

Hallmark Cards PLC

Terms and Conditions of Purchase

2nd January 2002

We agree to the Terms and Conditions outlined in this document.

Signed

Name & Position in Company

On behalf of

Date

TERMS & CONDITIONS OF PURCHASE

This document outlines the requirements that are necessary to ensure the smooth ordering, manufacture and delivery of purchased components and services. The Terms and Conditions of Purchase detailed will apply to all orders place by Hallmark Cards PLC.

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1. **INTERPRETATION**

- 1.1. In these conditions-
 - 1.1.1. "The Company" means Hallmark Cards PLC
 - 1.1.2. "The Supplier means the Company named as such in this document
 - 1.1.3. "The Contract means the agreement between the Company and Supplier for the supply of the Goods including the order, all artwork, specifications, films, drawings and samples
 - 1.1.4. "Force Majeure" means in relation to either party, any circumstances beyond the reasonable control of that party.
 - 1.1.5. "The Goods" means all goods, materials, finished products, or services which the Supplier is required to supply under the contract.

2. **CONFIDENTIALITY**

- 2.1 The graphic design and specification of the Goods remain the property of the Company at all times and under no circumstances shall be divulged to any third party either orally or in writing.
- 2.2 All goods, patterns, materials, drawings, specifications and other data provided by the Company in connection with any order will remain at all times the property of the Company and are to be securely stored by the Supplier and will be available for collection by the Company on written notice within normal business hours.
- 2.3 All orders shall be treated as confidential between the Company and the Supplier and shall not be disclosed by the Supplier or any sub-supplier or assignee of the Supplier to any third party or used by the Supplier or any sub-supplier or assignee for sale, advertisement, display or publication without prior written consent of the Company.
- 2.4 The Supplier, the Company, their employees and agents shall at all times keep confidential and secret and shall not disclose to any person other than a person authorised by the Company all information and other matters acquired by them in connection with the Contract.
- 2.5 The Supplier shall not advertise or publicly announce that it is supplying the Goods or undertaking work for the Company without the prior consent of the Company.

3. SPECIFICATION

- 3.1 The Goods must match in quality and type the descriptions, specifications, work tickets, patterns, iris proofs and samples provided by the Supplier. These goods shall comply with the relevant British and European Standards. The Goods supplied shall be of satisfactory quality fit for the purpose for which they were bought and have been produced in a competent manner of sound materials and of the nature, substance and quality described in the order.
- 3.2 The barcodes are part of the specification and must be able to be successfully scanned.
- 3.3 In performing the Contract the Supplier shall exercise proper care and skill to ensure the Goods are fit for the purpose for which they were specified.

4. OVERS/UNDERS POLICY

- 4.1 The Goods must be delivered at 100% of the order quantity, with the exception of Paper & Board (4.2). No unders or short deliveries will be accepted. Overs will be accepted on delivery but these MUST NOT be included on the invoice and the Company will pay only for the quantity of the Goods ordered. It is the responsibility of the Supplier to ensure this is adhered to. The availability of any overs that a supplier wishes to collect from the Company cannot be guaranteed.
- 4.2 The overs and unders policy for Paper and Board is to be agreed in writing between the Company and the Supplier prior to supplying any materials.

5. PRICE AND PURCHASE ORDER

- 5.1 Prices must be confirmed in writing by the Supplier to the Company.
 - 5.5.1 This quote must detail all origination, formes, storage, packing materials, labelling, loading and delivery to the address stated on the order.
- 5.2 Where a separate price contract has been agreed between the Company and Supplier, these prices will apply to all subsequent orders for the same items unless agreed in writing with the Company. Requests to increase prices must be made at least three months in advance of their intended implementation date, but will not apply unless expressly agreed in writing by the Company. Any agreement to increase prices will not apply to orders placed by the Company prior to the date of such agreement.
- 5.3 In respect of any purchase orders sent to the Supplier, written confirmation must be returned to the Company within 48 hours confirming acceptance of all delivery dates, quantities, prices and any other terms stated on the order.

