

# Restaurant365

## Scope of Work Payment Processing

This Scope of Work for Payment Processing ("**Scope of Work**" or "**SOW**") is part of the Master Subscription Agreement ("**Agreement**") in effect between R365, Inc., a Delaware corporation ("**R365**"), and the entity executing this SOW ("**Customer**"), and is effective as of the date accepted by R365. Capitalized terms not otherwise defined in this SOW have the meaning given to them in the Agreement.

R365 offers payment processing services as part of the Services and System to enable Customer to timely pay its vendors in the United States ("**Vendors**") by check, ACH or virtual card ("**Payments**") based on instructions created with this Service ("**Payment Instructions**"). Payments are processed through a US financial institution ("**Banking Partner**") and an integrated payables solution in conjunction with our payment processor ("**Processing Partner**") all as further described in this SOW.

### 1. Services.

a. Authorization. R365 grants to Customer a nontransferable, revocable license to access and use the "**Payment Services**" for which Customer has subscribed, all as provided in this SOW. The Payment Services can only be accessed and used through the payments portal ("**Portal**") that is part of the System, and may only be used for Customer's internal business purposes. R365 represents and warrants that R365 is authorized to offer and provide the Services to Customer as described in this SOW.

b. Compliance. Customer acknowledges and agrees that R365, the Banking Partner and Processing Partner will apply know your customer (KYC) and anti-money laundering (AML) compliance and beneficial ownership reporting programs to Customer, Vendors and certain Payments ("**Compliance Matters**"). Customer authorizes R365 and its Banking Partner and Processing Partner, directly or through third parties, at any time, to obtain information regarding and validate the identity of Customer, any Vendor and any information provided by Customer, and other Compliance Matters as they may respectively require. R365 may reject or deny any Vendor or Payment Instruction if at any time R365 is not satisfied with the Compliance Matters relating to that Vendor or Payment.

c. Applicable Law. The Service is subject to all applicable laws and the Nacha Operating Rules (Operating Rules), regulations of the Federal Reserve System, Card Association Rules and other rules of the systems and payment association through which Payments are made (collectively the "**Network Rules**" and with applicable federal, state and local laws, "**Applicable Law**"). Customer agrees to (i) comply with Applicable Law in the use of the Service, (ii) not send any Payment Instruction or other transaction in violation of Applicable Law, and (iii) be bound by and comply with the Network Rules.

d. Excluded Payments. Payments may only be made in US Dollars to Vendors in the United States to accounts maintained at a US financial institution, and only for legitimate, legal business purposes (and not for any personal, family or household purposes). Tax and employment payments, and payments to

prohibited businesses identified by R365 are not permitted with this Service. Customer agrees not to provide R365 with any access to “protected health information”.

e. Support. The System offers guidance and information on the use of this Service through the Portal (“**User Guide**”). Customer support is available as provided in the Agreement.

## **2. Payment Information.**

a. Vendor Data. As part of the implementation of the Service, Customer will provide important information regarding the Vendors designated by Customer including vendor name and other identification data, and Vendor bank account information (collectively, “**Vendor Data**”). Customer represents and warrants that Customer is authorized to share the Vendor Data with R365 and to make Payments to the Vendor account specified in the Vendor Data. Vendor Data provided by Customer is “Customer Data” for purposes of the Agreement, subject to the rights of Processing Partner in its own data related to Vendors.

b. Validation. As part of the Service, R365 and its Processing Partner may apply processes to validate the Vendor Data. Customer authorizes R365 to validate the Vendor Data including through direct contact with the Vendor.

c. Customer Account. Customer must designate an account at a United States financial institution for use with the Service to fund Payments including current routing and account information (“**Customer Account**”). Customer represents and warrants that Customer is the owner of Customer Account and has the unrestricted right to authorize R365 to access the Customer Account as provided in this SOW. Customer agrees not to initiate any reversals or adjustments to the Customer Account for debits initiated through this Service without prior written consent of R365.

d. Vendor Enablement. Customer authorizes R365 and its Processing Partner to contact each Vendor to enable them to accept Payments in connection with the Payment Services including card Payments.

e. Vendor Payment Methods. Payments to Vendors may be made by ACH, check or virtual card as designated by the Vendor with the Processing Partner or if not so designated, by check.

## **3. Payment Instructions.**

a. Creation. Customer can create Payment Instructions by providing payment information for a Vendor including the amount of the Payment (“**Payment Amount**”) through submission of an invoice or manually through the Portal (“**Payment Information**”).

b. Authorization. The submission of Payment Information results in a Payment Instruction to R365 authorizing R365 (i) to initiate a Debit Entry to the Customer Account in the aggregate Payment Amounts specified in the Payment Instruction, and (ii):

- For ACH Payments, process the Payment Instruction through the Processing Partner to make the Payment to the Vendor by ACH Credit to the Vendor account;

- For Payments by Card, to make payment to Vendor by a virtual card on Customer's behalf; and
- For Payment by Check, to create a check drawn on the Settlement Account for payment to the Vendor and mail it to the Vendor's address by US Mail.

