



## Private Label Contract

\_\_\_\_\_, here in after referred to as ("Customer(s)"), has agreed to enter into this contract with Aroma Alternatives® Ltd. Co., here in after referred to as ("Manufacturer(s)", this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, to produce product for said "Customer(s)" under a Private Label Agreement.

This agreement sets forth the terms and conditions applicable to said "Customer(s)" who has entered into contract with said "Manufacturer(s)" for said "Manufacturer(s)" to produce their product.

1. This Private Label agreement allows said "Customer(s)" to purchase products in bulk sizes and dispense the product into the package themselves, or to have said "Manufacturer(s)" dispense the product into the package for said "Customer(s)" and placing said "Customer(s)" label on the package.

- a. Said "Manufacturer(s)" will assist in determining what information may go onto labels, but label requirements should be based on FDA's label requirements title 21 subchapter G part 701 of FDA's documentation.
- b. Said "Manufacturer(s)" is happy to review and offer opinions on label information.
- c. Labels and their content are said "Customer(s)" responsibility and said "Manufacturer(s)" has no legal responsibility for what information said "Customer(s)" puts onto their label.
- d. Said "Customer(s)" does not have the right to alter any product produced by said "Manufacturer(s)" for any reason.

2. If said "Customer(s)" wishes to alter a said "Manufacturer(s)" stock formula or desires said "Manufacturer(s)" to create a new formula or alter said "Manufacturer(s)" stock essential oil blend or create a new essential oil blend there will be a retainer fee charged by said "Manufacturer(s)" to said "Customer(s)" in the amount of \$3,000.

- a. Said "Customer(s)" agrees to pay a \$3,000 retainer fee. This is a onetime fee at start up. The retainer fee is used for research and development according to said "Customer(s)" specific needs in the research, the development and the formulation of new products or formulas and/or to alter existing products or formulas and such research and development fees will be billed against said retainer fee.
- b. Said "Customer(s)" agrees to pay the retainer fee before any research and development begins on any product.
- c. Time billed against the retainer fee will be billed at \$195 per hour.
- d. If research is required to locate and find new packaging per requirements set forth by said "Customer(s)", said "Customer(s)" agrees to pay for locating such packaging at the standard rate of \$195.00 per hour.
- e. Any funds not used for research and development will be applied to the said "Customer(s)" first order. Except in such cases where the research and development will be continuous and said "Customer(s)" or said "Manufacturer(s)" may choose to keep any remaining funds on retainer to cover future research and development.



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f. If said "Customer(s)" wishes to terminate said agreement before their first order said "Customer(s)" is required to remit, by mail or fax, a termination notice to said "Manufacturer(s)" before any production has begun.

g. If said "Customer(s)" wishes to terminate said agreement before their first order, said "Customer(s)" agrees to pay said "Manufacturer(s)" for all research and development that has accrued, up to and including the date the said "Customer(s)" notifies said "Manufacturer(s)" that they wish to terminate this agreement. Any funds remaining from the retainer will then be refunded to said "Customer(s)". If the research and development fees exceed the retainer fee then said "Customer(s)" will be liable for such charges and agrees to pay said "Manufacturer(s)" the unpaid balance.

h. Upon termination and if said "Customer(s)" owes said "Manufacturer(s)", said "Customer(s)" agrees to pay the unpaid balance within 10 business days of said "Manufacturer(s)" receiving the termination notice. Failure to do so will result in a late charge assessment to said "Customer(s)" account which the "Customer(s)" will pay. If said "Manufacturer(s)" has a credit card on file for said "Customer(s)", then said "Manufacturer(s)" will bill the credit card automatically.

i. If the retainer fee balance falls below \$500 and said "Manufacturer(s)" has reason to believe that research and development will exceed \$500 to finish research and development set forth by said "Customer(s)", said "Customer(s)" agrees to deposit another \$800 into the retainer fee balance prior to further research and development.

3. Upon completion of research and development said "Customer(s)" agrees to purchase an initial order of \$5,000.

a. Said "Customer(s)" agrees to purchase a minimum of \$5,000 of product on their first order.

b. All orders must be paid in full prior to production, no production will begin before said "Manufacturer(s)" receives payment in full. Said "Manufacturer(s)" will not be responsible if product is late to said "Customer(s)" if payment is late which prevents said "Manufacturer(s)" from starting production.

c. Said "Customer(s)" agrees that production time will be at least 10 business days, not to include holidays in which said "Manufacturer(s)" may be closed. Said "Customer(s)" agrees that production time will be based on the size of the order and may take longer than 10 business days. Said "Customer(s)" agrees to order in advance so said "Customer(s)" does not run out of product. Said "Manufacturer(s)" will not be responsible for said "Customer(s)" missing any event or running out of product.

d. Said "Customer(s)" further agrees to pay said "Manufacturer(s)" a rush processing fee to be determined at the time of the order, to cover the additional expense of producing an order for said "Customer(s)" in less time than is allowed in paragraph 3.c above.

d1. The rush processing fee charged to said "Customer(s)" will be based on the cost of labor for the additional staff required to produce the order for said "Customer(s)" in the time frame required by said "Customer(s)".



