



Custom House Distilling

Private Label Agreement

Date: _____

By and Between:

Custom House Distilling Company

606 Alamo Pintado RD. #3

Solvang CA 93463

(A California Limited Liability Corporation a DBA of Tahki Distribution LLC, here after called "CHD")

And

Company: _____

Buying Agent: _____

Address: _____

Her after called ("Customer")

CHD and Customer may be referred to individually as the "Party", or collectively, the "Parties". Customer shall include all subsidiaries, affiliates, partners, and third party beneficiaries to the terms of this Agreement.

CHD and Customer mutually acknowledge the following:

1. CHD is in the business of

a. In resourcing and creating the Manufacturing, Producing, Packaging and Distribution of Alcohol products (the "Products and Services");

b. Custom formulated packing and hand chosen ingredients for the Customer for distillation to packing (the "Products" and "Services"); for Customers wishing to resell those products under their private label brand.

2. Customer wishes to purchase and sell alcohol products provided by CHD in combination with¹ packaging and product specifications approved and authorized by Customer.

In consideration of the mutual promises and conditions hereinafter contained, it is agreed between the Parties as follows:

1) PRODUCTS AND SERVICES

a. Pursuant to the terms of the Agreement, Customer hereby agrees to purchase certain of the Products and Services of CHD and/or hire CHD to prepare private label products as follows:

i. Customer acknowledges that CHD shall formulate and may produce products based upon the proprietary formulas owned and controlled solely by CHD. Customer acknowledges that all resulting formulas, processes or property developed by CHD under this agreement are still the sole property of CHD.

b. Certain CHD supplied supplemental notices with terms and conditions regarding private labeling services, including but not limited to: manufacturing, ingredients, production, scenting, containers, labels, and shipping are incorporated by this reference as integral parts of this Agreement.

c. Due to variations when combining natural and other ingredients and with regard to natural ingredient manufacturing, it is normal to see slight variations in color, scent and viscosity from lot-to-lot as the raw material ingredients may vary from production lot-to-lot. A product shall be considered properly manufactured whether or not there is a color, viscosity or scent variance of any degree.

d. Other natural considerations can be climate related and should be mitigated by the Customer. CHD is not responsible for the effects of weather conditions during periods when the product is outside the control of CHD. It shall be the Customer's sole responsibility ²to mitigate the effects of temperature, humidity, and weather after receiving shipment of products and subsequent storage of products at facilities other than CHD.

e. As noted herein, CHD is the sole owner of all base formulas or variation of base formulas and are not available for purchase unless otherwise agreed upon by both parties in writing.

f. If Customer requires and pays for a custom formulation, the formulation is the property of the CHD.

2) FEES AND PRICING

a. The prices at which CHD shall sell and Customer shall buy the Private Label Products as of the date of this Agreement are set forth in the Customer Quotation, Customer Invoice by CHD. All required fees shall be paid in advance prior to the commencement of work. Unless otherwise agreed, all prices are subject to change from time to time, including but not limited to any increases in the actual cost to CHD of the ingredients, packaging, labor, labels and/or raw materials used in the manufacture of the Products.

b. All purchase orders, deposits or payments are subject to acceptance by CHD and once accepted cannot be refunded, returned, credited, exchanged or cancelled for any reason. Acceptance is defined as the receipt by CHD of an order, contract, non-disclosure agreement, private label manufacturing agreement and deposit by Customer.

c. Customer can purchase preproduction samples at a cost of \$300.00 (for a set of five samples) before any private label work commences. Customer may not make any alterations, unless otherwise agreed to in writing and signed by an CHD duly authorized representative. The cost of the preproduction samples will be applied to the total order amount in the form of a credit. If an

order is not placed within 30 days of acceptance of preproduction samples, Customer will be required to purchase additional preproduction samples.

d. Customer agrees to pay in full for all private label products. Any remaining balance is due upon completion and prior to final shipment of order.

