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Our terms and conditions of delivery and payment shall apply exclusively to which our customer agrees when placing an order, and also for future transactions, even if they are not expressly referred to, but have been received by the customer in the case of an order confirmed by us. If the order is placed in deviation from our terms of delivery and payment, only our terms of delivery and payment shall apply, even if we do not object. Deviations therefore only apply if they have been expressly acknowledged by us in writing. With regard to the technical part of our General Terms and Conditions of Sale, please refer to our detailed version. You will be happy to receive these on request.

- **1. Placing of orders** Orders for the supply of paper or cardboard (from new production or from stock) must contain information that clearly informs the supplier of at least the following points:1.1.Reference to a possible offer (exchange of letters, visits, sending of price lists, etc.)1.2.Quantity,1.3.Quality with reference to a variety, a brand or a sample sent, as well as any other information that may be necessary,1.4.In the case of rolls: roll width, roll diameter, inner diameter of the cores, basis weight (g/sqm) or thickness (in hundredths of a millimetre); For formats: dimensions; Running directions, if necessary, basis weight (g/sqm) or thickness (in hundredths of a millimetre); Equipment and packaging; Delivery time, destination and shipping method; Agreed price; Agreed payment terms; Loading method of the rolls. If nothing is specified, the rolls are always delivered upright on a normal truck.
- 2. Order confirmation Only the order confirmation of the seller, which contains all the information referred to in Art.1 Place of Order obliges the seller vis-à-vis the buyer and establishes the basis and origin of the supply contract. This does not apply if the buyer accepts a firm and precise offer in all its points for a fixed delivery date or a fixed delivery period. The order confirmation must be sent no later than 10 working days after receipt of the written order.
- 3. Format and direction indication The format of the paper or cardboard is determined by its two dimensions, width and length. The smaller dimension must be specified first. If a certain running direction is required, this must be indicated on the order and repeated in the order confirmation.
- 4. Packaging Packaging materials of a common kind such as paper, wood, cardboard, etc., as well as cardboard tubes are not taken back. Special agreements must be made for more expensive packaging and packaging that can be reused. In the case of special packaging such as wooden boxes, tank packaging for rolls, solid board packaging, special tubes, etc., the corresponding additional costs shall be charaed to the buyer.
- 5. Transfer of risk Risk and risk pass to the buyer:

With loading onto the means of transport chosen by the Seller at the Seller's premises, if the Goods are to be dispatched by the Seller, without prejudice to recourse against the mandated carrier, with the duly notified availability in the Seller's warehouse in the case of goods to be collected by the Buyer from the Seller. The same applies if delivery is postponed by the buyer for the time from which the seller has indicated that it is ready for shipment. In drop shipments: When the goods are loaded onto the transport agent's means of transport at the supplier's factory.

If, upon receipt of the goods, the seller discovers a difference between the quantities delivered and those indicated on the transport documents or obvious transport damage to the goods, he must immediately assert all necessary reservations to the carrier and at the same time inform the seller thereof.

- 6.1The delivery period begins on the date of the order confirmation. If the seller does not comply with an agreed delivery period for reasons for which he is responsible, the buyer has the right to withdraw from the contract after the fruitless expiry of a reasonable grace period. Claims for compensation for damage caused by delay are excluded, unless non-compliance with the delivery deadline is due to intent or gross negligence on the part of the seller.
- 6.2 Partial deliveries are permissible. The seller is entitled to deliver even before an agreed date. If the Seller is prevented from fulfilling the delivery obligation on time due to circumstances that only became apparent after the conclusion of the contract, in particular force majeure, natural disasters, industrial action, official interventions, supply difficulties, traffic disruptions, unforeseeable operational disruptions, unforeseeable failure to deliver on time by upstream suppliers or for other similar reasons, the delivery obligation shall be suspended for the duration of the obstacle and to the extent of their impact. The Seller shall immediately inform the Buyer in writing that and for what reasons the temporary obstruction or impossibility of delivery has occurred. If the suspension of the delivery obligation is not reasonable for the buyer, he shall be entitled to withdraw from the contract after the expiry of a reasonable period of time to be set by him. It is not necessary to set a time limit in the cases specified in the law (§§ 323 II and IV, 326 V BGB). The seller is not responsible for non-delivery or late delivery for the reasons mentioned above. A claim for damages or reimbursement of expenses is excluded. If a partial performance has been effected, the buyer can only withdraw from the entire contract if he has no interest in the partial performance. If the hindrance relates to a delivery that is due and is part of a contract for several consecutive deliveries, the right of withdrawal only applies to the due deliveries, but not to future deliveries. In the event of delivery delays for which the buyer is responsible, agreed delivery periods and delivery dates shall be extended or postponed accordingly. If, at the time of such a temporary or permanent impediment to delivery, the Seller has already completed part of the order, the Buyer shall be obliged to accept the finished goods under the agreed conditions.
- **6.3 Non-acceptance of the goods** (final, temporary or partial) If the Buyer does not collect the goods after they have been made available or postpones the delivery due, the Seller is entitled to store the goods at the expense of the Buyer or to demand storage costs if the Seller stores the goods in its own warehouse. If the buyer claims an event for which he is not responsible, such as the events mentioned in paragraph b), the seller may withdraw from the contract without compensation after the expiry of a period of 2 weeks. If the buyer cannot invoke such an event, the seller can withdraw from the contract after a period of 2 weeks and claim damages.