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4. If a formula is altered and/or a new formula is created for said "Customer(s)" under this agreement then both parties agree that this new formula will be exclusive to said "Customer(s)" and paragraph 7 in its entirety will pertain to all parts of this new and/or altered formula.

a. Said "Manufacturer(s)" will not use any formulas altered or created under this agreement for any other "Customer(s)" for any reason that pertain(s) to this clause.

b. Said "Customer(s)" agrees that they will be given exclusive use of the new formula for so long as they maintain a minimum of \$10,000 in annual sales with said "Manufacturer(s)", and for so long as said "Customer(s)" continues to meet all of the terms under this agreement. If at any point said "Customer(s)" fails to meet any and/or all terms under this agreement, said "Customer(s)" agrees that they will lose exclusive use of all formulas created and/or altered under this agreement.

c. If annual sales by said "Customer(s)" should fall below the agreed upon \$10,000, said "Customer(s)" agrees that they will not have exclusive use of any formula altered or created under this contract. Said "Manufacturer(s)" has full and exclusive rights to said formula(s) and may do what so ever they wish with the formula(s) up to and including giving exclusive use to another "Customer(s)".

d. If said "Customer(s)" loses exclusive use of one or more formula(s) created or altered under this agreement, said "Customer(s)" has the right to purchase any or all formulas that where created or altered under this contract.

d1. Said "Customer(s)" agrees to purchase any or all formula(s) altered or created under the terms of this agreement within 30 days of losing exclusive use.

d2. Said "Customer(s)" agrees to "Right of Ownership" clause where said "Manufacturer(s)" will own all formula(s) unless said "Customer(s)" purchases them with the 30 days agreed upon under the terms of this agreement.

d3. Said "Manufacturer(s)" will give one notice to said "Customer(s)" after the year when said "Customer(s)" falls beneath the annual sales agreed upon under the terms of this contract. Said "Manufacturer(s)" is not responsible for lost e-mails or letters, preventing said "Customer(s)" from receiving such notice. Said "Customer(s)" agrees that it is their responsibility to keep track of their annual sales to make sure they stay within the agreed upon terms of this agreement.

d4. Said "Manufacturer(s)" is not responsible for reminding said "Customer(s)" before the year is up to let said "Customer(s)" know they are below the annual sales required under the exclusive use terms of this agreement, this responsibility is the sole responsibility of said "Customer(s)".

d5. All formulas created and/or altered under this agreement that are no longer in exclusive use can still be purchased by said "Customer(s)" up until such time as said "Manufacturer(s)" discontinues that formula and/or gives exclusive use to another "Customer(s)".



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5. Payment in full is required before any production will begin, said "Customer(s)" agrees to pay by credit card or by company check in advance.

a. Visa and MasterCard are accepted. Due to the low markup on private label products and said "Manufacturer(s)" desire to avoid passing any unrecoverable loss onto other "Customer(s)" said "Customer(s)" agrees to pay the credit card fees on all credit card purchases which will be determined at the time of purchase. In order to keep the cost of private label as low as possible "Manufacturer(s)" does not include any mark up to cover the cost of credit card processing.

b. Said "Manufacturer(s)" will accept pre-printed company checks, no temporary checks will be accepted.

b1. There will be a minimum 10 day processing delay for orders paid by company check

c. A \$45.00 fee will be charged to said "Customer(s)" on any charge that is not honored by their bank or credit card company.

d. Said "Customer(s)" agrees that said "Manufacturer(s)" maintains the right to re submit by electronic processing any charge that is not honored by the said "Customer(s)" financial institution. This electronic processing may result in fees being charged to said "Customer(s)" by their financial institution and any such fees will be the sole responsibility of said "Customer(s)".

e. 30 day payment terms are evaluated on a case by case basis and are determined by said "Customer(s)" order history and credit worthiness.

e1. No orders will be processed for said "Customer(s)" if their account is past due.

e2. There is a 5 day grace period after which a variable late charge will apply.

e3. Late charge is calculated at 5% of the balance owed with a minimum charge of \$35.00 and a maximum charge of \$75.00.

e4. Refunds on private label products are allowed under certain conditions, as long as said "Customer(s)" follows all of the refund terms set forth in this agreement.

