

Manufacturing Indemnity & Non-Disclosure Agreement

This agreement is made this ____ day of _____, year _____, between Pro Pac Labs, Inc. herein referred to as "MANUFACTURER" and, _____ herein referred to as "CUSTOMER".

RECITALS

WHEREAS, MANUFACTURER is in the business of manufacturing nutritional supplements of herbs, vitamins, minerals, etc., in the form of capsules, tablets and finished packaged bottles, etc., according to formulas and instructions supplied by CUSTOMER, and CUSTOMER is in the business of developing and marketing products.

WHEREAS, CUSTOMER is a marketer of nutritional or other food type supplements and possesses trade secrets as well as proprietary nutrition formulas design.

WHEREAS, CUSTOMER desires to hire MANUFACTURER to manufacture, mix, tablet, encapsulate, bottle, package, and label nutritional and other food supplement according to formula and other instructions supplied by CUSTOMER.

WHEREAS, CUSTOMER desires to have all trade secrets and formulas design protected and MANUFACTURE desires to be indemnified from responsibility for CUSTOMER formulation designs.

CONTRACT INITIATION: For each product that CUSTOMER hires MANUFACTURER to build, the CUSTOMER shall supply the following information:

A. Formulation:

1. Shall be provided by CUSTOMER and shall specify ingredients, etc., and amounts thereof. As pertaining to the nutritional aspect of formulation, CUSTOMER shall also supply any specific instructions and procedures that are critical to said formulation
2. MANUFACTURER will compile CUSTOMER formulation information in to Master Batch Record, which will be assigned a Master Formulation number. A customer Formulation signoff will be generated from the Master Batch record for customer to review and confirm by signing off and returning to MANUFACTURER. This review and signoff process shall be executed each time a purchase order is placed by the CUSTOMER unless other arrangements have been made.
3. Formulation changes shall be submitted to MANUFACTUER anytime there is to be a change, with change highlighted. Any change from the original formula shall be assigned a Formula revision number to reference Formulation changes. The review signoff procedure shall be executed to confirm a version change.

B. Packaging specifications:

1. Bulk – Packing size, number of units per box, barrel, etc.
2. Bottled – Bottle size, type & color, lid size, type; Tamper evident inner seal, (pressure sensitive, foil, etc.) Outer sleeves or bands. Rayon, desiccant, KD Cartons with divider or no divider, or bulk packaging, etc.

C. Assays and requested testing: (Limitations of finished product):

CUSTOMER shall provide all finished specifications / limitations in regards to testing to include but not limited to microbials, quantitative, and stability / shelf life. All testing will be quoted and billed as separate line items not included in price per bottle or per thousand capsules or tablets. Overages to achieve shelf life are to be designated by CUSTOMER.

D. Authorized Contacts:

1. Name(s) of person(s) authorized to place order(s) with MANUFACTURER.
2. Name, and telephone number of person to contact regarding formulation and packaging specifications should manufacturing difficulties arise.

E. Each time an order is placed with MANUFACTURER, and for each product, CUSTOMER will provide the following information:

Purchase Order, on CUSTOMER letterhead, containing the following:

1. Purchase Order number and date ordered.
2. Product Name / Number and current formulation revision number.
3. Unit types: (IE tablet, capsule, kg/lb, bottle, etc.)
4. Order quantity – size of batch to be built.
5. Any special instructions.
6. Shipping instructions

F. Consumer labels:

For any and all CUSTOMER products, CUSTOMER shall bear the sole responsibility for the labeling of all CUSTOMER products delivered in bulk or unlabeled bottle by MANUFACTURER to CUSTOMER. If CUSTOMER has contracted with MANUFACTURER to bottle and label CUSTOMER products CUSTOMER must provide MANUFACTURER with the labels to be used.

During the label design MANUFACTURE will provide Customer maximum label dimensions for bottle size as specified in Signoff. For all labels CUSTOMER agrees to provide space on the labels to include MANUFACTURE'S lot number and expiration date space to run horizontal on label in an open field.

NOTWITHSTANDING ANYTHING HEREIN CUSTOMER is responsible and liable for the accuracy of labels to match CUSTOMER formulation signoff and to ensure that the labels comply with all applicable food, nutritional, and drug regulations, promulgated by any governmental agency, federal, state, or local. Specifically included, but not limited to all labeling and testing requirements set forth in the Federal Food, Drug and Cosmetic Act and the applicable Code of Federal Regulations, and California's Proposition 65, Safe Drinking Water and Toxic Enforcement Act and the applicable California Code of Regulations.

G. Expiration Dating:

MANUFACTURER will apply manufacturing date or expiration date as per CUSTOMER specifications. Stability or shelf life testing to validate expiration dating shall be the responsibility of the CUSTOMER unless contracted as per, paragraph C.

H. Trade secrets/disclosure:

MANUFACTURER agrees to safeguard all information such as formulation, processes, or anything else CUSTOMER considers to be a trade secret as denoted when supplied to MANUFACTURER as confidential for CUSTOMER and only use said information for production of said CUSTOMER'S product. Upon demand by CUSTOMER MANUFACTURE will return all said customer supplied information with exception of documentation retention as required by GMP'S

With exception, said information which was already lawfully in MANUFACTURER'S possessions without limitation or disclosure to other persons or which was already in the public domain.

I. Insurance

1. MANUFACTURER will supply CUSTOMER with a current certificate of product liability insurance, updated annually.
2. CUSTOMER will supply MANUFACTURER with a current certificate of liability insurance, updated annually.

J. Manufacturing Loss and Supply Risk:

When loss or damage occurs to ingredients or formulas, during the course of manufacturing process The party whom supplies said Ingredients shall bear the cost of said loss, as in shrinkage or any other unforeseen event.

K. Indemnification:

1. CUSTOMER agrees to indemnify and hold MANUFACTURE harmless for all claims and demands, causes of action, obligation, damages liability of any kind and nature including attorney's fees for claims arisen from or attributed to formulation, design, and nutritional claim of active ingredients, safety, and effectiveness of formulation. All label dosage and usage as prescribed by label or not and all claims as prescribed by label or not and all warning statements. Any claims of adulteration or defect, resulting from a CUSTOMER supplied component.

2. MANUFACTURE agrees to indemnify and hold CUSTOMER harmless for all claims and demands, causes of action, obligation, damages liability of any kind and nature including attorney's fees for claims arisen from or attributed to product manufacturing process, including but not limited to finish product adulteration, raw material adulteration, packaging defect, and packaging.

L. Governing Law and Jurisdiction

In the event of breach, dispute or any claim arising herein CUSTOMER agrees and consents to the exclusive jurisdiction and venue of the Second Judicial District of the Courts of the State of Utah.

In witness whereof, the parties hereto executed this agreement the date above written.

MANUFACTURER

CUSTOMER

Pro Pac Labs, Inc.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____