

ATLANTIC PACKAGING PRODUCTS LTD. – PURCHASE ORDER TERMS & CONDITIONS

THIS PURCHASE ORDER IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. SUPPLIER CODE OF CONDUCT:

- (a) Atlantic Packaging Products Ltd. is committed to protecting the rights, safety, well-being, and dignity of people affected by our business activities; and abiding by the laws and regulations that protect human rights in the jurisdictions where Atlantic conduct business. Atlantic is committed to responsibly managing its business and will seek to utilize Suppliers who share the commitment to operating their business to the same high standards of ethical conduct, integrity, and respect.
- (b) The Supplier Code of Conduct outlines the expectations and standards to protect human rights, safety, and dignity; to prevent and reduce the risk of forced labour and/or child labour in the supply chain; and to align to Environmental, Social, and corporate Governance standards.
- (c) By acceptance of this purchase order, the Vendor understands and acknowledges alignment with the Atlantic Supplier Code of Conduct.

2. PRICES, TAXES AND DUTIES:

- (a) Prices for the goods and/or services ordered hereunder (the “Purchase Order Price”) by Atlantic Packaging Products Ltd and its affiliated companies including New Forest Paper Mills LP, North American Containerboard LP (“Atlantic”) will be as shown in this Purchase Order.
- (b) The Purchase Order Price excludes, and Atlantic is responsible to pay as they become due, all applicable federal, provincial or local sales, use, value added, excise and other taxes eligible on the Purchase Order Price which are imposed on Atlantic and collectible by Vendor, including without limitation the federal goods and services tax and any harmonized goods and services taxes.
- (c) The Purchase Order Price includes, and Vendor is responsible to pay as they become due, all other taxes incurred in connection with the goods and/or services, transportation fees, freight, packing costs, import and customs duties, personnel fees, payroll or withholding taxes, and other costs associated with the supply and performance of the goods and/or services.
- (d) Atlantic and Vendor will cooperate with each other to minimize the tax liability of both parties to the extent legally permissible and to obtain the benefit of any applicable exemptions,
- (e) Atlantic reserves the right to claim refunds on any refundable amounts of duty or taxes for Atlantic’s account. Vendor will make available to Atlantic its records as deemed necessary to enable such recovery.

3. BILLING AND PAYMENT:

- (a) Unless Vendor and Atlantic have expressly agreed otherwise, all invoices shall be sent to the Accounts Payable Department (Atlantic_AP@atlantic.ca) promptly after shipment of goods or provision of services or goods ordered hereunder, and all invoices shall clearly show Atlantic’s applicable Purchase Order number and shall otherwise include such other information as Atlantic may reasonably require and, if applicable, will include such other details as are required by law to be included in a proper invoice.
- (b) It is expected that Vendor shall invoice the right quantity and value based on the Atlantic Purchase Order issued. If this is not the case, Atlantic will pay the lesser of the Purchase Order Price and/or quantity and the invoice price and/or volume. Bulk deliveries will go by Atlantic’s scale ticket.
- (c) Unless Vendor and Atlantic have expressly agreed otherwise, no charge will be accepted for handling, storing or packaging. No drafts or C.O.D. shipments will be accepted.
- (d) All invoices must reference and bill for only one Purchase Order number.
- (e) Atlantic payment terms are the end of the month following the date of goods received and/or services provided. Accounts Payable must be in receipt of the invoice no later than the first working day of the month following (i.e. goods received and/or services provided in August must be invoiced and received by Accounts Payable no later than September 1 to receive payment by September 30). Any invoices received after the deadline will be paid with the next month (i.e. goods received and/or services provided in August but invoice received after September 1 will be paid October 31) or such other number of days as is specified on the front of this Purchase Order. Notwithstanding the foregoing, if local lien legislation applies to the supply of services or goods ordered hereunder, any undisputed invoiced amounts will be payable in accordance with the payment terms prescribed by such legislation.
- (f) All invoices are to be sent in a timely fashion with a valid Atlantic Purchase Order number. Any invoice without a correct Purchase Order number or such details as required by Section 2(a) will be returned to Vendor and may result in non-payment of goods or services. If Vendor causes Atlantic to accrue an amount owing due to a missing or deficient invoice, Vendor will be charged \$50 for every month that the value is accrued by Atlantic.
- (g) Notwithstanding anything to the contrary in this Agreement, all payments by Atlantic shall be subject to withholding of any holdbacks or other amounts to the extent required by applicable lien legislation or tax laws.

