

UPM GENERAL PURCHASING CONDITIONS FOR PRODUCTS AND SERVICES

1 APPLICABILITY OF UPM GENERAL PURCHASING CONDITIONS

- 1.1 These UPM General Purchasing Conditions for Products and Services (the "GPC") shall apply to and form an integral part of all purchases of Products and/or Services by UPM-Kymmene Corporation or its Affiliate(s), unless otherwise agreed in writing between the Parties.
- 1.2 These GPC shall prevail over any general, standard or any other terms and conditions that are contradictory and which may be cited or referred to in any order confirmation, quotation, delivery order, invoice or other document in any form used by the Supplier. By confirming a purchase order or supplying the Products or providing the Services or invoicing the same the Supplier expressly agrees and accepts that these GPC governs the transaction and purchase relationship of the Parties as set out in Clause 1.1 above. A written purchase agreement for Products and/or Services between the Parties shall, however, prevail over these GPC.

2 DEFINITIONS

In these GPC (and where the context so admits the singular shall include the plural and vice versa):

"Affiliate" shall mean any entity controlling, controlled by or under the common control, directly or indirectly, with a Party.

"Force Majeure" shall mean any cause preventing either Party from performing its obligations under the Purchase Agreement and which arises from circumstances outside the reasonable control of either Party which it cannot reasonably be deemed to have foreseen on the date of the Purchase Agreement excluding, however, a machinery breakdown or lack or non-performance by any of the Supplier's subcontractors and/or lack or shortage of any raw material if not directly caused by an event of Force Majeure.

"Intellectual Property" shall mean any and all patents, utility models, design rights, copyrights (including the right to amend, modify, develop and assign), trademarks, trade names, inventions, trade secrets, domain names, know-how and any other industrial or intellectual property rights (including applications thereof).

"Party" shall mean the Supplier or the Purchaser and **"Parties"** shall mean the Supplier and the Purchaser jointly.

"Products" shall mean the products, materials, software and related documentation to be provided by the Supplier to the Purchaser under the Purchase Agreement.

"Purchase Agreement" shall mean a written or oral purchase order placed by the Purchaser and accepted by the Supplier, a price list signed by the Parties or a purchase agreement entered into between the Supplier and the Purchaser for the delivery of the Products and/or performance of the Services by the Supplier to the Purchaser, including its appendices and of which these GPC shall form an integral part.

"Purchaser" shall mean UPM-Kymmene Corporation or any Affiliate of UPM-Kymmene Corporation purchasing the Products or Services under the Purchase Agreement.

"Services" shall mean the services provided by the Supplier to the Purchaser under the Purchase Agreement, including also all materials, reports, media, documentation and other deliverables in whatever form, generated during or resulting from the provision of Services.

"Supplier" shall mean the entity supplying the Products or providing the Services under the Purchase Agreement.

"VAT" or "Value Added Tax" shall mean any value added tax or similar use, sales or other tax to be payable under any applicable law based on the delivery of Products and/or Services.

3 GENERAL OBLIGATIONS OF THE SUPPLIER

- 3.1 The Supplier shall have and maintain all necessary permits, registrations, filings and licenses needed for the delivery of the Products and/or the provision of the Services and the overall operation of its activities. The Supplier shall be solely responsible (at no cost to the Purchaser) for providing all

facilities, hardware, materials, equipment, software, tools, licenses, personnel and other resources that may be required to deliver the Products or provide the Services.

- 3.2 The Supplier shall comply with the Purchase Agreement, applicable laws and regulations and the UPM Supplier and Third Party Code as well as best industry practice and standards.
- 3.3 The Supplier shall have no right to use subcontractors without the Purchaser's prior written consent. Notwithstanding any such consent, the Supplier shall remain fully responsible and liable for the performance of any subcontractor as for its own. The Supplier shall procure that its subcontractors delivering the Products and/or providing the Services duly comply with the terms and conditions hereof.
- 3.4 The Supplier shall maintain in force adequate insurance policy and coverage from an internationally recognized and reputable insurance company to cover the obligations of the Supplier under the Purchase Agreement. At the Purchaser's request, the Supplier shall provide to the Purchaser a copy of the insurance certificate. For the sake of clarity, the Supplier's obligation to maintain insurance as set out herein does not exclude or limit the Supplier's liability towards the Purchaser relating to or under the Purchase Agreement.

