

**TERMS AND CONDITIONS FOR
SAPPI CANADA ENTERPRISES INC. PURCHASE ORDERS**

1. **DEFINITIONS.** The purchase order, these terms and conditions and the exhibits, specifications, and statements of work attached hereto or incorporated by reference (collectively, this “PO”) constitute the entire and exclusive agreement between Sappi Canada Enterprises Inc. (“Sappi Canada”) and the supplier identified on the first page of the PO (“Supplier”). “Goods” as used herein means any and all deliverables, materials, parts, products, machines, tooling, equipment, technical data, computer software, computer software documentation, and other tangible goods or documentary information furnished or required to be furnished by Supplier under this PO. “Services” means any and all support, maintenance, technical assistance, consultation, and other effort furnished or required to be furnished by Supplier under this PO.
2. **INTEGRATION.** Purchases from Supplier by Sappi Canada are governed by this PO unless the parties have entered into a mutually executed written agreement stating other applicable terms and conditions. If this PO is issued as shipping instructions and/or release document pursuant to the terms of an existing agreement between Sappi Canada and Supplier, the PO shall be governed exclusively by the terms of such existing agreement. Supplier, by its failure to object to this PO in writing within 24 hours after Supplier’s receipt thereof or by furnishing all or any part of the Goods or Services provided or ordered hereby, or by Supplier doing anything else required or ordered hereby, in whole or in part, shall conclusively be deemed to have assented to everything indicated in this PO.
3. **CONTROLLING TERMS.** Sappi Canada objects to the inclusion of any different or additional terms by Supplier in Supplier's acceptance of this PO. Additional or conflicting terms or conditions included in any project proposal, hyperlink, quote, acknowledgement, acceptance or invoice of Supplier not expressly part of or incorporated into this PO with Sappi Canada’s written consent shall not be binding on Sappi Canada.
4. **PRICE & PAYMENT.** (a) The price set forth on this PO (“Price”) includes all taxes and other charges such as shipping and freight charges, duties, customs, tariffs, taxes and other government-imposed surcharges. The Price is not subject to escalation unless an escalation formula is expressly provided for in the PO. The terms of payment are net 45 days, from date of receipt of Supplier's valid invoice. Supplier shall deliver its invoices electronically as indicated in this PO.
(b) If, prior to delivery of Goods, Sappi Canada is able to purchase a portion or all of the Goods, or similar goods, at a lower price than the Price, Sappi Canada shall notify Supplier. Supplier shall confirm to Sappi Canada, in writing, within 3 days of such notification, that it will match the lower price indicated in Sappi Canada’s notice, failing which Sappi Canada may purchase any or all of the undelivered portion of Goods from such third party and cancel all or any portion of the order placed under this PO. All quantities so purchased shall be deleted from this PO without liability of any nature whatsoever for Sappi Canada.
(c) Unless otherwise specified in this PO or in a separate agreement signed by both parties, Supplier shall issue invoices after the shipment of the Goods or performance of Services, and Sappi Canada shall make no payment prior to receipt or performance of such Goods or Services and of a proper invoice. Sappi Canada may withhold any payment to the extent necessary to protect itself from loss on account of: (i) evidence of Supplier’s financial difficulty which might

prevent complete performance by Supplier; or (ii) a breach by Supplier of any provision of this PO.

5. **LIENS**. Sappi Canada may, prior to making any payment due under this PO, require Supplier to deliver lien waivers from itself and each of its subcontractors and suppliers of materials for Goods and Services delivered or performed. If at any time there is evidence of a lien or claim for, or arising out of, Services performed or Goods provided by Supplier or any other party pursuant to this PO, Sappi Canada may use any payment due to Supplier hereunder to discharge such lien or satisfy such claim and shall credit such amount against payment due to the Supplier.

