

Release No. 2, dated 9/21/2021

## **Flowdown Attachment**

### **FDA-2017.106 R2**

**Contract No.:** 1350753

**Prime Contract No.:** FA8634-16-C-2653

**DPAS Rating:** DO-A1

**SAS DUNS number:** 799855812

**If the Purchase Order is valued at or above \$650,000 (\$1,500,000 for construction), and is not for commercial items, the following applies:**

In order to meet the requirements of FAR 52.219-9 or DFARS 252.219-7004, the Seller agrees to provide a Small Business Subcontracting Plan prior to the award of a Purchase Order. The referenced plan should contain goals for subcontracting with small businesses, small disadvantaged businesses, woman-owned small business, historically under-utilized small business, veteran owned and service disabled veteran owned businesses in accordance with the plan requirements outlined in FAR 52.219-9 or DFARS 252.219-7004.

In addition, the Seller must submit an Individual Subcontracting Report (ISR) via the Electronic Subcontracting Reporting System (eSRS) (<http://www.esrs.gov>) on a semi-annual basis for reporting periods ending on March 31st and September 30th. Reports are due no later than 15 days after the close of each reporting period.

**Email** for Seller's official acknowledging or rejecting the ISR:  
(Seller must include contractor official on the ISR report email notification)

***The following customer contract requirements apply to this Purchase Order to the extent indicated below and are hereby incorporated into the Purchase Order by reference:***

In all clauses listed herein terms shall be revised to suitably identify the party to establish Seller's obligations to Buyer and to the Government; and to enable Buyer to meet its obligations under its prime contract. Without limiting the generality of the foregoing, and except where further clarified or modified below, the term "Government" and equivalent phrases shall mean "Buyer", the term "Contracting Officer" shall mean "Buyer's Purchasing Representative", the term "Contractor" or "Offeror" shall mean "Seller", "Subcontractor" shall mean "Seller's Subcontractor" under this Purchase Order, and the term "Contract" shall mean this "Purchase Order". For the avoidance of doubt, the words "Government" and "Contracting Officer" do not change: (1) when a right, act, authorization or obligation can be granted or performed only by the Government or the prime contract Contracting Officer or duly authorized representative, such as in FAR 52.227-1 and FAR 52.227-2 and (2) when title to property is to be transferred directly to the Government. Seller shall incorporate into each lower tier contract issued in support of this Purchase Order all applicable FAR and DFARS clauses in accordance with the flow down requirements specified in such clauses.

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**SPECIAL CONTRACT REQUIREMENTS:**

**ASSIGNMENT, DELEGATION AND SUBCONTRACTING**

(Applicable to all Purchase Orders)

Replaces TC-001 paragraphs 18(a) and (b).

Seller shall not assign any of its rights or interest in this contract or subcontract or all or substantially all of its performance of this contract, without Buyer's prior written consent. Seller shall not delegate any of its duties or obligations under this contract. Seller may assign its right to monies due or to become due. No assignment, delegation or subcontracting by Seller, with or without Buyer's consent, shall relieve Seller or any of its obligations under this contract or prejudice any of Buyer's rights 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, raw materials or subcontract items. Nothing in this clause shall preclude Seller's ability to assign this subcontract to a successor in interest in the event of an acquisition or merger of some or all of Seller's business.

**BOEING CLAUSES INCORPORATED IN FULL TEXT:**

The clauses may be found at [http://www.boeingsuppliers.com/idscommon/clauses/clause\\_index.htm](http://www.boeingsuppliers.com/idscommon/clauses/clause_index.htm)

