



General Conditions of Purchase

The following General Conditions of Purchase (the "Terms and Conditions") are incorporated in and form part of any Purchase Order(s) (the "Order(s)") issued by Mercer Peace River Pulp Ltd., whether attached to an Order or used in conjunction with an electronically transmitted Order.

1. **ENTIRE AGREEMENT** – The Order, including these Terms and Conditions and any specification sheets and attachments, constitutes the whole agreement between the Vendor (as defined in the Order) and the Purchaser relating to the purchase and sale of goods and/or services and supersedes all other understanding whether verbal or written. No waiver, modification or amendment of any of the provisions of the Order shall be binding unless it is in writing and signed by duly authorized representatives of both parties.
2. **ACCEPTANCE OF TERMS AND CONDITIONS** – In the absence of any other acceptance by the Vendor of these Terms and Conditions, shipment of any goods or the commencement of any services by the Vendor under the Order shall constitute acceptance of these Terms and Conditions.
3. **NOTICES** – Each notice, statement and invoice to be given pursuant to the Order shall be in writing and shall be sent by prepaid ordinary or registered mail, or by facsimile, electronic mail or courier to the address for each of the Purchaser and/or the Vendor noted on the face hereof. Notices, statements and invoices sent by mail shall be deemed to have been received five (5) days following the mailing thereof and those sent by facsimile, electronic mail or courier shall be deemed to have been received on the first business day following the day on which such was sent by facsimile, electronic mail or courier.
4. **TIME** – Time is of the essence of the Order.
5. **NO WAIVER** – Failure of the Purchaser to insist upon strict performance of any of the terms and conditions herein shall not be deemed a waiver of any rights or remedies that the Purchaser has or shall have. No waiver by a party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent occurrence. No failure or delay by a party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.
6. **DEFAULT BY VENDOR** – The Purchaser may, without liability, by written notice to the Vendor, immediately cancel the Order in full or in part, if the Vendor:
 - (a) fails to deliver the goods and/or services to be provided hereunder in the manner and in strict compliance with the schedule specified in the Order; or
 - (b) defaults under the Order in any respect; or
 - (c) becomes insolvent, a receiver is appointed, or if the Vendor is petitioned or assigned into bankruptcy or otherwise seeks protection under the bankruptcy laws.

In case of such failure by the Vendor, whether or not the Order is cancelled, the Purchaser may purchase similar goods and services elsewhere, or secure the manufacture and delivery of goods or the performance of services by contract or otherwise, and the Vendor shall be liable to the Purchaser for all direct loss and damages suffered or incurred by the Purchaser arising or resulting from the Vendor's failure. The Purchaser's remedies hereunder are not exclusive, but are in addition to any other rights and remedies available to the Purchaser as provided by law and shall in no event be limited by terms imposed by the Vendor.

7. **SEVERABILITY** – If any portion or portions of the Order shall, for any reason, be declared by court or tribunal of competent jurisdiction to be invalid or unenforceable, the remaining portion or portions of the Order shall remain valid and enforceable.
8. **CONFIDENTIALITY** – The Vendor agrees that the Vendor shall not, without the prior written consent of the Purchaser, either before or after termination of the Order, directly or indirectly, use or disclose any Confidential Information (as defined herein) to any third person or for any use or purpose other than those of the Purchaser and except in the performance of its obligations under the Order. "Confidential Information" means any information or knowledge including, without limitation, any data, designs, drawings, specifications, systems, programs, devices, software, plans, customer information, process, know how, strategy, method, or any other information that: (i) relates to the business and affairs of the Purchaser or any of its subsidiary or affiliated companies, (including with respect to the Order); or (ii) is private or confidential in that it is not generally known or available to the public. All documents, software, records, work papers, notes, memoranda and similar records of or containers of Confidential Information, including any copies thereof, shall be the property of the Purchaser and belong solely to it, and shall be delivered to the Purchaser by the Vendor upon completion of the Vendor's obligations under the Order or at any other time upon request by the Purchaser. Where the Purchaser's Confidential Information is furnished to the Vendor's suppliers in connection with the performance of the Vendor's



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obligations under these Terms and Conditions, the Vendor shall insert the substance of this provision in its supply contracts and shall ensure compliance with such provision by its suppliers.

