ANNEXES TO THE GENERAL SALES CONDITIONS

Annex No. 1. Allowed deviations for flexographic print quality by printing IML labels

GENERAL TECHNICAL DATA

Label type	In mold labels
Material	BOPP polymeric films for IML labels manufacturing
Printing type	Flexography
Number of colors + postpress jobs	CMYK + Pantone + varnishing
Color standard for first volume and print proof confirmation	Color standard could be: - color number in Pantone palette; - numerical value of color in the Lab coordinates; - printed sample provided by the customer. If the customer provides printed example as the original color standard, when minimal area of it should be not less than 5x5 mm. Such minimal area is necessary for spectrophotometric measurements. Customer 's sample should be printed on the same material as purchased IML label. If the package is manufactured according to the digitally printed proof: For CMYK colors – digitally printed proof agreed between customer and JSC Aurika. For Pantone colors – Pantone palette or Lab numerical value. Separately agreed with the customer, Pantone colors matching could be compared with the digital proof. If customer participates in the print confirmation then the original for repeated volumes is considered the print sheet signed by customer.
Color standard for repeated volumes and print proof confirmation	For CMYK colors – digitally printed proof agreed between customer and JSC Aurika. For Pantone colors – Pantone palette or Lab numerical value. If customer participates in the print confirmation then the original for repeated volumes is considered the print sheet signed by customer.

ALLOWED DEVIATIONS

Indicator name	Tolerance (limits)	Control method	Defect level* beyond tolerance limits
1. Color rendering accuracy	*For CMYK colors:* *ΔE<3* *For Pantone colors (not gradient):* *ΔE<3*	*For CMYK colors:* *Visually, under viewing conditions according to ISO 3664:2009 standard* *For CMYK colors:* *Measuring with spectrophotometer according to ISO 12647-7 and ISO 2846-5 (according to ΔE 2000 equation)* *For Pantone colors:* *Measuring with spectrophotometer according to ΔE 2000 equation. IML label must placed on a white paper sheet during the measurement*	*Major*
2. Dots/dashes in the print	*Dots greater than 0.5 mm diameter and dashes that area is greater than 0.3 mm² are not allowed if they damage general view of package or clarity of text.*	*Visually + magnifier with a 0.1 mm scale*	*Major*

3. **Color register accuracy**	*Max deviation ± 0.15 mm*	*Visually + magnifier with a 0.1 mm scale*	*Major*
4. **Ink offsetting and smutting**	*Not allowed*	*Visually*	*Critical*
5. **Ink adhesion**	*Min grade 2 (slight removal of ink, not more than 10% of the total area of IML label)*	*According to standard FINAT Test Method no. 21 (Ink adhesion basic)*	*Critical*
6. **Incomplete printing of image elements**	*Should not damage general view*	*Visually*	*Major*
7. **Incomplete printing of text elements**	*Should not damage text readability*	*Visually*	*Critical*
8. **Barcode readability**	*The barcode size, direction, color and place should match with approved softproof. The barcode verification could be carried out upon customers' request. In this case customer must indicate preferred grade of barcode readability.*	*Visually or with barcode verifier*	*Critical*
9. **Displacement of IML label image center during printing, slitting**	*General allowed tolerance of displacement of IML label image during printing, slitting - max 1.0 mm*	*Ruler and/or magnifier with a 0.1 mm scale*	*Major*
10. **IML label size deviation during cutting/slitting**	*Possible deviation of approved IML label size during:* *cutting: ± 0.5 mm,* *slitting: ± 0.5 mm* *The edges of IML label should be even, without tears or other defects.*	*Ruler and/or magnifier with a 0.1 mm scale*	*Major*
11. **Defects that prevent the separation of packed IML labels (electrostatics, mechanical adhesion, uneven edges)**	*Not allowed*	*Visually*	*Critical*
12. **IML label curvature**	*The edges of IML label may be lifted not more than 5 mm*	*Ruler*	*Major*

*The description of defects significance levels is given in Annex No. 2

Annex No. 2. Description of defects significance levels

DEFECTS SIGNIFICANCE LEVELS

Defect is a discrepancy that exceed the tolerance limits determined in technical requirements. Defects are divided into **critical, major** and **minor**:
- **critical** defects include defects that prevent the product for being used for intended purpose. Also defects that may lead to a damage in the functionality of the products being packed by customer (unacceptable view of the product in the shelf, there is a serious risk to the image of the brand that represent the IML label)
- **major** defects – such defects that significantly damage the view of the IML label and cause certain difficulties using the products but do not affect their functionality and do not cause serious risk to the image of the brand
- **minor** defects are those that do not affect the functional properties packed products of customer and do not cause problems using products.

