

ANALYTICAL FOOD LABORATORIES, INC.

STANDARD TERMS & CONDITIONS

1. Analytical Food Laboratories, Inc. ("AFL") shall provide to you, the "CLIENT", laboratory analytical services (data collection, analysis, interpretation and reference laboratory services), as requested from time to time by CLIENT. Said services are subject to the terms and conditions stated herein, plus any other Client Service Agreement entered into between the parties. In the event of any conflict with any other Agreement, the terms set forth under the "Standard Terms & Conditions" shall control.

2. Client's Responsibilities: CLIENT, or its authorized representatives, shall:

- (a) Designate in writing a person or firm to act as CLIENT's representative with respect to AFL's services to be performed under this Agreement. Such person or firm shall have complete authority to transmit instructions, order services, receive information and data, process and approve invoices, and approve payments to AFL at CLIENT's expense.
- (b) Designate in writing those representatives of CLIENT who are authorized to receive copies of AFL's written reports, verbal reports or results, and electronic data on the reports.
- (c) Allow AFL's employees, agents, and representatives access to CLIENT's facilities, as deemed necessary by AFL, to perform its services hereunder. In the event AFL uses CLIENT's facilities, CLIENT shall provide a safe work place and safe working conditions for AFL's employees, agents, and representatives. Any hazardous or toxic materials to which AFL's agents or employees may be exposed during the performance of this Agreement shall be properly stored and labeled.
- (d) CLIENT hereby represents and warrants that it has full right and title in and to the samples provided to AFL hereunder and has the full authority to enter into this Agreement.

3. Services: AFL shall:

- (a) Perform services in a professional manner, using that degree of care and skill ordinarily exercised by and consistent with the standards of the profession.
- (b) Perform all services in a substantial accordance with the basic requirements of applicable regulations.
- (c) Submit reports of all services performed. Such reports shall be complete and factual, based upon information provided by CLIENT.

4. Use of Reports: CLIENT acknowledges that any report furnished by AFL is furnished solely for the benefit of CLIENT. The report may be reproduced only in its entirety and disclosed only to individuals or entities having a need to know the contents of the report.

AFL shall consider all reports to be the property of CLIENT, and shall distribute reports and copies, except as may be required by law, only to those persons, organizations, or agencies specifically designated in writing by CLIENT or its authorized representative, and approved by AFL. In the event AFL's counsel determines that reports or copies must be disclosed pursuant to law or regulation, AFL shall notify CLIENT.

CLIENT shall not use the report for advertising or publicity, or for any other public disclosure, without AFL's prior written consent. CLIENT will not, without prior written consent of AFL, use or publish AFL's name, trade names, trademarks or service marks, or any results or reports prepared by AFL in connection with any marketing or advertising, or in any publication concerning or relating to CLIENT or PRODUCTS, or in any manner which may cause harm to AFL's reputation and/or business.

CLIENT will not, at any time, misrepresent the substance or effect of any material fact, conclusion, or finding contained in any report or other information received from or relating to AFL or its work on behalf of CLIENT.

The report format used by AFL is proprietary to AFL, and shall remain AFL's sole and exclusive property. Additionally, work products, discoveries, improvements, trade secrets, know-how, formulas, processes, techniques, algorithms, information, ideas, software, subject codes, source codes, computer programs, and other interfaces used in providing services to CLIENT shall be the exclusive property of AFL, and all right, title, and interest in such work product vests in AFL. Work products shall not include CLIENT's pre-existing proprietary information and methodologies used by CLIENT with respect to the evaluations and services we provide on your products.

Additional charges may apply for customized reports that differ from the AFL format.

5. Quality Assurance: AFL will perform services consistent with its Laboratory Quality Assurance Standard Operating Procedures. It shall be CLIENT's exclusive responsibility to confirm that AFL's standard practices will meet CLIENT's needs prior to placing an order for work. If CLIENT desires an alternative to these standard practices, such request must be made in writing, and agreed to in writing by AFL, prior to sample acceptance.

6. Payment: CLIENT shall pay AFL for its services and expenses, in accordance with the payment terms set forth on invoices sent to CLIENT. Any balances remaining unpaid at the due date may be subject to a late charge fee of \$25.00. After thirty (30) days delinquency, AFL shall also be entitled to statutory interest as allowed by law. If legal action or collection proceedings are necessary for the enforcement of payment, AFL shall be entitled to recover any collection fees and expenses incurred prior to any litigation, and all reasonable attorney's fees and other costs and expenses incurred in any legal action.

