



A Boeing Company

GENERAL TERMS AND CONDITIONS

DOC NUMBER: EC-SM110

REVISION: N

PAGE: 1 of 38

# GENERAL TERMS & CONDITIONS OF PURCHASE

	Approvals			
	Name	Title	Date	Signature
Created By	Gitty Yasreb	Sr. Supply Chain Quality Engineer	Electronic Approval	Electronic Signature
Checked By	Kayode Ayanda	Quality Engineer	Electronic Approval	Electronic Signature
Checked By	Bonnie Guo	Supply Chain Manager	Electronic Approval	Electronic Signature
Checked By	Nancy Greco	Sr. Procurement Specialist	Electronic Approval	Electronic Signature
Checked by	Jose Miguel Tovar	Purchasing Manager	Electronic Approval	Electronic Signature
Checked By	Rayden Nguyen	Quality Manager	Electronic Approval	Electronic Signature
Checked By	Gerardo Lopez	Quality Manager	Electronic Approval	Electronic Signature
Checked By	Sasikumar Palanisamy	Quality Manager	Electronic Approval	Electronic Signature
Approved By	Pete Galliver	Director of Procurement	Electronic Approval	Electronic Signature
Approved By	Raul Perez	General Manager	Electronic Approval	Electronic Signature
Approved By	David Brink	General Manager	Electronic Approval	Electronic Signature
Approved By	Samba Fall	General Manager	Electronic Approval	Electronic Signature
Approved By	Mike McCarthy	Chief Operations Officer	Electronic Approval	Electronic Signature



A Boeing Company

## GENERAL TERMS AND CONDITIONS

DOC NUMBER: EC-SM110

REVISION: N

PAGE: 2 of 38

Revision Records			
Rev	Description	Date	Prepared by
N/C	New Document	12/23/2013	D. Waugh
A	Update section 1 to include scope of this document. Revise section 21.4	01/29/2014	S. Fall
B	Update definition table to include NRE. Update section 8.1.1 supplier delivery performance rating. Revise section 12.3 to include claim for NRE. Revise insurance dollar value in section 27.1 and update warranty period in section 36.1	03/07/2014	S. Fall
C	Section 8.3 change repair to rework	07/03/2014	S. Fall
D	Add requirements for supplier to notify EnCore of Change in section 10.2 and disposition of nonconforming products in section 8.7.	05/22/2015	S. Fall
E	Add Section 8.9 FOD Prevention Program. Revise section 10.2 to add work transfer notification and Top Management. Replace Buyer with EnCore on section 8.1.1, 27.1, 36.0, 37.0, 38.0 and 39.0. Changes are in green italics.	03/08/2016	J. Delgado
F	Add section 8.10 to meet AS9100 rev D	05/31/2017	S. Fall
G	Revise Sections 21.2, 21.3, 21.4 and add section 21.7 per Boeing Contract Amendment.	8/24/2017	J. Villegas
H	Revise section 8.10 to add requirements for supplier to verify the latest EnCore process specification revision as posted on <a href="https://encoregroup.aero/terms">https://encoregroup.aero/terms</a> when applicable.	01/22/2018	S. Fall
J	Revise section E, F, Section Events of Default	04/06/2018	J. Delgado
K	Replace EnCore (ECI) references to Boeing EnCore Interiors, LLC (EC) throughout document.	06/24/19	J. Delgado
L	Update logo, revised sections 1.2 D, 12.8, 15.0, 18.0, 27.0, removed 27.3, complete update of 34.0, and added sections 41.0 and 42.0.	07/10/20	J. Bontoft
M	Add Section 43.0 Government or Other Customer Clause, updated table of contents	08/18/20	J. Delgado
N	Updated signatory list. Corrected minor typographical & formatting/spacing errors. Updated sections 12.6. and 21.4 for clarity purpose.	06/30/21	G. Yasreb

---

## Table of Contents

<b>1.0 SCOPE AND DEFINITIONS</b>	<b>7</b>
<b>1.1 SCOPE</b>	<b>7</b>
<b>1.2 DEFINITIONS</b>	<b>7</b>
<b>2.0 ORDERING</b>	<b>8</b>
2.1 ISSUANCE OF ORDERS	8
2.2 ACCEPTANCE OF ORDERS	8
2.3 WRITTEN AUTHORIZATION TO PROCEED	8
<b>3.0 TITLE AND RISK OF LOSS</b>	<b>8</b>
<b>4.0 DELIVERY</b>	<b>8</b>
4.1 SCHEDULE	8
4.2 PENALTIES - LATE SHIPMENTS	9
4.3 NOTICE OF LABOR NEGOTIATIONS	9
<b>5.0 ON-SITE REVIEW AND RESIDENT REPRESENTATIVES</b>	<b>9</b>
5.1 REVIEW	9
5.2 RESIDENT REPRESENTATIVES	9
<b>6.0 CREDIT OFFICE VISIBILITY</b>	<b>10</b>
6.1 SELLER INFORMATION	10
6.2 SUBCONTRACTOR/SUPPLIER INFORMATION	10
<b>7.0 PACKING AND SHIPPING</b>	<b>10</b>
7.1 GENERAL	10
7.1.2 INSURANCE	10
7.1.3 SHIPPING CONTAINER LABELS	11
7.1.4 CARRIER SELECTION	11
7.1.5 INVOICES	11
7.1.6 NONCOMPLIANCE	11
7.1.7 RESERVED	11
7.2 BARCODE MARKING AND SHIPPING	11
<b>8.0 QUALITY ASSURANCE, INSPECTION, REJECTION, &amp; ACCEPTANCE</b>	<b>11</b>
8.1 CONTROLLING DOCUMENT	11
8.1.1 SUPPLIER PERFORMANCE METRICS	11
8.2 SELLER'S INSPECTION	11
8.2.1 SELLER'S DISCLOSURE	12
8.2.2 SELLER'S ACCEPTANCE	12
8.3 BOEING ENCORE INTERIORS, LLC'S INSPECTION AND REJECTION	12

---

8.4 RIGHTS OF BOEING ENCORE INTERIORS, LLC'S CUSTOMERS AND REGULATORS TO PERFORM INSPECTIONS, SURVEILLANCE, AND TESTING	13
8.5 RETENTION OF RECORDS	13
8.6 INSPECTION	13
8.7 BOEING ENCORE INTERIORS, LLC DISPOSITION OF NONCONFORMING PRODUCTS	14
8.8 REGULATORY APPROVALS	14
8.9 FOD PREVENTION PROGRAM	14
8.10 SUPPLIER CONTROL	15
<b>9.0 EXAMINATION OF RECORDS</b>	<b>15</b>
<b>10.0 CHANGES</b>	<b>16</b>
10.1 CHANGES CLAUSE	16
10.2 NOTIFICATION OF CHANGE/ WORK TRANSFER	16
<b>11.0 GENERAL &amp; INTERNATIONAL REQUIREMENTS</b>	<b>16</b>
11.1 LANGUAGE	16
11.2 CURRENCY	16
11.3 IMPORT/EXPORT	17
<b>12.0 TERMINATION FOR CONVENIENCE</b>	<b>17</b>
12.1 BASIS FOR TERMINATION; NOTICE	17
12.2 TERMINATION INSTRUCTIONS	18
12.3 SELLER'S CLAIM	19
12.4 FAILURE TO SUBMIT A CLAIM	19
12.5 PARTIAL TERMINATION	19
12.6 PRODUCT PRICE	19
12.7 EXCLUSIONS OR DEDUCTIONS	19
12.8 PARTIAL PAYMENT/PAYMENT	20
12.9 SELLER'S ACCOUNTING PRACTICES	20
12.10 RECORDS	20
<b>13.0 CANCELLATION FOR DEFAULT</b>	<b>20</b>
13.1 EVENTS OF DEFAULT	20
13.2 REMEDIES	21
<b>14.0 EXCUSABLE DELAY</b>	<b>22</b>
<b>15.0 SUSPENSION OF WORK</b>	<b>22</b>
<b>16.0 TERMINATION OR WRONGFUL CANCELLATION</b>	<b>23</b>
<b>17.0 ASSURANCE OF PERFORMANCE</b>	<b>23</b>
<b>18.0 RESPONSIBILITY FOR PROPERTY</b>	<b>23</b>

---

---

<b>19.0 LIMITATION OF SELLER'S RIGHT TO ENCUMBER ASSETS</b>	<b>24</b>
<b>20.0 PROPRIETARY INFORMATION AND ITEMS</b>	<b>25</b>
<b>21.0 COMPLIANCE</b>	<b>25</b>
21.1 COMPLIANCE WITH LAWS	25
21.2 GOVERNMENT REQUIREMENTS	27
21.3 ETHICS AND COMPLIANCE PROGRAM	28
21.4 CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS	28
21.5 ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE	28
21.6 RESERVED	28
21.7 CONFLICT MINERALS	28
<b>22.0 INTEGRITY IN PROCUREMENT</b>	<b>28</b>
<b>23.0 UTILIZATION OF SMALL BUSINESS CONCERNS</b>	<b>29</b>
<b>24.0 BOEING ENCORE INTERIORS, LLC'S RIGHTS IN SELLER'S PATENTS, COPYRIGHTS, TRADE SECRETS, AND TOOLING</b>	<b>29</b>
<b>25.0 TERMINATION OF AIRPLANE PROGRAM</b>	<b>30</b>
25.1 PROGRAM TERMINATION	30
25.2 TERMINATION LIABILITY	30
<b>26.0 PUBLICITY</b>	<b>30</b>
<b>27.0 PROPERTY INSURANCE</b>	<b>30</b>
27.1 INSURANCE	30
27.2 CERTIFICATE OF INSURANCE	31
<b>28.0 RESPONSIBILITY FOR PERFORMANCE</b>	<b>31</b>
28.1 SUBCONTRACTING	31
28.2 RELIANCE	31
28.3 ASSIGNMENT	32
<b>29.0 NON-WAIVER/PARTIAL INVALIDITY</b>	<b>32</b>
<b>30.0 HEADINGS</b>	<b>32</b>
<b>31.0 LICENSING</b>	<b>32</b>
<b>32.0 ELECTRONIC ACCESS</b>	<b>32</b>
<b>33.0 DISPUTES</b>	<b>34</b>
<b>34.0 GOVERNING LAW</b>	<b>35</b>
<b>35.0 TAXES</b>	<b>35</b>
35.1 INCLUSION OF TAXES IN PRICE	35
35.2 LITIGATION	35
35.3 REBATES	35

---



A Boeing Company

## GENERAL TERMS AND CONDITIONS

DOC NUMBER: EC-SM110

REVISION: N

PAGE: 6 of 38

---

<b>36.0 WARRANTY</b>	<b>35</b>
<b>37.0 ATTORNEYS' FEES</b>	<b>35</b>
<b>38.0 OBSOLESCENCE</b>	<b>36</b>
<b>39.0 TOOLING</b>	<b>36</b>
<b>40.0 INDUSTRIAL PARTICIPATION</b>	<b>36</b>
<b>41.0 COUNTERFEIT PARTS</b>	<b>36</b>
<b>42.0 INTELLECTUAL PROPERTY INDEMNITY</b>	<b>37</b>
<b>43.0 GOVERNMENT OR OTHER CUSTOMER CLAUSES</b>	<b>37</b>

## 1.0 SCOPE AND DEFINITIONS

### 1.1 SCOPE

This document describes general terms and conditions of purchase which are applicable to Orders placed by Boeing EnCore Interiors, LLC.

### 1.2 DEFINITIONS

The definitions set forth below shall apply to these Terms, any Order, and any related Agreement ("LTA") (collectively "the Agreement"). Words importing the singular shall also include the plural and vice versa.

- A. "Customer" means any owner, lessee or operator of an aircraft or commodity, or designee of such owner, lessee or operator.
- B. "FAA" means the United States Federal Aviation Administration or any successor agency thereto.
- C. "FAR" means the Federal Acquisition Regulations in effect on the date of these terms or any related Agreement(s).
- D. "Procurement Representative" means the individual designated by Boeing EnCore Interiors, LLC as being primarily responsible for interacting with Seller regarding these terms or any Order and is the only individual authorized to make changes or additions to the Agreement.
- E. "Order" means each purchase contract and purchase order issued by Boeing EnCore Interiors, LLC and either accepted by Seller under the terms of these Terms or issued within Boeing EnCore Interiors, LLC's authority under these Terms.
- F. "Product" means goods, including components and parts thereof, services, documents, data, software, software documentation and other information or items furnished or to be furnished to Boeing EnCore Interiors, LLC under any Order, including Tooling, except for rotating use tooling.
- G. "Services" means the work to be performed by Seller under an Order for Boeing EnCore Interiors, LLC as set forth in the statement of work and specifications established in the applicable LTA.
- H. "Tooling" means all tooling, used in production or inspection of Products or Services, either provided to Seller or supplied by Seller whereby Boeing EnCore Interiors, LLC agrees to pay Seller for the manufacture of the tooling.
- I. "LTA" means Long Term Agreement means a contract to perform work over an extended period of time instead of purchase order to purchase order contracts, and may contain more specific actions required to fulfill a particular procurement.
- J. "Incoterm". The Incoterms rules or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) that are widely used in International commercial transactions or procurement processes. A series of three-letter trade terms related to common contractual sales practices, the Incoterms rules are intended primarily to clearly communicate the tasks, costs, and risks associated with the transportation and delivery of goods.
- K. "NRE" means None Recurring Expenses

## 2.0 ORDERING

### 2.1 ISSUANCE OF ORDERS

Boeing EnCore Interiors, LLC may issue Orders to Seller from time to time. Each Order shall contain a description of the Products or Services ordered; a reference to the applicable specifications, drawings or supplier part number; the quantities and prices; the delivery schedule; the terms and place of delivery; and any special conditions. Each Order shall be governed by and be deemed to include the provisions of these Terms and any applicable Agreement. Purchase Order Terms and Conditions, any other Order terms and conditions, which conflict with these terms, do not apply unless specifically agreed to in writing by the Parties.

