

SCA TISSUE NORTH AMERICA, LLC
SERVICES TERMS AND CONDITIONS

THESE SERVICES TERMS AND CONDITIONS ARE INCORPORATED BY REFERENCE INTO THE ATTACHED PURCHASE ORDER. THEY FORM AN INTEGRAL PART OF THE PURCHASE ORDER AND MAY NOT BE MODIFIED. EACH PARTY TO THE PURCHASE ORDER SHOULD INITIAL THESE TERMS AND CONDITIONS IN THE SPACE PROVIDED AT THE BOTTOM OF EACH PAGE. FAILURE TO INITIAL SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF THE TERMS AND CONDITIONS WHICH SHALL BE DEEMED TO HAVE BEEN ACCEPTED UPON FIRST PERFORMANCE BY THE SUPPLIER OF ITS OBLIGATIONS UNDER THE PURCHASE ORDER.

1. Engagement. As evidenced by the acceptance of the Purchase Order, SCA hereby engages Vendor to perform the services generally described and detailed on the Purchase Order (the "Services"), in exchange for payment of the Contract Price (as described below). These terms and conditions are hereby incorporated by reference into the Purchase Order and form an integral part thereof. The Purchase Order, these terms and conditions, and any properly executed amendments to either of those documents shall be collectively referred to herein as the "Agreement." In the event of any inconsistency between the Term and Conditions and the Purchase Order, the Purchase Order shall govern.

2. Term. The term of the Agreement shall commence on the date specified in the Purchase Order or, if later, the date as of which the Purchase Order is accepted by the parties. The term of the Agreement shall end on the date specified in the Purchase Order, unless terminated earlier in accordance with Section 6 hereof. Vendor shall begin and complete the Services as detailed in the Purchase Order and, to the extent applicable, as instructed by SCA. The parties agree that time is of the essence of this Agreement.

3. Services.

(a) Scope of Services. Vendor Shall:

(i) Perform Services in accordance with the description of Services set forth in the Purchase Order, SCA reserves the right to request, at any time, that Vendor, reduce or expand the scope of any Services. In the event SCA exercises this option, SCA and Vendor shall negotiate in good faith the expanded or diminished scope of the Services, and the appropriate charges, therefore. If agreement on a change in scope of the Services is reached between the parties, such agreement must be recorded as an amendment to the Agreement in accordance with Section 18;

(ii) furnish and pay for all labor, materials, services, supervision, tools, and equipment necessary to perform the Services;

(iii) obtain and, to the extent required, pay for all permits, licenses, inspections, fees, and charges necessary for the proper execution and completion of the Services.

(iv) comply with all statutes, laws, ordinances, rules, and regulations.

(b) Standard of Service. Vendor shall:

(i) render the Services conscientiously and shall devote best efforts and abilities thereto;

(ii) hold, at the disposal of SCA, qualified personnel capable of performing the Services;

(iii) perform the Services in a timely and effective manner;

(iv) perform the Services with the degree of care, skill, and diligence ordinarily exercised by expert professionals engaged in Vendor's business, ensuring that the Services and the results of the Services comply in all cases with applicable professional standards and good engineering practices;

(v) at its sole expense re-perform any Services that SCA determines are not acceptable;

(vi) and ensure that any analysis, reports, or information provided to SCA as part of the Services will be complete and accurate as of the date of the delivery of it to SCA.

(c) Non-Infringement. Vendor represents and warrants that the Services will not violate, infringe, directly or indirectly, any patent, copyright, trademark, or other intellectual property right of a person other than SCA or its affiliates.

(d) Survival. The representations and warranties set forth in this Section 3 and elsewhere in the Agreement shall survive termination or expiration of the Agreement. Any remedies set forth in this Agreement or elsewhere in the Agreement are not lieu of any other remedies SCA may have under this Agreement, at law, or in equity.

4. Payment.

(a) Contract Price. SCA shall pay Vendor the amount specified on the Purchase Order for Vendor's performance of the Services (the "Contract Price").

(b) Payments. Vendor shall regularly submit an invoice to SCA detailing the Services completed since the inception of the Services or the most recent invoice, as appropriate, and the portion of the Contract Price applicable to such Services. Unless specified otherwise on the Purchase Order, invoices shall be submitted to SCA by Vendor on a monthly basis. The Purchase Order number must be specified on the invoice. Vendor shall include with each invoice submitted to SCA all documentation reasonably required to substantiate, to the satisfaction of SCA, Vendor's claim for payment. Unless specified otherwise in the Purchase Order, SCA shall make all payments on the basis of two percent (2%) thirty (30), net cash sixty (60) days following acceptance SCA's receipt of a correct and sufficiently substantiated invoice. All payments shall be paid in US dollars.

