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| **Terms and Conditions** | **Latest Update: January 25, 2016** |

**1. Applicability**

UPM's acknowledgement of Customer's order and these Terms and Conditions contain all of UPM's obligations and supersede all prior oral and written statements by the parties or their representatives. No change is binding on UPM unless acknowledged in writing by UPM.

**2. Order Changes**

The purchaser may change, by written notice to UPM communicated by fax or email, the quantity ordered, date of delivery, grade or basis weight of paper ordered at any time prior to the last date of change shown on the order acknowledgement.

**3. DELAYED PAYMENT**

(a) The purchase price of delivered paper shall bear interest at the rate of one per cent per month (12% per annum) from the due date until payment.

(b) UPM has the right to cancel, and may refuse to deliver any paper ordered: (i) pursuant to any contract with respect to which the purchase price of paper is not paid on or before its due date; or (ii) if the Customer becomes insolvent or goes into liquidation or has a receiver appointed or otherwise may reasonably be assumed not to be able to fulfil its obligations.

 **4. LIMITATION OF DAMAGES**

(a) UPM's paper is warranted to be of merchantable quality and to conform to UPM's grade specifications. UPM's sole obligation is to replace, or at its option refund the purchase price of, any paper found not to conform to the foregoing warranty.

(b) THE WARRANTIES,OBLIGATIONS AND LIABILITIES OF UPM AND THE REMEDIES OF CUSTOMER SET FORTH IN THESE TERMS AND CONDITIONS ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES, ALL OTHER WARRANTIES, OBLIGATIONS AND LIABILITIES OF UPM, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY DEFAULT OR NON-PERFORMANCE RESPECTING THE PAPER OR ITS DELIVERY INCLUDING BUT NOT LIMITED TO THE FOLLOWING RIGHTS AND OBLIGATIONS WITH RESPECT TO ANY DEFAULT OR NON-PERFORMANCE: (A) ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; AND (B) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY TO ANY LOSS OF PROFITS OR ANY OTHER SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES.

**5. GROUNDS OF DISCHARGE FROM PERFORMANCE (FORCE MAJEURE)**

(a) UPM may suspend performance of any order if that performance is prevented by events beyond its reasonable control including without limitation any one or more of the following events ("force majeure"): war; war risk; insurrection; requisition; embargo; calling up of personnel for military service; currency restrictions; export or import prohibitions or restrictions; restrictions in use of power; labour conflicts; closure of a UPM production facility; general shortage of labour, transport and materials; water shortage; fire; flood; storm; obstruction of railways; environmental catastrophe; obstruction of navigation by ice or other obstacle at port of shipment or discharge; loss or detention at sea; non-delivery, faulty or delayed delivery by UPM’s suppliers of raw material and other commodities for industrial production, shortage or rationing of fuel oil affecting production and/or transportation and any other circumstances beyond the control of the parties. UPM shall not be liable to Customer for any damage resulting from any suspension caused by force majeure.

(b) If UPM wishes to claim relief by reason of force majeure, it shall notify the buyer in writing as soon as reasonably possible of the occurrence of an event of force majeure and to what extent the event can reasonably be expected to necessitate a suspension of performance.

**6. CLAIMS**

(a) Claims for defective paper shall be governed by UPM’s Quality Claim Policy which, by this reference, is incorporated into these Terms and Conditions.

(b) Claims for damages occurring in transit shall be governed by UPM's Transit Damage Claim Policy which, by this reference, is incorporated into these Terms and Conditions.

**8. Assignment**

Customer shall not assign this order nor subcontract the supply of paper without UPM's prior written consent.

**9. APPLICABLE LAW**

The contract and the legal relations between the buyer and UPM shall be governed by the laws of the State of Illinois.

**10. ARBITRATION**

All disputes arising in connection with the present contract shall be finally settled under the Rules of Conciliation and Arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with those Rules.

