

TERMS AND CONDITIONS ("Terms and Conditions")

1. DEFINITIONS

As used throughout these Terms and Conditions, each of the following terms shall have the respective meaning set forth below:

- 1.1. **"Affiliate"** means with respect to a given company, any company which directly or indirectly controls, is controlled by or is under common control with such company. For the purposes of this definition, "control" shall be presumed to exist if one of the following conditions is met: (a) in the case of corporate entities, direct or indirect ownership of at least fifty (50) percent of the stock or shares having the right to vote for the election of directors, and (b) in the case of non-corporate entities, direct or indirect ownership of at least fifty (50) percent of the equity interest with the power to direct the management and policies of such non-corporate entities.
- 1.2. **"Buyer"** means the legal entity as stipulated in the PO as defined below or the Award as defined below.
- 1.3. **"Commercial Conditions"** mean the price, the place of delivery, the delivery date and any other conditions, requirements, and/or schedules set forth or referenced in the PO or the Award.
- 1.4. **"Product"** means the product that Buyer wishes to buy from Seller under the Agreement as defined below.
- 1.5. **"Raw Materials"** mean the single substances, starting materials, components, and packaging materials required for the manufacturing and packaging of the Product in accordance with the Specifications.
- 1.6. **"Seller"** means the person or legal entity as stipulated in the PO or the Award.
- 1.7. **"Specifications"** mean the specifications as agreed between Buyer and Seller as part of the Agreement or if no specifications are set forth or referenced in the Agreement, Seller's standard specifications for the Products.

2. ACCEPTANCE

- 2.1. The Terms and Conditions, together with the Purchase Order (the **"PO"**) and/or the terms of Buyer's business award letter (the **"Award"**) constitute the entire agreement (the **"Agreement"**) between Buyer and Seller that governs the supply of the Product.
- 2.2. A PO is deemed accepted if Seller does not explicitly reject the PO within two (2) working days after Buyer has issued the PO. An inquiry or a request for quotation made by Buyer does not constitute a PO but is an invitation to Seller to make an offer. In any event, Seller's offer will be deemed based on these Terms and Conditions.
- 2.3. In the event of any discrepancy between these Terms and Conditions and the PO or Award, including the Commercial Conditions, the terms of the PO or Award, including the Commercial Conditions, shall prevail. In the event of any discrepancy between these Terms and Conditions or any other document pertaining to Buyer's purchase of the Product from Seller, the Terms and Conditions shall prevail. Furthermore, these Terms and Conditions shall always override Seller's terms and conditions, or any other documentation exchanged between Buyer and Seller.
- 2.4. Except in case Buyer and Seller enter into a separate supply agreement for the Product which renders these Terms and Conditions inapplicable, all purchases of the Product are governed by these Terms and Conditions.

3. SUPPLY OF PRODUCT

- 3.1. Commercial Conditions. Seller shall supply and Buyer agrees to purchase those quantities of the Product at the Commercial Conditions specified in the PO or the Award.
- 3.2. No exclusivity and no volume requirement. Buyer reserves the right to manufacture the Product for itself and to purchase a product that is similar to the Product from any third party. Buyer is not required to buy any certain quantity of Product unless indicated otherwise in the Agreement.

- 3.3. Raw Materials. For the duration of the Agreement, Seller shall purchase the Raw Materials from its supplier(s) at terms to be agreed between such supplier(s) and Seller. Such terms shall include substantially identical terms as set forth herein regarding quality, legal and regulatory compliance, compliant delivery, forecast, lead time, capacity and business continuity plan. Seller shall obtain supply guarantees from approved suppliers for all critical Raw Materials, including but not limited to supply guarantees on sufficient volumes of Raw Materials for the volumes indicated in the Agreement. Seller shall promptly notify Buyer of any actual or anticipated issues related to such supply guarantees and/or any events that have or may reasonably be expected to have a material effect on the supply of Raw Materials. All Raw Materials shall be procured by Seller in accordance with the Specifications, applicable laws and regulations, and from sources defined jointly by Buyer and Seller, based on best quality, cost and reliability. Seller shall be responsible for the quality of the Raw Materials used in the manufacture of the Products and of their conformity with the Specifications. Seller shall complete Buyer's Raw Materials questionnaire, or any other form as required by Buyer to obtain information to ensure regulatory compliance. Seller shall also ensure that its (sub)suppliers complete such documents as required by Buyer. Buyer shall accept the minimum quality and control standards established by Seller after timely validation thereof by Buyer and provided such quality and control standards meet all requirements under relevant laws and regulations.
- 3.4. Production Process Changes. Seller shall notify Buyer in writing 12 (twelve) months prior to making any changes to Raw Material feedstocks, the production process or production equipment or location(s) involved in the fulfillment of the Agreement and shall obtain Buyer's prior written approval to such changes. Buyer shall not unreasonably withhold such approval. If specification changes depend on Regulatory approval from Buyer's product, the minimum notice period to Buyer shall be the estimate time for the changes' approval by the Regulatory agency. Seller shall only apply the referred changes after the approval of the responsible regulatory entity.
- 3.5. Capacities. Seller shall devote adequate manufacturing capacity to be capable of manufacturing and supplying Product to Buyer in the quantities set out in the forecast, as specified and in accordance with article 4.1. Seller is obliged to update Buyer of available capacities upon Buyer's request. Seller shall immediately inform Buyer of any possible capacity constraints, and in such event shall include a business contingency plan, if appropriate.
- 3.6. Ethical Business Conduct. Seller commits to ethical business conduct in accordance with applicable laws and regulations. Neither party shall perform any actions that are prohibited by local and other anti-corruption laws (collectively "**Anti-Corruption Laws**") that may be applicable to one or both parties to the Agreement. Without limiting the foregoing, neither party shall make any payments, or offer or transfer anything of value, to any government official or government employee, to any political party official or candidate for political office or to any other third party related to the transaction in a manner that would violate Anti-Corruption Laws.
- 3.7. Artwork Management for use of Buyer's brands. Seller shall provide Buyer's Packaging Engineering Department in advance with Seller's printing specifications (if any) for artwork files and Buyer shall transmit these to its artwork agency. Handshake artworks (*i.e.*, final artwork files approved by Buyer and ready for printing) received by Seller via Buyer's artwork agency shall not be altered under any circumstances by Seller. If any change to the artwork file is needed after handshake, Seller shall submit its request for change to Buyer and, if accepted, Buyer shall instruct its artwork agency to implement the change and have it approved by Buyer's concerned departments (or persons) before transmitting the new handshake artwork to Seller. Print proofing shall be the sole responsibility of Seller and Seller shall not submit any print proof material to Buyer. Handshake artwork files shall be maintained by Seller according to the Good Documentation Practices as communicated by Buyer to Seller.
- 3.8. Change to Specifications. Any change to Specifications may be initiated by Buyer at any time and Seller shall meet the change unless (i) the change would require Seller to supply a Product that it or its subcontractors do not manufacture in the ordinary course of its business, or (ii) it would involve the use of resources beyond the capacity of Seller or its subcontractors. Any such objection shall be made by Seller to Buyer within ten (10) working days from the date of Buyer's change request.