If such an impediment relates to a part of a contract with several successiveservices, the right of withdrawal and the claim for damages shall exist only for the deliveries due and not for the future deliveries.

- 7. Weight to be invoiced (a) For rolls of any type, the gross weight (weighed weight) is calculated, which includes the packaging material, such as wrapping paper, core, and steel strip in the usual design. b) Formats: The tolerances applicable in the sector in accordance with Articles 12 et seq. of the General Terms and Conditions of Sale (GCC) of the paper and board producers of the European Association of the Pulp, Paper and Cardboard Industry (as of 1991) CEPAC apply.
- 8. Payment (a) the payment period shall always commence on the date of the invoice, regardless of the agreed duration. This is the date of the day on which the goods are shipped or made available. If the buyer is in default with any payment obligations towards us, all existing claims become due immediately. (b)Our receivables have been assigned to Crefo Factoring Nord GmbH, Hamburg. Payments can only be made to Crefo Factoring Nord 6mbH with a debt-discharging effect. The bank details can be found in the note on the invoice. (c)The place of performance for payment is Hamburg, unless otherwise agreed. Salesmen and representatives of the seller are only entitled to collect the invoice amounts if they are expressly authorized by the seller to do so. (d) the risks and costs associated with the transmission of the invoice amount shall be borne by the Buyer. If the seller accepts bills of exchange, the buyer bears the exchange costs and the costs from any discounting. (e) the Seller's invoices are payable within the payment term specified in the Order Confirmations/Invoices from the date of the invoice. In the event of default of payment by the buyer, the seller is entitled to demand default interest in the amount of 8% p.a. above the base interest rate (§ 247 BGB). The assertion of further damages is not excluded. (f)If, after the conclusion of the delivery contract, it becomes apparent that the claim for payment is endangered by a lack of ability to pay, in particular a lack of creditworthiness of the buyer, the seller is entitled to demand immediate security or cash payment without any deduction for all goods delivered and not yet paid for and advance payment for all goods still to be delivered, as well as to retain goods still to be delivered. If the buyer does not comply with the above obligations in time, the seller has the right to refuse delivery and withdraw from the contract as well as to demand damages.