All fees shall be billed directly to CLIENT, except where prior approval has been given by AFL to bill third party vendors directly. AFL will not bill a third party without a statement, signed by the party to be bound, which must acknowledge and accept payment responsibility.

Payment in advance is required for all new clients, except those whose credit has been established with our company. For clients with AFL approved credit, our standard terms are net ten (10) days. After thirty (30) days if no payment is received, a \$25.00 late charge fee and applicable statutory interest shall be added to all unpaid balances, for each month in which payment is not received on a timely basis. Any deviation in payment terms must be agreed to in writing. AFL has the right to ask for payment in advance, if the


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established payment terms are not adhered to by CLIENT. AFL reserves the right to cease all work, if CLIENT does not pay its invoice(s) timely. If CLIENT defaults in payment for services rendered, CLIENT is responsible for reasonable collection and/or legal fees and costs.

AFL reserves the right to withhold services and/or the release of testing results or certification of analysis to CLIENT'S whose accounts are delinquent or over thirty (30) days past due.

7. **Billing.** There is a minimum billing charge of One Hundred Twenty-Five Dollars (\$125.00) for any services provided by AFL to CLIENT. All fees shall be charged or billed directly to CLIENT. The billing of a third party will not be accepted without a statement, signed by the third party, which acknowledges and accepts payment responsibility. It is necessary for us to assume that the sample submission sheet, submitted with a sample, describes the testing protocol desired. Any changes to this protocol must be submitted to AFL in writing. However, if changes are made after the originally requested testing is initiated or has been completed, CLIENT shall be responsible for paying any additional charges related to such testing. Please send or fax all requests for changes to: (972)623-0055 or e-mail afl@afltexas.com.

8. **Rush Analyses.** A surcharge is added to the normal fee (based on AFL's rush fee schedule), if rush analysis is requested; that is, if work must begin immediately upon receipt of the sample. The surcharge will depend upon the analysis to be performed. Rush analysis service is offered contingent upon availability and pre-arrangement with AFL.

9. **Delivery of Samples.** Upon timely delivery of samples, AFL will use its best efforts in meeting standard turnaround times. The risk of loss or damage to the sample during shipment remains with CLIENT. AFL will advise you of samples which are missing or received in damaged, contaminated, or improperly preserved condition. The risk of loss or damage to the sample will be assumed by AFL at the time possession of the sample is delivered to an employee of AFL.

AFL reserves the right to refuse, to accept, or to rescind acceptance of any sample, which in the judgment of AFL is likely to pose any unreasonable risk in handling and/or analysis.

CLIENT represents and warrants that any sample containing any hazardous substance, which is to be delivered to AFL will be packaged, labeled, transported, and delivered in accordance with applicable laws.

10. **Retention of Samples.** After the analytical results have been reported, samples are routinely retained in our storage facilities for fourteen (14) days, after which the samples may be destroyed. Prior arrangements must be made if samples are to be held for longer periods or returned to CLIENT. AFL may charge a monthly fee for long-term storage.

11. **Sample Containers.** AFL may provide sample containers upon request. AFL reserves the right to charge a fee for sample containers.

12. **Hazardous Materials.** Unused portions of samples found or suspected to be hazardous or to contain hazardous materials according to state or federal guidelines may be returned to CLIENT upon completion of the analytical work. The cost of returning the sample may be invoiced to CLIENT. The sample and portions thereof remain CLIENT'S property at all times.

13. **Retention of Reports.** Unless otherwise agreed in writing, AFL shall retain copies of analytical reports for a period of three (3) years, after which the reports may be destroyed.

AFL shall retain all pertinent records relating to the services performed hereunder for a period of three (3) years following submission of the report, during which period the records will be made available to CLIENT at all reasonable times, which may result in an additional report retrieval fee to the CLIENT.

14. **Indemnification.** CLIENT agrees to indemnify and hold AFL harmless from and against all liability, claims, demands, damages, costs and expenses, including but not limited to attorney's fees and reasonable hourly charges of employees of AFL, whether for personal injuries or damage to property or otherwise, arising out of services performed for CLIENT in accordance with this Agreement, or arising out of any violation by CLIENT of its obligations set forth in this Agreement. AFL agrees to notify CLIENT promptly of any such claims. Such indemnification shall not apply in any situation where the claim or demand, or alleged reliability or damages, was caused by the sole negligence of AFL or its employees during the course of performing services under this Agreement.

15. **Warranty and Limits of Liability.** AFL warrants that it will perform all services in a professional manner, using that degree of care and skill ordinarily exercised by and consistent with the standard in the industry. AFL further warrants that reports will be accurate only for the specific sample(s) provided by CLIENT to AFL for analysis and testing. AFL assumes no responsibility for variations in quality or composition of products not sampled or for conditions beyond the control of AFL.

