

JOSH STEIN  
ATTORNEY GENERAL



March 16, 2023

Mike King  
Chief Executive Officer  
Pactiv Evergreen USA  
1900 W. Field Court  
Lake Forest, IL 60045

Mr. King:

Last week, Pactiv Evergreen announced that it would terminate operations at its paper mill in Canton, North Carolina, during the second quarter of 2023. The Canton mill has been a cornerstone of the community for more than 120 years, and news of its closure has dealt a devastating blow to the mill's employees, their families, and the region more broadly.

I write to remind Pactiv Evergreen of its legal obligations to the State of North Carolina and to the people who live in and around Canton. As North Carolina's chief law enforcement officer, I intend to hold Pactiv Evergreen responsible for any violations of those obligations to the fullest extent possible under the law.

To start, closure of the Canton mill constitutes a clear violation of a contract that Evergreen Packaging, Inc. and Blue Ridge Paper Products, Inc. (two Pactiv Evergreen subsidiaries) signed with the Department of Commerce and the Attorney General in February 2015. That contract—also known as a Job Maintenance and Capital Development Agreement (“JMAC Agreement” for short)—arose out of our State's Job Maintenance and Capital Development Fund Program. The program was created in 2007 to help “stimulate economic activity,” “encourage capital investment,” and “maintain high-quality jobs in North Carolina.” N.C. Gen. Stat. § 143B-437.012.

When your subsidiaries signed the JMAC Agreement, they made a range of promises to the State of North Carolina. Most notably, they promised to maintain operations at the paper mill and to retain at least 800 full-time employees through December 31, 2024. JMAC Agreement §§ 3.3(b), 4.1. In exchange, Pactiv Evergreen received \$12 million, paid in six \$2 million increments. *Id.* §§ 1.40, 2.2, 4.1. The last of those \$2 million payments was issued in November 2021.

While North Carolina has upheld its end of the bargain, Pactiv Evergreen's announcement last week signals the company's clear intent to breach the JMAC Agreement. As a consequence of that breach, you are obligated to "repay all Grant funds disbursed to the Company under the Agreement." *Id.* § 5.3 (committing to repay all disbursed funds "if the Company fails to maintain operations at the Facility for the Agreement Term"). I hereby demand that you do so immediately.

I also remind you that Pactiv Evergreen is required to comply with all applicable environmental laws and regulations. I understand that there are currently a number of outstanding environmental compliance issues related to the Canton facility. I am also aware that you have been working to address these issues with the North Carolina Department of Environmental Quality. Closure of the facility will not relieve you of your responsibilities to comply with the environmental laws and regulations applicable to the facility, and I expect you to cooperate with the appropriate regulatory authority (or authorities) as you remediate the site.

Please be advised that this notice is without prejudice as to any and all other rights and remedies that may be available to the State or any other governmental entities. *Cf.* JMAC Agreement § 5.4(a) (confirming that the remedies in the JMAC Agreement are not "intended to be exclusive of any other available remedy or remedies"). The Department of Justice is prepared to take any and all actions that are necessary and appropriate to ensure that Pactiv Evergreen and those acting in concert with it are held fully accountable for any violations of legal obligations to the State of North Carolina that may have occurred in connection with the incentive program or the operation of the mill. To that end, in the coming days, we will specify further information and records that we require to be produced.

You are hereby directed to ensure that Pactiv Evergreen and any affiliates that conduct business related to the mill in Canton retain all records, books, papers, emails, text messages, correspondence, objects, or other items—regardless of medium, whether internal or external, and whether electronic, hard-copy, or otherwise—that may be relevant to the operation of the mill from January 1, 2013, to the present. If any pertinent

person or entity has a document retention or destruction program or practice, I hereby demand that you suspend it immediately with respect to any documents that may be relevant.

I look forward to your company's cooperation.

Sincerely,

A handwritten signature in cursive script, appearing to read "Josh Stein".

Joshua H. Stein

CC:

The Honorable Roy Cooper, Governor of North Carolina  
Eric Fletcher, General Counsel to the Governor  
Sarah Boyce, Deputy Attorney General and General Counsel,  
N.C. Department of Justice  
Swain Wood, Special Counsel to the Attorney General,  
N.C. Department of Justice  
Daniel Mosteller, Deputy General Counsel, N.C. Department of Justice  
Kevin Anderson, Director of Consumer Protection Division,  
N.C. Department of Justice  
Brian Rabinovitz, Special Deputy Attorney General,  
N.C. Department of Justice  
Secretary Mabelle Baker Sanders, N.C. Department of Commerce  
Mary Elizabeth Wilson, General Counsel, N.C. Department of Commerce