



CENTER INDUSTRIES
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TERMS AND CONDITIONS Rev. 10/2020

1. ACCEPTANCE-

The terms of this purchase order exclusively represent the entire agreement between the seller and the buyer, Center Industries Corp. (CIC). The express terms of this agreement supersede any course of dealing or usage of trade.

2. SCHEDULE OF PERFORMANCE -

Time is of the essence in the performance of the purchase order. Remedies for breached delivery schedule are specified in the remedies clause and shall also include equitable downward adjustment in price, liability of the seller for premium shipping costs and recovery by the buyer of expenses related to necessary work arounds while items are not available. Seller is liable for shipping and inspection costs for any delivered lots in excess of the contractually scheduled number. The defense priority rating of this contract, if applicable, is indicated on the face of the P.O. Seller shall follow the provisions of the Defense Priorities and Allocation System (DPAS) regulation 5CFR350, Federal Acquisition Regulation (FAR) 52.212-8, and all other applicable regulations in obtaining controlled materials and in ordering and manufacturing components and materials for the P.O. Seller shall reference the defense priority rating on their own subcontracts and purchase orders. Seller shall provide adequate assurance of performance in detail whenever requested. Failure to provide such written assurance in a reasonable time, as is adequate under the circumstances, but not exceeding 10 days constitutes repudiation of the contract by the seller.

3. NOTICE OF DELAY -

Seller shall immediately notify buyer and explain any circumstances, including labor dispute, which may delay the timely performance of the P.O. delivery dates.

4. ASSIGNMENT AND SUBCONTRACTS -

No portion of the P.O. shall be subcontracted without the written consent of the CIC buyer.

5. SUBCONTRACTING AND MANDATORY FLOWDOWN -

The Supplier shall flow down all CIC and OEM requirements in the purchasing documents, including the quality requirements, as well as any applicable key characteristics. Original End Manufacturers approved sources must be used when required. Seller shall notify CIC immediately if they fail accreditation or customer approval on any previously approved processes along with a list of product impacted due to the loss of the customer/regulatory approval.

For Boeing products, seller agrees and acknowledges that the parts and/or material being shipped under the PO are intended for use under Boeing's Federal Aviation Administrations (FAA) issued Production Certificate 700.

6. QUANTITY -

Buyer need not accept any early, over-shipments or shortages, except as authorized, regardless of usage of trade or sellers' standard practices. Backorders must be prepaid by seller when less than a minimum freight shipment.



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7. PRICE WARRANTY -

The price of each item covered by the P.O. shall be the lower of the price shown on the face of the P.O. or the seller's price to other customers for like quantities and specification.

8. CHANGES

A. BUYER -Buyer shall have the right at any time to make changes or revisions, within the general scope of this contract, to the drawings, designs, specifications, quantities, delivery schedules, method of shipment or packaging, place of inspection or acceptance, and/or point of delivery and seller agrees to be bound thereby. Interchange and liaison with buyers' technical personnel shall not vest seller with authority to change the specifications, terms, or provisions of this contract unless it is evidenced in writing by an authorized procurement representative of the buyer. Center Industries reserves the right to cancel all or any part of this order, without penalty, with written notice to the seller.

B. SELLER - There shall be no deviation from drawings, data, specifications or requirements without the written change authority from Buyer. The Seller shall immediately notify CIC of any changes in product or process definition.

9. RIGHT OF ACCESS -

The supplier shall allow right of access by CIC, their customers and regulatory authorities to all facilities involved in the order and to all applicable records. Seller shall permit buyer's inspectors, government inspectors, or buyer's customer to have access to sellers' plant at all reasonable hours for the purpose of inspecting any item procured on this purchase order, related materials, work in process or applicable quality and inspection systems. Seller, without additional cost to buyer unless otherwise specified herein, shall provide all reasonable facilities and assistance for their safety and convenience.

10. SUPPLIER QUALITY REQUIREMENTS:

A. INSPECTION - The supplier shall have a system for inspection and for prevention and detection of nonconforming products.

B. SOURCE INSPECTION - The supplier shall support product source inspection performed by CIC and their customers or customer's representative if required by PO. Source inspection does not relieve the supplier of the responsibility for the quality of the product. At the time of source inspections, seller shall make available to the inspector copies of all applicable drawings, specifications, required process sheets, and preservations and packaging data. Seller shall furnish any source inspection reports and specified certificates of conformance or test data whenever presenting or shipping items for inspection.

