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TEXAS BEAUTY LABS MANUFACTURING BASICS

PERSONAL CARE PRODUCTS ONLY, PLEASE!	3
THE NATURE OF NATURAL INGREDIENTS	3
PRESERVATIVES	3
TESTING	4
LET'S TALK PRICING...	4
RESEARCH + DEVELOPMENT FEES	5
ACCOUNT SETUP FEE	5
SAMPLE FEE	5
CONTINUATION FEE	6
FINDING FEE	6
ADVANCED QC INSPECTION FEE	6
SHIPPING	6
PRESERVATIVE TESTING FEE	6
GETTING STARTED	7
THE APPLICATION PROCESS: SUBMITTING YOUR DISCOVERY DOCUMENTS	7
STEP #1: SPEAK WITH A MEMBER OF OUR PARTNERSHIPS TEAM	7
STEP #2: SET UP YOUR ACCOUNT + PREP YOUR PROJECT	8
STEP #3: RESEARCH + DEVELOPMENT (AND SOMETIMES PRICING)	8
SPECIAL CONSIDERATIONS REGARDING FORMULATION, SAMPLING + PRICING	9
STEP #4: COMPLETE YOUR SAMPLE APPROVAL FORM - ONE FOR EACH SKU	10
STEP #5: COMPLETE YOUR MANUFACTURING CONTRACT	10
STEP #6: COMPLETE YOUR PURCHASE ORDER (PO) CHECKLIST	11
STEP #7: SUBMIT YOUR PO CHECKLIST, PURCHASE ORDER + PAY YOUR DEPOSIT	11
STEP #8: PRODUCTION	11
FULFILLMENT SERVICES	11
PREFERRED VENDORS	12
LABELING	12
DEFINITIONS	12
FAQ	13

THANKS FOR REACHING OUT TO TEXAS BEAUTY LABS!

Whether you're looking for an overflow manufacturer, have decided it's time to expand or, want to start up that business you've been dreaming about, Texas Beauty Labs is here to help you achieve your goals. Our services include ready-to-sell bulk bases, custom formulation, reverse formulation, contract manufacturing, and fulfillment. Our centrally located, 16,000+ square foot, FDA registered, GMP compliant facility is located in Austin, Texas, where we have the capacity to produce hundreds to thousands of products each day. Our professional Production Assistants fill and label our products with care and attention and our highly experienced staff has over 50+ years of experience in the health + beauty care industry. We specialize in manufacturing products that are as natural as they are beautiful - eliminating unnecessary chemicals and using organic ingredients and active naturals whenever available.

Texas Beauty Labs is dedicated to you and your business - large or small. In fact, part of our uniqueness in a crowd of large labs is that we are able to provide excellent products on a much smaller scale. *Our low minimums, 15 gallons or 1000 units/SKU*, make it possible for anyone to create a signature line and our large facilities allow us to handle your business as it grows.

PERSONAL CARE PRODUCTS ONLY, PLEASE!

Texas Beauty Labs only manufactures bath and body products, including but not limited to: lotions, creams, body washes, body butters, deodorants, scrubs, perfume, body oil, balms, lip balm, bath soaks, facial care products, and hair care products. *We do not manufacture items that are considered drugs, including over-the-counter (OTC) products. These types of items include products with SPF, antiperspirants and hand sanitizer. We also DO NOT manufacture color cosmetics - those that include pigments.*

THE NATURE OF USING NATURAL INGREDIENTS

We love natural ingredients - that is why we specialize in them! However, from batch to batch, natural ingredients are prone to slight variations in smell, consistency, color, and feel. This being the reality of our industry, please be aware that these variations may occur and that Texas Beauty Labs is not liable for variations of this kind.

PRESERVATIVES

We also strive to make products as safe as possible, which includes making sure they are properly preserved. Due to their proven efficacy and safety, our standard preservative systems are Optiphen, is a blend of phenoxyethanol and caprylyl glycol, and Liquid Germall Plus, a blend of diazolidinyl urea, iodopropynyl butylcarbamate, and propylene glycol. Should you desire an alternative preservative, that has yet to be approved by TBL, we are happy to review your request on a case-by-case basis. However, any product(s) made using a preservative that has yet to be approved, by TBL, must be sent for stability testing, at a reputable lab, at an additional cost to you - this is typically between \$500 - \$600 per product.

TESTING

Depending on the needs of your business, there are other tests we are able to provide both in-house and, thru our partner testing labs.

