

Appendix 7: Supplement to Flora Dania's Terms of Trade relating to Complaints

Object

The object of this Supplement is to maintain and enhance the quality level of plant deliveries from Danish nurseries and sales companies by further reducing the number of complaints.

A reduction of the number of complaints will serve to enhance the credibility of Danish suppliers and will constitute an attractive sales parameter in connection with European customers' choice of supplier. The quality of Danish plants today is at a high level, but with this Supplement, the parties will make efforts to further heighten the quality.

Definitions

To distinguish between corrections and complaints, the following definitions have been adopted:

Correction – objection on the part of the seller (nursery), the buyer (sales company) or the customer (buyer's customer) *before* the plant is delivered.

Complaint – objection on the part of the seller, the buyer or the customer *after* the plant is delivered to the buyer, the customer or the customer's customer (e.g. wholesaler or retail customer).

Procedure in connection with complaints

- In connection with complaints concerning amounts **below DKK 1,000.00, there is no requirement** for use of complaints form and photographic documentation.
- In connection with complaints concerning amounts **over DKK 1,000.00, there is a requirement** for use of complaints form and photographic documentation (complaints form attached as Complaints Appendix 1).

All corrections and complaints are processed via DANPOT with the same acceptance procedure as for order processing. Rules on complaints are specified in the attached Complaints Appendix 2.

The Supplement comes into force on 1 January 2013.

Jørgen K. Andersen
Chairman of the Board of Directors

Hans Schultz
Vice Chairman of the Board of Directors

**Complaints Appendix 1 to
Flora Dania's Terms of Trade**

Complaints form

Date: Filled in automatically via DANPOT

| | | |
|---|---|------------------------------------|
| Buyer (sales company): | Filled in automatically via DANPOT | |
| Contact at buyer: / Tel.: | Filled in automatically via DANPOT | Filled in automatically via DANPOT |
| Delivery date: | Filled in automatically via DANPOT | |
| Customer no.: | Filled in automatically via DANPOT | |
| Product: | Filled in automatically via DANPOT | |
| Quantity: | Filled in automatically via DANPOT | |
| Quantity comprised by complaint: | Completed in advance via DANPOT – must be editable by seller | |
| Reason – please tick: | <input type="checkbox"/> 1. Quality (unsatisfactory quality (size, colour distribution, development) or packaging) <input type="checkbox"/> 2. Quantity (incorrect quantities delivered, including, for example, number of items per box, number of boxes etc.) <input type="checkbox"/> 3. Non-delivery (plants were not delivered – no photographic documentation) <input type="checkbox"/> 4. Other reason: | |
| Contact at seller: | With whom has the seller spoken/entered into agreement: (to be filled in by seller) | |
| Time of complaint: | Time of the complaint/call: to be filled in by seller | |

| | |
|--------------------------------|--|
| Solution – please tick: | <input type="checkbox"/> 1. Discount <input type="checkbox"/> 2. Return of order <input type="checkbox"/> 3. Partial return of order |
| Other comments: | |
| PHOTO: | <p>[To be uploaded to DANPOT (same as for supply photos)]</p> |

Purpose:

The complaints form serves two purposes:

- 1) To function as a supporting document in the complaint case
- 2) To make it clear to the parties involved whether the liability in respect of the complaint can be unambiguously placed.

Rules regarding the practical handling of complaints as well as complaints form

The complaints form must be used for all complaints concerning amounts over DKK 1,000, unless otherwise agreed between the parties involved. Unless otherwise agreed, the parties are encouraged to use the reporting options in DANPOT. [As for credit note in order booking (*Ordremodtagelsen*)]

Complaints Appendix 2 – Specifications Non-conformities and complaints

In order to be able to be deemed to be flawless with respect to quality and grading, any product must as a minimum meet the requirements which are customary in the industry at the time of delivery.

