

## Valdosta Subcontractor Purchase Order

### GENERAL TERMS AND CONDITIONS

In the following General Terms and Conditions, Woodyard Services, Inc. is referred to as “**Buyer**” and the addressee named herein is referred to as “**Seller**”. Seller agrees this purchase order may be assigned to Packaging Corporation of America (“**PCA**”) who would then become “**Buyer**”.

**SECTION 1: CHANGES AND TERMINATION:** Buyer may by written Change Order make any changes in this Purchase Order, including additions to or deletions from the quantities of items or services ordered or in the designs, specifications or delivery schedules, but no additional charge will be allowed unless authorized in writing by Buyer. If any such change affects the delivery schedule or the amount to be paid by Buyer, Seller shall notify Buyer immediately and negotiate an adjustment. Buyer may at any time, by written Change Order, terminate this Purchase Order as to all or any portion of the items then not shipped or services not performed, subject to any equitable adjustment between the parties as to any work or materials then in progress, provided that such adjustment shall not include any amount for anticipatory profits nor any costs with respect to any items which are Seller’s standard stock. Any exchange of information or advice between the parties shall not authorize Seller to change the items or services purchased hereunder or the provisions of the Purchase Order unless incorporated as a written Change Order in accordance with this section.

If Seller is in default in delivery or otherwise or has breached any terms or conditions of this Purchase Order, Buyer may terminate this Purchase Order in whole or in part without any adjustment and, in addition to any other remedy provided by law, may procure items or services, similar to those as to which this Purchase Order is terminated and Seller shall be liable to Buyer for any costs for such similar items or services in excess of the price or prices specified herein, provided, however, that Seller shall continue the performance of this Purchase Order to the extent not terminated by Buyer.

**SECTION 2: INSPECTION:** Buyer shall have the right, but not the obligation, to inspect, either upon receipt or, upon reasonable notice, at any location, all items and services or work in process and to reject those which do not conform to Buyer’s specifications, or if not so specified, which do not conform to standard specifications. All costs incurred and damages sustained by Buyer as a result of rejections made under the provisions hereof shall be for Seller’s account and Buyer may make returns to Seller at Seller’s expense. No such inspection by Buyer shall in any manner affect any of the warranties of Seller or constitute a waiver of any of Buyer’s rights hereunder or otherwise, and all items and services are subject to Buyer’s inspection and right to reject notwithstanding prior payment.

**SECTION 3: INDEMNITY:**

- (a) Seller shall indemnify, defend, protect and hold harmless Buyer, its employees, agents, servants, successors and assigns from and against any and all losses, damages, injuries, claims, demands, expenses, including legal fees and expenses, of whatever nature, arising out of the condition (including, but not limited to, latent and other defects and

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whether or not discoverable by it) of any item sold to Buyer under this Purchase Order, or arising out of acts or omissions of Seller in performance of its obligations hereunder, or arising out of the performance of any services by or on behalf of Seller for Buyer resulting in injuries to or death of any person or persons or damage to any property occasioned by acts or omissions of Seller, its officers, employees, agents or subcontractors, whether or not negligent, except when due to the negligence of Buyer.

(b) Seller shall indemnify, defend, protect and hold harmless Buyer, its employees, agents, servants, successors and assigns from all costs, expenses, including reasonable attorneys' fees, damages or claims arising out of infringement or claim of infringement of any patent rights, trademark, tradename or copyright based on the sale, purchase or use of the items or services covered by this Purchase Order. Seller further agrees without in any way limiting any other remedies Buyer, its successors and assigns might have against Seller, that in the event of any such claim, and if required by Buyer, Seller shall at its expense and at no cost to the Buyer do one of the following:

- (i) Procure for Buyer the right of license to use and continue to use said items and/or services; or
- (ii) Replace said items or services with non-infringing items and/or services of like or superior kind, productivity, efficiency, quality and value; or
- (iii) Modify said items and/or services so as to become non-infringing. Should the items and/or services be modified, as provided herein, such modification shall not reduce the usefulness or productivity of same.

**SECTION 4: WARRANTIES:** Seller agrees to comply with and be bound by the attached Subcontractor Warranty Agreement, which is incorporated herein.

