

ESSITY GENERAL TERMS AND CONDITIONS FOR THE PURCHASE OF GOODS - CANADA

THESE TERMS AND CONDITIONS ARE INCORPORATED BY REFERENCE INTO ANY ATTACHED OR REFERENCED PURCHASE ORDER. THEY FORM AN INTEGRAL PART OF THE PURCHASE ORDER AND MAY NOT BE MODIFIED EXCEPT BY SPECIFIC REFERENCE IN THE PURCHASE ORDER OR FRAME AGREEMENT OF WHICH THEY FORM A PART. THESE TERMS AND CONDITIONS, AS MODIFIED AS AND IF PERMITTED HEREIN, SHALL BE DEEMED TO HAVE BEEN ACCEPTED UPON FIRST PERFORMANCE BY THE SUPPLIER OF ITS OBLIGATIONS UNDER THE PURCHASE ORDER.

1. Definition

The term “**Agreement**” as used in these General Terms and Conditions has the meaning set forth in the Frame Agreement, if one was entered into by ESSITY and Supplier. If there is no Frame Agreement, then the term refers to the Purchase Order, issued by ESSITY, together with any documents expressly incorporated therein.

2. Application

- 2.1 ESSITY’s obligation to purchase and Supplier’s obligation to sell Goods shall be evidenced by purchase orders issued from time-to-time by ESSITY (individually, a “Purchase Order”, and, collectively, “Purchase Orders”).
- 2.2 Supplier’s performance against a Purchase Order constitutes its unconditional acceptance of these General Terms and Conditions.
- 2.3 Terms and conditions proposed by Supplier that are different from or in addition to the provisions of the Agreement are expressly rejected by ESSITY and shall form no part of the Agreement.
- 2.4 In the event of a conflict between the Purchase Order and the Frame Agreement, if any, the Frame Agreement shall take precedence.

3. Condition of the Goods

- 3.1 The Goods shall be defined by an agreed specification.
- 3.2 Supplier shall designate the carrier and shipping point for each shipment. Supplier shall mark and ship the Goods in accordance with the instructions set forth in the purchase order. All paperwork, including invoices shall contain the purchase order number.
- 3.3 ESSITY reserves the right at any time to change by written notification any of the following: (a) specifications, drawings and data incorporated in the Agreement where the items to be furnished are to be specifically manufactured for ESSITY; (b) quantity; (c) methods of shipment or packaging; (d) place of delivery; or (e) time of delivery. If any change by ESSITY causes an increase or decrease in the cost of Goods or change in the delivery schedule, the parties shall agree on an equitable adjustment in the contract price or delivery schedule, or both. Any claim by Supplier for adjustment under this clause shall be deemed waived unless asserted in writing within 10 days following Supplier's receipt of a written change notice from ESSITY.

4. Competitive Pricing

Should Supplier sell or offer goods of equivalent quality and quantity to a third party at a lower price than that in effect under a Purchase Order, then ESSITY shall receive the benefit of such lower price on all shipments of Goods made by Supplier to ESSITY while such lower price is in effect.

5. Invoicing and Payment

- 5.1 Unless otherwise provided on the face of the Purchase Order, ESSITY shall make all payments on the basis of net 60 days' cash terms following acceptance of the Goods at the designated ESSITY facility or receipt of the correct invoice, whichever is later. All payments shall be in Canadian dollars. It is agreed that Supplier shall not send invoices before the date upon which transfer of title and risk of loss to Goods occurs.
- 5.2 ESSITY may withhold payment if Supplier's invoice is inaccurate, does not meet ESSITY's reasonable requirements or fails to satisfy applicable legal or tax requirements. Supplier shall include all documentation reasonably required by ESSITY to support Supplier's claim for payment.
- 5.3 Payment for Goods shall not constitute acceptance.

6. Delivery

Delivery dates set forth in a Purchase Order are binding. Supplier shall inform ESSITY immediately of any potential delay in delivery of Goods. Acceptance of delayed delivery shall not constitute a waiver of ESSITY's rights or remedies.

