

KAPSTONE PURCHASE ORDER TERMS AND CONDITIONS

1. **Applicable Terms.** This purchase order ("Order") may be accepted by Seller only in accordance with the terms hereof. Any acceptance herein of an offer of Seller, or any confirmation herein of a prior agreement between Buyer and Seller is expressly made conditional on Seller's assent to the additional or different terms contained herein. This Order may be accepted by Seller by commencement of work, shipment of goods, or furnishing the services hereunder. Dispatch of Seller's acknowledgment form or other written documentation will also act as an acceptance if it agrees with this Order with respect to the description, amount, price and time of delivery of the goods or services ordered. Notwithstanding any waiver in any instance, or any oral agreement, or any instructions, terms and conditions that may be contained in any quotation, acknowledgment, invoice or other written document of Seller, no addition to, waiver for the future or modification of any of the provisions herein contained shall be of any force or effect unless made in writing and executed by Buyer.
2. **Acknowledgment and Shipment.** Seller shall acknowledge this Order immediately advising Buyer of when shipment will be made and confirming method of shipment. Unless otherwise agreed, time is of the essence and immediate shipment is required. Notify at once of any delay. If an Order does not meet Seller's minimum billing, Seller shall promptly notify Buyer, in which event Buyer reserves the right to either cancel or increase the Order.
3. **Delivery/Title.** Unless otherwise agreed, delivery shall be f.o.b. point of destination and the title shall pass to Buyer upon acceptance at the final delivery point. Risk of damages or loss following shipment and prior to acceptance by Buyer shall be the responsibility of Seller or appointed designee.
4. **Packing Charges.** No charges for boxing, packing, or crating will be allowed unless agreed to in writing and signed by Buyer's authorized agent.
5. **Invoices and Identifying Numbers.** Order number and vendor number (and Buyer's stock number if shown on the Order) must appear on all packages, packing slips or correspondence pertaining to this Order. Invoices submitted for payment shall contain the following information: (i) Order number, item number, Buyer's stock number, description of supplies or services, sizes, quantities, unit prices and extended totals; (ii) Bill of lading number and weight of shipment for shipments shipped f.o.b. shipping point. All invoices must be issued in the same unit of measure as shown on the Order.
6. **Bills of Lading and Shipping Memoranda.** All bills of lading and shipping memoranda must be mailed, faxed, or emailed to the destination of goods immediately upon shipment.
7. **Inspection, Return and Substitution.** Items purchased hereunder are subject to inspection and approval at Buyer's destination. Buyer reserves the right to reject and refuse acceptance of items which are not in full accordance with Buyer's instructions, specifications, drawings or designs, as the case may be. Items not accepted will be returned at Seller's expense. Payment for any item shall not be deemed an acceptance thereof. All substitutions must be agreed to, in writing, prior to shipment.
8. **Discounts.** Time for earning any discount offered for prompt payment discount will be computed from the latest of: (i) date of delivery of the supplies to the carrier (when acceptance is at shipping point); (ii) date of delivery at destination or port of embarkation (when delivery and acceptance are at either of these points); or (iii) date the correct invoice or voucher (in strict accordance with this Order) is received in the office specified by Buyer. For the purpose of earning any such discount, payment will be deemed to be made on the date of mailing of Buyer's check.
9. **Changes.** Buyer may at any time, by written notice, make changes in: (i) drawings, designs, or specifications (where the items to be furnished are to be specially manufactured for Buyer in accordance therewith); (ii) method of shipment or packing; and (iii) time or place of delivery. If any such changes cause an increase or decrease in the cost of, or time required for, performance of this Order, Seller shall advise Buyer of such change. Buyer shall in turn advise Seller if it agrees that an adjustment will be made in the price or delivery schedule or both.
10. **Variation in Quantity.** No variation in the quantity of any item called for by this contract will be accepted unless agreed to in writing and signed by Buyer's authorized agent.
11. **Warranty.** Seller warrants all items sold under this Order to be free from defects in workmanship and material under normal use and service. In addition to any and all other remedies provided to Seller by law or equity, items found to be defective in workmanship or material after date of acceptance shall be repaired or replaced, at Buyer's option, at no charge to Buyer. All freight charges involving the shipment of defective items shall be for Seller's account.
12. **Indemnification.** Seller shall defend, indemnify and hold Buyer and Buyer's officers, directors, employees and agents (collectively, the "Buyer Indemnitees") harmless from and against any and all losses, damages, fines, penalties, causes or action, lawsuits, demands, and expenses (including, but not limited to, attorneys' fees and litigation costs) (collectively, "Losses") caused by or arising in any manner whatsoever out of any goods or services supplied by Seller (regardless of whether such claim or demand arises under tort, negligence, contract, warranty, strict liability, or any other legal theories), except to the extent such Losses result solely from the negligence of one or more of the Buyer Indemnitees.
