



January 15, 2022

Dear Valued Customer,

Due to increased costs of materials, labor and other factors, Bagcraft Packaging (including Pac Paper LLC), effective with Purchase Orders received on or after **February 28, 2022**, will implement the following price increases:

- 5% on all paper/foil laminated items
- 7% on all traditional Non-OGR (Oil & Grease Resistant) paper items
- 7% on all OGR paper items that have already transitioned to a PFAS-alternative paper
- 15% on all OGR paper items that remain to be transitioned to PFAS-alternative paper
 - Transition to PFAS-alternative paper will begin in March
 - Information on PFAS-alternative products and the transition plan can be found in attached document
 - Prices of PFAS-alternative paper items will be the same as the OGR paper item at the time of transition

A detailed price list reflecting these increases will be sent to you within 5-7 business days.

All orders for stock items and floor-stocked custom items received on or after February 28 will be at the new price, including end-user contracts. Any Make-to-Order (MTO) items shipping after March 28 also will ship at the new price regardless of when the order was placed.

Due to heavy market demand, we will not accept advance buys. All order quantities placed prior to February 28 must be in line with historical 4-week order rates and standard lead-time shipments as of the day the order is placed. Otherwise, we reserve the right not to accept the order at the pre-increase price.

The circumstances that require our price increases reflect on-going changes in our supply chain. Several specialty paper mills have continued to impose price increases that are effective immediately citing reductions in mill capacity, continued increases in input costs and rising transportation costs.

We value your business and, as always, appreciate your understanding and support as we strive to serve you. Please contact your sales representative with any questions.

Best Regards,

A handwritten signature in black ink, appearing to read "Sachin Shah". The signature is written in a cursive style with a horizontal line underneath.

Sachin Shah
SVP, Pricing and Commercial Strategy

cc: Chuck Hathaway, VP, Sales