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
C003	ACCELERATED DELIVERY DESIRED Effective: 10/21/2005	(Applicable to all Purchase Orders)  Accelerated delivery to the greatest extent possible in advance of the Contractual On Dock Schedule is desired. Any accelerated delivery will be at no additional expense to the Buyer or its Customer.  Notwithstanding anything to the contrary elsewhere in this contract, the payment-due date for deliveries made in accordance with this clause shall be computed from the latest of the actual delivery date, or the date of receipt of a correct invoice (if applicable).
H001	COST ACCOUNTING STANDARDS Effective: 7/10/2012	The clause entitled "Cost Accounting Standards," FAR 52.230-2, excluding paragraph (b), is incorporated herein by reference. In this clause, "Contractor" shall mean Seller. Seller shall comply with the clause in effect on Seller's award date or if Seller has submitted certified cost or pricing data, on the date of final agreement on price as shown on Seller's signed Certificate of Current Cost or Pricing Data.
H200	DPAS RATING	Notwithstanding information to the contrary that may be specified elsewhere herein, the DPAS rating applicable to this contract's line items are listed below:  Purchase contract line items: ALL      DPAS rating: DO-A1
H217	AFFIRMATIVE ACTION AND NONDISCRIMINATION	(Applicable to Purchase Orders that exceeds \$10,000)  Pursuant to the requirements of 41 CFR Part 60-741.5(a) and 41 CFR Part 60-

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	ON OBLIGATIONS OF CONTRACTORS AND SUBCONTRACTORS REGARDING INDIVIDUALS WITH DISABILITIES AND VETERANS  Effective: 3/18/2014	300.5(a):  This contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5 (a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified individuals with disabilities. This contractor and subcontractor shall abide by the requirements of 41 CFR 60- 300.5 (a). This regulation prohibits discrimination against qualified protected veterans and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.
H900	ADDITIONAL GENERAL PROVISIONS  Effective: 2/28/12, as modified 9/5/12	<p><b>ARTICLE 3: SUBCONTRACTING</b> (Applies only if this Contract is a subcontract under a U.S. Government prime contract.) Seller agrees that no subcontract placed under this Contract will provide for payment on a cost-plus-a -percentage-of-cost basis.</p> <p><b>ARTICLE 5: SECURITY REQUIREMENTS FOR ACCESS TO PREMISES OWNED OR CONTROLLED BY BUYER OR THE GOVERNMENT</b> (This article applies only if this Contract requires Seller to work on facilities owned or controlled by Buyer or Buyer's customer.) All employees, agents, and representatives of Seller or its subcontractors who are expected to enter premises owned or controlled by Buyer or the Government are required to provide Buyer's Security personnel with proof of citizenship. Examples of original documents that are considered satisfactory are U.S. Birth Certificates, U.S. Passports, Certificates of Naturalization, Alien Registration Receipt Card (with photograph), and/or other evidence of citizenship satisfactory to Buyer before being allowed access to Buyer's premises. All such employees, agents, and representatives are bound by the provisions of the United States Criminal Code relating to espionage and sabotage and will conform to the standards and requirements established by the Government and Buyer's Security. Seller will submit the name and birth certificate and/or other satisfactory evidence of citizenship of each such employee, agent, or Representative prior to the time for reporting for work. Selected positions and assignments of Seller's employees may require a security clearance.</p> <p><b>ARTICLE 11: FOREIGN CONTENT REPORTING</b> (Applies only if Contract exceeds \$500,000.) In accordance with the Offset Credits article of Boeing's General Provisions, Seller shall submit "Advance Notification / Supplier Foreign Content Report" (AN/SFCR) form X33647 on a Supplier Data Requirements List (SDRL) and follow the instructions below :</p> <p>1. Description</p> <p>1.1. The Advance Notification/ Supplier Foreign Content Report form is used to document foreign procurements. This SDRL requirement only applies to Boeing subcontracts in excess of \$500,000.</p> <p>1.2. For purposes of establishing "offset causa lit y" under a contract, the supplier shall provide ADVANCE NOTIFICATION to Buyer for any FOREIGN BIDDER under consideration for any subcontract that is anticipated to exceed</p>

