



American Fireworks Standards Laboratory

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PARTICIPATING IMPORTER AGREEMENT

THIS AGREEMENT is entered into by and between the American Fireworks Standards Laboratory (“AFSL”) and _____ (“**Participating Importer**”) to set forth the funding and participation arrangements for the AFSL Fireworks Quality Improvement Program.

“Participating Importer” shall include all of the participating importer’s parent, subsidiary and related companies and other affiliates. Affiliates shall include all persons who control, are controlled by, or are under common control with the participating importer or its officers or directors.

WHEREAS, in a serious effort to reduce injuries by improving the quality and compliance with U.S. federal regulations of Chinese fireworks, certain Participating Importers and AFSL have voluntarily entered into fireworks quality agreements relating to fireworks produced in China and labeled for sale or ultimate shipment to the United States of America as Fireworks, UN0336, 1.4G, and associated novelty items (“Governed Fireworks”);

WHEREAS, AFSL exists to develop voluntary safety and quality standards, to work with manufacturers, shippers and importers to improve fireworks safety and quality, and to provide a testing and certification program for the benefit of American fireworks importers;

NOW THEREFORE, the parties agree as follows:

Term of Agreement – This Agreement becomes effective upon execution by the parties hereto and continues for so long as the Participating Importer participates in the program or until the AFSL terminates this Agreement.

Fireworks Testing – Fireworks designated by AFSL as Category I fireworks will be independently tested in China under the AFSL Fireworks Quality Improvement Program, a copy of which is attached as **Appendix A** and incorporated herein by reference. **Appendix B** contains a current list of Category I fireworks. This list is subject to change at AFSL’s discretion. All other Governed Fireworks will be designated as Category II and will not be subject to AFSL’s testing requirement in China.

Quality Improvement Funding – AFSL will incur certain costs in administering its quality improvement programs. To support the quality improvement programs, Participating Importers have authorized a Quality Testing Fee on all shipments of Governed Fireworks to the United States to be assessed

on them by the shipper. The amount of the Quality Testing Fee is established at US\$0.50 per carton for Category I fireworks and U.S. \$0.25 per carton for Category II fireworks. These fees will be reviewed annually and may be adjusted based on the projected program requirements.

Participating Importer Duties – As a participant in the AFSL program, Participating Importer agrees that it will cause to be tested through AFSL’s testing program all Category I fireworks that it imports. Participating Importer agrees to pay in a timely manner the Quality Testing Fee for each carton of Governed Fireworks imported.

Participating Importer also agrees that any fireworks components it imports will be tested for compliance with all applicable AFSL standards once the components are manufactured into finished Category I fireworks and prior to distribution into the U.S. marketplace. Testing will be conducted using the AFSL Sampling Plan. The test results will be recorded and retained for a period of not less than two years.

Participating Importer agrees that it must remain a member in good standing of AFSL in order to participate in this Quality Improvement Program.

AFSL's Duties – AFSL will provide shippers with a list of Participating Importers by the fifteenth (15th) of each month, effective for the month following. AFSL agrees to authorize a shipper’s request for independent testing of Category I fireworks, provided the shipper satisfies all its obligations under its agreements with AFSL.

Remedies Upon Breach – In the event AFSL determines that the Participating Importer has breached a provision of this Agreement, AFSL may seek remedies or corrective action including, but not limited to, termination of this Agreement.

Arbitration – Any disputes arising under this Agreement that cannot be resolved by discussion among the parties shall be resolved through binding arbitration in accordance with the rules of the American Arbitration Association.

Revisions – This Agreement may be revised by the mutual written agreement of the parties.

American Fireworks Standards Laboratory

(Participating Importer)

John D. Rogers Date

(Importer’s Authorized Signature) Date