IN-HOUSE:

- » pH Testing : This is done on all products to confirm that the final pH is within a safe levels for commercial consumption.
- » Hardness Testing : Done by request for products where consistent hardness is a factor - deodorants, for example.
- » Melt Point Testing : Done by request for products where melting might be of a concern during shipment, etc. Used to discover requirements for product temperature regulation.
- » Basic Microbial Screen : Part of our standard operating procedure for quality control- we test every batch during production to ensure the product is not growing any “bugs”. This test is also available when needed for applicable formulations during the sample process.
- » Thermal Exposure Screen : Done by request to mimic the effects of higher temperatures on a given product.

OUTSOURCED:

- » Stability Testing : Used to gain knowledge about how the quality of a product varies with time under the influence of a variety of environmental factors, such as temperature, humidity and light. Also determines shelf life for a given product for 6 month, 12 month or 2 year time frames.
- »RIPT Testing : The Repeat Insult Patch Test is used to check for possible contact irritation and sensitization. This is not a required test but, it is recommended for products with large-scale production.
- » Preservative Testing : Used to assess whether or not a preservative or preservative blend will work effectively in a given product. This is a required test, should you choose not to use one of the Texas Beauty Labs approved preservatives.

LET’S TALK PRICING...

One of the first questions we usually receive from clients involves pricing. *We are unable to quote pricing, for any product, without a formula on hand for review - ingredient prices vary widely and have a direct effect on the end price of a product.* Outside of the formula we will also need a number of details about your order to get you the most accurate pricing - this information is covered in Step #3 regarding the setup of your account.

Already have a formula? Great! We are happy to price it out for you, too. There are however, a number of steps in pricing out an existing formula, including making a sample, and the

retainer (discussed below) will still need to be in place prior to our beginning any work on your project(s). Pricing for Texas Beauty Labs bulk items, those listed on our website, is available upon request.

All pricing quotes, unless otherwise noted, pertain to the manufacturing, filling and labeling of products - they do not address the cost of the physical components/closures/labels (your packaging). All quotes will include the price of attaching one label to each component, should your packaging require more labels, please include that in the information you provide TBL, so that we may address it in your quote.

One of the realities when working with natural ingredients is that their availability can be affected by climate change and natural disasters - as such, they can become very expensive. Due to this, all of the products we manufacture will be re-priced on a yearly basis. If such an event occurs to a raw material you are using, we will inform you immediately of how it will affect your prices and help you adjust your formulation accordingly.

RESEARCH + DEVELOPMENT FEES

Should you wish to pursue a project, of any size, with Texas Beauty Labs, you will be required to start with an initial, customized Development Fee. This fee is what we consider a “down payment” on future services rendered - those such as formulating and sampling. Regardless of the size of your project, this fee will never be less than \$500. For larger projects, you can expect this fee to be higher. You will receive a quote for this fee once you’ve returned all the items necessary to setup your account, to your AM. *Once your project has depleted your initial development fee, we will bill you for an additional \$500 retainer - this covers further sampling, shipping costs, raw materials, etc. Should there be balance on your account when you initial PO is placed, the remainder of this retainer will be credited to your PO.*

Below is a breakdown of the fees associated with the research and development phase of your project. You will be notified of any fees, prior to them being processed. If there is a positive balance remaining after the formulation/sampling process, it can be used towards your first order. Should your fees exceed the full balance of the retainer, your account manager will notify you to reconcile the balance prior to further development.

ACCOUNT SETUP FEE: \$50

- » This fee covers the costs associated with the setup of your account in our proprietary systems.

SAMPLE FEE: \$100 – \$150 PER SKU

- » This fee covers the creation of a unique formula, based on your specifications and, the time and materials necessary to make you a sample of that formula. Also included in this fee is one free revision, should you want to adjust the INCI, the aesthetics, or the price of your product.
- » The sample fee may be reduced for existing, stable formulas, revisions of TBL products.
- » For a new essential oil blend, exclusively for the client, a fee of \$100 will be charged.

Once you become an existing customer - one who has already processed an order with TBL - the sample fee will be reduced to \$75 per new sample with one free revision or, \$50 with one free revision for existing, stable formulas.

CONTINUATION FEE: \$75/HR.

- » Once a sample has been reproduced 6 times, at the client's request, additional research and development time will be billed at \$75/hour.

FINDING FEE: \$30/HR.

- » This fee covers the cost of the locating raw materials that are not currently in our inventory. Given the wide selection of materials we already keep in stock, this fee may not apply to your project - we will notify you if it does.

ADVANCED QC INSPECTION FEE: \$20/HR.

- » Due to the sheer amount of packaging that we receive, the standard QC process includes an inspection of 10% of a respective shipment - for example, if your shipment is 2500 units, we will QC 250 for damages, etc. Should you wish to have our team conduct a full review of any shipment for damages, etc. this fee will apply, once we complete the initial, standard inspection.