**SECTION 5: PASSAGE OF TITLE:** Title to all items sold to Buyer hereunder and all services performed by or on behalf of Seller for Buyer hereunder shall pass to the Buyer upon delivery of same by Seller to Buyer. All risk of loss or damage to said items and services prior to such delivery shall fall upon Seller and if items purchased hereunder are of an explosive, inflammable, toxic or otherwise dangerous nature, Seller shall defend and hold Buyer harmless against any claims asserted against Buyer on account of any personal injury or property damages caused by such materials, or by the transportation thereof, prior to the completion of unloading at Buyer's plant.

**SECTION 6: SHIPMENT AND DELIVERY:** Time is of the essence of this Purchase Order. Therefore, Seller agrees to deliver all items sold to Buyer hereunder and all services to be performed by or on behalf of Seller for Buyer hereunder on or prior to the date designated by Buyer on the face hereof. Seller will ship said items and perform said services in a manner consistent with general industry practice so as to minimize any damage to said items while in transit. The Purchase Order number designated by Buyer on the face hereof must appear on all invoices, packing lists, packages, cartons, containers and crates as regards each shipment made pursuant to this Purchase Order. Buyer is not responsible for any charge for packing, boxing, storage or cartage.

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**SECTION 7: COMPLIANCE WITH LAW:** Buyer and Seller shall abide by Executive Order 13267, which outlines the U.S. Government's zero-tolerance policy with respect to human trafficking. As such, Seller shall refrain from:

- Engaging in severe forms of human trafficking while performing under this these General Terms and Conditions;
- Procuring commercial sex acts while performing under these General Terms and Conditions;
- Using forced labor in the performance of these General Terms and Conditions;
- Destroying, concealing, confiscating, or otherwise denying employees' access to identity or immigration documents (e.g., passports or drivers' licenses);
- Engaging in fraudulent or misleading recruitment practices;
- Employing recruiters that violate the labor laws of the country where the recruitment takes place;
- Charging recruiting fees;
- Failing to provide return transportation to an employee who is not a national of the country where the work is to take place, subject to limited exceptions;
- Providing housing, if required, that fails to meet host country safety or housing laws; or
- Failing to provide a written work document, if required.

Seller warrants that it, its employees, and all proposed subcontractors will maintain compliance with the Federal Immigration and Nationality Act (FINA), the Federal Immigration Reform and Control Act of 1986, and all other Federal immigration laws and regulations related to the immigration status of employees, contractors and subcontractors.

Seller currently observes and will continue to observe the requirements of the Drug-Free Workplace Act of 1988. Seller will also comply with all provisions of the OSHA Hazard Communication Standard (20) CFR 1910.1200, et seq.) including Seller's obligation to furnish any applicable material safety data sheets, together with appropriate labels and employee training and instruction materials.

Seller will comply with requirements of the Fair Labor Standards Act of 1938, as amended, and all applicable United States Department of Labor Regulations promulgated thereunder or otherwise dealing with wages and hours of work, and shall certify at time of delivery said compliance.

Seller shall not, under any circumstances, in connection with the work to be performed hereunder, cause or permit the discharge, emission, release, storage, disposal or

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transportation of any pollutant, hazardous contaminant, toxic or other substance in violation of any applicable laws, rules or regulations which are now or hereafter promulgated by Federal, state or local authorities.

Seller further agrees to comply with any and all applicable federal, state and local laws, orders and regulations not specifically referenced herein.

**SECTION 8: SALES AND/OR USE TAXES:** Seller, as a contractor, will pay and be solely responsible for any and all sales and/or use taxes on all materials, supplies and equipment used in the furnishing of the items and/or services which are the subject of this Purchase Order and otherwise in the performance of Seller's obligations under this Purchase Order, all in accordance with applicable law. Unless otherwise provided herein, prices shown on this Purchase Order are deemed to include all taxes not expressly imposed by law on the Buyer of the items ordered hereunder.

**SECTION 9: GOVERNING LAW:** Seller and Buyer agree that the terms and provisions hereof shall be carried out and interpreted according to the laws of the State of Georgia.

**SECTION 10: INDEPENDENT CONTRACTOR:** Seller agrees that in the performance of this Purchase Order, Seller shall act as an independent contractor and all of its agents, and employees, and agents and employees of its subcontractors, shall be subject solely to the control, supervisions and authority of Seller.

**SECTION 11: INSURANCE:** Seller shall procure and maintain the following insurance in amounts at least equal to those specified:

Type	Minimum Coverage
Workmen's Compensation	Statutory
Employer's Liability	\$1,000,000 each accident / \$1,000,000 disease policy limit / \$1,000,000 each employee
Comprehensive General Liability (including Contractual Liability) Bodily Injury and Property Damage*	\$1,000,000 per occurrence / \$2,000,000 aggregate
Automobile Liability Bodily Injury and Property Damage*	\$1,000,000 per accident

\*Seller may satisfy these limits with a combination of these policies and an umbrella policy.

