

GENERAL TERMS AND CONDITIONS FOR THE SUPPLY OF PACKAGING PRODUCTS 2015 (SLF 15).

Adopted by the Swedish Carton Packaging Association 2015 (Svenska Kartongförpackningsföreningen) within the Swedish Graphic Arts Federation (Grafiska Företagen). The terms and conditions, which are based upon the General Terms and Conditions for the Supply of Graphic Products 2010 (ALG 10), are adapted to the conditions applicable to packaging production.

Purpose

SLF 15 has been produced in order to offer purchasers and suppliers of packaging balanced and well-considered standard contract terms and conditions which satisfy the interests of both contracting parties.

1. Applicability

1.1 SLF 15 is intended to be incorporated into the individual agreement between purchasers and suppliers concerning single deliveries or instalment deliveries of packaging. The subject of the agreement is hereinafter referred to as the "product".

1.2 The terms and conditions of SLF 15 are not mandatory, i.e. the terms and conditions contained therein apply to the extent the purchaser and the supplier have not expressly agreed otherwise. The terms and conditions do not exhaustively govern the mutual rights and obligations of the parties; it is assumed that the parties themselves shall determine the detailed contents of the product and supplement such with other terms and conditions as required.

2. Professionalism

The provision of packaging products shall be performed in a professional manner. The requirement of professionalism applies to both the supplier and the purchaser. "Professionalism" means that the supplier and the purchaser shall perform their obligations pursuant to the agreement in co-operation and with the expertise and care which is required to achieve a satisfactory product.

3. Offer, acceptance, and contents of the agreement

3.1 Unless another period is specified, and in the absence of an intervening agreement, the supplier's offer shall apply during a period of 30 days calculated from the offer date. The supplier must have received the purchaser's acceptance within

the aforesaid period. However, the supplier shall be entitled to rescind the agreement where a customary credit assessment in conjunction with the entry into the agreement demonstrates that the purchaser's financial circumstances are such that there are composing grounds to assume that payment will not be made in due time.

3.2 In the offer, which should be in writing, the supplier shall describe the contents of the product offered and the parties' obligations as fully as possible, and should thereupon clearly refer therein to SLF 15 and specify any supplements or amendments thereto. The offer, acceptance, and, where applicable, the order acceptance which comprise the contents of the agreement between the parties should clearly contain, inter alia, necessary information concerning the different packaging which is included in the range of products, including specification of material, measured punching templates, information concerning measurement tolerances which must be complied with by the purchaser and, in conjunction with instalment delivery agreements, sub-order quantities, numbers of call off, storage and the manner in which such shall be adjusted.

3.3 Where the purchaser is to provide digital or other material, where required, the supplier must specify in the agreement the quality or other requirements which must be fulfilled.

3.4 Before commencing production, it is the responsibility of the purchaser to ascertain through tests or in

another appropriate manner whether the design of the packaging and material is suitable for its purpose and fulfils applicable regulations on the product's markets.

4. Prices

4.1 The offered or agreed price shall be exclusive of VAT and other public charges. The purchaser shall be liable therefor notwithstanding that such are determined subsequently.

4.2 The price shall not include compensation for supplementary products pursuant to section 5. The purchaser must be informed thereof as soon as possible if the supplier intends to charge the purchaser therefor.

4.3 Unless otherwise agreed, with the exception of return pallets, requisite transport packaging and protective packaging shall be included in the price.

4.4 Where, in conjunction instalment deliveries, the purchaser postpones or alters one or several suborders or one or several determined part deliveries, the supplier shall be entitled to adjust agreed prices.

4.5 A price clause for raw materials should be included in any instalment delivery agreement the term of which exceeds 6 months.

5. Supplementary products

5.1 In the event the supplier intends to charge for products which are not included in the parties' agreement and which the supplier does not normally provide to satisfy the requirement of professionalism (supplemen-

tary products) the purchaser must be informed thereof as soon as possible.

5.2 “Supplementary products”

means:

- a)** Amendments and other additional work of an appreciable extent ordered by the purchaser;
- b)** amendments and other unforeseen measures which the supplier is forced to take due to the fact that the material supplied by the purchaser is defective pursuant to section 25.1 or incomplete and does not allow the supplier to perform its obligations in a professional manner;
- c)** Unforeseen intensification of time schedule caused by late delivery of materials or other delay attributable to the purchaser;
- d)** Extra work efforts caused by altered suborders such as extended storage;
- e)** Non-agreed extra packaging in order to protect feared abnormal transportation or other damage.