Subject to the deadlines for submission of complaints indicated below, the seller is liable for the quality of the product in every respect – including for quantity, packaging and life – until the time when the product has been delivered to the buyer, and in cases where the product is intended for resale, to the buyer's customer.

The buyer is liable for correct storage and transport of the product from the time of delivery and until the time when the product is delivered to the buyer's customer. The party ordering the transport of the product must be able to document temperature and humidity conditions during the transport, see the supplement concerning transport conditions (Appendix 6).

When the product has been delivered to the buyer, or where the buyer at the time of delivery 'ex seller' inspects the product at the seller's premises in connection with the product being transported directly from the seller to the buyer's customer, the buyer is obliged to carry out an inspection of the product as required in accordance with good business practice.

Visible faults/non-conformities

Complaints about any non-conformities which are discovered or ought to have been discovered in connection with the buyer's inspection, see above, must be submitted to the seller by 24:00 midnight on the date of delivery.

As concerns non-delivered products, however, this deadline is extended to 12:00 noon the next day. If delivery has been made 'ex seller' (nursery) and with transport directly to the buyer's customer without the buyer having inspected the product, see above, complaints must be submitted within 24 hours of the delivery having been made to the buyer's customer. If a product has been found to be non-conforming and a complaint has been submitted about this in due time, the buyer is entitled to cancel the purchase. In addition, the buyer may demand that the seller credit the amount invoiced for the non-conforming product. The buyer may not make any claims for compensation in addition to this.

The seller is entitled to demand the return of non-conforming products, in which case the products will be returned for the seller's account and at the seller's own risk. If the seller does not demand the return of the non-conforming products, the buyer is entitled to sell the non-conforming products for the seller's account. The proceeds from such sale will accrue to the buyer and will be deducted from the credit note issued to the buyer, see above. *If a complaint concerns a purchase exceeding DKK 1,000 exclusive of VAT, the complaints form must be completed.*

Similarly, compensation/reimbursement/damages or the like from a third party must be deducted from the credit note issued to the buyer.

Non-visible faults/non-conformities

In the event of any non-conformities invoked by the buyer's customer which can be attributed to the seller and which ought not have been discovered in connection with the buyer's inspection of the product, *see above*, the deadline for submission of complaints is 48 hours after the customer's receipt of the product; however, extended to a maximum of 96 hours from the seller's delivery to the buyer where the transport time alone accounts for minimum 48 hours.

If a product is found to be non-conforming and a complaint has been submitted about this in due time, the buyer is entitled to demand that the seller credit the amount invoiced for the non-conforming product and in addition pay a compensation of 10% of the invoice amount.

However, the buyer must try to sell the product in the best possible way to minimise its loss. The proceeds received from such sale must be deducted from the buyer's claim against the seller. Similarly, any compensation/reimbursement/damages or the like from a third party must be deducted from the buyer's claim against the seller. When the final amount is known, the seller will issue a credit note to the buyer for the amount.

Both parties are obliged to seek to solve any problems concerning non-conformities in products by way of negotiation and, if it is agreed that the seller must credit a certain part of the price of the product, such agreement is final and it is not possible to claim compensation or supplements in addition thereto.

In the event of disagreement between the seller and the buyer, it is possible to have an independent recognised expert carry out an inspection of a non-conforming delivery in so far as the disagreement concerns non-visible faults/non-conformities at the buyer or the buyer's customer, and provided that the complaint has been submitted in due time. If the delivery is non-conforming, the expenses for the expert will be paid by the seller, and if the delivery is not found to be non-conforming, the expenses for the expert will be paid by the buyer.

In the event of such inspection, the inspection must be completed within 24 hours of the discovery of the non-conformity.

The expert's assessment must be accepted by both parties as being final. A list of experts appears from Appendix 8.

If the seller stores and takes care of the product on behalf of the buyer in connection with a temporary obstacle to the delivery of the product to the customer, all complaints conditions – deadlines, quality – apply to the original delivery to the buyer only.