

SPECIAL DELIVERY TERMS AND CONDITIONS FOR THE LABEL INDUSTRY (SLE 21)

Standard terms and conditions adopted by the Labels Group within the Swedish Graphic Companies' Federation (Grafiska Företagens Förbund). The terms and conditions, which have been adapted to the special conditions applicable to labels production, are based on the General Terms and Conditions for the Supply of Graphic Products (ALG 20) prepared by the Graphic Companies' Federation in co-operation with the Association of Swedish Advertisers (Sveriges Annonsörer) and the Advertising Association of Sweden (Sveriges Kommunikationsbyråer).

SLE 21 contains proven and balanced standard terms and conditions specifically adapted for label production agreements. For the sake of legal clarity, it is recommended that the parties expressly refer to SLE 21 in their agreements.

Interpretation and resolution of disputes

The Swedish Graphic Arts Council (Grafiska Kammaren) will, 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 and industry practice.

1. Applicability

1.1 SLE 21 applies to agreements on prepress work and print production related to self-adhesive labels.

1.2 The terms and conditions contained in SLE 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. SLE does not exhaustively govern the mutual rights and obligations of the parties; it is assumed that the parties themselves will determine details with respect to supply of the product and supplement SLE with other terms and conditions as required.

2. Professionalism

The provision of graphic products – including inter alia components and supplementary products – shall be performed in a professional manner. The requirement of professionalism applies to both the supplier and a purchaser possessing graphics expertise. "Professionalism" means that the supplier and the purchaser shall perform their obligations pursuant to the agreement with the care required to achieve a satisfactory product.

3. Offer and acceptance

3.1 The supplier's offer is valid, subject to intermediate agreements, for 30 days from the offer date, unless another timeframe is specified. The purchaser's acceptance must be received by the supplier within this timeframe. The supplier has the right to withdraw the offer or withdraw from the agreement if, prior to the start of production, it becomes evident that the purchaser's financial circumstances are such that there are strong reasons to assume that payment will not be made on time.

3.2 In the offer, the supplier shall describe the contents of the product offered and the parties' obligations as fully as possible and should clearly refer therein to SLE terms and conditions and specify any supplements or amendments thereto.

4. Provision of materials

The supplier must clearly state in the agreement, through reference to its website or in a special document, the requirements that the purchaser's production materials must meet. If the supplier does not specify any special requirements, the purchaser may deliver the materials in the form that is normal with regard to the graphic performance.

5. Supplementary products

Products which are not specified in the parties' agreement and which the supplier does not normally provide in order to satisfy the requirement of professionalism (supplementary products), must be agreed separately. This shall apply to, inter alia:

- amendments and other extra work ordered by the purchaser
- unforeseen intensification of time schedule caused by late delivery of materials or other delay by the purchaser

- modifications and other measures which the supplier is forced to undertake due to the fact that the material provided by the purchaser does not

allow the supplier to perform the product in a professional manner.

6. Price

6.1 The price offered or agreed upon does not include compensation for additional performance in accordance with item 5. If the purchaser orders the additional performance, it is the purchaser's responsibility to obtain price details from the supplier, if these are not known. If the supplier finds that an additional performance is required or should be recommended, the supplier must obtain the purchaser's approval before the additional work begins.

6.2 The price is exclusive of VAT and other public charges. The purchaser shall be liable therefor notwithstanding that such are determined subsequently.

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

7. Delivery and packaging

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

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

8. Passing of risk and apportionment of costs

8.1 The supplier shall bear the risk of the product or any entrusted production material being destroyed or damaged prior to the delivery date or, if a delivery date has not been determined, the delivery date of which the purchaser is duly advised. Thereafter, risk shall pass to the purchaser.

8.2 The allocation of liability pursuant to section 8.1 above shall also apply to transportation and costs for, e.g. care, storage, and insurance of the product and entrusted production material.

9. Liability for reproduction rights

9.1 The purchaser and the supplier mutually warrant that they are entitled to use the software required for the graphic products supplied, including for further processing.

9.2 The purchaser warrants to the supplier that there are no legal impediments to the production of reproduction and print media, from originals provided by the purchaser, or against reproducing or duplicating material provided by the purchaser.