4. SHIPMENT:

- (a) Vendor agrees to (1) properly, carefully and safely pack, mark and ship goods in accordance with the requirements of Atlantic and applicable carriers as may be specified at time of order in a manner to secure lowest transportation costs; (2) make no charge for handling, packaging, storage or transportation of goods unless otherwise stated in this Purchase Order; (3) provide with each shipment packing slips with the Purchase Order number and Atlantic equipment numbers clearly marked; and (4) ensure that the original bill of lading for each shipment contains this Purchase Order number and is promptly forwarded in accordance with Atlantic’s instructions. Vendor will ensure that the marks on each package and identification of the goods on packing slips, bills of lading and invoices shall be sufficient to enable Atlantic to easily identify the goods.
- (b) In addition to the foregoing requirements, in the case of foreign shipments, Vendor shall contact the Buyer issuing the Purchase Order for necessary coordination of the shipment and prepare necessary custom documents. Any demurrage charges accruing on shipments held for document-related issues will be deducted from Atlantic’s payment to Vendor.
- (c) Title to the goods ordered hereunder shall pass to Atlantic at the moment the risk of loss or damage to said goods is transferred to Atlantic or its carrier.
- (d) No shipments or labour shall be made or performed without a valid Purchase Order number prior to shipment and/or labour commencement. Rush/after-hours/breakdown orders are permitted via an Atlantic emergency order (these should be the exception and are tracked). Atlantic is responsible for having a Purchase Order number provided to Vendor within 24 hours.

(e) All orders are expected to be shipped on time and complete. Back orders are not allowed unless Atlantic confirms otherwise in writing.

5. WARRANTY:

- (a) Goods – Vendor expressly warrants that it has good title, free and clear of all liens and encumbrances, to all goods ordered hereunder and that such goods will be new (except where otherwise specified on the face of this Purchase Order), of good quality and free from any defects in material or workmanship and will be in accordance with any specifications stated herein. Vendor will, at Atlantic’s option, either repair or replace as soon as reasonably practicable, at the delivery point specified, any goods ordered hereunder which are found to be defective or fail to conform to said specifications or refund to Atlantic the invoice price (including any transportation charges) paid by Atlantic for such goods. Claims under this warranty with respect to any item of goods ordered hereunder must be made by Atlantic no later than twelve (12) months after such item is first used by Atlantic or within such longer period of time as may be agreed to by Atlantic and Vendor.
- (b) Services – Vendor expressly warrants that all services provided hereunder will be free from any defects in material or workmanship and will be in accordance with any specifications stated herein. Vendor will, at Atlantic’s option, either provide as soon as reasonably practicable replacement services for any services provided hereunder which are found to be defective or fail to conform to said specifications or refund to Atlantic the invoice price paid by Atlantic for such services.
- (c) Not Exclusive – These warranties and Atlantic’s rights and remedies hereunder are in addition to, and not to the exclusion of, any other representations, warranties, terms or conditions and/or rights and remedies to which Atlantic may be entitled in law, whether express, implied, statutory or otherwise, and shall survive the termination of this Purchase Order.

6. CHANGES:

- (a) Atlantic may at any time by written modifications to this Purchase Order, make changes in (1) the drawings, designs, goods and/or services ordered hereunder, (2) the method of schedule of shipment and packing, and/or (3) the place of delivery. If any such changes affect the time for performance or the cost of manufacturing or supplying such goods or services, Atlantic shall make an equitable adjustment in the Purchase Order Price or the delivery schedule, or both.
- (b) Vendor shall not make any changes in the nature of any services ordered hereunder or in the design or composition of any goods ordered hereunder without the prior written approval of Atlantic.