7. Title and Risk of Loss

Title to and risk of loss with respect to Goods shall pass to ESSITY at the time and place of ESSITY's acknowledgment of delivery determined in accordance with the agreed Incoterm. Unless otherwise specified in the Purchase Order, delivery is DDP (INCOTERMS® 2010), ESSITY's location(s) designated on the face of the Purchase Order.

8. Warranties and Guarantees

8.1 Supplier warrants and guarantees that:

- a) Goods covered by the Agreement shall conform with all specifications, drawings, samples and quality standards either (i) furnished by ESSITY, or (ii) furnished by Supplier and approved by ESSITY, and will be merchantable, of good material and workmanship, free of defect and fit for the particular purposes intended by ESSITY;
- b) it shall convey full legal and beneficial title to the Goods, free and clear of any liens or other encumbrances;
- c) it shall comply with all applicable laws and regulations in the performance of its obligations under the Agreement. It is understood and agreed that with respect to Goods that will be resold, leased or otherwise supplied by ESSITY to its own customers, and provided that the Intended Market for such resale or supply has been communicated to Supplier, then Supplier shall comply not only with the applicable laws and regulations of the countries where ESSITY is located but also the laws and regulations of the Intended Market, including but not limited to all legislation and standards set forth in the Supplier Standard and all legally required labelling requirements as applicable. "Intended Market" means country(ies) where the Goods are placed or are to be placed on the market, as communicated by ESSITY from time to time;

- d) Goods covered by the Agreement and their manufacture, importation, sale, offer for sale and use do not and will not violate, infringe, directly or indirectly, any patent, copyright, trademark, intellectual property or other proprietary rights owned by a person other than ESSITY;
- e) it shall comply in all respects with ESSITY's Global Supplier Standard ("Supplier Standard") published on www.essity.com/gss as updated from time to time;
- f) as relevant, it shall comply with the requirements of the European Union Regulation concerning the registration, evaluation, authorisation and restriction of chemicals (Regulation EC No 1907/2006), including any amendments and/or implementing legislation ("REACH Regulation") in its production of Goods, as well as with ESSITY requirements related to the REACH Regulation described in the relevant appendix to the Agreement or in a separate REACH Agreement; and

8.2 Supplier's warranties and guarantees shall survive acceptance and shall continue until the date a warranty period for the Goods under applicable law expires, if any, or if no such warranty period exists, until ESSITY's right to claim shall be barred under applicable law but in no event, less than two years following ESSITY's receipt of the Goods. In addition, with respect to Goods that are intended to be delivered to final consumers, the warranty period(s) for the Goods shall be the same warranty period(s) set forth in the relevant laws and regulations enacted for the protection of consumers.

9. Remedies for defective Goods

- 9.1 ESSITY shall not be obliged to inspect the Goods prior to sale or following delivery. Neither omission to inspect the Goods nor ESSITY's knowledge of a defect shall in any way limit ESSITY's right to claim for remedies.
- 9.2 ESSITY shall have the right to put Supplier on notice of defects within a reasonable time following the detection of a defect provided that such

defect appears to have been detected during the applicable warranty period.

- 9.3 Supplier shall, at ESSITY discretion, rectify the defect, deliver substitute Goods or reduce the price of the defective Goods. ESSITY's option in this regard is an absolute and unconditional right. Furthermore, Supplier shall indemnify ESSITY against losses arising from defective Goods according to section 11 below.
- 9.4 If ESSITY elects to receive substitute Goods and so requests, Supplier shall replace the entire delivery containing defective Goods, at its own cost, or separate the defective Goods from the delivery/batch, provided such separation is practicable and can be performed in such a manner as not to interfere with the conduct of ESSITY's business.

10. Remedies in the event of delay in the delivery of the Goods

If the Goods are not delivered or delivered late ESSITY shall have an absolute and unconditional right to demand performance or terminate the Agreement. Furthermore, Supplier shall indemnify ESSITY against losses arising from such delay according to section 11 below.