9.3 The liability pursuant to sections 9.1 and 9.2 entails that the purchaser and the 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 which may be payable to such third party.

10. Subcontractors

10.1 Unless the purchaser has expressly requested that the supplier supply the products, 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 subcontractor.

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

11. Confidentiality

11.1 The supplier shall be obliged to observe confidentiality in accordance with the requirements imposed by generally accepted business standards

with respect to its business relations with the purchaser and the factual contents of the agreed product. The supplier shall satisfy itself, through appropriate measures, that its own personnel, subcontractors, and the personnel thereof, and third parties which obtain information regarding the operations, comply with the duty of confidentiality.

11.2 Upon request by the purchaser, the supplier shall take the 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.

12. Offer material

The supplier shall be entitled to material in digital or other form which the supplier, on its own initiative, has produced and used for the purpose of offers. Unless otherwise agreed, the offeree shall not be entitled, without authorisation, to utilise or cause a third party to obtain such material and shall be obliged, upon request, to return the material to the supplier.

13. Return and repossession of production equipment

13.1 After delivery of the performance, the supplier shall

- return to the purchaser all production materials made available by the purchaser
- hand over to the purchaser all production materials produced or commissioned by the supplier, provided that the parties have agreed in advance on the form and conditions under which the materials in question are to be delivered

13.2 After the delivery date, the supplier continues, on behalf of the purchaser, to store production materials referred to in item 13.1 for a period of three months, unless otherwise agreed.

14. Payment

14.1 Payment must be made within 30 days from the invoice date, unless a shorter timeframe has been agreed or a longer timeframe is stated in the invoice.

14.2 In the event of late payment, penalty interest on arrears shall be levied. This shall exceed by 8 percentage points the Riksbanken's reference rate at any given time, unless otherwise agreed.

15. Fear of breach of contract

If the other party's conduct or financial circumstances indicate that there are strong reasons to assume that the other party will not fulfil a significant part of its obligations, the party has the right to suspend performance and withhold its performance pending the provision of satisfactory security by the other party (right to stop). If the other party fails to do so without delay, the party may terminate the agreement. The party shall immediately notify the other party that the right to stop has been exercised. If the party does not do so, the other party is entitled to compensation for the damage caused by such notice not being given in time.

16. 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. If the purchaser fails to perform its obligations in accordance with this agreement, the supplier shall be entitled to sell the purchaser's property in an appropriate manner, subject to any impediments arising pursuant to law or pursuant to the SLE terms and conditions, and to recover its claim from the sum obtained from the sale.

17. Agreements until further notice

Agreements until further notice concerning regular or periodically recurring delivery of products which tie up production and other resources of the supplier,

shall be subject to a 3 month period of notice of termination in conjunction with monthly and quarterly work, and subject to a 6 month period of notice of termination in conjunction with weekly and 14 day work, calculated from the end of the calendar month in which notice of termination was given.

18. Delay and sanctions

18.1 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. The purchaser also has the right to terminate the agreement or any part thereof if a) the purchaser made it clear to the supplier at the time of entering into the agreement that delivery must be made punctually on the agreed date; or b) it is clear from the agreement, or other circumstances of which the supplier is aware that the product is of no use to the purchaser after a certain date and that delivery has not been made prior thereto. Delay of any consignment in conjunction with an instalment delivery agreement shall not constitute a ground for termination thereof.

18.2 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 annul the agreement.

18.3 The purchaser shall be notified immediately in the event the supplier considers that it is probable that the time for 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 annul the agreement in accordance with section 18.1.

18.4 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 annul the agreement in accordance with section 18.2.

19. Quality defects

19.1 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 merely constitute minor deviations or minor variations from samples, originals, or suchlike, or from the agreement between the parties, including the SLE terms and conditions, or which may otherwise be deemed to have been agreed, taking into consideration the type and nature of the product.

19.2 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. the supply of erroneous material or failure to order modifications or rectifications
- b) that the final product contains defective copies of less than 0.5 per cent of the number ordered as regards printing, and 0.5 per cent as regards further processing.