- 3.9. Kenvue Code of Conduct for Suppliers. Seller and its officers have read and understand the 'Kenvue Code of Conduct for Suppliers' (posted on <https://www.kenvue.com/policies-positions/supplier-code-of-conduct>). Seller shall maintain the records necessary to demonstrate compliance with these standards and shall if so requested, provide to Buyer a written certification of such compliance annually during the term of the Agreement. If Seller fails to comply with any of the standards, then Buyer may, at its sole discretion and taking into account the nature of the non-compliance, (i) request Seller to cure the non-compliance within twenty (20) days upon notification by Buyer of the non-compliance or (ii) rectify such non-compliance at Sellers' cost and/or (iii) terminate the Agreement immediately, effective upon ten (10) days' prior written notice, and without an obligation to pay any penalty or termination fee.

4. FORECASTS, ORDERS

- 4.1. Under Seller's request, Buyer may furnish to Seller a rolling monthly forecast of the quantities of Product that may be ordered by Buyer during the following twelve (12) month period. Such forecast is non-binding for Buyer and shall represent reasonable estimates for planning purposes only.
- 4.2. Seller shall provide to Buyer such quantities of Product as may be ordered by Buyer pursuant to a PO, up to one hundred fifty percent (150%) of the quantity set forth in the most recent forecast for the applicable period. For the number of Products ordered under a PO which exceeds one hundred fifty percent (150%) of the current forecast for the applicable period, (such excess volume referred to hereafter as "Excess"), Seller shall use its best efforts to deliver the Excess amount on the delivery date as set forth in the PO. If Seller is unable to deliver the Excess amount on the delivery date as set forth in the PO, Seller may decline to provide the Excess amount, provided, that it is declined in a written notice which is delivered to Buyer within five (5) working days of Seller's receipt of Buyer's PO.
- 4.3. PO's will be issued electronically and shall be deemed received by Seller on the first working day following the date of issuance by Buyer. In the event Buyer and Seller wish to operate on consignment basis, a separate agreement will be set up.
- 4.4. Seller shall deliver the Product within the lead time as set forth in the Agreement or in the PO, and if no lead time is included, the lead time shall be sixty (60) calendar days. Seller acknowledges that delivery of the Product on time and in full is an essential requirement of the Agreement.

5. PRICE AND PAYMENT

- 5.1. Price shall be considered fixed but may be subject to price adjustment mechanisms as set out in the Agreement. Unless otherwise provided in the Agreement, the price includes (i) all costs to comply with the terms and conditions of the Agreement, (ii) any and all taxes, including sales, use, excise, value added and other taxes, and (iii) fees, duties, or other governmental impositions on the sale of the goods or services covered by the Agreement. If Buyer is required to pay any taxes or other impositions related to the Product in addition to the price indicated in the Agreement, Seller will promptly reimburse Buyer.
- 5.2. Seller will invoice Buyer for the amounts due under the Agreement. Seller must submit all invoices via Buyer's preferred e-Invoicing provider (Tungsten Network), at no additional cost to Buyer, wherever permitted by applicable law and unless such system is not available in the country or Buyer otherwise requires invoices to be sent to a designated e-mail or mailing address (labelled "*Mail To*", "*Send Invoice To*", or similar), as shown in the Agreement, or as otherwise communicated by Buyer from time to time via www.kenvue.com/suppliers. Seller shall invoice Buyer in accordance with the Agreement and include on all invoices (a) a reference to the Agreement, (b) a description of the Products, (c) the price, (d) the PO number, (e) expenses and pass-through costs, and (f) sales or use taxes, if applicable. Seller shall not invoice, and Buyer shall not be responsible for the payment of any charges, fees, or expenses, including the price, that are invoiced more than ninety (90) days after the date of delivery of the Products.

- 5.3. The Buyer will make payment via electronic funds transfer on the next available payment run date (twice monthly) following the date which is 120 days after receipt of an undisputed invoice (unless otherwise specified on the Order, or, where a lower limit is mandated by applicable law, in line with the maximum permitted number of days' payment terms). Where a payment run falls on a date other than that provided for in this clause, no interest shall accrue, and no correction or fine will be applied by the Seller. Seller shall not send any respective title for protest.
- 5.4. Seller shall not suspend the delivery of Products in case Buyer reasonably disputes (part of) any invoice from Seller or its affiliates.

6. TERMINATION

- 6.1. Breach. Either party may terminate the Agreement upon written notice to the other party in the event of a material breach by the other of any obligation under the Agreement, being necessary at least thirty (30) calendar days' notice.
- 6.2. Insolvency. Each party may terminate the Agreement with immediate effect if the other party becomes insolvent or subject to any proceeding under any bankruptcy or any insolvency law. Being insolvent means the respective party is unable to pay its debts as they become due, or makes arrangements with its creditors generally, or a receiver or administrator is appointed over any of its assets, or it goes into liquidation, or ceases to trade, or takes or is subject to any similar action in consequence of debt under the law of any jurisdiction.
- 6.3. Convenience. Except to the extent prohibited by applicable law, Buyer may partially or in whole terminate the Agreement for any reason or no reason prior to delivery of the applicable Product by providing written notice to Seller of at least 180 (one hundred eighty) calendar days. Upon such termination, Seller will be entitled to reimbursement of reasonable and documented expenses actually incurred by Seller prior to such termination in connection with the Agreement.
- 6.4. Effect of termination. Upon termination of the Agreement, Seller shall deliver to Buyer all documentation relating to the Agreement, together with any of Buyer's goods, which are in Seller's custody or control. Buyer shall be entitled to enter Seller's premises, without prior notice, for the purpose of removing therefrom any of Buyer's goods or documents. If termination is requested by Seller, the accepted POs shall be delivered accordingly. In case termination is requested by Buyer, the parties agree to have a friendly discussion regarding production and delivery terms of remaining PO's.
- 6.5. Meet or release. Provided that Seller establishes a different price or price mechanism without Buyer's consent during the term of the Agreement, Buyer may use an opportunity to purchase a product of like quality to the Product from another supplier at a total delivered cost to a Buyer site that is lower than the total delivered cost of the Product purchased from Seller. In this case, Buyer may notify Seller of such total delivered cost and Seller shall have an opportunity to revise the pricing of the Product on such a basis as to result in the same total delivered cost to Buyer within thirty (30) calendar days of such notice. If Seller fails to do so or cannot legally do so, then Buyer shall be entitled to (i) terminate the Agreement on thirty (30) days prior written notice without any penalty, liability or further obligation; (ii) purchase the similar product from other supplier(s) in which case any volume obligations, if applicable, of Buyer and Seller shall be reduced accordingly commencing thirty (30) days after notice is delivered to Seller; or (iii) continue purchasing under the Agreement.
- 6.6. Notwithstanding termination of the Agreement, the provisions of the Agreement shall continue to bind each party insofar as and for as long as may be necessary to give effect to their respective rights and obligations hereunder. Termination of the Agreement by Buyer shall be without prejudice to any rights and remedies Buyer may have under the Agreement.