6. Delivery and packaging

6.1 Unless otherwise agreed, deliveries shall take place free the supplier's place of manufacture or storage.

6.2 In conjunction with delivery, the product shall be covered in packaging which protects against foreseeable damage during transportation to, and professional storage at, the purchaser.

6.3 The purchaser shall at the receiving of the goods, inspect/approve, and by signing the waybill authorize the receipt of the goods.

7. Passing of risk and apportionment of costs

7.1 The supplier shall bear the risk where the product or any entrusted production material or production material procured on the purchaser's behalf is destroyed or damaged prior to the agreed delivery date or suborder date or, where such has not been determined, the delivery date or suborder date duly notified to the purchaser. Thereafter, risk passes to the purchaser.

7.2 The allocation of liability pursuant to section 7.1 shall also apply to transportation costs for, e.g. care, storage, and insurance of the product and production material entrusted or procured on behalf of the purchaser.

8. Liability for reproduction rights

8.1 The purchaser and the supplier mutually warrant that they are entitled to use the software, including further processing, required in order to produce the product.

8.2 The parties mutually warrant that there are no legal impediments to the production of reproduction and printing media from originals provided by the other party, to reproduce or copy materials provided, or to use designated packaging constructions and designs. **8.3** The liability pursuant to sections 8.1 and 8.2 entail that the purchaser and supplier are obliged to take the legal and other measures on behalf of the other party which are necessary following a claim of infringement by any third party and shall be liable for any damages payable to such third party.

9. Sub-contractors

9.1 Unless the purchaser has expressly requested that the supplier supply the product, or such is otherwise evident from the circumstances, the supplier shall be entitled to delegate production of the product, either wholly or in part, to a sub-contractor.

9.2 Where the purchaser or the supplier retains a sub-contractor, the retaining party shall be primarily liable to the other party for the performance by the sub-contractor, as well as the retaining party's other obligations.

10. Confidentiality

10.1 The supplier shall be obliged to observe confidentiality in accordance with the requirements imposed by generally accepted business practices as regards the agreed product and otherwise concerning its business relations with the purchaser. The supplier shall satisfy itself, through appropriate measures, that its own personnel,

subcontractors and the personnel thereof and third party's who obtain information regarding the operations, comply with the duty of confidentiality. A corresponding obligation shall apply to the purchaser vis-à-vis the supplier.

10.2 Upon request by the purchaser, the supplier shall take measures to prevent unauthorized third parties from observing the production of the product. In such context, the supplier shall be entitled to compensation for additional costs incurred as a result of such measures, e.g. special procedures or protective devices.

11. Offer materiel

The supplier shall retain title to non-ordered and non-charged offer material in digital or other form. Unless otherwise agreed, the offeree shall not be entitled, without authorization, to utilize or permit any third party to read such material and shall be obliged, upon request, to return the material to the supplier.

12. Production materiel

12.1 Unless otherwise agreed, title to sketches, drawings, models, samples, and prototypes and other documents and objects which the supplier has produced or caused to be produced for the product shall vest in the supplier.

12.2 Unless otherwise agreed, patent rights to inventions and rights in designs which have been made by the supplier or on behalf thereof in connection with the production of the packaging shall vest in the supplier.

12.3 Unless otherwise agreed, digital materiel, printing plates, printing blocks, impression rollers, punching moulds and other material which the supplier has produced or caused to be produced in order to construct the product shall vest in the supplier.

13. Further storage

Following the specified delivery date set forth in section 7.1, the supplier shall continue to store the following

items at the purchaser's risk and expense provided that this has been separately agreed:

- a) Production material provided by the purchaser to the supplier;
- b) Production material as referred to in section 12.3; c) the finished product or, in conjunction with suborders, the finished sub-product.

14. Own marking

The supplier shall be entitled to affix the following on all packaging:

- a) Its name;
- b) Its trade mark;
- c) Information concerning patent or design right protection;
- d) Necessary handling instructions and warning texts.

15. Payment

15.1 Payment must be made within 30 days from the invoice date.

15.2 Penalty interest shall be payable in the event of late payment. Unless otherwise agreed, such penalty interest shall be the Swedish Riksbank's reference rate as applicable from time plus 10 percentage points.

16. Provision of security

16.1 Where it transpires that the purchaser's financial circumstances are such that they are compelling grounds to assume that payment will not be made in due time, the supplier shall be entitled to suspend production or to withhold the product on the delivery date pending the provision of satisfactory security by the purchaser. In the event the purchaser fails to provide such security, the supplier shall be entitled to terminate the agreement with immediate effect.