### 2.2 ACCEPTANCE OF ORDERS

Each Order is Boeing EnCore Interiors, LLC's offer to Seller and acceptance is strictly limited to its terms. Unless specifically agreed to in writing by the Procurement Representative of Boeing EnCore Interiors, LLC, Boeing EnCore Interiors, LLC objects to, and is not bound by, any terms or condition that differs from or adds to the Order. Seller's commencement of performance or acceptance of the Order in any manner shall conclusively evidence Seller's acceptance of the Order as written. Boeing EnCore Interiors, LLC may revoke any Order prior to Boeing EnCore Interiors, LLC's receipt of Seller's written acceptance or Seller's commencement of performance, whichever occurs first. Any rejection by Seller of an Order shall specify the reasons for rejection and any changes or additions that would make the Order acceptable to Seller; provided, however, that Seller may not reject any Order for reasons inconsistent with the provisions of these terms or the applicable LTA.

### 2.3 WRITTEN AUTHORIZATION TO PROCEED

Boeing EnCore Interiors, LLC's Procurement Representative may give written or electronic authorization to Seller to commence performance before Boeing EnCore Interiors, LLC issues an Order. If Boeing EnCore Interiors, LLC's authorization specifies that an Order will be issued, Boeing EnCore Interiors, LLC and Seller shall proceed as if an Order had been issued. These terms, the applicable LTA and the terms stated in the authorization shall be deemed to be a part of Boeing EnCore Interiors, LLC's offer and the Parties shall promptly and in good faith agree on any open Order terms. If Boeing EnCore Interiors, LLC does not specify in its authorization that an Order shall be issued, Boeing EnCore Interiors, LLC's obligation is strictly limited to the terms of the authorization. If Seller commences performance before an Order is issued or without receiving Boeing EnCore Interiors, LLC's prior authorization to proceed, such performance shall be at Seller's risk and expense.

## 3.0 TITLE AND RISK OF LOSS

Except as otherwise agreed to by the Parties, title to and risk of any loss of or damage to the Products shall pass at the F.O.B. or Incoterm point as specified in the applicable Order, except for loss or damage thereto resulting from Seller's fault or negligence.

## 4.0 DELIVERY

### 4.1 SCHEDULE

Seller shall strictly adhere to the shipment, delivery or completion schedules specified in the Order. In the event of any anticipated or actual delay, including but not limited to delays attributed to labor disputes, Seller shall: (i) promptly notify Boeing EnCore Interiors, LLC in writing of the reasons for the delay and the actions being taken to overcome or minimize the delay; and (ii) provide Boeing EnCore Interiors, LLC with a written recovery schedule. If Boeing EnCore Interiors, LLC requests, Seller shall, at Seller's expense, ship via air or other expedited routing to avoid the delay or minimize it as much as possible. Seller shall not deliver Products or Services prior to the scheduled delivery dates unless authorized by Boeing EnCore Interiors, LLC. Seller shall, at no additional cost to Boeing EnCore Interiors, LLC, retain goods furnished in excess of the specified quantity or in excess of any allowable overage unless, within forty-five (45) days of shipment, Seller requests return of such excess. In the event of such request, Seller shall reimburse Boeing EnCore Interiors, LLC for reasonable costs associated with storage and return of excess.



If Products or Services are manufactured with reference to Boeing EnCore Interiors, LLC Proprietary Information or Materials (as defined in Section 20.0), Seller agrees that pursuant to the Proprietary Information and Items per Section 20.0 of these terms, it will not sell or offer such Products or Services for sale to anyone other than Boeing EnCore Interiors, LLC without Boeing EnCore Interiors, LLC's prior written consent.

#### **4.2 PENALTIES - LATE SHIPMENTS**

Seller guarantees that all goods and services to be delivered hereunder shall be delivered in accordance with the scheduled delivery date set forth in this Order. Except for delay caused by Boeing EnCore Interiors, LLC, where the delivery date is not met, Boeing EnCore Interiors, LLC reserves the right to receive credit to Sellers account an amount equal to the product of the applicable percentage specified below and the total cost of the goods or services so delinquent:

1-15 days late, 5%; 16-22 days late, 10%; 23-30+ days late, 20%.

The parties expressly agree that the foregoing credit is for late delivery only and is cumulative with, and does not exclude, any other right or remedy Boeing EnCore Interiors, LLC may have, at law or in equity, for breach of any term of this Order.

#### **4.3 NOTICE OF LABOR NEGOTIATIONS**

When requested by Boeing EnCore Interiors, LLC, Seller will provide status on labor contracts and pending negotiations, including that of Seller's subcontractors or suppliers, except as may be prohibited by law.

### **5.0 ON-SITE REVIEW AND RESIDENT REPRESENTATIVES**

#### **5.1 REVIEW**

Seller hereby grants, and shall cause any of its subcontractors or suppliers to grant, to Boeing EnCore Interiors, LLC the right to visit the facility of Seller or any of its subcontractors or suppliers during operating hours to review progress and performance with respect to production, schedule, cost, quality and protection of Boeing EnCore Interiors, LLC's proprietary rights under any Order. Any Boeing EnCore Interiors, LLC representative shall be allowed access to all areas used for the performance of the Agreement. Such access shall be subject to the regulations of any governmental agency regarding admissibility and movement of personnel on the premises of Seller or any of its subcontractors or suppliers. Boeing EnCore Interiors, LLC shall notify Seller prior to any visit. Such notice shall contain the names, citizenship and positions of the visiting personnel and the duration and purpose of such visit.

#### **5.2 RESIDENT REPRESENTATIVES**

Boeing EnCore Interiors, LLC may, in its sole discretion, and for such period, as it deems necessary, locate resident personnel ("Resident Team") at Seller's facility. The Resident Team shall function under the direction of a resident Boeing EnCore Interiors, LLC manager, if appropriate, or a manager located at Boeing EnCore Interiors, LLC who will supervise Resident Team activities. The Resident Team shall be allowed access to or to review, as the case may be, all work areas, program status reports and management reviews used for or relating to Seller's performance of the Agreement. Seller shall supply the Resident Team with office space, desks, facsimile machines, telephones, high-speed access to internet services (if available from local providers), stationery supplies, filing cabinets, communication facilities, secretarial services and any other items reasonably requested by Boeing EnCore Interiors, LLC. A reasonable portion of the Resident Team's working area shall be dedicated to space for private telephone calls, meetings and similar Boeing EnCore Interiors, LLC activities. All costs and expenses for such facilities and services, if required, shall be paid by Seller. Notwithstanding such assistance, access and review, Seller remains solely responsible for performing in accordance with each Order.

---

## 6.0 CREDIT OFFICE VISIBILITY

### 6.1 SELLER INFORMATION

If requested, Seller shall provide financial data, on a quarterly basis, or as requested to the Boeing EnCore Interiors, LLC Corporate Credit Office for credit and financial condition reviews. Said data shall include but not be limited to balance sheets, schedule of accounts payable and receivable, major lines of credit, creditors, income statements (profit and loss), cash flow statements, firm backlog, and headcount. Copies of such data are to be made available within 72 hours of any written request by Boeing EnCore Interiors, LLC's Corporate Credit Office. Boeing EnCore Interiors, LLC shall treat all such information as confidential.

### 6.2 SUBCONTRACTOR/SUPPLIER INFORMATION

Seller shall maintain a process to evaluate and assess on an on-going basis the financial health of its subcontractor(s) and supplier(s) supporting these terms. Boeing EnCore Interiors, LLC Corporate Credit reserves the right to review and evaluate Seller's process. Seller will include provisions as part of its subcontracts that allow information to be shared with Boeing EnCore Interiors, LLC Corporate Credit and allow Boeing EnCore Interiors, LLC Corporate Credit to evaluate and assess the financial health of such subcontractors and suppliers directly. In addition, Seller shall ensure that Boeing EnCore Interiors, LLC may disclose to Seller any financial information received by Boeing EnCore Interiors, LLC Corporate Credit as part of this Section 6.2. No action by Boeing EnCore Interiors, LLC Corporate Credit shall relieve Seller from its responsibilities under this Section 6.0 or any other obligation under these terms.

## 7.0 PACKING AND SHIPPING

### 7.1 GENERAL

Seller shall pack the Products in accordance with Boeing EnCore Interiors, LLC requirements set forth on the purchase. Unless otherwise specified in the Order, Products or Services sold place of origin or shipment shall be forwarded collect. For Products shipped domestically, Seller shall make no declaration concerning the value of the Products or Services shipped, except on the Products or Services where the tariff rating is dependent upon released or declared value. In such event, Seller shall release or declare such value at the maximum value within the lowest rating. Boeing EnCore Interiors, LLC may charge Seller for damage to or deterioration of any Products resulting from improper packing or packaging. Seller shall comply with any special instructions stated in the applicable Order. Upon Boeing EnCore Interiors, LLC's request, Seller will identify packaging charges showing material and labor costs for container fabrication.

#### 7.1.1 SHIPPING DOCUMENTATION

Shipments by Seller or its subcontractors or suppliers must include packing sheets. Each packing sheet must include at a minimum the following: a) Seller's name, address, phone number; and supplier code number b) Order and item number; c) ship date for the Products; d) total quantity shipped and quantity in each container, if applicable; e) legible packing slip number; f) nomenclature; g) unit of measure; h) "ship to" information if other than Boeing EnCore Interiors, LLC; i) warranty data and certification, as applicable; j) rejection tag, if applicable; k) Seller's certification that Products or Services comply with Order requirements; and, l) identification of optional material used, if applicable. A shipment containing hazardous and non-hazardous materials must have separate packing sheets for the hazardous and non-hazardous materials. Items shipped on the same day will be consolidated on one bill of lading or airbill, unless Boeing EnCore Interiors, LLC's Procurement Representative authorizes otherwise. The shipping documents will describe the material according to the applicable classification or tariff rating. The total number of shipping containers will be referenced on all shipping documents. Originals of all government bills of lading will be surrendered to the origin carrier at the time of shipment.

#### 7.1.2 INSURANCE

Seller will not insure any shipment designated origin, place of shipment, or applicable Incoterm where Boeing EnCore Interiors, LLC is responsible for transportation unless authorized by Boeing EnCore Interiors, LLC.

---

### 7.1.3 SHIPPING CONTAINER LABELS

Seller will label each shipping container with the Order number and the number that each container represents of the total number being shipped (e.g., Box 1 of 2, Box 2 of 2).

### 7.1.4 CARRIER SELECTION

Boeing EnCore Interiors, LLC will select the carrier and mode of transportation for all shipments where freight costs will be charged to Boeing EnCore Interiors, LLC.

### 7.1.5 INVOICES

Seller will include copies of documentation supporting prepaid freight charges (e.g., carrier invoices or shipping log/manifest), if any, with its invoices.

### 7.1.6 NONCOMPLIANCE

If Seller is unable to comply with the shipping instructions in an Order, Seller will contact Boeing EnCore Interiors, LLC's Supply Chain Logistics organization or Boeing EnCore Interiors, LLC's Procurement Representative.

### 7.1.7 RESERVED

## 7.2 BARCODE MARKING AND SHIPPING

For Orders from Boeing EnCore Interiors, LLC locations that have approved Seller to utilize barcode labeling for shipping and packaging, Seller shall mark and package such shipments in accordance with the applicable barcode requirements for that location. Where approved and pursuant to applicable specifications, Seller will utilize bar-coding technology for part marking Products.

## 8.0 QUALITY ASSURANCE, INSPECTION, REJECTION, & ACCEPTANCE

### 8.1 CONTROLLING DOCUMENT

The controlling quality assurance document EC-SM210 for Orders shall be as set forth in purchase orders or as prescribed in any LTA.

#### 8.1.1 SUPPLIER PERFORMANCE METRICS

Suppliers are expected to ship products which are 100% on-time to the requirements of any Order, and at a Quality Acceptance level of 100%.

If Seller's performance rating, including but not limited to, Quality, Delivery and/or Purchase Order Conformance, falls below 98.5% on-time delivery and 99.5% quality, Seller shall perform a root cause analysis and if requested, provide Boeing EnCore Interiors, LLC with a corrective action plan outlining the tasks necessary to ensure timely and complete resolution of any problems. If Seller's corrective action plan does not fully eliminate the problem, then Boeing EnCore Interiors, LLC reserves the right to impose any costs resulting from such failure, including, but not limited to, source inspection at Seller's expense.

#### 8.2 SELLER'S INSPECTION

Seller shall inspect or otherwise verify that all Products or Services, including those components procured from or furnished by subcontractors or suppliers or Boeing EnCore Interiors, LLC, comply with the requirements of the Order prior to shipment to Boeing EnCore Interiors, LLC or Customer. Seller shall be responsible for all tests and inspections of the Product during receiving, manufacture and Seller's final inspection. Seller agrees to furnish copies of test and/or control data upon request from Boeing EnCore Interiors, LLC's Procurement Representative.

### 8.2.1 SELLER'S DISCLOSURE

Seller shall provide written notification to Boeing EnCore Interiors, LLC within one (1) day when a nonconformance is determined to exist, or is suspected to exist, on Product already delivered to Boeing EnCore Interiors, LLC under any Order. When the following is known, written notification shall include:

- A. Affected process or Product number and name
- B. Description of the problem (i.e., what it is and what it should be);
- C. Quantity, dates, and destination of shipment delivered
- D. Suspect/affected serial number(s) or date codes, when applicable.