6. Additions and/or subtractions from your order must be made within 24 hours of initial order by said "Customer(s)", otherwise the refund policy stated in this clause will apply to all changes to said order.

a. Said "Customer(s)" may cancel their order within 24 hours of initial order, and have no refund penalties applied to said "Customer(s)" account.

b. Orders canceled after production has begun or after 24 hours will be refundable at 50% to said "Customer(s)" on any product that is not specific to said "Customer(s)". Any product that is exclusive under this agreement is non refundable under any circumstances, due to the fact that said "Manufacturer(s)" cannot resell said product.

c. Any formula(s) created and / or altered under this agreement are not allowed to be returned due to the specific nature of the product and its usefulness solely to said "Customer(s)". Said "Manufacturer(s)" would have already



invested funds in purchasing and formulating product(s) for said "Customer(s)" and said "Manufacturer(s)" shall not incur a loss.

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d. All products must be checked within 5 business days after receiving the product and said "Customer(s)" agrees to contact said "Manufacturer(s)" within those 5 business days to report any issue said "Customer(s)" may or may not have found with products.

e. Upon approval as determined by said "Manufacturer(s)" returned products must be mailed back within 5 business days after initial contact with said "Manufacturer(s)". Said "Customer(s)" agrees that return shipping, including insurance, will be the responsibility of said "Customer(s)". Any product returned to said "Manufacturer(s)" that ends up damaged in transit will be the sole responsibility of said "Customer(s)". Said "Customer(s)" should insure all return products for their proper value so said "Customer(s)" is covered in case of breakage, spills or any other in transit issues.

7. Right of Ownership of any and all formulas created and/or altered under this agreement is exclusively owned by said "Manufacturer(s)".

a. Under this agreement all formulas created and/or altered will remain the property of said "Manufacturer(s)".

b. Said "Manufacturer(s)" agrees to allow said "Customer(s)" to apply their label on a package with their name on the label giving the appearance that said "Customer(s)" manufactured the product.

c. All formulas created and/or altered under this agreement are available for said "Customer(s)" to purchase at any time during this contract. Once this agreement has been terminated the said "Customer(s)" has 30 days to purchase any formulas under this agreement, if said "Customer(s)" fails to purchase any and/or all formulas under this agreement, ownership will remain with said "Manufacturer(s)".

d. Said "Manufacturer(s)" has no responsibility to remind said "Customer(s)" of the 30 day time limit to purchase any and /or all formula(s) under this agreement. Said "Customer(s)" agrees that it is their responsibility to take action in purchasing any and /or all formula(s) under this agreement if that is their wish.

e. Once said "Customer(s)" has notified said "Manufacturer(s)" that they wish to purchase any and/ or all formula(s) under this agreement, a rate for each formula will be negotiated at that time. Formula(s) pricing is based on the amount of research and development it took to produce said formula(s) and the quality and future potential revenue of said formula along with the market value in the current and /or future market place.

8. The right to terminate any and /or all formula(s) created under this agreement remain the right of both parties as long as all of the terms set forth in this agreement are being followed.

a. Said "Manufacturer(s)" has the right to terminate any and/ or all formula(s) under this agreement at any time which has been determined, by said "Manufacturer(s)", to be not rotating in a reasonable time frame when that product contains an ingredient that is unique and not used by any other "Customer(s)" for formulation or when that formula(s) or product(s) is deemed by said "Manufacturer(s)" to be not rotating in such a time frame as to protect the integrity of the formula(s) or product(s).



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b. Said "Customer(s)" has the right to terminate any and / or all formula(s) and / or product(s) under this agreement at any time for so long as there is no ingredient(s) used in the formula and / or product(s) being terminated that is unique to said formula(s) and / or product(s). If said "Customer(s)" wishes to terminate a formula(s) and / or product(s) that has a unique ingredient in the formula and / or product(s), then said "Manufacturer(s)" will determine how much of said unique ingredient(s) is in stock and said "Customer(s)" shall pay to the "Manufacturer(s)" the cost of the ingredient(s), before the said "Customer(s)" may terminate that formula and / or product(s).

