Period, calculated from the date of the proposed delivery.
- 3.4 You acknowledge that you should seek to manage the quantity of Bulk Paper supplied to us so that all Bulk Paper is used in production within the relevant Maximum Storage Period, calculated from the date of supply of the Bulk Paper.
- 3.5 You acknowledge that we will, on a daily basis, review the quantity of Bulk Paper stored by us on your behalf against the quantity of that Bulk Paper actually used by us on your behalf in production. To the extent that you fail to comply with clause 3.2(a), you agree to pay storage and handling charges to us calculated in accordance with the following formula: $D = (X - Y) \times W$, where:
- **D** is the total amount of the relevant storage and handling charges payable by you on the day in question;
 - **X** is the quantity (in tonnes) of Bulk Paper actually used in production on your behalf during the relevant Maximum Storage Period expiring on the day in question (**Relevant Maximum Storage Period**);
 - **Y** is the quantity (in tonnes) of Bulk Paper which, as at the date of commencement of the Relevant Maximum Storage Period, was agreed between us as your forecasted Bulk Paper requirements for the Relevant Maximum Storage Period; and
 - **W** is our standard commercial daily per tonne storage and handling charge applying on the day in question.

4. DELIVERY SPECIFICATIONS

In respect of both Production Based Paper and Bulk Paper you agree to comply with, and ensure that your transport contractor complies with, any paper delivery specifications included in our Contract (**Delivery Specifications**).

5. QUALITY

- 5.1 Nothing in the following provisions of this clause 5 limits clause 6 of our Contract's Standard Terms and Conditions.
- 5.2 We may at any time refuse to use any paper supplied to us that does not comply with any of the specifications in our Contract, the specifications in these terms and conditions including Paper Specifications in Appendix A or Delivery Specifications (**Specifications**). You acknowledge that a failure to comply with Specifications may not be apparent to us until after commencement of production.
- 5.3 Promptly after detecting that paper does not comply with Specifications, we agree to notify you of this fact. If, despite this failure, you instruct us to continue to use the affected paper and we, in our absolute discretion, agree to do so, you agree that you will compensate us for all additional costs incurred in using that paper including costs related to press or bindery slowdowns and delays, web breaks, excessive waste and all other extraordinary press or bindery costs.
- 5.4 Subject to clause 5.5, if we agree to use paper in accordance with your instruction under clause 5.3 and encounter what we reasonably consider to be unacceptable performance during the first 5 hours of press running, you agree that we may nonetheless cease use of the affected paper and in this circumstance not only will you be responsible for the costs referred to in clause 5.3 but also all costs associated with lost press time and handling of rejected paper.
- 5.5 In relation to web breaks specifically:
- (a) An individual roll may be rejected by us if more than 2 paper caused and/or paper suspected web breaks are encountered.
 - (b) Any order or an identifiable portion of the order which is using paper that causes web breaks in excess of 10% of reels supplied is subject to:
 - (i) prompt notification by us to you of the problem via phone, voicemail or fax;
 - (ii) rejection of all remaining rolls;

(iii) if replacement stock cannot be provided by you in a timeframe which will allow completion of production in accordance with the Production Schedule, you will be responsible for all costs incurred by us in endeavouring to meet the Production Schedule (including costs associated with securing paper stock of a similar grade, paper converting costs and trimming, etc) and/or in connection with lost press time.

(c) These standards apply per batch and paper order received and will be recorded to allow analysis of stock received by client by batch and purchase order.

(d) Web break charges may include the press time and any materials (ink etc) required from the break to good copies being achieved.

(e) Additional waste incurred due to excessive web breaks will be factored in to under / over calculations for each job.

5.6 Where paper supplied to us under these terms and conditions is affected by a quality or other defect for which you consider that the paper mill with whom you contracted for the supply of that paper should be responsible, we agree, in accordance with our standard procedures and subject to payment by you of our standard charges for doing so, to assist in the management and processing of your claim against the relevant paper mill.

6. CHARGES AND GST

6.1 Our current standard charges for matters contemplated in these terms and conditions may be set out in our Contract (**Standard Charges**). Subject to any term in our Contract that fixes these charges, you acknowledge that we may vary the Standard Charges in our discretion from time to time. You further acknowledge that the Standard Charges are not the only charges that may be payable by you under these terms and conditions.

6.2 Any charges payable by you under these terms and conditions (including any Standard Charges) must be paid within 30 days after your receipt of invoice from us.

6.3 Provided our invoice is in the form of a tax invoice which complies with applicable GST legislation, in addition to the charges referred to in clause 6.1, you agree to pay to us all applicable GST by the time such charges are due for payment.

7. STOCKTAKE

7.1 Stocktakes of paper held on your behalf are performed and reconciled by us eleven (11) times per year for all inventory items.

7.2 An audited count of paper held by us is conducted annually.

7.3 You may conduct an independent stocktake within business hours provided you give us reasonable advance notice in writing. You must be accompanied by one of our representatives at all times whilst on site and you must comply with all of our site safety and security requirements.

7.4 Stocktakes performed outside of the above parameters which you require, will be performed by us subject to payment by you of our standard charges for doing so.