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		<p>\$50,000.</p> <p>2. Frequency</p> <p>2.1. The supplier shall submit a completed Advance Notification / Supplier Foreign Content Report (AN/SFCR) using form X33647 within 30 days after the effective date of the contract.</p> <p>2.2. The supplier shall provide an updated (AN/S FCR) for each new foreign bid opportunity or foreign subcontract.</p> <p>3. Format</p> <p>3.1. The supplier shall complete the Advance Notification / Supplier Foreign Content Report using the form X33647, as identified in Section 4 of these instructions.</p> <p>4. Preparation Instructions</p> <p>4.1. If the supplier does not have any foreign procurement in excess of \$50,000 then the supplier shall complete sections A and B of the AN/SFCR.</p> <p>4.2. If the supplier is pursuing foreign bid opportunities in excess of \$50,000, the supplier shall complete sections A through D of the AN/SFCR.</p> <p>4.3. If the supplier is reporting for Advanced Notification, the supplier shall complete sections A, B and E of the AN/SFCR, as appropriate.</p> <p>Note: If supplier does not submit their AN/ SFCR SDRL through the Boeing Supplier Data Transmittal (SDT) system, then the supplier shall submit the AN/SFCR (using form X33647) to the Procurement Agent AND e-mail a copy to: foreigncontent@boeing.com. The information provided will be used for the sole purpose of claiming credit toward Boeing's Industrial Participation (Offset Credits) obligations with its international customers. The information will be treated as proprietary information, to be disclosed only for the purpose noted.</p> <p><b>ARTICLE 18 DEFECTIVE COST OR PRICING DATA</b> (This article applies only if this contract is issued pursuant to a contract between the Buyer and US Government and Seller is required to submit certified cost and pricing data required by FAR 52.215-12 or 52.215-14 and Buyer relied upon such data in submitting certified cost and pricing data to the US Government.)</p> <p>a. If Seller, its subcontractor, or prospective subcontractor fails to submit accurate, complete and current cost or pricing data, and, as a result of that failure, the Government reduces the price of Buyer's prime contract, Buyer may recover from Seller an amount equal to the price reduction of the prime contract.</p> <p>b. If, as a result of Seller's or its subcontractor's foregoing conduct, the Government imposes a penalty on or charges Buyer interest, Buyer may recover from Seller the amount of that interest or penalty.</p> <p>c. For the purposes of paragraphs a. and b. of this Article 18, if Buyer is a higher tier subcontractor, "Government" means the higher tier contractor and "prime</p>

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		<p>contract" means the higher tier subcontract.</p> <p>d. Seller will not raise as defenses the matters listed in FAR 52.215-10(c)(1) (OCT 1997) or FAR 52.215-11(d)(1) (OCT 1997).</p> <p><b>ARTICLE 26 MATERIAL SUBSTITUTION PROHIBITION</b> (This Article 26 applies only if the Goods are required to meet specifications over which Buyer has design authority and engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish.)</p> <p><b>A. Unauthorized Material Substitution (General)</b> Unauthorized material substitutions are not permitted on Buyer's Goods. Unauthorized material substitution includes any deviation from the engineering definition of a raw material. Engineering definition includes Buyer design drawing and applicable specifications, product specification, form, size, shape, chemistry, melt method, origin, temper/condition, product testing or surface finish.</p> <p>Alternate materials specified in the engineering definition (and often described as approved material substitutions therein) do not constitute unauthorized material substitution. Terms and definitions for metallic materials and processing used herein are clarified in Aerospace Recommended Practice (ARP) 1917.</p> <p>Contact Buyer's Authorized Procurement Representative for details regarding deviations to authorized materials. Seller agrees and understands that such deviations only apply to this purchase contract, and only as indicated in the Buyer's authorized document.</p> <p><b>B. Metallic Materials (Specific)</b> Temper or Condition Conversion - Unless specifically authorized by the engineering definition, conversion of a raw material (i.e. heat treat to change the temper or condition of the material) constitutes material substitution of the condition provided by the manufacturer.</p> <p>Metallic Raw Materials - Buyer's engineering drawings may refer to obsolete or superseded specifications covering several forms, thicknesses, widths, etc. of the alloy or alloys. The required characteristics of these materials are defined not only by the objective test standards of the specification, but by the processes/methods by which this final form is achieved. These requirements are often captured in the definitions of the required material forms, and may not be explicitly called out in the detailed requirements. The raw material certification results from both the process used to make it and the tests to verify basic properties.</p> <p>Seller shall ensure that metallic materials covered by current or obsolete/superseded specifications are produced using the standard industry practices designed strictly for the production of stock to the specified thickness, diameter, width or cross sectional area, achieved by thermo-mechanical processing or casting process. Chemical, electrochemical and mechanical methods used for the removal of surface scale or contamination, or the</p>