e. Payments shall be made in U.S. dollars only and shall be made payable only to CHD by the following forms of payment: cashier or bank check, PayPal, VISA/MasterCard or American Express.

f. Unless otherwise agreed to in writing, upon completion of an order, any unused customer supplied labels, packaging or ingredients shall be shipped back to Customer at ³Customer's expense with the order or held at the production facility for next order.

g. Upon signature of a separate Customer Storage Agreement, arrangements can be made for CHD to warehouse Customer property for a period not to exceed twelve (12) months on terms set forth by CHD for a fee to be determined.

h. The fees and prices do not include any applicable sales, use, value-added, excise or any other tax, duty or charge which is now in effect or may be hereafter imposed by any federal, state or other authority. All applicable taxes, duties or other charges shall be paid by Customer in addition to all fees, prices, and expenses, invoiced by CHD.

3) PRIVATE LABEL RESPONSIBILITIES (INGREDIENTS AND PACKAGING)

a. All Products sold by CHD comply with the U.S. Food and Drug Administration requirements including adherence to all GMP (Good Manufacturing Practices) standards. CHD shall make its best effort to ensure that all products developed by CHD will be safe for use under the Federal Compliance.

b. Unless otherwise agreed, CHD shall provide all selected packaging components and materials, including but not limited to caps, lids, jars, bottles, seals, leak prevention measures, etc. (collectively called the "Components"). Customer is solely responsible for verifying that the quality and delivery of all Components used by CHD for the private label products meet the Customer's standards and are appropriate for the product(s) selected by the Customer.

i. All additional steps including, but not limited to: master packing, tamper evident seals, shrink wrap, blister packing, safety discs, lot coding, extra capping, etc., will incur additional fees.

c. If the Customer is providing any ingredients to CHD for use in any formulation whether stock or custom, Customer shall make available the current MSDS and Certificate of Analysis (COA) for each provided ingredient. Customer also accepts all financial and other responsibility for any negative effects and outcome when formulations are manufactured using the ingredients stipulated by Customer.

d. LABELING is included as part of the agreement and cost paid for by the customer. Information and instruction notices or panels to containers and packaging for the Products, Customer shall be completely and solely responsible for authorizing the label that must be approved by COLA. All labels will either be hand applied or machine and may vary in application quality and acceptance is non-negotiable and assumed accepted as is.

i. Customers providing their own labels must submit labels for preapproval and agrees to deliver at least 10% overage of all labels and packaging collectively known as Components prior to the start of CHD services for any particular order.

ii. Any delay in the Customer provided components will result in a project delay and could incur additional storage fees for any previously delivered components per Section 2.8.

iii. The application of clear label stock is subject to an additional application 10% fee. Some restrictions apply.

iv. The application of front and back labels or labels of different stock will incur an additional 10% application fee.⁴

v. Slight label tilting and height variances are normal for hand application and will not be redone, refunded or credited.

vi. CHD is not responsible for any quality issues that relate to labels and their application, and Customer should allow for a 10% loss on labels.

vii. Customer labels must comply with FDA, TTB, COLA and CHD required specifications.

viii. "The label of a alcohol . . . shall specify conspicuously the name and place of business of the manufacturer, packer or distributor . . . Where the alcohol is not manufactured by the person whose name appears on the label, the name shall be qualified by a phrase that reveals the connection such person has with such alcohol, such as "Manufactured for –", "Distributed by –", or any other wording that expresses the facts. The statement of the place of business shall include the street address, city, state and zip code; however, the street address may be omitted if it is shown in a current city directory or telephone directory".

e. Time Estimates are provided by CHD as a courtesy to Customers and CHD reserves the right to modify time estimates due to prevailing circumstances.

f. Testing – Unless otherwise specifically agreed in writing, Customer is solely responsible for testing of any product(s). With regard to product(s), mixing and combination of ingredients provided or stipulated by Customer, CHD does not conduct any testing (including, for example, efficacy, stability and consistency) without specific authorization and payment by Customer. Furthermore, the only products represented as "safe for use" are CHD products (original stock bases). Despite the above, CHD offers a wide range of testing services upon request and advance payment by Customer.