The Seller shall notify the Boeing EnCore Interiors, LLC Procurement Representative and the Boeing EnCore Interiors, LLC Supplier Quality Field Representative for the Boeing EnCore Interiors, LLC location where the Product was delivered.

If the nonconforming condition has been previously identified by Boeing EnCore Interiors, LLC, using a Nonconformance Record or other equivalent means and requesting a corrective action response, the Seller shall notify the Boeing EnCore Interiors, LLC investigator identified on the corrective action request that additional Product is affected.

### 8.2.2 SELLER'S ACCEPTANCE

Seller shall provide with all shipments the following evidence of acceptance by its quality assurance department: (a) certified physical and metallurgical or mechanical test reports where required by controlling specifications, or (b) a signed, dated statement on the packing sheet certifying that its quality assurance department has inspected the Products or Services and they adhere to all applicable drawings and/or specifications.

### 8.3 BOEING ENCORE INTERIORS, LLC'S INSPECTION AND REJECTION

Boeing EnCore Interiors, LLC will accept the Products or Services or give Seller notice of rejection or revocation of acceptance ("rejection" herein), notwithstanding any payment, prior test or inspection, or passage of title. No inspection, test delay or failure to inspect or test or failure to discover any defect or other nonconformance shall relieve Seller of any obligations under any Order or impair any right or remedy of Boeing EnCore Interiors, LLC. If Seller delivers non-conforming Products or Services, Boeing EnCore Interiors, LLC may at its option and at Seller's expense (i) return the Products for credit or refund; (ii) require Seller to promptly correct or replace the Products or Services; (iii) correct the Products or Services; or, (iv) obtain replacement Products or Services from another source. These remedies are in addition to any remedies Boeing EnCore Interiors, LLC may have at law or equity. Seller shall not redeliver corrected or rejected goods without disclosing the former rejection or requirement for correction. Seller shall disclose any corrective action taken. Rework, replacement and other correction and redelivery shall be completed within the original delivery schedule or such later time as Procurement Representatives of Boeing EnCore Interiors, LLC may reasonably direct. All costs and expenses and loss of value incurred as a result of or in connection with nonconformance and repair, replacement or other correction may be recovered from Seller by equitable price reduction or credit against amounts that may be owed to Seller under these terms or otherwise. Acceptance of any Product by Boeing EnCore Interiors, LLC following any repair or rework pursuant to this Section 8.3 shall not alter or affect the obligations of Seller or the rights of Boeing EnCore Interiors, LLC under the Agreement.

Boeing EnCore Interiors, LLC reserves the right to charge Seller a two hundred and fifty (\$250) dollar penalty for each Non-Conformance Report (NCR) written by Boeing EnCore Interiors, LLC against Seller's goods and services supplied hereunder.

---

#### **8.4 RIGHTS OF BOEING ENCORE INTERIORS, LLC'S CUSTOMERS AND REGULATORS TO PERFORM INSPECTIONS, SURVEILLANCE, AND TESTING**

Boeing EnCore Interiors, LLC's rights to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control, flight safety, and configuration control shall extend to the Customers of Boeing EnCore Interiors, LLC that are departments, agencies or instrumentalities of the United States Government and to the FAA and any successor agency or instrumentality of the United States Government. Boeing EnCore Interiors, LLC may also, at Boeing EnCore Interiors, LLC's option, by prior written notice from Boeing EnCore Interiors, LLC's Procurement Representative, extend such rights to other Customers of Boeing EnCore Interiors, LLC and to agencies or instrumentalities of other governments equivalent in purpose to the FAA. Seller shall cooperate with any such United States Government or Boeing EnCore Interiors, LLC directed inspection, surveillance, test or review without additional charge to Boeing EnCore Interiors, LLC. Nothing in these terms shall be interpreted to limit United States Government access to Seller's facilities pursuant to law or regulation. Where Seller is located in or subcontracts with a supplier or subcontractor located in a country which does not have a bilateral airworthiness agreement with the United States, Seller will obtain and maintain on file and require its affected supplier(s) or subcontractor(s) to obtain and maintain on file, subject to review by Boeing EnCore Interiors, LLC, or copies provided to Boeing EnCore Interiors, LLC upon request, a letter from the applicable government where the Product or subcontracted element is to be manufactured stating that Boeing EnCore Interiors, LLC and the FAA will be granted access to perform inspections, surveillance and tests and to review procedures, practices, processes and related documents related to quality assurance, quality control, flight safety, and configuration control.

#### **8.5 RETENTION OF RECORDS**

For Orders supporting commercial airlines, Seller shall maintain, on file at Seller's facility, Quality records traceable to the conformance of product/part numbers delivered to Boeing EnCore Interiors, LLC. Seller shall make such records available to regulatory authorities and Boeing EnCore Interiors, LLC's authorized representatives. Seller shall retain such records for a period of not less than (10) ten years from the date of shipment under each applicable Order for all product/part numbers unless otherwise specified on the Order. Seller shall maintain all records related to the current first article inspection (FAI) for (10) ten years past final delivery of the last Product covered by the FAI. At the expiration of such period set forth above and prior to any disposal of records, Seller will notify Boeing EnCore Interiors, LLC of records to be disposed of and Boeing EnCore Interiors, LLC reserves the right to request delivery of such records. In the event Boeing EnCore Interiors, LLC chooses to exercise this right, Seller shall promptly deliver such records to Boeing EnCore Interiors, LLC at no additional cost on media agreed to by both parties.

#### **8.6 INSPECTION**

At no additional cost to Boeing EnCore Interiors, LLC, Products or Services or portions thereof, may be subject to inspection, surveillance and test at reasonable times and places, including Seller's subcontractors' or suppliers' locations. Boeing EnCore Interiors, LLC will perform inspections, surveillance and tests so as not to unduly interfere with Seller's performance under an Order or the Agreement. Seller shall maintain an inspection system acceptable to Boeing EnCore Interiors, LLC for the Products or Services purchased under any Order. If Boeing EnCore Interiors, LLC performs an inspection or test on the premises of Seller or its subcontractors or suppliers, Seller shall furnish and require its subcontractors or suppliers to furnish, without additional charge, reasonable facilities and assistance for the safe and convenient performance of these duties. Seller's documentation accompanying the shipment containing inspected Products or Services, or portions thereof must reflect evidence of this inspection.

### **8.7 BOEING ENCORE INTERIORS, LLC DISPOSITION OF NONCONFORMING PRODUCTS**

When supplier is manufacturing products per Boeing EnCore Interiors, LLC design, the dispositions of use-as-is or repair shall only be used by the supplier after approval by Boeing EnCore Interiors, LLC unless written MRB authorization is granted.

Supplier shall not use dispositions of use-as-is or repair, unless specifically authorized by the Boeing EnCore Interiors, LLC if the nonconformity results in a departure from the contract requirements.

### **8.8 REGULATORY APPROVALS**

For aircraft regulated by the FAA or non-U.S. equivalent agency, regulatory approval may be required for Seller to make direct sales (does not include "direct ship" sale through Boeing EnCore Interiors, LLC) of modification or replacement parts to owners/operators of type certificated aircraft. Unless explicit direction is given to the contrary, no articles (or constituent parts thereof) ordered by Boeing EnCore Interiors, LLC shall contain any FAA-PMA markings and shall not be certified under an FAA PMA approval. Regulatory approval, such as Parts Manufacturer Approval (PMA), is granted by the FAA or appropriate non-U.S. equivalent regulatory agency. Seller agrees not to engage in any such direct sales of Products or Services under these terms without regulatory approval. Any breach of this provision will be deemed a material breach of these terms. For Seller proprietary parts, Seller agrees to notify Boeing EnCore Interiors, LLC of application for PMA or other applicable regulatory approval and subsequent approval or denial of same. Upon receipt of proof of PMA or other applicable regulatory approval, Boeing EnCore Interiors, LLC may list Seller in the illustrated parts catalog as seller of that part.

### **8.9 FOD PREVENTION PROGRAM**

Supplier is required to establish, document and maintain a "Foreign Object Debris/ Foreign Object Damage" (FOD) prevention program which shall consist of:

- A. FOD Responsible Personnel
- B. Process/Product Risk Assessment
- C. FOD Prevention and Training Program
- D. Control of Tools/Tooling

NOTE: See Supply Chain Management Handbook (SCMH) FOD Program Robustness Assessment Tool for further guidance. Link <http://www.sae.org/iaqg/>



### **8.10 SUPPLIER CONTROL**

Seller shall:

- Apply appropriate controls to their direct and sub-tier suppliers to ensure that requirements are met.
- Use customer-designated or approved external providers, including process sources (e.g., special processes) when required by purchase order or supplier contract;
- Have a process in place to prevent the use of counterfeit parts;
- Flow down to its suppliers any applicable requirements including Boeing EnCore Interiors, LLC requirements;
- Provide, when required, test specimens for design approval, inspection/verification, investigation, or auditing;
- Ensure its employees are aware of:
  - their contribution to product or service conformity;
  - their contribution to product safety;

Supplier is also responsible for verifying that work is being performed in accordance with the latest Boeing EnCore Interiors, LLC process specification revision as posted on <https://encoregroup.aero/terms> as required.

### **9.0 EXAMINATION OF RECORDS**

Seller shall maintain complete and accurate records showing the sales volume of all Products or Services. Such records shall support all services performed, allowances claimed and costs incurred by Seller in the performance of each Order, including but not limited to those factors which comprise or affect direct labor hours, direct labor rates, material costs, burden rates and subcontracts. Such records and other data shall be capable of verification through audit and analysis by Boeing EnCore Interiors, LLC and be available to Boeing EnCore Interiors, LLC at Seller's facility for Boeing EnCore Interiors, LLC's examination, reproduction, and audit at all reasonable times from the date of the applicable Order until three (3) years after final payment under such Order. Seller shall provide assistance to interpret such data if requested by Boeing EnCore Interiors, LLC. Such examination shall provide Boeing EnCore Interiors, LLC with complete information regarding Seller's performance for use in price negotiations with Seller relating to existing or future orders for Products or Services, including but not limited to negotiation of equitable adjustments for changes and termination/obsolescence claims pursuant to Section 10.0 and Section 12.0 herein. Boeing EnCore Interiors, LLC shall treat all information disclosed under this Section as confidential, except as otherwise required by U.S. Government contracting regulation(s).

## 10.0 CHANGES

### 10.1 CHANGES CLAUSE

Boeing EnCore Interiors, LLC's Procurement Representative may, without notice to sureties, in writing direct changes within the general scope of these terms or an Order in any of the following: (i) technical requirements and descriptions, specifications, statement of work, drawings or designs; (ii) shipment or packing methods; (iii) place of delivery, inspection or acceptance; (iv) reasonable adjustments in quantities or delivery schedules or both; (v) amount of Boeing EnCore Interiors, LLC-furnished property; and, if these terms includes services, (vi) description of services to be performed; (vii) time of performance (i.e., hours of the day, days of the week, etc.); and (viii) place of performance. Seller shall comply immediately with such direction. If such change increases or decreases the cost or time required to perform under these terms, Boeing EnCore Interiors, LLC and Seller shall negotiate an equitable adjustment in the price or schedule, or both, to reflect the increase or decrease. Unless otherwise agreed in writing, Seller must assert any claim for adjustment to Boeing EnCore Interiors, LLC's Procurement Representative in writing within thirty (30) days and deliver a fully supported proposal to Boeing EnCore Interiors, LLC's Procurement Representative within sixty (60) days after Seller's receipt of such direction. Boeing EnCore Interiors, LLC shall modify the Order in writing accordingly. Boeing EnCore Interiors, LLC may, at its sole discretion, consider any claim regardless of when asserted. If Seller's claim includes the cost of property made obsolete or excess by the change, Boeing EnCore Interiors, LLC may direct the disposition of the property. Boeing EnCore Interiors, LLC may examine Seller's pertinent books and records supporting Seller's claim. Failure of the Parties to agree upon any adjustment shall not excuse Seller from performing in accordance with Boeing EnCore Interiors, LLC's direction. If Seller considers that Boeing EnCore Interiors, LLC's conduct constitutes a change, Seller shall notify Boeing EnCore Interiors, LLC's Procurement Representative immediately in writing as to the nature of such conduct and its effect upon Seller's performance. Pending direction from Boeing EnCore Interiors, LLC's Procurement Representative, Seller shall take no action to implement any such change.

Boeing EnCore Interiors, LLC has the right to make changes to delivery schedule within a ninety (90) days period or not less than seller's stated lead time without any financial impact.

### 10.2 NOTIFICATION OF CHANGE/ WORK TRANSFER

The supplier shall establish, implement and maintain a process to plan and control the temporary or permanent transfer of work, as defined in AS9100, (e.g., from one organization facility to another, from the organization to a supplier, from one supplier to another supplier) and to verify the conformity of the work to requirements.

Supplier shall notify Boeing EnCore Interiors, LLC when transferring work. Supplier shall promptly notify Boeing EnCore Interiors, LLC when changing Top Level Management. Supplier shall also notify Boeing EnCore Interiors, LLC and obtain approval when changing manufacturing facility location, changing product and/or process.

## 11.0 GENERAL & INTERNATIONAL REQUIREMENTS

### 11.1 LANGUAGE

The Parties hereto have agreed that these terms be written in American English only. All contractual documents and all correspondence, invoices, notices and other documents shall be submitted in American English. Any necessary conversations shall be held in English. Boeing EnCore Interiors, LLC shall determine whether measurements will be in the English or Metric system or a combination of the two systems. When furnishing documents to Boeing EnCore Interiors, LLC, Seller shall not convert measurements, which Boeing EnCore Interiors, LLC has stated in an English measurement system into the Metric system.