Customer authorizes R365 to initiate a credit entry to the Customer Account for any returns or adjustments due to Customer.

c. Security Procedures. Access to the Portal and the creation of Payment Instructions is subject to the **"Security Procedures"** agreed upon with the Customer. The Security Procedures are designed to authenticate access and authorization of the Payment Instructions and not to detect errors in the Payment Instructions. All use of the Service and authorization of a Payment Instruction through the Security Procedures is considered authorized by Customer.

d. Internal Controls. Customer agrees to (i) establish and maintain effective processes, procedures and controls to prevent unauthorized Payment Instructions through the Service, and (ii) implement commercially reasonable steps to maintain the security of Customer's systems and facilities, and the confidentiality of the Security Procedures in order to prevent unauthorized transactions. Customer must notify R365 immediately if any Security Procedure has been obtained or used by an unauthorized person or the security of Customer's systems has compromised in a manner that may affect the Payment Services.

#### **4. Processing Payment Instructions.**

a. Requirements. A Payment Instruction may be rejected or not processed if: (i) the Customer Account is not fully funded with the aggregate Payment Amounts for the corresponding Payment Instruction; (ii) processing the Payment Instruction would violate Applicable Law or create a security risk; or, (iii) it does not comply with any other requirement of the Payment Service. The Service will provide an acknowledgment message for Payment Instructions that are accepted for execution. If a Payment Instruction is rejected, the rejection will be communicated to Customer through the Portal or by email.

b. Settlement Account. R365 has established an account at the Banking Partner through which Payments will be cleared to the Processing Partner for delivery of the Payments to the Vendors specified in the Payment Instruction (**"Settlement Account"**).

c. Payment. Payments are prefunded by Customer through the Customer Account. Customer agrees to provide the collected funds in the Customer Account in an amount no less than the aggregate Payment Amounts in the Payment Instruction as of the date Payment Instructions are submitted through the Service.

d. Processing. Based on the corresponding Payment Instructions and subject to funding, R365 will create a file to execute the Payment Instruction through the Payment Processor.

e. Processing Timeline. The processing deadlines and Payment timing for the various forms of Payment are set forth in the User Guide. Payment Instructions must be authorized in time for processing and delivery by the due date in order for Payments to be timely made. Customer is responsible for timely entry of Payment Instruction in order to make a Payment by a Payment due date.

f. **Cancellation and Amendment.** Customer has no right to cancel withdraw or amend any Payment Instruction after it has been submitted and accepted for processing through the Service. R365 will, however use reasonable efforts to act on a request by Customer for cancellation of a Payment Instruction if it is received and authorized prior to the time R365 has transmitted the original Payment Instruction to the Processing Partner, but R365 shall have no liability if cancellation is not made. Stop payment on check Payments may be made as provided in the User Guide.

g. **Errors.** Customer agrees to promptly review bank statements and other information available to Customer regarding the Customer Account and reports of Payment activity available through the Services. If Customer believes that a Payment has been made in by R365 in error, Customer must report the error as soon as possible but not later than two days after the Payment was debited from the Customer Account. If R365 fails to correctly process a Payment based on the Payment Instruction, the sole obligation of R365 is to make the correct Payment as provided in this SOW. R365 is not responsible for any dispute Customer may with any Vendor.

h. **Reports.** Payment activity will be reflected in reports available to through the Service.

i. **Third Parties.** Customer acknowledges some aspects of the Payment Services may be provided or performed by a third-party agent or subcontractor including the Banking Partner and Processing Partner ("**Third Parties**"). Each such Third Party is a third-party beneficiary of this SOW and the Agreement, and as such is entitled to the limitations and rights, including the limitations on liability and indemnification provided in the Agreement. R365 acknowledges responsibility for the Third Parties' compliance with the requirements of this SOW and the Agreement in the scope of their services to R365.

j. **Data Sharing.** Customer authorizes R365 to provide and make available to the Third Parties Vendor Data and information with respect to Payment activity through the Services for purposes of providing the Payment Service to Customer.

**5. Pricing.** Customer agrees to pay the fees and other charges specified in the Order Form. Customer authorizes R365 to debit the Customer Account for fees when due. For Payments made by Card, R365 and Customer may earn a rebate.

**6. Term.**

(a) **Term.** The term of this SOW is set forth in the applicable Order Form and the Agreement.

(b) **Termination Rights.** R365 may immediately terminate this SOW or terminate or suspend the Payment Services if any one or more of the following events occurs: (i) Customer fails to fund the Customer Account as required by this SOW or make any payment to R365 when due under this SOW; (ii) Customer fails to observe or perform any other material covenant, obligation or other term of this SOW or the Agreement and fails to cure such breach when requested by R365; or (iii) any of the events described in Section 5 of the Agreement occur.

**7. Master Agreement.** This SOW is subject to and governed by the Agreement. In the event of a conflict between this SOW and the Agreement, the terms of this SOW shall control.