

# Supplier Terms and Conditions Agreement

U.S. ARMS COMPANY, LLC

Revision: **New 3-25-2021**

**General:** As a supplier to U.S. Arms Company, LLC (USAC), it is understood that your organization agrees to meet the following stipulations:

**Supplemental Purchase/Change Order Notes – Outside Production:** Work under this order is subject to U.S. Arms Company, LLC surveillance at seller's plant. U.S. Arms Company, LLC quality control representatives may elect to conduct inspection either on a surveillance basis or to the extent of 100% inspection. Sellers are notified if U.S. Arms Company, LLC inspection is to be conducted on specific shipments. No shipments are to be held for U.S. Arms Company, LLC inspection unless notification is received prior to shipment of parts.

- 1) Where required on the U.S. Arms Company, LLC Purchase Order, its suppliers must use approved special process sources.
- 2) U.S. Arms Company, LLC is to be contacted (by the supplier) in the event of nonconforming product/material. Arrangements for the approval of supplier nonconforming product/material must be as directed by a Quality manager or designee of U.S. Arms Company, LLC
- 3) Furthermore, the supplier is required to notify U.S. Arms Company, LLC of any changes to a product and/or process and to obtain approval from an authorized U.S. Arms Company, LLC manager or designee (if applicable).
- 4) U.S. Arms Company, LLC, and regulatory authorities retain the right of access to all supplier facilities at any level of the supply chain involved in the order and to all applicable records.
- 5) Suppliers who subcontract any product or process to a sub-tier supplier must flow down all requirements to the subcontractors, including these terms and conditions.
- 6) U.S. Arms Company, LLC performs inspection activities to ensure that purchased product meets purchase requirements. They may include:
  - a) Receiving inspections (supplier products / services / documents) may be/are performed by a designated employee. U.S. Arms Company, LLC verifies the authenticity of the appropriate certificate of conformity, material certificates, etc. and other accompanying documentation by review and comparison (as is appropriate) to the drawing and/or industry specifications or by other means. When necessary, U.S. Arms Company, LLC may inspect or audit at the supplier's facility.
    - i) USAC either inspects per ASQ Zero Acceptance Number Sampling Plans, Fifth Edition by Nicholas L. Squeglia, using AQL value 1.0 as normal sampling acceptance value, or inspects 100% if needed.
  - b) Furthermore, products are inspected to ensure they meet requirements (dimensions, etc.) and the results are recorded (as appropriate). All special processes (anodizing, heat treat, etc.) where the compliance cannot be verified by inspections require a Certificate of Conformity.
- 7) When appropriate, U.S. Arms Company, LLC may delegate the inspection authority to one of its approved suppliers. U.S. Arms Company, LLC communicates any additional inspection requirements (including approved monitoring and measurement equipment/methods) not covered in item 6 above and U.S. Arms Company, LLC maintains a record of those approved to carry out such inspections.
- 8) When U.S. Arms Company, LLC intends to perform verification at the supplier's premises, U.S. Arms Company, LLC will first state the intended verification arrangements and the method of product release. This information is communicated on the U.S. Arms Company, LLC Purchase Order or via another acceptable purchasing arrangement.
- 9) To prevent the purchase of counterfeit or suspect/unapproved products and to ensure product identification and traceability (and other reasons), USAC will institute controls that include the requirement of Material Certificates, Certificates of Conformity, and/or other supporting documentation from its suppliers as is appropriate. These requirements may be specified on USAC's Purchase Order or may be otherwise communicated to the supplier.
- 10) Records related to this contract are available for review by USAC and regulatory authorities in accordance with contract or regulatory requirements. Records are retained for a minimum of ten (10) years and shredded following the retention period unless otherwise specified.
- 11) U.S. Arms Company, LLC may also require specific actions where timely and/or effective corrective actions to a supplier's issue(s) are not achieved. These actions may include but are not limited to any or all of the following: withholding payment until the issue is resolved, removal of the supplier from the USAC Approved Supplier List, and legal actions.
- 12) Delivery: Parts are delivered F.O.B. U.S. Arms Company, LLC, Macon Georgia. The shipments are delivered as Buyer requests (ground or air). Any delivery schedule specified by U.S. Arms Company, LLC governs unless the supplier specifies its schedule and notifies U.S. Arms Company, LLC in a timely manner. If supplier objects to U.S. Arms Company, LLC's schedule changes, the parties shall agree upon a schedule. If the parties fail to agree within a reasonable time, either may

cancel the Order and supplier pays U.S. Arms Company, LLC all costs reasonably incurred by U.S. Arms Company, LLC with this Order prior to cancellation.