16.2 The purchaser shall possess a corresponding right to withhold payment, demand satisfactory security, and terminate the agreement where there are compelling grounds to assume that the supplier will be unable to supply the product in due time.

17. Lien

The supplier, as security for performance of the purchaser's obligations,

shall have a lien in the product and in all property belonging to the purchaser which the supplier has in its possession. In the event the purchaser fails to perform its obligations in accordance with this agreement, the supplier shall be entitled to sell the property subject to the lien in an appropriate manner, subject to any impediments arising pursuant to law or pursuant to SLF 15, and to recover its claim for the sum obtained from the sale.

18. Termination of agreements until further notice

As regards agreements concerning regular products without agreed completion dates (agreements until further notice) the period of notice of termination shall be six months calculated from the end of the calendar month in which notice of termination was given.

19. Delay and sanctions

19.1 In the event the product is not supplied in due time and the delay is not attributable to the purchaser, the purchaser shall be entitled to compensation for direct costs incurred as a result of the delay. In addition, the purchaser shall be entitled to terminate the agreement provided the purchaser stated, prior to entry into the agreement that delivery must be made punctually on the agreed delivery date. Delay in respect of sub-products in conjunction with instalment delivery agreements shall not entail any right of termination.

19.2 In the event the purchaser fails to provide materials, or fails to perform any other measures agreed upon in due time, the supplier shall be entitled to compensation for direct costs incurred as a result of the delay. In the event the delay results in significant inconvenience for the supplier, the supplier shall also be entitled to terminate the agreement.

19.3 The purchaser shall be notified immediately in the event the supplier considers that it is probable that the time for delivery or sub-delivery

cannot be met. The notice shall state the reason for the anticipated delay and the date upon which delivery can take place. In the event the delay results in the product being of no use to the purchaser, the purchaser shall be entitled to terminate the agreement in accordance with section 19.1.

19.4 The aforesaid notice obligation shall apply to the purchaser with respect to anticipated delays in the supply of materials or performance of other measures. In the event the delay results in significant inconvenience for the supplier, the supplier shall be entitled to terminate the agreement in accordance with section 19.2.

20. Quality defects

20.1 "Quality defects" means deviations and variations relating to the nature of the product and the qualities thereof which, according to a professional assessment, do not constitute minor deviations or minor variations from samples, originals, or suchlike, or from what the parties otherwise agreed, including the terms and conditions of SLF 15, or which may otherwise be deemed to have been agreed taking into account the type and nature of the product.

20.2 The following shall not be deemed to constitute quality defects:

- a) Deviations which are due to the purchaser's failure to perform its obligations pursuant to the agreement, e.g. its failure to perform its testing obligation pursuant to section 3.4, the supply of erroneous material or failure to order modifications or rectifications pursuant to section 3.4;
- b) Conditions concerning material and manufacturing tolerances which suppliers of materials or other sub-contractors have imposed in their agreements with the supplier;
- c) That the product contains unusable units, e.g. due to gluing, punching, and other defects or damage of less than 1 %.

20.3 Nor shall quality defects be deemed to exist where the product is damaged or changed as a result of

unprofessional storage, e.g. stored at inappropriate temperatures or humidity, or as a result of other specific circumstances which are not attributable to the supplier.

21. Remedies in respect of quality defects

21.1 The supplier shall rectify defects in the product through repair or re-delivery. Rectification must occur with the degree of urgency demanded by the circumstances. In addition, the purchaser shall be entitled to compensation for direct costs.

21.2 In the event the product can be used for its purpose notwithstanding the defect (minor defect), the supplier shall be entitled, instead of rectification, to give a price reduction which corresponds to the significance of the defect, provided the cost of rectification clearly exceed the significance of the defect.

21.3 In the event the product cannot be used for its purpose due to the defect (serious defect) and rectification of the defect would result in delay which would render the product of no use to the purchaser, the purchaser shall be entitled to terminate the agreement with immediate effect in lieu of demanding rectification and shall thereupon be entitled to compensation pursuant to section 19.1. Quality defects in agreed sub-products in conjunction with instalment delivery agreements shall not entail the right of termination.

21.4 When assessing whether a defect is of a minor or serious nature, the nature and character of the packaging including, among other things, quality level, design and execution, and the intended use shall be specifically taken into account.

22. Quantity deviations

“Quantity deviations” shall not mean excess or short deliveries of not more than 10 %, unless otherwise agreed between the parties. The aforesaid shall also apply in conjunction with quantity deviations in sub-deliveries.