C. CALIBRATION - Calibration services must be traceable to an international or national standard (NIST). Calibration certificates must record the standard to which they are traceable or the basis used for calibration/verification when no such standard exists.



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D. TOOLING - Tooling or any equipment provided to the supplier in support of the order shall be handled and stored in an appropriate manner to avoid damage and is to be returned to buyer upon completion of contract.

E. NONCONFORMANCE NOTIFICATION - The supplier shall document and notify CIC of any non-conformances found. This includes any nonconformance identified after product delivery. Supplier must obtain CIC approval for disposition of nonconforming product.

F. CONTROL OF DOCUMENTS - The supplier shall control all documents supplied by CIC pertaining to the order. It is the responsibility of the supplier to return any documents provided by CIC. All electronic data used to produce or inspect items on this purchase order must be controlled per the CIC DPD/MBD manual.

The requirements in the manual include specific references to Original Equipment Manufacturer Specifications.

G. CERTIFICATIONS & TEST DATA - The supplier shall provide certification of conformance and, where applicable, test data with each shipment. Certifications to specifications shall reflect the latest revision level unless otherwise noted on the purchase order.

H. RECORDS - In addition to the records required with each shipment, the supplier shall retain all documents and records pertaining to the order, including raw material certifications, production records, processing certifications, inspection records and nonconformance records for a minimum of 10 years. If requested, the supplier shall provide CIC with copies of records pertaining to an order within one business day.

I. SPECIAL PROCESSING - Suppliers shall only use the appropriate CIC customer-approved special process sources, e.g., Boeing, Spirit, Cessna, Gulfstream, etc. Contact the CIC buyer for any questions related to special processing.

J. CIC FURNISHED MATERIAL – When provided, parts must be manufactured from furnished material as noted. No authorized substitutions will be allowed. Any additional material needed will be supplied by CIC at Seller's expense. All surplus material and scraps to be returned with finished parts and identified.

K. COMPLIANCE - CIC suppliers shall maintain a quality system compliant with: AS9100, AS9120, or ISO 9001. Suppliers who are certified to these established standards shall immediately notify CIC if their certification expires or is revoked or suspended. Any supplier that does not fully comply to a recognized quality standard, may, at the discretion of our Quality Assurance Manager be used with appropriate restrictions.

L. COUNTERFEIT PARTS - CIC suppliers shall take measures to detect and prevent counterfeit parts from being used. The measures taken shall be appropriate to the level of risk. Use of counterfeit parts is considered a non-conformance and subject to all requirements of non-conforming parts.

M. RAW MATERIAL – All material must be labeled with part number and heat lot number prior to being shipped. Certs/Certificate of Compliance required on all shipments. MSDS must be available upon request.

N. FAA-PMA MARKINGS – No articles (or constituent parts thereof) shall contain any FAA-PMA markings. The articles shall not be certified under an FAA-PMA approval and the accompanying paperwork (e.g. packages, shippers, etc.) shall not contain any FAA-PMA markings.



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O. TIME SENSITIVE MATERIALS – Seller shall ensure at least 75% of the shelf life is remaining upon receipt by buyer. Containers shall be plainly and legibly marked with contents, expiration dates, any warnings, precautions, instructions, and storage conditions. Certifications are required with each shipment.

P. SUPPLIER AWARENESS – All work performed must be done by qualified individuals. The Supplier shall ensure that all employees supporting the Supplier are aware of:

- a. Their contribution to product or service conformity
- b. Their contribution to product safety
- c. The importance of ethical behavior

Q. FAI - A First Article Inspection compliant with AS9102 (latest revision) is required with all First Article Inspections. In the event of changes requiring a new FAI be performed per the conditions in AS9102, the new FAI must also be submitted to CIC with the shipment affected. An electronic copy is acceptable in lieu of paper copies.

11. WARRANTY -

Seller expressly warrants to the buyer and its customers that the articles described on the P.O. shall be free from defects in workmanship and materials and shall strictly conform to applicable specifications, drawings, and any approved samples, and, if of seller's design, will be free from design defects and fit for the intended purpose. Seller agrees to indemnify buyer and its customers for all liability, loss, and expenses of a breach of warranty, including costs of tests performed in determining that a breach has occurred, costs of disassembly, re-assembly, and reasonable attorney's fees and costs of litigation. Notice of breach shall be deemed sufficient if given within 30 days after discovery thereof by buyer.