- 9. Retention of title Insofar as the following provisions do not conflict with mandatory rules of public order in the buyer's country, in particular in the field of insolvency law, the following shall apply in the absence of agreements to the contrary: The seller shall retain ownership of the goods delivered by him until all claims of the seller against the buyer arising from the business relationship have been paid in full. The buyer can process or resell these goods within the framework of proper management. By processing the goods that are subject to retention of title, the buyer does not acquire ownership of the goods produced in whole or in part; the processing is carried out free of charge exclusively for the seller. Should the retention of title nevertheless expire due to any circumstances, the seller and buyer already agree that the ownership of the goods will be transferred to the seller upon processing, who accepts the transfer. The buyer remains their custodian free of charge. When processing, combining, mixing or mixing goods subject to retention of title with other goods still owned by third parties, the seller acquires co-ownership of the new goods. The extent of this co-ownership results from the ratio of the invoice value of the goods delivered by the seller to the invoice value of the other goods. In the event that the buyer should acquire sole ownership through processing, combination, mixing or blending, the contracting parties agree that the buyer shall already transfer co-ownership to the seller in accordance with the ratio of the invoice value of the goods subject to retention of title to that of the other goods at the time of processing, combination, mixing or blending and shall store these goods free of charge for the seller. Insofar as the goods are in the possession of a third party, the buyer assigns his claims against this third party, in particular his claims for restitution, to the seller at this time; the latter accepts the assignment. Until all present and future claims of the Seller arising from the business relationship with the Buyer have been paid in full, the Buyer assigns to the Seller all claims arising from the resale of goods subject to retention of title as security. In the case of the sale of goods that are co-owned by the seller, the assignment is made on a pro rata basis in an amount corresponding to the seller's share of ownership. The latter accepts the assignment. At the request of the seller, the buyer must notify his buyer of this assignment. The Buyer's right to dispose of the reserved goods or transferred goods and rights, in particular to process them, combine them, mix or minale, sell or confiscate them, expires if the Buyer falls or threatens to fall into financial deterioration or if the Seller disposes of or confiscates due to non-contractual conduct (in $particular\ default\ of\ payment)\ on\ the\ part\ of\ the\ Buyer\ that\ jeopardizes\ the\ Seller's\ interests\ in\ unlocking,$ Revokes. If the security interests of the seller are impaired or endangered by measures taken by third parties, the buyer must inform the seller immediately. The Seller undertakes, at the request of the Buyer, to release the securities to which he is entitled under the above conditions at his discretion, insofar as the realizable value of the securities exceeds the claims to be secured by more than 10%. The buyer must insure the goods in which title is reserved against loss and damage. The assertion of the reservation of title, in particular the demand for surrender and the seizure of the reserved goods by the seller shall be deemed to be withdrawal from the contract. If the seller takes back the goods after further processing by the buyer and sells them to a third party, he must pay the buyer the difference between the sales price of these goods before and after further processing.
- 10. Notification obligations, warranty The buyer must inspect the delivered goods immediately upon receipt for their contractual conformity. Shortages and incorrect deliveries as well as recognizable defects in the goods must be reported to the seller immediately in writing, by fax or electronic data transmission, stating the complaints. Defects that only become apparent later must be reported immediately after they have become recognizable in the form described. The seller has the right to inspect the goods in question himself. If a defect can only become apparent after a test or a normal machine run has been carried out, further processing of the goods that are the subject of the complaint may only take place with the consent of the seller. In all other respects, the buyer's rights are excluded due to a defect in the item, insofar as the goods have been further processed despite the recognisability of a defect. At least 90% of the goods in question must still be available intact and clearly identifiable. Liability for material defects is limited to the delivery of defect-free replacement goods. If the replacement delivery fails, the replacement delivery is unreasonable for the Buyer or if the Seller seriously and definitively refuses to perform, the Buyer may, at his discretion, reduce the purchase price or withdraw from the contract. Liability for damages is limited in accordance with No. 11. This also applies to a claim for reimbursement of expenses. All claims derived from the defectiveness of the goods, including any claims for damages, shall become statute-barred after 1 year from delivery of the goods, except in the case of intent. This also applies to competing congruent claims for damages arising from noncontractual liability. The seller is not liable for defects in the item or damage caused by improper storage or processing or further processing. All of the provisions referred to in No. 12 et seq. are pure quality information. No further assurances or quarantees are associated with this.
- 11. Liability: The seller shall only be liable for damages, regardless of the legal grounds, in the event of intent or gross negligence on the part of his organs or assistants. The above exclusion of liability for simple negligence does not apply to the breach of material contractual obligations, except in the case of liability for material defects. In the event of a breach of essential contractual obligations, liability is limited to typical foreseeable damages. Claims for damages arising from contractual liability outside of No. 9. Statute of limitations in 1 year from delivery of the goods, except in the case of intent. Liability for damages due to a guarantee assumed by the seller or other mandatory statutory liability provisions remains unaffected by the above provisions. The same applies if damage is caused by injury to life, limb or health.
- 12. Cost increases If, after the conclusion of the purchase contract, there are increases in the total production and transport costs for the goods of at least 5%, the seller has the right to demand a redetermination of the price in order to cover his increased costs for the duration of the cost increase. The redetermination covers all goods that are due for delivery later than 30 days after receipt of the corresponding notification. If an agreement cannot be reached within the 30 days, the seller can withdraw from the contract for the part of the contract quantity that has not yet been delivered.
- 13. Miscellaneous 1.1 The place of jurisdiction for all legal disputes arising from the contractual relationship is, if the buyer is a merchant, a legal entity under public law or a special fund under public law, at our discretion the registered office of the seller or Lübeck. The buyer can also be sued at his registered office. This jurisdiction agreement also applies if the buyer does not have a general place of jurisdiction in Germany. The seller is also entitled to file a lawsuit at the buyer's place of residence.
- II.1 The law of the Federal Republic of Germany shall apply to the contractual relationship, in particular the Civil Code (BGB) and the Commercial Code (HGB).
- III.1 If individual parts of the above terms and conditions are invalid or waived, their validity remains unaffected. The contracting parties are obliged to replace invalid regulations with those that are legally effective and correspond to the invalid regulations as far as possible in terms of meaning and purpose and economic result.