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		<p>production of the required surface finish, in accordance with the material specification are acceptable. Raw material must not be re-certified with respect to thickness, diameter, width or cross sectional area or product form. Machining or cutting of thicker product or other product forms shall not be supplied in lieu of specified product unless specifically authorized by Buyer. Raw material certifications for material or parts shall reflect the form and size of the raw material as originally manufactured by the raw material producer.</p> <p>C. Specification Supersession: For government specifications and standards canceled after June 1994, Seller and subcontractors at all tiers shall use the last active revision of the canceled specification and standard until an acceptable replacement is included in the requirements of this Contract. Contact the Buyer's Authorized Procurement Representative in the event of any inconsistency in applicable specification or standard.</p> <p>D. Reports (Full Pedigree from melt to final product) - Raw material certifications shall show clear traceability to the manufacturer(s) of the raw material including ingot source, all thermo-mechanical processing (i.e. forging, rolling, drawing, etc), heat treatment, chemical processing and inspections as required by applicable raw material specification requirements.</p> <p>E. Chain of Custody (Disguising intermediate ownership) - Suppliers shall not disguise the pedigree of material or chain of ownership by removal of a previous supplier's name, nomenclature or identification.</p> <p>F. Source of Additional Information - Addition information and guidance may be found through Buyer's Supplier Portal or Buyer's Authorized Procurement Representative.</p> <p>G. The substance of this Article shall be flowed in all subcontracts at every tier, if applicable.</p> <p><b>ARTICLE 28 CODE OF BASIC WORKING CONDITIONS AND HUMAN RIGHTS</b> (Applicable to all Purchase Orders.)</p> <p>a. Buyer 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, Buyer 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. The Boeing Code may be downloaded at <a href="http://www.boeing.com/aboutus/culture/code.html">http://www.boeing.com/aboutus/culture/code.html</a>. Buyer strongly encourages Seller to adopt and enforce concepts similar to those embodied in the Boeing Code, including conducting Seller's operations in a manner that is fully compliant with all applicable laws and regulations pertaining to fair wages and treatment, freedom of association, personal privacy, collective bargaining, workplace safety and environmental protection. Seller will promptly cooperate with and assist Buyer in Buyer's implementation of and adherence to the Boeing Code.</p> <p>b. Further, any violation of law by Seller relating to laws regarding slavery and human trafficking (including those conditions set forth in FAR 52.222-50) and which are applicable to Seller's performance under this Contract, may be</p>

