

Beretta USA Corp. Standard Terms and Conditions

1. **Acceptance of Contract:** Contractor (hereinafter referred to as "Seller") shall be bound by the purchase order including all of its terms and conditions when it executes and returns the acknowledgement or when it delivers to the Beretta USA Corp. (hereinafter referred to as "Buyer") any of the items ordered or renders for Buyer any of the services ordered therein. No contract shall exist except as herein provided. Contrary terms issued by Seller are hereby rejected except to the extent mutually and explicitly agreed upon in writing by both Seller and Buyer. The purchase order and any contract resulting therefrom shall be governed by and construed under the laws of Maryland. All disputes will be venued in Maryland.
2. **Amendments:** All specifications, drawings and data submitted to Seller with the order are thereby incorporated therein and made a part thereof. No agreement or understanding to modify a purchase order shall be binding upon Buyer unless in writing and signed by Buyer's authorized agent.
3. **Inspection:** All goods or services furnished hereunder will be subject to Buyer's final inspection or review and approval within a reasonable time after delivery irrespective of payment date. Buyer may reject goods or services as not being in accordance with the contract instructions, specifications, drawings, data, or Seller's warranty (expressed or implied). Buyer may return rejected goods to Seller at Seller's expense and Buyer shall have no further obligation for such goods. If Buyer rejects services provided by Seller, Buyer's obligation to pay for such services shall cease to be in effect. Payment for any article or service shall not be deemed acceptance and in no event shall Buyer incur any liability for payment for rejected goods or services.

Buyer shall have a reasonable time (not less than ten days from receipt) to submit to Seller claims of count, weight, quantity, loss or damage to delivered goods or to reject services provided and explain the basis for that rejection. Buyer will calculate damages on claims and deduct the amount from Seller's invoice. If invoice was previously paid, Seller will reimburse the amount of damages to Buyer.

Seller shall assume responsibility for and will pay any and all loss, cost, damage, or expense, including attorney fees and cost of replacement incurred by buyer attributed to Buyer's rejection of goods or services due to nonconformance to specifications or contract or due to untimely delivery.

4. **Production and Delivery Schedule:** Time of delivery is of the essence of this contract, and if delivery of items is not made in the quantities and at the times specified, or rendering of services is not completed at the times specified, Buyer reserves the right without liability, and in addition to its other rights and remedies to take either or both of the following actions: (a) direct expedited routings of items (the difference in cost between the expedited routing and the contract costs shall be paid by the Seller); (b) terminate this contract by notice effective when received by Seller as to stated items not yet shipped or services not yet rendered and to purchase substitute items or services elsewhere and charge Seller with any loss incurred. Seller retains any and all other remedies available under law. Seller requires perfect tender for all goods deliverable under this contract.

Seller shall be liable for excess transportation charges, delays or claims resulting from Seller's deviation from Buyer's routing instructions. Neither party shall be liable for excess costs of deliveries or defaults due to causes beyond its control and without its fault or negligence, provided, however that when Seller has reason to believe that deliveries will not be made as schedule, written notice setting forth the cause of the anticipated delay will be given immediately to the Buyer

Buyer will have no liability for payment for items delivered to Buyer that are in excess of quantities specified on this order and delivery schedules. Such items may be held and used by Buyer at no cost or obligation or may be rejected and returned at Seller's expense, including transportation charges both way, at Buyer's sole discretion. Buyer will not be liable for any material or production costs incurred by Seller in excess of the amount or in advance of the time necessary to meet Buyer's delivery schedule.

5. **Waiver:** The failure of Buyer to insist, in any one or more instances, upon the performance of any of the terms or conditions of this contract or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future performance of each or any such terms or conditions, or the future exercise of such right, but the obligation of the Seller with respect to such future performance shall continue in full force and effect.

