

GENERAL CONDITIONS OF SALE of company MUFLON, d.o.o. - 2021

General

1. Art.

The sale of the Seller's products shall be governed by the present General Conditions of Sale. These General Conditions of Sale are deemed to have been accepted without any reservations by the Purchaser. Furthermore, application of the present General Conditions of Sale shall be given priority over the Purchaser's general conditions on all matters.

The Seller reserves the right to update the content of the present General Conditions of Sale.

2. Art.

The subject matter of General Conditions of Sale is placing orders, manufacturing and delivery of paper, of the manufacturer's and Seller's (hereafter: Seller) standard sales program as well as other non- standard paper and paperboard grades (hereafter: products) that the manufacturer can offer as to his available technology. Standard program comprises products listed in price lists and other commercial documents.

3. Art.

These General Conditions of Sale apply entirely to sale and payment of all products defined in Article 2, unless otherwise stated in sales contracts between Seller and Purchaser or in confirmation of individual orders.

Offers

4. Art.

Seller's offer is valid for 30 day, unless offer itself states otherwise. The Purchaser's order shall be in accordance with the offer and in writing sent to the seller's address by e-mail or regular mail.

If the quantity stated in the order deviates from the quantity stated in the offer, the Seller reserves the right to adjust the price and delivery date.

Deliveries

5. Art.

For the confirmed orders the Seller guarantees to the Purchaser the agreed delivery terms for the whole standard programme. Delivery terms for standard product grades are shorter,

considering the production programme plan and dates; they can be immediate for products in stock, or longer for non-standard product orders.

The Seller will deliver the agreed quantity and type of products or services to the buyer within the delivery period and in accordance with the parity as agreed in the order confirmation or the contract.

6. Art.

The Purchaser is obliged to take over ordered products no later than 60 days from the delivery date which is defined in the order confirmation. After the expiration of 45 days from the delivery date, the Seller can remind the Purchaser to take over the ordered products and of the rights/possibilities listed below, which the Seller has after the deadline for taking over the ordered products.

After the expiration of the of the period mentioned in previous paragraph, the Seller can, in case if the Purchaser has still not taken over the products, on its own discretion:

- deliver products to the Purchaser at the Purchaser's expense only on the basis of the prior notice of delivery, which must be announced to the Purchaser at least one (1) working day before delivery, or
- offer and sell products to another potential purchaser without any liability to the Purchaser out of this, whereby the Seller shall regarding such sale of the products to another purchaser only inform Purchaser, or
- due to the further storage of the products, charge the Purchaser with appropriate amount for the storage of the products or with amount for storage which follows from the order confirmation.

If the Seller decides for the option from the first or third indent of the previous paragraph, he will after the expiry of the deadline for taking over ordered products from the first paragraph of this article issue an invoice for the ordered products with the price as it was confirmed in the order confirmation.

Ordering

7. Art.

Every order notification should contain the following data:

- paper grade and quality including brand names listed in the Sellers' sales programme (price list);
- quantity;
- technical specification of the product in case of a special order;
- delivery term, stating date or the week number of the year;
- delivery destination, with the exact address (street, house number, place);
- way of dispatching and transport;
- agreed price;
- agreed payment terms;

- other mandatory data for individual product groups defined in the Annex to the General Conditions of Sale.

If the Purchaser does not give all the required data in his order and a misunderstanding in delivery should arise, he cannot make any objection or claim to the delivery or make any other claim against the Seller.

8. Art.

In case the Seller agrees with the Purchaser's specification, he confirms the order in writing within max. 3 working days. In case of written confirmation, the contract is validly concluded.

If the Purchaser changes some order elements after the order has already been confirmed, and the changes are accepted by the Seller, so this order is dealt with as a new order.

In case the costs at the Sellers have already occurred, the Purchaser is charged for them if he had canceled order.

9. Art.

If paper delivery has been agreed on the basis of special order and sample, the delivery of the products is regarded as corresponding to the sample, if average quality does not differ to a greater extent from the confirmed sample. The same is valid, if different technical and technological products characteristics from standard ones were agreed in writing.

10. Art.

Minimum order quantities for individual product group are defined in the Annex to the General Conditions of Sale.