7.5 We will provide reconciliation details for each stock keeping unit if requested by you.

7.6 Any discrepancies between physical and book stocks will be investigated until parties involved are satisfied.

8. REPORTING

8.1 We will provide the following reports to you at the intervals specified below or at other intervals requested by you and reasonably acceptable to us:

(a) Unders/overs:

(i) weekly titles - prior to next week's issues;

(ii) monthly titles - five working days after on-sale date;

(c) Usage report - by title and by issue;

(d) Usage reports for all titles over specific time period;

(e) Receipts reports;

(f) Stock on hand reports.

8.2 We can provide reports in the following formats *.pdf, *.xls, *.doc.

8.3 Non system reports may be generated upon request. These reports can be developed and supplied by your Inventory Control Administrator. Non system generated reports may be subject to additional charges.

9. CONSULTATION

You and us agree to reasonably consult with each other in relation to the supply of paper subject to these terms and conditions and the impact that supply has on the efficient performance of our Contract. We each acknowledge that arising from this consultation, changes may be agreed to the Specifications and/or the Production Schedule.

10. CONTRACT

You agree that to the extent that any failure on your part to comply with the requirements referred to in these terms and conditions prevents us from meeting any of our obligations under our Contract then, without limiting our rights under these terms and conditions, we will be excused from performing our obligations under our Contract.

11. INCONSISTENCY

In the event of any inconsistency between these terms and conditions and our Contract, the terms of our Contract prevail to the extent of the inconsistency.

Appendix A - Paper Specifications

Reel Measurements

1. Reels greater than 2500kg must not be supplied to any site without prior written agreement from your PMP Account Manager.
2. Reel numbers and corresponding roll weights must be supplied for each individual roll when two rolls are wrapped together.
3. Under no circumstance can the site maximum roll specification be exceeded. Individual site specifications are available from your PMP Account Manager.
4. Maximum roll weight and diameter is based on press limitations, roll handling equipment or both. Individual site roll handling limitations may override roll diameter considerations. Site Specifications are available from your PMP Account Manager.
5. Minimum reel diameter accepted by PMP at any site is 1120mm. Any reels supplied smaller than this are subject to approval by PMP prior to receipt and may require any waste agreements to be renegotiated for that particular paper. Under no circumstances will reels be accepted by PMP that are less than 1000mm diameter.
6. Rolls must be supplied to a specification of +/- 2mm in diameter.
7. Where paper has been supplied in accordance with original specifications for the job, and these specifications vary, this may result in changes to production and/or stock. Any additional costs (production or paper costs) incurred directly become your responsibility and liability.

Paper Grammages

1. Supplied paper should be manufactured to a tolerance of +/- 1% of specified grammage.
2. PMP may spot check reels within batches to ensure grammage does not vary by more than +1%. Where this is found to be the case for multiple reels within a batch, PMP reserve the right to renegotiate waste arrangements (including fees) for that batch.
3. Where grammage varies by more than 1% on an ongoing basis (ie - across multiple batches), PMP reserve the right to renegotiate the waste arrangements (including fees) based on lineal metre usage, wraps, strips, cores and bindery waste.

Splices (Mill joins)

1. A poor performing splice is one that creates more than 20 culled signatures.
2. Poor performing splices may cause additional waste, and therefore additional costs may be incurred by you.
3. There must be no more than 2 splices per reel, no more than 10 splices per 50 reels from a particular order or batch.
4. Splices must not be any closer than:
 - 25mm of each other;
 - 25mm from the outside edge of roll;
 - 125mm from the core, including splice from new reel windup.
5. All splices must be clearly marked with a stencilled arrow pointing to and identifying the splice.
6. Paper splice markers must not be used.
7. Splices should be placed on a diagonal across the web so that a deviation of at least 25mm in 8cm from horizontal line across the web is achieved.

Cores

1. The size of the core must have an inside diameter of 76mm, with a maximum tolerance of +/- 0.2 mm, unless written authorization is provided by your Account Manager.
2. Plain cores are preferred.
3. Fibre cores must have plugs to prevent crushing.
4. Wind on cores must be flush with roll edges.
5. Do not use water or scrap to start winding the core. If tape is used, it must be water dispersible.
6. Winding process at the start of the core and at splices must be tight to prevent telescoping, starring, and variation in tension.
7. Winding starts at the core must allow us to achieve a core waste target of 140mm or less.
8. Do not use fibre cores with metal caps unless requested by us.
9. Cores that do not meet these standards are subject to recovery of additional costs.

Wrapping

1. Rolls must be wrapped to protect the printing substrate against damage during transit and the elements.
2. It is preferred that stock is supplied in waterproof wrapping.
3. Where 2 Rolls are packaged together, they should be of equal diameter.
4. Each roll should be stencilled separately.
5. When 2 rolls are packaged together, the external wrapper must contain a label for each roll.
6. If wrapping does not meet specification, this will be reported by us and you will be responsible for our additional costs in connection therewith.

Roll Stencilling

1. Roll numbers should be stencilled on at least one end of the unwrapped roll. It is preferred that both ends are stencilled.
2. The stencil must be located as close to the core as possible. The position must not exceed more than 30cm from the core
3. Rolls must have an arrow indicating the unwind direction.