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		<p>considered a material breach of this Contract for which Buyer may elect to cancel any open orders between Buyer and Seller, for cause, in accordance with the provision of this Contract entitled "Cancellation for Default" or exercise any other right of Buyer for an event of default under this Contract.</p> <p>c. Seller shall include the substance of this clause, including this Paragraph c, in all subcontracts awarded by Seller for work under this Contract.</p>
Q011S	SUPPLEMENTAL QUALITY REQUIREMENTS Effective: 5/31/2006	<p>1. Change in Quality Management Representative Seller shall promptly notify Buyer's Authorized Procurement Representative and Supplier Quality Representative of intended or actual changes in the management representative with assigned responsibility and authority for its quality management system.</p> <p>2. Change in Quality Management System Seller shall promptly notify Buyer's Authorized Procurement Representative and Supplier Quality Representative in writing of intended or actual major change to its quality management system that may affect the conformity of its goods or services. Each change to Seller's quality management system is subject to review by Buyer. Seller shall include, as part of the written notification of change to its quality management system, a list of changed procedures identified by revision level, a description of the intent of the changes and a signed statement that compliance with Buyer's quality system approval has not been diminished.</p> <p>3. Change in Manufacturing Line, Facility Location or Process Seller shall promptly notify Buyer's Authorized Procurement Representative in writing of intended or actual change to the manufacturing processes that may affect the quality of delivered goods and services. This includes changes to Seller's and Seller's subcontractors manufacturing facility location for the contracted goods or services, equipment, or processes for which the product was qualified. Seller shall promptly notify Buyer's Authorized Procurement Representative in writing of change to its quality control process that may affect the inspection verification of conformity or airworthiness. Notification shall document effect of change to inspection with respect to fit, form, reliability, function, conformity, airworthiness of the Seller's goods or services. Each change to Seller's quality control system is subject to review by Buyer.</p> <p>4. Natural Disaster Occurrence Seller shall promptly notify Buyer's Authorized Procurement Representative of any occurrence of natural disaster that diminishes Seller's ability to deliver conforming goods or services.</p> <p>5. English Language When specifically requested by Buyer, Seller shall make specified quality data and/or approved design data available in the English language. Seller shall maintain an English language translation of (1) its quality manual, (2) the operating instructions that implement the quality manual requirements, and (3) an index of Seller's procedures that contain quality requirements. Buyer may require additional documentation to be translated, including but not limited to: shop orders, technical specifications, certificates, reports, and nonconformance documents.</p> <p>6. Seller's Subcontractors</p>

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		<p>Seller shall impose all the aforementioned requirements on Seller's Subcontractors.</p> <p>7. Seller's Change Notification Process Seller shall document a process for notifying Buyer of intended or actual changes described in the aforementioned requirements.</p>
Q132	COUNTERFEIT ELECTRONIC PARTS DETECTION AND AVOIDANCE SYSTEMS REQUIREMENTS (1/2015 version, as modified)	<p>(Applicable to all Purchase Orders.)</p> <p>Seller shall meet the following additional requirements for electronic parts procured by or on behalf of Seller:</p> <p>i. Seller shall implement a counterfeit electronic parts detection and avoidance system consistent with the requirements of the latest dated version of SAE standard AS5553, as of the effective date of this contract.</p> <p>ii. With the exception of a procurement of the original electronic component directly from the electronic original component manufacturers (OCMSs), Seller shall include the applicable substance of this article, including this flowdown requirement, in all subcontracts for electronic parts awarded by Seller for work under this Contract.</p>
Q320	SELLER'S NOTIFICATION OF ESCAPEMENT (NOE) Effective: 10/30/2019	<p>When a nonconformance is determined to exist or is suspected to exist on goods and/or services already provided to Buyer under Contract, Seller shall provide notice within Buyer's Supplier Quality supplier data system.</p> <p>Seller shall provide the NoE Submittal utilizing the Buyer's Supplier Quality supplier data system within three (3) business days of when the nonconformance was determined. For submittals that are returned / rejected back to the supplier, the supplier shall resubmit updated information within three (3) business days.</p> <p>If the nonconformance affects safety of flight or is mission critical; Seller shall immediately provide the NoE Submittal and all required information within Buyer's Supplier Quality supplier data system.</p>
Q8365	NONCONFORMANCE DOCUMENT PER IR 0451 Effective :10/15/2015	<p>Seller shall comply with Informal Report (IR) 0451, "Instructions for Submittal and Handling of External Nonconformance Documents" when any of the goods or services ordered hereunder are found to be nonconforming, unless Buyer has delegated Material Review Board authority in writing to Seller. Seller shall promptly notify in writing Buyer's Authorized Procurement Representative if Seller knows or suspects Seller may have delivered nonconforming goods or services.</p> <p>IR 0451 and associated form MAC861MRB may be accessed from the web site at: <a href="http://www.boeingsuppliers.com/supplier_portal/bdsSiteReqs.html">http://www.boeingsuppliers.com/supplier_portal/bdsSiteReqs.html</a> under the heading of "St. Louis"</p>
Q927	AS9117 REQUIREMENT FOR DELEGATED PRODUCT RELEASE VERIFICATION Effective: 10/12/2017	<p>When Seller delegates product verification, Seller shall conform to the requirements of AS9117, "Delegated Product Release Verification", as may be amended from time to time. Buyer reserves the right to conduct surveillance at Seller's facility to determine that Seller's quality system conforms to the requirements of AS9117.</p> <p>AS9117 defines the minimum requirements for delegation of product release to a supplier. When delegating product verification, Seller is not relieved of its obligations under this contract.</p>