7. PATENTS:

Except in the case of goods and/or services specified by Atlantic and neither developed nor manufactured by Vendor, Vendor agrees to defend, indemnify and hold harmless Atlantic and its affiliates from and against any and all liability, costs and expenses, including royalty payments and legal fees, suffered or incurred by Atlantic and/or its affiliates in respect of any infringement or alleged infringement or breach of any patent, trademark or other proprietary right by the goods and/or services ordered hereunder, or by the performance of the work by Vendor of its obligations hereunder. Vendor agrees that it will, at its expense, assume the defense of any claim, suit or any other proceeding in respect of any such infringement or breach, provided that Atlantic may, at its option, be represented by its own counsel in any claim, suit or proceeding.

8. INSPECTION AND REJECTION:

Atlantic reserves the right, at its option, to inspect any goods ordered hereunder prior to shipment. Atlantic reserves the right, at its option, to inspect the provision of any services in progress which are ordered hereunder wherever those services are being performed. No inspection whether prior to or following the delivery of the goods or performance of services, shall constitute acceptance of such goods and/or services or otherwise relieve Vendor of any of its obligations in respect thereof.

9. INSURANCE AND INDEMNITY:

- (a) If Vendor enters upon Atlantic’s property in the performance of any work or services under this Purchase Order or utilizes the property of Atlantic, whether on or off Atlantic’s premises, Vendor agrees to:
- (b) defend, indemnify and hold harmless Atlantic from and against any liability, claims, demands or expenses (including reasonable legal fees) for loss or damage to the property of or injuries (including death) to Atlantic, its employees or any other person arising from or in connection with Vendor’s performance of such work or services or use of such property, except for such liability, claim, demand or expense arising out of the sole negligence of Atlantic;
- (c) maintain at its expense during the performance of the services and progress of the work adequate (1) Workers’ Compensation Insurance, (2) Automobile Insurance and (3) Public Liability and Property Damage Insurance subject to limits of not less than \$5 million for each occurrence of bodily injury, death or damage to property, including loss of use thereof. Vendor shall, on request, furnish Atlantic with evidence of insurance coverage;
- (d) while on Atlantic’s property, (1) comply with all applicable laws, rules and regulations (including in respect of fire, safety, health and construction) prescribed by any governmental agency and/or Atlantic, and be responsible for the observance thereof by all subcontractors, employees and agents of Vendor and its subcontractors; (2) replace at its own expense all work damaged or destroyed by any cause whatsoever prior to written acceptance of the work by Atlantic; (3) perform its services and work in accordance with schedules and programs approved by Atlantic so as not to interfere with the operations of Atlantic and (4) perform its services and work so that the property shall at all times be clean, orderly and free from debris and upon completion shall remove all equipment and unused materials from the property, clean up all refuse and debris, and leave the site of the work clean, orderly and in good condition.
- (e) The Vendor will promptly pay for all labor and material and will keep all goods, property and work delivered hereunder and title to Atlantic’s property and the work site, free and clear of all liens and claims respecting the provision of the services or the supply of goods by the Vendor under this Purchase Order and shall indemnify Atlantic from and against all claims or liens registered by the Vendor or any other person against Atlantic’s property or the work site, unless such lien or claim has been registered or made as a direct result of non-payment by Atlantic of an undisputed portion of the Purchase Order Price to Vendor. The Vendor will immediately notify Atlantic of any such lien or claim or other action of which it has knowledge and if any lien or claim is registered or made against any such property, in whole or in part, including the work site, the Vendor will cause the lien to be satisfied or vacated or discharged from title as soon as possible and in any case within five business days of registration, and if the Vendor fails to so vacate or discharge any such lien in a timely manner, Atlantic may vacate or discharge that lien and charge the Vendor, or set off against the Purchase Order Price, the full costs and expenses of so doing. In addition, Atlantic may withhold any payment to Vendor until receiving such affidavits, declarations, waivers and releases with respect to claims for labor and material as Atlantic may reasonable require and Atlantic may set off the full amount of any claims for lien or written notices of lien

received by Atlantic against any amount otherwise owing by Atlantic to the Vendor to the extent permitted by any applicable local lien legislation.

