



ITALIAN GROUP PAPER BAGS MANUFACTURERS

General conditions of sale applicable to large capacity paper bags

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Italian Association of Printing
and Paper Converting Industries

1. SCOPE

These general conditions cover all contracts of sale stipulated between the vendor and the customer.

Derogations from these general conditions bind the seller only if agreed in writing.

If one or more of these general conditions is invalidated or becomes ineffective for any reason during the execution of the contract, the other conditions shall still apply.

2. NORMATIVE REFERENCES

- Terminology and types of paper bags
UNI EN 26590-1
- Description and measuring methods
UNI EN 26591-1
- Drop test
UNI EN 27965-1
- Test conditions
UNI EN 26599-1
- Method of sampling empty bags for tests
UNI EN 27023
- Dimensional tolerance
UNI EN ISO 8367-1
- Interest in arrears
Decreto Legislativo 9 ottobre 2002,
n. 231, art. 5

3. NEGOTIATION AND CONCLUSION OF THE CONTRACT

3.1. OFFER

Unless otherwise expressly stated, estimates provided by paper bag vendors are binding for a period of not more than fifteen days from receipt thereof by the customer.

Estimates provided to customers shall include the following essential information:

- bag format and type
- quantity requested
- preparation of the bag with indication of the basic weight of the various sheets

- subject to be printed
- type of yield
- approximate date of production and delivery
- delivery terms and shipment procedures
- payment terms
- price

3.2. ORDERS

Orders are only considered final once the customer has sent a formal order in writing and/or the vendor has confirmed the order with an official order confirmation.

Orders that fail to reflect the contents of an estimate are subject to the vendor's acceptance and approval.

Customers' orders shall therefore specify:

- the quantity of bags ordered
- the measurements and the technical characteristics of the bags, as well as the weight and the types of paper and other materials used to make them
- all other necessary information, such as price, delivery date, payment and delivery point and any graphic information.

3.3. ORDER CONFIRMATION

Unless the contract has been concluded instantaneously, the goods delivered immediately thereafter and the bill duly issued, customers' orders, given both directly to the vendor and via his agents or other intermediaries, must be expressly accepted in writing by the vendor by means of an order confirmation.

On receipt of the order confirmation, or anyway not later than 24 hours from receiving it, the customer shall notify the vendor of any discrepancy compared to his order, otherwise everything will be considered fully accepted.

For anything not stated in the customer's order, the vendor's technical/qualitative standards shall hold good.

Contracts shall always be understood to be concluded in the vendor's place of residence.

3.4. MODIFICATION OR CANCELLATION

The cancellation or partial or total modification of an order is neither acceptable nor valid unless the two parties agree thereto. In this case, the materials and any other expenses already incurred by the vendor will be invoiced to the customer.

Unless the two parties have agreed otherwise, the vendor is entitled to demand the whole conclusion of the order.

4. PRICE

The prices agreed upon are above all charges, duties and present or future taxes, which are exclusively at the customer's charge.

5. PRELIMINARY AND PREPARATORY WORK

Unless otherwise agreed, the customer shall pay all the expenses incurred for the preparatory and preliminary work done by the vendor. He shall therefore pay the expenses incurred by the supplier for printing sketches, graphic layouts, models, films, printing plates and impression cylinders prepared and, anyway, supplied by the vendor for the purpose of product approval.

All expenses referred to in the previous point will be invoiced to the customer if there has been no follow-up after one month from the date on which the cost was incurred.

6. PRODUCT EXECUTION

6.1. IDENTIFYING THE COMPONENTS

The sheets are conventionally analyzed from the outside of the bag to the inside; the first sheet is therefore the outer one and the last one is the inner one (sheet in contact with the packed product).

6.2. RAW MATERIALS

Unless otherwise agreed in writing, for all orders the vendor is entitled to choose and use the materials and machining processes on condition that the product supplied corresponds to the technical specifications agreed with the customer.

6.3. PRINTING

6.3.1. Artistic and industrial property rights

The customer is the only party liable for any infringement of third-party rights and in particular of copyright and rights connected with trademarks, names and drawings to be printed on the bags ordered, as well as for any reproduction of the form of the outer appearance of third-party products.

The customer shall hold the vendor harmless from the prejudicial effects of any actions on the part of third parties claiming that such rights have been infringed.

Any work involving creative input according to the law on artistic property (drawings, photos, prints, films, printing plates, etc.) carried out by the vendor or commissioned by the vendor to third parties remain the exclusive property of the vendor and shall not be transferred to the customer unless a prior agreement has been stipulated to that effect.

6.3.2. Printing quality

The quality level of the printing is connected with the particular production batch.

