

## Eberhardt Foods LTD - Purchasing Terms & Conditions

### Order Confirmations

1. All Purchase Orders (PO) shall be confirmed by the Vendor within 24 hours of being issued. Order confirmations shall be sent via email to the issuer of the PO. Order confirmations shall confirm the pricing, availability, delivery method, payment terms, incoterms, and "expected date" section of the PO.
2. The PO is a contract between Eberhardt Foods and the Vendor and shall be treated as the governing document of the transaction. Any terms on the PO, and within these Terms & Conditions, will supersede any contradicting terms on the order confirmation or the Vendor's own Terms & Conditions unless explicitly agreed to in writing or by email by Eberhardt Foods LTD. Any written or emailed acknowledgment of a PO, and/or any shipment of goods in full or partial, shall be considered acknowledgement and agreement to the terms set out in the PO, and within these Terms & Conditions. Any issues with the PO must be addressed before, or at the time of, confirmation and resolved prior to the acceptance of the PO. Any issues not addressed prior to acceptance of the PO will be void after written or emailed acceptance of the PO, or shipment of goods.
3. Eberhardt Foods will not accept any changes from the Vendor to a confirmed order unless explicitly agreed to in writing or email. Changes should be communicated as soon as possible after the order confirmation is sent. This includes changes to pricing, quantities, and delivery dates.

### Service Charges

1. Inadequate Fill Rate
  - Eberhardt Foods expects a 100% fill rate on all confirmed orders. Late shipments and short shipments result in loss of sales for both the Vendor and Eberhardt Foods, add unnecessary administrative and operational burdens, and are a direct impact to our customers. As such, any shipments that contravene the order confirmation in any way related to delivery date or quantities may be subject to a charge set-off from the invoice.
    - i. Late Shipments
      - Shipments that miss their confirmed delivery dates may be subject to a 10% charge of the subtotal of the PO, up to \$250. Shipments shall be rescheduled and given a new expected date. Any additional missed shipments from rescheduled dates may be subject to additional penalties.
    - ii. Shorted Items
      - Charges may be issued for fill rates less than 95% on any individual line of any PO. A 10% charge of the subtotal of the value of goods shorted, up to \$250 may be set-off the offending invoice.
    - iii. Courier Charges
      - In the event that Eberhardt Foods needs to arrange special couriers for product that is late or shorted by the Vendor, the courier charges incurred by Eberhardt Foods, along with a \$30.00 administrative fee, may be set off of the offending invoice.
      - In the event that Eberhardt Foods chooses to dispatch their own truck and driver to transport a product that is late or shorted by the Vendor, a charge of \$100 may be set-off the invoice for pick-ups within Edmonton and \$300 for pick-ups outside of Edmonton.
    - iv. Disputes
      - In the event of disputes by the Vendor, meetings can be conducted and issues can be resolved between parties through fair and open negotiations. The Vendor shall not place Eberhardt Foods on credit hold over disputed amounts, nor shall they deduct any disputed amounts from monies owing, rebates, or promotional amounts.
2. Invoice Set-Offs
  - For ease of processing, all service charges issued by Eberhardt Foods to the Vendor will be set-off of the offending invoice.
3. Sales Reporting Charges
  - Any sales reports required from Eberhardt Foods for End-User Rebates may be subject to a \$30.00 administration fee per report.

### New Products

- All new products must be accompanied by a sufficiently completed “New Product Listing Request Form.” This form will be provided by Eberhardt Foods and will be filled out by the Vendor at no cost to Eberhardt Foods.
- All new products are listed under a 90-day guaranteed sale status. If the initial order of the new product does not sell through within 90 days, the listing will be cancelled and the product will be returned to the Vendor at their expense or disposed of at the request of the Vendor. Any costs incurred from disposal shall be paid by the Vendor. Any product returned or disposed of will be credited at 100% of the purchase price. This credit shall be paid in the same fashion as Eberhardt Foods paid the initial invoice (EFT, cheque, etc). Eberhardt Foods will not accept any fees or costs associated with this process, including restocking, administrative, or transportation fees.

### Invoices

In order to effectively process and pay invoices, the Vendor must supply Eberhardt Foods with a conforming invoice as detailed below. Invoices will be paid within the net terms stated on the PO starting from the date of transfer of ownership of goods, as dictated by the incoterm on the PO.

#### 1. Conforming Invoices

- Invoices issued to Eberhardt Foods will include at least:
  - Eberhardt Food’s PO number
  - The Vendor’s invoice number
  - The Vendor’s remit-to address
  - The transaction’s net terms
  - An itemized breakdown of items being charged including (but not limited to):
    - Description of goods being invoiced
    - Vendor’s product code(s)
    - Quantity of units being invoiced
    - Unit of measure of goods being invoiced
    - Price per unit
    - Currency must be clearly stated if other than CAD
  - Subtotal and Total amounts owing
- Non-conforming invoices will not be paid by Eberhardt Foods, and shall be fixed and reissued by the Vendor at no charge to Eberhardt Foods. The reissued conforming invoice shall have net terms beginning upon date of reissuance. The Vendor shall not put Eberhardt Foods on credit hold due to unpaid non-conforming invoices.

### Incoterms

- Unless otherwise stated on the PO:
  - Incoterms 2020 will be the applied version of incoterms.
  - All orders that fall under Vendor prepaid deliveries shall be shipped under the DAP incoterm. (Transfer of ownership of goods occurs when the Vendor delivers the goods to the Delivery Point indicated by the Buyer and makes them ready to be unloaded).
  - All orders that are Eberhardt Pickup shall be shipped under the FCA incoterm, with the carrier being Eberhardt Foods. (Transfer of ownership of goods occurs when the Vendor successfully loads the goods onto the carrier’s vehicle).
  - All orders being shipped by a third party carrier under contract of Eberhardt Foods shall be shipped under the FCA incoterms. (Transfer of ownership of goods occurs when the Vendor successfully loads the goods onto the carrier’s vehicle).
  - The EXW incoterm shall not be accepted by Eberhardt Foods unless specifically discussed and agreed to in writing.

### Cancellations and Changes of Purchase Orders

- Eberhardt Foods reserves the right to cancel and/or change POs at their discretion at any time before the PO’s “expected date,” provided the goods have not begun shipping, or irreversible steps in production have begun.
- Eberhardt Foods will not accept any charges related to cancellations or changes of POs within the above parameters.

### Price Changes

- Price changes must be communicated in writing or email 30 days prior to taking effect. Changes communicated with less time than 30 days will not be accepted by Eberhardt Foods until 30 days after the date of communication.