

Organic Trader™ Canada

Organic Formulations Canada-USA Ltd. dba Organic Trader Canada ('OTC')
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www.organictradercanada.com

CONTRACT MANUFACTURING TERMS AND CONDITIONS

Definitions:

Contracting Party: is the person reading this agreement, seeking information or products from Organic Trader™, affiliates of OTC or Joseph Borkovic.

Earth: the one and only place we live – requiring respect and more sustainable participation through good, common sense from people and smart businesses.

1. Confidentiality, Non-Disclosure and Non-Circumvention

It is explicitly agreed that the provided samples are exclusively only/always for the Contracting Party, for tactile product sampling purposes. The Contracting Party agrees to NEVER present or share OTC trade secrets, proprietary information, formulations or products or samples, at any time, to another business, person, business, chemist or manufacturer, without express written consent from Organic Trader™ Canada or Joseph Borkovic. The Contracting Party further agrees to strictly hold all confidential, company or proprietary information and trade secrets ("confidential information") in trust and secret confidence, for the minimum period of 7 years after the end of contracted business dealings.

It is also explicitly agreed that the Contracting Party will never: directly or indirectly contact any OTC raw material/logistics suppliers; past staff, or current staff in any capacity outside the scope of current & relevant OTC business matters; without express written consent from Organic Trader Canada or Joseph Borkovic.

The Contracting Party agrees not to copy or duplicate or modify the formulations. It is understood that to do so is a violation of these terms and will constitute actionable damages against the proprietary and intellectual property and years of research and development of Organic Trader™ proprietary eco-blends. All provisions of Confidentiality, Non-Disclosure and Non-circumvention are in effect from the first time the client is in contact with any Organic Trader™ information or representative.

1a. If the Contracting Party requires reciprocal confidentiality for the protection and written acknowledgment by OTC for any of the Contracting Party's own proprietary and confidential business information, then please request OTC's Reciprocal Confidentiality, in order that OTC may acknowledge your proprietary information.

2. Quotations Include

Please note all prices indicated in our master spreadsheet as quotations include raw

materials and manufacturing pricing only, unless otherwise indicated in writing. Prices do NOT include packaging, and logistics – for these breakdowns please refer to tab 3, the 'Eco-packaging Options' within our master Private Label Contract Pricing spreadsheet.

3. Quotation Time Limit

Due to variance of organic ingredient raw materials markets and seasonal supply, all quotations, once submitted, will remain in force for 45 days. All prices are based on the supply of our existing formulations. Customers are to supply their own essential oils or essential oil aroma blends if they wish to have their own unique aroma, unless contracted separately, or additionally with OTC.

4. Organic Product Variations

Due to the natural/organic raw material ingredients used to manufacture our products, variations in aroma, color, texture and viscosity might occur from batch to batch, and therefore exact consistency cannot be guaranteed. Organic Trader™ will not accept any liability for stability issues that might arise from customer supply stock between packaging components and contents. It is the responsibility of the buyer to satisfy himself/herself that the goods are of the description, quality and character suitable for the purpose for which they are to be used. Organic Trader™ shall not be liable for any loss or damage whatsoever arising as a result of the buyer failing to first satisfy herself/himself of the compatibility of new packaging.

5. Product or Damage Claims

Any claims for damages in/during shipping are to be made to the shipping company directly within 24 hours. Claims for shortages or defects are to be made in writing within 7 days of receiving the goods. If products are supplied in bulk, Organic Trader™ will not accept any responsibility for stability issues due to possible risk of contamination and/or oxidation when passing through custom of any port and/or country and/or being filled in other premises. It is recommended to have all your manufacturing, logistics and assembly contracted by OTC.

6. Inquiries Taken in Order

Please note: We will address all contract manufacturing enquiries in turn, according to the date of receipt. We will - at no charge - initially respond in writing to each customer enquiry and when requested OTC will request business information from the Contracting Party, prior to OTC supplying business materials or any price quotations. In the event of a dispute OTC reserves the unilateral right to clarify or re-interpret any terms of this contract manufacturing terms and conditions, as per its original intent.