7. DELIVERY

- 7.1. Shipping document. All shipments must be accompanied by a packing slip, which describes the Product and states the PO number, article number or material code, the quantity, and, if applicable, the batch or lot number, the manufacturing date, the expiry date and any special

- storage regulations. Seller must respect detailed logistical instructions from Buyer or any receiving company. Seller shall further include all required documents, including but not limited to the certificate of conformity and the certificate of analysis with all shipments of the Product.
- 7.2. Delivery. Seller must respect detailed delivery instructions from Buyer or any receiving company. Seller shall deliver the Product as per the Incoterms stipulated in the Agreement. In the event no Incoterm is stipulated in the Agreement then delivery shall be DDP, Incoterms 2020, Buyer's location as indicated by Buyer. If Seller delivers DDP cross border, Seller shall ensure that Seller or its representative, and not Buyer, is acting as importer.
- 7.3. Product delivery data. Seller shall include on the shipping documents trade related information including country of origin, Harmonized System (HS) Code and customs value. In case of cross border delivery, Seller shall further have licenses or permits in place to the extent required and Seller shall ensure it fulfils all export control requirements.
- Seller shall assess whether goods have preferential status before shipment and where possible shall issue a proof of origin (e.g. EUR 1, invoice statement or long-term suppliers declaration). Seller shall previously verify all shipment requirements for each country and guarantee that all obligations are being followed during the Award Period.
- 7.4. Pallets. Seller shall comply with Buyer's Policy for Wood Pallets set out in Annex 1 to these Terms and Conditions. Furthermore, Seller shall certify compliance with such policy at least annually. Such certification shall be sent to Buyer pursuant to the notice provisions set forth herein. Buyer has the right to reject any product or materials that fail to comply with this policy. Seller shall promptly replace at its own cost and expense, including reimbursement of freight and disposition costs incurred by Buyer, any Product delivered on such non-compliant Pallets.
- 7.5. Force Majeure. If either party is prevented from performing any of its obligations under the Agreement due to any cause which is beyond the non-performing party's reasonable control, including fire, explosion, flood, or other acts of god, war or civil commotion, acts of terrorism or failure of public utilities (a "**Force Majeure Event**"), such non-performing party shall not be liable for breach of the Agreement with respect to such non-performance to the extent any such non-performance is due to a Force Majeure Event. During any period of a Force Majeure Event, (i) Seller shall continue to perform to the fullest extent possible and, in case of any shortage, (ii) Seller shall allocate its available supply of Products such that, on a percentage basis, the reduction in the quantity of Products available to Buyer is no greater than the overall reduction in Products available by Seller and (iii) Buyer may terminate the Agreement without liability or compensation being due by Buyer.
- 7.6. Failure to supply. Notwithstanding any other provision in the Agreement, in the event that Seller is unable, or anticipates that it shall be unable to timely supply any Product in such quantities as foreseeable on the basis of the forecast and in compliance with the lead time set forth in the Agreement, due to a Force Majeure Event or otherwise, then:
- (i) Seller shall promptly notify Buyer thereof and provide details to Buyer in relation thereto such as the cause, the expected end date of the (possible) failure to supply and any mitigating actions (to be) undertaken by Seller;
 - (ii) Seller shall keep Buyer informed in accordance with article 7.6 (i) throughout the occurrence of the failure to supply;
 - (iii) if requested by Buyer: (a) Seller shall at its own expense make available to Buyer or its designee access to all intellectual property rights and any other technical and proprietary components, information and techniques necessary or helpful for Buyer to procure required Raw Materials or produce or arrange an alternative supplier for the manufacture of a product that is similar to the Product; (b) Seller shall at its own expense deliver any Product in progress to Buyer as well as, at acquisition cost, any Raw Materials of Seller requested by Buyer in its possession; and (c) Seller shall at its own expense provide advice and consultation in connection therewith, including providing technical personnel; and
 - (iv) in case the failure of supply is caused by a shortage of Raw Materials and/or manufacturing capacity, Buyer shall keep the right to the same quantities of Product in line with the forecast as before the occurrence of the failure to supply.

8. INSPECTION AND AUDIT

- 8.1. Buyer shall have the right, upon reasonable notice to Seller and during regular business hours, to inspect and audit the financial records in relation to any price adjustments stipulated in the Agreement, and to inspect and audit the facilities used by Seller for production and storage of the Product to assure compliance by Seller (and its suppliers) with cGMP and applicable rules and regulations and with other provisions of the Agreement. Seller shall within seven (7) days remedy or cause the remedy of any deficiencies that may be noted in any such audits. The failure by Seller to remedy or cause the remedy of any such deficiencies within such seven (7) day period shall be deemed a material breach of the Agreement. Seller acknowledges that the provisions of this article granting Buyer certain audit rights shall in no way relieve Seller of any of its obligations under the Agreement, nor shall such provisions require Buyer to conduct any such audits.

9. WARRANTIES/DEFECTIVE PRODUCT/CORRECTIVE ACTION

- 9.1. Warranties. Seller warrants that any Product (and the manufacture, packaging, storage, handling and delivery thereof, to the extent they are included in the PO) supplied to Buyer shall (i) comply in all respects with the Specifications, (ii) comply to all applicable laws and regulations and industry standards of the countries of manufacture and delivery, (iii) be fit and sufficient for their intended purpose, and (iv) be free from defects in design, material and workmanship. Seller shall not employ equipment (Buyer dedicated or otherwise), which makes contact with the Product to manufacture products, which are significantly hazardous, toxic or poisonous materials without Buyer's specific prior written approval.
- 9.2. Latent Defects. Buyer will, in due course of business, inspect the delivered Products to check on external damages to packaging, identity and quantity and notify Seller of any such deficiencies as soon as reasonably possible. Buyer will notify Seller of any latent defects as soon as reasonably practicable after they are discovered. The receipt of Products, the inspection or non-inspection of or payment for the Products, will not constitute acceptance of the Products and will not impair Buyer's right to (i) reject nonconforming Products, (ii) recover damages and/or (iii) exercise any other remedies to which Buyer may be entitled. No inspection made by the Buyer shall have the effect of releasing the Supplier/Manufacturer from its obligations under these Terms and Conditions.
- 9.3. Defective Product. Without prejudice to any other remedy that Buyer may have, Buyer may elect to issue a debit note to Seller or require Seller to promptly replace at its own cost and expense any Product that does not comply with the warranties under article 9.1 ("**Defective Product**"). Seller shall properly tag and store in restricted areas such Defective Product. To the extent possible, parties shall mutually agree on the disposal, destruction, returning or reworking of the Defective Product, it being understood that (i) all related costs and expenses shall be borne by Seller and (ii) in case of urgency, Buyer or its Affiliate shall have the right to take such a decision independently from Seller and provide Seller promptly with a written notice thereof. Buyer shall also have the right to charge Seller for all costs and expenses of disposal, destruction, returning or reworking of any affected raw materials, packaging materials and/or (semi-)finished products should the Defective Product be detected during the production or assembly processes.
- 9.4. Related Claims. In the event Seller receives any Product complaints, or any complaints with respect to any other products manufactured for other customers of Seller that utilize the same or a substantially similar formulation or manufacturing process as the Product (unless the complaint information would be reasonably expected to be unique to the other product and not applicable to the Product, e.g., relating to the secondary packaging), Seller shall promptly notify Buyer of such complaint and in no event more than forty-eight (48) hours after receipt of such complaint. Seller shall conduct an analysis of the root cause of any such complaint, shall report to Buyer on any corrective action to be taken, and shall at all times take reasonable account of Buyer's suggestions related to such corrective action or other quality-related matters