4 ORDERING, CHANGES AND CANCELLATION

- 4.1 The Purchaser may order Products and/or Services by phone, mail, telefax or electronic mail or by using electronic catalogue or other procedures the Parties may agree from time to time in writing. The Supplier undertakes to make deliveries only against the Purchaser's purchase order.
- 4.2 The Supplier shall confirm each purchase order placed by the Purchaser within three (3) working days from the receipt of the purchase order, unless expressly otherwise agreed by the Parties. If the Purchaser does not receive any confirmation from the Supplier within the above mentioned period, the purchase order shall be deemed accepted by the Supplier.
- 4.3 The Purchaser is entitled to (i) reschedule or change any ordered Products and/or Services free of charge and without incurring any liability at minimum fourteen (14) days' written notice to the Supplier prior to the agreed delivery date of the Products or the commencement of the provision of the Services; and (ii) cancel any ordered Products and/or Services free of charge and without incurring any liability at minimum fourteen (14) days' written notice to the Supplier prior to any agreed delivery date of the Products or the commencement of the provision of the Services.

5 DELIVERY

- 5.1 The Supplier shall package the Products properly to withstand handling, transport and storage conditions. The Supplier shall meet the requirements of any applicable laws, regulations and international conventions for transportation and follow the instructions of the Purchaser with regard to the packaging methods, materials and labeling of the Products. The Supplier agrees to use its best efforts to minimize the amount of packaging material and to promote the use of recyclable and environmental friendly materials, without compromising the agreed standards of packaging.
- 5.2 The Supplier shall deliver the Products and provide the Services timely in accordance with the delivery schedule agreed in the Purchase Agreement. In case no specific delivery time has been agreed, the Products and the Services shall be delivered at the time requested by the Purchaser. The Purchaser shall not be obligated to accept any partial, early or late delivery.
- 5.3 The delivery of the Products shall be made in accordance with the applicable Incoterms® 2010 delivery term set out in the Purchase Agreement. If the Parties have not agreed on an Incoterms® 2010 delivery term in the Purchase Agreement, the delivery term shall be DDP (Incoterms® 2010), the Purchaser premises.
- 5.4 The risk of loss and damage to the Products shall transfer to the Purchaser in accordance with the applicable delivery term. Title to the Products and the Services shall transfer to the Purchaser at the time of delivery free and clear of any

restrictions, encumbrances or security interests of third parties.

6 DELAY

- 6.1 If the provision of the Services and/or the delivery of the Products seems probable to be delayed due to a reason not attributable to the Purchaser, the Supplier shall promptly, in writing, notify the Purchaser of the delay and submit a written account of the measures to prevent the delay.
- 6.2 The Supplier shall use its best efforts to prevent or mitigate the delay and to provide the Services and/or deliver the Products in accordance with the delivery schedule set out in the relevant purchase order. If the Supplier fails to eliminate the delay within a reasonable time prescribed by the Purchaser, the Purchaser is entitled to have the necessary measures carried out by a third party on behalf and at the expense of the Supplier.
- 6.3 If any part of Services and/or Products are not delivered as specified under the Purchase Agreement and the delay is not attributable to the Purchaser, the Purchaser may without prejudice to other remedies available to the Purchaser under the Purchase Agreement, at its sole discretion: (a) demand the Supplier to immediately deliver the Products and/or provide the Services at the Supplier's sole risk and expense within a time period specified by the Purchaser; and (b) demand price reduction for the Products and/or Services or cancel the delayed delivery and all other undelivered binding purchase orders placed by the Purchaser in whole or in part, if it is evident that such other purchase orders would be delayed, and demand the Supplier to reimburse to the Purchaser the purchase price of all such Products and/or Services.
- 6.4 In addition, the Supplier shall pay to the Purchaser liquidated damages in the amount of one (1) percent of the purchase price of the delayed Products and/or Services as liquidated damages for each commencing day of the delay, however, not exceeding thirty percent (30%) of the said purchase price of the delayed Products or Services. The Purchaser shall be entitled to compensation of the loss and damage caused by the delay to the extent the damage or loss exceeds the liquidated damages payable hereunder. The liquidated damages shall not exclude or limit the Purchaser's right to termination resulting from the delay. The Purchaser shall be entitled to deduct any liquidated damages from the payments due to the Supplier under the Purchase Agreement.