9. **GOVERNING LAW** – The laws of the Province of Alberta and of Canada as applicable therein, shall apply to and govern the interpretation of the Order. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to the Order.

10. **FORCE MAJEURE** – Except as noted in this paragraph, neither the Vendor nor the Purchaser shall be deemed in breach of the Order or incur any liability to the other by reason of failure or delay in fulfilling its obligations under the Order, where such failure to perform or delay in performing is due to or results from an event beyond the control of a party including, without limitation, any of the following occurrences or events;

- (a) war, hostilities or warlike operations (whether a state of war to be declared or not), invasion, act of foreign enemy;
- (b) rebellion, revolution, insurrection, mutiny, usurpation of civil or military government or civil war, or any riot, civil commotion or terrorist acts;
- (c) confiscation, nationalization, mobilization, commandeering or requisition by or under the order of any government or de jure or de facto authority or ruler or any other act or failure to act of any local state or national government authority;
- (d) strikes, lock outs or other industrial actions, sabotage, embargo, shipwreck, epidemics, quarantine;
- (e) earthquake, landslide, volcanic activity, fire, flood or inundation, tidal wave, typhoon or cyclone, hurricane, storm, lightening or other natural or physical disaster; or
- (f) shortage of labour, materials or shortage or restriction of utilities where caused by any of the circumstances set forth in Section 10(a) through (e) above,

where the circumstances of such occurrences or events are not within the reasonable control, directly or indirectly, of the party claiming relief in respect thereof and only if and to the extent that (i) such circumstance, despite the exercise of reasonable diligence, cannot be or be caused to be prevented, avoided or removed by such party, (ii) such occurrence or event or series of the same or different events materially adversely affects the ability of such party to perform its obligations under the Order and such party has taken all reasonable precautions, due care, and reasonable alternative measures in order to avoid the effect of such event on such party's ability to perform its obligations under the Order and to mitigate the consequences thereof, (iii) such event is not the result of the failure of the Vendor to perform any of its obligations under the Order; and under no circumstances shall any of the following occurrences or events be considered a force majeure event:

- (a) late performance or failure to perform by such party caused by the acts or omissions of the Vendor's subcontractors or suppliers (other than acts or omissions caused by a force majeure event), or by the Vendor's failure to hire an adequate number of personnel or labour or by inefficiencies on the part of the Vendor;
- (b) delays resulting from reasonably foreseeable unfavourable weather or sea conditions or other similarly reasonably foreseeable adverse conditions;
- (c) economic hardship of any party or any of its affiliates or subcontractors or its or their inability to pay debts;
- (d) the late payment by the Purchaser of money when otherwise due in accordance with the Order; and
- (e) infringements by the Vendor or any of its subcontractors or suppliers or any of their affiliates of any intellectual property rights.

A party claiming to be relieved under its obligations under this paragraph shall give prompt written notice to the other party with an estimate of when the obligations will be performed. Unless the Purchaser and the Vendor otherwise agree, the time for performing the obligations will be extended for a reasonable period of time, that shall not be less than the length of the delay. Both the Purchaser and the Vendor shall explore all reasonable alternatives to avoid or mitigate delays under this paragraph and the Purchaser and the Vendor shall each bear their own costs associated with such delays.

11. **INDEMNITIES** – The Vendor shall indemnify and hold harmless the Purchaser from and against all claims, damages, costs and legal actions arising directly in connection with the carrying out of the Vendor's obligations hereunder or arising as a result of the Vendor's failure to comply with these Terms and Conditions.