### 11.2 CURRENCY

Unless specified elsewhere herein, all prices shall be stated in and all payments shall be made in the currency of the United States of America (U.S. Dollars). No adjustments to any prices shall be made for changes to or fluctuations in currency exchange rates.



### **11.3 IMPORT/EXPORT**

- A. In performing the obligations of under these terms, both Parties will comply with all applicable export, import and sanctions laws, regulations, orders, and authorizations, as they may be amended from time to time, applicable to the export (including re-export) or import of goods, software, technology, or technical data (“Items”) or services, including without limitation the Export Administration Regulations (“EAR”), International Traffic in Arms Regulations (“ITAR”), and regulations and orders administered by the Treasury Department’s Office of Foreign Assets Control (collectively, “Export/Import Laws”).
- B. The Party conducting the export or import shall obtain all export or import authorizations which are required under the Export/Import Laws for said party to execute their obligations under these terms.
- C. Each Party shall reasonably cooperate and exercise reasonable efforts at its own expense to support the other Party in obtaining any necessary licenses or authorizations required to perform its obligations under these terms. Reasonable cooperation shall include providing reasonably necessary documentation, including import, end user and retransfer certificates.
- D. The Party providing Items or services under these terms shall, upon request, notify the other Party of the Items or services’ export classification (e.g. the Export Control Classification Numbers or U.S. Munitions List (USML) category and subcategory) as well as the export classification of any components or parts thereof if they are different from the export classification of the Item at issue. The Parties acknowledge that this representation means that an official capable of binding the Party providing such Items or services knows or has otherwise determined the proper export classification.
- E. Each Party agrees to reasonably cooperate with the other in providing, upon request of the other Party, documentation or other information that supports or confirms this representation.

### **12.0 TERMINATION FOR CONVENIENCE**

#### **12.1 BASIS FOR TERMINATION; NOTICE**

Boeing EnCore Interiors, LLC may, from time to time terminate all or part of any Order issued hereunder, by written notice to Seller. Any such written notice of termination shall specify the effective date and the extent of any such termination.

## **12.2 TERMINATION INSTRUCTIONS**

On receipt of a written notice of termination of all or part of any Order under these terms, unless otherwise directed by Boeing EnCore Interiors, LLC, Seller shall:

- A. Immediately stop work as specified in the notice;
- B. Incur no further contractual obligations for materials, services or facilities, except as necessary to complete any continued portion of these terms or any Order issued hereunder.
- C. Immediately terminate its subcontracts and purchase orders relating to work terminated;
- D. Assign to Boeing EnCore Interiors, LLC, if directed by Boeing EnCore Interiors, LLC, all right, title, and interest of Seller under its subcontracts terminated, in which case Boeing EnCore Interiors, LLC shall have the right to settle or to pay any termination settlement proposal arising out of those terminations.
- E. Settle any termination claims made by its subcontractors or suppliers; provided, that Boeing EnCore Interiors, LLC shall have approved the amount of such termination claims in writing prior to such settlement;
- F. Preserve and protect all terminated inventory and Products in which Boeing EnCore Interiors, LLC has or may acquire an interest;
- G. At Boeing EnCore Interiors, LLC's request, transfer title (to the extent not previously transferred) and deliver to Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC's designee all supplies and materials, work-in-process, Tooling and manufacturing drawings and data produced or acquired by Seller for the performance of these terms and any Order, all in accordance with the terms of such request;
- H. Be compensated for such items to the extent provided in Section 12.3 below;
- I. Take all reasonable steps required to return, or at Boeing EnCore Interiors, LLC's option and with prior written approval to destroy, all Boeing EnCore Interiors, LLC Proprietary Information and Items, as set forth in Section 20.0, in the possession, custody or control of Seller or any of its subcontractors or suppliers;
- J. Take such other action as, in Boeing EnCore Interiors, LLC's reasonable opinion, may be necessary, and as Boeing EnCore Interiors, LLC shall direct in writing, to facilitate termination of the Order; and
- K. Complete performance of the work not terminated in which Boeing EnCore Interiors, LLC has or may acquire an interest.

### **12.3 SELLER'S CLAIM**

If Boeing EnCore Interiors, LLC terminates an Order in whole or in part under these terms, Seller shall have the right to submit a written termination claim to Boeing EnCore Interiors, LLC in accordance with the terms of Section 12.3. Such termination claim shall be asserted to Boeing EnCore Interiors, LLC within forty-five (45) days and all documentation supporting said claim must be asserted not later than six (6) months after Seller's receipt of the termination notice and shall be in the form prescribed by Boeing EnCore Interiors, LLC. Such claim must contain sufficient detail describing the amount claimed, including detailed inventory schedules, a detailed breakdown of all costs claimed separated into categories (e.g., materials, purchased parts, finished components, labor, burden, general and administrative, excluding profit and none contracted NRE), and documentation supporting the claim reasonably requested by Boeing EnCore Interiors, LLC, including without limitation, invoices, proof of payment, etc., and an explanation underlying the basis for allocation of any other costs. In no event shall claims for non-recurring engineering be considered or paid by Boeing EnCore Interiors, LLC to Seller. With regard to the amount compensatable to Seller under a termination of all or part of an Order under these terms, Seller shall be entitled to compensation in accordance with and to the extent allowed under the terms of FAR 52-249-2 paragraphs (e)-(i), (Sept 96) (as published in 48 CFR § 52.249-2 approval 1996; without alternates, unless alternate clause date is specified on the Order) which is incorporated herein by reference except "Government" and "Contracting Officer" shall mean Boeing EnCore Interiors, LLC, "Contractor" shall mean Seller and "Contract" shall mean Order. Seller shall indemnify Boeing EnCore Interiors, LLC and hold Boeing EnCore Interiors, LLC harmless from and against (i) any and all claims, suits and proceedings against Boeing EnCore Interiors, LLC by any subcontractor or supplier of Seller in respect of any such termination and (ii) any and all costs, expenses, losses and damages incurred by Boeing EnCore Interiors, LLC in connection with any such claim, suit or proceeding.

### **12.4 FAILURE TO SUBMIT A CLAIM**

Notwithstanding any other provision of this Section 12.0, if Seller fails to submit a termination claim within the time period set forth above, Seller shall be barred from submitting a claim and Boeing EnCore Interiors, LLC shall have no obligation for payment to Seller under this Section 12.0 except for those Products or Services previously delivered and accepted by Boeing EnCore Interiors, LLC.

### **12.5 PARTIAL TERMINATION**

Any partial termination of an Order shall not alter or affect the terms and conditions of the Order or any Order with respect to Products or Services not terminated.

### **12.6 PRODUCT PRICE**

Termination of all or part of an Order under this Section 12.0 shall not result in any change to Prices (as defined in the applicable LTA or [Purchase Order](#)) for Products or Services not terminated.

### **12.7 EXCLUSIONS OR DEDUCTIONS**

The following items shall be excluded or deducted from any claim submitted by Seller:

- A. All unliquidated advances or other payments made by Boeing EnCore Interiors, LLC to Seller pursuant to a terminated Order, or part thereof;
- B. Any claim which Boeing EnCore Interiors, LLC has against Seller;
- C. The agreed price for scrap allowance; and,
- D. Except for normal spoilage and any risk of loss assumed by Boeing EnCore Interiors, LLC, the agreed fair value of property that is lost, destroyed, stolen or damaged.

---

### **12.8 PARTIAL PAYMENT/PAYMENT**

Payment, if any, to be paid under this Section 12.0 shall be made one hundred and twenty (120) days after settlement between the Parties or as otherwise agreed to between the Parties. Boeing EnCore Interiors, LLC may make partial payments and payments against costs incurred by Seller for the terminated portion of the Order. If the total payments exceed the final amount determined to be due, Seller shall repay the excess to Boeing EnCore Interiors, LLC upon demand.

### **12.9 SELLER'S ACCOUNTING PRACTICES**

Boeing EnCore Interiors, LLC and Seller agree that Seller's "normal accounting practices" used in developing the price of the Product(s) shall also be used in determining the allocable costs at termination of all or part of an Order. For purposes of this Section 12.9, Seller's "normal accounting practices" refers to Seller's method of charging costs as either a direct charge, overhead expense, general administrative expense, etc.

### **12.10 RECORDS**

Unless otherwise provided in these terms or by law, Seller shall maintain all financial records and documents relating to the terminated portion of the Order for three (3) years after final settlement of Seller's termination claim.

## **13.0 CANCELLATION FOR DEFAULT**

### **13.1 EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall constitute an "Event of Default".

- A. Any failure by Seller to deliver, when and as required by these terms or any Order, any Product, except as provided in Section 14.0; or
- B. Any failure by Seller to provide an acceptable Assurance of Performance within the time specified in Section 17.0, or otherwise in accordance with applicable law; or,
- C. Any failure by Seller to perform or comply with any obligation set forth in Section 20.0; or,
- D. Seller is or has participated in the sale, purchase or manufacture of airplane parts without the required approval of the FAA or appropriate non-U.S. equivalent regulatory agency; or
- E. Boeing EnCore Interiors, LLC revokes Seller's Quality Assurance System approval, if applicable; or,
- F. Any failure by Seller to perform or comply with any obligation (other than as described in the foregoing Sections (13.1.A, 13.1.B, 13.1.C, 13.1.D and 13.1.E) set forth in these terms and such failure shall continue unremedied for a period of ten (10) days or more following receipt by Seller of notice from Boeing EnCore Interiors, LLC specifying such failure; or (1) the suspension, dissolution or winding-up of Seller's business, (2) Seller's insolvency, or its inability to pay debts, or its nonpayment of debts, as they become due, (3) the institution of reorganization, liquidation or other such proceedings by or against Seller or the appointment of a custodian, trustee, receiver or similar person for Seller's properties or business, (4) an assignment by Seller for the benefit of its creditors, or (5) any action of Seller for the purpose of effecting or facilitating any of the foregoing.

## 13.2 REMEDIES

If any Event of Default shall occur:

A. Cancellation

Boeing EnCore Interiors, LLC may, by giving written notice to Seller, immediately cancel all or portion of any Order, any LTA or these terms, in whole or in part, and Boeing EnCore Interiors, LLC shall not be required after such notice to accept the tender by Seller of any Products or Services subject to the cancellation.

B. Cover

Boeing EnCore Interiors, LLC may manufacture, produce or provide, or may engage any other entity to manufacture, produce or provide, any Products or Services in substitution for the Products or Services to be delivered or provided by Seller. In addition to any other remedies or damages available to Boeing EnCore Interiors, LLC hereunder or at law or in equity, Boeing EnCore Interiors, LLC may recover from Seller the difference between the price for each such Product and the aggregate expense, including, without limitation, administrative and other indirect costs, paid or incurred by Boeing EnCore Interiors, LLC to manufacture, produce or provide, or engage other persons to manufacture, produce or provide, each such Product.

C. Re-schedule

Re-schedule Seller's performance of any or all of the Services or Additional Services.

D. Rework or Repair

Where allowed by the applicable regulatory authority, Boeing EnCore Interiors, LLC or its designee may rework or repair any Product in accordance with GTA Section 8.3, or as may otherwise be allowed under the Agreement;

E. Setoff

Boeing EnCore Interiors, LLC shall, at its option, have the right to set off against and apply to the payment or performance of any obligation, sum or amount owing at any time to Boeing EnCore Interiors, LLC under these terms or under any Order, all deposits, amounts or balances held by Boeing EnCore Interiors, LLC for the account of Seller and any amounts owed by Boeing EnCore Interiors, LLC to Seller, regardless of whether any such deposit, amount, balance or other amount or payment is then due and owing.

F. Tooling and other Materials

As partial compensation for the additional costs which Boeing EnCore Interiors, LLC will incur as a result of the transfer of production capabilities from Seller to Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC's designee, Seller shall upon the request of Boeing EnCore Interiors, LLC, transfer and deliver to Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC's designee title to any or all (1) Tooling, (2) Boeing EnCore Interiors, LLC-furnished material, (3) raw materials, parts, work-in-process, incomplete or completed assemblies, and all other Products or parts thereof in the possession or under the effective control of Seller or any of its subcontractors or suppliers (4) Proprietary Information and Materials of Boeing EnCore Interiors, LLC including without limitation planning data, drawings and other Proprietary Information and Materials (as defined in Section 20.0) relating to the design, production, maintenance, repair and use of Tooling, in the possession or under the effective control of Seller or any of its subcontractors or suppliers, in each case free and clear of all liens, claims or other rights of any person. Seller shall be entitled to receive from Boeing EnCore Interiors, LLC reasonable compensation for any item accepted by Boeing EnCore Interiors, LLC which has been transferred to Boeing EnCore Interiors, LLC pursuant to this Section 13.2. (except for any item the price of which has been paid to Seller prior to such transfer); provided, however, that such

---

compensation shall not be paid directly to Seller, but shall be set off against any damages payable by Seller to Boeing EnCore Interiors, LLC as a result of any Event of Default.

**G. Remedies Generally**

No failure on the part of Boeing EnCore Interiors, LLC in exercising any right or remedy hereunder, or as provided by law or in equity, shall impair, prejudice or constitute a waiver of any such right or remedy, or shall be construed as a waiver of any Event of Default or as acquiescence therein. No single or partial exercise of any such right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. No acceptance of partial payment or performance of any of Seller's obligations hereunder shall constitute a waiver of any Event of Default or a waiver or release of payment or performance in full by Seller of any such obligation. All rights and remedies of Boeing EnCore Interiors, LLC hereunder and at law and in equity shall be cumulative and not mutually exclusive and the exercise of one shall not be deemed a waiver of the right to exercise any other. Nothing contained in these terms shall be construed to limit any right or remedy of Boeing EnCore Interiors, LLC now or hereafter existing at law or in equity.