- 9.5. Corrective Action. In the event any governmental agency having jurisdiction shall request or order, or if Buyer shall determine to undertake, any corrective action with respect to any of its finished products (incorporating the non-complying or defective Product), including any recall or market action, and the cause or basis of such recall or action is attributable to Seller, then Seller shall be liable, and shall reimburse Buyer for all costs of such action including the cost of any finished product which is affected thereby, without prejudice to any other right or remedy Buyer may have.
- 9.6. Quality Agreement. Seller shall at all times comply with the terms of the quality agreement or any similar requirements as agreed with the Quality Assurance Department of the Kenvue Family of Companies. In the event of a conflict between the terms of the Quality Agreement and those of these Terms and Conditions, the terms of the Quality Agreement shall prevail to the extent related to quality topics.

10. INSURANCE

- 10.1. During the term of the Agreement and two years from delivery of a Product, Seller shall maintain coverage including coverage for general liability with limits of not less than USD 10,000,000 per occurrence and USD 10,000,000 annual aggregate, or equivalent amount in local currency. Limits may be achieved via a combination of primary and umbrella/excess insurance. Buyer, its subsidiaries, and its directors, officers and employees shall be additional insured under Seller's policy.
- 10.2. The amount of insurance provided in the aforementioned insurance coverage shall not be construed to be a limitation of the liability on the part of Seller. The carrying of insurance described shall in no way be interpreted as relieving Seller of any responsibility or liability under the Agreement.

11. BUYER'S PROPERTY

- 11.1. Unless otherwise agreed in writing, all tools, equipment, and materials of every description furnished to Supplier/Manufacturer by, or specifically paid for by, Buyer, and any replacement thereof, and any materials affixed or attached thereto, shall be and remain the personal property of Buyer, and shall be safely stored separate and apart from Supplier/Manufacturer's property. Supplier/Manufacturer shall not substitute any part of Buyer's property and shall not use such property except in filling Buyer's orders. Such property while in Supplier/Manufacturer's custody or control shall be held at Supplier/Manufacturer's risk, shall be kept insured by Supplier/Manufacturer at Supplier/Manufacturer's expense in an amount equal to the replacement cost with loss payable to Buyer and shall be subject to removal at Buyer's written request, in which event Supplier/Manufacturer shall prepare such property for shipment and shall redeliver to Buyer in the same condition as originally received by Supplier/Manufacturer, reasonable wear and tear excepted.

12. BOVINE SPONGIFORM ENCEPHALOPATHY

- 12.1. Buyer shall inform Supplier/Manufacturer of those Products that require bovine-derived materials. Supplier/Manufacturer shall use the appropriate material for such Products in accordance with all U.S. laws and all other applicable laws in jurisdictions where the Buyer and Supplier/Manufacturer conduct business and the Buyer's specifications. Supplier/Manufacturer shall keep all documentation related to these Products as required by law or as requested by the Buyer.

13. ENVIRONMENTAL, HEALTH AND SAFETY

- 13.1. With respect to all environmental, health and safety matters related to Supplier/Manufacturer's activities to manufacture and store Product or perform services for the Buyer, Supplier/Manufacturer shall (a) comply with all applicable laws and regulations issued by

national, state, provincial and local authorities, (b) inform the Buyer promptly of any significant adverse event and of any serious health effects or fatalities, (c) inform the Buyer promptly of any allegations or findings of violations of applicable laws or regulations, (d) allow the Buyer to inspect Supplier/Manufacturer's facilities, such inspections to be at reasonable times and upon reasonable notice, and (e) implement promptly any corrective action which may be reasonably requested by the Buyer, including (without limitation) adhering to reasonable and significant elements of the environmental, safety and industrial hygiene program adhered to by the Buyer in its own operations.

14. CONFIDENTIALITY

- 14.1. Seller shall keep confidential the terms and conditions of the Agreement and all information disclosed by or on behalf of Buyer and its affiliates or otherwise learned or obtained by Seller in connection with the Agreement or the performance hereof. Seller shall not use any of this information other than in connection with the performance of the Agreement and shall not disclose any of this information except to the extent required by law and then only after prior written notice to Buyer.
- 14.2. Seller shall implement appropriate technical, physical, and organizational measures to ensure an appropriate level of information security.

15. INTELLECTUAL PROPERTY

- 15.1. All drawings, specifications and other copyrightable documents and any molds, tools, equipment, recipes, trade secrets, patents, trademarks or the like furnished by or on behalf of Buyer are for use solely with respect to the Agreement. Seller (i) will not have any rights to, property or interest in the same except to the extent necessary to execute the Agreement, (ii) will be responsible for maintaining the same in proper working order, subject only to normal wear and tear and (iii) upon completion (or termination or expiration) of the Agreement, will promptly destroy or return these items, as requested by Buyer.
- 15.2. With respect to new or modified Products, the parties agree that all rights, title, and interest in any and all inventions (including discoveries, ideas, or improvements, whether patentable or not), which are conceived or made during or after the term of the Agreement and are (i) based upon or arising from Buyer's information, or (ii) developed specifically for Buyer hereunder, will belong to Buyer, and Seller hereby assigns all such rights, title, and interest to Buyer. The execution of the Agreement will not affect the pre-existing intellectual property rights of the parties.

16. EMPLOYMENT OF YOUNG PERSONS

- 16.1. In the manufacture and supply of any Product under these Terms and Conditions, Seller shall employ young persons only as permitted by law and the policy set forth below. Seller shall permit representatives of Buyer to enter Seller's premises at any reasonable time to inspect relevant employment, health and safety records and to observe the manufacturing process. Seller shall maintain the records necessary to demonstrate compliance with the policy set forth below. If Seller shall fail to comply with this provision, then Buyer shall have the right to terminate any PO or other agreement with Seller forthwith and without penalty.
- 16.2. Policy on Employment of Young Persons: this policy applies to the employment of persons under the age of 18 ("young persons") in the manufacture of any product, or any component of a product, by or for Kenvue or any of its affiliates worldwide.
Age, Health & Safety - No person under the age of 16 shall be employed. No person between the ages of 16 and 18 shall be employed unless such employment is in compliance with the health, safety and morals provisions of the International Labor Organization Convention 138 Concerning Minimum Age.
Hours - No young person shall be required to work more than 48 hours of regularly scheduled time and 12 hours of overtime per week nor more than six days per week.

