

Purchase Agreement Terms and Conditions with Toolcraft, Inc.

1. Definitions:

"Buyer" – Toolcraft, Inc.

"Supplier" – The individual or entity providing the Good and/or Services covered by the Purchase order

"Purchase Order" – The purchase order issued by Buyer to Supplier

"Contract" – See line item number two

"Goods" – The raw materials, finished goods, components, or other items covered by the Purchase Order.

"Services" – The services, work, or other performance obligation covered by the Purchase Order

2. THE CONTRACT - This contract shall be comprised of the following terms and conditions; including any documents, drawings or specifications incorporated therein by reference, and any additional terms stated on the face of the Buyer's Purchase Order. The Purchase Order shall constitute the entire agreement between the parties. This Contract shall be binding upon Seller's notice of acceptance, or upon commencement of performance of the Purchase Order. The Contract may not be modified, supplemented or waived; except in writing and executed by an authorized representative of either party.
3. PRICING - Prices set forth on the Purchase Order shall remain fixed for the duration of this agreement.
4. PACKING AND SHIPMENT - All items shall be prepared for shipment in a manner which: (a) Follows good commercial practice; (b) is acceptable to common carriers for shipment at the lowest rates; and (3) is adequate to ensure safe arrival. Buyer may return, at Seller's expense, any items not in accordance with these declarations.
5. DELIVERY - Deliveries shall be in strict accordance with the schedule set out or referred to in the Purchase Order and in the exact quantities ordered, except where quantity variances have been agreed upon by the Buyer. The Seller shall be liable for any direct costs or penalties including liquidated damages incurred by the Buyer as a result of the Seller's failure to meet the delivery schedule or shipment to an incorrect location. The Seller will be charged all freight charges associated with reshipment.
6. ACCEPTANCE - All items are subject to Buyer's inspection and test before final acceptance at Buyer's premises. Buyer shall have the right to reject or require the correction of any item found to be defective or non-conforming, and at the Buyer's request, any defective item shall be immediately replaced and corrected by Seller.
7. WARRANTIES - Seller warrants that the goods supplied shall be free from defects in materials, workmanship, and design. Goods will conform to any specifications and/or drawings from Buyer, and to all applicable industry codes and standards, for a period of 12 months from the date of initial operation of the goods, or 18 months from the date of shipment, whichever shall occur first, or in the case of repairs, 12 months from the date of Buyer's acceptance.
8. CHANGES - Buyer may, at any time, by written notice, make changes within the general scope of the Contract to drawings and specifications, shipping instructions, quantities, and delivery schedules. Should any change decrease or increase the cost of or the time required for performance of this Contract, an equitable adjustment in the price and/or delivery schedule may be made. Any claims for adjustment by Seller must be made within 30 days from the date the change is ordered, or within such additional period of time, as may be agreed upon, provided that any such claims shall not delay Seller's delivery.
9. TITLE AND RISK OF LOSS - Unless otherwise provided in this Contract, Seller shall have title to and bear the risk of any loss of or damage to the goods, until they are delivered in conformity with this Contract at the F.O.B. point specified in the Purchase Order, and upon such delivery, title shall pass from the Seller and the Seller's responsibility for loss or damage shall cease except for loss or damage resulting from Seller's negligence or failure to comply with this Contract. Passing of title upon such delivery shall not constitute acceptance of goods by the Buyer.
10. PATENT INDEMNITY - Seller shall hold the Buyer, its agents, customers, and users of its products, harmless from all loss, damage and liability which may be incurred on account of a claim that the goods infringe any patent, trademark or copyright, and shall, at its own expense, defend all claims, suits, and actions against Buyer, its agents, or customers, or the users of the goods, in which infringement is alleged, providing that Seller is duly notified of such claims and provided Seller indemnity shall not apply to any infringement arising from the use or sale of an item delivered hereunder in combination with other goods not delivered hereunder, where such infringement would have not occurred from the use or sale of the goods solely for the purpose for which it was designed.
11. INTELLECTUAL PROPERTY - All rights, title, interests, and ownership in the intellectual property ("IP") of Seller and Buyer remain vested in and the property of the respective parties. Unless stated otherwise, Buyer shall own exclusively all rights in ideas, inventions, improvements, discoveries, works of authorship, strategies, plans, data, consulting or engineering work created in or resulting from Seller's performance under this Contract, including all patent rights, copyrights, moral rights, rights in proprietary information, database rights, trademark rights, and other IP rights. All such IP that is protectable by copyright will be considered "Works Made for Hire" for Buyer (as defined in 17 U.S.C. §101 et seq.) or Seller will give Buyer "first owner" status related to the work(s) under local copyright law where the work(s) was created. If by operation of law any such IP is not owned in its entirety by Buyer, automatically upon creation, then Seller agrees to transfer and assigns to Buyer, the entire right, title and interest throughout the world to such IP. Seller further agrees to enter into and execute any documents that may be required to transfer or assign ownership in and to any such IP to Buyer.