(c) Taxes. The Contract Price is deemed to include all taxes (including but not limited to, sales, use, excise, value-added, and other similar taxes), duties, and charges. Accordingly, Vendor is responsible for all such taxes, duties, and charges resulting from the Agreement or as a result of Vendor's performance under the Purchase Order, whether now or hereafter imposed, levied, collected, withheld, or assessed. Except as expressly provided otherwise herein, in no event will either party be liable for taxes paid or payable by either party.

5. Indemnification. Vendor shall defend, indemnify, and hold harmless SCA and its affiliates, and each of their officers, members, shareholders, directors, agents and contractors (collectively, the "SCA Parties") against all losses, costs, expenses (including attorney fees and court costs), claims (including claims of Vendor's employees), damages, or demands, whether in tort or in contract, for injuries, or damages to any person or property (collectively, "Losses") occurring, arising from, incident to, or resulting directly or indirectly from, the acts or omissions of Vendor or Vendor's employees, subcontractors or agents under or in connection with the Agreement, except to the extent that such Losses result solely from the gross negligence or wrongful misconduct of SCA.

6. Termination.

(a) Termination for Cause. In the case of a party's material breach of this Agreement, the non-breaching party may terminate the Agreement by providing the breaching party with ten (10) days advance written notice. The foregoing is without limitation to any right or remedy available to SCA at law or in equity.

(b) Termination for Convenience. SCA may, at its sole option, terminate any of the Services or the entire Agreement, or any part thereof at any time, by giving Vendor thirty (30) days advance written notice of such termination.

In the event of a termination of the Agreement in accordance with this Section, Vendor shall immediately stop performing Services. Vendor shall be paid a reasonable termination charge reflecting the percentage of Services completed prior to the termination notice. Vendor shall neither be paid for Services performed after receiving the termination notice nor for costs that could have been reasonably avoided.

7. Standards for SCA Premises. When Services will be performed on SCA's premises, Vendor shall:

(a) ensure that each of its employees, agents, representatives, and contractors who will work on SCA's premises are briefed on SCA safety, security, and corporate policies and procedures, including, without limitation, SCA's Statement of Ethics and Code of Business Conduct, and that each such person agrees to abide by such policies and procedures while on SCA premises.

(b) observe all policies and directives promulgated from time to time by SCA.

8. Insurance. Vendor shall obtain and maintain at its own expense insurance of the type and in the amounts set forth below:

(a) statutory worker's compensation in accordance with all federal, state, and local requirements;

(b) employer's liability insurance in an amount not less than \$1,000,000 per occurrence, covering bodily injury by accident or disease, including death;

(c) commercial general liability (including contractual liability insurance) in an amount not less than \$2,000,000 per occurrence in the aggregated;

(d) comprehensive automobile liability covering all vehicles that Vendor owns, hires, or leases, in an amount not less than \$1,000,000 (combined single limit for bodily injury and property damage); and

(e) umbrella coverage (including commercial general liability coverage) of not less than \$1,000,000 per occurrence; \$5,000,000 aggregate over the coverages shown above.

The insurer selected by Vendor shall have and maintain an A.M. Best rating of A or better, or, if such ratings are no longer available, with a comparable rating from a recognized insurance rating agency.

Before commencing the Services, Vendor shall furnish to SCA certificates of insurance or other appropriate documentation (including evidence of renewal of insurance) evidencing all coverages referenced in this Section. All insurance shall provide for thirty days prior written notice to be given to SCA if coverage is substantially changed, canceled, or renewed.

9. Confidentiality. During the course of the Agreement, SCA may, from time to time, disclose to Vendor or Vendor may otherwise receive access to information that SCA regards as proprietary or confidential, including, but not limited to, the identity of SCA's customers and suppliers, SCA's pricing and discount policies, manufacturing techniques, manufacturing processes, marketing plans, customer lists, and new or proposed products ("Proprietary Information"). Disclosure of Proprietary Information would cause SCA irreparable harm. Accordingly, Vendor agrees to do the following:

(a) keep all Proprietary Information confidential during the term of this Agreement and thereafter for as long as the Proprietary Information is not generally known to the public; use the Proprietary Information only in connection with performance of the Services under the Agreement; and

(b) not disclose such Proprietary Information to any other party without the prior written consent of SCA.