**14.0 EXCUSABLE DELAY**

If delivery of any Product is delayed by unforeseeable circumstances beyond the control and without the fault or negligence of Seller or of its suppliers or subcontractors (any such delay being hereinafter referred to as "Excusable Delay"), the delivery of such Product shall be extended for a period to be determined by Boeing EnCore Interiors, LLC after an assessment by Boeing EnCore Interiors, LLC of alternative work methods. Excusable Delays may include, but are not limited to, acts of God, war, terrorist acts, riots, acts of government, fires, floods, epidemics, quarantine restrictions, freight embargoes, strikes or unusually severe weather, but shall exclude Seller's noncompliance with any legal requirement as required by Section 21.0 "Compliance with Laws". However, the above notwithstanding, Boeing EnCore Interiors, LLC expects Seller to continue production, recover lost time and support all schedules as established under these terms or any Order. Therefore, it is understood and agreed that (1) delays of less than two days duration shall not be considered to be Excusable Delays unless such delays shall occur within thirty (30) days preceding the scheduled delivery date of any Product and (2) if delay in delivery of any Product is caused by the failure to perform of any of Seller's subcontractors or suppliers, such delay shall not be considered an Excusable Delay unless the supplies or services to be provided by such subcontractor or supplier are not obtainable from other sources in sufficient time to permit Seller to meet the applicable delivery schedules. If delivery of any Product is delayed by any Excusable Delay for more than three months, Boeing EnCore Interiors, LLC may, without any additional extension, cancel all or part of any Order with respect to the delayed Products or Services, and exercise any of its remedies in accordance with Section 13.2, or as otherwise provided in these terms provided however, that Boeing EnCore Interiors, LLC shall not be entitled to monetary damages or specific performance to the extent any Seller's breach is the result of an Excusable Delay.

**15.0 SUSPENSION OF WORK**

Boeing EnCore Interiors, LLC may at any time, by written order to Seller, require Seller to stop all or any part of the work called for by any Order for up to one hundred (100) days hereafter referred to as a "Stop Work Order" issued pursuant to this Section 15.0. On receipt of a Stop Work Order, Seller shall promptly comply with its terms and take all reasonable steps to minimize the occurrence of costs arising from the work covered by the Stop Work Order during the period of work stoppage. Within the period covered by the Stop Work Order (including any extension thereof) Boeing EnCore Interiors, LLC shall either (i) cancel the Stop Work Order or (ii) terminate or cancel the work covered by the Stop Work Order in accordance with the provisions of these terms, including without limitation, Section 12.0 or 13.0. In the event the Stop Work Order is canceled by Boeing EnCore Interiors, LLC or the period of the Stop Work Order (including any extension thereof) expires, Seller shall promptly resume work in accordance with the terms of the Agreement.



---

## **16.0 TERMINATION OR WRONGFUL CANCELLATION**

Boeing EnCore Interiors, LLC shall not be liable for any loss or damage resulting from any termination of all or a portion of an Order under these terms, except as expressly provided in Section 12.3 or any cancellation under Section 13.0 except to the extent that such cancellation shall have been determined to have been wrongful, in which case such wrongful cancellation shall be deemed a termination of all or a portion of an Order pursuant to Section 12.1 and therefore, Boeing EnCore Interiors, LLC's liability shall be limited to the payment to Seller of the amount or amounts identified in Section 12.3.

## **17.0 ASSURANCE OF PERFORMANCE**

### **A. Seller to Provide Assurance**

If Boeing EnCore Interiors, LLC determines, at any time or from time to time, that it is not sufficiently assured of Seller's full, timely and continuing performance hereunder, or if for any other reason Boeing EnCore Interiors, LLC has reasonable grounds for insecurity, Boeing EnCore Interiors, LLC may request, by notice to Seller, written assurance (hereafter an "Assurance of Performance") with respect to any specific matters affecting Seller's performance hereunder, that Seller is able to perform all of its respective obligations under any Order when and as specified herein. Each Assurance of Performance shall be delivered by Seller to Boeing EnCore Interiors, LLC as promptly as possible, but in any event no later than ten (10) calendar days following Boeing EnCore Interiors, LLC's request therefore and each Assurance of Performance shall be accompanied by any information, reports or other materials, prepared by Seller, as Boeing EnCore Interiors, LLC may reasonably request. Except as to payment for accepted goods, Boeing EnCore Interiors, LLC may suspend all or any part of Boeing EnCore Interiors, LLC's performance hereunder until Boeing EnCore Interiors, LLC receives an Assurance of Performance from Seller satisfactory in form and substance to Boeing EnCore Interiors, LLC.

### **B. Meetings and Information**

Boeing EnCore Interiors, LLC may request one or more meetings with senior management or other employees of Seller for the purpose of discussing any request by Boeing EnCore Interiors, LLC for Assurance of Performance or any Assurance of Performance provided by Seller. Seller shall make such persons available to meet with representatives of Boeing EnCore Interiors, LLC as soon as may be practicable following a request for any such meeting by Boeing EnCore Interiors, LLC and Seller shall make available to Boeing EnCore Interiors, LLC any additional information, reports or other materials in connection therewith as Boeing EnCore Interiors, LLC may reasonably request.

## **18.0 RESPONSIBILITY FOR PROPERTY**

Seller shall clearly mark, maintain an inventory of, and keep segregated or identifiable all of Boeing EnCore Interiors, LLC's and Customer's supplied property and all property to which Boeing EnCore Interiors, LLC has acquired an interest. Seller assumes all risk of loss, deterioration, destruction or damage of such property and lost paperwork, e.g. 8130, etc. while in Seller's or its subcontractors' or suppliers' possession, custody or control. Deterioration does not include items deteriorated due to the lapse of shelf-life or other inherent deterioration. Upon request, Seller shall provide Boeing EnCore Interiors, LLC with adequate proof of insurance against such risk of loss. Seller shall not use such property other than in performance of an Order without prior written consent from Boeing EnCore Interiors, LLC. Seller shall promptly notify Boeing EnCore Interiors, LLC's Procurement Representative if Boeing EnCore Interiors, LLC's property is lost, damaged or destroyed. As directed by Boeing EnCore Interiors, LLC, upon completion, termination or cancellation of any Agreement or all or a portion of any Order, Seller shall deliver such property, to the extent not incorporated in delivered end products, to Boeing EnCore Interiors, LLC in good condition subject to ordinary wear and tear and normal manufacturing losses. Nothing in this Section 18.0 limits Seller's use, in its direct contracts with the government, of property in which the government has an interest.

---

**INSURANCE**

Seller shall obtain and maintain continuously in effect a property insurance policy covering loss or destruction of or damage to all property in which Boeing EnCore Interiors, LLC does or could have an insurable interest pursuant to these terms, including but not limited to Tooling, Boeing EnCore Interiors, LLC-furnished property, raw materials, parts, work-in-process, incomplete or completed assemblies and all other Products or Services or parts thereof, and all drawings, specifications, data and other materials relating to any of the foregoing in each case to the extent in the possession or under the effective care, custody or control of Seller or any agent, employee, affiliate, subcontractor or supplier of Seller, in the amount of full replacement value thereof providing protection against all perils normally covered in an "all risk" property insurance policy (including without limitation fire, windstorm, explosion, riot, civil commotion, aircraft, earthquake, flood or other acts of God). Such insurance shall (a) provide for payment of loss thereunder to Boeing EnCore Interiors, LLC, as loss payee, as its interests may appear and (b) contain a waiver of any rights of subrogation against Boeing EnCore Interiors, LLC, its subsidiaries, and their respective directors, officers, employees and agents. Any such policy shall be with insurers reasonably acceptable to Boeing EnCore Interiors, LLC.

**NOTICE OF DAMAGE OR LOSS**

Seller shall give prompt written notice to Boeing EnCore Interiors, LLC's Procurement Representative of the occurrence of any damage or loss to any property required to be insured herein. If any such property shall be damaged or destroyed, in whole or in part, by an insured peril or otherwise, and if no Event of Default shall have occurred and be continuing, then Seller may, upon written notice to Boeing EnCore Interiors, LLC, settle, adjust, or compromise any and all such loss or damage not in excess of Two Hundred Fifty Thousand Dollars (\$250,000) in any one occurrence and Five Hundred Thousand Dollars (\$500,000) in the aggregate. Seller may settle, adjust or compromise any other claim by Seller only after Boeing EnCore Interiors, LLC has given written approval, which approval shall not be unreasonably withheld.

**CERTIFICATES OF PROPERTY INSURANCE**

Upon written request from Boeing EnCore Interiors, LLC, Seller shall provide to Boeing EnCore Interiors's Procurement Representative certificates of insurance reflecting full compliance with the requirements set forth in this Section 18. Such certificates shall be kept current and in compliance throughout the period of this Agreement and shall provide for thirty (30) days advanced written notice to Boeing EnCore Interiors's Procurement Representative in the event of cancellation, non-renewal or material change adversely affecting the interests of Boeing EnCore Interiors.

**19.0 LIMITATION OF SELLER'S RIGHT TO ENCUMBER ASSETS**

Seller warrants to Boeing EnCore Interiors, LLC that it has good title to all inventory, work-in-process, tooling and materials to be supplied by Seller in the performance of its obligations under any Order. Pursuant to the provisions of such Order, Seller will transfer to Boeing EnCore Interiors, LLC title to such inventory, work-in-process, tooling and materials whether transferred separately or as part of any Product delivered under the Order, free of any liens, charges, encumbrances or rights of others.



## 20.0 PROPRIETARY INFORMATION AND ITEMS

Boeing EnCore Interiors, LLC and Seller shall each keep confidential and protect from disclosure all (a) confidential, proprietary, and/or trade secret information; (b) tangible items containing, conveying, or embodying such information; and (c) tooling obtained from and/or belonging to the other in connection with these terms or any Order (collectively referred to as "Proprietary Information and Materials"). Boeing EnCore Interiors, LLC and Seller shall each use Proprietary Information and Materials of the other only in the performance of and for the purpose of these terms and/or any Order. Provided, however, that despite any other obligations or restrictions imposed by this Section 20.0, Boeing EnCore Interiors, LLC shall have the right to use, disclose and copy Seller's Proprietary Information and Materials for the purposes of testing, certification, use, sale, or support of any item delivered under these terms, an Order, or any airplane including such an item; and any such disclosure by Boeing EnCore Interiors, LLC shall, whenever appropriate, include a restrictive legend suitable to the particular circumstances. The restrictions on disclosure or use of Proprietary Information and Materials by Seller shall apply to all materials derived by Seller or others from Boeing EnCore Interiors, LLC's Proprietary Information and Materials.

Upon Boeing EnCore Interiors, LLC's request at any time, and in any event upon the completion, termination or cancellation of any Agreement, Seller shall return all of Boeing EnCore Interiors, LLC's Proprietary Information and Materials, and all materials derived from Boeing EnCore Interiors, LLC's Proprietary Information and Materials to Boeing EnCore Interiors, LLC unless specifically directed otherwise in writing by Boeing EnCore Interiors, LLC. Seller shall not, without the prior written authorization of Boeing EnCore Interiors, LLC, sell or otherwise dispose of (as scrap or otherwise) any parts or other materials containing, conveying, embodying, or made in accordance with or by reference to any Proprietary Information and Materials of Boeing EnCore Interiors, LLC. Prior to disposing of such parts or materials as scrap, Seller shall render them unusable. Boeing EnCore Interiors, LLC shall have the right to audit Seller's compliance with this Section 20.0. Seller may disclose Proprietary Information and Materials of Boeing EnCore Interiors, LLC to its subcontractors or suppliers as required for the performance of an Order, provided that each such subcontractor first assumes, by written agreement, the same obligations imposed upon Seller under this Section 20.0 relating to Proprietary Information and Materials; and Seller shall be liable to Boeing EnCore Interiors, LLC for any breach of such obligation by such subcontractor or supplier. The provisions of this Section 20.0 are effective in lieu of, and will apply notwithstanding the absence of, any restrictive legends or notices applied to Proprietary Information and Materials; and the provisions of this Section 20.0 shall survive the performance, completion, termination or cancellation of these terms or any Order. This Section 20.0 supersedes and replaces any and all other prior agreements or understandings between the parties to the extent that such agreements or understandings relate to Boeing EnCore Interiors, LLC's obligations relative to confidential, proprietary, and/or trade secret information, or tangible items containing, conveying, or embodying such information, obtained from Seller and related to any Product, regardless of whether disclosed to the receiving party before or after the effective date of acceptance of these terms.

## 21.0 COMPLIANCE

### 21.1 COMPLIANCE WITH LAWS

Seller shall be responsible for complying with all legal requirements, including, but not limited to the provisions of any statute, ordinance, rule, regulation, judgment, decree, order, permit, approval, license or registration applicable to its performance under these terms. Seller shall notify Boeing EnCore Interiors, LLC of any aspect of Seller's performance that is prohibited under any legal requirements, at the earliest opportunity, but in all events sufficiently in advance of Seller's performance of such obligation, so as to identify and implement alternative methods of performance. Seller shall notify Boeing EnCore Interiors, LLC in writing at the earliest possible opportunity of any aspect of its performance, which becomes subject to any additional legal requirement after the date of execution of these terms or which Seller reasonably believes will become subject to additional regulation during the term of operation under these terms. Seller agrees to indemnify and to hold harmless Boeing EnCore Interiors, LLC from any failure by Seller to comply with any legal requirement.