- 13) Insurance: Supplier agrees to maintain general liability including products liability insurance coverage of \$1,000,000 per occurrence, automotive liability insurance coverage of \$1,000,000 per occurrence, and Umbrella/Excess coverage with a minimum of an additional \$1,000,000 per occurrence limit. Workers Compensation coverage is maintained with statutory limits. Supplier names U.S. Arms Company, LLC as an additional insured with respect to general and automotive liability, and promptly provides U.S. Arms Company, LLC with a certificate of insurance demonstrating that U.S. Arms Company, LLC, L.H. Thomson Company, Inc., and Thomson Global Holdings, Inc. are named as an additional insured. Compliance by Supplier with the foregoing insurance requirements shall not affect or limit Supplier's obligations to indemnify U.S. Arms Company, LLC and associated entities under Section 14 below.
- 14) Indemnification: Supplier agrees to defend, indemnify and save harmless U.S. Arms Company, LLC, its officers, agents, successors, assigns, associated entities, and customers against all claims, demands, damages, costs, expenses, attorneys' fees or liability of any kind which arise from, or are related in any way to: (1) the actual or alleged infringement of any trade name, trademark, copyright or patent, or the misappropriation of any trade secrets or confidential information arising in connection with the possession, sale or use of the goods delivered, or services rendered, to U.S. Arms Company, LLC under this Agreement; (2) injuries or damages to any person or property arising from the performance of services for U.S. Arms Company, LLC and associated entities, if this Agreement calls for the performance of such services; (3) the performance of this Agreement by Supplier or any agent or subcontractor of Supplier; and/ or (4) the claims of third parties relating to or arising in connection with services performed and/or the goods delivered under this Agreement. Supplier further agrees, upon receipt of notification from U.S. Arms Company, LLC to promptly assume full responsibility for the defense of any and all such claims, suits, actions or proceedings for which Supplier is obligated to provide indemnification under this Section.
- 15) Supplier must flow down controls listed in the agreement and any other appropriate controls to their direct and sub-tier suppliers, and ensure their employees are aware of their contribution to product/service conformity, product safety, and the importance of ethical behavior. Supplier should be prepared to provide U.S. Arms Company, LLC evidence of such communication if requested.
- 16) Payment: Payment is made in U.S. dollars and is due within agreed upon payment terms (defined as FOB U.S. Arms Company, LLC Dock, Macon, GA).
- 17) Packing: Supplier packs the parts as specified by U.S. Arms Company, LLC
- 18) Excusable Delay: Supplier is not liable for nor deemed to be in default on account of delays of any parts due to the following: Event that is caused solely by the effect of nature or natural causes and is beyond the supplier's control.
- 19) Title and risk of loss: U.S. Arms Company, LLC will not take title and risk of loss or damage to parts until received into U.S. Arms Company, LLC's Inventory. Furthermore, supplier is held liable for the full value of all parts ruined/damaged beyond repair by supplier.
- 20) Modification: No modification of the order shall be binding on U.S. Arms Company, LLC unless agreed to in writing, and signed by an authorized representative of U.S. Arms Company, LLC
- 21) Applicable law: All Orders are governed by the laws of the state of Georgia unless otherwise specified in writing by U.S. Arms Company, LLC

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Supplier Company Name (PLEASE PRINT)

\_\_\_\_\_  
Supplier Representative Name (PLEASE PRINT)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Supplier Authorized Signature

\_\_\_\_\_  
Date