The printing batch is decisive for any assessment, estimate and definition of the final product quality understood in terms of the visual chromatic result and definition of the outlines.

Printing shall always be seen to correspond to the "current commercial quality" in terms of the tolerance of the colour shade, variations in location and positioning and any buckling of the clichés.

For the colour tone, a Delta E less than or equal to 4 is permitted.

Unless otherwise agreed in writing, the vendor uses normal printing inks and cannot therefore guarantee that the printing inks will be particularly resistant to

light, neither is he liable for any variations in colour shades; consequently, any such variations cannot justify any refusal on the part of the customer to receive the goods or to ask for a reduction in price.

Even if the Pantone numbers (or other scales) have been provided, the colours are always only indicative since the resulting shade is the fruit of various components (paper, porousness, absorbency, thickness, supply of inks and corresponding supplier, printing press, etc.) which can greatly affect the end result.

The printing systems will be eliminated (disposed of) in accordance with their wear and/or the time that has elapsed since their first use. After this period of time, which can vary from six months upwards, the printing systems undergo a natural decline and will no longer be able to guarantee printing in line with the vendor's quality standards.

6.3.3. Approval of the proofs

In the case of creating a new item, in order to ensure that the customer's specifications have been correctly interpreted, the vendor shall get the latter to sign the new proofs by way of acceptance.

The proofs are only presented to the customer if he expressly asks for them or if the vendor considers it necessary or appropriate to show them to him. On this point, since the proofs supplied by the customer or by the vendor are almost always prepared on special proof presses with oil paints and inks, which have completely different characteristics from industrial water inks used in printing, it is obvious that the industrial result may be quite considerably different from the proofs, also due to the different production procedures.

The customer's signature will exonerate the vendor from all responsibility for errors or omissions and for any discrepancy between the supplied product and the original used by the customer and in general from the contractual description of the product.

In the absence of the customer's written signature of approval, any verbal consent given by the customer shall free the vendor from liability.

The proofs are understood to be tacitly approved and accepted, even in the absence of written or verbal approval, unless the customer has provided different instructions in the time that elapsed between sending the proofs and starting production.

If the customer requests any last-minute retouches (for example, either to add extra phrases or to move words or parts) to the established graphic layout, thus causing the printing plate to be re-made or causing a standstill while waiting for the printing press, all the corresponding costs incurred directly or indirectly by the vendor will be charged to the customer on top of the agreed price.

If the customer considers the colour shade to be particularly important, he shall agree with the vendor to be present when the first copies are printed so that he can give his approval.

6.3.4. Bar code

If a customer requires a bar code for optical reading to be printed, the vendor cannot be held responsible for the laser reader's refusal to read it or for any incorrect reading even if it is proved that such an inconvenience is caused exclusively by a printing defect attributable only to the vendor, since the technical-physical characteristics of the paper can cause the printed lines to vary considerably. Greater guarantees of precision can only be given by agreeing specific solutions with the customer.

If the customer requests a derogation from the normal rules governing the use of bar codes, he has to specify as much in the order and shall exonerate the vendor from liability.

6.3.5. Vendor's logo and codes

The vendor distinguishes his products by printing or anyway getting his own logo and/or his own reference code put on them, likewise any symbols needed to identify the packaging in the recycling process and/or to facilitate the same.

The codes placed on each bag allow the traceability of the product, both upstream (suppliers) and downstream (recipients of the product).

6.4. PRODUCTION TOLERANCES

6.4.1. Tolerance of basic weight and thickness

Tolerance of the basic weight for each sheet of paper used to produce the bags is set at +/- 5%, while bags produced with coupled materials are allowed an average tolerance for each sheet of +/- 10% of the agreed basic weight.

The vendor is entitled to supply bags with individual sheets of different basic weights as long as the number of sheets and the overall basic weight remains unchanged, calculated with the tolerances indicated above.

Tolerance thickness for the plastic materials used to produce the bags is set at:

- up to 15 μ +/- 25%
- between 15 μ and 30 μ +/- 15%
- between 30 μ and 50 μ +/- 13%
- over 50 μ +/- 10%.

6.4.2. Dimensional tolerance

Reference is made to the standards UNI EN 26591-1 (description and measuring methods) and UNI EN ISO 8367-1 (dimensional tolerance) or, in other words:

open-mouth bags:

- bag length +/- 10 mm
- bag width +/- 5 mm
- bottom width +/- 5 mm
- bellows width +/- 3 mm

valve bags:

- bag length +/- 10 mm
- bag width +/- 5 mm
- bottom width +/- 5 mm
- valve width 0/+ 5 mm
- valve length +/- 5 mm

6.4.3. Quantity tolerance

Acceptable quantity tolerances compared to the order are as follows:

- fewer than 5,000 bags +/- 25%
- between 5,000 and 10,000 bags +/- 15%
- between 10,000 and 25,000 bags +/- 10%
- between 25,000 and 100,000 bags +/- 8%
- over 100,000 bags +/- 5%

6.4.4. Quality tolerance

Reference is made to the standards UNI EN 27023 (empty bag sampling method), UNI EN 26599-1 (conditioning for tests) and UNI EN 27965-1 (drop test).