- (f) For the purposes of this paragraph 8, reference to “Atlantic” and to “Vendor” shall mean and include such party and its affiliates, subsidiaries, suppliers and subcontractors, and their respective agents and employees, individually or collectively, and in respect of Atlantic will include the freehold and leasehold owners of the work site.

10. PATTERNS AND EQUIPMENT

All supplies, materials, facilities, tools, jigs, dies, fixtures, patterns, and equipment furnished to Vendor by Atlantic to perform this Purchase Order or for which Vendor has been reimbursed by Atlantic shall be and remain the property of Atlantic and Vendor shall bear the risk of loss of any damage to such property, normal wear and tear excepted.

11. TERMINATION AT OPTION OF ATLANTIC:

- (a) Provision by Vendor of goods and/or services ordered hereunder may be terminated by Atlantic, in whole or in part, at its option at any time before delivery of all of the goods or provision of all of the services ordered hereunder, by delivery of a written notice of termination to Vendor. No termination charges will be payable by Atlantic except as provided by subparagraphs (b) and (c) below.
- (b) Where the goods ordered hereby are to be produced specifically for this Purchase Order and cannot reasonably be otherwise sold or used by Vendor, or where, specifically in order to provide services ordered hereby, Vendor has employed personnel or purchased goods which cannot reasonably be otherwise used or sold by Vendor, Vendor shall, after receipt of a notice of termination, unless otherwise directed by Atlantic, immediately terminate all work in respect of the goods and/or services whose provision has been terminated and shall, unless otherwise directed by Atlantic (1) terminate all orders and subcontracts relating to such goods and/or services; (2) settle all claims arising out of such termination of orders and subcontracts; (3) transfer title and deliver to Atlantic of (i) all completed goods which conform to the requirements of this Purchase Order and do not exceed, in quantity, the amount authorized for production by Atlantic, and (ii) all reasonable quantities (but not in excess of amounts authorized by Atlantic) of work in process and materials produced or acquired in respect of the performance of the work terminated which are of a type and quality suitable for producing goods which conform to the requirements of this Purchase Order and which cannot reasonably be otherwise sold or used by Vendor; (4) take all action necessary to protect property in Vendor’s possession in which Atlantic has or may acquire an interest; (5) submit to Atlantic promptly, but not later than three months from the effective date of termination (one month in the case of partial termination), its termination claim, provided, however, that in the event of a failure of Vendor to submit its termination claim within such period, Atlantic may determine on the basis of information available to it the amount, if any, due Vendor with respect to the termination, and such determination shall be final.
- (c) Only in the circumstances described in subparagraph (b) above, Atlantic shall pay to Vendor, as termination charges for termination under subparagraph (a), the following amounts without duplication: (1) the Purchase Order Price for all goods and/or services which have been completed or provided in accordance with this Purchase Order and not previously paid for; (2) the actual costs incurred by Vendor in accordance with this Purchase Order to the extent such costs are reasonable in amount and are properly allocable or apportionable under generally accepted accounting practices to the terminated portion of this Purchase Order, including the actual cost of work in process and materials delivered to Atlantic in accordance with subparagraph (b) and including the actual cost of discharging liabilities which are so allocable or apportionable; and (3) the reasonable costs incurred by Vendor in protecting property in its possession in which Atlantic has or may acquire an interest. Payments made under this paragraph (c), exclusive of payments under subdivision (3) hereof, shall not exceed the Purchase Order Price, less payments otherwise made or to be made, and shall be in full and final satisfaction of all amounts owing by Atlantic to Vendor.
- (d) The provisions of subparagraphs (b) and (c) above shall not apply if this Purchase Order is terminated or cancelled by Atlantic pursuant to paragraph 12 (Termination for Vendor Default) or pursuant to paragraph 13 (Force Majeure).