4) SHIPPING TERMS

a. All fees and pricing as well as delivery of the Product(s) shall be paid for in total to CHD prior to order. Manufacturing address (7330 Eastgate Rd. Henderson NV, 89011) shipping to CHD California headquarters. To the extent that Customer requests delivery to a different address than approved in initial contract at any other specified destination, all charges, taxes, and assessments for shipping, insurance, and freight as well as all costs of risk of loss or damage to

the Product(s) occurring while in transit from CHD's manufacturing dock or CHD warehouse in California, to Customer's delivery destination and afterwards shall be solely Customer's responsibility. Any insurance covering the Product(s) in transit shall be for an amount not less than the full invoice price of the items delivered.

5) INTELLECTUAL PROPERTY

a. The Parties agree that CHD is the exclusive owner of trademarks (including designs and logos), trade secrets, copyrights, specifications, formulas and other intellectual property rights relating to CHD, the Product(s), Services and Custom Formulation(s), with the exception of any private label rights granted to Customer under this Agreement.

b. In addition, Customer acknowledges and agrees that the composition and formulation of the Product(s) including the chemical composition and all methods and instructions for their formulation, processing and production and all intellectual property, processes, know-how, trade secrets and other proprietary information therein ("CHD Intellectual Property") are the sole and exclusive property of CHD, with the exception of any private label rights granted to Customer under this Agreement and excluding any pre-existing rights of the Customer that the ⁵Customer provided to CHD.

c. Customer shall not use CHD Intellectual Property for any other purpose than to perform the terms of this Agreement. In the event that Customer wishes to purchase a custom formulation, such purchase shall be pursuant to a separate agreement and purchase terms and conditions.

d. Customer agrees to refrain from any action or to allow any action to be taken to damage CHD interests and Intellectual Property rights in any jurisdiction where Customer does business. Therefore, Customer agrees, neither to register nor to assist in registering, any CHD Intellectual Property rights or other rights (including CHD's Private Label system, patents, copyrights, trade secrets, trademarks, trade names or symbols) of CHD or other marks or rights which may be confusingly similar to CHD anywhere worldwide. Unless specifically granted by CHD, Customer disclaims any right to use or claim ownership of CHD Intellectual Property.

6) CONFIDENTIALITY

a. "Confidential and Proprietary Information" means (i) the ingredients, their relative concentrations and techniques for mixing and conditioning that comprise the Product(s) and/or Custom Formulation(s) and (ii) all information about CHD current or future business operations and business plans, pricing, research and development, future products, financial information, and all Intellectual Property rights and trade secrets developed by CHD in conjunction thereof.

b. Protection of Confidential and Proprietary Information. Without CHD written consent, Customer shall not provide, disclose, nor otherwise make available to any third party any of CHD Confidential and Proprietary Information. Further, except as expressly provided herein, Customer will not use or disclose such Confidential and Proprietary Information without CHD prior written consent, except to Customer's employees or consultants on a need-to-know basis, provided that such employees or consultants have executed written agreements restricting use or disclosure of such Confidential and Proprietary Information that are at least as restrictive as Customer's obligations under this section. In addition to the foregoing nondisclosure obligations,

Customer agrees to use at least the same care and precaution in protecting such Confidential and Proprietary Information as it uses to protect its own confidential and proprietary information and trade secrets, and in no event less than reasonable care. Customer shall return all confidential Information promptly upon CHD request or upon termination of this Agreement.

c. Customer acknowledges that CHD has a valuable and proprietary interest in the formulation of its stock alcohol bases, other Product(s) and the Custom Formulation(s).