9. Packaging is selected by said "Customer(s)", and if said "Customer(s)" wishes to use a package that is not regularly stocked by said "Manufacturer(s)" then said "Customer(s)" agrees to all conditions of clause 2.d of this agreement.

a. Said "Manufacturer(s)" offers a very large selection of stock packaging options which said "Customer(s)" will have available to choose from without incurring any research charges to use said package.

b. If said "Customer(s)" wishes to use a package outside of the regular stock packages, said "Customer(s)" gives said "Manufacturer(s)" the right to do research under clause 2.d, and said "Customer(s)" agrees to all terms set forth in clause 2.d.

c. If said "Customer(s)" wishes to use a package they plan to research themselves or to purchase themselves, it is the sole responsibility of said "Customer(s)" to notify said "Manufacturer(s)" before said "Manufacturer(s)" begins research for said package. If said "Customer(s)" fails to notify said "Manufacturer(s)" prior to said "Manufacturer(s)" having already started the research to acquire said package said "Customer(s)" agrees to pay said "Manufacturer(s)" the research for that package as outlined in clause 2.d.

d. If said "Customer(s)" wishes to use a package that they have found, said "Customer(s)" may purchase the package and arrange for delivery to said "Manufacturer(s)" at the said "Customer(s)" expense. Said "Manufacturer(s)" will not be responsible for the cost of transit to get the package to said "Manufacturer(s)".

d1. Said "Manufacturer(s)" will give said "Customer(s)" a new price quote on the formula without a package having been included in the price.

d2. Said "Customer(s)" will be responsible for getting the package to said "Manufacturer(s)" in a timely manner that will not delay production. If delivery of package to said "Manufacturer(s)" should delay production and said "Manufacturer(s)" determines that it has happened too often then said "Manufacturer(s)" has the right to terminate said formula(s) and / or product(s) or make said "Customer(s)" pick another package that is more convenient for both parties.

d3. If said "Customer(s)" delivers their own package, it is said "Customer(s)"'s responsibility to make sure said package is in a clean and label free condition. If said "Manufacturer(s)" determines package is dirty and / or has to remove labels said "Customer(s)" agrees to pay a fee of \$65 per hour to remove and / or clean all packaging. The hourly rate of \$65 can change at any time, with or without notice to said "Customer(s)" and said "Customer(s)" agrees to pay the new rate.



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d4. If said "Customer(s)" does not wish to pay for cleaning and /or removing labels on packaging said "Customer(s)" agrees that they will be responsible for any / and all expense(s) for getting the packaging back to said "Customer(s)" and said "Manufacturer(s)" will not be responsible for delays in production. If the order has been in place for more than 24 hours then said "Customer(s)" is bound by / and subject to the terms of the agreement and more specifically affected by the terms of refund in clause 6.

e. If the package chosen by said "Customer(s)" is not an industry standard. Said "Manufacturer(s)" has the right to impose a minimum purchase quantity for any and / or all formula(s) and / or product(s) being dispensed into said package in order to meet the demands to obtain said package.

10. To be eligible for private label said "Customer(s)" must be a company in good standing with all regulatory agencies. This is put into place to protect all "Customer(s)" of said "Manufacturer(s)". In order to protect the ability of its "Customer(s)" to be competitive in the open market said "Manufacturer(s)" will not sell to the public at wholesale pricing.

a. Corporations and / or Limited Liability Companies must provide said "Manufacturer(s)" with a current tax identification number.

b. Retailers must provide said "Manufacturer(s)" with a current re-sellers permit.

c. Practitioners must provide said "Manufacturer(s)" with a copy of a current DBA (said "Customer(s)" will still need a re-sellers permit if said "Customer(s)" is re-selling a finished product to the public)

11. All agreements entered into by staff members must be witnessed by an officer of said "Customer(s)" unless their capacity grants them the authority to enter the said "Customer(s)" into a binding agreement.

a. If the staff member does not have the authority to enter into an agreement for said "Customer(s)" and research and development has begun and /or an order has been placed, this does not in any way release said "Customer(s)" from neither the refund policy nor the research and development payment policy.

b. Said "Customer(s)" will still be responsible for the work done by said "Manufacturer(s)" up to and including the day which said "Customer(s)" notifies said "Manufacturer(s)" that said "Customer(s)" staff member did not have the right to enter into a contract with said "Manufacturer(s)".

c. This contract will supersede any and all previous agreements between said "Manufacturer(s)" and said "Customer(s)".

*Aroma Alternatives*®

Ltd. Co.

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Company \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Phone \_\_\_\_\_ Email \_\_\_\_\_

Printed Name \_\_\_\_\_ Signature \_\_\_\_\_

Re-Sellers Permit # \_\_\_\_\_

Tax ID # \_\_\_\_\_

DBA Info \_\_\_\_\_

Fax completed contract along with any applicable copies of supporting documentation to: (512) 535-7362

PLEASE MAIL ORIGINAL DOCUMENTS WITH ORIGINAL SIGNATURE AND INITIALS ON EVERY PAGE TO:

Aroma Alternatives Ltd. Co.  
5103-A Commercial Park Dr.  
Austin, Tx 78724