11. Indemnity

Supplier shall indemnify, defend and hold ESSITY harmless, from and against any and all claims, demands, suits, actions, causes of action, liabilities, fines, penalties, losses, damages and expenses, including, without limitation, attorney's fees and charges arising from or related to Supplier's acts or omissions in its performance of the Agreement, including, without limitation, a breach by Supplier of any of its warranties or guarantees.

12. Proprietary Rights

- 12.1 ESSITY shall retain ownership of its intellectual property and other proprietary rights. Supplier may use such rights only to the extent necessary to fulfill its obligations under the Agreement.
- 12.2 Supplier shall make no reference to the Agreement, nor ESSITY names, logos, designs, images, trademarks and any other ESSITY intellectual

property rights in any commercial document, advertising or other promotional material without the prior consent of ESSITY.

12.3 Goods manufactured utilizing intellectual property or other proprietary rights owned by or licensed to ESSITY may not be used for Supplier's own use or sold to third parties without ESSITY's consent.

12.4 Upon request, Supplier shall immediately return all materials containing ESSITY intellectual property or other proprietary rights, including, without limitation, moulds or other tooling, without retaining copies.

13. Termination

ESSITY may terminate all or any part of the Agreement, without liability to Supplier, upon notice if Supplier (i) breaches the Agreement, (ii) states its intention not to perform or otherwise rejects its obligations under the Agreement, (iii) fails to make progress in performance so as to put at risk timely and proper delivery of Goods, or (iv) undergoes a direct or indirect change in control or ownership; provided, however, that if any failure or breach under clauses (i) through (iii) is curable, ESSITY shall provide Supplier with an opportunity to cure within a commercially reasonable period of time, but in no event more than 10 days following ESSITY's notice of default. Termination of the Agreement shall not limit or constitute a waiver of ESSITY's rights or remedies.

ESSITY may terminate the Purchase Order in whole or in part at any time for its sole convenience. In the event of such termination, Supplier shall immediately stop all work and shall immediately cause its suppliers or subcontractors to cease work. Supplier shall be paid a reasonable termination charge reflecting the percentage of work performed prior to the termination notice but in no event more than the amount of the Purchase Order. Supplier shall not be paid for work done after receiving the termination notice, nor for costs that could have been reasonably avoided.

14. Confidentiality

Each party agrees not to disclose the other party's confidential information to third parties without the other party's prior consent, nor to use such confidential information for purposes other than performance of its obligations under the Agreement. Disclosure of such information shall be limited to those officers, employees, consultants and/or agents of the receiving party who have a need to know and who are bound by confidentiality obligations no less stringent than those contained herein. These confidentiality and non-use obligations shall survive for a period of five years from expiration or termination of the Agreement, except with respect to information that constitutes a trade secret or proprietary technical knowledge in which case such obligations shall survive for so long as such information is not publicly known.

15. Audit Rights

Supplier shall provide ESSITY or any independent auditing company with access to its premises and all pertinent information for the purpose of auditing Supplier's compliance with the terms of the Agreement or inspecting or conducting an inventory of finished Goods, work-in-process, raw materials, any of ESSITY's property and all work or other items to be provided pursuant to the Agreement located at Supplier's premises. Supplier agrees to pay for all reasonable fees and expenses incurred in implementing compliance audits, the estimated amount of which shall be communicated by ESSITY or the auditing company before implementation of the audit. Supplier will preserve all records pertinent to a Purchase Order, and Supplier's performance under such Purchase Order, for a period of not less than five years following ESSITY's final payment for Goods under such Purchase Order.

16. Cooperation

Supplier shall provide ESSITY, at no additional cost, with such documentation and/or information including but not limited to customs documentation, as ESSITY may reasonably request. Supplier shall cooperate fully with ESSITY in the event of investigations, enquiries or audits by public authorities or governmental agencies with respect to ESSITY's compliance with laws and regulations.

17. Assignment; Subcontracting

Neither party may assign or subcontract its rights or obligations under the Agreement without the prior written consent of the other party.

