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## TEMBEC PAPER GROUP - CLAIMS HANDLING POLICIES AND GUIDELINES

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### Claims Handling Policies and Guidelines

The Tembec Paper Group makes every effort to produce quality products through advanced technology and rigid quality control standards. This policy applies to prime board sales only.

If an issue occurs in the printing or converting process, a judgment of responsibility has to be made cooperatively between the customer, the Tembec Paper Group, and other pressroom suppliers.

If this issue is attributed to the Tembec Paper Group's product, it is our objective to resolve the problem promptly, equitably and amicably within 30 days of receipt of the written claim.

The customer will prepare and submit to the Tembec Paper Group by mail a detailed shipping manifest depicting grade, roll/skid numbers and individual weights.

#### Notification

If the customer encounters a problem that is suspected to be paperboard-related and there is doubt that the finished product will be acceptable, **it is incumbent upon the customer to stop production and notify a Tembec Paper Group representative immediately by telephone.** It is the customer's decision to continue or curtail the converting operation (sheeting, printing, die cutting, scoring, laminating, gluing, foil stamping or embossing). **The Tembec Paper Group will not pay for subsequent loss if the customer continues to convert defective board without the Tembec Paper Group's prior written consent.**

A customer is not authorized to admit fault, commit the Tembec Paper Group to settlement of a claim or bind the Tembec Paper Group legally.

A customer, upon learning of a problem, should notify the Tembec Paper Group Account Manager or Inside Sales Representative by telephone.

A written claim must be submitted within 30 days. A claim will not be considered later than 30 days after the complaint has occurred without prior approval from the Tembec Paper Group.

When submitting a claim, a detailed "Statement of Charges" including weight, number of rolls or sheets, roll numbers or skid numbers, press rate, press time, cost of each blanket, must be attached.

#### Evidence

A Tembec Paper Group representative should be afforded the opportunity to visit the printing/converting operation, when necessary, and make a complete investigation. Unless the Tembec Paper Group has the opportunity to fully investigate the problem, we cannot form a judgment of responsibility and may be forced to deny the claim.

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It is the primary responsibility of the Tembec Paper Group's customers to promptly submit identified samples and other evidence representative of the problem. Evidence, such as tape pulls, inks, fountain solutions, blankets and printed/unprinted samples, etc, is necessary. The problem should be identified on the samples of the defective board.

The customer must submit the purchase order number, roll/skid numbers, mill order number, skid/roll label and detailed description of the problem and current status of the order. A formal claim from the customer including a detailed description of the problem, explanation of the procedures exercised to solve the problem and the results of tests performed must accompany the samples and other evidence.

Damaged blanket or plate claims for sheet-fed presses will be considered only when samples of the defective paper or foreign objects and 4 press sheets illustrating the damage are submitted with the full size damaged blanket or plate.

### Claims

Claims for losses sustained by the customer, as judged by the Tembec Paper Group to be reasonable and directly related to defective paperboard, will be honored up to, but not exceeding, the original cost of the paperboard.

Claims cannot be deducted from the original invoice. The Tembec Paper Group will issue a credit invoice in settlement of approved claims.

Damaged blanket or plate liability for sheet-fed equipment is limited to the replacement cost of a blanket or plate of equal quality.

The Tembec Paper Group cannot accept responsibility for problems resulting from paperboard that has been trimmed or otherwise converted by the merchant or converter before printing.

Defects that occur as a direct result of press or converting equipment being operated under abnormal or inappropriate conditions are not the Tembec Paper Group's responsibility.

Registration of a complaint by a customer and acknowledgment that a problem exists by the Tembec Paper Group does not constitute acceptance of a claim.

The Tembec Paper Group will not entertain consequential damage resulting from the use of its products beyond the customer's plant.

The Tembec Paper Group will not pay for the price difference for a competitor's board in replacement of its paperboard.