12. TERMINATION FOR VENDOR DEFAULT

- (a) Atlantic may, at its option, terminate this Purchase Order, in whole or in part, for cause if: (1) Vendor breaches any material obligation hereunder, provided that Atlantic provides Vendor written notice of the breach and Vendor has failed, within ten (10) days after receipt of the notice (or such extended period as is agreeable to Atlantic), to either: (i) remedy the breach, or (ii) provide reasonable evidence satisfactory to Atlantic that the breach has not occurred; or (2) Vendor becomes insolvent, makes an assignment for the benefit of its creditors, has a receiver or trustee appointed for the benefit of its creditors, or files for protection from creditors under any bankruptcy or insolvency laws.
- (b) In the event Atlantic terminates this Purchase Order pursuant to subparagraph (a) above, Atlantic shall pay to Vendor the Purchase Order Price for all goods and/or services which have been completed or provided in accordance with this Purchase Order prior to the date of termination and not previously paid for, less the difference between that portion of the Purchase Order Price properly allocable or apportionable to the terminated portion of this Purchase Order and the actual amounts reasonably incurred by Atlantic to complete that scope (and in the event that such payment is a negative amount, Vendor shall forthwith pay such amount to Atlantic). Such payment shall be in full and final satisfaction of all amounts owing by Atlantic to Vendor.

13. FORCE MAJEURE:

- (a) In the event that either party is prevented from performing or is unable to perform any of its obligations specified herein due to a force majeure event, and if such party shall have used its commercially reasonable efforts to mitigate its effects, such party shall give prompt written notice to the other party, its performance shall be excused, and the time for the performance shall be extended for the period of delay or inability to perform due to such occurrences, but there shall be no increase to the Purchase Order Price. Performance shall be resumed as soon as possible after the cause giving rise to such interruption or prevention is removed.
- (b) For clarity, a force majeure event is an event or circumstance which is beyond the control and without the fault or negligence of the party affected and which by the exercise of reasonable diligence the party affected was unable to prevent and includes but is not limited to the following or other events whether similar or dissimilar:
riot, war, invasion, the act of foreign enemies, acts of terrorism, civil war, rebellion, revolution, insurrection of military or usurped power, requisition or compulsory acquisition by any governmental or competent authority;
earthquakes, flood, fire or other physical natural disasters, but excluding weather conditions regardless of severity;

strikes at the national level or industrial disputes at a national level, or strike or industrial disputes by labour not employed by the affected party, its subcontractors or its suppliers and which affect an essential portion of the works but excluding any industrial dispute which is specific to the performance of this Purchase Order; or

epidemic, pandemic and any directive, bulletin, notice or other form of communication from a public health authority in respect of any imminent danger from a disease, virus or other biological or physical agents that may be detrimental to human health, in each case that materially affects the performance by the affected party of its obligations under this Purchase Order.

- (c) Notwithstanding the foregoing, no act, event, cause or condition will be considered to be a force majeure event:
 - if and to the extent that the affected party or its agents, employees or those for whom it is responsible at law has caused or contributed to the applicable act, event, cause or condition by its fault or negligence or has failed to use commercially reasonable efforts to prevent or remedy such act, event, cause or condition and, so far as possible and within a reasonable time period, remove or rectify it;
 - if the act, event, cause or condition is the result of a breach by the affected party of any applicable law;
 - if the act, event, cause or condition was caused by changes in market conditions, a lack of funds or other financial cause (including the financial obligations of either party whether arising under this Purchase Order or otherwise); or
 - if the act, event, cause or condition involves any direct or indirect delay in obtaining, or failing to obtain, any labour, materials, equipment or other resources, except to the extent such acts or omissions arise from a force majeure event.
- (d) Regardless of the events giving rise to a force majeure event, if the delay is more than 30 days on a sequential basis, or 60 days over any 365 day period, the other party may terminate the Purchase Order and liability is limited to the goods or services provided to date and to other party's satisfaction