13. **Insurance.** If this Order involves the purchase of goods and/or services with labor to be provided on premises owned, leased or under the control of Buyer (collectively, the "Premises"), Seller shall maintain throughout the pendency of activities on the Premises, (a) commercial general liability insurance with not less than \$1 million per occurrence combined single limit, (b) automobile liability insurance with an employer's non-ownership liability endorsement in Seller's name, with not less than \$1 million per occurrence combined single limit, (c) workers' compensation insurance in the State in which the Premises is located with statutory limits, and (d) employer's liability insurance in Seller's name with limits of not less than \$500,000. The insurance policies described in (a) and (b) above shall name KapStone Paper and Packaging Corporation ("KapStone") and its affiliates as additional insured and shall afford KapStone and its affiliates with primary coverage, irrespective of other insurance maintained by Seller, KapStone or KapStone's affiliates. Seller shall waive, and shall cause its insurers to waive, all rights of subrogation against KapStone and its affiliates. Seller shall provide Buyer with certificates of insurance prior to providing labor on the Premises. Each certificate shall require at least 30 days prior written notice to Buyer before cancellation, termination, or modification of coverage.
14. **Right to Audit.** If this Order involves services, repairs or materials which reflect a cost plus or unit pricing method of purchasing, all charges based on time, materials, or third party rentals, shall be subject to examination by Buyer, and Seller, upon request by Buyer, shall permit Buyer to examine its books and records respecting all such charges.
15. **Termination.** Buyer, by written notice, may terminate this Order, in whole or in part. In the event this Order is terminated as a result of Seller's default, Seller shall be liable for all damages allowed in law or equity, including the excess cost of re-procuring similar items. If this Order is terminated for the convenience of Buyer, Seller will be compensated to the extent that items have been accepted by Buyer prior to the effective date of termination. Other than to this extent, Buyer shall not be liable to Seller for any damages on account of its failure to accept all items ordered.
16. **Confidentiality.** All specifications, data and other information furnished by Buyer or its agents, to Seller in connection with this Order remain the exclusive intellectual property of Buyer; shall be treated by Seller as proprietary; and shall not be disclosed or used, outside of this Order without prior written approval of Buyer. In addition, the purchase of Seller's product does not authorize Seller to use the name of or make reference to Buyer for any purpose in any releases for public or private dissemination, nor shall Seller divulge or use in any advertisement or publication any specifications, data, or other information pertaining to or relating to this usage without prior written approval of Buyer.
17. **Infringements.** If suit is brought against Buyer alleging that the items as such or any parts or equipment covered by this Order or their use as such constitute an infringement of any patent, trademark or other right of any third party, Seller shall defend Buyer and pay any awards against Buyer, including reasonable attorney's fees, for such infringement provided Buyer gives Seller prompt written notice and permits Seller to defend. Seller does not and will not use stolen or misappropriated software or other information technology.
18. **Safety.** Seller agrees to comply with the Occupational Safety and Health Act of 1970 and related standards and regulations ("OSHA Standards"), and certifies that all items furnished and all work performed hereunder will comply with OSHA Standards. Seller further agrees to indemnify and hold harmless Buyer for any loss, damage, fine, penalty or any expense whatsoever as a result of the failure of Seller or its subcontractors to comply OSHA Standards.
19. **Chemical Substances Identification.** By acceptance of this Order, Seller certifies that any chemical substance(s) furnished pursuant to this Order have been properly labeled and that proper information of the substance(s), e.g., material safety data sheets, have been provided to Buyer, pursuant to any federal, state or local legislation.
20. **Compliance with Laws.** All goods and services covered by this Order must be produced or performed in accordance with applicable federal, state, and local laws, regulations, rules and orders, including those dealing with slavery, human trafficking, child welfare, equal employment opportunity and the protection of the environment. Therefore, during its performance under this Order, unless exempt, Seller agrees to abide by the provisions of the following as applicable, which are incorporated herein by reference: 29 C.F.R. 470, 29 C.F.R. Part 471, 41 C.F.R. 60-1.4(a), 60-300.5(a), 60-300.44, 60-741.5(a), Executive Orders 11246 and 13465, and Appendix A to Subpart A of Executive Order 13496. **This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. This contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.** Seller certifies its work under this Order complies with §§ 6, 7 & 12 of the Fair Labor Standards Act and related U.S. Dept. of Labor regulations. If Seller provides any product incorporating wood, plants, or derivatives thereof, Seller complies with the Lacey Act, 16 U.S.C. 3371 et seq. Seller agrees to certify and re-certify compliance with this section from time to time as any party enforcing the laws may require of Buyer or Seller.
21. **Supplier Code of Conduct.** In performance of its obligations under this Order, Seller certifies it will comply and require its employees, subcontractors, and agents to comply with Buyer's Supplier Code of Business Conduct, as well as Buyer's policies, rules, and directions regarding health, safety, and security.
22. **Independent Contractor.** Neither Seller nor any of Seller's employees, contractors, agents or representative shall be deemed to be employees of Buyer or any of Buyer's affiliated companies. Except as provided in this Order, neither Buyer nor any of Buyer's affiliated companies shall have control over Seller's methods, equipment, employees, contractors, agents or representatives. Seller shall at all times be an independent contractor of Buyer.
23. **Severability.** In the event any one or more provisions contained in this Order shall be invalid, illegal, or unenforceable in any respect, the validity, legality, or enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
24. **Special Provisions/Governing Law.** Special provisions typed or applied by rubber stamp hereon supersede any conflicting printed provisions. Unless otherwise agreed, this Order shall be interpreted under laws of the State of Illinois, without recourse to conflict of law provisions.