All paper and paperboard-specific terms and conditions are to be interpreted in accordance with the General Terms and Conditions of Sale (GTC) of the paper and board manufacturers of the European Federation of the Pulp, Paper and Cardboard Industry (as of 1991) CEPAC.

CEPAC

technical part



ALLGEMEINE VERKAUFSBEDINGUNGEN (AVB) DER PAPIER- UND PAPPENHERSTELLER DER EG CONDITIONS GÉNÉRALES DE VENTE DES FABRICANTS DE PAPIERS ET CARTONS DE LA COMMUNAUTÉ EUROPÉENNE

CONDIZIONI GENERALI DI VENDITA PER I FABBRICANTI DI CARTE E CARTONI DELLA COMUNITA EUROPEA

CONDIÇÕES GERAIS DE VENDA DOS FABRICANTES DE PAPÉIS E CARTÕES DA COMUNIDADE EUROPEIA GENERAL CONDITIONS OF SALE OF PAPER AND BOARD MANUFACTURERS IN EEC

CEPAC

CONFÉDÉRATION EUROPÉENNE DE L'INDUSTRIE DES PÂTES, PAPIERS ET CARTONS EUROPÄISCHER VERBAND DER ZELLSTOFF-, PAPIER- UND PAPPENINDUSTRIE CONFEDERAZIONE EUROPEA DELL'INDUSTRIA DELLE PASTE, CARTE E CARTONI EUROPES VERBOND VAN DE CELLULOSE, HOUTSLIJP, PAPIER EN CARTONINDUSTRIE EUROPEAN CONFEDERATION OF PULP, PAPER AND BOARD INDUSTRIES EUROPAEISK SAMMENSLUTNING AF CELLULOSE-, PAPIR- OG PAPINDUSTRIEN CONFEDERACIÓN EUROPEA DE LA INDUSTRIA DE PASTAS, PAPEL Y CARTÓN CONFEDERAÇÃO EUROPEIA DAS INDÚSTRIAS DE PASTA, PAPEL E CARTÁO

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1991

BRUXELLES

FOREWORD

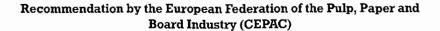
It is inconceivable that any modern industrial company could operate today without trading terms. Such terms set out the basis for the many business transactions involving sales, deliveries and contracts which are constantly having to be agreed and, since they apply to a particular industry, they are supplementary to the legal requirements laid down for industry at large. Industrial production methods are constantly being rationalised and standardised and in the same way a degree of standardisation must be introduced into the spheres of sales and marketing so as to facilitate the implementation of contracts by both sides, free of difficulty and misunderstanding.

This publication, "General Conditions of Sale for Paper and Board", has been the subject of many years of study and discussion amongst experts from the National Paper Associations of the EC countries. A measure of coordination of national regulations and trade customs has been achieved so as to present uniform conditions for delivery, payment, etc, which are thus applicable not only to national but to international business transactions: their use should lead to a considerable simplification of contractual relationships between producers and their customers.

The CEPAC "General Conditions of Sale" are recommendations put forward by the European paper and board industries as a basis for all sales contracts for their products. Through the standardisation of practices peculiar to its own trade, the EC paper industry feels that it is making a signal contribution to the creation of the Single European Market.