**Signature Block**

**Customer**

**Representative:**

**Date:**

**UPM Representative:**

**Date:**

**UPM-Kymmene, Inc.’s** (hereinafter "UPM") goal is to supply damage free paper to all of its customers. Transit damages are only damages that result from shipping, warehousing, or handling and are not the same as quality damages. If a customer receives paper with quality issues or defects, the customer should contact their UPM Technical Service Representative.

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**Damage Claim Policy**

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UPM has developed cargo care and paper-handling instructions together with its rail, over the road and sea carriers as well as its terminal and warehouse operators. UPM service providers have committed to following UPM guidelines and quality commitment when handling and transporting UPM cargo. Eachroll andvehicle are inspected prior to loading in compliance with UPM's Cargo Handling Manual, to ensure damages are minimized and to provide a safe transport and unloading environment. UPM complies with all Federal and local laws as it pertains to cargo handling, in addition to compliance of the American Association of Railroad (AAR) loading practices.

UPM strives for damage free deliveries and focuses on continually improving our securing and loading practices. We do however, recognize, that our customers may receive damaged product. In these cases, we request the customer follow the claims process and requirements as contained herein.

The following procedures and requirements will apply in the event a customer receives transit-damaged paper. "Paper" or "Package" refers to paper shipped in rolls, cartons or as a palletized product.

**1. General conditions for claims acceptance**

Transit damage claims will be accepted based on this policy for any shipment in which UPM selected the mode of transportation, the carrier, and the routing.

* UPM and its carriers must receive notifications and claims for transit related damages directly within the time limits defined in Section 4 of this policy in order to be accepted. UPM is not responsible for time delays as the result of claims processed through broker or merchant.
* Claims must be submitted using the E-claims portion of UPM’s customer online (or COL) site.
* A separate claim must be submitted for each manifest received. Claims with consolidated shipments will not be accepted.
* Claims for transit damages on customer furnished pick-ups will not be processed.
* When multiple purchase orders exist on one load/vehicle, damage from each purchase order must be submitted as separate claims.
* The maximum claim value may not exceed the contractual value of the paper. UPM-Kymmene does not compensate any consequential losses due to transport damages.

**2. Receipt of a shipment**

On truck, intermodal or container shipments, the receiver is required to inspect the order for damage and validate shippers load count prior to signing the bill of lading. Any discrepancies in the load count or damage must be noted on the bill of lading and signed by receiver and carrier. Inspect the packages carefully. Note, that slight damage on the roll can mean concealed damage inside.

On rail shipments, the receiver is required to inspect the order for damage and validate shippers load count. In the event of any count discrepancy, or evidence of damage (water, broken bands, load shift, burst airbags, broken seals) the receiver is required to contact the delivering rail carrier with notification of loss and request an inspection immediately. If the carrier waives inspection, the receiver is required to record the name of the carrier representative who waived the inspection, date and time of call or provide a copy of the signed and dated waiver. As with truck and container shipments, slight damage on rolls could indicate concealed damage.

The receiver must take photos to demonstrate the damaged condition of the paper whilst still in the railcar, trailer or container in order to assist both UPM and the carrier in determining cause of damage and in validating any claim filed.

With the exception of severely shifted loads, where unloading the product may put the safety of the receiver at risk, the fact that a shipment contains damage is not a sufficient reason for a receiver to refuse all or part of a delivery. All products should be received, regardless of their condition, and the outlined claims process and procedure followed if necessary. If a receiver rejects a shipment and subsequent investigation establishes that the carrier was not liable for the damage, the claimant is only entitled to salvage amount the carrier realized.

UPM reserves the right to decline any transit claim as a result of noncompliance as noted in this section.

**3. Safeguard the recovery**

Make a note of the damage on the freight documents. The remark should be written on the carrier’s copy of the freight document as well as receiver’s own copy and should specify:

* Number of damaged (or missing) packages
* Type of damages (see specification)
* Date and signature (of both driver & receiver)
* Pictures of damaged paper while still in vehicle
* Pictures of equipment if holes, leakage or water is visible, objects causing end damage are on the floor or equipment has any other visible defects.