7) REPRESENTATIONS AND WARRANTIES

a. Customer hereby represents, warrants and covenants to CHD as follows:

i. In providing to CHD any and all Product specifications, ingredients, labels, packaging, and materials or any kind, Customer represents and warrants that it has the requisite authority to stipulate and provide such specifications, ingredients, labels, packaging, and materials and that such components, either individually or in combination shall not infringe any third party rights of ownership or use.

ii. Customer shall comply with all laws and regulations relating to the conduct of its business in all jurisdictions where it does business.

iii. Customer shall comply with all laws and regulations relating to the marketing, sale, and use of the Product in all jurisdictions where it does business.

b. CHD represents and warrants to Customer:

i. At all times during the term of this Agreement, CHD shall maintain Good Manufacturing Practices and Procedures.

8) ACCEPTANCE AND LIMITED WARRANTY

a. Acceptance – For purposes of any time-sensitive project under this Agreement, Customer must give CHD written notice of any products that Customer wishes to reject and not accept under the terms of this Agreement within ten (10) business days of receipt of such Product(s) by Customer. In the event that Customer does not reject the received Product(s) within the 10-day period, then the Product(s) shall be deemed to be accepted by Customer.

b. Warranty for Defects – In the event that Customer considers the Product(s) and/or Custom Formulation(s) provided by CHD to be defective in either materials or workmanship, Customer must give CHD notice in writing of such alleged defect(s) no later than ten (10) days from the date of delivery (the Warranty Period) of the Product(s) to Customer or Customer's agent. Such written notice shall state with particularity in what respects the Product(s) is nonconforming or defective. Customer shall return to CHD a sample of the Product(s) which it claims are nonconforming or defective at Customer's expense and safeguard the remaining product pending resolution of the warranty claim. If CHD, in its sole discretion, agrees with Customer that the Product(s) are non-conforming or defective, and that the cause is determined to be the fault of CHD, then CHD shall have a reasonable time to either (i) cure any nonconforming or defective tender by substituting conforming Product(s) at CHD expense. The ⁶remedy is subject

to CHD sole discretion. In the event that Customer does not inform CHD in writing regarding any alleged defect in the Product(s) within the ten-day notice period, Customer waives all rights under any applicable law to raise a claim.

9) LIMITATION OF LIABILITY AND INDEMNITIES

a. Limitation of Liability – Under no circumstances shall either Party or its respective officers, directors, shareholders, employees or agents be liable to the other Party for indirect, incidental, consequential, special, exemplary or speculative damages, arising out of this Agreement, including but not limited to loss of revenue or profits, loss of use, or other consequential business opportunities, even if advised of the possibility of such damages.

b. Except as stated in section 8, CHD disclaims any and all other warranties, express or implied, especially the implied warranties of merchantability and fitness for a particular purpose or sale.

c. Customer agrees to indemnify, defend and hold CHD, its owners, directors, employees, and agents (“Indemnified Parties”) harmless against any claims, units, damages, liabilities, judgments, losses, costs and expenses (including attorneys’ fees) made against or incurred individually or collectively by the Indemnified parties, as a result of any of the following: (i) any breach of this Agreement by Customer, independent contractors or agents, (ii) any claim of infringement or for defects, related to any specifications, ingredients, labels, packaging, and materials of any kind provided by or stipulated by Customer under this Agreement, (iii) injury or death suffered by anyone related to the product(s), Services, or Custom Formulation(s) due to specifications stipulated or approved by Customer or occurring after the Product(s) left the care, custody, and control of CHD at the delivery destination under this Agreement.

10) TERM AND TERMINATION

a. Term and Termination. This Agreement shall supersede all previously signed agreements and will become effective upon the date first set forth above and shall continue for a period of five (5) years or until all obligations hereunder have been completed, unless earlier terminated by either Party upon 30 days written notice or by fulfillment of all responsibilities of the Parties.

b. Either Party may terminate this Agreement (i) upon a material breach by the other that remains uncured for a period of thirty (3) days after receipt of written notice specifying the breach with particularity.

c. In the event of termination for any reason, such termination shall not affect Customer’s obligation to pay for the work and expenses performed while under this Agreement (at any stage of completion) at the time of termination. Nor shall the Limitations of Liability (Section⁷ 9) be affected by the termination of the Agreement for any reason.