Cav. Lav. Lionello Adler President Dr. Wolfgang Stammen Chairman "General Conditions of Sale" Working Gronp

GENERAL CONDITIONS OF SALE OF PAPER AND BOARD MANUFACTURERS IN EEC



Introduction

These Sales Conditions, which are the result of a harmonisation of the practices used in the various EEC countries, will be applicable to contracts for deliveries of unprocessed paper and board within the Community unless modified by written agreement between vendor and buyer.

They are intended to clarify the background for the negotiation of contracts by providing an exact definition of their terms and thus avoiding controversy. They will therefore contribute to the free circulation of goods within the Community.

For certain categories of paper and board intended for special purposes, these Conditions may not apply since special conditions will probably be laid down in separate documents.

As regards matters not covered at all by these general Conditions of Sale, the legislation of the country of the vendor will apply, or that of any country expressly selected by joint agreement between the parties. If no specific agreement has been made, the matter should be referred to Incoterms.

Acceptance of these Conditions excludes application of the Uniform Laws proceeding from the International agreements signed at The Hague on 1 July 1964.

Art. 1 NOTIFICATION OF ORDER

Every purchase order for paper and board, whether it be a making order or a stock order, must be transmitted in such a way that the supplier is given at least the following information clearly and unambiguously: –

- Reference to a possible quotation (exchange of correspondence, a visit, sending of price lists ...)
- 2 Quantity,
- 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;
- 7 Agreed price;
- 8 Agreed conditions of payment.

Art. 2 CONFIRMATION OF ORDERS

(Confirmation of receipt of order)

The vendor is bound in a contract with the buyer only when (i) he has confirmed the buyer's order in a manner which covers all the points mentioned in Article 1 and can constitute the basis and origin of the delivery contract and (ii) the buyer accepts his firm and precise offer in full detail without amendment. This offer must contain a firm delivery date or a certain period from the date of the order being placed.

The order confirmation must be sent within a maximum period of 10 days from receipt of the notification of order.

Art. 3 SIZE AND MACHINE DIRECTION

(a) Size

The size of a sheet of paper or board is defined by its two dimensions, width and length, the smaller dimension being given first.

(b) Direction of Manufacture

The direction of manufacture, or machine direction, is the direction of the paper or board corresponding to the direction of the flow of pulp on the paper machine. The cross direction is at right angles to the machine direction.

If a certain machine direction is required, it must be indicated on the order form and repeated on the confirmation of receipt of order. It will be indicated clearly on the wrapping of reams and parcels.

Art. 4 PACKING

The usual packaging materials such as paper, wood, board (including board cores) are not returnable.

If more costly packaging is required and this packaging is reusable, it will be necessary to make a special agreement concerning its return.

For special packs such as wooden crates, cylindrical packaging for reels, full trays, special cores etc, any extra expense involved will be invoiced to the buyer.

Art. 5 TRANSFER OF RISK

The goods are sold at the risk and peril of the buyer:

- once they have been loaded at the vendor's premises onto the means of transport chosen by the vendor for the goods which he is responsible for shipping, apart from recourse to the forwarding agent carrying the goods.
- from the time that the goods to be picked up at the vendor's premises by the buyer by means arranged by him are put at his disposal. The same applies if delivery is postponed by the buyer subsequent to notification of availability in the vendor's own warehouses, the buyer taking responsibility for collection and loading at this time.

If the buyer, when the goods arrive, 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 vendor.

Art. 6 DELIVERY

(a) Date and place of delivery

The delivery period begins with the date of confirmation of order. The place of delivery is, unless otherwise agreed, the vendor's establishment.

If the vendor, for reasons within his control, does not observe the delivery times, the buyer has the right to cancel his obligation after a reasonable delay.

No damages or interest charges can be claimed for non-execution of an order unless the failure to meet the delivery date is deliberate or the result of negligence on the part of the vendor.

(b) Impossibility of making delivery (final, temporary or partial)

The vendor is freed of his obligation by any event beyond his 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 indispensible supplies, machine breakdowns or lack of motor power, labour problems, lack of means of transport.)