12. **PATENTS** – The Vendor warrants and guarantees that all goods supplied under the Order do not infringe any valid patent, copyright, trademark or other intellectual property right owned by any third party and undertakes to indemnify and hold harmless the Purchaser and its successors and assigns from and against any claim, demand, lawsuit, proceeding or action resulting from any allegation or charge that any goods and/or services or the use thereof for the purpose for which the good and/or services are sold, constitutes an infringement of any patent, copyright, trademark or other intellectual property right and any costs associated therewith. The Vendor shall assume the defence of the Purchaser at the Vendor's expense against any such allegation or charges. The Purchaser shall promptly notify the Vendor of any such claim, and the Vendor shall, at its own expense, undertake the legal expense of any such claim. The Purchaser shall provide, at the Vendor's expense, any assistance in defending any such claim or suit as the Vendor may reasonably require. In addition, immediately upon receiving notice from the Purchaser of an infringement claim, the Vendor shall, at no expense to the Purchaser, minimize the Purchaser's damage of liability as much as possible by:

- (a) procuring for the Purchaser the right to continue using the goods on a permanent basis, without any restriction on the right of the Purchaser to use the goods for the purpose for which they were intended;



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- (b) replacing the goods with non-infringing goods satisfactory to the Purchaser; or
- (c) modifying the goods in a manner satisfactory to the Purchaser so that they are non-infringing.

For greater certainty, the Vendor shall have no liability for any infringement or alleged infringement where the goods are provided based on designs provided by the Purchaser or where the infringement arises from the use of goods in combination with the Purchaser's own process or equipment not supplied by the Vendor.

13. WARRANTIES – In addition to all other warranties available to the Purchaser, the Vendor warrants that the goods and services supplied hereunder:

- (a) shall comply with all specifications, quantity and quality as set out in the Order;
- (b) shall conform to any sample provided to the Purchaser;
- (c) are free from all defects and faults in design, manufacture, workmanship and materials;
- (d) are new and of the best quality, unless otherwise specified in writing;
- (e) are of merchantable quality;
- (f) shall perform satisfactorily in accordance with the specifications and/or drawings contained in the Order and under the conditions made known to the Purchaser or that reasonably may be inferred;
- (g) shall be at least equal to nationally recognized standards or codes; and
- (h) be of the best quality, if no quality is specified.

This general warranty is independent of and without prejudice to any specific warranty or service guarantee offered by the Vendor in connection with the purpose for which the goods and services supplied hereunder were purchased.

No payment or acceptance by the Purchaser hereunder shall constitute a waiver with respect to any provisions of the Order, nor shall anything herein contained be construed to limit any warranties or conditions implied by law. All warranties shall continue in full force and effect notwithstanding any termination of the Order by the Purchaser and shall extend for a period of:

- (a) Twenty-four (24) months from the date of delivery of the goods; or
- (b) Twenty-four (24) months from the date of start-up of the goods or start-up of the equipment into which the goods are incorporated, whichever is earlier.

If the goods and services supplied hereunder or any part thereof do not conform to these warranties, or any defect develops under normal or proper operation as per the Vendor's instructions, the Purchaser may notify the Vendor within a reasonable time after such discovery, and, subject to any other remedies that may be available to the Purchaser as may be specified in the Order, the Vendor shall thereupon promptly remove, repair, correct or replace and reinstall such nonconformity all at the Vendor's sole cost and expense. The goods and services used to correct nonconformities shall be similarly warranted. This warranty survives any inspection, delivery or acceptance of, or payment by the Purchaser for the goods and/or services supplied hereunder.

The goods or services which are repaired, replaced or performed under the warranties herein, shall be warranted for a new period of:

- (a) Twenty-four (24) months from the date of completion of such repair, replacement or performance; or
- (b) Twenty-four (24) months from the date of restart-up of the goods or restart-up of the equipment into which the goods are incorporated, whichever is earlier.

14. SITE OBLIGATIONS – The Vendor shall become familiar with and comply with the mill visitor induction and safety requirements and other matters, conditions, procedures and mill activities that may affect the delivery of goods or services hereunder. The Vendor recognizes that the Purchaser's mill operations must not be interrupted except as expressly agreed to in writing by the Purchaser. The Vendor shall give advance notice to the Purchaser prior to arrival at the Purchaser's mill sites.