Seller shall cause its insurer to add PCA as an additional insured to Buyer under each of the aforesaid policies of insurance (with the exception of Workers' Compensation).

Provision is to be made in such certificates that any change in or termination of coverage

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will not be made without thirty (30) days' written notice to Buyer or PCA. Seller waives and shall cause its insurers to waive all rights of subrogation against PCA under all policies.

Buyer Addresses:

Woodyard Services, Inc.  
218 Midway Route  
Monticello, AR 71655

Packaging Corporation of America  
5495 Clyattville Lake Park Rd.  
Valdosta, GA 31601

**SECTION 12: LIEN WAIVERS:** Upon request of Buyer and in exchange for interim or final payment, Seller shall execute on behalf of itself and obtain from any of Seller's subcontractors, materialmen, mechanics, laborers, any other persons, firms, corporations or entities possessing any right to any lien under applicable law, interim or final affidavits and lien waivers for any performance or work done hereunder and for any items sold hereunder or services performed. Seller hereby agrees to promptly pay any lien and Seller shall indemnify, protect and hold harmless Buyer and PCA, their successors and assigns from all costs, expenses, including reasonable attorneys' fees, damages or claims arising out of any of Seller's subcontracts or disputes between Seller and its subcontractors or other said entities or from failure of Seller to promptly pay its subcontractor and other entities possessing any right to any lien.

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### SUBCONTRACTOR WARRANTY AGREEMENT

This Subcontractor Warranty Agreement (“**Warranty**”) is incorporated by reference into the Purchase Order issued by Buyer. For the purposes of this Warranty, the following definitions apply:

“**Subcontractor**” shall mean the party identified as the “Seller,” “Vendor,” or “Supplier” on the face of the Purchase Order.

“**Owner**” shall mean Woodyard Services, Inc., Price Fibers, Inc., Packaging Corporation of America (“PCA”), and their respective successors, assigns, and affiliates.

“**Project**” shall mean the specific facility, job site, or delivery location identified on the face of the Purchase Order where the Work is to be performed or the items are to be delivered.

“**Work**” shall mean all goods, materials, equipment, and services provided by Subcontractor pursuant to the Purchase Order.

### NOTICE

**In the event of a breach of this Warranty, Owner shall provide written notice to Subcontractor describing the defect. Subcontractor shall have forty-eight (48) hours from receipt of such notice to respond with a plan of correction and five (5) calendar days to commence corrective work.**

**If Subcontractor fails to respond or commence corrective work within the timeframes specified above, Owner shall have the right, but not the obligation, to correct the defect itself or engage a third party to perform the corrective work. In such event, Subcontractor shall reimburse Owner for all reasonable costs and expenses incurred to correct the defect, including but not limited to labor, materials, equipment rental, and third-party contractor fees.**

**Notwithstanding the foregoing, if the defect creates an emergency condition (defined as an imminent threat to safety, property or a risk of interruption to Owner’s business operations or production schedules) Owner may immediately correct the defect without prior notice to Subcontractor. Owner’s exercise of this self-help right shall not void this Warranty and Subcontractor shall remain liable for the reasonable costs of such emergency repairs.**

### WHAT IS COVERED

Subcontractor warrants that the work performed by Subcontractor (the “**Work**”) is performed in a good and workmanlike manner and reasonably free of defects in workmanship. If any defects in the Work are discovered during the term of this Warranty, Subcontractor shall repair or replace the defective Work at its cost. Subcontractor shall start corrective work within a reasonable time after written notice from Owner. Subcontractor shall have the option of repairing or replacing the Work.

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### **TERM OF WARRANTY – ONE YEAR**

This Warranty is one year from the date of the final acceptance of the Work by Owner. The Warranty period shall be one year for patent defects. For latent defects (i.e., those not discoverable upon reasonable inspection), the Warranty period shall extend for one (1) year from the date of discovery, up to a maximum of eight (8) years. Notwithstanding the foregoing, there shall be no time limit on the Warranty period for any defects, non-conformities, or claims arising out of or resulting from fraud, gross negligence or intentional misconduct of Subcontractor.

### **TRANSFERABILITY**

This Warranty applies to Owner and may be transferred by Owner to any subsequent owner within the initial one-year period of this Warranty.