The vendor is responsible for notifying the buyer without delay, and in writing, of the existence of, and reasons for, any temporary delay or his complete inability to supply. If the problem is only temporary, execution of the contract shall be suspended while it continues. If, however, its duration exceeds two weeks, unless there has been an agreement between the parties, either of them has the right to cancel the contract without indemnity.

Nevertheless, if the obstacle applies to part of a contract consisting of staggered deliveries, right of cancellation shall only be exercised in regard to the specific delivery in question and not in regard to future deliveries.

If, at the time the problem preventing delivery arises, whether it be insurmountable or merely temporary, the vendor has already made part of the order, the buyer is obliged to take delivery of the quantity made under the conditions already agreed.

When a vendor, who is bound by his contract to ship the goods, finds himself unable to do so as a result of events such as those enumerated in the first paragraph of sub-title (b) of the present article, the said goods will be clearly marked for the buyer and put at his disposal at his expense and at his risk in the vendor's stores or in an external depot. The vendor must immediately inform the buyer when such action has been taken.

(c) Failure to collect the goods (final, temporary or partial)

When the buyer does not collect the goods when notified that they are available or postpones a due delivery, the vendor will be entitled to put goods in outside store at the buyer's expense or to claim storage costs if he keeps them in his own warehouse. If the buyer invokes an event which is not his fault, such as those mentioned in para (b), the seller will be entitled to cancel the contract after a period of two weeks but without any right to damages.

If the buyer cannot cite such an event, the vendor may – after two weeks – cancel the contract and claim damages and interest. If the delivery affected is part of a contract for staggered delivery, the right of cancellation may only be exercised in regard to the said delivery and not to future deliveries.

Art. 7 WEIGHT TO BE INVOICED

(a) Papers and boards in reels

Reels of all grades are invoiced at the gross weight, (its weighed weight), including paper and board, wrappings, core, plug and usual strapping.

(b) Paper in uncounted sheets and sheets of board

These, whether delivered in parcels or on pallets, are invoiced at the gross weight (its weighed weight) including paper or board and usual packaging materials.

(C) Paper in counted sheets

The packaging unit for paper in counted sheets is invoiced at nominal weight, this being equal to the product of the basis weight (grammage per m²) actually ordered and the area of the number of sheets in the packaged unit.

In order to take account of the weight of the packaging, a widely accepted practice is to add 2% to the weight obtained by the above calculation, round off the result to the nearest hectogramme above and invoice accordingly.

Art. 8 PAYMENT

(a) Period for payment

Whatever the period for payment agreed upon, the invoice date, which is that of the day of dispatch or of notification of availability, constitutes the commencement of this period.

(b) Place of payment

Unless otherwise agreed, the place of payment is the office of the vendor. Commercial travellers or agents of the vendor 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 vendor accept the payment by draft its cost and any expenses arising from possible discounting will be for the buyer's account.

(d) Delays in payment and problems over the buyer's credit

If an invoice becomes due but is not settled despite a reminder, insomuch as the latter is prescribed by the law applicable to the contract, the vendor can claim interest above the official rate, immediate payment of all outstanding invoices whether due or not as well as payment before delivery for all orders accepted, unless the buyer supplies an actual or personal security as a guarantee for all these payments.

Should the buyer's credit rating deteriorate, the vendor can again ask to be given an actual or personal security as a guarantee and in the absence of such guarantee require payment before any delivery. In the above cases of delay in payment or deterioriation of the buyer's credit, if orders concerned are for paper or board which, because of the special characteristics required by the buyer, cannot be sold profitably to other purchasers or only with some difficulty, the vendor can make the commencement or continuance of their manufacture subject to the provision of an actual or personal security or, if no such security can be given, may demand full payment for the goods.

If the buyer does not respect the above provisions the vendor has the right to refuse supply and to cancel the contract, as well as to claim damages and interest.

