



WOOLS OF NEW ZEALAND LIMITED **TERMS AND CONDITIONS FOR SALE OF WOOL IN NEW ZEALAND**

These Terms and Conditions apply to all wool sales, including wool sales by Tender and Natural Fibre Exchange, between New Zealand Buyers and Wools of New Zealand Limited.

1. **DEFINITIONS**: In these Terms and Conditions, the following words have the following meanings:

- **BUSINESS DAY** means a day other than Saturday or Sunday on which banks are open for business in Christchurch, New Zealand.
- **BUYER** means the purchaser of the wool from Wools of New Zealand Limited.
- **DELIVERY** means the loading of wool on a truck, or other mode of transport, after payment.
- **DEFAULT RATE** means 10% per annum.
- **INVOICE** means the confirming document provided from Wools of New Zealand Limited to the Buyer setting out the details, and price, of Lots purchased.
- **LOT** means the specified number of bales for sale as an individual and separate lot.
- **PROMPT** means the due date for payment specified in the Invoice. If the date is not a business day, Prompt defers to 11.00am the following Business Day.
- **STORAGE** means holding of wool at the designated store locations at the Buyer's request and expense for any period commencing on the date of Prompt.
- **STORAGE AGENT** means New Zealand Woolscouring Limited or such other person that Wools of New Zealand Limited may arrange to store wool.
- **STORAGE DATE** has the meaning in clause 6.1.
- **SELLER** means the owner of the wool at the time of being offered for sale.

2. **AGENT**

- 2.1 Unless specified otherwise in respect of any Lot, Wools of New Zealand Limited acts as agent of the Seller in respect of all wool sales.

3. **VARIATION/LEGAL COMPLIANCE**

- 3.1 Wools of New Zealand Limited may amend these Terms and Conditions at any time by sending prospective Buyers a copy and/or notifying them publicly.

4. **PAYMENT**

- 4.1 All payments must be made in full on or before Prompt as set out in the Invoice sent to the Buyer.

5. **DELIVERY AND TITLE**

- 5.1 The Buyer will not be entitled to uplift the wool until the wool is paid for in full together with any associated costs.
- 5.2 Title to the wool, along with the risk and reward of ownership, will transfer from the Seller to the Buyer on full payment for the wool.
- 5.3 Each Lot is a separate sale and no other Lots can be held by the Seller if there is a dispute or amount unpaid to the Seller or Buyer relating to any other particular Lot.
- 5.4 All bales will be in a fit for purpose condition for shipping and comply with industry requirements as stipulated by the National Council of Wool Interests. Any costs associated with rectifying any non-complying bales are for the Seller (and, for the avoidance of doubt, not for Wools of New Zealand Limited).
- 5.5 All instructions after Prompt will be negotiated and transmitted directly between the Buyer and Seller.

6. **STORAGE**

- 6.1 From the earlier of Prompt and the date on which the wool is paid for in full (**Storage Date**) and until Delivery, Wools of New Zealand Limited will arrange for the Storage of wool on behalf of the Buyer with its Storage Agent.
- 6.2 Wools of New Zealand Limited will charge the Buyer a fee for Delivery and Storage on a per bale basis to cover its, and its Storage Agent's, costs from the Storage Date up to Delivery.
- 6.3 Notwithstanding that Wools of New Zealand Limited will arrange Storage of wool, it will not be responsible for the wool while it is in Storage and any stored wool will be at the Buyer's risk and it is the responsibility of the Buyer to arrange insurance for such wool.
- 6.4 If the Buyer suffers loss or damage in relation to its wool while in Storage, Wools of New Zealand's liability to the Buyer shall be limited to the amount it is able to recover, and actually does recover, from the Storage Agent in relation to the relevant loss or damage.
- 6.5 While the wool is held by the Storage Agent the Storage Agent's maximum liability to Wools of New Zealand Limited in relation to any loss or damage occurring to the wool shall be the greater of any fees paid to it by Wools of New Zealand Limited in the preceding 12 months, or the amount the Storage Agent is able to recover under its insurance policy.
- 6.6 Following full payment, the Buyer is then responsible for all other fees and charges which are to be negotiated and charged to the Buyer directly by the Seller holding the wools.
- 6.7 Fees for Delivery and/or Storage and any other charges are to be notified to the Buyer separately from these Terms and Conditions and may alter from time to time.
- 6.8 Neither Wools of New Zealand Limited nor the Storage Agent shall be responsible for any indirect loss or damage arising out of, or in connection with, the Storage.

