

Guidelines for Paper Stock: PS-2007–Domestic Transactions

Paper Stock: Domestic Transactions

Preamble

These standards and practices apply to paper stock for repulping only and are for use in the United States, Canada, and Mexico. Transactions may be modified by mutual agreement between Buyer and Seller.

Basic to the Success of any Buyer-Seller Relationship Is an Atmosphere of "Good Faith."

In keeping with this, the following principles have been established:

1. Seller must use due diligence to ascertain that shipments consist of properly packed paper stock and that shipments are made during the period specified.
2. Arbitrary deductions, cancellations and/or rejections by the Buyer are counter to acceptable good trade practices.
3. Seller shall provide the quality of paper stock agreed upon but shall not be responsible for the use of the paper stock or of the manufactured product.

I. The Purchase Agreement

Each transaction covering the purchase or sale of paper stock shall be confirmed in writing and include agreement on the following items:

1. Quantity

Where possible, the quantity shall always be specified in terms of a definite number of short tons of 2,000 lbs. each or metric tonnes of 2,204.6 pounds each.

- a. When the quantity is specified in tons or tonnes, the order shall be considered completed when aggregate shipments are 5% under or over the quantity ordered.
- b. When the quantity is specified in carloads or truckloads, a "load" shall be defined as a truck, trailer, or railcar loaded to full visible capacity not to exceed established legal weight limits.
- c. The Buyer and Seller may establish minimum carload and/or truckload weights.

2. Grades

Where possible, each grade purchased shall be specified in accordance with the grade as defined in SECTION VI herein.

3. Packing

Unit type, i.e.: bales, skids, rolls, pallets, boxes, securely tied bundles or loose should be specified.

4. Pricing and Terms

The agreed price and payment terms shall be clearly stated.

5. Shipping Terms

Shipping terms shall be indicated with the use of phrases such as "f.o.b. shipping point" or "f.o.b. delivered."

6. Shipping Instructions

Shipping instructions should clearly specify shipping schedule, route, carrier and destination.

7. Shipping Period

The shipping period shall be understood to be within the same calendar month of the date of the order unless otherwise specified.

II. Fulfillment by the Seller

The practice of the Seller shall be in accordance with the following:

1. Acceptance

All orders shall be confirmed in writing.

2. Grading

Paper stock sold under the grade names appearing in SECTION VI shall conform to those grading definitions.

3. Baling

Each bale must be secured with a sufficient number of bale ties drawn tight to ensure a satisfactory delivery.

4. Tare

If agreed to by the Buyer, sides and headers may be used to make a satisfactory delivery of the bales but must not be excessive. The weight of skids, Gaylord boxes and other similar materials shall be deducted from the gross invoice weight.

5. Loading

Paper stock shall be loaded as follows:

- a. Before they are loaded, railcars and trucks shall be free from objectionable materials and odors, and shall have sound floors and doors.
- b. All loads should consist entirely of one grade of paper stock unless otherwise agreed to. When two or more grades are included in the same load, units of each grade should be kept together in a separate part of the railcar or truck.
- c. Paper stock must be loaded in a manner that will minimize shifting and breakage. Excessive breakage due to improper loading can be cause for rejection.
- d. Paper stock shall be loaded in accordance with industry safety best practices.

Please refer to the following guide for valuable safety information: <http://www.isri.org/safeshipping>

6. Shipping Notice/Bill of Lading

Shipping by Truck

A bill of lading or shipping notice shall accompany each shipment to the Buyer and should include the following:

- a. Date of shipment
- b. Release number (if applicable)

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- c. Number of bales/rolls
- d. Grade of paper
- e. Name of trucking company, trailer number and driver's signature
- f. Shipper's signature

Shipping by Rail

When shipping by railcar, a bill of lading with shipping instructions shall be provided to the railroad and to the Buyer immediately upon release of the railcar and these documents should include the following:

- a. Date of shipment
- b. Release number (if applicable)
- c. Number of bales/rolls
- d. Grade of paper
- e. Car number
- f. Weighing instructions
- g. Routing
- h. Destination
- i. Shipper's signature