Laws & Regulations - No young person shall be employed unless such employment is in compliance with all applicable laws and regulations concerning age, hours, compensation, health and safety.

External Manufacturers - No manufacturer shall be engaged to manufacture any product, or any component of a product, for Kenvue or any of its affiliates worldwide unless such manufacturer has entered into an enforceable written agreement to comply with this policy, submit to periodic compliance inspections, and maintain the records necessary to demonstrate compliance. If any such manufacturer shall be found to be in breach of such agreement, the manufacturer's engagement shall be terminated.

In the event that any laws or regulations in the jurisdictions in which the Buyer and Seller conduct business impose more onerous requirements, obligations, standards or restrictions than provided for herein, such other laws or regulations shall prevail.

17. INDEMNIFICATION

- 17.1. Indemnification by Seller. Seller shall indemnify and hold harmless Buyer (and its Affiliates and its and their respective directors, officers, employees and agents) from and against any and all damages, liabilities, claims, costs, charges, judgments and expenses (including reasonable attorneys' fees) (collectively "**Damages**") that may be sustained, suffered or incurred by Buyer (or its Affiliates), arising out, directly or indirectly, or resulting from (i) any Defective Product, (ii) breach by Seller of any warranty, representation, covenant or agreement made by Seller under the Agreement, (iii) any alleged or actual, direct or contributory infringement or misappropriation of any patent, copyright, trade secrets, or other proprietary rights of any third party arising from the purchase, use, importation or sale of the Product, or (iv) Seller's negligence or willful misconduct; provided that the foregoing shall not apply to the extent arising from Buyer's negligence or willful misconduct.

18. DISPUTE RESOLUTION

- 18.1. **Governing Law.** The laws of New York (under the jurisdiction of the Southern District of New York, or in the New York state court if the District Court does not have jurisdiction), without regard to principles of conflict of laws or Buyer's place of residence, shall govern these Terms and Conditions and any related PO.
- 18.2. **Dispute Resolution – Mediation; Arbitration.** Any controversy or claim arising out of or relating to these Terms and Conditions or any PO, including any such controversy or claim involving the parent company, subsidiaries, or affiliates under common control of any party (a "**Dispute**"), shall first be submitted to mediation according to the Commercial Mediation Procedures of the American Arbitration Association ("**AAA**") (www.adr.org). Such mediation shall be attended on behalf of each party for at least one session by a senior businessperson with authority to resolve the Dispute. Any period of limitations that would otherwise expire between the initiation of a mediation and its conclusion shall be extended until 20 days after the conclusion of the mediation. The application of the 1980 Vienna Convention on the International Sale of Goods is excluded, and where the relevant country (including the United States of America) allows for trial by jury, and to the extent permitted by law, each party waives its right to such trial. To the extent that any relevant matter between the Company and Supplier may not be addressed by these Conditions, the relevant applicable law shall apply.
- 18.3. No Publicity. Any mediation proceedings shall be confidential, and Supplier/Manufacturer shall not publicize the nature of any Dispute or the outcome of any mediation or arbitration proceedings. The mediator or arbitrator, as the case may be, shall issue appropriate protective orders to safeguard each party's confidential information.

19. MISCELLANEOUS

- 19.1. Seller shall treat Buyer with "most favored customer" status and give Buyer priority over all

other customers in connection with the allocation of Products or similar products, including but not limited to the allocations of raw materials, labor, and production capacity, and shall always, also in case of a Force Majeure Event or failure to supply pursuant to article 7.5, prioritize the manufacturing and supply of Product pursuant to the Agreement.

- 19.2. If any provision of the Agreement is or becomes invalid, illegal, or unenforceable, the other provisions will not be affected or impaired. The parties will then negotiate in good faith to substitute the one provision that is invalid, illegal or unenforceable.
- 19.3. Buyer may transfer or assign the Agreement in whole or in part without consent of Seller. Seller may not assign the Agreement without express written consent of Buyer.

*These General Terms & Conditions (for the purchase of goods / direct materials) are effective from **1 April 2025**.*

Annex 1 – Kenvue Pallet Management Policy

1. OVERVIEW

In accordance with the Kenvue Quality requirements, each Kenvue Business and Functional Unit must establish and maintain or operate under processes that ensure Pallets and Wood Packaging Materials comply with ISPM-15 International Phytosanitary Regulations, and that Pallets and Wood Packaging Materials are controlled in a manner which reduces the risk for unintentional consequences.

1.1. Background

- 1.1.1. Special care should be taken to minimize the potential for mold, pests, and other contamination for wood Pallets and Wood Packaging Materials. Mold is a common potential issue with wood Pallets, especially those made from “white” (new) wood that are heat treated. Heat treated hardwood Pallets and Wood Packaging Materials are more prone to the development of mold than heat treated softwood Pallets and Wood Packaging Materials.
- 1.1.2. Treatments to prevent mold and pests may be applied to lumber, Pallet components, or to the finished Pallet/Wood Packaging Material. Non-chemical treatments are preferred. Heat treating wood Pallets and Wood Packaging Materials eliminates live pests in the wood. However, heat treatment does not prevent reinfestation, and does not protect against mold. Reducing moisture content in wood prevents mold growth, however it does not provide protection against pests. Exposure to a humid environment, for example as exists in tropical climates, reintroduces the potential for mold growth. As such, a combination of treatments may be necessary to protect against both mold and pests, and proper storage conditions are important to further reduce contamination risk. Pallets should be of a resilient and low-shedding material to prevent particulate contamination.
- 1.1.3. Chemical compounds can impart an undesirable musty/moldy odor to materials, components, finished products, and GxP supplies that come in contact with, or are exposed to the treated wood. For example, in the presence of halogenated phenolic compounds used to treat wood, such as tribromophenol (TBP), methylation can occur to form halogenated anisole compounds such as tribromoanisole (TBA). For this to occur, the chemical reaction requires the presence of a halogenated phenolic compound, time, moisture, and heat energy.
- 1.1.4. Non-wood Pallets are typically made from metal, molded plastics, or reinforced resins, which are not treated with fungicides. When considering the use of plastic or flammable composite Pallets, fire safety is a concern. A flame retardant chemical treatment is sometimes needed, which must comply with applicable requirements in this Standard Operating Procedure (SOP). In areas where flammable vapors may be present, Pallets that contain plastics may present a risk due to the potential for an electrostatic brush discharge.

2. PURPOSE

This purpose of this Standard Operating Procedure (SOP) is to define the Kenvue requirements for the design, procurement, storage, and management of wood Pallets, non-wood Pallets, and Wood Packaging Materials to ensure patient, facility, product, and supply risks are minimized. Compliance to the requirements of this SOP is mandatory. Where required, additional actions must be taken to adhere to applicable local laws and regulations.