6. **CONFIDENTIALITY & PUBLICITY**. (a) All specifications, data and other information furnished by Sappi Canada to Supplier in connection with this PO shall remain the exclusive intellectual property of Sappi Canada and shall be treated by the Supplier as confidential and proprietary and shall not be disclosed or used without prior written approval of Sappi Canada. Supplier shall keep such information confidential and shall neither disclose nor use such information except as is necessary for the proper performance of this PO. Upon Sappi Canada's request, Supplier shall promptly return to Sappi Canada all such information and copies thereof.

(b) In addition, neither this PO nor the purchase of the Supplier's product(s) or service(s) authorizes the Supplier to use Sappi Canada's names, logos, marks or trademarks (collectively, "Marks") or make reference to Sappi Canada for any purpose, and the Supplier shall not divulge or use such Marks in any advertisement or publication without prior written approval of Sappi Canada.

7. **INTELLECTUAL PROPERTY**. (a) If any experimental, developmental or research work is requested or required hereunder, Supplier hereby grants and agrees to grant to Sappi Canada an irrevocable, perpetual, non-exclusive, fully transferable, royalty-free license to make, have made, reproduce, distribute, sell and use all intellectual property rights in any invention, improvement, design or discovery that Supplier creates, develops, conceives or first reduces to practice as a result of the performance of this PO.

(b) Supplier hereby grants and agrees to grant to Sappi Canada, (i) an irrevocable, non-exclusive, fully transferable, royalty-free license to reproduce, translate, publish, use and dispose of, and to authorize others to do so, any copyrighted or copyrightable material ordered as articles or incorporated in or supplied as a supplement with, any articles; and (ii) the right to reproduce, use and disclose for any purpose all or any part of the reports, drawings, blueprints, data and technical information delivered or specified to be delivered by Supplier to Sappi Canada under this PO.

8. **DELIVERY & ACCEPTANCE**. Unless otherwise expressly provided, Supplier shall be obligated to make delivery DDP (Sappi Canada's designated site) Incoterms 2010. All Goods and Services supplied by Supplier under this PO shall be received subject to Sappi Canada's inspection and approval within a reasonable time after delivery ("Acceptance"). Title and risk of loss shall pass to Sappi Canada upon Acceptance of Goods whether or not Sappi Canada has made full payment for the Goods. Supplier will indicate plainly the PO number on all bills of lading, invoices, and freight bills. Each package or shipment must contain a memorandum showing Supplier's name, contents of package, and PO number. Partial shipments must be identified as such on shipping memoranda and invoices.

9. **WARRANTY**. (a) Supplier warrants that, for a period of one (1) year after Acceptance, the Goods shall (i) be of merchantable quality and fit for the purpose for which they are sold; (ii) be

free from defects in materials and workmanship; (iii) where design is Supplier's responsibility, be free from defects in design, and (iv) comply with the most stringent of Sappi Canada's or Supplier's specifications and requirements. Supplier shall convey good title to the Goods, free and clear of any liens, hypothecs, claims and encumbrances.

(b) Supplier's warranties shall survive inspection, delivery and Acceptance of the Goods, and/or payment by Sappi Canada. If the Goods do not conform to any of these warranties then, at Sappi Canada's option, Supplier shall replace such Goods at Supplier's expense (including all repacking, transportation and handling charges both ways) or to refund the Price of such Goods and any charges in connection therewith. In the case of Services, Supplier shall re-perform the Services at its sole cost. Supplier shall be responsible for all expenses and damages which Sappi Canada incurs as a result of nonconformance of the Goods or Services. The foregoing warranties shall also apply to such Goods replaced, or Services re-performed, by Supplier. Supplier shall pass on to Sappi Canada the benefit of any manufacturers' warranties.

(c) Nothing provided for in this Section 9 shall be construed as limiting Sappi Canada's recourse under any other warranty, legal or otherwise, including but not limited to any warranty generally provided by the Supplier to its customers.