7. Invoicing

Invoices, if required, should conform to instructions on the order and include the following data:

- a. Date of shipment
- b. Railcar or truck number
- c. Customer's order number
- d. Release Number (if applicable)
- e. Shipper's invoice number
- f. FOB point
- g. Number of units (bales, rolls, skids etc.)
- h. Weight and grade
- i. Price and extension
- j. Payment terms

8. Rejection

When notified of a rejection, the Seller must, within two business days, advise the Buyer as to which of the following procedures the Seller has decided upon:

- a. Agree with the Buyer to a compromise acceptance and settlement.
- b. Inspect the quality of the rejected material. The inspection and final disposition by the Seller shall take place within three business days of the notification. By mutual agreement, this time limit may be exceeded.
- c. Order reshipment of the material.
- d. Request that the Buyer agree to submit the rejected shipment to arbitration.

III. Fulfillment by the Buyer

The practice of the Buyer shall be in accordance with the following:

Upon receipt of the shipment, the Buyer is to make all possible effort to inspect the contents while it is still loaded.

- a. **Acceptable Loads** (i.e. quality of paper stock, weight, bale integrity, moisture, order quantity, etc.)

- ▶ if the shipment appears to be in accordance with the order, the shipping notice and other parameters as established between the Buyer and the Seller, the Buyer shall proceed with the unloading and shall provide the Seller with the receiving weights within **three** business days of unloading.

- b. **Unacceptable Loads** (i.e. quality of paper stock, weight, bale integrity, moisture, order quantity, etc.)

- ▶ if the shipment does not appear to be in accordance with the order, the shipping notice or any other parameters as established between the Buyer and the Seller, the Buyer shall **immediately** notify the Seller.
- ▶ the Buyer shall set aside any portion of the shipment that is controversial and take reasonable care to protect that paper stock from any external deterioration or contamination until the final disposition of that shipment is determined.

Buyer has 21 days to downgrade or reject

- ▶ if the Buyer, at any time with **21** calendar days after receipt of a shipment, finds objectionable materials heretofore not visible, the Buyer shall have the right to downgrade or reject the paper stock and shall immediately notify the Seller. The Seller will then determine the final disposition of the shipment.
- ▶ in the event of a rejection, the Buyer shall be responsible for any paper stock used by the Buyer, and the attendant freight, other than such quantity as may be considered reasonable for laboratory sampling or testing purposes.

IV. Miscellaneous Practices

1. Ownership

- a. If the shipment is purchased "f.o.b. shipping point" and is in accordance with the agreement covering the transaction, it becomes the property of the Buyer when loaded on the transportation vehicle.
- b. If the shipment is purchased on a "delivered destination" basis and is in accordance with the agreement covering the transaction, it remains the property of the Seller until it is delivered to the Buyer by carrier.
- c. If the shipment is purchased on an "f.o.b. shipping point-specified freight allowed" basis and is in accordance with the agreement covering the transaction, it becomes the property of the Buyer when loaded on the transportation vehicle.

2. Demurrage Charges

- a. Any demurrage accrued on a shipment due to the failure of the Seller to ship in accordance with the order, except with respect to quality, is the liability of the Seller.
- b. In the event that a rejection for quality stands, any demurrage accruing on the shipment prior to notification to the Seller shall be the Buyer's liability.

- c. In the event that negotiation of a substantiated rejection for quality results in agreement by the Buyer to accept the shipment, then only the demurrage, following notification of rejection—and including 24 hours after the agreement—becomes the liability of the Seller. Demurrage accruing prior to and including the day of notification becomes the liability of the Buyer.

3. Carrier Selection

- a. F.O.B. Shipping Point. Selection of the carrier is at the discretion of the Buyer unless otherwise agreed.
- b. F.O.B. Delivered. Selection of the carrier is at the discretion of the Seller unless otherwise agreed. Should the Buyer specify a carrier or routing which results in a freight cost higher than would have occurred had the Seller selected the carrier or routing, the difference shall be charged to the Buyer.
- c. Any extra switching or excess freight charges accruing on a shipment due to the failure to the Seller to protect the agreed upon minimum rail rate or to ship in accordance with the agreement, is the liability of the Seller.