- 6.9 The terms and conditions of clause 6.5 and 6.8 are inserted for the benefit of, and can be enforced by, the Storage Agent.

7. ASSESSMENT AND CLASSIFICATION

- 7.1 Wools of New Zealand Limited will provide visual assessment of each Lot to be sold along with the test data or subjectively assessed independent technical information.
- 7.2 The assessment codes will be derived from a common industry format based on the previous New Zealand Wool Board structure. (eg. F2D). A copy of the assessment codes are included in these Terms and Conditions as Schedule 1. Buyers need to satisfy themselves to the validity and competence of the assessments supplied by Wools of New Zealand Limited.

8. GROUPED/BINNED WOOLS

- 8.1 Grouped lines and binned wools will be identified as such and comply with standard industry requirements.

9. INSURANCE

- 9.1 While each party bears the risk of ownership in relation to any wool subject to these Terms and Conditions, the relevant party will ensure it has appropriate insurance for that wool, including against fire, earthquake, war and disaster to the amount of the invoice cost.
- 9.2 If settlement is not made on Prompt, insurance on the same conditions referred to in clause 9.1, will continue to be held by the Seller, but at the Buyer's expense.

10. LIABILITY

- 10.1 All statutory and other implied warranties are excluded to the fullest extent that it is lawful for the Seller and Wools of New Zealand Limited.
- 10.2 Other than as required by law neither the Seller nor Wools of New Zealand Limited gives any representation or warranty concerning any wool condition, quality or fitness for any purpose and any assessment pursuant to clause 7 shall not be treated as the giving of any warranty or representation by Wools of New Zealand Limited or the Seller.
- 10.3 Notwithstanding any assessment by Wools of New Zealand Limited pursuant to clause 7 of these Terms and Conditions, it is the Buyer's responsibility to satisfy themselves as to the condition and quality and fitness for purpose of the wool.
- 10.4 Subject to the provisions of clause 6 which related to Storage, neither the Seller nor Wools of New Zealand Limited is liable in any way (including negligence, tort and equity) to the Buyer or to any other person in connection with these Terms and Conditions or any other contract for any loss whatsoever, including loss of income, profits, savings or goodwill or for any indirect or consequential loss or special or exemplary damages.
- 10.5 The Buyer indemnifies the Seller from and against any liabilities, losses, damages, costs (including legal costs on a solicitor/client basis) or claims which the Seller incurs under

these Terms and Conditions except if the Seller is fraudulent or negligent.

11. DEFAULT

- 11.1 If the Buyer fails to pay for the wool on or before Prompt, the Buyer will:
 - 11.1.1 be liable for all loss, charges, insurance, resale costs and any other charges that the Seller or Wools of New Zealand Limited (on behalf of the Seller) may incur; and
 - 11.1.2 on demand, pay interest on the defaulted amount at the Default Rate calculated and accrued daily from (and including) Prompt until (but excluding) the date of full payment.

12. DISPUTES

- 12.1 Dispute notice: If there is a dispute between the parties in relation to these Terms and Conditions, either party may give the other party notice of the nature and details of the dispute.
- 12.2 Negotiation: Within 10 Business Days of receipt of the notice of dispute, senior managers of the parties shall meet to endeavour to resolve the dispute.
- 12.3 Mediation: If the dispute is not resolved within 20 Business Days of receipt of the notice of dispute, either party may by notice to the other party refer the dispute to mediation. The mediation will be in Christchurch and conducted under the Resolution Institute standard mediation agreement. If the parties do not agree on a mediator or the mediator's fees within 5 Business Days of receipt of the notice of mediation, the mediator shall be appointed or the fees set by the chair of the Resolution Institute (or his/her nominee) at the request of either party.
- 12.4 Expert determination: If the dispute is not resolved within 15 Business Days of the appointment of the mediator, either party may by notice to the other party refer the dispute to expert determination. If the parties do not agree on an expert within 5 Business Days of receipt of the notice of referral to expert determination, the expert shall be appointed by the President of the New Zealand Law Society (or his/her nominee) at the request of either party. The expert shall determine the procedure for the determination and the parties shall cooperate with the expert including complying with the expert's directions. The expert's determination is (in the absence of manifest error) final and binding. The parties shall bear the expert's fees equally. The Arbitration Act 1996 will not apply.

