

# STANDARD TERMS AND CONDITIONS

1. **Acceptance.** All deliveries of goods and/or the rendering of services by Seller to Purchaser shall be delivered, rendered, and accepted solely upon price, terms, conditions, and shall conform to specifications, set forth in this document. The purchase order incorporates any prior specifications, samples or descriptions of the goods, and all express and implied warranties, and becomes the entire and exclusive agreement between Purchaser and Seller when acknowledged by Seller in writing or, if earlier, when Seller commences performance. No additional terms or conditions proposed by Seller either orally or in writing shall be binding upon Purchaser, and Seller acknowledges that any such additional terms are hereby rejected by Purchaser unless expressly agreed to by Purchaser in writing.

2. **Price.** The prices to be paid for the goods ordered or services to be performed shall be as set forth in the purchase order or, in the case of late or non-conforming delivery, pursuant to the terms any reductions set forth on Schedule A, unless otherwise agreed to in writing by the Purchaser, and shall include all applicable federal, state and local taxes, assessments and duties, except for those for which an exemption may be claimed by Purchaser.

3. **Quality/Quantity/Delivery/Packaging.** In the event no quality is specified on the face hereof, the goods delivered and/or services rendered hereunder must be of the best quality. The quantity of goods indicated on the face hereof must not be exceeded without written approval of Purchaser. Seller shall ship and deliver goods and render services hereunder on the date or dates specified on the face hereof, unless prior written approval of any change in such date or dates is given by Purchaser. No charge will be paid by Purchaser for packing, boxing, or cartage, unless specified on the face hereof. Loss of or damage to any goods not packed in such a manner as to insure proper protection to same shall be borne by Seller. Each package of goods shipped must comply with the terms and conditions contained in the Franklin Covey Receiving Requirements, and must include a packing list showing shipper's name, contents of package, and the purchase order number, written in English.

4. **Inspection, Rejection, Revocation of Acceptance.** Notwithstanding prior payment and/or inspection by Purchaser, all shipments of goods and/or all services rendered hereunder shall be subject to inspection by and approval of Purchaser after arrival of such goods at the delivery point specified on the face hereof and/or after such services have been rendered, taking into consideration, if there is any delay in inspection, the seasonal nature of Purchaser's business. Purchaser shall have the right to inspect the goods and reject any nonconforming goods. This right of inspection, whether exercised or not, shall not affect Purchaser's right to revoke acceptance or pursue other remedies if defects or nonconformities are discovered at a later date notwithstanding that any defect or nonconformity could have been discovered upon inspection. Purchaser may return nonconforming goods to Seller at Seller's risk and expense, including transportation and handling costs.

If the goods shipped or to be shipped and/or services rendered or to be rendered hereunder are rejected, as provided above, Purchaser may purchase like goods elsewhere and/or obtain like services elsewhere and charge Seller with any loss or damage (either direct or indirect) sustained by Purchaser (including, but not by way of limitation, any difference between the price paid by Purchaser for such like goods and/or services and the price specified on the face hereof) plus all costs of collecting the same (including, but not by way of limitation, attorneys' fees and court costs). Purchaser shall not be obligated to pay for any goods shipped and/or services rendered which are rejected by it.

Seller hereby agrees that if shipments are delivered late, or upon inspection a defect or other non-conformity is discovered, Purchaser may in its discretion: (a) accept the shipment in part and rework any defect or nonconformity and take any discount pursuant to Schedule A; (b) take any discount for late delivery pursuant to Schedule A; or (c) reject and return the shipment at Seller's cost. Seller acknowledges and agrees that the terms and discounts set forth in Schedule A are reasonable and necessary herein to protect each party's interest herein.