7 INSPECTIONS AND QUALITY CONTROL

- 7.1 The Supplier shall measure, control, document and maintain records of the out-going quality level of the Products and the performed Services as mutually agreed and confirm that the Products meet the specifications and quality requirements of the Purchase Agreement. Upon the Purchaser's request at any time, the Supplier shall submit to the Purchaser the inspection, quality control and testing records of the Supplier and quality analysis of the Products. The Supplier agrees without delay to inform the Purchaser of any relevant quality related issues and to use its best efforts to correct any deviations from the agreed quality without delay.
- 7.2 The Purchaser may at its sole discretion inspect the Products and/or Services upon delivery, but has no obligation to inspect or otherwise examine the Products and/or the Services at the time of the delivery. Any testing, inspection, review, audit or acceptance of the Products and/or the Services by the Purchaser shall not release the Supplier from any of its obligations under the Purchase Agreement.

8 PRICES, PAYMENT TERMS AND INVOICING

- 8.1 The prices for the Products and/or the Services are set out in the Purchase Agreement. The prices set out in the Purchase Agreement shall be the entire payment payable by the Purchaser, and the Purchaser shall have no obligation to make any other payments to the Supplier unless otherwise agreed by the Purchaser in writing.
- 8.2 The invoices are due for payment 60 days net based on the date of receipt of invoice. The Supplier shall only be entitled to invoice for delivered and accepted Products and/or Services.

- 8.3 Upon the Purchaser's request, the Supplier shall send electronic invoices which comply with the Purchaser's systems. Reference to the Purchase Agreement shall be made in each invoice. If the invoice is incomplete, the invoice will be returned to the Supplier and the Purchaser is only obligated to make the payment after the invoice has been completed. Delay interest for any amount payable by the Purchaser which remains unpaid after the due date without justified cause shall be eight per cent (8%) p.a.

- 8.4 All amounts payable under the Purchase Agreement are gross amounts but exclusive of any VAT. The Supplier undertakes to comply with the relevant VAT regulations under any applicable laws. The amount of VAT and any other related disclosures on the invoice for the Products and/or Services shall be in accordance with the relevant VAT regulations and clearly marked on each invoice. The Supplier shall provide evidence of any paid taxes as is sufficient to enable the other Party to obtain any credits available to VAT.

- 8.5 The Supplier shall be responsible for payment of any taxes, withholding taxes, levies, duties, charges, assessments or fees of any nature (including interest, penalties and additions thereto) which relate to the sale, delivery and purchase of the Products under the Purchase Agreement. The Supplier shall provide UPM with the documentation reasonably requested by UPM for taxation purposes.