3. SCOPE

This Pallet Management Policy is applicable to every Kenvue Business and Functional Unit that manages or operates under a Quality System or bears a company name, trade name or trademark belonging to Kenvue and is responsible for establishing and maintaining processes for Pallet Management.

When the roles and responsibilities for performing quality system requirements reside outside of Kenvue, for example suppliers and external manufacturers, quality agreements or other formal purchase agreements must be documented and approved to ensure requirements are met.

All materials, components, finished goods, and GxP supplies for R&D, Clinical and Commercial are in scope. Non-GxP supplies are out of scope, for example general office supplies, food items, record

archives, provided that associated Pallets and Wood Packaging Materials are segregated from Pallets and Wood Packaging Materials which are in scope of this SOP.

4. DEFINITIONS

Refer to the Kenvue Global Glossary of Terms (FRM-0009808) for commonly used terms.

- 4.1. Commodities: A Commodity is an engineered product not classified as a cosmetic, nor a drug, nor a medical device or combination product. Products constructed of solid materials, which could include (but not limited to) polymers and other resins (including adhesives), composites, natural and synthetic fibers including binders/finishes, metals (such as brass or stainless steel), electronics, pulp products (paper) and finishes/additives or printed surfaces.
- 4.2. Formulated Products: Solid or liquid product constructed of selected, processed and combined ingredients.
- 4.3. GMP Production Areas: Areas where products are manufactured (including assembly and packaging), or repacked/relabelled. Excludes Production Support Areas.
- 4.4. Food products: Substance or product, whether processed, partially processed or unprocessed, intended to be, or reasonably expected to be ingested by humans, and not classified as Nutritional.
- 4.5. Nutritional products: A broad umbrella term that is used to describe any product which exhibit physiological or health benefits in addition to the basic nutritional value found in foods, or is intended to supplement the diet and provide essential nutrients, such as vitamins, minerals, proteins, amino acids, fatty acids, probiotics, and other substances.
- 4.6. Drugs: Any product containing a substance that is recognized by the Health Authority of the country it is marketed in as a Drug or Active Pharmaceutical Ingredient.
- 4.7. Phytosanitary Regulation: Official rule to prevent the introduction and/or spread of quarantine pests, or to limit the economic impact or regulated non-quarantine pests.
- 4.8. Production Support Areas: Warehouse type locations in a manufacturing plant where materials, components, supplies, and/or work in process materials are stored.
- 4.9. Wood Packaging Materials: Wood or wood products (excluding paper products) used in supporting, protecting, or carrying materials, components, finished goods or GxP supplies (includes dunnage).

5. RESPONSIBILITIES

Quality Management is responsible for:

- Establishing procedures that meet the requirements of this SOP as well as applicable local laws and regulatory requirements.

Kenvue Environmental Health and Safety is responsible for:

- Approving risk assessments that meet the requirements of this SOP.

6. REQUIREMENTS

6.1. General Requirements – All Pallets and Wood Packaging Materials

- 6.1.1. Kenvue business units, as well as affiliates of Kenvue, logistics providers, and external manufacturers, must maintain an inspection process for Pallets and Wood Packaging Materials:
 - 6.1.1.1. At incoming receipt, with or without materials, components, finished products, or GxP supplies on them: inspection process must include requirements for markings, color, configuration, contamination, and damage, as applicable.
 - 6.1.1.2. At point of utilization in warehousing, logistics, manufacturing, and distribution: Inspection process must include an assessment for damage. If Pallets and Wood Packaging Materials are not stored in a Production Support Area or GMP Production Area, then the inspection must also include an assessment for contamination.
 - 6.1.1.3. The inspection process must include requirements for segregation, investigation and disposition of nonconforming Pallets and Wood Packaging Materials, along with associated materials, components, finished products, and GxP supplies.
 - 6.1.1.4. Refer to Supporting information in appendix 1 for Guidance for Inspections of Pallets and Wood Packaging Materials.
- 6.1.2. Pallets and Wood Packaging Materials must be stored and transported in an environment that minimizes risk of exposure to moisture, pests, and other potential contamination.
- 6.1.3. Pallets and Wood Packaging Materials must meet the requirements from 6.1.1 and 6.1.2 to be reused.
- 6.1.4. Additional actions must be taken to adhere to local laws and regulations, as applicable.
- 6.1.5. Pallets and Wood Packaging Materials which are in scope of this SOP must be segregated from Pallets and Wood Packaging Materials that are not in scope of this SOP. Controls must be established to prevent contamination and to prevent the use of non-compliant Pallets and Wood Packaging Materials.
- 6.1.6. Kenvue Business Units must include requirements from this SOP in formal purchase agreements for Pallets, Wood Packaging Materials, materials, components, finished products, GxP supplies, and services, as applicable, using at least one of the following documents: specifications, quality agreements, supply agreements, quality requirements, or purchase orders.

6.2. Wood Pallets and Wood Packaging Materials

- 6.2.1. The following chemical treatments are prohibited:
 - 6.2.1.1. 2,4,6-tribromophenol (TBP), and
 - 6.2.1.2. Any other form of phenol-based fungicide treatment, and
 - 6.2.1.3. Methyl Bromide treatment. (Due to environmental concerns).
- 6.2.2. The following treatments are acceptable:
 - 6.2.2.1. Pest prevention:
 - Heat Treatment
 - Sulfuryl Fluoride
 - 6.2.2.2. Mold prevention:
 - Air drying
 - Kiln drying
 - Sinesto B

- Sinesto AS-5
 - Cutrol 375
- 6.2.2.3. Under no circumstance should Kenvue employees be directly involved with the physical application of these treatments to Pallets or Wood Packaging Materials.
- 6.2.3. All wood Pallets and Wood Packaging Materials used at Kenvue manufacturing locations and external manufacturers that are 1) located in Puerto Rico or Latin America, and 2) produce Drug, Nutritional and Food Products must be treated for mold prevention.
- 6.2.4. Where local usage of another Pallet or Wood Packaging Materials treatment is needed, a comprehensive risk assessment must be completed as indicated in 6.4.3, and approved by Kenvue Corporate Environmental Health and Safety, Chief Quality Officer, and Supply Chain Head. Delegation of approval is not permitted.
- 6.2.5. Shipments to a country or region that requires conformance to ISPM-15 must comply to ISPM-15, see website of the International Plant Protection Convention: <https://www.ippc.int>.
- 6.2.6. Shipments of materials, components, and GxP supplies to Kenvue and External Manufacturers must comply to ISPM-15, regardless of whether the receiving country or region requires adherence to ISPM-15. Where local usage of Pallets and Wood Packaging Materials that do not comply with ISPM-15 is needed for shipments of materials, components, or GxP supplies, and the receiving country or region does not require conformance to ISPM-15:
- A comprehensive risk assessment shall be completed as indicated in 6.4.3, and approved by Kenvue Corporate Environmental Health and Safety, Chief Quality Officer, and Supply Chain Head. Delegation of approval is not permitted.
 - Authorization for use of Pallets and Wood Packaging Materials that do not comply with ISPM-15 shall be included in formal purchase agreements for the specific materials, components, or GxP supplies, as applicable, using at least one of the following documents: specifications, quality agreements, supply agreements, quality requirements, or purchase orders.
- 6.2.7. Wood Pallets and Wood Packaging Materials that need to comply with ISPM-15 requirements must adhere to section 6.2.1 and 6.2.3 of this SOP, be Heat Treated to achieve a minimum temperature of 56°C for a minimum duration of 30 continuous minutes throughout the entire profile of the wood (including its core), and display a Heat Treatment mark in accordance with ISPM-15.
- 6.2.8. Wood Pallets and Wood Packaging Materials that do not need to comply with ISPM-15 must adhere to section 6.2.1 and 6.2.3 of this SOP, and must be identified with a specific marking, color, or configuration.
- 6.2.9. Suppliers of Pallets and Wood Packaging Materials, as well as suppliers of materials, components, finished products, and GxP supplies using Pallets or
- 6.2.10. Wood Packaging Materials, must provide documented evidence of compliance and traceability of treatments upon request.
- 6.2.11. Refer to Supporting Information is reported in Appendix for Example
- 6.2.12. Specification for Empty Wood Pallets, as well as Pallet Types, Wood Types, Wood Packaging Materials and Wood Treatments.