5. **Patents, Trademarks and Copyrights.** Seller warrants that the goods and materials furnished hereunder do not infringe any United States or Canadian patent, trademark or copyright; that it will defend any suit that may arise in respect thereto; and that it will defend, indemnify and hold Purchaser harmless from and against any and all loss which Purchaser may incur (including, but not by way of limitation, attorneys' fees and court costs) by reason of the assertion of any patent, trademark or copyright with respect to the goods and materials furnished hereunder, whether by reason of Purchaser's purchase, use or otherwise.

6. **Health and Safety.** All items to be supplied hereunder by Seller shall conform in all respects to the requirements of applicable insurance and governmental health and safety regulations, including regulations administered by OSHA.

7. **Indemnification.** Seller agrees to defend, indemnify, and hold Purchaser harmless of and from any claims, loss, damage, or expense arising out of any defect or nonconformity in Seller's goods or presence of Seller's agents or employees on Purchaser's premises, including, without limitation, payment of direct, special, incidental and consequential damages, and expenses of defending claims, including attorneys' fees at trial or on appeal. This duty to defend, indemnify and hold harmless extends to any lawsuit which may arise out of defect or nonconformity of Seller's goods or a claim of defect or nonconformity or claims arising out of the presence of Seller's agents or employees on Purchaser's premises, whether such lawsuit may be based upon contract, warranty, strict liability in tort, negligence, or other legal theory, and also extends not only to "third party claims" but also to any direct loss suffered by Purchaser.

8. **Nondiscrimination and Compliance with Labor Laws.** FranklinCovey is an equal opportunity employer and federal contractor or subcontractor. As applicable, the parties agree that they shall abide by the requirements of Executive order 11246; 41 CFR Section 60-1.4(a); 41 CFR Section 60-300.5(a); 41 CFR Section 60-741.5(a); and 29 CFR Part 471, Appendix A to Subpart A with respect to affirmative action program and posting requirements, and that these requirements are incorporated herein. These regulations require that covered prime contractors and subcontractors ensure nondiscrimination and take affirmative action in employment to employ and advance qualified individuals without regard to sex, gender identity, sexual orientation, race, color, religious creed, national origin, physical or mental disability, and protected Veteran status. These regulations also prohibit covered contractors from taking adverse action against applicants or employees because they have inquired about, discussed, or disclosed their or their co-worker's compensation information in certain situations.

9. **Continuing Guaranty Under Federal Food, Drug and Cosmetic Act.** If any good or material furnished hereunder is a food, drug, cosmetic or device (as such terms are defined in the Federal Food, Drug and Cosmetic Act), such material comprising each shipment or other delivery made hereunder by Seller to, or on the order of Purchaser, is hereby guaranteed as of the date of such shipment or delivery, to be, on such date not adulterated or misbranded within the meaning of the Federal Food, Drug and Cosmetic Act, and not an article which may not, under the provisions of such Act, be introduced into interstate commerce.

10. **Compliance with Law.** Seller shall comply with all applicable federal, state and local laws, regulations and orders "Laws", and Seller will furnish Purchaser with a warranty in a form satisfactory to Purchaser to such effect if requested by Purchaser. Compliance with "Laws" include, but are not limited to: the California Safe Drinking Water and Toxic Enforcement Act of 1986, the Federal Hazardous Substances Act, the Consumer Products Safety Improvement Act, paragraphs (1) through (7) of section 202 of Executive Order 11246 and all similar orders, rules, regulations and laws prohibiting discrimination in

employment, the Fair Labor Standards Act, the Federal Food, Drug and Cosmetic Act and all rules, regulations, and orders promulgated thereunder, as applicable. If Seller violates or reasonably believes Seller may have violated any Laws, Seller shall immediately notify Purchaser. Purchaser adopted the following specifications limiting the levels of lead and lead compounds by weight that can be contained in products manufactured for sale (the "Lead Limits") and are: (1) Paint or other surface coatings: 90 parts per million (ppm); (2) Leather: 600 ppm; 300 ppm by December 1, 2011; (3) Polyvinyl chloride: 300 ppm; 200 ppm by December 1, 2011; (4) All other components (except cubic zirconia, crystal, glass or rhinestones): 300 ppm; all sellers and suppliers are required to immediately ensure that the Lead Limits are met for all products.