SHIPPING: ACTUAL COST

- » Any shipping cost incurred during your project (for sending samples, etc.) will be deducted from your retainer. We currently ship via USPS or UPS. Should you already have a UPS account, we are happy to bill your shipping costs to that account.

PRESERVATIVE TESTING FEE: \$500-\$700 PER FORMULA

- » This fee is only applicable to those who wish to use an untested preservative systems. This is the fee charged by an independent lab and covers the cost of a single preservative efficacy test. This test will be required if your formula includes any preservative other than those currently approved by our lab.

GETTING STARTED

THE APPLICATION PROCESS: SUBMITTING YOUR DISCOVERY DOCUMENTS

*Due to the boutique, speciality nature of our lab and the sheer influx of requests for our services, we have recently moved to an application format for inquiries regarding new business. Once we receive your **Partnership Application**, and signed **TBL Manufacturing Basics document** (the document you're currently reading), your application will be submitted for review. The review process typically takes around a week and you'll receive an email letting you know if/when your project is within the scope of our business. Please submit all completed forms to info@texasbeautylabs.com.*

STEP #1: SPEAK WITH A MEMBER OF OUR PARTNERSHIPS TEAM

Should your application be accepted, your Account Manager will reach out to schedule your initial onboarding call. The email you receive will include a link to our Mutual Non-Disclosure Agreement. This form is due back to your Account Manager (AM) prior to your initial call because it allows a member of our Partnerships Team to speak freely with you, about your project, and protects trade secrets and intellectual property on both sides. Confirmation of your appointment date + time will be emailed to you immediately after you pick the time on their schedule that is most convenient for you.

During your call, your AM will review the details of the documents you've submitted, discuss the general scope of your project and, fill you in on what it's like to be a Texas Beauty Labs Partner Brand - our practices + processes, etc. They will also be happy to answer any questions you may have. (In the meantime, you may find the answers you're looking for at the bottom of this document and in the FAQ section of our [website](#).)

Following your call, you will receive another email containing a recap of your project details, any pertinent questions our team may have and, any remaining documents necessary to set up your account.

STEP #2: SET UP YOUR ACCOUNT + PREP YOUR PROJECT

Before we're able to begin your project, you will need to set up your account. Doing so requires that we have all of the documents/information/items discussed below, on hand, and that we have processed the retainer discussed earlier in this document.

1. Completed **Formulation Contract**.
2. Completed **New Client Information Sheet**: This information is used to set up your account in our system.
3. Completed **New Product Questionnaire**: A completed version of this form is required for each product, or SKU, you're wanting TBL to produce for you.
4. If applicable, any **existing recipes/formulas** you would like our team to work from.
5. Any **benchmarks** you'd like us to use for texture, fragrance, etc. when creating your formula.

6. **Pricing Requests:** What would your ideal cost range be for each SKU? If you have an existing product, how much does it cost you to produce each SKU - not including any packaging, labeling, etc.

7. **Order Quantities:** How many of each SKU are you wanting to order?

8. **Completed PKP Form:** This form covers the details of the packaging, kitting and packout for your project. Questions concern the type of container/closure you'll be using for each SKU, the details of labeling and packaging that SKU (does it have a box, etc.) and, how you'd like your finished goods packaged for shipping. *If you are unable provide physical samples of the packaging you'll be using for each product, please provide links and/or product numbers so that we can set up your account. Physical samples of components, closures and labels will be required prior to any samples being made for you.*

Once your AM has all of these items on hand, they will create a custom quote for your initial Development Fee. Prior to any work being done on your project, we must have this form, and your fee, on hand.

STEP #3: RESEARCH + DEVELOPMENT (AND SOMETIMES PRICING)

Internally, we call this formulation, sampling and pricing - and while this may seem like 3 steps, we see these steps as a single, fluid process because each is directly related to the other - many projects move back and forth between these steps multiple times in their lifetime.

Once your AM receives all the necessary documents/items/payments discussed in the previous steps, they will put your product(s) into the research and development process. We will always do our best to give you an accurate timeline for the delivery of your samples(s). However, a multitude of variables can affect the length of time your product spends in this process, so please keep that in mind when working on your timeline.

If you'd like to review the INCI or request pricing for your product(s), prior to samples being made, please notify your Account Manager.

In the world of product development, sample revisions are common - times when the sample you receive isn't yet what you had in mind, and we need to go back to the drawing board. In this instance, we will revise the previous formula based on the feedback you provide thru our **Sample Feedback Form**, which will be sent to you, by your Account Manager, at the appropriate time. When revisions are needed, the product in question is put back on the Formulation Schedule and will move its way thru, just as the initial sample did.

