

## North American Food Group, Inc

### POLICIES & PROCEDURES FOR VENDORS EFFECTIVE 1/1/2011

These Vendor Policies & Procedures set forth the general terms and conditions for the purchase of products by North American Food Group, INC, ("NAFG, INC"), from seller ("Vendor").

- 1. Purchase Order Confirmation.** Vendor shall confirm purchase orders within twenty four (24) hours of receipt and confirm items/quantities on all purchase orders five (5) business days prior to pick up or shipping. Advance shipment confirmation to NAFG, INC's purchasing agent, with detail as to shorted SKUs, via email, is required.
- 2. Payment Terms and Pricing Policy.** Payment terms for Products ordered or services to be performed shall be 45 days. The payment due date is calculated from date of receipt of invoice at NAFG, INC's billing address or date when goods are delivered to the NAFG, INC ship to address whichever is later.
- 3. Temperature Controls.** Vendor shall deliver to NAFG, INC's Purchasing agent a document describing the acceptable storage and store display temperature range for Vendor's Products. Refrigerated and frozen foods should be delivered to NAFG, INC's customer, or designated dock consistent with the customary standard temperature range declared for that Product, with "perishable" or "frozen" clearly marked on each outer case, and with all accompanying bills of lading clearly stating the temperature range that the product should be maintained at during warehousing and during transit time to retail customers. NAFG, INC may reject (at Vendor's expense) any Product if its temperature is outside the stated standard temperature range. The phrase "Keep Refrigerated/Frozen" or similar type language must be clearly marked on the exterior of case on all refrigerated/frozen Products.
- 4. Inspection and Shipment Confirmations.** NAFG, INC shall have the right to reject any Products at time of receipt at NAFG, INC's dock that do not conform to Vendor's warranty or other product specifications. NAFG, INC relies on the case count confirmed at its warehouses at time of delivery as the basis for payment to Vendor. NAFG, INC will not accept any liability relating to documentation signed by either its drivers or its third party logistics drivers on Vendor's docks that is contrary to these Terms of Purchase.
- 5. Miscellaneous Vendor Charge Backs.** NAFG, INC reserves the right to pass through certain expenses which NAFG, INC has incurred from its customers on behalf of Vendor. Such expenses include store level spoils charged back by retailers, credits for recalls and manufacturer defects. Whenever NAFG, INC is assessed such expenses by retailers, NAFG, INC will provide Vendor with a vendor credit recap containing a summary of the expenses NAFG, INC has incurred on behalf of Vendor and which it is charging back to said vendor.
- 6. Food Safety and (if applicable) Organic Standards.** NAFG, INC requires that Vendor's product meet or exceed all FDA and other federal, state and local laws, rules or regulations regarding labeling compliance/food safety issues at time of shipment and delivery. All importers of products must be compliant with the Bioterrorism Act at the time of shipment and delivery. All Kosher products must meet the requirements of the certifying entity whose symbol is featured on that product's packaging.
- 7. Date Coding.** Vendor guarantees at least 75% of maximum shelf life from time of production for all Products received at NAFG, INC distribution centers. NAFG, INC requires that a "use-by" date, that is easily decipherable by the end-consumer and by NAFG, INC warehouse personnel, be clearly stamped

on each exterior carton and each sellable unit. Julian date codes and other date coding systems that may be confusing to consumers and warehouse personnel are not allowed.

8. **Lot Number Coding.** All vendors must code every package with a numbers that allows full traceability of that products production cycle and use of all raw material's included. See pt 9.

9. **Recall of Products.** If Vendor becomes aware that any Products sold by Vendor to NAFG, INC are, may be, or may become harmful to anyone or anything or that the Products are defective or adulterated in any manner, Vendor shall immediately give written notice to NAFG, INC's purchasing agent preferably by email (to orders@nafoodgroup.com). Said notice shall include the severity level of the recall (if applicable), the relevant UPCs, lot numbers and product description, and all relevant information with respect thereto. Vendor shall assist and cooperate with NAFG, INC in all respects of the recall of its Products, and shall, in addition to any other rights or remedies available to NAFG, INC, reimburse NAFG, INC upon demand for its administrative costs incurred in executing the product recall at its warehouses, from its delivery trucks in route, and from its retail customers' backrooms and shelves. Additionally, NAFG, INC shall pass through to Vendor any recall penalties that retailers charge to NAFG, INC for a vendor's product recall.