The Tembec Paper Group will arrange for removal of Tembec authorized unopened defective product from the customer's floor upon receipt of shipping manifest depicting roll/skid numbers.

Printed or opened product will be disposed of by the customer after settlement of the claim.

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### **Claims Processing Requirements**

When a paperboard problem is discovered, the customer should immediately contact the Tembec Paper Group Account Manager or Inside Sales Representative.

The customer should be prepared to provide the purchase order number, roll/skid numbers, mill order number, skid/roll label, a brief description of the problem and the current status of the order.

The customer must stop processing the paperboard immediately.

The Tembec Paper Group will not pay for subsequent loss if the customer continues to process defective paperboard without the Tembec Paper Group's prior written consent.

The customer must provide the Tembec Paper Group with an estimate of their additional processing costs if there is an agreement to proceed with the order.

### **2-H Limit and Customer Liability**

The Tembec Paper Group will not assume liability for lost production or more than 2 hours of lost press time resulting from running defective paper. A customer who encounters defective paper and elects to continue to print or process the paper assumes responsibility for the cost of the paper and printing/converting.

### **Proper Grade Selection**

The selection of the proper grade to meet end-use requirements is the responsibility of the customer.

The Tembec Paper Group is not responsible for a problem or claim resulting from end-use requirements extending beyond the capabilities of the grade design.

The Tembec Paper Group is pleased to give an opinion and supply information that might be helpful in the grade selection process when requested.

### **Paper Conditioning**

The Tembec Paper Group takes great care to protect its products from adverse moisture conditions. Our products are protected with moisture repellent packaging.

The Tembec Paper Group cannot be responsible for printing or converting problems related to moisture imbalances or other poor environmental conditions at the customer's facility.

The Tembec Paper Group cannot assume liability for printing or converting problems caused by conditions where the relative humidity of the printing or converting plant is abnormally out of balance with the relative humidity of the paperboard. It is understood that the Tembec Paper Group will provide paperboard with moisture content compatible with a pressroom maintained at 45% R.H. (+/- 5%) at 72°F.

After the skids or cartons had ample time to acclimate to the pressroom (reach temperature equilibrium), they should be unwrapped just before printing. Unprinted paperboard should be immediately rewrapped and sealed in plastic or in the original carton for future use.

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After allowing time for drying and/or loads to cool, loads of printed material should be covered in plastic between processes to protect the paperboard against moisture absorption or loss.

### **Grain-Short Paper**

Printing grain-short paper on a sheet-fed press frequently causes dimensional or sheet handling problems. The Tembec Paper Group will not assume liability for mis-register, wrinkling or other sheet handling problems related to printing sheets grain-short.

### **Work and Tumble**

While the Tembec Paper Group always takes care in cutting and trimming, we can assume no responsibility for the possible hazards associated with work and tumble forms. It is the printer's duty to ensure the accuracy of the trimmed sheet size before running such work.

### **Customer Sheeting**

Rolls supplied for in-line, right angle, or off-the-press sheeting are inspected as thoroughly as possible before leaving the mill.

The Tembec Paper Group is not responsible for lost time due to cutter dust, static, turned corners, scuffs, "cigars," wrinkles, splices, surface contamination or any other defect which should normally be removed by sheet inspectors.

It is the responsibility of the customer to detect and remove paper defects during their sheeting process prior to printing.

### **Shipment Dates and Late Delivery**

Target shipment date variance – Late: 0 days, Early: up to 2 days. Notification to the Buyer of any late shipment will be made as soon as possible, typically no later than 1 day prior to scheduled shipment date.

The Tembec Paper Group cannot assume responsibility for financial losses that may result from a production delay or transportation delay due to causes beyond the Tembec Paper Group's reasonable control.

The Tembec Paper Group will make every effort to ensure timely delivery but will not be held liable for late deliveries occurring as a result of failure of the designated carrier to pick up, transport and deliver on time.

