



**7316 Wisconsin Avenue, Suite 214
Bethesda, MD USA 20814
Telephone 301-907-9115
Facsimile 301-907-9117
E-mail: afslhq@afsl.org
Website: www.afsl.org**

December 29, 2015

DISPLAY FIREWORKS PARTICIPATING SHIPPER AGREEMENT

THIS AGREEMENT is entered into by and between the American Fireworks Standards Laboratory (AFSL) and _____
_____ (Participating Shipper) to set forth the funding and participation arrangements for the AFSL Display Fireworks Certification Program.

“Participating Shipper” shall include all of the Participating Shipper’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 Shipper or its officers or directors.

“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, 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 manufacturers and American fireworks Importers;

WHEREAS, the U.S. Display Fireworks industry has recognized the need to establish standards and develop a certification program for Display Fireworks, and AFSL has expressed a willingness to develop voluntary standards for Display Fireworks and to establish Testing Procedures to verify conformance with such standards; and

WHEREAS, in a serious effort to enhance the quality and safety in transportation and assure compliance with U.S. federal regulations for Display Fireworks, certain Hong Kong and China Shippers (Participating Shippers) and AFSL have voluntarily agreed that AFSL will test, certify, and supervise the container loading of all Display Fireworks produced in China and intended for shipment to or ultimate sale in the United States of America;

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 Shipper acts as an agent for one or more Participating Importers or until the AFSL terminates this Agreement.

Fireworks Testing – Fireworks designated by AFSL as Professional Display Fireworks shall be independently tested and certified in China under the AFSL Display Fireworks Certification Program, a copy of which is attached as **Appendix I** and incorporated herein by reference. **Exhibit A** of the program contains a current list of the categories of Professional Display Fireworks that are subject to this program. This list is subject to change at AFSL's discretion.

Certification Program Funding - AFSL will incur certain costs in administering the Display Fireworks Certification Program. To support the program, Participating Importers have authorized a Display Fireworks Certification Fee on all shipments of certified Display Fireworks shipped to the United States to be assessed on them by the Participating Shipper. The amount of the Display Fireworks Certification Fee is established at US\$0.75 per carton for fireworks covered by the program. This fee will be reviewed annually and may be adjusted based on the projected program requirements.

Shipper Duties – Participating Shipper agrees to invoice and collect the Display Fireworks Certification Fee for each carton of Governed Fireworks it ships to the participating U.S. Importer. Participating Shipper shall require all shipments of Display Fireworks to be tested for compliance with AFSL's safety standards for Display Fireworks by the AFSL-authorized testing company. The testing company, after verification of the Participating Shipper's and the Participating Importer's active status in AFSL's testing program, shall test such products in accordance with AFSL testing procedures and certify the results to the Participating Shipper, the Participating Importer and AFSL. Participating Shipper agrees to invoice and collect the Display Fireworks Certification Fee for each carton of Governed Fireworks exported to the Participating Importer by Participating Shipper in the amount as set forth in this Agreement or as otherwise modified by AFSL. Participating Shipper shall, by the twentieth (20th) day of the month following receipt of the Display Fireworks Certification Fees or by the twentieth (20th) day of the month following receipt of payment for the shipment, whichever is sooner, pay the Display Fireworks Certification Fee amount, less the Shipper's service fee of 5% of the collected amount, in U.S. dollars, to the escrow account administered by Tricor Secretaries Limited for the use by AFSL in administering the Display Fireworks Certification Program. The Shipper's service fee is not deductible from payments made after the due date.

If Participating Shipper received payment for the shipment but fails to collect the Display Fireworks Certification Fee(s), Participating Shipper shall be required to pay the Display Fireworks Certification Fee (s) to the escrow account within ten (10) days of receipt of payment for the shipment. Upon a showing to AFSL's General Counsel that Participating Shipper in good faith attempted to collect the Display Fireworks Certification Fee (s), AFSL will refund the amount of the Display Fireworks Certification Fee(s), with interest at the then prevailing prime rate plus 0.01%. AFSL will not consider a refund for a Display Fireworks Certification Fee if the Participating Importer, or any related company, had previously refused to pay Display Fireworks Certification Fees to Participating Shipper, or Participating Shipper knew, or had reason to know, that the Participating Importer or any related company had previously refused to pay Display Fireworks Certification Fees to any other agent.

Participating Shipper agrees to submit monthly reports of shipments of Display Fireworks to the escrow agent by the twentieth (20th) day of each month in a form similar to that found in **Exhibit E and F of Appendix I**. All reports to the escrow agent will be treated as confidential and will not be disclosed to others, including parties to this Agreement, with the exception of notification to AFSL General Counsel in cases of breaches of this Agreement by Participating Shipper.

The escrow agent will compare Display Fireworks Certification Fee payments to the escrow account against reports submitted by the administrator of the AFSL testing and certification program and U.S. Customs import figures to confirm compliance with this Agreement. In the event of a material discrepancy between the amount paid by Participating Shipper and the amount indicated that should have been paid, Participating Shipper, upon request, shall provide documentation to the escrow agent to demonstrate the correct amount of the Display Fireworks Certification Fee.

Participating Shipper agrees not to ship to any Participating Importer any Display Fireworks covered by this agreement that have not been tested by the AFSL-authorized testing company unless the AFSL-authorized testing company confirms in writing that testing has been requested and cannot be provided in a timely manner.

AFSL's Duties - AFSL will provide Participating Shipper with a list of Participating Importers by the fifteenth (15th) day of each month, and such list shall be effective for the month following. AFSL agrees to accept from the Participating Shipper requests for independent testing, certification, and container loading supervision of all Display Fireworks covered by this program and to provide the requested service in a timely manner if Participating Shipper satisfies all its obligations under this Agreement.

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

Arbitration - Any disputes that cannot be resolved through discussion among the parties shall be resolved through arbitration. The escrow agent shall serve as arbitrator to resolve any disputes.

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

American Fireworks Standards Laboratory

(Participating Shipper)

John D. Rogers

Date

(Authorized Signature)

Date