15. ENVIRONMENTAL – The Vendor shall, and shall require its subcontractors to, comply with all environmental laws and shall assume any environmental liabilities and perform any environmental obligations that result from the contravention of any environmental law by the Vendor, including the cost of complying with any remediation order and any liability for clean-up of any pollutant resulting from any release arising from the Vendor's operations in providing the goods and/or services. The Vendor shall immediately report to the Purchaser all inspections and investigations by governmental officials of any events of non-compliance or potential non-compliance with environmental laws. At the request of the Purchaser, the Vendor shall forward to the Purchaser all relevant information with respect to the environmental impact of any goods and services including, without limitation, any risks and hazards imposed by such goods and services.

The following materials or products containing these materials are not permitted on the Owner's Site without the specific written authorization of the Owner's Representative: asbestos, nonylphenol ethoxylates (NPEs), octylphenol ethoxylates (OPEs), polychlorobiphenyls (PCBs), or halogenated/chlorinated compounds (including but not limited to: methylene chloride, 1,1,1-trichloroethane, chloroform, perchloroethylene, trichloroethylene, carbon tetrachloride). Through the Environmental Emergency (E2) Regulations, the Government of Canada requires the preparation and implementation of environmental emergency plans to manage toxic and other hazardous substances. The E2 regulations cover



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substances that if released to the environment, may harm human health or environmental quality. These substances are listed in Schedule I of the E2 regulations. Should any product under this agreement be identified on the Environmental Emergency Regulations List of Substances, the Owner's Representative must be notified in writing. The National Pollutant Release Inventory (NPRI) managed by Environment Canada, is a Canadian database containing information on annual on-site releases of specific substances to the air, water and land, as well as disposals and off-site transfers for recycling that originate from industrial and institutional sources. One of the triggers for reporting to NPRI is the concentrations of NPRI substances in products. These substances are grouped into five different threshold categories/part #'s and can be found under "Substance Lists" on the Environment Canada website. Should any product under this agreement contain one or more NPRI substances, at or above the threshold concentration listed, the Owner's Representative must be notified in writing.

As plastic and styrofoam are a major contaminate at the Owner's site, the Contractor must not use plastic or styrofoam unless no reasonable alternative is available. Damage to any Goods resulting from improper packing will be charged to the Contractor's account.

16. PAYMENTS – Unless otherwise specified, the price stated on the face of the Order represents the complete cost to the Purchaser at the point of delivery specified herein and includes every license fee, patent royalty, government and municipal tax, levy and charge of any description. Payments are to be in Canadian funds unless otherwise stated herein. Unless otherwise specified, payment will be made with sixty (60) days from the date of receipt of goods.

17. CHANGES TO QUALITY, QUANTITY AND PRICE – No change shall be made to the quality, quantity, price and other specifications of the goods or services to be supplied hereunder nor to the price or other charges set forth in the Order, including all taxes without the Purchaser's express written authorization.

18. TAXES – Unless otherwise specifically provided for in the Order, the Vendor assumes exclusive liability for and shall pay before delinquent, all sales, use, excise and other taxes, charges or contributions of any kind with respect to or measured by the goods or the services supplied hereunder and the Vendor shall indemnify and save the Purchaser harmless from any liability and expenses incurred by reason of the Vendor's failure to pay such taxes, charges or contributions. Where the Purchaser has specified in the Order that federal goods and services tax (GST) shall be paid on the goods or services supplied hereunder, the Vendor shall include the Vendor's GST registration number on the invoice.

19. SET-OFF – The Purchaser shall be entitled at all times to set-off any account owing from the Vendor to the Purchaser or to any of its affiliated companies against any amount due or owing to the Vendor under the Order.

20. LIENS – The Vendor shall keep the Purchaser's premises free and clear of any and all liens and charges arising in connection with the performances of its obligations under the Order. In the event that any lien, charge, or other encumbrance is attached to the Purchaser's premises or to any goods supplied hereunder, the Purchaser may pay and discharge such lien, charge or encumbrance at the expense of the Vendor, and the cost of such discharge including legal fees, are to be borne by the Vendor.