10. **CHANGES**. Changes may be made by Sappi Canada at any time in the character or quantity of Goods to be furnished under this PO by written change order. The Price specified on the PO shall be adjusted pro rata if the change is in quantity of Goods, or by mutual agreement if the character of Goods or other terms are changed so as to increase or decrease the cost to Supplier.

11. **COMPLIANCE WITH LAWS**. Supplier warrants that neither the Goods provided to Sappi Canada nor their manufacture, fabrication, construction, transportation or use shall violate or cause Sappi Canada to be in violation of any federal, provincial, municipal or local law, code, ordinance, by-law regulation, standard, rule, requirement or order. Supplier warrants that neither the Services nor their performance or the use of anything which results from the performance of the Services shall violate or cause Sappi Canada to be in violation of any federal, provincial, municipal or local law, code, ordinance, by-law regulation, standard, rule, requirement or order. Without limiting the foregoing, Supplier certifies and guarantees that all Goods, and anything which results from the performance of Services, will not, under normal use, be in violation of, or cause Sappi Canada to be in violation of any other federal, provincial, municipal or local laws, standards, rules, by-laws regulations, requirements or orders relating to safety and the environment.

12. **INDEMNITY**. (a) Supplier agrees to indemnify, defend, and hold harmless Sappi Canada, its officers, directors, employees and agents, from and against all claims, demands, losses, damages, actions, suits, costs, expenses or liability of any kind, including attorneys' fees, arising out of or related to (i) personal injury, death or property damage to the extent caused by the acts or omissions of Supplier, its employees, agents, or subcontractors in connection with this PO, or the Goods and Services supplied under this PO, or (ii) a breach of duty or violation of this PO by Supplier, or (iii) any and all employment-related claims by employees of Supplier or its subcontractor arising out of, incidental to or connected with, in whole or in part, this PO. The indemnification obligation shall apply, without limitation, to all matters related to the payment by Supplier of its Workers' Compensation premiums for the performance of this PO or involving injured employees of the Supplier or any subcontractor.

(b) Supplier shall indemnify and hold harmless Sappi Canada, its officers, directors, agents, and employees from any and all claims, demands, actions, suits, costs, expenses, including but not limited to attorneys' fees, damages, losses, liabilities and judgments arising out of an alleged infringement of any patent, copyright, trademark, or any other proprietary right affecting the design, manufacture, purchase, use or sale of the Goods or Services. Each party shall give the other party prompt notice of such alleged infringement. If the Goods or Services or use thereof is enjoined as constituting infringement in any such action, at Sappi Canada's election, the Supplier shall, within a reasonable time and at its own expense, (i) procure for Sappi Canada the right to continue using such Goods or Services, (ii) provide a non-infringing equivalent acceptable to Sappi Canada, or (iii) make modifications to avoid infringement.

13. **WORK ON PREMISES.** If Supplier is to perform any Services, including supervision of installation, at Sappi Canada's premises, Supplier shall carry, at Supplier's expense, comprehensive general liability and automobile liability insurance each in an amount not less than CAN\$1,000,000 per occurrence. Supplier's policies shall name Sappi Canada as an additional insured. Supplier shall, prior to commencing the Services, provide Sappi Canada with certificates of insurance evidencing Sappi Canada being added as an additional insured. The policies shall contain severability of interests clauses. Supplier shall provide evidence of workers compensation coverage and, if applicable, employer's liability insurance, before entering into this PO and at any time thereafter upon Sappi's request.

(b) Supplier hereby warrants and represents that it has had the opportunity to inspect the work site and is familiar with all working conditions which exist there, including subsurface conditions, and that it has made due allowance for such conditions in its price calculation and estimate of time for completion. Unless otherwise instructed by Sappi Canada, Supplier will provide for receipt, unloading, storage, and protection of all materials for the Services whether such materials are purchased by Supplier or Sappi Canada. Supplier shall perform the Services in such a way as to cause the least possible interference with the operations of other contractors or with Sappi Canada's operations. Supplier shall conduct itself in a safe and prudent manner in compliance with all applicable federal, provincial, state, municipal and local safety laws, rules, codes, ordinances, by-laws, regulations, standards, requirements or orders. Supplier shall comply with Sappi Canada's site-specific safety rules and requirements.