For more on how these schedules flow together, please see our **Pre-Production Flow Chart**.

Upon completion of step #4, your Account Manager will provide you with the following:

- » A viable formulation - if applicable
- » Pricing for producing your products - retail-ready and/or bulk
- » The ingredient list (INCI) for each product
- » Samples

SPECIAL CONSIDERATIONS REGARDING FORMULATION, SAMPLING + PRICING

FORMULATION

TIMELINE: 2-3 WEEKS

(Can be up to 4-6 weeks during our peak season, August - December/January.)

All projects, even those where we are provided with existing recipes/formulas, will spend time in formulation for two reasons, 1) this is the step where your project is assigned to one of our chemists and where that chemist reviews your New Product Questionnaire(s), formulas, etc, and, 2) TBL uses a proprietary software system that requires formulas to be in a special format so that we can do things like scale up your formulas easily, keep track of your specific raw materials sources and, track inventory levels.

- » The length of time it takes to create a formula can vary widely depending on the type of project. For example, it typically it takes longer to reverse formulate a product than it does to do custom development - this is due to the complexity of creating two identical products without knowing the exact percentages of ingredients in the original.
- » When creating a formula, our chemists may need to make a sample or two to test its viability. This may mean that your products(s) stay on the Formulation Schedule for a up to, and occasionally over, a week or more.

SAMPLING:

TIMELINE: 2-3 WEEKS

(Can be up to 4-6 weeks during our peak season, August - December/January.)

Prior to your samples being made, we require one of each of your final components, with closure, to be sent to us for EVERY product you would like a sample of - this give us the ability to better quote your pricing via an accurate fill weight. Each product has a certain fill weight that is based on the physical density of the ingredients being used. This means that your container may say it holds 2.0oz but, to fill the container, and remove any head room (air at the top that can cause a product stability issues), it will require 2.3oz of your specific product. Another example would be filling a 6oz jar with a powdered mask. The jar may say it holds 6.0oz but, the the amount of mask needed to fill it only weighs 3.3oz.

- » Depending on your formula and our inventory, we may need to special order raw materials to make your sample. In this case, shipping time can prolong the total amount of time your product spends on the Sample Schedule.

PRICING:

TIMELINE: 1-2 WEEKS

(Can be up to 3 weeks during our peak season, August - December/January.)

Pricing is directly related to a wide variety of factors and as such, we cannot quote you accurate pricing without certain information on hand. By the time your project reached this point, you should have filled out your PKP Form.

STEP #4: COMPLETE YOUR SAMPLE APPROVAL FORM - ONE FOR EACH SKU

Once you would like to approve your sample with your Account Manager, they will send you a **Sample Approval Form** to sign, electronically. TBL cannot process any order that does not have a **Sample Approval Form** on file. The information contained on this form will be:

- » The sample number for your specific product - you will need this for your PO
- » The INCI or, ingredient list, for your product. INCIs are written according to FDA guidelines and will be what you put on your labels, website, etc.
- » Pricing for your product, specific to the parameters of your desired order size etc.

STEP #5: COMPLETE YOUR MANUFACTURING CONTRACT

Along with your Sample Approval form(s), you will receive our Manufacturing Contract to sign. This should have been shared with you, for review, during your initial interactions with your Account Manager. We must have this document on file before we can process any Purchase Order.

STEP #6: COMPLETE YOUR PURCHASE ORDER (PO) CHECKLIST

Along with this document, you received our **Purchase Order Checklist**. This form covers all of the information/documentation/items necessary for us to process your PO and must be submitted, completed, prior to, or along with your PO.

STEP #7: SUBMIT YOUR PO CHECKLIST, PURCHASE ORDER + PAY YOUR DEPOSIT

When submitting your PO, we ask that you send it in a standard Purchase Order format - these can be found as templates in most word processing programs or in your accounting software. The following must be included on your PO. We are able to provide a template, upon request.

1. Purchase Order Number
2. Contact Information (including phone + email)
3. Product Name + corresponding Sample Number (will be listed on your Sample Approval Form)
4. Order Quantity

5. Product Cost
6. Kitting instructions
7. Shipping Address
8. Order Deadline
9. Shipping Instructions

STEP #8: PRODUCTION

TIMELINE: 6-8 WEEKS

(Can be up to 10-12 weeks during our peak season, August - December/January.)

Production lead times vary based on a number of factors such as, raw material lead times, available equipment, order size, and type of product/component. The initial part of any lead time we quote you is related to our purchasing fresh raw materials for your project.