10. **Entire Agreement.** All purchase orders from NAFG, INC to Vendor, together with the above Terms of Purchase and the Hold Harmless Agreement immediately below (and any updates to the Terms of Purchase posted on NAFG, INC's web site), shall constitute the complete, exclusive and final expression of the parties' agreement. These Terms of Purchase shall be governed by and interpreted in accordance with the laws of the State of New York.

Purchase of Products hereunder or under any purchase order issued by NAFG, INC to Vendor for Products is expressly conditioned upon Vendor's acceptance of these terms and conditions. Acceptance of a purchase order from NAFG, INC shall be deemed to be acceptance of the Terms of Purchase and Vendor shall be bound by all of the following terms and conditions. Any attempted acknowledgment of an order by Vendor containing terms of conditions inconsistent with or in addition to these terms of purchase is not binding.

Agreed to by:

_____	_____	_____
Name (print)	Signature	Date

\_\_\_\_\_  
Corporate Name, Address, Phone #

## **HOLD HARMLESS AGREEMENT and GUARANTEE/WARRANTY OF PRODUCT**

The undersigned person or entity ("Vendor"), for value to be received from purchases by buyer (as defined below), hereby agrees:

1. The articles contained in any shipment or delivery made by Vendor, its subsidiaries or divisions (a "Product") made to or on the order of North American Food Group, Inc, its subsidiaries, affiliates or divisions (collectively referred to as "Buyer") are hereby guaranteed, as of the date of such shipment or delivery: (a) to not be adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, as amended, and in effect at the time of such shipment or delivery (the "Act") or within the meaning of any applicable federal, state or municipal law, rule, regulation or ordinance, (b) to not be an article which cannot be introduced into interstate commerce under the provisions of Act, and (c) to be in compliance with all federal, state and local laws, rules, and regulations applicable to the Product and to the manufacture, packaging, sale, shipment and delivery of the Product, including, without limitation, all labeling and disclosure laws and regulations.

2. Vendor agrees to defend, indemnify and hold harmless Buyer and its employees, officers and directors and customers (individually, an "Indemnitee") from all actions, suits, claims and proceedings ("Claims") and any judgments, damages, fines, costs and expenses (including reasonable attorney's fees) resulting there from:

(a) Brought or commenced by federal, state or local governmental authorities or any third party against any Indemnitee alleging that any Product sold by Seller to or on the order of Buyer did not meet the guarantee, or any portion thereof, set forth in Paragraph 1;

(b) Brought or commenced by any person or entity against any Indemnitee for the recovery of damages for the injury, illness and/or death of any person or damage to property as a result of (i) the delivery, sale, resale, labeling use or consumption of any Product or (ii) the negligent acts or omissions of Vendor or its employees, agents or contractors; provided, however, that Vendor's indemnification obligations hereunder shall not apply to the extent that any Claims are caused by the negligence or intentional misconduct of Buyer or its employees, agents or contractors; or

(c) Brought or commenced by any person or entity against any Indemnitee alleging that any Product or advertisements, labels, configuration, point of purchase displays, and other items supplied by Vendor to Buyer implicate or infringe upon a copyright, slogan, trademark, trade dress, patent, right of privacy, right of publicity, name, likeness or any other intellectual property right, including, but not limited to, rights arising under common law and statutory unfair competition laws.

Vendor's indemnity obligations herein shall survive the termination of the distribution relationship between the parties.

3. Vendor agrees to maintain in effect insurance coverage with reputable insurance companies (having at least an "A" or better Financial Strength Rating according to the latest A.M. Best Report) licensed to do business in the jurisdictions in which the Products are to be distributed under forms of policies reasonably acceptable to Buyer covering workers' compensation and employers' liability, automotive liability, commercial general liability, including product liability and excess liability, all with

such limits as are sufficient in Buyer's reasonable judgment to protect Vendor and Buyer from the liabilities insured against by such coverage, provided that seller's commercial general liability insurance shall be in the amount of at least \$2,000,000 per occurrence. Vendor shall designate Buyer as an additional named insured under the commercial general liability policy and provide Buyer with certificates evidencing the above-referenced coverage's, upon execution of this Agreement and prior to each renewal of such policies. Such policies shall require that all insured's being given at least thirty (30) days' written notice prior to any cancellation or material modification of such policies.

4. This Agreement is continuing and shall be in full force and effect and shall be binding upon Vendor with respect to each and every Product shipped or delivered to Buyer by the Vendor.

Agreed to by:

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Name (print)

Signature

Date

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