21. DELIVERY – Delivery shall be completed upon:

- (a) Arrival of the goods as specified in the Order;
- (b) Acceptance by the Purchaser pursuant to paragraph 23 hereof; and
- (c) Delivery to the Purchaser of a bill of lading or invoice with respect to the goods or services supplied hereunder.

Unless otherwise stipulated, all risk in the goods shall remain with the Vendor until delivery is so completed. Should the Vendor not be able to meet the specified delivery dates for reasons beyond its control it shall notify the Purchaser, in writing, immediately upon becoming aware of such inability. The Purchaser, at its discretion, may grant an extension of the delivery dates or cancel the Order without penalty.

22. TAGGING AND SHIPPING – The Vendor shall place or affix the number of the Order on all invoices, packing slips, packages, containers and correspondence referencing the Order.

- (a) The original bill of lading must be attached to the invoices of the Vendor.
- (b) When freight or express charges are prepaid for the account of the Purchaser, the invoice must be accompanied by a receipted freight or express bill bearing the number of the Order.
- (c) If partial shipments are made, a separate invoice must be rendered for each shipment.
- (d) All invoices sent pursuant to the Order shall be sent to the attention of "Accounts Payable".
- (e) Damages to any goods resulting from improper packing will be charged to the Vendor's account.

Whenever possible, the Vendor shall pack goods supplied hereunder using as little plastic material, including but not limited to wrap and packing, as possible. No charges will be allowed for packing or crating unless otherwise agreed on the face of the Order.

- (f) The Vendor shall be solely responsible for the shipment and delivery of "dangerous goods", as defined under the *Transportation of Dangerous Goods Act* (Canada) to the destination specified on the face hereof and the Vendor shall indemnify and save the Purchaser harmless from any losses, claims, suits or demands arising from the shipment of such goods to the said destination.



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- (g) All invoices provided hereunder shall be sent to the attention of Accounts Payable at the address shown on the face of the Order. In the event that partial shipments are made under the Order, the Vendor shall provide a separate invoice for each shipment.

23. **INSPECTION AND ACCEPTANCE** – Prior to acceptance by the Purchaser and notwithstanding any prior payment, the Purchaser may inspect all goods and services supplied under the Order after they have been delivered or performed within a reasonable time after receipt thereof. Goods and/or services not in accordance with the description or specifications stipulated in the Order may be deemed unsatisfactory in the sole discretion of the Purchaser, acting reasonably. Neither inspection, failure to make inspection nor acceptance of the goods and/or services, releases the Vendor from any of the warranties or other provisions contained in the Order nor impairs the Purchaser's right to reject unsatisfactory goods and/or services in accordance with paragraph 24. The Purchaser reserves the right, prior to delivery of the goods, to inspect the goods specified in the Order at the place where such goods are being stored or manufactured, provided always that such inspection shall be during the usual business hours of the Vendor.

The Vendor shall permit access to the Purchaser at all reasonable times to inspect the services. If the Purchaser is unsatisfied with the services, including where the Purchaser has concerns with either the goods used in the services or the workmanship in providing the services, in the Purchaser's sole discretion, acting reasonably, the Purchaser may provide notice to the Vendor of its concerns and the Vendor shall, within three business days, address the Purchaser's concerns in a manner satisfactory to the Purchaser, at the Vendor's expense.

24. **REJECTION BY THE PURCHASER** – If the goods are not delivered and/or services are not performed or if the Purchaser find the goods and/or services to be unsatisfactory in accordance with paragraph 23, the Purchaser may reject the goods and/or services (the "Rejected Goods and/or Services") by providing written notice to the Vendor of its rejection of the goods and/or services and, in its sole discretion, (i) for Goods and/or services deemed by the Purchaser as unsatisfactory, require the Vendor to provide replacement of such goods and/or services (the "Replacement Goods and/or Services"), in which case the Vendor shall promptly deliver the Replacement Goods and/or Services to the Purchaser on the original terms and conditions, except that if the price for the Replacement Goods and/or Services at the time they are ordered is less than the price set out in the Order, the Purchaser shall have the benefit of the lower price, or (ii) in either case, cancel the Order, in whole or in part, in which case the Purchaser shall have no obligations to the Vendor, other than for that part of the price set out in the Order reasonably corresponding to those goods and/or services that were accepted by the Purchaser. The Purchaser reserves the right to retain any portions or all of a shipment not strictly in accordance with the specifications set out in the Order and in such case will pay a mutually agreed upon price therefore, which retention shall not preclude the Purchaser from rejecting the remainder of the shipment or any part thereof.