Art. 9 RESERVATION OF OWNERSHIP

Insofar as the following arrangements do not contravene the rules of public order in the buyer's country, particularly as regards bankruptcy, and unless agreements to the contrary exist:

- The vendor reserves ownership of the goods delivered to him until complete payment has been made for all sums owed to him by the buyer through their business relationship.
- The buyer may convert or resell the said goods in the course of normal commercial operations.
- The conversion of the goods, property rights in which have been reserved, does not transfer ownership to the buyer. When conversion also includes other products not belonging to the buyer the vendor achieves co-proprietorship of the new product to the extent of the value of the goods of which ownership is reserved.
- The buyer shall assign to the vendor sums resulting from the resale of the goods, whether converted or not, subject in whole or in part to reservation of ownership, this being compensation for the reservation of ownership which has expired because of resale and as security for the vendor to the extent of the value of the goods subject to the reservation of ownership. On the vendor's request the buyer must notify this assignment to his own buyer.
- To the extent that the value of the guarantees accruing to the vendor from the above arrangements exceeds the sums owed to him by the buyer, he is obliged to give up guarantees to the extent of this excess at the request of the buyer.
- The buyer shall arrange insurance against loss or damage of the goods under reservation of ownership and has a duty to inform the vendor immediately of any action taken by third parties against the reservation of ownership (for example any seizure of goods which form the object of the said reservation).
- The vendor may cancel the sale and take back the goods whether converted or not, of which ownership is reserved, if one of the situations envisaged in Article 8, para (d) occurs. If the vendor recovers the goods after conversion by the buyer and sells them to a third party he will pay the buyer the difference between the value of these goods before and after conversion.

Art. 10 CLAIMS AND COMPLAINTS

(a) Acceptance

Complaints must be notified in writing or by telex or telegram:

- within 5 days of arrival of the goods in the buyer's establishment, in cases where the
 delivery plainly does not meet the specification either in quantity or quality.
- before use and at the latest within 10 days of the date of arrival of the goods at their destination, if the defect or irregularity can be revealed by a simple examination or elementary check,
- without delay and at the latest within 6 months of arrival of the goods at their destination in cases where the defect or irregularity 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 agreement of the vendor.

If the defect has not been notified at the right time, the portion of the consignment already converted cannot form the object of a claim and for any claim to succeed at least 90% of the quantity of the contested paper or board must remain available, intact and readily identifiable. Observation of a defect in one portion of the goods cannot justify rejection of the whole. A complaint about a portion only of the goods delivered does not release the buyer from the obligation to pay within the agreed period for the whole of the consignment and cannot justify total rejection of the consignment.

(b) Action following a justifiable complaint

Should a complaint be justified, the vendor shall take back at his own expense the defective goods. The buyer must make them available to him in good condition and in the original or equivalent presentation and packing. The vendor shall 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 vendor not supply the replacement goods within a suitable period, however, or should the new goods also be defective, the buyer can demand a reduction in the selling price or cancellation of the contract. If the goods do not meet the agreed specification the buyer can demand cancellation of the contract or damages. He will not be able however to claim for 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 on the part of the vendor.

Art. 11 SETTLEMENT OF LITIGATION

Any disputes concerning the sales contract may be referred, by the joint agreement of the parties concerned, to arbitration.

Any controversy which cannot be settled either by negotiation or by arbitration shall be decided by the Courts in the locality of the vendor's offices in accordance with these general Condition of Sale and with the laws in force there.

The vendor can, however, take the case before the courts in the locality of the buyer's offices, it being understood that the parties must then settle the controversy in accordance with these general Conditions of Sale and with the laws in force there unless the parties have specifically agreed to abide by other legislation.

Art. 12 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.

Quantity ordered	Without maximum or minimum quantity (*)	
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.

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

Quantity ordered	Without maximum or minimum quantity stipulated in order (*)
More than 100 tonnes	Previous agreement
50 tonnes to 100 tonnes inc.	± 4.0%
20 tonnes to 50 tonnes inc.	± 6.0%
10 tonnes to 20 tonnes inc.	± 8.0%
5 tonnes to 10 tonnes inc.	± 10.0%
3 tonnes to 5 tonnes inc.	± 15.0%
Below 3 tonnes	± 20.0%

^(*) 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.

^(**) Tolerances of \pm 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.

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 buyer and seller, may not be below those defined in 1.1.1 and 1.1.2.