6. **Warranties:** By accepting this order, Seller warrants that the goods and services furnished will be free from defects in materials and workmanship, merchantable and in full conformity with Buyer's specifications, drawings and contract terms, and shall be fit for the Buyer's intended use and that Seller will convey good title to the goods or service, free and clear from all liens, claims, and encumbrances. This warranty shall survive acceptance of the items and is in addition to any warranties of additional scope given to buyer by Seller. No implied warranties by the Seller are excluded. If parts are found to be nonconforming at Beretta U.S.A., the supplier shall provide the resources necessary to evaluate, contain, sort, reclaim, and/or scrap the nonconforming product. The supplier shall have a representative establish containment at the Beretta U.S.A. factory, material in transit, and at the supplier within (1) business day. Quicker response may be required based on the severity of the situation. If nonconforming products get into Beretta U.S.A. products or become a warranty problem, it shall be the supplier's responsibility to aid Beretta U.S.A. in evaluating and correcting the problem. Beretta U.S.A. shall be entitled to recover from the supplier all costs and expenses reasonably incurred by Beretta U.S.A. as a consequence of Seller's breach of its obligation to provide conforming product. When nonconforming product is corrected, it shall be subject to re-verification to demonstrate conformity to the requirements.
7. **Property Furnished to Seller by Buyer:** Unless otherwise agreed in writing, all piece parts, samples, material and any other property furnished to the Seller by Buyer, or specifically paid for by Buyer, for use in the performance of the order, shall be and remain the property of Buyer, shall be subject to removal upon Buyer's instructions, shall be used only in filling orders from Buyer, and Seller shall be liable for any damage to such property, beyond normal wear, while in Seller's custody or control.
8. **Specification Item Additional Terms and Conditions:** If Seller is supplying a component or raw material to Buyer's design specification, the following additional terms and conditions apply:
 - a. **Right of Inspection:** Buyer and its customers shall have the right to perform in-process and/or final source inspection of goods or services to be provided at Seller's premises at all reasonable times.
 - b. **Inspection System Requirements:** As a minimum, the Seller shall have a documented inspection system which is acceptable to the Buyer. This system shall be subject to the review, audit and approval at all reasonable times by the Buyer and Buyer's customer.
 - c. **Material and Process Conformance:** Seller shall submit with each shipment a Certificate of Compliance/Conformance that affirms that the materials furnished to the Buyer are in conformance with the applicable requirements of the drawings and specifications and that the supporting documentation is available for review by the Buyer at the Seller's premises at all reasonable times.
 - d. **Chemical and Physical Test Reports:** For raw material, components or other finished goods provided to Buyer by Seller, Seller shall, if requested by Buyer, furnish one (1) legible copy of the actual chemical and/or physical test reports for each lot, batch or heat of material furnished to the Buyer.
 - e. **Inspection Report:** If requested by Seller, Buyer shall furnish the Seller with an Inspection Report, detailing dimensional inspection data, with each delivery of goods under this contract. If parts have been heat treated or surface finished, a certificate of conformance from the source shall be included which documents the applicable test results.
 - f. **Special Tooling:** The term "special tooling" as used in this provision shall be deemed to include all jigs, dies, fixtures, molds, patterns, special cutting tools, special gauges, special test equipment, other special equipment and manufacturing aids, and drawings and any replacement of the foregoing, acquired or manufactured or used in the performance of this order, which are of such a specialized nature that without substantial modification or alteration, their use is limited to the production of the items or parts thereof or performance of the services of the type required by this contract.

If Buyer has paid for any special tooling in conjunction with the performance under this and subsequent orders, any and all tooling arising from these orders shall become the sole and exclusive property of the Buyer and shall be used solely in fulfilling orders by the Buyer. Any special tooling shall be turned over promptly, upon request and at no additional charge. Seller shall bear full responsibility for the safe and proper storage and handling of such tooling and shall not destroy or dispose of same without the prior written approval of the Buyer. The Seller shall maintain all special

tooling for the duration of the contract at no additional cost. Costs for replacement of special tooling due to normal wear and tear shall be the responsibility of the Seller and should be reflected in the piece part price of subsequent orders.

g. **Production Part Approval and First Article:**

Buyer shall elect to impose First Article Inspection (FAI) or the Production Part Approval Process (PPAP) on each new or revised parts or services to be supplied, as specified on the purchase order. The seller shall deliver five (5) each First Article units or thirty (30) each PPAP units, as specified, or such other quantity as Buyer may explicitly require, as specified on the delivery schedule on the face of this contract. The First Article or PPAP units shall be delivered with all required documentation. Upon receipt of written approval of First Article or PPAP submittal, Seller shall proceed and perform all tasks necessary to meet the contract delivery schedule.

9. **Proprietary Rights:** Except for articles manufactured to Buyer's express design, Seller agrees to indemnify, hold Buyer harmless and defend any suit or proceeding against Buyer and pay all costs and damages awarded provided said suit or proceeding is based upon a claim that the product or part thereof constitutes an infringement of any United States patent (other than a claim covering a process or product thereof) or trademark or copyright and Seller is given prompt notice and information and assistance (at Seller's expense) and the authority to defend said suit or proceeding. Seller will not be responsible for any settlement of said suit or proceeding made without its written consent. In the event the product or part thereof is in such proceeding held to constitute such infringement and its use is enjoined, Seller shall, at its expense and at its option, (a) procure the right to continue using said product or part thereof or service; (b) replace said product or part thereof or service with non-infringing product or part thereof; (c) modify said product or part thereof or service so it becomes non-infringing; or if the above is not possible, (d) remove said product and refund purchase price (including transportation costs) less fifty percent to any amount depreciated.
10. **Price:** All prices indicated on the face of this order are firm and Buyer shall not be billed at prices higher than stated on the order unless authorized by a "Revision of Purchase Order" issued and signed by Buyer. Seller represents that the price charged for the items or services covered by the order is the lowest price charged by the Seller to buyers of a class similar to the Buyer under conditions similar to those specified in the order. Buyer's remedy for Seller's breach of this provision shall include unilateral revision of the price to be paid by Buyer and, if payment has already been made, reimbursement by Seller and/or right of offset by Buyer against any future payment obligations to Seller. Seller agrees that any price reduction made in items or services covered by the order subsequent to the placement of the order but prior to shipment or rendering thereof, will be applicable to that order.