### **Return Policy**

The following policy will apply to all unopened standard stock items returned for reasons other than quality or the Tembec Paper Group's error:

Authorization to return stock must first be received from the Inside Sales Department, as well as receipt of written acceptance stating that the customer accepts the return and restocking charges.

Instructions will be given as to when and where the stock should be returned, freight prepaid.

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A charge of US \$5.00/cwt will be made for the reconditioning and handling of all returned stock – minimum charge of \$100.00. The customer is responsible for freight both ways.

A credit for returned stock will be made for all stock received in saleable condition. The value of any damaged stock will be deducted from the credit amount.

Stock cannot be returned after six months from the original date of shipment from the Tembec Paper Group.

### **Return of Defective Products**

Upon receipt and verification of defective product, the Tembec Paper Group will process a credit for the defective product.

### **Replacement Paperboard**

The Tembec Paper Group will replace paperboard proven to be defective as quickly as possible.

If the Tembec Paper Group cannot ship replacement paperboard in time to satisfy the customer's deadline, the Tembec Paper Group will not be liable for any extra costs due to substitution of grade, size, plate cost, press time, waiting time or premium time.

### **Post Press Operations**

The Tembec Paper Group fully guarantees its products to perform satisfactorily under normal conditions on printing presses.

There is a significant number of post press operations that take place after the printing press operation; these include binding, folding, scoring, embossing, stamping, foil stamping, lamination, foils, films, coatings, U.V., poly and die cutting.

In the above post finishing operations, a test run should always be made prior to the commercial run. Due to the variety of these operations, the Tembec Paper Group will not accept consequential damages (such as equipment, time, materials, additional delivery charges) for problems encountered with post finishing operations when there has been no test run prior to running the paper.

### **Complaint Procedure and Claims Policy**

1. When a problem is discovered, the customer should immediately contact the Tembec Paper Group Account Manager. If the Account Manager is unavailable at the time, then the customer should contact the Tembec Paper Group's Inside Sales Department at 800-411-7011. The Inside Sales Representative will advise the Account Manager and/or the mill Technical Department immediately. The Technical Department will contact the customer.
  2. A Technical Representative may be assigned to help with the investigation of the complaint.
  3. The Buyer must promptly submit any claim with the Tembec Paper Group in writing within 30 days from date of the initially reported complaint. The original invoice must be paid in full. Any claims settlement will be dealt with separately.
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4. Registration of a complaint by a customer and acknowledgment that a problem exists by the Tembec Paperboard Group does not constitute acceptance of a claim.
5. The customer is responsible for the proper documentation pertaining to the complaint, i.e. purchase order number, mill order number, roll/skid numbers, skid/roll label, history of the complaint, printed and unprinted samples, tape pulls, blankets, inks, fountain solutions. Evidence must be sent via courier to the attention of the Claims Analyst:

***Tembec Paperboard Group  
C/O AMJ Campbell  
Attn: Ann-Marie Gagne  
400 Carmichael Drive  
North Bay, Ontario  
Canada  
P1B 8G2***

6. The Tembec Paper Group Account Manager is responsible for collecting the evidence outlined in section 9.2.
7. Upon receipt of all documentation and evidence, the Tembec Paper Group management will review the claim for acceptance.
8. It is our objective to resolve and settle the claim within 30 days of receipt of the written claim.
9. Complaints will only be considered on paperboard received within 6 months of the original shipment date.
10. The Tembec Paper Group will not entertain consequential damage resulting from the use of its product beyond its customer's plant.
11. Claims cannot be deducted from the original invoice.
12. Claim follow-ups are to be addressed to the Claims Analyst at 819 627-4684.
13. Claims must be filed and will only be paid to the "sold to" customer.

Note: A customer is defined as the sold to or ship to party, merchant, broker, agent, printer, converter or end user.