12. REMEDIES –

In addition to the particular remedies specified in the other provisions of the P.O., the following remedies apply as well as other remedies available by law:

A. Termination for cause - if seller fails to make any delivery in accordance with the agreed delivery schedule, fails to make progress so as to endanger performance of the P.O., or otherwise fails to observe or comply with any of the other provisions, instructions, terms, conditions, or warranties, buyer may terminate all or part of this purchase order by written notice to seller without any liability by buyer. In the event of seller's repudiation or termination for cause, buyer may obtain immediate refund and/or produce or procure similar items or services elsewhere, on such terms and in such manner as buyer may deem appropriate, with seller liable for any excess procurement costs and all damages sustained as a result of seller's default. Buyer may terminate all or any part of the P.O. in the event of seller's suspension of business, insolvency, bankruptcy, reorganization, liquidation proceedings, appointment of a trustee or receiver for seller's property or business, or any assignment of seller for the benefit of creditors, if, after notice of termination for cause, it is determined that the seller was not in default, or that the default was excusable (FAR 52.249-8 par c & d), and the rights, obligations and liabilities of the parties shall be the same as if the termination had been for convenience.



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In an event beyond buyers control, force majeure; buyer may cancel any undelivered orders, in part or in whole, without liability.

B. Rejection and revocation of acceptance - in the event items are rejected during inspection or if acceptance is revoked, buyer may, at his option: (1) return all or part of the defective items to seller at full billing price plus freight, testing, inspection, and handling and require correction or replacement. (2) retain defective items and equitably reduce the price or make such improvements or alteration at seller's expense as buyer may deem necessary to meet contract requirements, and/or, (3) return defective items at seller's expense and terminate the order for a cause.

13. TERMINATION FOR CONVENIENCE -

Buyer may terminate all or any part of the P.O. at any time without cause by written notice to seller. The rights and obligations of the parties shall be in accordance with the clause set forth in FAR 52.249-2. However, seller must submit his termination claim to buyer within 60 days after the effective date of termination.

14. PAYMENTS -

Payment for items received or services completed will be made in accordance with payment terms set forth on the P.O. or, if no terms are specified, within 30 days after either receipt of items or completion of services or date of receipt of correct invoice, whichever date is later.

15. COMPLIANCE WITH LAWS -

Seller shall comply with all applicable federal, state, and local laws, and government orders and regulations in performing the P.O. Seller agrees to hold buyer harmless from, and to reimburse it for, any and all costs, damages and expenses (including attorney's fees) suffered directly or indirectly through failure of seller to comply with any such law, regulation, or order.

17. LEGAL CONSTRUCTION AND INTERPRETATION -

The P.O. shall be governed by and interpreted in accordance with the laws of the state of Kansas.

18. LIENS -

All supplies to be delivered by seller and all property to be returned by seller shall be free and clear of any and all liens and encumbrances whatsoever.

19. INDEMNIFICATION AND INSURANCE -

Seller shall indemnify and hold buyer harmless from and against any suits, liabilities, losses, damages, claims, cause of action and expenses (including attorney's fees) arising out of or connected with any act or omission of seller, its agents, employees or subcontractors, excepting only such injury or damage due solely and directly to buyer's negligence. However, seller specifically agrees to defend, indemnify and hold buyer harmless from and against any suits, liabilities, losses, damages, claims, causes of action and expenses (including attorney's fees) that may be made or incurred by seller's



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employee or by public liability property damage, and secure workers compensation insurance as will protect buyer from any of said risks and from any claims under any applicable workers compensation acts. Adequate insurance shall be maintained by seller to cover full replacement cost of all buyer-owned tooling, raw materials, supplied components, drawings, and related items.

20. PACKAGING AND SHIPMENT INSURANCE –

All material on this order shall be prepared for shipment in a manner acceptable by the specified carrier and adequate to ensure safe delivery at destination. The supplier shall package products appropriately to assure that no damage occurs during shipment. Parts shall be returned in any special packaging sent by CIC. No charges will be allowed for boxing, wrapping, cartage or storage other than those specified in the P.O. Shipments sent C.O.D. will not be accepted unless specifically authorized by CIC. Seller shall not insure f.o.b. origin shipments at buyer's expense.

21. WAIVER OF TERMS AND CONDITIONS -

The failure of buyer in any one or more instances to enforce one or more of the terms or conditions of this order or to exercise any right or privilege in this order shall not be construed as thereafter waiving any such terms, conditions, rights, or privileges. Such terms shall remain in effect as if no such failure to enforce had occurred.