A Boeing Company

## GENERAL TERMS AND CONDITIONS

DOC NUMBER: EC-SM110

REVISION: N

PAGE: 26 of 38

---

In addition, Seller shall (i) comply with all applicable country laws relating to anticorruption or anti-bribery, including but not limited to legislation implementing the Organization for Economic Co-operation and Development "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" (the "OECD Convention") or other anti-corruption/anti-bribery convention; (ii) comply with the requirements of the Foreign Corrupt Practices Act, as amended, (FCPA) (15 U.S.C. §§78dd-1, et. seq.), regardless of whether Seller is within the jurisdiction of the United States; and (iii) neither directly nor indirectly, pay, offer, give, or promise to pay or give, any portion of monies or anything of value received from Boeing EnCore Interiors, LLC to a non-U.S. public official or any person in violation of the FCPA and/or in violation of any applicable country laws relating to anti-corruption or anti-bribery.

---

## **21.2 GOVERNMENT REQUIREMENTS**

If any of the work to be performed under this Agreement is performed in the United States, Seller shall, via invoice or other form satisfactory to Boeing EnCore Interiors, LLC, certify that the Products or Services covered by the Order were produced in compliance with Sections 6, 7, and 12 of the Fair Labor Standards Act (29 U.S.C. 201-219), as amended, and the regulations and orders of the U.S. Department of Labor issued there under. In addition, the following FAR clauses are incorporated herein by this reference except "Contractor" shall mean "Seller". Other Government clauses, if any, are incorporated herein either by attachment to this document or by some other means of reference. The Seller shall include these FAR clauses in subcontracts that support this Agreement.

FAR 52.244-6 Subcontracts for Commercial Items (JUN 2016)

FAR 52.209-06 PROTECTING THE GOVERNMENT'S INTEREST WHEN SUCONTRACTING WITH CONTRACTORS DEBARRED, SUSPENDED, OR PROPOSED FOR DEBARMENT (OCT 2015)

FAR 52.222-50 Combating Trafficking in Persons (MAR2015) except as modified below:

The term "Contractor" shall mean "Seller", except the term "prime contractor" shall remain unchanged. The term "Contracting Officer" shall mean "Contracting Officer" and the Buyer's Authorized Procurement Representative in paragraph (d)(1). Paragraph (d)(2) shall read as follows: "If the allegation may be associated with more than one contract, the Seller shall inform the contracting officer, the agency Inspector General, and the Buyer's Authorized Procurement Representative for each affected contract". The term "the Government" shall mean "the Government Buyer" in paragraph (e)(1). The term "termination" shall mean "cancel" and "cancellation for default", respectively, in paragraph (e)(6). Insert the following at the end of paragraph (e): "If the Government exercises one of the remedies identified in paragraph (e) against Buyer as a result of the Seller's violation of its obligations under this clause, Buyer may impose an equivalent against the Seller". The term "Contracting Officer" shall mean "Contracting Officer and Buyer" in paragraph (f), except in paragraph (f)(2), where it shall mean "Contracting Officer or Buyer". Paragraph (h)(2)(ii) shall read as follows: "To the nature and scope of the activities involved in the performance of a Government subcontract, including the number of non-United States citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking in persons."

- The term "Contracting Officer" shall mean "Contracting Officer or Buyer" in paragraph (h)(4)(ii). The term "Contracting Officer" shall mean "Buyer" in paragraph (h)(5).

In addition, the DFARS clauses listed below, are incorporated herein and made a part of the contract by this reference except that "Contractor" shall mean "Seller." The Seller shall include these DFARS clauses in subcontracts that support this contract.

DFARS 252.244-7000 SUBCONTRACTS FOR COMMERCIAL ITEMS AND COMMERCIAL COMPONENTS (DOD CONTRACTS) (JUN 2013).

252-204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting (DEC 2015).

252-223-7008 Prohibition of Hexavalent Chromium (JUN 2013).

252-227-7015 Technical Data – Commercial Items (FEB 2014), applies if any technical data related to commercial items developed in any part at private expense will be obtained from Seller for delivery to the Government.

252.227-7037 Validation of Restrictive Markings on Technical Data (June 2013).

252-246-7003 Notification of Potential Safety Issues (JUN 2013).

---

### 21.3 ETHICS AND COMPLIANCE PROGRAM

Seller acknowledges and accepts full and sole responsibility to maintain an ethics and compliance program appropriate for its business throughout the performance of this Agreement. Boeing EnCore Interiors, LLC strongly encourages Seller to model its program in accordance with the Federal Sentencing Guidelines, applicable guidance from enforcement authorities, and industry best practices. Seller shall publicize to its employees who are engaged in the performance of work under the Agreement that they may report any concerns of misconduct by Boeing EnCore Interiors, LLC or any of its employees or agents by contacting Boeing EnCore Interiors, LLC's Human Resources Department. Seller shall convey the substance of this clause to its suppliers.

### 21.4 CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS

Boeing EnCore Interiors, LLC is committed to providing a safe and secure working environment and the protection and advancement of basic human rights in its worldwide operations. In furtherance of this commitment, Boeing EnCore Interiors, LLC has adopted a Code of Basic Working Conditions and Human Rights setting out in detail the measures it takes to ensure this commitment is fulfilled. Boeing EnCore Interiors, LLC strongly encourages Seller to adopt and enforce **Basic Working Conditions and Human Rights concepts** in line with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Further, any material violation of law by Seller of applicable laws relating to basic working conditions and human rights, including laws regarding slavery and human trafficking, of the country or countries in which Seller is performing of work under this Agreement may be considered a material breach of this Agreement for which Boeing EnCore Interiors, LLC may elect to cancel any open Orders between Boeing EnCore Interiors, LLC and the Seller, for cause, in accordance with the provisions of this Agreement, or exercise any other right of Boeing EnCore Interiors, LLC for an Event of Default under this Agreement.

### 21.5 ENVIRONMENTAL HEALTH AND SAFETY PERFORMANCE

Seller acknowledges and accepts full and sole responsibility to maintain an environment, health and safety management system ("EMS") appropriate for its business throughout the performance of this contract. Boeing EnCore Interiors, LLC expects that Seller's EMS will promote health and safety, environmental stewardship, and pollution prevention by appropriate source reduction strategies. Seller shall convey the requirements of this Section to its suppliers.

### 21.6 RESERVED

### 21.7 CONFLICT MINERALS

Seller shall, no later than thirty (30) days following each calendar year in which Seller has delivered any Products to Boeing EnCore Interiors, LLC, under this Agreement or otherwise, notify Boeing EnCore Interiors, LLC's Purchasing Agent of any use of materials listed under the "Conflict Minerals" as noted in the CONFLICT FREE SOURCING INITIATIVE's website (<http://www.conflictreesourcing.org/>). Seller shall perform appropriate due diligence on its supply chain in order to fulfill the reporting obligations of this Section.

### 22.0 INTEGRITY IN PROCUREMENT

Seller warrants that neither it nor any of its employees, agents or representatives have offered or given, or will offer or give any gratuities to Boeing EnCore Interiors, LLC's employees, agents or representatives for the purpose of securing any Order or securing favorable treatment under any Order.

### **23.0 UTILIZATION OF SMALL BUSINESS CONCERNS**

Seller agrees to actively seek out and provide the maximum practicable opportunities for small businesses, small disadvantaged businesses, women-owned small businesses, minority business enterprises, historically black colleges and universities and minority institutions, historically underutilized business zone small business concerns and U.S. veteran and service-disabled veteran owned small business concerns to participate in the subcontracts Seller awards to the fullest extent consistent with the efficient performance of under these terms.

### **24.0 BOEING ENCORE INTERIORS, LLC'S RIGHTS IN SELLER'S PATENTS, COPYRIGHTS, TRADE SECRETS, AND TOOLING**

Seller hereby grants to Boeing EnCore Interiors, LLC an irrevocable, nonexclusive, paid-up worldwide license to practice and/or use, and license others to practice and/or use on Boeing EnCore Interiors, LLC's behalf, all of Seller's patents, copyrights, trade secrets (including, without limitation, designs, processes, drawings, technical data and tooling), industrial designs, semiconductor mask works, and tooling (collectively hereinafter referred to as "Licensed Property") related to the development, production, maintenance or repair of Products or Services. Boeing EnCore Interiors, LLC hereafter retains all of the aforementioned license rights in Licensed Property, but Boeing EnCore Interiors, LLC hereby covenants not to exercise such rights except in connection with the making, having made, using and selling of Products or Services or products of the same kind provided that such Product cannot, in Boeing EnCore Interiors, LLC's sole determination, be reasonably obtained in the required time frame at a reasonable price from commercially available sources (including Boeing EnCore Interiors, LLC) without the use of Seller's Licensed Property and if one or more of the following situations occur:

- A. Seller discontinues or suspends business operations or the production of any or all of the Products or Services;
- B. Seller is acquired by or transfers any or all of its rights to manufacture any Product to any third party, whether or not related, without Boeing EnCore Interiors, LLC's prior written concurrence;
- C. Boeing EnCore Interiors, LLC cancels any Agreement or any Order for cause pursuant to Section 13.0 herein;
- D. In Boeing EnCore Interiors, LLC's judgment it becomes necessary, in order for Seller to comply with these terms or any Order, for Boeing EnCore Interiors, LLC to provide support to Seller (in the form of design, manufacturing, or on-site personnel assistance) substantially in excess of that which Boeing EnCore Interiors, LLC normally provides to its suppliers;
- E. Seller's trustee in bankruptcy (or Seller as debtor in possession) fails to assume these terms and all Orders by formal entry of an order in the bankruptcy court within sixty (60) days after entry of an order for relief in a bankruptcy case of the Seller, or Boeing EnCore Interiors, LLC elects to retain its rights to Licensed Property under the bankruptcy laws; Seller is at any time insolvent (whether measured under a balance sheet test or by the failure to pay debts as they come due) or the subject of any insolvency, receivership or assignment for the benefit of creditors proceeding under state or non-bankruptcy law; or
- F. Seller voluntarily becomes a debtor in any case under bankruptcy law or, in the event an involuntary bankruptcy petition is filed against Seller, such petition is not dismissed within thirty (30) days. As a part of the license granted under this Section 24.0, Seller shall, at the written request of Boeing EnCore Interiors, LLC and at no additional cost to Boeing EnCore Interiors, LLC, promptly deliver to Boeing EnCore Interiors, LLC any and all Licensed Property considered by Boeing EnCore Interiors, LLC to be necessary to satisfy Boeing EnCore Interiors, LLC's requirements for Products or Services and their substitutes.

## 25.0 TERMINATION OF AIRPLANE PROGRAM

### 25.1 PROGRAM TERMINATION

The parties acknowledge and agree that Boeing EnCore Interiors, LLC may, in its sole discretion, terminate all or part of these terms, including any Order issued hereunder, by written notice to Seller, if Boeing EnCore Interiors, LLC decides not to initiate or continue production of the program which the Product supports, by reason of Boeing EnCore Interiors, LLC's determination that there is insufficient business basis for proceeding with such program. In the event of such a termination, Boeing EnCore Interiors, LLC shall have no liability to Seller except as expressly provided in Section 25.2 below.

### 25.2 TERMINATION LIABILITY

In the event of a termination of the program as described in 25.1 above, Boeing EnCore Interiors, LLC shall have no liability whatsoever to Seller, except to the extent of (i) any guaranteed minimum purchase, if any, as set forth in any LTA, and (ii) any Orders issued prior to the date of the written notice to Seller identified in 25.1 above. Termination of such Orders shall be governed by Section 12.0 herein.

## 26.0 PUBLICITY

Without Boeing EnCore Interiors, LLC's prior written approval, Seller shall not, and shall require that its subcontractors or suppliers shall not, release any publicity, advertisement, news release or denial or confirmation of the same, regarding any Order or Products or Services, or the program to which they may pertain. Seller shall be liable to Boeing EnCore Interiors, LLC for any breach of such obligation by any subcontractor or supplier.

## 27.0 PROPERTY INSURANCE

### 27.1 INSURANCE

Seller shall indemnify and hold harmless The Boeing Company, its subsidiaries, and their directors, officers, employees, and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards, and damages, of any kind and nature whatsoever for property damage, personal injury, or death (including without limitation injury to or death of employees of Seller or any subcontractor thereof) and expenses, costs of litigation and counsel fees related thereto or incident to establishing the right to indemnification, arising out of or in any way related to the Contract, the performance thereof by Seller or any subcontractor thereof or other third parties, including without limitation the provision of services, personnel, facilities, equipment, support, supervision, or review. The foregoing indemnity shall apply only to the extent of the negligence of Seller, any subcontractor thereof, or their respective employees. In no event shall Seller's obligations hereunder be limited to the extent of any insurance available to or provided by the Seller or any subcontractor thereof. Seller expressly waives any immunity under industrial insurance, whether arising out of statute or source, to the extent of the indemnity set forth in this paragraph.

Seller shall maintain insurance in the following amounts: (i) Worker's Compensation - Statutory limit; (ii) Employer's Liability - \$500,000.00; (iii) Commercial General Liability - \$5,000,000.00 combined single limit insurance per occurrence. Commercial general liability insurance shall include endorsements for: personal injury; contractual liability; completed operations; naming Boeing EnCore Interiors, LLC as an additional insured; and provide severability of interest, cross liability and independent contractors' coverage); (iv) Product Liability Insurance - \$100,000,000.00; and (v) Business Auto Policy - \$1,000,000.00 combined single limit. (Such insurance to cover owned, non-owned and hired vehicles when doing work on Boeing EnCore Interiors, LLC's or Boeing EnCore Interiors, LLC's customers' premises.)