18. Communications

Notices, demands, and consents related to the Agreement must be in writing, all of which shall be deemed to have been properly served if delivered to the other party's contact person designated in the Purchase Order by (a) a recognized overnight courier service, or (b) registered mail. In the case of any other communication, the foregoing as well as email will be considered proper delivery.

19. Entire Agreement

The Agreement constitutes the entire understanding between Supplier and ESSITY with respect to the purchase and sale of Goods. No amendment, modification or waiver shall be effective unless in writing, signed by both parties.

20. Governing Law

The Agreement shall be governed by and construed in accordance with the laws of the the Province of Ontario, without regard for its conflict of laws principles. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the Agreement.

21. Insurance

In the event Supplier or any of its employees, or agents will perform work hereunder on ESSITY's premises, Supplier shall carry at its sole expense and in a form satisfactory to ESSITY: (a) worker's compensation insurance providing statutory benefits covering such employees, (b) Employers' Liability \$1,000,000 per occurrence, (c) Comprehensive General Liability \$1,000,000 per occurrence, \$2,000,000 aggregate Combined single limit (including contractual liability for indemnification clauses in this Purchase Order, premises and operations), (d) Automobile Liability \$1,000,000 per occurrence, combined single limit (for owned, non-owned and hired vehicles including appropriate motor carrier hazardous waste endorsements and sudden and accidental pollution liability coverage), (e) Environmental Impairment Liability

\$3,000,000 per occurrence (including contractual liability for indemnification clauses in this Purchase Order), (f) Umbrella Liability \$5,000,000 combined single limit (including contractual liability for indemnification clauses in this contract, premises and operations, and automobile liability and coverages). ESSITY shall be named as an additional insured to the general liability policy. Certificates evidencing the above coverage with 30-day amendment and cancellation notice clauses shall be submitted to ESSITY prior to Supplier commencing work on ESSITY's premises.

22. Force Majeure

Neither Supplier nor ESSITY shall be liable to the other for damages caused by the failure or delay in fulfilling any obligation of this Purchase Order, other than the obligation to make payments of purchase price due under the Purchase Order, if and to the extent such failure is caused by any war, riot, insurrection, civil commotion, explosion, fire, flood, accident, storm or any act of God, delay of common carriers or embargo (each an "Event of Force Majeure"). The affected party shall give the other party prompt notice of the occurrence of an Event of Force Majeure. If such Event of Force Majeure delays or prevents performance by the affected party for more than 30 days, such other party may, by notice to the affected party, cancel the Purchase Order with no further liability to the affected party. If the affected party is Supplier and only a part of Supplier's ability to perform under this Purchase Order is excused due to the occurrence of an Event of Force Majeure, Supplier must allocate its overall production and deliveries in a fair and equitable manner among itself and its various customers then under contract for similar Goods during the continuation of the Event of Force Majeure, and shall not give preference to any other customer over ESSITY.

23. Liens.

Supplier agrees that it shall not file any liens related to the Goods supplied or services performed hereunder and that it shall not permit its subcontractors or other suppliers to file such liens. When requested, Supplier shall provide ESSITY with lien waivers for itself, its subcontractors and other suppliers in a form satisfactory to ESSITY, who may withhold any payment(s) otherwise due until it has received reasonable assurances that all of Supplier's obligations respecting the Goods or services have been paid. If a lien is filed, Supplier shall cooperate fully with ESSITY, at Supplier's expense to cause the lien to be removed.

24. Independent Contractor

Supplier, its employees, agents, subcontractors and other suppliers, shall at all times be independent contractors and no express or implied representations to the contrary shall be made. Supplier shall at all times retain exclusive liability for wages and all employment-related obligations due its employees and shall indemnify ESSITY for any liability arising therefrom.

25. Language. The parties have required that this agreement and all documents, notices and communications relating to this agreement and to the subject matters arising therefrom be in the English language. / Les parties ont exigé que la présente convention et tous les documents, avis et communications rattachés à cette convention et aux questions qui en découlent soient rédigés en anglais.