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**Damage Claim Policy**

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**4. Claim Filing**

With the exception of a customer pick-up, or if the purchasing customer is responsible for the payment and carriage of goods to a designated carrier, all claims should be filed using the e-claims portal of UPM’s Customer Online site. All overages, shortages and visible damage related to transit should be noted on the bill of lading prior to the release of the driver and submitted to UPM within 60 days of delivery. At the time of delivery, any evidence of damage should signal further inspection to determine the extent of damages. Inspect the packages carefully. Slight damage on the roll can indicate concealed damage inside.

If there is any sign of water ingress in the vehicle, all packages on that vehicle should be inspected to ensure there are no hidden water damages found later.

UPM considers hidden damages to be those damages located on the bottom end cap of the roll which cannot be seen when the roll is sitting on end on the warehouse floor.

If damage is concealed, customer claims must be submitted within 60 days of the damage being discovered. Please include a clear picture of the end cap if possible so the damage can be investigated.

Transit claims are to be submitted through UPM’s E-claims portal on the UPM Customer Online site. For follow up information, please contact **na.transit@upm.com**

The following supporting documents should be attached to the claim:

1. If rail delivery, a copy of the damage notification & confirmation.
2. If truck or intermodal delivery: a driver-signed copy of the original shipper’s bill of lading with damages noted
3. A copy of the shipment manifest noting the damage
4. Pictures of damages. On water, core or whole roll damage claims, a picture showing roll ID or label is required.

All inspection rules still apply - UPM reserves the right to inspect or survey the damage in order to establish the extent of the loss, its cause and other relevant facts bearing on the matter. UPM may arrange a joint survey with the insurers and/or carriers or other liable third party.

1. **Minimize the damage**

The consignee must prevent further damage by taking protective measures regarding the damaged shipment. Damaged goods should be handled with care and should be separated. Do not destroy or dispose of damaged goods without UPM’s knowledge and approval.

1. **Claims acceptance and customer credit**

UPM’s customers will be entitled to a credit against their purchase order once a proper claim has been received and approved by UPM. UPM will not accept a claim for less than 200 pounds or less than or equal to $100 in value. The claim and supporting documents must comply with this policy. The subsequent dollar amount of the credit will be determined by the value of the claim. UPM aims to credit customers within 10 working days of claim submission.

1. **Salvage and Disposition of Paper**

Unless otherwise notified, UPM retains ownership rights to any transit damaged paper for which a Transit Damage Claim is filed. The following guidelines apply concerning the salvage and disposition of transit-damaged paper.

**Less than Complete Package:** The customer or printer is responsible for disposition of the paper. If necessary, once the claim has been settled, the customer or printer can request a letter of disposition. If the stripped paper roll cannot be weighed, the weight of the stripping waste is gauged as follows:

**WX = WO \* (1-(D1/DO^2)**

D1

DO

**Where,**

**WX= Weight of Strip Waste** D

**WO= Original Weight**

**DO= Original Diameter**

**D1= New Diameter**

**Complete Package(s) Claimed:** The paper will belong to UPM, and UPM will authorize disposition of the damaged paper. UPM or a surveyor acting on behalf of UPM will negotiate any salvage value directly with a third-party salvage company or the carrier. After 90 days, the printer can dispose of the paper. Any salvage proceeds obtained by the printer via a third-party salvage company must be paid to UPM.

**Partial Package (s) Claimed:** Documentation is still required for partial roll damages.

1. **BOL must be signed with damage**
2. **If photographic evidence is used, the roll must be opened up and damage depth measured.**
3. **In lieu of opening up rolls, estimated damage may be filed. However, the printer, upon UPM request, shall provide actual strip waste due to damage recorded at press.**