The following provision shall only apply if and to the extent Seller's personnel enter or perform work at premises owned or controlled by Buyer or Buyer's customer.

Seller shall defend, indemnify and hold harmless The Boeing Company, its subsidiaries, and their directors, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of any kind and nature whatsoever for property damage, personal injury



or death (including without limitation injury to or death of employees of Seller or any subcontractor thereof) and expenses, costs of litigation and counsel fees related thereto or incident to establishing the right to indemnification, arising out of or in any way related to this Contract, the performance thereof by Seller, any subcontractor thereof or other third parties within the control or acting at the direction of Seller, or any of their respective employees (collectively for the purposes of this paragraph, the "Seller Parties"), including, without limitation, the provision of goods, services, personnel, facilities, equipment, support, supervision or review. The foregoing indemnity shall apply only to the extent of the negligence or willful misconduct of the Seller Parties that occurs while on premises owned or controlled by Buyer. In no event shall Seller's obligations hereunder be limited to the extent of any insurance available to or provided by Seller or any subcontractor thereof. Seller expressly waives any immunity under industrial insurance, whether arising out of statute or other source, to the extent of the indemnity set forth in this paragraph.

## 27.2 CERTIFICATE OF INSURANCE

Upon written request from Boeing EnCore Interiors, LLC, Seller shall provide to Boeing EnCore Interiors, LLC's Procurement Representative certificates of insurance reflecting full compliance with the requirements set forth in Section 27.1. Such certificates shall be kept current and in compliance throughout the period of these terms and shall provide for thirty (30) days advanced written notice to Boeing EnCore Interiors, LLC's Procurement Representative in the event of cancellation, nonrenewal or material change adversely affecting the interests of Boeing EnCore Interiors, LLC.

## 28.0 RESPONSIBILITY FOR PERFORMANCE

Seller shall be responsible for performance of its obligations under these terms. Seller shall bear all risks of providing adequate facilities and equipment to perform each Order in accordance with the terms thereof. If any use of any facilities or equipment contemplated by Seller for use in performing Orders will not be available for any reason, Seller shall be responsible for arranging for similar facilities and equipment at no cost to Boeing EnCore Interiors, LLC, and any failure to do so shall not relieve Seller from its obligations. Seller shall notify and obtain written approval from Boeing EnCore Interiors, LLC prior to moving work to be performed under these terms between Seller's various facilities.

## 28.1 SUBCONTRACTING

Seller shall maintain complete and accurate records regarding all subcontracted items and/or processes. Seller's use of subcontractors or suppliers shall comply with Seller's quality assurance system approval for said subcontractors or suppliers. Unless Boeing EnCore Interiors, LLC's prior written authorization or approval is obtained, Seller may not purchase completed or substantially completed Products or Services. For purposes of this Section and this Section only, completed or substantially completed Products or Services shall not include components of assemblies or subassemblies. No subcontracting by Seller shall relieve Seller of its obligation under the applicable Order. Utilization of a Boeing EnCore Interiors, LLC-approved source does not constitute a waiver of Seller's responsibility to meet all specification requirements. Seller shall include as part of its subcontracts those elements of the Agreement that protect Boeing EnCore Interiors, LLC's rights including but not limited to right of entry provisions, proprietary information and rights provisions and quality control provisions. In addition, Seller shall provide to its subcontractor's sufficient information to document clearly that the work being performed by Seller's subcontractor is to facilitate performance under these terms or any Order.

## 28.2 RELIANCE

Entering into these terms and any other Agreement is in part based upon Boeing EnCore Interiors, LLC's reliance on Seller's ability, expertise and awareness of the intended use of the Products or Services. Seller agrees that Boeing EnCore Interiors, LLC and Boeing EnCore Interiors, LLC's Customers may rely on Seller as an expert, and Seller will not deny any responsibility or obligation hereunder to Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC's Customers on the grounds that Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC's Customers provided recommendations or assistance in any phase of the work involved in producing or supporting the Products or Services, including but not limited to Boeing EnCore Interiors, LLC's acceptance of specifications, test data or the Products or Services.

### **28.3 ASSIGNMENT**

Seller shall not assign any of its rights or interest in these terms or any Order, or subcontract all or substantially all of its performance of these terms or any Order, without Boeing EnCore Interiors, LLC's prior written consent. Seller shall not delegate any of its duties or obligations under these terms. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Boeing EnCore Interiors, LLC's consent, shall relieve Seller of any of its obligations under these terms or prejudice any rights of Boeing EnCore Interiors, LLC against Seller whether arising before or after the date of any assignment. This article does not limit Seller's ability to purchase standard commercial supplies or raw material. The prohibition set forth in this GTA Section 28.3 includes, without limitation (and the following shall be deemed to be "assignments"): (i) a consolidation or merger of Seller; (ii) a change in the ownership or voting rights of more than fifty percent (50%) of the issued and outstanding stock of any corporate Seller; (iii) any assignment or transfer which would otherwise occur by operation of law, merger, consolidation, reorganization, transfer or other significant change in corporate or proprietary structure; (iv) the sale, assignment or transfer of all or substantially all of the assets of Seller; and (v) where Seller is a partnership, a change in control in such partnership.

### **29.0 NON-WAIVER/PARTIAL INVALIDITY**

Any failures, delays or forbearances of Boeing EnCore Interiors, LLC in insisting upon or enforcing any provisions of any Order, or in exercising any rights or remedies under these terms, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies; rather, the same shall remain in full force and effect. If any provision of any Order is or becomes void or unenforceable by law, the remainder shall be valid and enforceable.

### **30.0 HEADINGS**

Section headings used in these terms are for convenient reference only and do not affect the interpretation of the Agreement.

### **31.0 LICENSING**

Seller agrees that the use of Boeing EnCore Interiors, LLC Proprietary Information and Materials as defined in Section 20.0 beyond that authorized by these terms shall be subject to a license agreement or other written instrument as determined by the Boeing EnCore Interiors, LLC.

### **32.0 ELECTRONIC ACCESS**

The following provisions set forth the additional requirements for Seller's Electronic Access to the Boeing EnCore Interiors, LLC Systems. For purposes of the work to be performed under this contract, the provisions set forth herein relative to Electronic Access shall supersede and replace any prior agreements related to Electronic Access. For purposes of these provisions "Electronic Access" is defined as access by Seller or any Seller Personnel to the Boeing EnCore Interiors, LLC Systems using any access or transmission method, including without limitation the World Wide Web, Internet, or private data transmission lines. For purposes of this provision, "Boeing EnCore Interiors, LLC Systems" is defined as any electronic information systems operated by or on behalf of Boeing EnCore Interiors, LLC, including without limitation, facilities, network equipment, telecommunications networks, software, files and data. For the purpose of this provision, Seller Personnel is defined as any of Seller's employees, contract labor, consultants, advisers, or leased employees who have been authorized to access Boeing EnCore Interiors, LLC Systems. Subject to Boeing EnCore Interiors, LLC revocation or termination at Boeing EnCore Interiors, LLC's discretion, Boeing EnCore Interiors, LLC grants to Seller a limited, nontransferable, nonexclusive revocable right to access the Boeing EnCore Interiors, LLC Systems electronically, solely during the term of the contract and solely to the extent authorized by Boeing EnCore Interiors, LLC and necessary for Seller perform under, and in accordance with the terms of, this contract. Seller shall not access or use the Boeing EnCore Interiors, LLC Systems for any other purpose. Without limiting the generality of the foregoing, Seller shall not, unless authorized in writing by Boeing EnCore



Interiors, LLC: (a) export or save locally any Proprietary Information and Materials from the Boeing EnCore Interiors, LLC Systems to Seller's system or any other computing resources or media except in support of the work to be performed under this contract, (b) make any derivative uses of the Boeing EnCore Interiors, LLC Systems or the Proprietary Information and Materials except in support of the work to be performed under this contract, (c) use any data mining, robots, or similar data gathering and extraction methods, (d) use any frame or framing techniques to enclose any Proprietary Information and Materials found on the Boeing EnCore Interiors, LLC Systems, or (e) access any Proprietary Information and Materials marked as "Boeing EnCore Interiors, LLC Proprietary" or "Limited" (whether electronically or in hard copy) or "Limited Distribution" (collectively, the "Unauthorized Proprietary Information and Materials") or (f) attempt to gain access to Unauthorized Proprietary Information and Materials or restricted portions of the Boeing EnCore Interiors, LLC System through reverse engineering, decompiling, or disassembling any portion of the Access Controls, for purposes of this provision Access Controls means a set of controls and/or mechanisms used to authenticate the identity of a system user and authorize access, including, but not limited to, user identifications and passwords, tokens, smart cards and biometrics. If Seller inadvertently accesses any Unauthorized Proprietary Information and Materials or restricted portions of the Boeing EnCore Interiors, LLC Systems, Seller shall: (1) not read such Unauthorized Proprietary Information and Materials, (2) notify Boeing EnCore Interiors, LLC of such inadvertent access to Unauthorized Proprietary Information and Materials, and (3) cooperate with Boeing EnCore Interiors, LLC to avoid future access to Unauthorized Proprietary Information and Materials and/or Boeing EnCore Interiors, LLC Systems. Seller acknowledges that any attempts by Seller or any Seller Personnel to circumvent any security measures designed to prevent unauthorized access to the Boeing EnCore Interiors, LLC Systems may be in violation of the U.S. Federal Computer Fraud and Abuse Act and other applicable laws, may subject the violator to criminal and civil penalties, and will be grounds for immediate suspension of Electronic Access and for termination of the contract. This provision does not grant to Seller any ownership interest in, or any express or implied license or right to, any of the Proprietary Information and Materials or to any software or intellectual property rights owned by Boeing EnCore Interiors, LLC or any third party. Seller agrees that it will abide by and shall not remove any restrictive legends or markings in the Proprietary Information and Materials or Boeing EnCore Interiors, LLC Systems. If Seller is unsure about the scope of authorized Electronic Access, Seller agrees to contact Boeing EnCore Interiors, LLC's Authorized Procurement Representative for instruction. Seller may request, and Boeing EnCore Interiors, LLC may provide in its sole discretion, Electronic Access for Seller Personnel on a "need to know" basis in order for Seller to fulfill its obligations or perform under the contract. Seller shall: (1) ensure that all Seller Personnel with Electronic Access review and agree in writing to abide by the terms of this provision, and any other applicable provision contained in this contract, prior to Seller requesting Electronic Access for such Seller Personnel, (2) maintain complete and accurate records of all Seller Personnel who are granted Electronic Access, and provide such records to Boeing EnCore Interiors, LLC upon request, and (3) be fully responsible for the acts and omissions of all Seller Personnel with respect to their Electronic Access, including without limitation, Seller Personnel's use or disclosure of Proprietary Information and Materials obtained through such Electronic Access, or Seller Personnel's actions while in possession of such Proprietary Information and Materials. Prior to initiating any Electronic Access, each Seller Personnel who needs Electronic Access will be required to: (a) obtain from Boeing EnCore Interiors, LLC an Electronic Access account and access controls, and (b) participate in a security briefing in accordance with Boeing EnCore Interiors, LLC specifications. Seller shall assign a single focal (who may be changed at any time with written notice to Boeing EnCore Interiors, LLC) to initiate requests for Electronic Access for Seller Personnel, to coordinate security briefings, to coordinate with Boeing EnCore Interiors, LLC regarding notices of actual or potential security breaches, and to maintain records. Seller shall take all reasonable precautions to prevent the loss, disclosure, reverse engineering or compromise of Access Controls. Seller shall immediately notify Boeing EnCore Interiors, LLC if it believes that any Access Control has been compromised. Seller shall ensure that Seller Personnel do not access the Electronic Access through any mechanism other than the Access Controls, regardless of whether such alternative is available. Seller acknowledges that the access controls are for specific individual use only, and are not transferable and shall be maintained in confidence by Seller. Seller agrees to review (at least every 3 months) each of Seller Personnel's Electronic Access requirements; provided, however that Seller agrees to immediately initiate a

request to terminate the Electronic Access of individual Seller Personnel in the event of the reassignment, resignation or termination of any Seller Personnel to whom Electronic Access has been granted.

Boeing EnCore Interiors, LLC may be required to obtain information concerning citizenship or immigrant status of Seller Personnel obtaining Electronic Access. Seller agrees to furnish this information when requesting Electronic Access. Information submitted by Seller shall be certified by an authorized representative of Seller as being true and correct. Access to certain Boeing EnCore Interiors, LLC Systems may be limited due to Boeing EnCore Interiors, LLC compliance with applicable U.S. export control laws. Where access is granted, Seller shall be responsible for obtaining all export licenses required, where applicable, for each such Seller Personnel, including to allow such Seller Personnel to perform the work to which he or she is assigned, and Seller shall comply with any additional export control restrictions as required by applicable laws, rules and regulations. To the fullest extent consistent with Applicable Law, Boeing EnCore Interiors, LLC has the right to monitor, record, retrieve and disclose to others (including, but not limited to, law enforcement officials) all information, including the content of communications, related to any Electronic Access by Seller and Seller Personnel. In the event Seller discovers or is notified of a security breach or potential security breach, Seller shall immediately: 1) notify Boeing EnCore Interiors, LLC of such security breach or potential security breach and of the Proprietary Information and Materials involved; and, 2) assist Boeing EnCore Interiors, LLC in investigating, remedying (including assurance of no recurrence) and taking any other action Boeing EnCore Interiors, LLC deems necessary regarding any security breach or potential security breach and any dispute, inquiry or claim that concerns such security breach or potential security breach. Seller shall make the notification required in this Section by sending to Boeing EnCore Interiors, LLC, with a courtesy copy to the applicable procurement representative, an electronic mail message specifying the information required in this Section. Nothing contained in this Section is intended to limit any of Boeing EnCore Interiors, LLC's rights or remedies under this contract or otherwise. Seller agrees to permit Boeing EnCore Interiors, LLC to review its security control procedures and practices via physical or electronic access by Boeing EnCore Interiors, LLC, including access to Seller facilities in which such systems are located, as well as any and all premises where maintenance, storage or backup activities are performed. Seller agrees to assist Boeing EnCore Interiors, LLC in investigating, remedying (including assurance of nonrecurrence) and taking any other action Boeing EnCore Interiors, LLC deems necessary regarding any security breach or potential security breach and any dispute, inquiry or claim that concerns such security breach or potential security breach. SELLER EXPRESSLY AGREES THAT BOEING ENCORE INTERIORS, LLC MAKES NO WARRANTY, EXPRESS OR IMPLIED, AS TO RELIABILITY OF ELECTRONIC ACCESS. Any material breach of this Section 32.0 by Seller may be considered a major breach of this contract for which Boeing EnCore Interiors, LLC may elect to cancel any open orders between Boeing EnCore Interiors, LLC and the Seller, for cause, in accordance with the provision of this GTA Section 13.0 "Cancellation for Default" or exercise any other right of Boeing EnCore Interiors, LLC for an Event of Default under this contract.