6.3. Non-wood Pallets

- 6.3.1. Pallets that contain plastics must be free of polybrominated diphenyl ethers (PBDEs) flame-retardants - specifically penta-, octa-, and deca-brominated diphenyl ethers (BDEs).

- 6.3.2. Suppliers of Pallets, as well as suppliers of materials, components, finished products, and GxP supplies using Pallets, must provide documented evidence of compliance upon request.
- 6.3.3. Pallets that contain plastics must not be used in areas where flammable vapors may be present, designated as Class 1, Div 2, or ATEX Zone 1. For details refer to “Recognizing and Controlling Static Electricity Hazards”, NG-TRU-GDL-01489
- 6.3.4. Metal Pallets, as well as plastics Pallets in compliance with 6.3.1 and 6.3.2, are acceptable for supply of all materials, components, finished products, and GxP supplies.
- 6.3.5. The use of other Pallet materials, for example reinforced resin materials, single use slip sheets, corrugated cardboard Pallets, and processed pressed wood.
- 6.3.6. Pallets, must be documented in segment or local procedures. A comprehensive risk assessment must be completed prior to use as indicated in 6.4.3, approved by Kenvue Corporate Environmental Health and Safety Chief Quality Officer, and Supply Chain Head. Delegation of approval is not permitted.

6.4. Use of Pallets and Wood Packaging Materials in Warehousing, Logistics, Manufacturing, and Distribution

- 6.4.1. Metal Pallets, as well as plastics Pallets in compliance with 6.3.1 and 6.3.2, are acceptable for use everywhere.
- 6.4.2. Wood Pallets and Wood Packaging Materials, in compliance with 6.2, are acceptable in the following situations:
 - 6.4.2.1. Within medical device, drug or combination products GMP Production Areas in manufacturing locations: for secondary packaging and for placing finished packaged product onto Pallets, provided that primary packaging is complete and facility & environmental segregation is in place between the primary packaging area and the area where the Pallet is used.
 - 6.4.2.2. Within non-medical device, drug or combination products GMP Production Areas in manufacturing locations:
 - Commodities for external use: All GMP Production Areas
 - Cosmetic and Commodities for internal use: All GMP packaging production areas, provided that contamination protection is in place between the non-packaged products and the area where the Pallet or Wood Packaging Material is used.
 - 6.4.2.3. Outside GMP Production Areas (Manufacturing Warehouses, Logistic Centers and Distribution Centers): for all materials, components, finished products, and GxP supplies, as well as for repack/relabel of finished products for outbound storage/shipment.
- 6.4.3. Pallet and Wood Packaging Material usage other than what is described in 6.4.1 and 6.4.2 must have a documented risk assessment completed prior to use, and approved by Kenvue Corporate Environmental Health and Safety, Chief Quality Officer, and Supply Chain Head. Delegation of approval is not permitted. The risk assessment must include the following:
 - 6.4.3.1. Patient safety, product quality, occupational health, environment, fire safety, facilities, and regulatory impact.
 - 6.4.3.2. Controls to prevent injury to personnel and damage to products due to poorly constructed or damaged Pallets and Wood Packaging Materials.
 - 6.4.3.3. Controls to prevent chemical, microbial, pest, native particle, and foreign matter contamination.
 - 6.4.3.4. Finished product types and associated regulatory/risk classifications.
 - 6.4.3.5. Alternative Pallet types and materials, for example reinforced resin materials, single use slip sheets, corrugated cardboard Pallets,

- processed press wood Pallets.
- 6.4.3.6. Chemically treated Pallets as required by local customers, laws, regulations, or phytosanitary needs. Never allowed: 2,4,6-tribromophenol (TBP) or any other form of phenol-based fungicide treatment, Methyl Bromide, as well as polybrominated diphenyl ethers (PBDEs) flame-retardants. Allowed: Sulfuryl Fluoride, Sinesto B, Sinesto AS-5, and Cutrol 375.
- 6.4.3.7. Potential for high Pallet and Wood Packaging Material contamination risk based on country or region environmental exposure, for example tropical climate, as well as risk related to wood sources.

7. REFERENCES

- 7.1. Kenvue Global Glossary of Terms (FRM-0009808)
- 7.2. International Standards for Phytosanitary Measures Publication No. 15, 2018 version (ISPM 15) – Regulation of Wood Packaging Material in International Trade.
- 7.3. A listing of countries and regions that require adherence to ISPM-15 can be found on the website of the International Plant Protection Convention: <https://www.ippc.int>

8. APPENDICES

Appendix 1: Supporting information for Pallet Management

Appendix 1: Supporting information for Pallet Management

SECTION I – Guidance for Inspections of Pallets and Wood Packaging Materials

1. General Guidance for Pallet and Wood Packaging Material Inspection

All Pallets and Wood Packaging Materials, both with or without materials, components, finished products, or GxP supplies on them, should be inspected at receiving, prior to moving into a manufacturing area, and prior to storing in a warehouse environment. The inspection activity should be documented per local guidelines. Documentation may be in the form of a check list, or as part of the inbound receiving procedure with a statement that any documented reception means those controls were compliant, and any detected defect managed appropriately. Nonconforming Pallets and Wood Packaging Materials, as well as the associated materials, components, finished products, and GxP supplies should be segregated, investigated, and dispositioned.

2. Inspection Considerations

Pallets and Wood Packaging Materials should be properly constructed, properly marked, generally sound, safe to handle, and free from any contamination.

3. For all Pallets and Wood Packaging Materials

- The Pallet and Wood Packaging Material should be marked, colored, or configured as applicable, for example Heat Treatment stamp or supplier mark.
- There should not be any noticeable or objectionable odors.