20. Remedies in the event of quality defects

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

20.2 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 make a price reduction which corresponds to the significance of the defect, provided the costs of rectification clearly exceed the significance of the defect.

20.3 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 a delay which would render the product of no use to the purchaser, the purchaser shall be entitled to annul the agreement with immediate effect instead of demanding rectification and shall thereupon be entitled to compensation pursuant to section 18.1.

20.4 When assessing whether a defect is of a minor or serious nature, the graphic nature and character of the product including, inter alia, the quality level, design and execution, and the intended use and value will be specifically taken into account.

21. Further processing defects

In the event a defect occurs during the further processing of a product at a supplier, the party that ordered the further processing shall be entitled, vis-à-vis said supplier, to claim for the consequences of such defects pursuant to sections 20.1-3 as regards the entire product, provided, however, that said consequences shall be modified to the extent the purchaser or any third party for which the purchaser is liable is jointly liable for the defect.

22. Edition errors and edition deviations

22.1 Unless otherwise agreed, the quantity supplied may deviate up to 10% above or below the agreed quantity.

22.2 Payment shall be made for the actual number of copies supplied within the scope of the permitted deviations pursuant to section 22.1.

23. Remedies in the event of shortage

In the event of non-agreed shortage (shortage) the provisions of section 24 concerning the supplier's rectification obligation shall apply. In the event of minor shortage, the provisions of section 20.2 concerning price reduction shall apply, whereupon the reduction shall be made on the basis of the following prices. In the event of serious shortage, the provisions concerning annulment in section 20.3 and compensation in section 18.1 shall apply.

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 remedy the defect or deficiency, provided such can occur without serious inconvenience for the purchaser. The party undertaking further processing shall possess a corresponding right of rectification.

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 production material supplied by the purchaser or which arise during the transfer of such material.

25.2 If, during a professional inspection of production materials provided by the purchaser, the supplier notices before or during production that the materials are incorrect or cannot be used as intended, the supplier shall inform the purchaser of this without delay and request the purchaser's instructions. The purchaser is obliged to be available during the production period, which must be agreed between the supplier and the purchaser. If the supplier has not fulfilled its notification obligation, the purchaser is entitled to compensation in accordance with item 18.1 in the event of delay and item 20.1 in the event of errors in the performance.

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 the production. The purchaser shall be liable in a corresponding manner for damage to the supplier's materials.

26. Complaints

26.1 Complaints about invoices shall be made without delay following receipt.

26.2 Complaints about errors in the performance shall be made without delay following receipt. The question of what constitutes a delay must be

assessed with regard to the nature and scope of the performance.

26.3 The notification pursuant to items 26.1-2 shall contain information about what the complaint pertains to. The purchaser must then follow up with its requirements within a reasonable timeframe.

26.4 Claims due to delays shall be made without delay as soon as the purchaser becomes aware that delivery has taken place. If the supplier has fulfilled its notification obligation in accordance with item 18.3, the right of cancellation must be exercised without delay following the notification.

27. Force majeure

Where performance cannot be carried out in accordance with the agreement as a consequence of circumstance outside the supplier's control, which the supplier could not reasonably have foreseen at the time of entering into the agreement, the supplier will be discharged from liability for compensation and other remedies. The same applies, mutatis mutandis, to the purchaser. If performance is prevented for more than two months, the supplier and the purchaser respectively shall be entitled to terminate the agreement by written notice

28. Limitation of liability

28.1 The supplier's liability to compensate the purchaser only applies to direct losses, unless the supplier has been grossly negligent. Apart from what applies according to item 21, the amount of compensation is limited to the price of the performance. These limitations of liability apply to all types of claims for damages, including those based on something other than breach of contract.

28.2 Direct loss for the purchaser includes, inter alia, costs for examination of the product, extra storage and transportation costs, additional travelling expenses, repairs 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 loss for the supplier includes, inter alia, costs for examining defects in materials supplied by the purchaser, additional travelling expenses, costs for overtime work, costs for additional manpower, and costs for services procured from other companies.

29. Limitation

If the purchaser wishes to bring an action against the supplier for errors or delays in the performance, the action must be brought in the district court within one year after receipt of the performance.