### 33.0 DISPUTES

Boeing EnCore Interiors, LLC and Seller shall use their best reasonable efforts to resolve any and all disputes, controversies, claims or differences between Boeing EnCore Interiors, LLC and Seller, arising out of or relating in any way to these terms and any LTA or a Party's performance thereunder, including, but not limited to, any questions regarding the existence, validity or termination hereof ("Disputes"), through negotiation. If a Dispute cannot be resolved by the functional representatives of Boeing EnCore Interiors, LLC and Seller, it shall be referred up through management channels of the Parties or their respective designees, for further negotiation. Any dispute that arises under or is related to these terms that cannot be settled by mutual agreement of the parties shall be resolved only as provided in Section 34. Pending final resolution of any dispute, Seller shall proceed with performance of these terms according to Boeing EnCore Interiors, LLC's instructions so long as Boeing EnCore Interiors, LLC continues to pay amounts not in dispute.

---

## **34.0 GOVERNING LAW**

These Terms shall be governed by the laws of the State of Delaware. Seller hereby irrevocably consents to and submits itself exclusively to the jurisdiction of the applicable courts in the State of Delaware for the purpose of any suit, action or other judicial proceeding arising out of or connected with any Order or the performance or subject matter thereof. Seller hereby waives and agrees not to assert by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that (a) Seller is not personally subject to the jurisdiction of the above-named courts, (b) the suit, action or proceeding is brought in an inconvenient forum or (c) the venue of the suit, action or proceeding is improper.

## **35.0 TAXES**

### **35.1 INCLUSION OF TAXES IN PRICE**

Unless these terms, specifies otherwise, the price of this contract includes, and Seller is liable for and shall pay, all taxes, impositions, charges and exactions imposed on or measured by these terms and the Orders issued hereunder, except for sales or use taxes on sales to Boeing EnCore Interiors, LLC ("Sales Taxes") for which Boeing EnCore Interiors, LLC specifically agrees to pay and which are separately stated on Seller's invoice. Prices shall not include any taxes, impositions, charges or exactions for which Boeing EnCore Interiors, LLC has furnished a valid exemption certificate or other evidence of exemption.

### **35.2 LITIGATION**

In the event that any taxing authority has claimed or does claim payment for sales taxes, Seller shall promptly notify Boeing EnCore Interiors, LLC, and Seller shall take such action as Boeing EnCore Interiors, LLC may direct to pay or protest such taxes or to defend against such claim. The actual and direct expenses, without the addition of profit and overhead, of such defense and the amount of such taxes as ultimately determined as due and payable shall be paid directly by Boeing EnCore Interiors, LLC or reimbursed to Seller. If Seller or Boeing EnCore Interiors, LLC is successful in defending such claim, the amount of such taxes recovered by Seller, which had previously been paid by Seller and reimbursed by Boeing EnCore Interiors, LLC or paid directly by Boeing EnCore Interiors, LLC, shall be immediately refunded to Boeing EnCore Interiors, LLC.

### **35.3 REBATES**

If any taxes paid by Boeing EnCore Interiors, LLC are subject to rebate or reimbursement, Seller shall take the necessary actions to secure such rebates or reimbursement and shall promptly refund to Boeing EnCore Interiors, LLC any amount recovered.

## **36.0 WARRANTY**

By accepting any Order from Boeing EnCore Interiors, LLC, Seller expressly warrants that the goods ordered shall be free from defect in material or workmanship. Seller agrees that the representations, covenants and warranties set forth in this Sub article shall survive inspection, test, acceptance of and/or payment for the goods or services by Boeing EnCore Interiors, LLC and termination of this Order for a period of SIXTY (60) months from the time of delivery of the goods to Boeing EnCore Interiors, LLC, and shall be in addition to any warranties of additional scope given to Boeing EnCore Interiors, LLC by Seller. These representations, covenants and warranties shall run to Boeing EnCore Interiors, LLC and its successors, assigns and customers, and to the users of Boeing EnCore Interiors, LLC's products. Acceptance or use of the goods and/or services furnished by Seller hereunder or payment therefore shall not affect any of Seller's obligations under this Section.

## **37.0 ATTORNEYS' FEES**

In the event any action or proceeding is brought to enforce, interpret or determine the rights of Boeing EnCore Interiors, LLC and Seller under this Order, the prevailing party (i.e., the party who, in light of the causes of action asserted and the relief sought, is afforded the greater relief) shall be entitled to recover from the other attorneys' fees and court costs incurred in connection with any such action or proceeding.

---

### 38.0 OBSOLESCENCE

Seller shall immediately notify Boeing EnCore Interiors, LLC upon discovery of actual or pending obsolescence of any part or parts of goods supplied hereunder and promptly resolve any issue arising from the obsolescence of any such part or parts at no cost to Boeing EnCore Interiors, LLC and/or its customers. Seller shall use all commercially reasonable efforts to obtain guarantees of availability of critical and single-sourced parts incorporated in goods supplied to Boeing EnCore Interiors, LLC hereunder.

### 39.0 TOOLING

Notwithstanding other provisions in these terms regarding tooling, Seller is to furnish all standard tools, taps, dies, cutters, gauges and fixtures. If the terms of any Order prescribe supply or reimbursement by Boeing EnCore Interiors, LLC for tooling for tooling, tooling material, and any other items related to tooling including any inspection devices or other related, and otherwise whereby Boeing EnCore Interiors, LLC may furnish tooling at Seller's convenience, Seller expressly understands that in so doing Boeing EnCore Interiors, LLC makes no guarantee whatsoever as to the accuracy of the tools furnished. No designs, tools, patterns or drawings supplied by Boeing EnCore Interiors, LLC to Seller for use in manufacture of articles contracted for herein shall be used in the production, manufacture or design of any other articles for any other Boeing EnCore Interiors, LLC or for the maintenance or production of larger quantities than those specified, except with the express consent in writing of Boeing EnCore Interiors, LLC. At the termination of this Order, they, together with all excess materials, shall be disposed of or returned to Boeing EnCore Interiors, LLC as directed by Boeing EnCore Interiors, LLC. All such designs, tools, patterns, drawings and materials supplied by Boeing EnCore Interiors, LLC shall be segregated by Seller in Seller's plant, and wherever possible, clearly marked so as to be easily identified as belonging to Boeing EnCore Interiors, LLC or Boeing EnCore Interiors, LLC Customer. Where materials are furnished by Boeing EnCore Interiors, LLC, title to and/or the right of immediate possession of such materials in all stages of manufacture shall be and remain in Boeing EnCore Interiors, LLC.

### 40.0 INDUSTRIAL PARTICIPATION

To the exclusion of all others, Boeing EnCore Interiors, LLC or its assignee shall be entitled to all industrial benefits or offset credits which might result from these terms or Order. Seller shall provide documentation or information, which Boeing EnCore Interiors, LLC or its assignee may reasonably request to substantiate claims for industrial benefits or offset credits. Seller agrees to use reasonable efforts to identify the foreign content of goods, which Seller either produces itself or procures from other companies for work directly related to these terms. Promptly after selection of a non-U.S. subcontractor or supplier for work under these terms, Seller shall notify Boeing EnCore Interiors, LLC of the name, address, subcontract point of contact (including telephone number) and dollar value of the subcontract.

### 41.0 COUNTERFEIT PARTS

a. Seller shall not furnish Counterfeit Goods to Buyer, defined as Goods or separately-identifiable items or components of Goods that: (i) are an unauthorized copy or substitute of an Original Equipment Manufacturer or Original Component Manufacturer (collectively, "OEM") item; (ii) are not traceable to an OEM sufficient to ensure authenticity in OEM design and manufacture; (iii) do not contain proper external or internal materials or components required by the OEM or are not constructed in accordance with OEM design; (iv) have been re-worked, re-marked, re-labeled, repaired, refurbished, or otherwise modified from OEM design but not disclosed as such or are represented as OEM authentic or new; or (v) have not passed successfully all OEM required testing, verification, screening, and quality control processes. Notwithstanding the foregoing, Goods or items that contain modifications, repairs, re-work, or re-marking as a result of Seller's or its subcontractor's design authority, material review procedures, quality control processes or parts management plans, and that have not been misrepresented or mismarked shall not be deemed Counterfeit Goods. Counterfeit Goods shall be deemed nonconforming to this Contract.

b. Seller shall implement appropriate processes to ensure that Goods furnished to Buyer under this Contract are not Counterfeit Goods. Such processes are subject to Buyer review. Seller's processes shall include, but are not limited to, the direct procurement of items from OEMs or authorized suppliers, conducting approved



testing or inspection to ensure the authenticity of items, and, when items are to be procured from non-authorized suppliers, obtaining from such non-authorized suppliers appropriate certificates of conformance that provide one or more of the following: (i) the OEM's original certificate of conformance for the item; (ii) sufficient records providing unbroken supply chain traceability to the OEM; or (iii) test and inspection records demonstrating the item's authenticity.

c. If Seller becomes aware or suspects that it has furnished Counterfeit Goods to Buyer under this Contract, Seller promptly, but in no case later than thirty (30) days from discovery, shall notify Buyer and replace, at Seller's expense, such Counterfeit Goods with OEM or Buyer-approved Goods that conform to the requirements of this Contract. Seller shall be liable for all costs related to the delivery or replacement of Counterfeit Goods, including any testing or validation costs necessitated by the installation of authentic Goods in replacement of Counterfeit Goods.

d. Seller bears responsibility for procuring authentic Goods or items from its subcontractors and shall ensure that all such subcontractors comply with the requirements of this Article.

#### **42.0 INTELLECTUAL PROPERTY INDEMNITY**

Seller shall indemnify, defend and hold harmless Buyer and its customer from all claims, suits, actions, awards (including, but not limited to, awards based on intentional infringement of patents), liabilities, damages, costs and attorneys' fees related to the actual or alleged infringement of any intellectual property right or misappropriation or wrongful use of information or documents, and arising out of or related to the use, manufacture, reproduction, sale or other distribution of Goods by Buyer or its customer. Buyer and/or its customer shall timely notify Seller of any such claim, suit or action. Seller shall, at its own expense, defend such claim, suit or action and Buyer shall have the right to participate in the defense at its own expense. Seller shall have no obligation to indemnify Buyer for infringement arising from (i) the compliance of Seller's new product design with formal specifications issued by Buyer where infringement could not be avoided in complying with such specifications or (ii) use or sale of Goods for other than their intended application when such infringement would not have occurred from the use or sale of those Goods solely for the purpose for which they were designed or sold by Seller. The exception in (a) above shall not apply if the infringement arises out of adherence to one or more industry standards or regulatory requirements. For purposes of this Article only, the term Buyer shall include The Boeing Company, all Boeing subsidiaries and all officers, agents and employees of Boeing or its subsidiaries.

#### **43.0 GOVERNMENT OR OTHER CUSTOMER CLAUSES**

a. Government or other Buyer customer clauses applicable to this Contract, if any, are incorporated elsewhere in this Contract either by attachment or by some other means of reference.

b. In addition, the clause(s) below are incorporated by reference, as if fully set forth herein, from the Federal Acquisition Regulation ("FAR") and/or Defense Federal Acquisition Regulation Supplement ("DFARS") and apply to the extent indicated therein. Except as may be otherwise stated, "Contractor," "Offeror" or any equivalent terms means Seller, "Government," "Contracting Officer" or any equivalent terms means Buyer, and all references to a "Disputes" clause shall mean the "Disputes" article of this Contract. The effective version of each clause listed shall be the latest version published on the date this Contract is issued. The full text of a clause may be accessed electronically at <https://www.acquisition.gov/content/regulations>.

c. 52.204-25 Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment. Paragraph (b) is deleted and replaced with the following: "Seller is prohibited from providing Buyer with covered telecommunications equipment or services, or with any equipment, systems, or services that use covered equipment or services regardless of whether that use is in performance of work under a U.S. Government contract." Paragraph (c) is deleted in its entirety. Paragraph (d)(1) is deleted and replaced with the following: "In the event Seller identifies covered telecommunications equipment or services provided to Buyer



A Boeing Company

## GENERAL TERMS AND CONDITIONS

DOC NUMBER: EC-SM110

REVISION: N

PAGE: 38 of 38

---

during contract performance, or Seller is notified of such by a subcontractor at any tier or any other source, Seller shall report the information in paragraph (d)(2) of this clause via email to Buyer's Authorized Procurement Representative, with the required information in the body of the email."