The Vendor shall be responsible for all delivery costs, both to and from the Purchaser, for Rejected Goods and/or Services. Where the Purchaser pays any such delivery costs for Rejected Goods and/or Services, it may deduct such costs from any amount due to the Vendor.

25. **CANCELLATION BY PURCHASER** – The Purchaser shall be entitled to cancel the Order at any time, whether for cause or not, by giving the Vendor written notice as to all or any part of the goods not delivered or services not performed prior to receipt by the Purchaser of said notice. As to goods and/or services that are standard manufactured items, the Purchaser's only obligation shall be to pay for the goods delivered to or services performed for the Purchaser prior to receipt by the Vendor of the notice of cancellation. As to goods specifically manufactured for the Purchaser, the Vendor, upon receipt of such written notice of cancellation from the Purchaser, shall cease performance under the Order, unless otherwise directed by the Purchaser. The Purchaser shall pay:

- (a) all reasonable costs for materials and labour which the Vendor has actually expended or is irrevocably committed to pay directly connected with the Order;
- (b) actual direct costs reasonably incurred by the Vendor in stopping its performance under the Order; and
- (c) Less progress payments already made.

Upon receipt and approval of the Vendor's fully substantiated claim, provided however, if the total of the aforesaid progress payments exceeds the amounts claimed, the Vendor will forthwith return the excess to the Purchaser.

All warranties contained in the Order with respect to components of equipment which have been fabricated and delivered to the Purchaser, or are to be delivered, shall survive the cancellation of the Order. All other warranties shall become void upon cancellation of the Order.

26. **INSURANCE** – Until completion of delivery to the Purchaser, the Vendor shall insure goods delivered hereunder against risk of loss or damage. The amount of insurance must be sufficient at all times to reimburse the Vendor for the cost of replacing or repairing the goods and the Vendor shall, at the request of the Purchaser, provide evidence satisfactory to the Purchaser of such insurance coverage.

27. **OVERAGES** – Upon the Vendor's request, any overshipment of goods provided hereunder shall be returned to the Vendor at the Vendor's cost and, if the Purchaser has incurred any costs in respect of such return of overshipped goods, the Vendor shall immediately reimburse the Purchaser for any and all such costs incurred as a result.

28. **CERTIFICATE OF ORIGIN** – The Vendor shall at its own expense, prepare and issue to the Purchaser, Certificate(s) of Origin and Affidavits of Manufacture for goods sold pursuant to the *North American Free Trade Agreement* ("NAFTA") and shall provide copies of the issued Certificate



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of Origin to the customs administration of each of the Vendor's and the Purchaser's home country upon request as well as provide all information requested by either customs administration in respect to the issued Certificate(s) of Origin. The Vendor shall notify the Purchaser of any change, which may affect the accuracy, or validity of a Certificate of origin issued to the Purchaser and shall otherwise comply with the Vendor's obligations under NAFTA.

29. WHMIS – The supply of any and all hazardous goods to the Purchaser must conform to WHMIS legislation. Goods must be properly labeled and accompanied by Material Safety Data Sheets.

30. ELECTRICAL APPROVAL – All electrical equipment must be approved by the CSA (Canadian Standards Association) or otherwise be approved for use in Alberta, and must bear the appropriate approval seal recognized by the Alberta Safety Codes Authority.

31. ASSIGNMENT AND SUBCONTRACTORS – The Vendor shall not, at any time, assign or sub-contract the whole or any part of its obligations arising out of the Order without prior written consent of the Purchaser; provided, however, the Vendor shall have the right to sub-contract the supply of any part of the goods and services supplied pursuant to the Order. A sub-contract shall not operate to relieve the Vendor of any obligations or liability hereunder.