14. LIMITATION OF LIABILITY

Except for gross negligence, Atlantic's liability hereunder shall be limited to the value of goods and/or services ordered pursuant to this Purchase Order and received in a condition satisfactory to Atlantic. Any action resulting from Atlantic's default as to the Purchase Order must commence within one year after the cause has accrued. Notwithstanding anything herein to the contrary, Atlantic shall have no liability for any consequential, special, punitive, incidental or indirect damages. The limitations and exclusions in this paragraph 13 shall apply regardless of whether a claim is based in contract, warranty, indemnity, tort/extra contractual liability, strict liability or otherwise.

15. ASSIGNMENT:

Vendor shall not assign or delegate in any manner to any other person the supply of any goods and/or services ordered hereunder without the prior written consent of Atlantic.

16. APPLICABLE LAW:

This purchase order and the agreement of purchase and sale constituted by acceptance hereof shall be deemed to have been entered into in the province of Ontario and shall be governed by and construed in accordance with the laws in effect in the province of Ontario. The parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.

17. AFTER-SALES SERVICES

Supplier/Vendor to provide specialized after-sales services upon request with respect to the installation, commissioning, repair, inspection and/or maintenance of purchased equipment as needed by Atlantic Packaging. At the discretion of Supplier/Vendor, its contractual after-sales service obligations to Atlantic Packaging may be assigned to a third-party service provider as designated by Supplier/Vendor and agreed to by Atlantic.

(a)

18. MISCELLANEOUS:

- (a) The terms and conditions of this Purchase Order constitute the contract between Vendor and Atlantic and any amendment or variation will be binding only if confirmed in writing by the authorized representative of Atlantic and Vendor.
- (b) Non-acceptance of this Purchase Order shall be conveyed to Atlantic within 10 days of its receipt by Vendor, failing which, this Purchase Order will be deemed to have been accepted unconditionally. Prices will remain firm throughout existence of this Purchase Order.
- (c) Time is of the essence of this Purchase Order and shall be rigidly followed. Atlantic reserves the right to cancel the Purchase Order and purchase the material from other sources if timelines are not being met as specified on the Purchase Order, and any extra charges will be directed to Vendor's account.
- (d) Atlantic reserves the right to postpone the delivery of goods from Vendor and Vendor is expected to hold the materials in good condition until the date so required. Any costs associated with this delay will be discussed with Atlantic at the time of hold notification to determine acceptance by Atlantic. Any applicable charges will be covered by a written variation or change order.
- (e) Unless otherwise agreed in writing, this Purchase Order supersedes and replaces all previous oral or written agreements, memoranda, correspondence or other communications between the parties hereto relating to the subject matter hereof.
- (f) All confidential terms and conditions contained in this Purchase Order and all confidential and proprietary information provided by Atlantic to Vendor shall be treated by Vendor as confidential and proprietary information and Vendor agrees not to disclose any of the terms of this Purchase Order, including, without limitation, pricing information, or any confidential or proprietary information provided by Atlantic to Vendor to any third party without Atlantic's prior written consent.
- (g) No delay on the part of Atlantic in exercising any right, power or privilege under or in connection this Purchase Order shall operate as a waiver thereof. No waiver on the part of Atlantic of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, shall preclude any further exercise thereof or the exercise of any other such right, power or privilege. Except where otherwise specifically provided herein, the rights and remedies provided in this Purchaser Order are cumulative and are not exclusive of any rights or remedies that Atlantic may otherwise have at law or in equity.
- (h) Any term, condition or provision of this Purchase Order which is, or is deemed to be, void, prohibited, or unenforceable in any jurisdiction is, as to such jurisdiction, severable herefrom, and is ineffective to the extent of such avoidance, prohibition and unenforceability without in any way invalidating the remaining terms, conditions and provisions hereof. Any such avoidance, prohibition and unenforceability in any jurisdiction does not invalidate or render unenforceable such term, condition or provision in any other jurisdiction.