12. **NON-DISCLOSURE** - In the course of Seller's performance of this Contract, Seller may acquire knowledge (both oral and in writing) regarding confidential affairs of Buyer and confidential or proprietary information including: (a) matters of a technical nature such as know-how, formulas, trade secrets, secret processes or machines, inventions and research projects and (b) matters of a business nature such as information about costs, profits, pricing policies, markets, sales, sellers, customers, plans for future development, plans for future products, marketing plans or strategies, and other information of a similar nature, which is not generally disclosed by Buyer to the public. Since Buyer desires to keep this information confidential, and to prevent its disclosure to competitors and to the general public, Seller agrees: (a) that it will keep secret and retain in the strictest confidence all such confidential information and (b) that it will not disclose this information to anyone, except employees of Buyer authorized to receive such information, and (c) that it will not use any confidential information for any purpose, except to perform this Contract.
13. **LEGAL COMPLIANCE** - Seller shall comply with all national, state, and local laws and regulations governing the manufacture, transportation, or sale of items in the course of this Contract. In the United States these may include, but are not limited to, Department of Commerce, Environmental Protection Agency, and Department of Transportation regulations applicable to hazardous materials. Seller represents and agrees that it is in compliance with EEO Affirmative Action Laws and Regulations, unless exempted or inapplicable.
14. **CHILD LABOR AND FORCED LABOR** - Supplier warrants that it does not employ children, prison labor, indentured labor, bonded labor or use corporal or other forms of mental and physical coercion as a form of discipline. Moreover, Supplier agrees that it will not conduct business with vendors employing children, prison labor, indentured labor, bonded labor or who use corporal punishment or other forms of mental and physical coercion as a form of discipline. In the absence of any national or local law, Buyer and Supplier agree to define "child" as less than 15 years of age. If local minimum age law is set below 15 years of age, but is in accordance with exceptions under International Labor Organization (ILO) Convention 138, the lower age will apply. Buyer has the right to audit Supplier's premises to ensure compliance with this warranty.
15. **CONFORMITY** - Seller shall conform to all applicable material laws and prepare all shipments in a manner which follows:
- A. *Material Suitability* - Seller covenants that each chemical substance constituting or contained in goods sold or otherwise transferred to Buyer is properly documented and/or registered as required in the jurisdiction to or through which Buyer informs Seller the goods will likely be shipped to or through which Seller otherwise has knowledge the shipment will likely occur.
 - B. *Hazardous Material* - Seller will notify Buyer if any chemical or hazardous material the use of which is restricted in the jurisdiction to or through which Buyer informs Seller the goods will likely be shipped to or through which Seller otherwise has knowledge the shipment will likely occur.
 - C. *REACH* - Seller will notify Buyer if goods sold or otherwise transferred to Buyer do not conform to Registration, Evaluation, Authorization, and Restriction of Chemical substances (REACH) regulations or if product contains Substance of Very High Concern (SVHC).
 - D. *Restricted Material* - Seller will notify Buyer if goods sold or otherwise transferred to Buyer do not conform with the RoHS Directive, Toxic Substances Control Act (TSCA), or the Montreal Protocol.
 - E. *Labeling/Shipping Information* - With respect to any goods or other materials sold or otherwise transferred to Buyer hereunder, Seller shall provide all relevant information, including without limitation, Certificate of Compliance, Material Certifications, and any other mandated labeling information listed in contract - all in the language and the legally required format of the location to which the goods will be shipped.
 - F. *Conflict Minerals* - Buyer is committed to being Democratic Republic of the Congo ("DRC") conflict free in the procurement of certain materials used in its products. Buyer has reporting obligations through its customers to disclose whether products it manufactures contain certain "conflict minerals" (cassiterite, wolframite, columbite-tantalite, gold or derivatives) originating from the DRC or an adjoining country. Supplier agrees to adopt and implement policies, due diligence frameworks, and management systems to ensure that minerals used in any goods supplied to Buyer are conflict-free. Additionally, Supplier agrees to timely provide, upon Buyer's request and in a requested format, certain data concerning its supply chain that may be needed for applicable reporting obligations.
16. **CUSTOMER ACCESS** - Seller shall allow reasonable access to its facilities and to any records relating to the Contract by Buyer and its customers upon reasonable notice.
17. **CHANGE NOTIFICATION** – Seller agrees that no deviations or changes in product, process, equipment, tooling or manufacturing locations will be made without prior written consent from Buyer.
18. **TERMINATION** - Buyer may suspend or cancel all or part of the Contract upon notice to Seller and shall have no further liability to Seller; except: (a) Costs of labor and materials incurred through the termination date; or (b) Reasonable termination costs approved by Buyer.
19. **APPLICABLE LAW** - Any claim arising under or relating to this agreement shall be governed by the laws of the State of Washington, or federal courts located in the State of Washington, without regard to principles of conflict of laws.

REVISION RECORD

Rev	Description of Change	Edited By	Approved By	Date
1	Original Issue.	Steve Wittenberg	Michelle Bowen	9/3/15