In accepting analytical work, AFL warrants the accuracy of test results for the sample as submitted. THE FOREGOING EXPRESS WARRANTY IS EXCLUSIVE AND IS GIVEN IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED. AFL DISCLAIMS ANY OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING A WARRANTY FOR FITNESS FOR A PARTICULAR PURPOSE AND WARRANTY OF MERCHANTABILITY. IN NO EVENT SHALL AFL BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING (BUT NOT LIMITED TO) DAMAGES FOR LOSS OF PROFIT OR GOODWILL REGARDLESS OF (A) THE NEGLIGENCE (EITHER SOLE OR CONCURRENT OF AFL) AND (B) WHETHER AFL HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGES. AFL'S total liability to CLIENT in connection with the work herein covered for any and all injuries, losses, expenses, demands, claims, or damages whatsoever arising out of or in any way related to the work herein covered, from any cause or causes, shall not exceed the amount equal to the lesser of (a) damages suffered by CLIENT as a direct result thereof, or (b) the total amount paid by CLIENT to AFL for the work herein covered. AFL accepts no legal responsibility for the purposes for which you use the test results. Results contained in this report relate only to items tested and described in this report. No purchase order or other order for work shall be accepted by AFL which include any conditions that vary from the above described Standard Terms & Conditions, and AFL hereby objects to any conflicting terms contained in any acceptance or order submitted by CLIENT.

16. **Legal Proceedings.** All costs and expenses associated with compliance with any request for documents, testimony, or otherwise related to the work performed by AFL for CLIENT shall be paid by CLIENT. Such costs and expenses may include, but are not limited to, hourly rates for AFL employees or representatives who are involved in the response to the request, travel, and


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accommodations, attorney's fees, and any other costs and expenses related to or arising out of AFL's response to such request

17. Confidentiality: AFL agrees to maintain in confidence all of CLIENT's proprietary and non-public materials, data, reports, plans, records, technical, and other information, and to use such confidential information only for the purpose of performing analyses of samples and providing reports on our findings to CLIENT. AFL shall protect CLIENT's confidential information by using the same degree of care, but not less than a reasonable degree of care, to prevent the unauthorized use, dissemination or publication of the confidential information as AFL uses to protect its own confidential information of a like nature. In any instance where information is subpoenaed by and must be released to a governmental agency, or is otherwise required to be disclosed pursuant to law or regulation; CLIENT will be promptly notified. CLIENT agrees not to use the AFL name and/or data in any manner which might cause harm to AFL's reputation and/or business. This report shall not be reproduced, except in full, without the prior written approval of AFL. Under no circumstances is the name of AFL to be published – either alone or in association with that of any other party – without AFL's approval in writing.

18. Equal Opportunity/Affirmative Action Notice: AFL is an equal opportunity/affirmative action employer, and complies with all the regulations of Executive Order 11246 and the regulations promulgated thereunder. The terms of 41 CFR 60 regarding equal opportunity are hereby incorporated by reference.

19. Assignment: CLIENT may not delegate, assign, or transfer its duties or interest in the Agreement without the prior written consent of AFL. AFL may, in its sole reasonable judgment, subcontract any of the services set forth herein.

20. Termination and Survival: Upon termination or expiration of this Agreement, AFL shall be paid in full for all services performed through the termination date, and the CLIENT shall then be provided with a complete report of the results of tests and analysis conducted. In the event of termination of this Agreement for any reason, all provisions of this Agreement whose meaning requires them to survive, shall survive the expiration or termination of this Agreement.

21. Extent of Agreement: This Agreement shall be governed by the laws of the State of Texas, without regard to its principles of conflicts of laws. Any dispute arising hereunder shall be resolved amicably between the parties. However, any litigation shall be finally resolved by a court of competent jurisdiction located in Tarrant County Texas

22. Entire Agreement: This Agreement, including these terms and conditions, represents the entire agreement between CLIENT and AFL for the services set forth herein, and supersedes all prior negotiations, representations, or agreements, written or oral, related thereto. The Agreement may be amended only by written instrument signed by CLIENT and AFL. In no event shall subsequent terms and conditions on CLIENT's purchase order or other forms or correspondence have any force or effect and are hereby rejected and declared null and void and of no effect whatsoever.

In the event this Agreement is not executed by CLIENT, CLIENT shall be deemed to have accepted all of the terms hereof upon delivering samples to AFL for testing

Signed on this the ____ day of _____, 20__.


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