11. **Illegal Pickets.** Seller shall promptly exercise all legal rights and remedies afforded by applicable law to remove and suspend illegal pickets.

12. **Warranties.** Seller warrants the material furnished hereunder (a) to be free from defects in title, labor, material or fabrication, (b) to conform to applicable specifications, drawings, samples or other descriptions given, (c) to be suitable for the purpose intended, (d) to be of merchantable quality, (e) to be safe for human use, and further warrants that material of Seller's design will be free from defects in design.

13. **Insurance.** Seller shall carry insurance protection sufficient to meet all the liabilities that are mentioned herein.

14. **Events Not Within Control of Purchaser.** If by reasons of fire, earthquake, flood, explosion, accident, difference with or inability to secure workmen, shortages of energy or raw materials, equipment, labor or transportation, production shutdown or curtailment, lack of facilities, act of God, or of any public enemy, voluntary or involuntary compliance with any valid or invalid law, order, regulation, request or recommendation of any government agency or authority, or other cause beyond the immediate and direct control of Purchaser, whether or not of the kind or nature hereinbefore specified, Purchaser shall be delayed in whole or in part in taking any delivery of goods and/or services as herein specified, Purchaser may, by giving written notice to Seller, suspend or cancel this purchase order in whole or in part as to any undelivered portion of such goods and/or undelivered portion of such services.

15. **Governing Law and Consent to Jurisdiction.** This purchase order shall be governed by and construed in accordance with the laws and decisions of the jurisdiction in the State of Utah, and Seller consents, exclusively, to the adjudication of any dispute arising out of this Agreement by any federal or state court of competent jurisdiction sitting in said jurisdiction.

16. **Assignment.** Seller shall not assign this Purchase Order, subcontract it or sublet it as a whole without the prior written consent of Purchaser. Such consent shall in no way relieve Seller of any of its obligations under this order.

17. **Cancellation.** Purchaser shall have the option to cancel this Purchase Order in whole or in part by notice to Seller in writing at any time before the goods are shipped, and to return cancelled goods at Seller's expense. Upon such cancellation, Purchaser's sole obligation will be to pay Seller's invoices for products and services hereunder prior to the date of cancellation.

## Schedule A.

### Discounts or Charges for Late or Non-Conforming Delivery.

To the extent Seller ships or otherwise delivers goods that are either late or non-conforming Purchaser may, along with all other remedies available hereunder including rejection of shipment, take any applicable discount or charge against Seller's invoice for rework of the shipment as follows:

### Purchaser's Discount for Late Shipments.

1. **3-5 Days Late.** If Receipt Date is between three and five days later than promised, Purchaser shall take a 10% discount on the invoice.
2. **6-10 Days Late.** If Receipt Date is between six and ten days later than promised, Purchaser shall take a 15% discount on the invoice.
3. **11+ Days Late.** If Receipt Date is more than eleven days later than promised, Purchaser may take a 20% discount on the invoice.

### Purchaser's Discount for Non-Conforming Goods.

1. **Non-Conforming Delivery.** If shipment is non-conforming, regardless of date of delivery, Purchaser shall be entitled to a 10% discount on the applicable invoice.
2. **Late Non-Conforming Shipments.** If shipment is received later than promised and is non-conforming, Purchaser shall be entitled to Purchaser Discounts for Late Shipments plus any Purchaser's Discount for Non-Conforming Goods.

### Purchaser's Rework Charges.

Purchaser shall charge Supplier one hundred fifty dollars (US\$150.00) per hour for any rework necessary prior to acceptance of the order. Said rework charges shall be either (a) billed to Supplier by Purchaser; or (b) taken as a discount against the Purchaser Order.

### Definitions:

**Day/Date** shall mean a calendar day, not a business day.

**Receipt Date** shall mean the date the shipment is received by Purchaser.