9 WARRANTIES

- 9.1 The Supplier warrants that all Product(s) comply in all respects with the Purchase Agreement (including these GPC) and all applicable laws, regulations and standards applicable to the Products and with all generally accepted requirements for the Products as well as best industry practices, are free from defects in design, materials and workmanship, and are suitable for their intended purpose, to the extent known to the Supplier, for the period of twenty-four (24) months from the time of delivery.
- 9.2 The Supplier warrants that the Services comply in all respects with the Purchase Agreement (including these GPC) and all applicable laws, regulations and standards applicable to the Services and with all generally accepted requirements for the Services as well as best industry practices, are free from defects or failures, and are suitable for their intended purpose for the period of twenty-four (24) months from the time of delivery.
- 9.3 Without prejudicing any other rights available to the Purchaser, if any Products and/or Services do not meet the warranties set out in Clause 9.1 or 9.2, the Supplier shall promptly, at the Supplier's sole risk and expense, at the Purchaser's option and within a reasonable period specified by the Purchaser:
- supply replacement Products to fully satisfy the given warranties; or
 - repair such Products to fully satisfy the given warranties; or
 - correct defects in or otherwise remedy any defects or failures of Services.
- 9.4 In case the Supplier does not complete the replacement, repair or correction set out in Clause 9.3 within the time specified by the Purchaser, the Purchaser shall have the right to:
- repair, replace or correct the Products and/or the Services itself or have the same done by a third party at the Supplier's sole risk and expense; or
 - demand price reduction for the Products and/or Services; or
 - cancel the purchase of the Product and/or Services in question; and
 - cancel all other undelivered, binding purchase orders in whole or in part, if it is evident that such other purchase orders would not meet the warranties given by the Supplier and demand the Supplier to reimburse the Purchaser the price of all such Services and/or Products already paid.
- 9.5 In addition to rights under Clause 9.3 and 9.4 the Purchaser shall be entitled to compensation from the Supplier for any damage, losses, costs and expenses (including without

limitation legal and other professional fees and expenses) incurred by the Purchaser as a result of the Supplier's failure to deliver the Products and/or Services which meet the warranties.

- 9.6 Any shipment of defective Products from the Purchaser to the Supplier, as well as the shipment from the Supplier to the Purchaser of repaired Products and/or replacement Products shall be done at the sole expense and risk of the Supplier. Any replaced, corrected or repaired Services or Products (including renewed parts thereof) shall be subject to a similar, new warranty as set out in Clause 9.1 and 9.2.

10 INTELLECTUAL PROPERTY

- 10.1 Each Party retains ownership of and other rights in its Intellectual Property which the Party owns or possesses on the date of the Purchase Agreement or which the Party independently thereafter generates. No rights to the Party's Intellectual Property are granted by either Party to the other Party by the Purchase Agreement, unless otherwise explicitly agreed hereunder. The Purchaser shall own any new Intellectual Property relating to the usage of the Products in the Purchaser's production process, the Purchaser's end products and their applications or the Services which is created jointly by the Parties or by either of the Parties in connection with the testing or usage of the Products in the Purchaser's production process or the performance of the Services to Purchaser.
- 10.2 In case the Parties are willing to jointly develop the Products, their specifications or usage, the Parties shall enter into a separate joint development agreement prior to the commencement of any joint development.

11 INDEMNITY

- 11.1 The Supplier shall indemnify and hold the Purchaser harmless from and against all liabilities, damages, damage, loss, costs and expenses (including without limitation reasonable legal and other professional fees and expenses) which arise or result from any claims by third parties with regard to injury or death to persons, loss or damage to property, or any infringement or alleged infringement of any Intellectual Property, to the extent relating to (i) the Products and/or Services, in part or in whole, or (ii) any use, sale or other exploitation of the Products and/or Services by the Purchaser.
- 11.2 At the Purchaser's prior written request, the Supplier agrees to defend any and all claims, suits, actions, demands and proceedings brought against the Purchaser under this Clause 11 using legal counsel acceptable to the Purchaser.
- 11.3 In case any claim, action, demand, suit or proceeding regarding infringement or alleged infringement of Intellectual Property is addressed against the Purchaser, the Supplier shall at its own cost and expense procure the continued right for the Purchaser to continue the use of the Product and/or the Services or modify the Product and/or the Services while preserving the compliance with the requirements under this Agreement.