11. Art.

Weight tolerances for individual product group are defined in the Annex to the General Conditions of Sale.

12. Art.

Standard packaging is included in the product price, whereas special packaging is a matter of agreement regarding the way of packaging as well as price.

13. Art.

The quality, characteristics and dimensions of the products must meet the inner regulations of the manufacturer, i.e. the Seller, in accordance with the acquired quality management system.

As for special products quality and other requirements have to be specially agreed upon in writing between the two parties.

Storage conditions

14. Art.

The products need to be stored at a temperature of 22°C (+/- 2°C) and a relative humidity of 50% (+/- 5%), away from direct sunlight and heat sources, in a dark and dry place.

If the product is not used immediately, it shall be stored in the original packaging, preferably on a pallet. Whenever possible, the reels should be kept in a horizontal position.

Transfer of risks

15. Art.

FCA Radeče (Incoterms 2020) is valid as place of fulfillment unless otherwise agreed by the Seller and the Purchaser in a yearly contract or for a specific individual order.

Claims

16. Art.

The Purchaser has to immediately check the quantity of products delivered and any damages and/or visual defects and to make a written record of this these findings together with the carrier. The record is to be sent to the Seller immediately or at the latest within 7 days from the date of arrival of products.

17. Art.

It is the right of the Purchaser to claim quality variations or hidden defects that could not be revealed at the arrival of products:

- immediately or at the latest within 5 days from arrival of products in case quality or quantity differ from the agreed specifications;
- before use or at the latest within 10 days from arrival of products, when he notices variations in weight, color, cleanliness, coating or in other quality parameters found out by means of;

- sample analysis or during processing at the latest within 6 months of arrival of products in case of hidden defects that were detected during processing.

Observation of a defect in only one part of the delivery does not justify the claim of the whole delivery, and it does not release the Purchaser from settling the invoice for the products in the agreed payment term.

The Purchaser may not return products for which claim was justified arbitrarily to the seller without his consent. The Purchaser is obliged to keep the products until the complaint is resolved and handle it carefully, otherwise the Seller has the right to reject the complaint. The Seller reserves the right to reject the complaint in the following cases:

- if the product was stored incorrectly;
- if the product has been incorrectly selected or improperly used.

18. Art.

Every transport unit of the product (pallet, reel, package etc.) has its identification data in a visible place. The Purchaser has to include the identification data, the delivery note number and the invoice number of the delivery in question into the claim which is to be in writing. It is also obligatory to enclose photos, a sample (sheet) of the product claimed, to thoroughly describe the defect and to explain the circumstances of the occurrence and the reason for the claim.

On the day when the above conditions have been fulfilled the claim is regarded as open.

The Purchaser is justified to a claim only if he manipulates products according to our storing instructions, otherwise the Seller has the right to reject the claim.

In case the Seller has not been informed of possible defective material and the Purchaser goes on with processing, the Purchaser takes full responsibility for the manufactured end products, used materials and loses its rights which he has out of the claim.

Penalty

19. Art.

Should the payment of the invoices be delayed beyond their due date and after a formal reminder has been sent to the Purchaser by the Seller, the Purchaser shall pay the Seller a penalty corresponding to 15% of the total amount in debt. Payment of the penalty by the Purchaser does not deprive the Seller of the right to claim default interest due to late payment.

Retention of Title

20. Art.

The products shall remain the property of the Seller until the Purchaser has paid the price in full.

The products sold shall remain Seller's property until all claims arising out of our business relationship with Purchaser have been satisfied.

If the products have been processed or finished by Purchaser, our retention of title shall extend to the new finished product.

If the products have been processed by the Purchaser in combination with the products of other Sellers or have been mixed with such products, the Seller acquires ownership of the new or mixed products in a share that in new or mixed products represent its products.

21. Art.

Purchaser may, in the ordinary course of its business, resell any products which are subject to Seller's retention of title. If, upon such resale, Purchaser does not receive the full purchase price in advance or upon delivery of such products, it shall agree with its customer retention of title in accordance with these conditions.

The Purchaser hereby assigns to Seller all its claims arising from such resale and its rights arising from the said agreement for retention of title.