### **GOODS, MATERIAL, AND EQUIPMENT**

Subcontractor hereby assigns (to the extent they are assignable) and conveys to Owner all manufacturers' and suppliers' warranties on all goods, material, and equipment provided to Subcontractor.

Subcontractor has provided certain goods, material, and equipment that have been manufactured and or furnished by third party vendors, distributors, and manufacturers ("**Products**"). In the event a Product is considered defective by Owner, Subcontractor shall use its best efforts to contact the supplier or manufacture and receive a free replacement.

Subcontractor warrants its services and workmanship regarding the installation of Products. While Subcontractor does not manufacture the Products and therefore cannot warrant the Products themselves, Subcontractor agrees that if a Product fails or is found defective during the Warranty Period:

1. Subcontractor shall provide, at its sole cost and expense, all labor, equipment, and supervision required to access, remove, and re-install the defective Product (or its replacement);
2. Subcontractor shall act as Owner's agent in processing the warranty claim with the third-party manufacturer, using its best efforts to secure a replacement Product or refund on Owner's behalf; and
3. In the event the third-party manufacturer provides a replacement part but does not cover shipping or handling fees, Subcontractor shall bear such costs.

Owner acknowledges that its remedy for the cost of the Product itself lies with the third-party manufacturer's warranty; however, Subcontractor remains fully liable for the workmanship and labor required to restore the Work to operational status.

### **HOW TO OBTAIN SERVICE**

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If a problem develops during the period of this Warranty, Owner shall notify Subcontractor in writing of the specific problem. Owner shall give such notice promptly after first discovering the condition. Subcontractor will begin performing the obligations under this Warranty within a reasonable time of receipt of such a request and will diligently pursue these obligations.

Repair work will be done during Subcontractor's normal hours, except where delay will cause additional damage. There shall be no charge for the costs and expense of examination or inspection by the Subcontractor. If a valid warranty claim is found, Subcontractor agrees to reimburse Owner for reasonable out-of-pocket expenses incurred in diagnosing the failure (e.g., third-party testing or engineering reports)

### **REMEDIES**

- (A) Except as provided in Subsection (B) below, neither party shall be liable to the other for indirect, special, punitive or consequential damages, including but not limited to lost profits, lost income or diminution in value.
- (B) Notwithstanding the foregoing waiver, if Subcontractor fails to remedy a defect in accordance with the terms of this Warranty, Owner shall be entitled to recover the following direct and mitigating costs resulting from such failure:
- a. Reasonable costs incurred for rental equipment, temporary facilities or substitute services required to maintain operations while the defect is being corrected.
  - b. Costs for premium freight, air shipping or expedited delivery charges necessary to obtain replacement parts or materials.
  - c. Overtime or premium labor charges incurred by Owner or third-party contractors to accelerate the repair process.
  - d. Costs to repair or replace other property of Owner that was damaged as a direct result of the Subcontractor's defective Work or Product failure.

### **WHAT IS NOT COVERED**

This Warranty does not cover the following items:

1. Damage or defects caused by the failure to maintain any item or keep it in good working order.
2. Damage resulting from fire, freezing, storms, electrical malfunction or surge, lightening, earthquake, pest damage, acts of God or other unforeseen causes or accidents.
3. Damage from alterations, misuse or abuse by any person other than Subcontractor; ordinary wear and tear; or problems caused by lack of

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maintenance or improper maintenance by any person other than Subcontractor.

4. Damage resulting from the failure to observe any operation instructions furnished at the time of installation.
5. Any item furnished, installed, modified, altered or repaired by Owner or anyone other than Subcontractor (subject to the emergency self-help right set forth in the "Notice" paragraph hereof).

### **INDEMNIFICATION**

Subcontractor shall indemnify, defend, protect and hold harmless Owner, its employees, agents, servants, successors and assigns from and against any and all losses, damages, injuries, claims, demands, expenses including reasonable legal fees, of whatever nature, arising out of the acts or omissions of Subcontractor, its officers, employees, agents or subcontractors.

### **COMPLETE AGREEMENT**

This Warranty constitutes the entire integrated agreement and understanding of the parties as to any causes of action for losses, expenses, or damages under warranty, workmanship, or construction material/product defect issues, and supersedes as well as preempts any oral statements or representations by Subcontractor or its agents, before or after the ratification of this Subcontractor Warranty Agreement. In the event of a conflict between this Subcontractor Warranty Agreement and the General Terms and Conditions of the Purchase Order, the General Terms and Conditions shall control.