

General Client Co-Packing Guidelines

Pemberton's Gourmet Foods utilizes the following guidelines with each of its co-packing partners to provide the necessary information, qualifications and pricing in order to establish a clear co-packing agreement and produce a high-quality product.

<u>Confidentiality Agreement</u> – Pemberton's is prepared to sign a Confidentiality Agreement with each qualified co-packing partner. This document assures the client that the product and recipe information will be held in confidence and will not be utilized by Pemberton's for any of its new or existing products. If the co-packing partner does not have an Agreement, Pemberton's will present its own for signature.

Product Type/Volume – Pemberton's is a 10,000 sq.ft. commercially-licensed specialty food production facility for all-natural products in the following categories – jams/jellies, grilling/cooking sauces, pasta sauces, salsas, pestos/spreads, chocolate/dessert sauces, mustards/relishes and other hot-filled/cold-filled condiments. Our 3 steam-jacketed kettles yield 100-gallons each and, depending on the product, we prefer to run a minimum of 3-4 kettles per/day (roughly 900lbs of product) to provide the most competitive cost per unit possible – we also have a 150-gallon cold kettle with emulsifier and side mixers. Usually, our operation can run 300-400 cases/day of most products very efficiently.

<u>Small Batch Recipe/Information</u> -- Pemberton's will require a copy of the recipe for a small batch including weights and/or volume measurement for liquid and dry ingredients, the recipe yield, processing instructions, as well as a sample of the product. In addition, Pemberton's will need to know the size and style of the bottle/jar/bag that will be used for packing and whether the product will be cold or hot-packed. This will allow Pemberton's to determine any equipment or processing issues prior to developing a cost estimate for a large batch.

Process Authority Review, Ingredient Statement and Nutritional Panel -

Pemberton's requires all co-packed products to undergo a standard Process Authority Review to be analyzed for pH measurement and water activity. Exceptions are those products that are similar in nature to products that we already produce, and therefore, already have the necessary information. This information is needed to identify and avert any quality/food safety issues. If the product has been previously tested, documentation needs to be provided; if not, Pemberton's will submit to a certified lab to be tested and will pass the costs involved on to the client. For all acidified foods, Pemberton's will initiate proper process registration with the FDA.

<u>Co-Packing Cost Proposal</u> – Pemberton's will develop a cost proposal for the product based on the small batch recipe and package size. The quantities produced and materials purchased will be determined by the individual needs of each customer. Pemberton's will scale each recipe to 100-gallon hot-fill batches & 150-gallon cold-fill batches, as well as source all ingredients and materials – and provide a complete estimate including ingredients/materials and manufacturing labor. Pemberton's will also make recipe recommendations in the event selected ingredients need to be substituted to reduce the ingredient cost. If a test batch is required, a cost estimate will be provided. Pemberton's Gourmet Foods will be responsible for retaining, updating and securing the confidential large batch recipe.

<u>Payment</u> – Once cost proposal is approved and the production run is scheduled, Pemberton's will require 50% of the production cost upfront (within 2 weeks of production) and 50% upon completion. For all future production, payment for production will be due upon completion. All pricing will be reviewed annually by Pemberton's for any adjustment.

<u>Additional Resources</u> – if necessary, Pemberton's will provide resources for the following at a cost:

- UPC's
- Label design
- Label printing
- Glass/packaging procurement
- Lab testing/analysis