When required by Seller, the Purchaser shall advise its customer of such assignment of rights and provide Seller with the information and documents necessary to enforce Seller's rights.

Notwithstanding the foregoing, Purchaser shall only be entitled to collect payments from claims from such resale to any third party as long as Purchaser properly satisfies its liabilities to Seller.

Force Majeure

22. Art.

Conditions of Force Majeure shall relieve Seller from our delivery obligations.

If there is a material change in the conditions that exist at the time this contract is concluded, the Seller is entitled to withdraw from the contract without consequences.

The same rights shall apply in cases of:

- interruptions in Seller's supplies of energy;
- interruptions in Seller's supplies of raw materials;
- industrial disputes;
- governmental changes;
- breakdowns of transport;
- breakdowns of our operations;

- if Seller's suppliers fail for the foregoing reasons to deliver at all, or fail to deliver in a proper or timely manner.

Limitation of Liability

23. Art.

Seller can only be held liable for indemnification, for whatever legal grounds, in case of intentional misconduct or gross negligence on his part, or on the part of his legal representatives or on the part of those employed by the Seller in the performance of Seller's obligations.

The aforementioned limitation of liability shall not apply when the products supplied by Seller to the Purchaser do not reach the agreed quality. Further, the foregoing limitation of liability shall not apply to in case of mandatory liability. In case of slight negligence Seller's liability shall be limited to the invoiced value of the products in question.

Statements in invoice

24. Art.

Purchaser shall verify the correctness and completeness of statements in invoice, especially balance confirmations, as well as notes and settlements of accounts.

In case if Purchaser did not send his comments on the statements in the invoice to the Seller immediately after receiving the invoice, the invoice is considered confirmed.

Jurisdiction in case of disputes

25. Art.

If a dispute cannot be settled by mutual agreement, the jurisdiction shall have the competent court in Celje, Slovenia.

Applicable Law

26. Art.

The contract and the legal relationship with the Purchaser shall be governed by Slovene law by excluding the rules of conflict of laws.

Severability

27. Art.

Should any of these conditions be deemed wholly or partly invalid, this has no effect on the validity of the remaining conditions.

Validity

28. Art.

These Conditions of Sale do not apply for purchases in the Seller's online store. For those special/dedicated general terms and conditions, which are published on the seller's website/online store apply.

29. Art.

The general Conditions of Sale are valid from 1.3.2021 and until a possible change for all the deliveries carried out after the above date.

Radeče, February 2021

MUFLON, d.o.o.
director

M.Sc. Leopold Povše

ANNEX to the GENERAL CONDITIONS OF SALE for product group SELF-ADHESIVE MATERIALS

1. Art.

The buyer is obliged already at inquiry provide Seller with information for what the material will be used and if he has special requirements. The Seller is obliged to propose to the Purchaser the appropriate material according to the information provided. If the product will be used for food, the Purchaser is obliged to provide the Seller with information on whether there will be a direct or indirect contact with food.

If the Purchaser requests or insists on the use of any material which, in the opinion of the Seller, is not suitable for the product and the Seller has previously warned him of this, all responsibility for the ordered material and consequently the product lies with the Purchaser.

2. Art.

Additional mandatory elements of order:

- grammage;
- the format of sheets or the width of reels (in "cm" or "mm");
- when it comes to ordering special products in reels - dimensions of the inner diameter of paper reel core and the outer diameter of the reel;
- quantities of products in meters/square meters and sheets/packages;
- type of packaging, if the packaging will not be standard;
- other technical specifications regarding the entire order.

3. Art.

The minimum ordered quantities for standard products in standard formats are:

- 1 pallet, when ordering products in sheets which are at stock at the Seller;
- 2.000 m² when ordering a reel cut from a standard program.

In the event that the Seller has in stock only reel residues and Purchaser is interested in ordering those the minimum quantity is subject to a special agreement between the Seller and the Purchaser.

When ordering non-standard types of products, a special agreement on minimum quantities is required before accepting and confirming such an order. Approximate minimum quantities in such cases are 10,000 m² for reel material or three (3) pallets for sheet material.