## **Transport Damage Claims**

### **Inspection of Incoming Shipments**

It is the responsibility of the consignee to inspect incoming shipments before and during unloading for possible transit damage. When damage is noted, the driver (in the case of truck delivery) must be present to participate in the inspection and to witness the problem. In the case of rail delivery, a representative of the railway must be requested to inspect the shipment. Photos of damage must be forwarded to the Tembec Paper Group Claims Analyst.

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## Transit Damage Claims

When the Tembec Paper Group's products are damaged in transit through carrier negligence or mishandling, the Tembec Paper Group will assume the responsibility for filing damage/loss if the following requirements are met:

1. The carrier must be a Tembec Paper Group carrier. Customer specified carriers are excluded from this policy.
2. The total value of this shipment must be over \$100.
3. The customer or his agent must inspect and clearly document the loss or damage upon delivery of shipment, including photo documentation.
4. The customer or his agent must notify the Tembec Paper Group's Claims Analyst of their intent to claim within 15 days of receipt of the damaged product.
5. The customer or his agent must file a written claim with the Tembec Paper Group's Claims Analyst as soon as possible, but no later than 30 days of receipt of the damaged product.
6. The customer must furnish a delivery receipt or carrier inspection report identifying specific damage/loss along with photos.

## Procedures for Reporting Damage or Discrepancies

### 10.3.1 Truck/Container Shipments

If damage is evident upon opening the trailer/container, the delivery receipt should be noted and signed by both the receiving party and the carrier. The receiver should then notify the carrier's agent and request an inspection. The Tembec Paper Group may be requested to provide assistance in assessing damages. Visible damages must be reported immediately and the delivery receipt noted on, identifying specific damages and possible reasons (if known). Photographs of the damages should be forwarded to the Tembec Paper Group's Claims Analyst. Failure to do so constitutes a clear receipt to the carrier and negates the opportunity to claim.

### 10.3.2 Rail Shipments

Upon receipt of the rail car, the receiver must ensure the seal is intact. If loss or damage is noted, record the seal number, call the delivering railway agent immediately and request an inspection. In addition, the Tembec Paper Group's Claims Analyst must be notified. If the carrier's agent cannot provide inspection within a reasonable time frame, photograph the damaged load before proceeding with the unloading. Segregate the damaged paperboard for later inspection.

### 10.3.3 Evidence

Collection of evidence is critical for expedient settlement. When damage is discovered, note the location of the damaged goods by position within the trailer, container or rail car. Photograph all loads.

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#### **10.3.4 Hidden Damage Caused by Transportation**

Carefully inspect all goods upon receipt of shipments. If damage is first discovered upon unwrapping the goods, report the damage immediately to the Tembec Paper Group's Claims Analyst within 15 days of receipt of the damaged goods. The damaged goods must be made available for carrier or the Tembec Paper Group's Technical Representative inspection.

#### **10.3.5 Inspection Waiver**

If the carrier waives his right to inspect a shipment, the time, date and name of the representative waiving inspection must be noted on the bill of lading.

#### **10.3.6 Shortages or Discrepancies**

Shortages or discrepancies must be reported immediately and the delivery receipt noted on. Failure to do so constitutes a clear delivery receipt to the carrier and negates the opportunity to claim.

### **Documentation of Damage or Discrepancies**

#### **10.4.1 Reports and Receipts**

The inspection report (rail) or delivery receipt (truck) must be accurate. If you do not agree with the information on the report or receipt, do not sign without noting an exception.

#### **10.4.2 Claims**

All claims must be filed with the Tembec Paper Group's Claims Analyst. A delivery receipt (truck) or inspection report (rail) signed by the carrier's representative must accompany the Claim notice. A shipping manifest highlighting the damaged roll, skid or carton numbers must be included.

The invoice for the goods must be paid in full. The Tembec Paperboard Group strives to settle claims within 30 days upon receipt of written claim.

#### **10.4.3 Disposition of Damaged Goods**

Damaged goods must not be disposed of unless authorized by the Tembec Paperboard Group.

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