6. CANCELLATION

- 6.1 The Company reserves the right to cancel an order or any part of the order by notice in writing to the Supplier.
- 6.1.1 Where the Goods or any of them are not in accordance with approved samples, specifications, or are defective in workmanship or materials.
- 6.1.2 If the Supplier becomes bankrupt, or commits an act of bankruptcy, or has a Receiver or Administrator or Liquidator appointed.
- 6.1.3 If the Supplier cannot deliver the goods on the agreed date.

7. DELIVERY

- 7.1 Goods shall be delivered by the Supplier, carriage paid, and must be supplied according to the instructions on the purchase order, including the delivery address and date specified.
- 7.1.1 If collection by the Company's own transport has been arranged and the Goods are not available at the date and time agreed, a fee of £18/hour will be charged for waiting time.
- 7.2 Delivery dates agreed by the Supplier must be adhered to. The Supplier will be held responsible for any cost incurred due to production stoppages which are a result of late delivery.
- 7.2.1 Part deliveries are not acceptable. If the Supplier does not have 100% of the quantity of an order available on the agreed date then the delivery must be made at a time when 100% of the quantity of the order is available. This will be deemed to be a late delivery for the purposes of paragraph 7.2.
- 7.2.1.1 If the Contract provides for split deliveries, each delivery will be treated as a separate order for the purposes of paragraph 7.2.
- 7.2.2 Where it is foreseen by the Supplier that a delivery cannot be made by the agreed date, they shall forthwith contact the Company. The Company reserves the right to cancel any affected orders.
- 7.3 The Supplier shall make a definite booking with the Company's Goods-In department prior to delivery. All bookings must be made before 12.00 noon the day before the delivery is due. Any booking made after this time cannot be guaranteed to be accepted and this will be deemed to be a late delivery. (7.2).
- 7.4 When booking deliveries in, the following information must be available.
- purchase order number
 - part/sheet reference number
 - quantity to be delivered
 - number of pallets
 - number of cartons
 - whether full or part delivery
 - the name of the carrier

- 7.5 The Company reserves the right to refuse any deliveries that are not booked in or that are attempted outside the allocated booking in time.
- 7.6 The delivery note must match the purchase order form, for example, if cartons of finished stock are ordered, the delivery note must state the number of cartons and the Company must be invoiced for the cartons, not single packs.
- 7.7 All delivery documentation must be sent with the delivery. One delivery note must be given for each order placed. The delivery note must contain the following details:
- the Supplier's name and address
 - delivery address
 - the Company's order number
 - the Company's part/sheet reference number
 - delivery note/advice note
 - date of despatch and delivery
 - number of items/per carton
 - number of cartons or sheets/pallet
 - total quantity of product delivered
 - product description
- 7.8 Suppliers must obtain a clear signature from the Goods-Inwards department, in addition to this the name must be printed clearly. Goods are signed for unchecked.
- 7.9 If the Goods are delivered to a third party on the Company's behalf, it is the Suppliers responsibility to provide a copy of the delivery note to the Company's purchasing department to ensure the goods are receipted against the order.
- 7.10 Pallet Specification – the Company's standard pallet requirements are as follows:-
- the pallet must be 1200mm x 1000mm x 75mm 4 way entry.
 - maximum height including pallet is
 - Dawson Lane – 1250mm
 - Altham - 1140mm
 - The goods must be securely shrink or stretch wrapped.
 - Components delivered to Bradford must be strapped across the width and breadth of the pallet, with corner ties in each corner.
 - The pallet should not be damaged in any way nor have any sharp or jagged edges protruding.
 - Goods must be delivered on G.K.N. pallets unless otherwise specified.
 - Raw material palletisation will be agreed at the time of the order.
 - The longest side of the pallet must not have cross pieces between the blocks.
 - The maximum pallet weight in 1250KGS

- All material is to be packed coated or print receptive side up unless otherwise requested by the Company.
- In the case of paper & board all pallets must be suitable for continuous feed, with slats parallel to the shortest dimension and a minimum of 20mm apart. The thickness of the slats should also be a minimum 20mm.
- Pallets should be loaded onto vehicles in single stacks only and spaced so that unloading can be carried out safely and without damaging the material.
- No counting tabs are to be left in the material by the sheeters.
- In the case of Altham, the minimum clearance from floor for entry is 11cm, the maximum block width is 11cm and the minimum size of pallet on entry side is 64cm