13. STRIKES AND LOCK OUTS

- 13.1 If a general or partial strike or lockout occurs prior to Prompt and before the wool is paid for which delays or prevents Delivery being completed at Prompt, Prompt will be extended for such period as may be arranged (in this clause called "Strike Prompt") by agreement between a person nominated by Wools of New Zealand Limited and a person nominated by the Buyer.

- 13.2 If representatives are unable to agree whether a general or partial strike or lockout has occurred or as to the date of Strike Prompt, the matter or matters in dispute will be dealt with as provided for in Clause 12.
- 13.3 If Delivery will be delayed or prevented by a general or partial strike or lockout the charges on the undelivered wool will, up to Strike Prompt or until the wool is paid for, whichever event will first happen, be borne by the Seller, and the undelivered wool will be at the Seller's risk up to Strike Prompt or until the wool is paid for, whichever event will first happen.

14. EXTENDED PROMPT OR STRIKE PROMPT

- 14.1 In any case where the provisions of clause 13 apply and a Strike Prompt has been arranged or determined, Strike Prompt as the case may require will be substituted for Prompt in these Terms and Conditions and this clause 14 will apply accordingly.
- 14.2 A new date for Prompt after the declaration of Strike Prompt will be notified to the parties not later than 11am on the Business Day immediately prior to the new date for Prompt.

15. GOVERNING LAW

- 15.1 These Terms and Conditions are governed by and in accordance with the laws of New Zealand and all parties to these Terms and Conditions unconditionally and irrevocably submit to the jurisdiction of the Courts of New Zealand in respect to all matters arising out of these Terms and Conditions.

16. GENERAL

- 16.1 Any matters that may arise that are not specifically covered in these Terms and Conditions are to be resolved by mutual arbitration between the Buyer and Seller in accordance with acknowledged industry procedures and requirements as described by the relevant entity or Authority.
- 16.2 **INDUSTRY STANDARDS** pertaining to the handling, testing, transport and any other operational or technical aspects in force and applicable to the New Zealand wool industry are referenced for changing ownership of wools placed for sale by the Seller.
- 16.3 **SEVERABILITY** - If any part of these Terms and Conditions is illegal, unenforceable or invalid, the remaining Terms and Conditions are not affected.
- 16.4 **ENFORCEMENT** – The Buyer will pay the Seller on demand all costs (including legal costs on a solicitor/client basis) incurred in connection with any default by the Buyer or enforcement action taken by the Seller.

END

SCHEDULE 1

Wools of New Zealand Assessment Codes

Wool is independently valued by Struan Hulme at Canterbury Woolscourers, Timaru, and Duncan McKay at Hawkes Bay Woolscourers, Napier. Struan and Duncan both have many years wool valuing experience gained while working for the New Zealand Wool Board.



**100% NEW ZEALAND
GROWER OWNED**

WNZ Direct to Scour Assessment Valuing Codes

| CATEGORY | LENGTH | DESCRIPTORS | Scale (low-high) | |
|---------------------------------|-------------------|--|------------------|---|
| A - | A 8"+ | A Season/ Age/ Gender | (1-7) | A Season/ Age/ Gender 1 = pre-lamb shorn/autumn 2 = post lamb shorn 3 = lambs 4 = shorn hogget 5 = woolly hogget 6 = rams/wethers 7 = overgrown |
| B Bellies | B 6/8" | B Bulk | (1-4) | |
| C Bellies & pieces | C 5/7" | C Cotts | (1-2) | G Mineral Contamination 1 = Dust 2 = Pumice 3 = Sand 4 = Chats (peat) 5 = Raglan (red clay soil) 6 = Bush burn/ blue 7 = lime (depilatory) |
| D Dags | D 4/6" | D Dag | (1-5) | |
| E Eye clips | E 4/5" | E Brisket/Bellies | | |
| F Bodywool | F 4/4.5" | F Felted Wools | | |
| G Soft cotts | G 3/5" | G Mineral contamination | (1-6) | |
| H Hard cotts | H 4" | H Shive/ trefoil/ moit | (1-4) | |
| I - | J 3.5/4" | I Black fibre | (1-3) | |
| J - | K 3/4" | J Mud | (1-3) | |
| K Crutchings | L 3/3.5" | K Skirts | (1-3) | |
| L Lambs bodywool | M 2/4" | L Lustre | (1-3) | |
| M Lambs bellies & pieces | N 2.5/3.5" | M Medullation | (1-4) | |
| N Necks | O 3" | N Water/ bacterial stain | (1-3) | |
| O Open cotts | P 2.5/3" | O Doggy/ blacktip | (1-2) | |
| P Pieces | Q 2/3" | P Pen stain | (1-3) | |
| Q - | R 1/3" | Q Fibre diameter variability | | |
| R - | S 1.5/2.5" | R Length variability | (1-2) | |
| S 2nd Pieces & Lox | T 1/2" | S Grass seed/ storksbill/ bidi bidi | (1-4) | |
| T Brands | U ≤ 1" | T Fibre strength (tender) | (1-4) | |
| U - | | U Urine stain | (1-3) | |
| V Dead | | V Thistle | (1-4) | |
| W - | | W Wet/damaged/ skin pieces/ dip | (1-4) | |
| X Black | | X Creamy | (1-2) | |
| Y - | | Y Colour - yellow | (1-5) | |
| Z - | | Z Burr/ sub/ horehound | (1-4) | |