STEP #FULFILLMENT SERVICES

To save your company time and money, we also offer a full range of fulfillment services. Rather than paying us to ship your products to you, then paying again to ship them to you clients, your order will be stored in our climate controlled warehouse, ready to ship from our centralized location. It's cost effective for you, and better for the environment.

Our professional fulfillment team fills orders daily using UPS and USPS. We receive orders via email, often directly from our customer's websites, and then provide you with tracking information at the end of each business day. Once you know the number of SKUS you will be carrying and approximately how many pieces we will be storing for you, please contact us for a quote.

PREFERRED VENDORS

Because we know how hard it can be to research these sources yourself, we have put together a list of preferred vendors for labels and packaging - as well as a number of consultants we recommend to help you along in the product development process. While our highly trained staff is always available to help move you through our processes, we highly recommend hiring an outside consultant should you need guidance as to the fundamentals of product development and branding. Please note that, while we and our clients have used the vendors below, we do not personally guarantee their products and services.

Please keep component + labeling costs in mind when considering pricing, as it is your responsibility to purchase these items and have them shipped to our facility in a timely fashion. Components are always due 1 month prior to the estimated completion date of a given order. *We cannot start production until we receive all necessary components.*

SMALL RUN PACKAGING

CONTAINER AND PACKAGING	CONTAINERANDPACKAGING.COM
MCKERNAN (SURPLUS PACKAGING)	MCKERNAN.COM
SKS BOTTLE	SKS-BOTTLE.COM

LABELING

LIGHTNING LABELS	LIGHTNINGLABELS.COM
STICKERMULE	STICKERMULE.COM

SCREENPRINTING

AMDEC, INC.	AMDECINC.COM
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DEFINITIONS

BULK BASE: One of our existing formulations that you may purchase, as is, in bulk or make changes to in order to make your own custom product.

REVERSE FORMULATION: Creating a new product, based completely on an existing product.

SAMPLE: The physical version of a formula - a “finished good” using all of the ingredients listed in the formula.

FORMULA: A combination of raw materials, created by one of our in-house chemists, that will be used to make your sample and, eventually your product(s).

MOQ: Minimum Order Quantity - the smallest number of products, components, closures, etc. that you must purchase when placing a purchase order.

BATCH NUMBER: The number assigned to all of the products produced using a single pot of your completed formula.

LEAD TIME: The amount of time between the beginning and end of a process. Most commonly used when referring to the length of time it will take for an order to be produced - ie: The lead time for production of your order is 6-8 weeks.

LABEL: The sticker(s) that will be placed on your component/closure to identify your brand, list your INIC, etc.

SKU: More commonly referred to as a barcode. At TBL, we use this term to refer to a specific product and its corresponding size. For example, the 8.0oz size of a face wash is a different SKU from the 1.7oz size of the same product.

COMPONENT: The container that your product will fill. Some standard types of containers are boston round, cylinder, tube, and jar.

CLOSURE: The lid for your container. Closures usually have a specific neck size, like 4/233 or 5/323, that corresponds to your component. Closures can be purchased with + without pressure-sensitive seals included.

PURCHASE ORDER: The form used to place an order - typically referred to as a PO.

INVOICE: A bill

PACKOUT: The process of packing your finished goods for shipment.

KITTING: The process of labeling your completed product

PACKAGING: This includes the component, closure and labels (if applicable) that are required for each product/SKU. Also called “Primary” packaging.

FAQ

Q: Am I required to put down a deposit, in order to put my order into production?

A: Yes, we require a 75% deposit on all purchase orders.

Q: Why does production traditionally take 8-10 weeks?

A: The initial part of production lead time is associated with our ordering fresh batches of the raw materials used in your project. Longer lead times can also be associated with smaller runs - those under 5,000 units. Because we cannot use various machines for smaller runs, lead times are longer due to the personal touch required when pouring or labeling by hand. Longer lead times can also be associated with very large orders. Lead times may increase, without notice, at various times throughout the year - August thru November is our busy season and lead times can be as long as 12 weeks.

Q: Do I need to send my labels in a special way to fit on your machines?

A: Yes, we ask that you send your labels to us in accordance with our Labeling Guidelines - these will be shared with you, at the appropriate time, by your Account Manager. As you'll note below, we do request that you send in 20% more labels than needed to accommodate damages and the calibration of our machines with your specific component and label.

Q: Do I need to send in extra labels, components or closures in case some get damaged?

A: Yes! Please review the overage quantities we request, below:

- » Components: 15% more than your order quantity or 20% more if you're components are glass.
- » Closures: 15% more than your order quantity
- » Labels: 20% more than your order quantity

SIGNATURE: _____ **DATE:** _____