22. GOVERNMENT CONTRACTS -

In the event this purchase order bears a government contract number, it shall be subject to all applicable provisions of, and will contain all clauses and agreements required by, the terms of any government contract under which or for which the P.O. is issued, federal laws, regulations, and the clauses set forth in other provisions and in the following paragraphs of the Federal Acquisition Regulations (FAR) are incorporated herein by reference. The FAR clause shall be of the same date as the FAR clause in the prime contract where necessary to make the context applicable to the P.O. the terms "government" and "contracting officer" or equivalent phrases shall mean buyer. The term "contractor" shall mean seller. The term "contract" shall mean the P.O. All notices, reports or other required data shall be furnished to buyer for forwarding or action pursuant to the prime contract.

23. DISPUTES -

Notwithstanding any provision herein to the contrary, any dispute, which is not disposed of by agreement between buyer and seller, may be settled by appropriate legal proceedings. Pending final disposition of any dispute hereunder, seller agrees to proceed diligently with the performance of the P.O. and in accordance with the decision of buyer any decision made by the contracting officer under the prime contract concerning a question of fact arising out of the P.O. which results in reduction of the prime contract price because seller or his subcontractor has failed to comply with any applicable provisions of the P.O. will, if binding upon buyer, be binding upon seller. Buyer shall promptly notify seller of such decision and, if requested by seller, buyer shall appeal such decision in accordance with the "disputes" clause of the prime contract. Seller will be permitted to participate fully in any such appeal for the purpose of protecting seller's rights, and buyer will not enter into a settlement agreement with the



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government or take any other action, which would prejudice seller's rights without seller's consent. Seller agrees to indemnify buyer by paying any and all amounts by which buyers' contract is adjusted as a result of any such decision. Seller also agrees to pay all costs and expenses incurred by buyer in any such appeal initiated at sellers' request.

24. BUYER OR U.S. GOVERNMENT PROPERTY -

All property (including tooling used by seller) buyer-owned, furnished, or charged to buyer shall be the property of buyer or U.S. Government and subject to removal and inspection by owner at any time without additional cost or expense. All such property shall be administered and controlled by seller in accordance with FAR subpart 45.5, identified and marked appropriately as buyers or government's property insured at seller's expense in the amount of its full replacement value and used only for its owner's direct purchases. Seller shall assume all liability for its maintenance and repair and return the property in as good condition as when received, reasonable wear and tear expected. Seller is responsible for the specification conformance and quality of any product of buyer-furnished tooling or materials.

25. ADVERTISING -

Seller shall not, without first obtaining the written consent of buyer, in any manner advertise or publish the fact that seller has furnished or contracted to furnish buyer with the articles or services here mentioned or disclose any of the details including prices or terms connected with the P.O. to any third party except as may be required to perform the P.O.

26. NON-DISCLOSURE -

Drawings, specifications, and technical information - drawings, data, designs, inventions and other technical information supplied by buyer shall remain buyers' property and shall be held in confidence by seller. Such information shall not be reproduced, used, or disclosed to others by seller without buyer's prior written consent and shall be returned to buyer upon completion of the P.O. or upon request. Any information which seller may disclose to buyer with respect to the design, manufacture, sale, or use of the items covered by the P.O. shall be deemed to have been disclosed as part of the consideration for the P.O., and seller shall not assert any claim (other than a claim for patent infringement) against buyer by reason of buyers use thereof. All data generated or developed in the course of the P.O. shall be the sole property of buyer. Seller shall not use, duplicate, or disclose such data for any purposes other than the performance of the work required hereunder without the prior written consent of buyer. The purchase price of the P.O. is, in part, consideration for any design work performed by seller and incorporated into the articles to be delivered.

Seller, therefore, shall not supply such articles to others without buyer's written permission.

27. TAXES -

The P.O. price is inclusive of all other taxes, fees, excises and/or charges which are imposed, whether by federal, state, municipal, or other local public authority.



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28. HAZARDOUS MATERIAL -

The seller shall ensure that all materials and chemicals, which are harmful to human health, safety, or property, are properly contained in accordance with applicable local, state and federal specifications. All containers shall be plainly marked with chemical labels displaying appropriate warnings, precautions, instructions and storage conditions as required by DOT and OSHA. Material safety data sheets (MSDS) must be provided with any chemicals as required by OSHA standards 1910.1200. Mercury and radium shall not be used in the processes or manufacture of materials for the P.O.