Wools of New Zealand Colour Midpoints

| COLOUR MID POINTS - CROSSBRED | | | | | | | | | | | | | | | | | | |
|-------------------------------|------|-----|------|-----|------|-----|------|------|------|------|------|------|------|-----|------|-----|------|-----|
| Category | F&O | | G&H | | N | | P | | B | | S | | K | | L | | M | |
| Style Codes | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z |
| 0 | 63.0 | 2.0 | | | | | | | | | | | 61.5 | 3.0 | 64.5 | 1.5 | | |
| 1 | 63.0 | 2.5 | 62.0 | 3.5 | 61.5 | 3.0 | 61.0 | 5.0 | 60.0 | 6.0 | | | 61.0 | 3.5 | 64.0 | 2.0 | 61.5 | 3.0 |
| 2 | 62.0 | 3.5 | 60.0 | 5.0 | 61.0 | 4.5 | 60.0 | 6.5 | 59.0 | 7.5 | 56.0 | 7.5 | 60.0 | 4.5 | 63.0 | 2.5 | 60.5 | 4.0 |
| 3 | 61.0 | 4.5 | 58.5 | 6.5 | 59.5 | 5.5 | 57.0 | 8.5 | 56.0 | 9.5 | 53.0 | 9.5 | 58.5 | 6.0 | 62.5 | 3.0 | 58.5 | 5.5 |
| 4 | 60.0 | 5.0 | 56.5 | 8.0 | 58.5 | 6.5 | 54.0 | 10.5 | 52.0 | 11.5 | 51.0 | 11.5 | 56.5 | 7.5 | 60.5 | 4.0 | 55.5 | 7.0 |
| 5 | 58.5 | 6.5 | | | | | 51.0 | 12.5 | 49.0 | 13.5 | | | | | | | 53.0 | 9.0 |

| COLOUR MID POINTS - HALFBRED, CORRIEDALE | | | | | | | | | | | | | | | | |
|--|------|-----|------|-----|------|-----|------|------|------|-----|------|-----|------|-----|------|-----|
| Category | F&O | | G&H | | N | | P&B | | S | | K | | L | | M | |
| Style Codes | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z | Y | Y-Z |
| 0 | | | | | | | | | | | 62.5 | 1.5 | 68.0 | 1.0 | | |
| 1 | 65.0 | 1.5 | 63.5 | 2.5 | 63.5 | 2.0 | 62.5 | 3.0 | | | 62.0 | 2.5 | 67.0 | 1.5 | 64.0 | 2.0 |
| 2 | 63.5 | 2.5 | 62.5 | 4.0 | 63.0 | 3.0 | 62.0 | 4.5 | 61.5 | 4.0 | 61.5 | 3.0 | 65.5 | 2.0 | 63.5 | 3.0 |
| 3 | 62.5 | 4.0 | 61.5 | 5.5 | 62.0 | 4.0 | 60.5 | 6.5 | 58.5 | 6.0 | 60.0 | 4.0 | 64.5 | 2.5 | 62.5 | 4.5 |
| 4 | 61.5 | 5.5 | 60.0 | 7.0 | 59.5 | 5.5 | 58.0 | 8.5 | 55.5 | 8.0 | 59.0 | 5.0 | 62.0 | 3.0 | 59.0 | 6.0 |
| 5 | 60.0 | 7.0 | | | | | 55.0 | 10.5 | | | | | | | 56.5 | 8.0 |