12 FORCE MAJEURE

- 12.1 Neither of the Parties shall be liable to the other Party for any delay or non-performance of its obligations in the event and to the extent that such delay or non-performance is due to an event of Force Majeure.
- 12.2 In order to invoke a Force Majeure, a Party shall without undue delay inform the commencement or the cessation of the Force Majeure in writing to the other Party and submit to the other Party reasonable proof of the nature of such event of Force Majeure and its effect upon the time of performance of the said Party's obligations under the Purchase Agreement. The commencement of the Force Majeure is considered maximum three (3) days retrospectively from the date of written notice. The maximum period for which a Party is relieved of liability due to a Force Majeure is the duration of the Force Majeure.
- 12.3 If a Force Majeure pertains to procurement of materials or services or other items, which the Party can procure from other sources at no essential extra cost, the Force Majeure

does not give the Party right to any extension in its performance under the Purchase Agreement. The Parties shall take all necessary measures to mitigate the effect of any delay caused by a Force Majeure and to resume performance of its obligations.

13 NON-DISCLOSURE

- 13.1 The Supplier shall keep in confidence all commercial, technical, financial and other confidential information of the Purchaser. During the term of the Purchase Agreement and for a period of two (2) years thereafter, the Supplier shall not disclose such information to any third party or use such information for any other purpose than the performance of its obligations under the Purchase Agreement. Additional terms contained in any separate non-disclosure undertaking or agreement entered into relating to the sale and delivery of the Products and/or performance of the Services between the Parties shall also be applied to the exchange of information under the Purchase Agreement.
- 13.2 The Supplier shall not be entitled to use the Purchaser as a reference without the prior written consent of the Purchaser.

14 MISCELLANEOUS

- 14.1 The Purchase Agreement forms the entire agreement between the Parties in relation to the subject matter thereof and supersedes any earlier written or oral agreement or understanding in relation to the same subject matter, except for any non-disclosure undertaking or agreement referred to in Clause 13 above.
- 14.2 In case one or more provisions of these GPC or the Purchase Agreement are rendered invalid under the provisions of any applicable law, the validity of the remaining provisions of these GPC and/or the Purchase Agreement shall not be affected thereby and the invalid clause shall be construed and interpreted as an expression of the Parties' intent and shall be amended to reflect such intent insofar as applicable laws permit.
- 14.3 Amendments of or changes to these GPC and/or the Purchase Agreement shall be valid only if made in writing and signed by the duly authorized representatives of the Parties.
- 14.4 Any waiver by a Party of a breach of any term or condition of these GPC or the Purchase Agreement shall not be considered a waiver of any subsequent breach of the same or any other term or condition herein.
- 14.5 Neither Party shall assign its rights nor obligations under the Purchase Agreement or any purchase order to a third party without a prior written consent of the other Party, except that the Purchaser may assign the Purchase Agreement or any purchase order, in whole or in part, to its Affiliate.
- 14.6 Any Clauses that by their nature are intended to survive the termination or expiry of the Purchase Agreement, including without limitation 9, 10, 11 and 13 shall survive the termination or expiration of the Purchase Agreement.
- 14.7 In case any inconsistency or conflicts between the terms of different documents, the documents shall be applied in the following order of priority:
- (a) Purchase Agreement;
 - (b) these GPC;
 - (c) other appendices to the Purchase Agreement document in numerical order; and
 - (d) a purchase order for Products and/or Services

15 GOVERNING LAW AND DISPUTE RESOLUTION

- 15.1 The Purchase Agreement and these GPC are governed by and construed in accordance with laws of Finland without giving effect to its conflict of laws principles. The United Nations' Convention on Contracts for International Sale of Goods (CISG) shall not be applied.
- 15.2 All disputes arising out of or in connection with the Purchase Agreement or these GPC shall be finally settled in arbitration by one arbitrator in accordance with the Rules of the Arbitration Institute of Finland Chamber of Commerce. The language of the arbitration shall be English and the place of arbitration Helsinki, Finland.