

**SONOCO PRODUCTS COMPANY  
CONSTRUCTION PRODUCTS  
HARTSVILLE, SOUTH CAROLINA**

**DISTRIBUTOR POLICY STATEMENT**

**PREFACE**

It is our sincere desire and objective to consider Sonoco Distributors not as customers but rather as partners in a cooperative effort. To assist in the achieving of this objective it is essential for our distributors to have a clear understanding of what we expect from them; and conversely, what the distributor can expect from Sonoco. We are, therefore, issuing this Distributor Policy Statement to each distributor. We hope you will contact us should you have questions relative to any of the points covered.

This Distributor Policy Statement becomes an integral part of any written agreement Sonoco makes with our Distributors.

**I. PURPOSE OF THE DISTRIBUTOR:**

To sell Sonoco's products to builders and contractors, it is essential to maintain an established group of authorized stock carrying Distributors. It is through this group of Distributors that we seek to insure that consumer requirements are met in an efficient and satisfactory manner.

**II. GOALS:**

Provide mutual profit benefits to both Sonoco and Sonoco Distributors.

Attain and maintain maximum sales for products of the type handled by the Distributor for Sonoco in the market area.

**III. SELECTED DISTRIBUTORS:**

The number of Distributors appointed within a given trading area will be the number require to obtain maximum sales of the Product (s) in the market area.

We will appoint other selected Distributors with discrimination and only after:

1. A concerted effort has been made to obtain desired results from present distributors.
2. New potential Distributor appointments have been carefully reviewed to determine that such appointment will achieve the needed results.

**IV. CANCELLATION OF DISTRIBUTOR AGREEMENT:**

If consideration to cancel our agreement with a Distributor is being given, we will discuss the proposed change with the Distributor before definite action on our part is taken.

Should cancellation occur, we will make every effort to assist the distributor in moving the remainder of his stock of Sonoco products.

Either Sonoco or the Distributor may terminate the agreement by written notice sent to the legal address of the party to be notified. Termination of the agreement shall become effective thirty days receipt of such notice by the other party.

**V. INVENTORY:**

All Distributors are required to stock products in all popular diameters sufficient to supply the needs of dealers and customers in their territory. In most cases, the Distributor should stock tubes in diameters of 8" through 48" I.D.

The items to be carried are to be determined by Sonoco and the Distributor. After a base stock is agreed upon, the Distributor will be charged with maintaining the stock.

**VI. DIRECT SALES:**

Sonoco's intent is to sell through authorized Distributor only except and under these circumstances:

1. It is found that Sonoco's competitors are quoting process and obtaining business on a direct basis at or below a price level profitable to the Distributor.

**VII. CONSUMER INQUIRES AND ORDERS:**

Inquiries and orders received from consumers will be referred to the appropriate Distributor.

It is our sincere belief that all possible sales should be referred to Distributors for handling. It is not the intent or desire of Sonoco to circumvent Distributors in any way.

**VIII. MARKETING:**

Sonoco Account Representatives will review at least once each year with the Distributor management, the Distributor sales performance. The Distributor will be advised of this effectiveness and assistance will be given in an effort to keep its effectiveness at a high level. Distributors are expected to furnish information on their sales which would be beneficial in determining effectiveness.

As much marketing information and assistance as possible will be furnished by Sonoco to the Distributor, i.e. estimated size of markets, potentials that can be reasonably expected and suggested approaches for successful market penetration.

**IX. PAYMENT TERMS:**

Company will render invoices promptly after shipments are made and invoices will be paid in accordance with the terms stated on the invoice.

**X. PRICE CHANGES:**

Prices are subject to change without notice. In every instance, however, concerted efforts will be made to give the Distributor as much advance notice as possible.

**XI. FIELD SALES ASSISTANCE:**

Sonoco Account Representatives are available to Distributors to provide direct sales help where mutual benefits will be gained. They are available to Distributors for technical assistance, direct call on consumer accounts and training of Distributor personnel. Sonoco representatives will keep Distributors informed of potential business and suggest ways of obtaining this business.

Sonoco representatives are available to supplement the Distributors promotional efforts but not to entirely supplant these efforts.

Sonoco representatives are available to participate in Distributor sales meetings. This participation is encouraged at least once each year so that Distributor sales personnel may be kept abreast of new product uses product changes etc. also to keep Sonoco abreast of local market conditions and needs.

In areas where Distributors are maintaining adequate stock and otherwise performing satisfactorily, Sonoco representatives will urge the prospective consumer to contact the Distributor for his requirements.

**XII. SALES AIDS:**

Sonoco will furnish to all Distributors reasonable quantities of product brochures and other sales aids as deemed necessary to help promote our products.

**XIII. ADVERTISING:**

Distributors are strongly urged to advertise Sonoco products periodically to insure that consumers identify them as a ready source of supply. We recommend regional and/or local advertising i.e. yellow pages one or multiple city and state contractor periodicals, etc.

**XIV. FINANCIAL RESPONSIBILITY:**

Distributors are required to furnish Sonoco any financial data which may be necessary to conduct a normal manufacturer-distributor relationship. Such data might include an annual balance sheet and profit and loss statement. Distributors must be financially equipped to keep their accounts current and to discount where applicable. Sonoco's credit department is available for discussion with Distributors on financial matter.

**XV. PRODUCT WARRANTY:**

Sonoco guarantees the material and workmanship of its product at the time of shipment. If either is found by us to be below our regular quality standards, we will accept the return of the shipment within 30 days after receipt for full credit of replacement. Our liability in any case is limited to the invoice price of the goods returned plus transportation charges paid by the consignee. Since we make no installations or enter into any contracts for installation or use of our product we give no warranty expressed or implied for a greater amount than the original invoice price of the product. We neither assume or authorize any person to assume for us any other liability in connection with the sale of our products.