No separate or additional charge will be made for boxing, packing, crating, cartage or other added charge, unless provided on the order or on a revision thereto.

11. **Work on Buyer's Premises:** If work is to be done on Buyer's premises, the following clauses shall apply:

The Seller agrees to hold harmless, defend or indemnify Buyer and authorized persons for any claims arising out of the Seller's performance hereunder and procure and maintain insurance in adequate amounts (being at least one million dollars per claim and two million dollars in aggregate) against such claims.

12. **Compliance with Laws:** In accepting the order, Seller represents that it has and will comply with the provisions of all applicable federal, state and local laws and regulations. By acceptance thereof, Seller certifies compliance with the Fair Labor Standards Act of 1938, as amended, in the performance of the order.
13. **Termination and Stop Work Orders:** Buyer may at any time terminate all or any part of undelivered quantities on the purchase order, or any revisions thereof, or may issue a written "stop work order." On the receipt of such termination notice or stop work order, Seller will stop work immediately and take all reasonable steps to mitigate any costs. Termination charges, or costs occasioned by a stop work order will be negotiated by Buyer and Seller.
14. **Resale Items:** If the order is marked "Resale Items," Buyer certifies that the goods purchased hereunder is for purposes of resale. If "Ship Dates" are specified, these dates indicate the latest date that the goods may be shipped to Buyer. If "Cancellation Dates" are specified, these dates indicate the date that any orders for

unshipped goods are effectively cancelled and no further obligation resides with Buyer for receipt, acceptance and payment of the ordered goods.

15. **Cumulative Remedies:** All remedies provided herein shall be cumulative and not exclusive.
16. **Title and Risk of Loss:** Risk of loss of all goods shall remain in Seller until receipt of the goods at Buyer's location. Notwithstanding restrictive legends to the contrary, title to plans, drawings and specifications for goods shall be vested in and remain with Buyer and may be used by Buyer for any purpose and shall be returned to Buyer within seven (7) working days upon receipt by Seller of Buyer's request to return same.
- Title shall pass to Buyer upon Buyer's acceptance of goods at Buyer's location. If Buyer makes progress payments, title to the goods shall be transferred to Buyer as payments are made and in the same proportion as the cumulative payments bear to the order price. Seller shall also identify such goods as the property of Buyer, unless Buyer waives identification.
- Terms: Payment terms and point of transfer of title to goods is as specified on the face of this document. Terms to be 60 days unless otherwise agreed to by Beretta USA.
17. **Deliveries:** Unless otherwise specified in writing, Buyer will only receive shipments between the hours of 09:00 AM and 2:00 PM (Eastern Standard Time), excluding dates of facility closure and excluding weekends and holidays, at the location(s) specified on the face of this contract.
18. **Assignment:** None of the sums due or to become due nor any of the work to be performed under this order shall be assigned nor shall Seller subcontract for completed or substantially completed material called for by this order without Buyer's prior written consent.
19. **Requirements for M9 pistol components and items intended for eventual delivery to U.S. Government customers:** Seller shall comply with these clauses if specified on the face of the purchase order. These clauses are contractually in place with the US Government and the Buyer. These clauses are available to the Seller through the Federal Acquisition Regulation (FAR) web sites listed below. Refer to the clauses of FAR subpart 52.2.

NOTE: This military contract is a Rated Order under DPAS (15 CFR 700). It has a DOA4 rating.

<http://farsite.hill.af.mil/VFFAR.HTM> or <http://farsite.hill.af.mil/VDFDARA.HTM> or <http://farsite.hill.af.mil/VFAFARa.HTM>

For each clause, where reference is made to the "Contracting Officer" or the "Government," that should be read to mean Buyer. "Contractor" or "Subcontractor" refers to Buyer's Sellers.