7.11 Reel Specification

- All narrow reels (142 to 310mm wide) to be wound to 1250mm O.D on a 150/152mm core. Narrow reels are to be packed in 3's or 4's.
- All wide reels (500 to 1015mm wide) to be wound to 1000mm O.D on a 76mm core.
- The only exceptions to the above rule is for coreboard and test3 where the following apply; 77 and 102mm core board, 500mm and 700mm Test 3 to be wound to 800mm OD on 76mm core. All narrow reels of Test 3 to be wound to 1000mm O.D on a 76mm core and delivered on pallets contrary to the next point.
- Reels are to be delivered "Chimney Stacked / on end" not on the roll and not on pallets.
- All reels must be wrapped with a suitable moisture barrier and have core bungs wherever possible, especially on narrow reels and metallised paper.
- Pallet labels must show; Material Name, Size, GSM, Metres, Gross weight, Reference number and order number (where known at time of making).
- Maximum pack weight is 1000 Kgs
- Delivery notes should be accompanied by a reel specification sheet, which shows the pack weight (as opposed to individual reel weights – for narrow reels) and the metreage (for wide reels).
- All materials must be delivered on vehicles where access can be gained from the side.

7.12 Pallets containing components are non-returnable unless agreed in writing by the Company.

7.13 Pallets and cartons shall all be labelled with the following relevant information:-

- the Supplier
- the product code/reference number

- description of the product
- quantity
- purchase order number
- date of delivery
- barcode number (if applicable)

7.14 Goods must not be mixed on pallets.

7.15 Cartons must be sealed with tape.

7.16 Failure to meet any of the above conditions will render the Supplier in breach of the Contract. In these circumstances the Company reserves the right to reject any deliveries. Goods rejected after delivery shall be removed by the Supplier at its own expense within 3 working days from the date of notification of rejection. If the Supplier fails to remove them within this period the Company may return the rejected goods at the Suppliers risk and expense, and charge the Supplier the cost of storage from the date of rejection, or dispose of the products without compensation to the Supplier.

8. REJECTION OF GOODS

8.1 It is the Company's policy to inspect a percentage of incoming Goods at random. These Goods will be inspected within a reasonable period of time after delivery and may be rejected if found to be defective or inferior in quality to, or differing in form or material from the Contract.

8.2 The Supplier shall be notified of any defect, shortage or damage during transit immediately and will be given the opportunity to investigate the problem.

8.3 The whole of any consignment may be rejected if a reasonable random sample of the Goods taken from the consignment is found not to conform to the contract.

8.4 The Company's right of rejection shall continue irrespective of whether the Company has in law accepted the Goods. In particular taking delivery, inspection, use or payment by the Company of the Goods or part of them shall not constitute acceptance, waiver or approval.

8.5 Goods rejected shall be removed by the Supplier at its own expense.

8.6 Goods may be replaced by written agreement from the Company.

8.7 The Company reserves the right to recover its costs and damages and negotiate consequential losses arising from lost sales as a result of the Company rejecting the Goods or if there is any delay in delivering the Goods to the Company.

9. **FORCE MAJEURE**

- 9.1 If either party is affected by Force Majeure it shall promptly notify the other party of the nature and extent of the circumstances in question.
- 9.2 Neither party shall be in breach of the Contract, or otherwise be liable to the other, for any delay in performance or the non-performance of any of its obligations under the Contract, to the extent that the delay or non-performance is due to any Force Majeure of which it has notified the other party.
- 9.3 If at any times the Supplier claims Force Majeure in respect of its obligations under the Contract with regard to the supply of the Goods, the Company shall be entitled to obtain from any third party such quantity of the Goods as the Supplier is unable to supply.
- 9.4 If the circumstances causing the Force Majeure persist for two weeks or more, then either party may give written notice to the other terminating the Contract.