Two types of product non-conformity are defined, to which the customer may give quite different importance:

- A. Critical non-conformities which considerably reduce the possibility of the customer using the bag or which make it completely useless for the designated purpose.
- B. Significant, but not critical, non-conformities, which in some way affect the use of the bag but enable it to be used normally or with some precaution at the filling stage.

Critical non-conformity tolerances, point A, can go up to the following limits (tolerance per cent):

- lot including fewer than 5,000 bags 5%
- lot including 5,000 to 10,000 bags 4%
- lot including 10,000 to 25,000 bags 3%
- lot including 25,000 to 100,000 bags 2%
- lot including over 100,000 bags 1%

This top limit must be verified over the entire lot of produced goods and not on a part of it or on the individual pallets.

7. PACKAGING AND TRANSPORT

Barring special agreements, the vendor will use the normal packaging standards in terms of type and size of the pallets, quantity of bags and protection for the same.

On request, the same number of CP1 type pallets or Europallets shall be returned; if they are not returned, they will be billed at cost price.

If the goods are billed according to weight, the price will be calculated on the gross weight (including the packaging materials and the pallet).

Any special packaging will be debited at cost.

8. DELIVERY

To all effects, the transfer of ownership of the goods and the related risks of damage and/or loss will be transferred to the customer according to the delivery terms specified in the vendor's order confirmation, respecting international regulations for the interpretation of commercial terms (Incoterms) of the International Chamber of Commerce.

The goods always travel at the customer's risk even when shipment is wholly or partially at the vendor's charge.

Unless otherwise agreed, delivery dates are never peremptory or binding in the customer's interest but are merely indicative and approximate. In no case, unless otherwise agreed in writing, shall the vendor be obliged to compensate the damage caused by not having delivered the goods in time.

The effective delivery terms are always extended for at least as long as any delays due to:

- late delivery to the vendor of raw materials expressly ordered from third parties;
- slowdowns, suspensions and interruptions of work caused by variations in the parameters of the final product agreed with the customer, and attributable to him.

If the goods are not to be carried to the customer's domicile or to another place designated by the

same, he is obliged to collect them in the agreed time.

If the customer does not arrange for the goods to be collected in good time, the vendor is entitled to return the goods to his own warehouse, and the customer shall then pay for such storage at the current market rates for such services, and/or to ship the goods to the customer who shall then pay the corresponding carriage costs.

For as long as the goods are thus stored, the vendor cannot be held liable for any loss or damage to the same for whatever reason.

In any case, any goods not collected by the customer in good time are billed on the day on which the goods readiness notice is communicated, and payment terms shall start from that day.

9. PAYMENT

Payment expiry terms are as established in the regulations in force in the EU.

Out-of-pocket expenses for stamp duties, certifications, legalization, duties and taxes shall always and anyway be paid in advance.

The place of payment is to all effects the vendor's domicile whatever means of payment is agreed upon.

Cheques and other instruments are acceptable subject to collection.

In the event of delays in payment the customer is bound to pay interest at the same rate as:

- the official Euribor rate at a one-month term for payments made within 20 days.
- the average monthly Euribor rate +50% and anyway not more than 5 points for payments over and above 20 days with any bank charges at the customer's charge.

When several contracts have been concluded between the customer and the vendor and a controversy arises regarding the goods involved in one or more particular sales, the customer is not

entitled to suspend payment of the other no disputed supplies.

Again, in the case of several contracts, if the costumer fails to pay the price even of one single supply, the vendor can suspend the supplies under way and refuse to fulfil the other contracts, in any case, without detriment to his right to compensation for the damage.

If the payment terms have been established, the vendor can immediately demand payment of the amounts due to him if, during the execution of the contract, the costumer is having trouble, even temporarily, maintaining his own commitments.

10. INSPECTIONS AND CLAIMS

Within eight days from receipt of the goods, the costumer shall check the conformity thereof. Non-conformity claims shall be made, with appropriate justifications, within the following 22 days (i.e. within 30 days from receipt of the goods).