<u>Regulator Cite</u>	<u>Title</u>	<u>Date</u>
52.203-3	GRATUITIES	APR/1984
52.203-6	RESTRICTIONS ON SUBCONTRACTOR SALES TO THE GOVERNMENT SEP/2006	
52.203-7	ANTI-KICKBACK PROCEDURES	OCT/2010
52.203-8	CANCELLATION, RECISSION, AND RECOVERY OF FUNDS FOR ILLEGAL OR IMPROPER ACTIVITY	JAN/1997
52.203-10	PRICE OR FEE ADJUSTMENT FOR ILLEGAL OR IMPROPER ACTIVITY	JAN/ 1997
52.209-6	PROTECTING THE GOVERNMENT'S INTEREST WHEN SUBCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEPARTMENT MATERIAL REQUIREMENTS	DEC/2010
52.219-8	UTILIZATION OF SMALL BUSINESS CONCERNS	JAN/2011
52.219-9	SMALL BUSINESS SUBCONTRACTING PLAN	JAN/2011
52.219-16	LIQUIDATED DAMAGES – SUBCONTRACTING PLAN	JAN/1999
52.222-19	CHILD LABOR – COOPERATION WITH AUTHORITIES AND REMEDIES	JUL/2010
52.222-21	PROHIBITION OF SEGREGATED FACILITIES	FEB/1999
52.222-26	EQUAL OPPORTUNITY	MAR/2007
52.222-35	EQUAL OPPORTUNITY VETERANS	SEP/2010
52.222-36	AFFIRMATIVE ACTION FOR WORKERS WITH DISABILITIES	OCT/2010
52.222-37	EMPLOYMENT REPORTS ON VETERANS	SEP/2010

52.222-40	NOTIFICATION OF EMPLOYEE RIGHTS UNDER THE NATIONAL LABOR RELATIONS ACT	DEC/2010
52.222-54	EMPLOYMENT ELIGIBILITY VERIFICATION	JAN/2009
52.233-1	DISPUTES	JUL/2002
52.242-13	BANKRUPTCY	JUL/1995
52.244-6	SUBCONTRACTS FOR COMMERCIAL ITEMS	DEC/2010
52.245-4500	DEMILITARIZATION AND TRADE SECURITY CONTROL REQUIREMENTS AND PROCEDURES	OCT/2011
52.246-2	INSPECTION OF SUPPLIES	AUG/1996
52.246-11	HIGHER-LEVEL CONTRACT QUALITY REQUIREMENTS: ISO 9001:2008	DEC/2014
52.246-23	LIMITATION OF LIABILITY	FEB/1997
52.247-63	PREFERENCE FOR U.S. – FLAG AIR CARRIERS	JUN/2003
52.249-2	TERMINATION FOR CONVENIENCE OF THE GOVERNMENT (FIXED-PRICE)	MAY/2004
52.249-8	DEFAULT (FIXED-PRICE SUPPLY AND SERVICE)	APR/1984
252.203-7001	PROHIBITION ON PERSONS CONVICTED OF FRAUD OR OTHER DEFENSE-CONTRACT-RELATED FELONIES	DEC/2008
252.203-7002	REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS	JAN/2009
252.219-7003	SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS)	OCT/2010
252.219-7003	SMALL BUSINESS SUBCONTRACTING PLAN (DoD CONTRACTS (OCT 2010) – ALTERNATE I (OCT 2010)	OCT/2010
252-223-7004	DRUG-FREE WORK FORCE	SEP/1988
252.225-7002	QUALIFYING COUNTRY SOURCES AS SUBCONTRACTORS	APR/2003
252.225-7007	PROHIBITION ON ACQUISITION OF UNITED STATES MUNITIONS LIST ITEMS	
	FROM COMMUNIST CHINESE MILITARY COMPANIES	SEP/2006
252.225-7008	RESTRICTION ON ACQUISITION OF SPECIALITY METALS	JUL/2009
252.225-7012	PREFERENCE FOR CERTAIN DOMESTIC COMMODITIES	JUN/2010
252.227-7025	LIMITATIONS ON THE USE OR DISCLOSURE OF GOVERNMENT-FURNISHED INFORMATION MARKED WITH RESTRICTIVE LEGENDS	MAR/2011
252.233-7001	CHOICE OF LAW (OVERSEAS)	JUN/1997
252.243-7001	PRICING OF CONTRACT MODIFICATIONS	DEC/1991
252.243-7002	REQUESTS FOR EQUITABLE ADJUSTMENT	MAR/1998
252.244-7000	SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS)	NOV/2010
252.246-7003	NOTIFICATION OF POTENTIAL SAFETY ISSUES	JAN/2007
252-247-7023	TRANSPORTATION OF SUPPLIES BY SEA	MAY/2002
252-247-7024	NOTIFICATION OF TRANSPORTATION OF SUPPLIES BY SEA	MAR/2000
52.203-14	DISPLAY OF HOTLINE POSTER(S)	DEC/2007

Beretta USA is an Equal Employment Opportunity employer. As such, 41 CFR 60-1, 4(a), 60-250.5, & 60-741.5 are herein incorporated by reference. These numbers refer to clauses in Executive Order 11246 (41 CFR 60-1), VEVRAA (41 CFR-250), and Section 503 of the Rehabilitation Act of 1973 (41 CFR 60-741).