

Price adjustment clause of Perimeter Protection Germany GmbH (hereinafter referred to as “PPG”) – Effective 11 March 2022

The situation on the world markets continues to be very tense. Unfortunately, PPG is among those enterprises who have been particularly affected by this tense situation resulting, among other things, from pandemic and war events as well as sanctions. Currently, a number of events keep causing interruptions or failure of supply chains and lead to high volatility of prices and delivery times for the raw materials and supplier products which PPG needs as starting products for its own goods.

Notwithstanding the two-months fixed price agreed upon under Section 6 of the Standard Terms and Conditions of PPG, the agreement now to be entered into by and between PPG and the Purchaser shall therefore include the following price adjustment clause:

PPG is entitled to adjust the prices payable under this Agreement at its reasonable discretion based on the development of the prime costs relevant for its price calculation. The material dates based on which any change in prime costs will be calculated are the date of the offer underlying this Agreement and the date on which the relevant cost elements under this Agreement are actually purchased. A price increase may be considered, or a price reduction must be applied, if, for example, the costs of procuring energy or steel increase or decrease, as the case may be. Increases in any one cost element, such as energy procurement costs, may only be taken into account in a price increase to the extent that they are not offset by any decrease in other areas, such as steel procurement costs. In the event of any reduction of costs, e.g. energy procurement costs, PPG shall reduce its prices insofar as such cost reductions are not fully or partially offset by increases in other areas. In exercising its reasonable discretion, PPG shall select the relevant date of any price change in such a way that cost reductions are not implemented using standards that are less favourable for the Purchaser than those used for cost increases, i.e. cost reductions shall affect prices to at least the same degree as cost increases.

PPG points out that the steel price is the material factor that governs its price calculation. At the time of signing the Agreement, the price calculation of PPG is based on the following weighting of the steel cost element, which must also be used as the basis for calculating any price adjustment:

Cost element	Weighting	Indicator
Steel	50 %	Cost price of steel incl. ancillary expenses

Any price change under this Agreement shall be based exclusively on a change in prime costs. Any increase of calculated profit by means of a price increase is excluded.

PPG shall notify the Purchaser of any price change immediately after gaining knowledge of a price change that is of relevance for the Purchaser.

Example calculation:

The price of the goods was agreed at € 1,000.00. After signing of the Agreement but prior to ordering of the material required for the manufacture of the goods the cost element steel rises by 5.00%. As a result, PPG is entitled to increase the price payable by the Purchaser by 2.5%.

Salzkotten, on 11 March 2022