11) MISCELLANEOUS

a. Amendment. The Agreement may not be modified or amended unless in writing by mutual agreement of the Parties.

b. No Assignment. Customer may not assign, sell, or otherwise transfer any or all rights and obligations under this Agreement to any third party without the prior written consent of CHD.

c. Integration. This agreement is a complete and exclusive statement of the Agreement⁸ between the Parties and supersedes all prior and contemporaneous agreements, negotiations, discussions, and proposals, oral or written, and any and all other communication relating to the subject matter of this Agreement.

d. Severability. In the event of the invalidity of any provision of this Agreement, the parties agree that such invalidity shall not affect the validity of the remaining portions of this Agreement

e. Dispute Costs. In the event that either Party initiates dispute resolution proceedings in any way related to this Agreement, the prevailing party shall be entitled to the award of dispute resolution costs and expenses, including but not limited to all reasonable mediation, court, or arbitration costs, as well as attorneys' fees and expenses not to exceed the total cumulative liability (Section 9.4).

f. Notices. Any notice or other communication required shall be in writing.

12) FORCE MAJEURE

a. Neither Party shall bear responsibility for the complete or partial non-performance of any of its obligations if the non-performance results from such unforeseeable circumstances as natural calamities, fire, changes of export/import regulations or law of any countries or territories with authority and jurisdiction, unavailability of supply or ingredients, failure of transport, or any other circumstances beyond the foreseeable control of either Party. The time stipulated for the fulfillment of the obligations shall be extended for a period equal to the duration of such circumstances. The Party for whom it has become impossible to meet its obligations under the Agreement shall immediately advise the circumstances preventing the fulfillment of its obligations and shall take all reasonable actions to cure the force majeure event(s). If the above circumstances last more than 6 months, either Party shall have the right to seek modification of the Agreement or, alternatively, its termination. The other Party shall not unreasonably withhold its consent.

13) GOVERNING LAW AND DISPUTES

a. This Agreement shall be governed by the laws of the State of California to the exclusion of all other conflict of law alternatives. The Parties consent to the exclusive jurisdiction and venue of the state and federal courts located in the State of California, USA, for any mediation, arbitration, action, suit, or legal proceeding arising in connection with this Agreement.

b. Negotiation. Except for a request for injunctive relief or other provisional remedy which may be sought from a court, any dispute, controversy or claim arising out of or relating to this Agreement, or the breach hereof or thereof, including any claim based on contract, tort or statute, and including any controversy about whether a claim is subject to arbitration or whether this Section 13 is valid or enforceable (any such dispute, controversy or claim, a "Dispute"), shall be resolved in accordance with the procedures set forth in this Section 13. In the event any Dispute arises, each Party shall first promptly provide the other Party with a general written Dispute arises, each Party shall first promptly provide the other Party with a general written statement of its claim(s) and position(s). This statement need not be complete and will not limit the claims of a Party in any further procedure. The statement shall indicate that it is the first

statement of a formal dispute resolution process under this Agreement. If the Parties cannot resolve the Dispute within 15 days of receipt of the first of these written statements, a claimant may proceed as set forth in Section 13.3 below.

c. Mediation. If a dispute cannot be settled through negotiation contemplated under Section 13.2, the Parties agree to endeavor to settle the Dispute in an amicable manner by mediation administered by the Judicial Arbitration and Mediation Services under its Comprehensive Mediation Rules, before resorting to arbitration under Section 13.4. If for any reason, the Dispute is not settled by mediation within 30 days after a Party elects to proceed by mediation (commencing upon the date a Party delivers notice to the other Party of its intention to proceed to mediation), any unresolved dispute shall be settled by arbitration as contemplated under Section 13.4.