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

Quantity ordered	Without maximum or minimum quantity stipulated in order (*)
More than 100 tonnes From 50 to 100 tonnes inc. 20 to 50 tonnes inc. 10 to 20 tonnes inc. 5 to 10 tonnes inc. 5 tonnes and below	Previous agreement ± 5.0% ± 10.0% ± 12.0% ± 15.0% 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

Quantity ordered	Without maximum or minimum quantity stipulated in order (*)
More than 100 tonnes From 50 to 100 tonnes inc. 20 to 50 tonnes incl. 10 to 20 tonnes incl. 5 to 10 tonnes incl. 3 to 5 tonnes incl. 2 to 3 tonnes incl.	Previous agreement ± 4.0% ± 6.0% ± 8.0% ± 10.0% ± 15.0% ± 20.0%

^(*) 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, seller and buyer will have to set specific tolerances. However, if there is no agreement, tolerances will be those envisaged above in I 1.0 for printing papers and boards, in I 2.0 for boards and in I 3.0 for packaging/wrapping and other papers.

Art. 13 TOLERANCES IN COUNTING ACCURACY

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

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 5000 sheets
- more or less than 2% for a consignment equal to or above 1 tonne or more than 5000 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:

- $-\pm3\%$ with an allowance of 5 sheets above or below, for printing papers and boards from $60~\text{g/m}^2$ 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.
- $-\pm 8\%$ with an allowance of 5 sheets above or below, for cylinder board, special boards and straw board.

Art. 14 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

Basis weight ordered	Without maximum or minimum stipulated in order
Up to and including 32 g/m ² From 33 g/m ² to 39 g/m ² inc. From 40 g/m ² to 59 g/m ² inc. From 60 g/m ² to 179 g/m ² inc. From 180 g/m ² to 224 g/m ² inc. From 225 g/m ²	± 2.5 gr ± 8.0% ± 6.0% ± 5.0% ± 6.0% ± 7.0%

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 g/m^2 and 2 points beyond this. For example $\pm 2.5 \text{ g}$ becomes $\pm 3.5 \text{ g}$ and $\pm 6 \%$ becomes $\pm 8 \%$.

- **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 I.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

Basis weight ordered	Without maximum or minimum stipulated in order
Up to and including 32 gr From 33 to 39 gr inc. From 40 to 59 gr inc. From 60 to 179 gr inc. From 180 to 224 gr inc. From 225 gr and above	± 2.5 gr ± 6.0% ± 4.0% ± 3.0%* ± 4.0% ± 5.0%

^{*} 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 2.5 g 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

2

1 Multi-ply boards and cartonboards

180 g/m² to 249 g/m²	<u>+</u>	6%
250 g/m ² to 499 g/m ²	\pm	5%
500 g/m² and above	\pm	8%
Special purpose board	\pm	8%
Cylinder boards and others	\pm	8%

II.5 For creped papers: $\pm 10\%$

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 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. 15 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. 16 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 \pm 0.5% with a maximum of \pm 3 mm and a minimum of \pm 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. 17 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: $\pm 0.2\%$ or + 0.4% (*)
 - but with a minimum of $\pm 2 \text{ mm or } + 4 \text{ mm (*)}$
- machine cut: $\pm 0.4\%$ or + 0.8% (*)
 - but with a minimum of $\pm 3 \text{ mm or } + 6 \text{ mm (*)}$
- (*) If no lower tolerance is accepted and this requirement has been mentioned on the order form.

I.2 Tolerances in squareness

For precision out 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 I.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 buyer and 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: $\pm 0.3\%$ or + 0.6% (*)

but with a minimum of $\pm 2 \text{ mm or } + 4 \text{ mm (*)}$

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 \pm 2% with a minimum of \pm 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. 18 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. 19 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 tolerance.

In addition, unit values measured may show up to a maximum deviation of 1% 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 $1\frac{1}{2}$ 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 \pm 0.2%, for a length of, for instance, 1 m; this implies a deviation of \pm 2 mm. The tolerances are considered as observed when:

- at least 95% of the measured values are within 1 m \pm 2 mm
- at most 4.5% of the measured values may be beyond 1 m \pm 2 mm but must be within the limits of 1 m \pm 3 mm (1½ times the tolerance).
- at most 0.5% of the measured values may exceed 1 m \pm 3 mm.

Art. 20 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

Conditioning of samples: ISO 187 – 1977 Paper and board – Conditioning of samples \mathbf{II}_{i}

> The particular climatic conditions applicable during testing and in line with the standard must be made the subject of a previous agreement.

Ш **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

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.

metal arm graduated in 0.5 mm, fixed solidly by screws to the squares:

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.