For the controls below, it is recognized that those can only be executed within the limits of what is visible for Pallets and Wood Packaging Materials with materials, components, finished products, or GxP supplies on or in them.

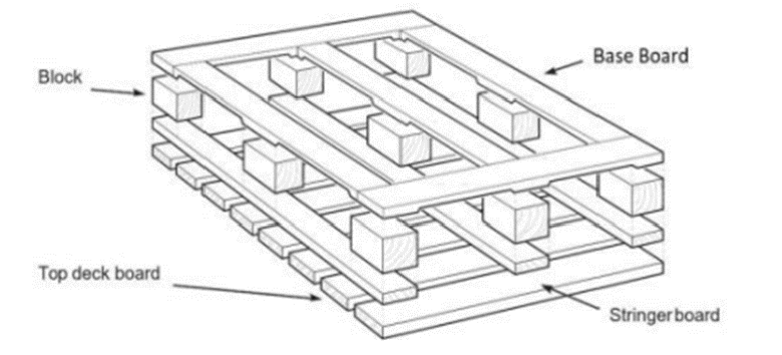
- There should be no obvious damages (for example splits, exposed nails, broken boards)
- The Pallet and Wood Packaging Material should be clean and free from contamination, for example chemical, microbial (fungi, mold), pests, native particles (sawdust, fibers, splinters), water damage, and/or foreign matter.

4. Additional for Empty Pallets

- Every base board should be properly fastened at each end and be the correct length to properly support a shipment with adequate edge distance remaining.
- Top deck boards, stringer boards, and base boards should be of consistent thickness and width.
- Base boards should not be split at their fastened end.
- There should not be any loose joints permitting racking out of square (diamonding).
- Verification level might be adjusted, especially in case of receiving brand new Pallets.

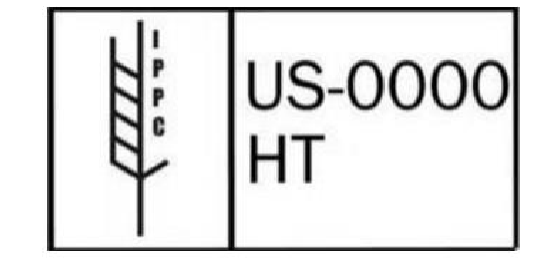
5. Terminology

This illustration is an example of typical wood Pallet construction for terminology reference.
Block Pallet facing upside down.



6. Markings

This illustration is an example of typical ISPM15 Heat Treatment Pallet marking for reference.



SECTION II – Pallet Types, Wood Types, Wood Packaging Materials, and Wood Treatments

1. Pallet Types

As a portable platform for handling, storing, or moving goods, Pallets come in different sizes, formats, and materials which for the most part are easily distinguished in the context of this SOP. However, the differences between plastic Pallets and reinforced resin Pallets are less easily observed, and benefit from clarification:

- Reinforced resin Pallets are typically deployed for heavy loads, using fibers or rods to provide additional strength.
- These Pallets are significantly heavier, more durable, and more expensive than typical plastic Pallets.
- The weight difference compared to the same size plastic Pallet is a good indicator.
- Because of the composite structure, they are more difficult to recycle.

2. Wood Types

- Hard Wood: originates from a tree which loses its leaves annually, for example oak.
- Soft Wood: originates from conifer trees which are evergreen, for example pine.

3. ISPM-15 Regulated Wood Packaging Materials

All forms of Wood Packaging Material that may serve as a pathway for pests posing a pest risk mainly to living trees, for example crates, boxes, packing cases, dunnage, pallets, cable

drums, spools/reels.

4. Exemptions to ISPM-15 Regulated Wood Packaging Materials

The following articles are of sufficiently low risk to be exempted from the provisions of ISPM-15, however other requirements from this SOP may apply.

- Wood Packaging Material made entirely from thin wood (6 mm or less in thickness).
- Wood Packaging made wholly of processed wood material, such as plywood, particle board, oriented strand board or veneer that has been created using glue, heat or pressure, or a combination thereof.
- Barrels for wine and spirit that have been heated during manufacture.
- Gift boxes for wine, cigars and other commodities made from wood that has been processed and/or manufactured in a way that renders it free of pests.
- Sawdust, wood shavings and wood wool.
- Wood components permanently attached to freight vehicles and containers.

5. Wood Treatments

Heat treatment:

- Eliminates pests when exposing the entire profile of the wood, including its core, to a minimum temperature of 56°C for a minimum duration of 30 continuous minutes. Simply exposing the exterior of the wood to the desired temperature and duration (or to higher temperature and duration) is not sufficient to eliminate pests.
- Typically occurs in a kiln (oven) and uses either a validated process, or temperature probes should be inserted in the core of the wood throughout the chamber. Heat treatment is often combined with Kiln drying, however kiln drying alone does not guarantee successful heat treatment. Proof of validated process, or proof of temperature probe results should be documented, and wood should be certified with the ISPM-15 heat treatment mark.
- Heat treatment may be executed on the finished Pallets, on Pallet components, and/or on raw lumber. ISPM-15 contains detailed requirements for heat treatment, as well as for reuse and repair of heattreated wood Pallets and wood packaging materials.

Drying:

- Prevents mold growth by reducing moisture content in the wood below viable growth conditions.
 - As a general guideline, moisture content should remain below 19% to prevent mold growth.
- Typically occurs by air exposure or in a kiln.
 - Air drying: drying of timber by exposing it to the air.
 - Kiln drying: process of artificial or 'oven' drying by introducing heat.
- Drying does not eliminates pests unless combined with heat treatment.

Chemical treatment:

- Exposing the wood to chemicals by spraying or pressure impregnation, using for example Sinesto B, Sinesto AS-5, or Cutrol 375 for mold prevention, or sulfuryl fluoride

for pest prevention.

SECTION III – Example Specification for Empty Wood Pallets

1.0 Material Requirements

- Wood pallets must be free from:
 - 2,4,6-tribromophenol (TBP), and
 - Any other form of phenol-based fungicide treatment, and
 - Methyl Bromide treatment.
- The following treatments are acceptable. Any other treatments are not acceptable. Treatments may be applied to lumber, pallet components, or to the finished pallet.

2.0 Pest Prevention

- Heat Treatment
- Sulfuryl Fluoride

3.0 Mold Prevention

- Air drying
- Kiln drying
- Sinesto B
- Sinesto AS-5
- Cutrol 375

4.0 Quality Requirements

- Pallets must be properly constructed, properly marked, generally sound, safe to handle
- There must not be any noticeable or objectionable odors
- There must be no obvious damages (for example splits, exposed nails, broken boards)
- The Pallet must be clean and free from contamination, for example chemical, microbial (fungi, mold), pests, native particles (sawdust, fibers, splinters), water damage, and/or foreign matter
- Every base board must be properly fastened at each end, and be the correct length to properly support a shipment with adequate edge distance remaining
- Top deck boards, stringer boards, and base boards must be of consistent thickness and width
- Base boards must not be split at their fastened end
- There must not be any loose joints permitting racking out of square (diamonding)