d. Arbitration. Any dispute not resolved pursuant to section 13.2 or 13.3 shall be solely and finally settled by arbitration by one arbitrator in accordance with the then-existing Comprehensive Arbitration Rules and Procedures of the Judicial Arbitration and Mediation Services. Each Party agrees that the award of the arbitrator shall be final and non-appealable and shall be the sole and exclusive remedy between or among them regarding any and all claims, counterclaims, issues and accountings presented to the arbitrator, irrespective of the magnitude thereof. All arbitration proceedings shall be conducted pursuant to the Judicial Arbitration and Mediation Services rules in Santa Barbara, California, as modified pursuant to this Section 13.4. The number of arbitrators shall be one, which person shall be neutral, have sufficient business experience and not be a practicing attorney, and shall be mutually agreed upon by all Parties within 60 days after a written request for arbitration by one Party is delivered to all other parties. In the event that the Parties cannot agree on an arbitrator, the arbitrator shall be selected within 10 days thereafter by the Judicial Arbitration and Mediation Services from a list submitted by the Parties, with each Party having the right to propose two names. If a qualified arbitrator cannot be appointed from the initial list, the process will be repeated every five days thereafter until a qualified arbitrator is selected. Each party agrees to facilitate the arbitration by: (i) making available to each other and to the arbitrator for inspection and extraction all documents, books, records and personnel under their control as the arbitrator shall determine to be relevant to the dispute; (ii) conducting arbitration hearings to the greatest extent possible on successive, contiguous days; and (iii) observing strictly the time periods established by the Judicial Arbitration and Mediation Services rules or by the arbitrator for the submission of evidence and briefs. All papers, documents or evidence, whether written or oral, filed with or presented to the arbitrator shall be deemed by the parties and the arbitrator to be confidential information. No party, expert or arbitrator shall disclose in whole or in part to any other person any confidential information submitted by any other person in connection with any arbitration proceedings, except to the extent (i) required by law or regulation, (ii) reasonably necessary to assist counsel in the arbitration or preparation for arbitration of the dispute or (iii) that such "confidential" information was previously or subsequently becomes known to the⁹ disclosing party without restrictions on disclosure, was independently developed by such disclosing party or becomes publicly known through no fault of the disclosing party. The arbitrator shall issue a written explanation of the reasons for the award and a full statement of the facts as found and the rules of law applied in reaching their decision to the parties. Such explanation of the award and the statement of facts shall be treated as confidential information. The arbitrator is empowered to render the following awards in accordance with any provision of this Agreement: (i) enjoining a party from performing any act prohibited or compelling a party to performing act required, by the terms of this Agreement and any order entered pursuant to this Agreement or deemed necessary by the arbitrator to resolve disputes arising under or relating to this Agreement or order; (ii) where, and only where, violations of this Agreement have been found,

shortening or lengthening any period established by this Agreement or order; and (iii) ordering such other legal or equitable relief (subject to the limitations on liability set forth herein ¹⁰and therein) or specifying such procedures as the arbitrator deems appropriate, to resolve any dispute submitted to it for arbitration. The arbitration proceeding and the arbitrator shall resolve in their award the extent to which of the parties shall bear the arbitration costs. Each party hereby waives to the extent permitted by law all jurisdictional defenses, objections as to venue and any rights to appeal or to review of such award by any court or tribunal. Each party agrees that the arbitral award may be found and that a judgment on the arbitration award may be entered in any court having competent jurisdiction over the parties or their assets

14) SURVIVAL

a. Despite the termination of this Agreement for any reason, the rights and obligations of the Parties pursuant to the following provisions shall survive termination of this Agreement and remain enforceable: Sections 2,3, 5, 6, 8, 9 11, 13 and 14.

IN WITNESS WHEREOF, wishing to be legally bound, the Parties have caused this Agreement to be executed by their duly authorized representatives below.

By: Custom House Distilling

Name: _____
Title: _____
Date: _____

(CUSTOMER)

BY: _____
NAME: _____
TITLE: _____
DATE: _____