10. **INVOICING**

- 10.1 All invoices must be sent to:
- Accounts Payable Department
 - Hallmark Cards Plc
 - Dawson Lane
 - Dudley Hill
 - Bradford
 - BD4 6HW

This applies to all orders placed by all divisions of the Company. Invoices may only be submitted after the Goods have been delivered and signed for.

- 10.2 All invoices must correspond with the Company's purchase order. If an order for cartons of finished product is placed, then the invoice must be for cartons not single packs.
- 10.3 For each product listed there must be the following information:-
- the Company's purchase order number
 - product /sheet reference number
 - product description
 - date of delivery
 - packs per outer (if applicable)
 - unit quantity delivered as per purchase order and delivery note
 - net cost price without discount
 - discount detailed per item
 - VAT rate (code) – an invoice must not contain mixed VAT rates on the same code
 - Goods value, total value (ex VAT), total VAT (for each rate of VAT for each section)
 - Total payable before settlement discount

- 10.4 Invoices should be submitted within 30 days of receipt of the Goods.
- 10.5 Statements must show items listed by type (invoices, credits, adjustments) in date sequence and numerical sequence within date.
- 10.6 Unpaid items on previous statements should be carried on to subsequent statements until they are cleared.
- 10.7 Stock and non-stock items must not be on the same invoice.
- 10.8 All credit notes should be sent to:

Accounts Payable Department
Hallmark Cards Plc
Dawson Lane
Dudley Hill
Bradford
BD4 6HW

- 10.9 All credit notes should include the following information:-
- the Supplier's name and address
 - delivery name and address
 - delivery note number
 - credit note number and date
 - reference to invoice number and date
 - the Company's purchase order number
 - product/sheet reference number
 - product description
 - date of delivery
 - unit quantity credited
 - net cots price without discount
 - VAT rate (code) – a credit note must not contain mixed VAT rates on the same line
 - goods value, total value (ex. VAT), total VAT (for each rate of VAT for each section)
 - total credited

11. **PAYMENT TERMS**

11.1 Payment for the Goods shall be due 70 days after the end of the calendar month in which the Goods are invoiced.

12. **SUB-CONTRACTING**

12.1 The Supplier shall not assign or transfer an order whether in whole or in part without the prior written consent of the Company.

12.2 If a Supplier, with written consent from the Company, sub-contracts an order, whether in whole or in part, it will not relieve the Supplier from any of these terms and conditions

13. **INSOLVENCY**

Either Party may at any time by notice in writing terminate the Contract without compensation to the other Party in any of the following events:-

13.1 If the Party, being an individual, or, where the Party is a firm, any partner in that firm shall at any time become bankrupt, or shall have a receiving order, administration order or interim order made against him, or shall make any compensation or scheme of arrangement with or for the benefit of his creditors, or shall make any conveyance or assignment for the benefit of his creditors, or shall purport to do so; or

13.2 The Party being a company shall pass a resolution, or the court shall make an order, that the other Party shall be wound up (except for the purpose of amalgamation or reconstruction), or if an administrative receiver on behalf of a creditor shall be appointed, or if circumstances shall arise which entitle the court or a creditor to appoint an administrative receiver or which entitle the court to make a winding-up order or administration order;

Provided always that such termination shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue thereafter to the Party.

14. **VARIATION IN CONDITIONS**

14.1 All the Goods shall be supplied in accordance with these Terms and Conditions. Any conditions which the Supplier may seek to impose and which in any way add to, vary or contradict these Terms and Conditions shall be excluded and not form part of the Contract, unless agreed in writing by the Company.

14.2 The Company shall not be liable for any Goods supplied that do not have an order issued on the Company's printed order form duly signed on behalf of the Company.

15. **INDEMNITY**

The Supplier shall indemnify the Company against all actions, claims, costs and penalties arising from any contravention of any statute, regulation or non statutory requirement or from any cause whatsoever arising out of or involving any goods supplied by the Supplier including, without limitation, any claim arising out of any defect in the Goods and also against any claim made against the Company for infringement of patent copyright trade mark or registered design.

16. **LAW**

The contract shall be governed by the laws of England and be subject to the exclusive jurisdiction of the English courts.