Moreover, regardless of the vendor's declaration that the bags sold comply with current standards and with the agreed specifications, before using them in a commercial or industrial context, the costumer shall follow suitable technical control procedures to verify that they comply with the aforementioned standards and that they are technologically suitable for their designated purpose.

If a non-conformity with such standards or specifications fails to emerge from the costumer's inspection or, if it emerges but he fails to notify as much to the vendor in writing with a registered letter or certified e-mail within eight days, or anyway within and not later than thirty days from receipt of the goods, the vendor is exonerated from any guarantee or liability regarding the costumer.

Also, by way of derogation from art. 1745, paragraph 1 of the civil code, the costumer's claims shall be made in writing exclusively to the vendor by means of registered letter or certified e-mail.

Without detriment to the first and second paragraphs of this article, hidden quality defects must also be reported within and not later than eight days from discovery.

Claims made by the costumer cannot be accepted if they concern alterations affecting every single part of the bags (paper, colour, glue, printing, etc.) caused by exposure to light, to heat and to the substances with which the bags come into contact, because the vendor's guarantee does not include such alterations. Neither are the costumer's claims acceptable if, due to improper storage, on his part, of the goods consigned to him, these undergo alterations and anyway become even partially unsuitable for the designated purpose.

11. CONSERVATION AND EXPIRY

The goods must be stored by the costumer in a dry and well-ventilated place, on non-overlapping pallets without any plastic films. The temperature must not be lower than 10°C and higher than 35°C and the relative humidity between 40% and 60%. Direct exposure to sunlight and heat sources must be avoided.

Shelf life: The correctly stored product is exposed to the risk of possible deterioration of its characteristics, in case of storage for periods exceeding 12 months.

The goods contested by the costumer shall be kept at the vendor's disposal for inspection, without this affecting the costumer's duty to provide detailed proof in support of his claim. Contested goods cannot be returned to the vendor without his authorization.

Without detriment to the vendor's responsibilities contemplated in this and in the previous conditions, if quality defects or anyway non-conformities of the goods do exist, and are judicially ascertained or found by the vendor, and in any other case in which the vendor is ascertained or acknowledged to be defaulting as regards the product sold, the costumer has the right, to be exercised within two months from the aforementioned ascertainment or

acknowledgement, to ask the vendor for the defective or anyway no conforming goods to be made respondent to what was agreed. In this case, the vendor can either recondition the goods or replace them. The term of two months granted to the costumer is peremptory and is valid as the expiry term, to all consequent effects.

Under no circumstances the vendor is required to compensate the costumer for damages, either direct or indirect, such as loss of production, damage to things or people, damage to image, etc.

12. UNFORESEEN DIFFICULTIES AND DIFFERENT PERFORMANCE

If the production of a specific raw material or the use of a particular technical process ceases during the execution of the contract, thus preventing the vendor from delivering the agreed merchandise, the vendor is entitled to examine with the costumer the possibility of delivering a similar product; if the price of such product cannot be agreed upon, it is set by a third party designated by the parties, or, if they fail to agree on such a third party, by the General Director of the Associazione Nazionale Industrie Grafiche, Cartotecniche e Trasformatrici. Otherwise, the vendor is entitled to cancel the sale.

However, for both parties, the possibility of withdrawing from the contract remains, even if only limited to products that have not already been partially processed.

13. LAW GOVERNING THE CONTRACT AND JURISDICTION OF COMPETENCE AND CIVIL MEDIATION OBLIGATION

The contract is regulated according to Italian law.

For any controversy, jurisdiction lies exclusively with the Italian Judge.

The competent judge is the presiding judge in the place in which the vendor has his domicile.

The parties undertake to resolve any dispute amicably. If this is not possible, the parties will resort to arbitration at a mediation body regularly registered with the Ministry of Justice and based in the municipality of domicile of the vendor, whose judgment will be final and therefore accepted unconditionally by both parties without the possibility of appeal.

14. FORCE MAJEURE

Either party shall not be liable or be deemed to be in breach of contract by reason of any delay in performance or any failure to perform any of its obligations if the delay or failure is due to any cause beyond its reasonable control ("force majeure") including, but not limited to, natural or environmental disasters, strikes, lockouts, insufficient supply of materials or energy, epidemics, legislative, judicial and governmental actions, quarantines, transportation problems and similar events or circumstances.

This clause applies even if the respective party's suppliers experience one of these force majeure events.

15. INFORMATION PURSUANT TO AND FOR THE EFFECTS OF ART. 13 OF THE EU GDPR 2016/679 RELATING TO PROCESSING OF PERSONAL DATA

For the processing of personal data, vendor and customer undertake to comply with the European Regulation 2016/679, in particular to allow the exercise of all the rights listed in articles 15 to 21 of the Regulation itself.