4. Weight Discrepancies

No debits, credits or adjustments shall be issued on any shipment of paper stock when the weight variation is 1% or less.

In the event that a discrepancy exceeds those parameters mentioned above as "allowable," the Buyer and Seller shall exchange copies of unloading and loading records showing individual bale weights. In the event that both parties have such records, and errors cannot be determined, it is recommended that the weight closest to the public carrier's scale weight be assumed to be correct. In the absence of such records on the part of one of the parties, the records of the other party shall govern.

5. Moisture content

- a. All paper must be packed air dry.

Where excess moisture is present in the shipment, the Buyer has the right to request an adjustment and if a settlement cannot be reached, the Buyer has the right to reject the shipment.

6. Replacement of Shipment

- a. In the event that any shipment is rejected due to quality:

Whether or not the shipment is to be replaced is to be decided by mutual agreement between Buyer and Seller.

7. Promptness of Shipment

In the event that shipments are postponed:

- a. On instructions of the BUYER, the Seller shall have the option of extending the time limit of the order by the same number of days of the postponement, or of canceling that portion of the order on which shipment was postponed. Seller shall promptly notify Buyer of option selected.
- b. On the instructions of the SELLER, the Buyer shall have the option of extending the time limit of the order by the same number of days of the postponement, or of canceling that portion of the order on which ship-

ment was postponed. Buyer shall promptly notify Seller of option selected.

V. Arbitration

1. In the event of a total disagreement between Buyer and Seller, the dispute should be submitted to ISRI arbitration.
2. In all cases, the cost of arbitration shall be borne by the party found to be at fault, or split in the event of compromise, as determined by the arbitrators.

VI. Grade Definitions

The definitions which follow describe grades as they should be sorted and packed. CONSIDERATION SHOULD BE GIVEN TO THE FACT THAT PAPER STOCK AS SUCH IS A SECONDARY MATERIAL PRODUCED MANUALLY AND MAY NOT BE TECHNICALLY PERFECT. Definitions may not specifically address all types of processes used in the manufacture or recycling of paper products. Specific requirements should be discussed between Buyer and Seller during negotiations.

Outthrows

The term "Outthrows" as used throughout this section is defined as "all papers that are so manufactured or treated or are in such a form as to be unsuitable for consumption as the grade specified."

Prohibitive Materials

The term "Prohibitive Materials" as used throughout this section is defined as:

- a. Any materials which by their presence in a packing of paper stock, in excess of the amount allowed, will make the packaging unusable as the grade specified.
- b. Any materials that may be damaging to equipment.

Note: The maximum quantity of "Outthrows" indicated in connection with the following grade definitions is understood to be the TOTAL of "Outthrows" and "Prohibitive Materials."

A material can be classified as an "Outthrow" in one grade and as a "Prohibitive Material" in another grade. Carbon paper, for instance, is "UNSUITABLE" in Mixed Paper and is, therefore, classified as an "Outthrow," whereas it is "UNUSABLE" in White Ledger and in this case is classified as a "Prohibitive Material."

Glossary of Terms

A supplemental glossary of paper stock terms is located on page 53. The purpose of this limited list of terms is to help the user better understand specific grade definitions contained within this Circular.

(1) Residential Mixed Paper

Consists of a mixture of various qualities of paper not limited as to type of fiber content, normally generated from residential, multi-material collection programs.

Prohibitive Materials may not exceed	2%
Total Outthrows may not exceed	5%

(2) Soft Mixed Paper

Consists of a clean, sorted mixture of various qualities of paper not limited as to type of fiber content.

Prohibitive Materials may not exceed	2%
Total Outthrows may not exceed	5%

(3) Hard Mixed Paper (HMP)

Consists of a clean, sorted mixture of various qualities of paper containing less than 10% groundwood content.