Due to raw material suppliers corresponding rules, can over- or under-delivery of smaller packages, amount up to 5 000 pieces

23. Remedies in the event of quantity deviations

The provisions of sections 21.2 and **21.3** shall apply, where applicable, to the classification of quantity deviations as serious or minor and for the determination of remedies regarding such defects.

24. The supplier’s right of rectification

In conjunction with quality defects and quantity deviations, the supplier shall be entitled, at its own expense, to rectify the defect or deficiency, provided such can occur without serious inconvenience for the purchaser.

25. Liability for defects in production material

25.1 The purchaser shall be liable for quality defects and quantity deviations which are caused by defects in digital or other production material supplied by the purchaser or which arise during the transfer of such material.

25.2 Where the supplier in the course of a professional check of production material supplied by the purchaser prior to or during production discovers that this production material is defective or cannot be used for its intended purpose, the supplier shall inform the purchaser thereof without delay and request the purchaser’s instructions. Customer is required to be available during the production period which shall be agreed between the supplier and the customer. The purchaser shall be entitled to compensation pursuant to section 19.1 for delay, and section 20.1 for defects in the product which are a consequence of the supplier’s failure to discharge its obligations to provide information.

25.3 In the event the supplier discovers that the product is defective or cannot be used for its intended

purpose as referred to in section 25.2, the supplier shall be entitled to suspend production immediately and to compensation for direct costs resulting from the suspension.

25.4 The supplier shall be liable for damage caused to the purchaser’s material during production. The purchaser shall be liable in a corresponding manner for damage to the supplier’s materials.

26. Limitation of liability

The parties shall be obliged, where possible in consultation, to take appropriate and immediate measures to mitigate loss in the event of defects and delays.

27. Force majeure

Where the product cannot be completed pursuant to the agreement due to circumstances beyond the supplier’s control, which the supplier could not reasonably have foreseen at the time of entering into the agreement, this shall constitute a ground for release from liability for compensation and other remedies. The same applies to impediments experienced by the purchaser. In the event that performance is prevented for a period in excess of 2 months, the supplier and the purchaser respectively shall be entitled to terminate the agreement by written notice.

28. Limitation of liability in damages

28.1 The supplier’s obligation to compensate the purchaser shall only apply to direct losses, unless the supplier has been grossly negligent. The amount of compensation shall be limited to the price for the product or sub-product.

28.2 “Direct losses for the purchaser” means, among other things, costs for examination of the product, extra storage and transportation costs and travelling expenses, repair costs and other rectification measures, price differences upon the purchase of replacement goods from other suppliers, costs for overtime work, and costs for services provided by

independent companies.

28.3 The purchaser's obligation to compensate the supplier shall be subject to the same limitations as for the supplier's corresponding obligation pursuant to section 28.1.

28.4 "Direct losses for the supplier" means, among other things, costs for examining defects in materials provided by the purchaser and travelling expenses, costs for overtime work, costs for additional manpower, and costs for services procured from other companies.

29. Complaints

29.1 Complaints regarding invoices shall be made without delay following receipt.

29.2 Complaints regarding delay shall be made without delay upon the purchaser becoming aware of the delay.

29.3 Complaints regarding quality or quantity defects in the product or the sub-product shall be made without unreasonable delay following receipt. What constitutes an unreasonable delay shall be determined taking into account the nature and scope of the product. However, the correctness of EAN codes and other texts must be checked by the purchaser immediately upon receipt.

29.4 Complaints pursuant to sections 29.1-3 must be in writing and contain information concerning the subject of the complaint. The complaining party must submit its detailed claims within a reasonable time thereafter.

30. Limitation of actions

In the event the purchaser wishes to commence proceedings against the supplier in respect of defects in, or delay in respect of, the product, such proceedings must be commenced within a period of one year following receipt thereof.

Construction and resolution of disputes

The Swedish Graphic Art Council (Grafiska Kammaren) shall, upon request, issue statements as to whether graphic products have been performed in a professional manner and otherwise with respect to how these general terms and conditions should be construed in accordance with generally accepted business practices and trade usage.

If the dispute cannot be solved in this way and the amount of the dispute exceeds 40 base amounts (Basbelopp, see www.scb.se), the dispute shall be settled by the Stockholm Chamber of Commerce Arbitration rules of normal customary arbitration. Swedish law shall apply in this regard.

If either party requests it, the Graphic chamber shall be given the opportunity to submit expert evidence in the case.