7. Consultation Deposit

A holding deposit of \$2,500-\$5000 is required as a consultation fee for a Contracting Party that is seeking new contract/custom formulations that require lab time for custom formulations. The amount of this fee is determined by information given by the Contracting Party concerning custom work, the number of proposed products contracted, difficulty according to each formulation. Notice: At no time will this deposit become refundable, it is understood that any credit against a deposit balance

is only redeemable against the Contracting Party's first order and invoice.

This fee is held to cover all costs associated with OTC expertise and preparation time required for; the pre-formulation stage, structuring of Contracting Party's information, formulation plan, raw ingredient sourcing for master samples, formulation percentages, to track and produce accurate ingredient lists for each product and the discussions, preparation and supply of an accurate pre-production quotation and schedule – once all the product criterium is established. INCI ingredient descriptions are the responsibility of the Contracting Party, and may be additionally contracted with OTC.

In the event there is any net balance left remaining from the deposit, less billable consultation hours and lab costs, it is redeemable from the final (2nd) payment of the first goods order, upon final invoice.

It should be noted that: micro-Private Label™ orders will have no set up fee or holding deposit, though, are paid for in advance upon order.

7a. Schedule of Services with Fees Provided by OTC, include:

\$275 per hour

- Lab time for samples/master formulations
- Consultation on eco branding, green marketing and sustainability
- Consultation on green manufacturing processes and eco packaging
- Consultation on distribution, demographics and marketing strategies
- Consultation on international certifications, USDA NOP certification
- Consultation on regulatory affairs; label/wording requirements
- Consultation on FTC regulations, FDA, USDA, Health Canada

\$850 per product

- USDA NOP certification application, plus 8-16 weeks

\$75 per hour

- Translation services, in French, Italian, Spanish, German, Arabic, and others...
- Office administrative time specific to required tasks for the Contracting Party
- INCI label translations

ICI Dictionary means the *International Cosmetic Ingredient Dictionary and Handbook*, 10th Edition (2004), published in Washington, D.C., U.S.A., by The Cosmetic, Toiletry, and Fragrance Association Inc., as amended from time to time.

INCI name means the International Nomenclature Cosmetic Ingredient (INCI) name assigned to an ingredient in the ICI Dictionary.

- Graphics and label artwork

Public Speaking, Teleseminar or Training Fees for Joseph or OTC team members.

- on a contract basis

Any additional fees, services are periodically updated, indicated by public notice in OTC 'Legals' (link at bottom) of main page at; www.organicformulations.ca. It is the Contracting Party's obligation to be aware of all current OTC business terms.

8. Payments

A 50% Deposit is required on the placement of your order and the remaining 50%

(less your consultation deposit) is to be paid in full on completion of the manufacture of goods ordered and/or receipt of your packing sheet. All goods will be released for dispatch once final payment is received in full. Goods not picked up within 7 days, will incur a weekly penalty not to exceed 5% of the outstanding invoice, after 30 days all abandoned products will be removed or discarded from the warehouse. There is absolutely no refund on an abandoned product.

9. Packaging

Unless using our *stock bottles customers are required to supply all packaging components (bottles, jars, caps, pumps etc.) and a list outlining each component applicable to each product ordered, coordinated by product name & stock number. All components are to be **clearly classified with a code number so as to match the other components in order to have the correct final product produced with the correct ingredients list. Extra logistics work for special packaging requests will be quoted and invoiced by the bottle.

* For stock bottle options please refer to tab 3, the 'Eco-packaging Options' within our master Private Label Contract Pricing spreadsheet

** Example: component A001 (green 250ml bottle) to match with component B002 (white pump) for product ingredient code/order number ESSL101.16

Please note: All packaging is required to be pre-labeled and clearly identified by the pallet or box (if pallet is mixed) unless specifically outlined and agreed to in the pre-production quotation.

10. Packing

For export specific shipping containers & packaging request, customer to supply their own customized pallets and cartons, compliant with destination legal requirements. Organic Trader™ can arrange pallets and packing at a charge of \$35 per wooden pallet and \$1.85 per carton. Non-wood pallet costs must be checked at the time required.

11. All Prices Quoted are Ex-Works/FOB (freight on board – our dock)

Freight agency and customs brokerage is organized by customer. OTC will provide a commercial invoice, Certificate of Origin and Bill of Lading, where applicable.