Prohibitive Materials may not exceed	1/2 of 1%
Total Outthrows may not exceed	3%

(4) Boxboard Cuttings

Consists of new cuttings of paperboard used in the manufacture of folding cartons, set-up boxes and similar boxboard products.

Prohibitive Materials may not exceed	1/2 of 1%
Total Outthrows may not exceed	2%

(5) Mill Wrappers

Consists of paper used as outside wrap for rolls, bundles, or skids of finished paper.

Prohibitive Materials may not exceed	1/2 of 1%
Total Outthrows may not exceed	3%

(6) News

Consists of newspaper as typically generated from news drives and curbside collections.

Prohibitive Materials may not exceed	1%
Total Outthrows may not exceed	5%

(7) News, De-ink Quality (#7 ONP)

Consists of sorted, fresh newspapers, not sunburned, containing not more than the normal percentage of rotogravure and colored sections. May contain magazines.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1/4 of 1%

(8) Special News, De-ink Quality (#8 ONP)

Consists of sorted, fresh newspapers, not sunburned, free from magazines, white blank, pressroom over-issues, and paper other than news, containing not more than the normal percentage of rotogravure and colored sections. This grade must be tare-free.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1/4 of 1%

(9) Over-Issue News (OI or OIN)

Consists of unused, overrun newspapers printed on newsprint, containing not more than the normal percentage of rotogravure and colored sections.

Prohibitive Materials	None permitted
Total Outthrows	None permitted

(10) Magazines (OMG)

Consists of coated magazines, catalogues, and similar printed materials. May contain a small percentage of uncoated news type paper.

Prohibitive Materials may not exceed	1%
Total Outthrows may not exceed	3%

(11) Corrugated Containers (OCC)

Consists of corrugated containers having liners of either test liner, jute or kraft.

Prohibitive Materials may not exceed	1%
Total Outthrows may not exceed	5%

(12) Double-Sorted Corrugated (DS OCC)

Consists of double-sorted corrugated containers, generated from supermarkets and/or industrial or commercial facilities, having liners of test liner, jute, or kraft. Material has been specially sorted to be free of boxboard, off-shore corrugated, plastic, and wax.

Prohibitive Materials may not exceed	1/2 of 1%
Total Outthrows may not exceed	2%

(13) New Double-Lined Kraft Corrugated Cuttings (DLK)

Consists of new corrugated cuttings having liners of either test liner, jute, or kraft. Treated medium or liners, insoluble adhesives, butt rolls, slabbed or hogged medium, are not acceptable in this grade.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	2%

(14) Fiber Cores

Consists of paper cores made from either chipboard and/or linerboard, single or multiple plies. Metal or plastic end caps, wood plugs, and textile residues are not acceptable in this grade.

Prohibitive Materials may not exceed	1%
Total Outthrows may not exceed	5%

(15) Used Brown Kraft

Consists of brown kraft bags free of objectionable liners and original contents.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1/2 of 1%

(16) Mixed Kraft Cuttings

Consists of new brown kraft cuttings, sheets and bag scrap free of stitched paper.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	.1%

(17) Carrier Stock

Consists of printed or unprinted, unbleached new beverage carrier sheets and cuttings. May contain wet strength additives.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1%

(18) New Colored Kraft

Consists of new colored kraft cuttings, sheets and bag scrap, free of stitched papers.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1%

(19) Grocery Bag Scrap (KGB)

Consists of new brown kraft bag cuttings, sheets and misprint bags.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1%

(20) Kraft Multi-Wall Bag Scrap

Consists of new brown kraft multi-wall bag cuttings, sheets, and misprint bags, free of stitched papers.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1%

(21) New Brown Kraft Envelope Cuttings

Consists of new unprinted brown kraft envelopes, cuttings or sheets.

Prohibitive Materials	None permitted
Total Outthrows may not exceed	1%

(22) Mixed Groundwood Shavings

Consists of trim of magazines, catalogs and similar printed matter, not limited with respect to groundwood or coated stock, and may contain the bleed of cover and insert stock as well as beater-dyed paper and solid color printing.