32. INDEPENDENT CONTRACTOR – It is mutually agreed and understood by the parties hereto that the Vendor is an independent contractor and not an employee, agent or servant of the Purchaser and nothing contained in the Order or otherwise nor any past relations or course of dealings between the parties shall be construed as establishing a relationship of principal and agent, master and servant, or employer and employee.

33. PERMITS – Unless otherwise specifically provided, the Vendor shall, at its expense, obtain and comply with all necessary permits, licenses, certificates and approvals required to provide the goods and/or services under the Order.

34. DRAWINGS – The Vendor agrees that the prompt receipt of approval drawings for review, certified drawings and installation, maintenance and operating manuals by the Purchaser is of primary importance to the Purchaser to enable the Purchaser to fulfill its schedule commitments, and Vendor must furnish them in strict compliance with any attached schedule, or, if no schedule is attached, within a reasonable time after the date of the Order. Failure to do so constitutes a material breach of the Order by the Vendor. The Purchaser's review of drawings does not constitute approval and shall not relieve the Vendor of responsibility for compliance with all specifications, laws, codes or regulations.

35. INTERCONNECTION – "Interconnection" means all telecommunications and data services provided to the Vendor by the Purchaser or any of its agents or representatives. The Vendor must take all due care to ensure any and all end points utilizing the interconnection between the Purchaser and the Vendor have current, managed and monitored anti-malware systems. The Vendor agrees that the interconnection shall not be used by, shared with, published or otherwise disclosed to any legal or natural person in any manner whatsoever, by any means, without the Purchaser's provisioned service and inform the Purchaser immediately of such an event. It is expected that the recipient will provide a clear, detailed description of the incident to the Purchaser's information technology group.

36. PROVINCIAL SALES TAX (PST) & FEDERAL GOODS AND SERVICES TAX (GST) TAX CODES DESCRIPTION

The following codes represent the Purchaser's internal tax code that shall appear on the face of all Orders.

| | |
|-----|----------------|
| GST | G (Payable) 5% |
| PST | E (Exempt) |
| PST | P (Payable) 7% |

37. (USA) FOREIGN SUPPLIERS PLEASE NOTE – Please fax one signed copy of Canadian Customs Manufacturer's Affidavit on date of shipment to:

Davidson & Sons Custom Broker
P 604-681-5132
F 604-681-2601

Please provide a Certificate of Origin: for all items supplied as required under NAFTA. A blanket certificate may be completed and forwarded to our customs brokers as noted above.

38. PURCHASER'S RIGHTS – The Vendor agrees that any right, cause of action or remedy under the warranties or undertakings assumed or imposed upon the Vendor under these Terms and Conditions shall extend without exception to any company affiliated with the Purchaser on whose behalf the goods and/or services are purchased by the Purchaser. The Vendor agrees to assign any warranty entitlements it receives from any of its suppliers in respect of the Order to and in favour of the Purchaser. Nothing in these Terms and Conditions operates to derogate from or abrogate in any right, privilege or remedy the Purchaser has under and by virtue of the provisions of the *Sale of Goods Act* (Alberta) as amended from time to time or any statute passed in substitution therefore.



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39. **DISCOUNTS** – Discounts shall be calculated from the earlier of (i) the date invoices are received in proper form; and (ii) delivery to Mercer Celgar Limited of the relevant goods.

40. **INVOICE CORRECTION** – If any error is discovered in an invoice rendered to the Purchaser, such errors shall be adjusted within thirty (30) days following the date the Purchaser brings such error to the attention of the Vendor, provided however, that there shall be no adjustment made for an error discovered more than twenty-four (24) months after receipt of an invoice by the Purchaser.

41. **VENDOR'S SERVICES** – Whenever these terms and Conditions call for any work to be performed by the Vendor on any of the Purchaser's sites in addition to the supply of goods, the Purchaser's General Conditions of Contract shall be applicable, and shall be obtained or, if previously obtained reviewed by, the Vendor prior to commencement of the work. In the event of conflict between these Terms and Conditions and the General Conditions of Contract, the latter shall prevail.



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