Vendor shall be responsible for any breach by its employees, subcontractors, or agents of the obligations set forth in this Section 9. Upon request by SCA, Vendor shall return to SCA all written materials containing Proprietary Information. Vendor's obligations under this Section 9 shall survive expiration or termination of the Agreement.

10. Force Majeure. Neither SCA nor Vendor shall be liable to the other for damages caused by the failure or delay in fulfilling their obligations under the Agreement, other than SCA's obligation to make payments of Contract Price due hereunder, 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, or any other cause beyond the control of the affected party (each an "Event of Force Majeure"). If such Event of Force Majeure delays or prevents performance by the affected party for more than thirty (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 Vendor and only a part of Vendor's ability to perform under the Agreement is excused due to the occurrence of an Event of Force Majeure, Vendor must allocate its overall capacity to perform services in a fair and equitable manner among its various customers then under contract during the continuation of the Event of Force Majeure, and shall not give preference to any other customer over SCA.

11. Affirmative Action. Seller agrees that it, and each of its subcontractors involved in fulfilling the Purchase Order, if any, shall comply with the obligations, as applicable, pursuant to Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and The Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, by the Veterans Employment Opportunities Act of 1998.

12. Substance Abuse Policy. Vendor acknowledges and understands that:

(a) The possession, sale, transfer, purchase and/or presence in one's system of a controlled substance(s) or alcohol by any person on SCA property is prohibited;

(b) Entry onto SCA property constitutes consent to an inspection of any individual and their personal effects when entering, on, or leaving SCA property;

(c) Any individual found in violation of (a) above or who refuses to permit an inspection may be removed and barred from SCA property at the discretion of SCA; and

(d) Vendor agrees to abide by and to advise its subcontractors, agents and its employees of the provisions herein.

12. Independent Contractor. Vendor, its employees, agents, subcontractors, and other suppliers, shall at all times be independent contractors. Neither SCA nor Vendor shall have, or hold itself out as having, any authority or agency to act on behalf of the other

13. Employees of Vendor. Vendor shall be responsible for all wages, taxes, and benefits with respect to any employee of Vendor who performs Services under the Agreement. Vendor hereby agrees to indemnify, defend, and hold harmless SCA from and against any and all Losses arising out of or related to Vendor's employees. Nothing contained in the Agreement shall be construed as establishing an employment relationship between SCA and any employee of Vendor.

14. Assignment. Vendor may not delegate any duties, nor assign any rights or claims under the Agreement without prior written consent of SCA. Any attempted delegation or assignment without such prior written consent shall be void.

15. Notices. Any notice, demand or other communication given by one party to the other in any way relating to the Agreement shall be valid only if in writing and shall be effective only when delivered personally to, or actually received by mail or telecopy by, the project managers of the parties and at the addresses stated in the Agreement.

16. Entire Agreement. The Agreement, constitutes the entire agreement and understanding between Vendor and SCA related to Services and supersedes all prior agreements and understandings, oral or written, between the parties with respect to the Services provided under the Purchase Order. Vendor shall not propose additional or different terms or conditions from those set forth in the Agreement and any additional or different terms or conditions proposed by Vendor in any form, including, but not limited to, any form of acceptance or invoice, are hereby specifically rejected and deemed null and void.

17. Amendments and Waiver. The Agreement may be amended only by a written instrument signed by both parties, (which may take the form of a change order). The failure of either party to insist in any instance upon strict performance of any provision of the Agreement, or to take advantage of any of such party's rights hereunder, shall not be construed as a continuing or future waiver of such provision or the relinquishment of such rights, but the same shall continue in full force and effect.

18. Governing Law. The Agreement shall be interpreted and enforced under the laws of the State of Wisconsin, without regard for its conflict of laws principles.

19. Severability. If any provision of the Agreement shall be judged by a court of competent jurisdiction to be void or unenforceable, then that provision shall be reformed with the Court's assistance in order to replace or rectify such provision with a provision which is valid and enforceable at law and as similar as possible in its language and effect to fulfil the parties' intention, and the remainder of this Agreement shall continue to be valid and binding.

20. Headings. The headings contained in these terms and conditions are included for mere convenience of reference and shall not affect the language included herein or the meaning thereof.