14. **DELAY.** Time is of the essence to this PO. At the outset of any delay from any cause, including Force Majeure (as defined below), Supplier shall immediately notify Sappi Canada in writing of the delay or anticipated delay and shall undertake to shorten the delay by all reasonable means. If such delay is caused by Force Majeure, the costs of shortening the delays shall be paid by Sappi Canada to the extent such costs are attributed to action authorized by Sappi Canada. If the delay is from any other cause, Supplier shall be solely responsible for the costs of overcoming delays.

15. **FORCE MAJEURE.** Nonperformance by either party shall be excused and neither party shall be liable to the other party for such nonperformance to the extent that such nonperformance is due to acts of God, acts or failure to act of civil or military authority, acts of terrorism, war, fires, floods, epidemics, material curtailment of national transportation facilities, or similar acts of superior force ("Force Majeure"), provided Supplier shall use its best efforts to fulfill all of Sappi Canada's requirements under this PO.

16. **TERMINATION.** Sappi Canada may terminate this PO at any time, for any or no reason, upon notice to Supplier. Sappi Canada shall pay Supplier the price for Goods delivered, or Services

performed, and Accepted by Sappi Canada prior to termination, less any payments previously made. All provisions related to warranties, indemnification, confidentiality, and intellectual property shall survive the termination of this PO.

17. **CHEMICAL SAFETY.** If any of the Goods sold under this PO are subject to the *Hazardous Products Act* (R.S.C., 1985, c. H-3) or to such other provincial or federal hazard communications or chemical safety laws, codes, ordinances, by-laws, regulations, standards, rules, requirements or orders, Supplier shall provide Sappi Canada with a complete and accurate Safety Data Sheet for the Goods and shall label Goods as required.

18. **RELATIONSHIP OF THE PARTIES.** Supplier is acting as an independent contractor, and the manner and means of supplying the Goods or conducting the Services specified in this PO will be under Supplier's sole control. In addition, nothing in this PO is intended to create, or be construed as creating, a partnership, joint venture, association or trust between the parties.

19. **ASSIGNMENT.** Supplier may not assign this PO or any right or obligation hereunder without the prior written consent of Sappi Canada. Sappi Canada may assign this PO, in whole or in part, to one of its affiliates.

20. **SEVERABILITY.** If any provision of this PO is held invalid by any law, rule order or regulation of any government or by the final determination of any applicable court, such invalidity shall not affect the enforceability of any other provisions not held to be invalid.

21. **GOVERNING LAW.** This PO shall be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein (excluding choice of law provisions). The International Convention on the Sale of Goods is hereby expressly disclaimed and shall not apply to this Agreement.

22. **FORUM SECTION.** The parties hereto hereby irrevocably attorn to the jurisdiction of the courts of the Province of Québec for any legal proceedings arising out of this PO or the performance of the obligations hereunder. Supplier agrees not to raise, and waives, any objections or defenses based upon venue or *forum non conveniens*, except that Sappi Canada may seek temporary injunctive relief in any venue of its choosing.

23. **MODIFICATIONS AND AMENDMENTS.** No waivers, amendments, or modifications of any of the terms or conditions of this PO shall be valid unless reduced to writing and signed by both parties. The terms and conditions of this PO shall not be amended or modified by the course of performance or course of dealing between the parties.

24. **LANGUAGE.** The parties hereto have requested that the PO, and all correspondence and all documentation relating to the PO, be written in the English language. ***Les parties aux présentes ont exigé que le PO (bon de commande), de même que toute la correspondance et la documentation relative au PO (bon de commande) soient rédigées en langue anglaise.***