10. Lead Time

- Bulk orders are generally 4-8 weeks for preparations.
- Master lab samples for new formulations generally take 4-8 weeks.
- Contract or custom production is generally 8-16 weeks from deposit. Earlier is possible, only with prior written agreement and production scheduling. Repeat orders and product forecasts are to be agreed to between the Contracting Party and Organic Trader™ to ensure proper and timely logistics.

* Please note: Production times are affected by specialty/organic/seasonal raw materials ingredients and packaging lead times, requiring all components to be available *prior* to scheduling production.

11. Numbers

"Batch numbers" are not included in the quotations. Batch sticker stamping can be arranged at a small cost per bottle, or included in your label printing per production.

12. **Bulk**

Organic Trader™ reserves the right not to offer any product or raw material in bulk unless otherwise discussed and agreed depending on special circumstances. Any bulk that is resold and then re-mixed, re-scented or otherwise altered, will be done so with the explicit understanding that exposing the product in this way, will reduce its shelf life, therefore becoming the responsibility of the "Re-mixing" party.

13. **Certified Organic Product Claims**

It is the responsibility of the Contracting Party to make honest and accurate product and consumer claims, or alternatively not to misrepresent any organic ingredient or product certification(s), at any time.

13a. **Use and Display of EcoStar Green™ Logo**

The use and display of the EcoStar Green™ sustainable certification logo, can only be done by parties with the express written permission of OTC.

14. **Certifications**

There will be a charge of \$850 per product, for USDA NOP, or similar paperwork in order to apply for USDA organic certification. Certification is generally a 8-16 week process. For any other type of certifications, or certification marks please inquire, however, it should be noted that the use of certifications/marks does require that the Contracting Party has formally obtained permission and certification status to do so.

15. **Master Samples**

Master samples are only available by contracting with OTC through these Terms and Conditions, and one set, with one adjustment per product, is included in the price quoted as the Consultation Deposit. A sample will typically be 2-6 ounces – if you require more for product testing / market research you will be asked to make the applicable minimum order.

* Please note: The quality of natural/organic ingredients vary from season to season & from location to location depending where they are sourced. This may cause some inconsistency during the production. Therefore, samples supplied from small batches can vary from actual production batches and from production to production batches made at different times throughout the year. OTC brand/stock formulation samples are sold in full sizes, and at our established store wholesale pricing plus shipping.

16. **Storage & Freight**

OTC does not generally hold customer labels, bottles or any other stock in storage after jobs are completed, without storage arrangements. Customer will have to arrange storage of their packing goods after the job is complete, and also arrange to pick up goods from our warehouse. A handling and storage fee will apply for all uncollected goods, as outlined herein. Pallet storage is \$75 per pallet per month.

17. **Labels**

Organic Trader™ takes no responsibility of the labels on hold, if they are left in its manufacturing premises after orders have been completed and collected. OTC contacts and/or other details pertaining to the company shall not appear on any of the products manufactured for private label. Contracting Party will need to seek out its own product liability insurance.

Organic Trader™ Canada reserves the right to supply goods within a tolerance of 5% to 10% over/under the quantity ordered.

Please initial page 1, 2, 3, 4 & 5, signatures are required on page 6, as applicable by two main principles. Remember to include: printed name, and all business information as requested, date, contact information, business license & passport copy with photo of principles then fax to (250) 929.0026

It is the Contracting Party's responsibility to follow up after faxing, to ensure that the fax transmission did successfully get through to OTC.

I have read, understand and fully agree to all the provisions within these Contract Manufacturing Terms & Conditions on all 5 pages, including executing this 6th page.

#1 - Contracting Party Name, print here: _____
(Indicate by circling) - Director / Proprietor / Owner / Other _____

<sign here> _____ Date: _____

Company Name: _____
Federal or Provincial Business Number: _____

City: Province/State: _____

Company Phone #: _____ Fax #: _____

Copy of Business Registration/License attached: Yes
Copy of Individual Signatory's Passport with photo: Yes

#2 - Contracting Party Name, print here: _____
(Indicate by circling) - Director / Proprietor / Owner / Other _____

<sign here> _____ Date: _____

Company Name: _____

Company Phone #: _____ Fax #: _____

Copy of Individual Signatory's Passport with photo: Yes

Accepted by: _____ Director

phone #: (250) 929.1929

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dba Organic Trader Canada