4. Art.

Quantitative tolerances between the ordered quantity and the delivery quantity for one position (one class or reel dimension) may be as follows for standard dimensions:

- ordered quantity less than 2.000 m²: +/- 10%
- ordered quantity from 2.000 m² to 10.000 m²: +/- 7%
- ordered quantity more than 10.000 m²: +/- 5%

Tolerances for orders based on the counted number of sheets (one class, one dimension):

- for quantities below 10.000 sheets: +/- 10%
- for quantities exceeding 10.000 sheets: +/- 5%

Variations for non-standard products may also be different, but must be explicitly agreed between the Seller and the Purchaser in advance. If, at the Purchaser's suggestion, the Seller is only allowed to change up or down, the tolerance value is doubled, which also applies to cases of special orders.

5. Art.

CHARACTERISTICS OF REELS

Length measurement accuracy

Paper laminates	for any length	+/- 1%
Film laminates	up to and including 250 m	+/- 2%
	over 250 m	+/- 1%

Width

Minimum cutting width		80 mm
Main reels / trimmed reels	1000m	+/- 2 mm
Slit reels	up to and including 100 cm	+/- 1 mm
	over 100 cm	+/- 2 mm

Number of joints/reels

Paper	Film up to and including 1000 m	max. 1
	up to and including 2000 m	max. 2
	over 2000	max. 3
Film	up to and including 1000 m	max. 2
	over 1000 m	max. 3

CHARACTERISTICS OF SHEETS

Variations in the size of the trimmed sheets		+/- 2 mm
Rectangular variations in sheet size	0,60%, with a minimum of 2 mm, calculated on the actual dimensions of the sheets.	

Radeče, February 2021

MUFLON, d.o.o.
director

M.Sc. Leopold Povše

ANNEX to the GENERAL CONDITIONS OF SALE for product group GRAPHIC

1. Art.

Printing:

The content of documents in .pdf format regarding the design or the content of documents in .pdf format with a dimension plan, which were submitted to the Seller or confirmed by the Purchaser, is binding for the Seller and the Purchaser. Any Purchaser's subsequent complaints in this regard after the transmission or confirmation of documents will not be taken into account by the Seller.

In the event of deviations in the product due to defects in documents provided to the Seller by the Purchaser or confirmed by the Purchaser, the full responsibility and all possible costs for eliminating these deviations/defects are borne solely by the Purchaser (e.g., cost of document correction, cost of remanufacturing, cost of new production etc.).

The Seller uses paints that are common for flexographic printing, offset printing, and book printing. A Purchaser who would like paints with special specifications, such as light-fast, matt, fluorescent or mechanical damage-resistant paints, shall clearly specify this already at inquiry.

2. Art.

Tolerances:

Deviations in the quantity of delivered products depend on the individual order in terms of complexity, material used, dimensions, purpose of use of the product, etc. If the deviation is not confirmed in the written confirmation of the order, the Seller's fulfillment of the order is correct, when the delivered quantities deviate by a maximum of $\pm 5\%$.

The Seller reserves the right to deviate in the color of the product up to and including Delta 12. As suitable products are considered printed matters within tolerances in the size of the product up to and including ± 0.5 mm and print tolerances up to and including ± 0.2 mm

3. Art.

Clichés:

The first production of clichés and punching tools is charged separately to the Purchaser. After payment, they become the property of the Purchaser. They are kept by the Seller for a maximum of two (2) years from the date of manufacture/payment. After this period, the Seller destroys them without prior notice to the Purchaser. The Seller is not in any way responsible for storing clichés and punching tools to the Purchaser. Exceptionally, the Seller and the Purchaser may agree otherwise.

Radeče, February 2021

MUFLON, d.o.o.
director

M.Sc. Leopold Povše

**ANNEX to the GENERAL CONDITIONS OF SALE
for product group READY-MADE PAPER (PAPER CONFECTION)**

1. Art.

Minimum order amount:

The minimum amount of the Purchaser's order is 70,00 EUR without VAT.

2. Art.

Packaging:

Ordered products will be delivered by the Seller in standard packaging. Change of type or method of packaging is possible only by prior agreement, namely before confirming the order, since the type or the method of packaging can affect the price and/or delivery time.

Radeče, February 2021

MUFLON, d.o.o.
director

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