The level of defect for the package is assigned according to the level of the most complicated defect found in it.

For determination of defect level, customer must to answer the following questions (by marking „x "appropriate box):

	Visual assessment		Functionality assessment
	Do not cause problems using product		Do not cause the functional properties of packed products
	Significantly worsen the view of IML label		Cause difficulties using products but do not damage their functionality
	The IML label could not be used for its purpose		Damage the functionality of packed products

🟩 - minor defect
🟨 - major defect
🟥 - critical defect

If its determined that defect is minor, JSC Aurika accept the note from customer.
If its determined that defect is major, the negotiations between JSC Aurika and customer are carried out.
If its determined that defect is critical, JSC Aurika compensates the losses of customer according the conditions of the agreement.
In case of major and critical defects, the customer must provide to JSC Aurika all necessary documentation and/or factual information that would allow to solve the claim.

Annex No. 3. Qualitative requirements for conditions of packaging, labelling, storing and transportation procedures of IML labels

1. **Packaging procedure**

1.1. The packaging procedure of production is carried out according to the requirements provided by customer. If the customer does not provide any special requirements, the packaging procedure is carried out according to the below described internal standard.

1.2. The top and bottom of IML label stacks is covered with a paperboard or plastic sheet and tightly reinforced with a paperboard or plastic band to prevent IML labels against static charge.

1.3. The IML labels stacks are placed into the corrugated paperboard box (box). The size of box depends on shape, size and amount in a stack of IML labels.

1.4. IML labels of the same batch are placed in box.

1.5. The boxes with IML labels are placed on wooden palette. The edges of formed palette are reinforced with paperboard corners. The top of the palette is covered with a plastic film. The palette is wrapped with a stretch film.

2. **Products labeling procedure**

2.1. If the customer has special requirements for production labeling, they should be provided during purchase. If the customer does not provide any special requirements, the production labeling procedure is carried out according to the below described internal standard.

2.2. On each box with IML labels is placed a special adhesive label with all necessary information and the example of the printed IML label.

2.3. This adhesive label is placed on side of the box and provides the following information: product name, batch number, purchase number, general weight, date of manufacturing, type of material, quantity of labels.

3. **Recommendations, storage and validity**

3.1. IML labels are sensitive to the temperature and ambient humidity.

3.2. IML labels must be kept in original closed packaging on wooden pallets (the stretch film must be removed before storing).

3.3. IML labels cannot be store near heating and/or electronics appliances! Avoid direct sunlight.

3.4. Recommended storage conditions: avoid temperatures below +15 °C and excessive dryness/humidity (< 20 % / > 80 %).

3.5. Recommended manufacturing conditions: temperature +20 ÷ +25 °C and relative air humidity 50 ÷ 60 %.

3.6. It is advised to rotate the inventory according to the delivery date (first in – first out).

3.7. IML labels are suitable for use up to 6 months from the date of production if kept in original production.

4. **Transportation procedure**

4.1. The delivery is carried out with covered vehicles. The palettes with products are additional covered with a plastic film to protect against humidity.

4.2. The vehicle must meet the requirements of hygiene for IML label transportation. There cannot be any outside odors that can affect the production, excessive dust and humidity, pests, molds.

4.3. The IML labels cannot be loaded in the vehicles with cargo that are dangerous to ensure the protection of transported packages rolls against cross-contamination (examples of prohibited cargo: any smell emitting products, hazardous chemical materials, waste).

4.4. When loading, transporting, unloading and storing it is prohibited to repack the products from original packaging.

4.5. Before loading the production into a vehicle, it is mandatory to check that the cargo is safely packed, reinforced, not tilted, undamaged and protected against damages.

4.6. The cargo is loaded into a vehicle in such way that it will not be mechanically affected (for example: crushed, damaged package) get dirty or wet.