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		Aerospace standards such as AS9117 can be obtained from SAE International at: <a href="http://standards.sae.org/">http://standards.sae.org/</a>

**AIR FORCE FEDERAL ACQUISITION REGULATION SUPPLEMENT (AFFARS) CLAUSES INCORPORATED BY REFERENCE:**

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
5352.204-9000	Notification Of Government Security Activity And Visitor Group Security Agreements (Mar 2012)	Applicable to all Purchase Orders.
5352.223-9000	Elimination Of Use Of Class I Ozone Depleting Substances (ODS) (Nov 2012)	Applicable to all Purchase Orders unless the requiring activity obtains the approval IAW paragraph 5323.803(a).
5352.242-9001	Common Access Cards (CAC) For Contractor Personnel (Nov 2012)	Applicable to all Purchase Orders that require logical access to Department of Defense computer networks and systems in either the unclassified environment or the classified environment where authorized by governing security directives; and/or perform work which requires the use of a CAC for installation entry control or physical access to facilities and buildings.

**FAR AND DFARS CLAUSES INCORPORATED BY REFERENCE:**

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)
52.215-12	Subcontractor Certified Cost or Pricing Data (Deviation 2018-00015) (May 2018)	Applicable if the Purchase Orders is in excess of \$2 Million. This clause does not apply to Purchase Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.
52.219-9	Small Business Subcontracting Plan (Oct 2014)	Applicable to Purchase Orders over \$650,000 and to Purchase Orders to the extent that the work under the Purchase Order will be performed in the United States or its outlying areas or Seller is recruiting employees in the United States or its outlying areas to work on the Purchase Order. Not applicable to Purchase Orders for commercial items.
52.222-19	Child Labor—Cooperation With Authorities and Remedies (Jan 2014)	Applicable to Purchase Orders for the acquisition of supplies that are expected to exceed the micro-purchase thresholds.

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52.222-37	Employment Reports on Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans (Jul 2014)	Applicable to all Purchase Orders of \$100,000 or more. Foreign Sellers: Applicable to Purchase Orders when the listing of employment openings for purposes of work to be performed under this Purchase Order occur and are filled within the 50 States, the District of Columbia, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, and Wake Island.
52.222-50	Combating Trafficking in Persons (Mar 2015)	Applicable to all Purchase Orders, except that the requirements in paragraph (h) of the clause apply only to (i) supplies that are other than commercially available off-the-shelf items that acquired outside the United States, or for services to be performed outside the United States, and (ii) that exceed \$500,000 in value. Paragraph (d)(2) shall read as follows: "If the allegation may be associated with more than one contract, the Seller shall inform the Buyer's Authorized Procurement Representative for each affected contract." Insert the following at the end of paragraph (e): "If the Government exercises one of the remedies identified in the paragraph (e) against Buyer as a result, in whole or in part, of the Seller's violation of its obligations under this clause, Buyer may impose that remedy against the Seller proportionate to the extent to which Seller's violation caused the Government's decision to impose a remedy on 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."
52.230-2	Cost Accounting Standards (Oct 2015)	Applicable when stated in the Purchase Order.
52.232-39	Unenforceability of Unauthorized Obligations (Jun 2013)	Applicable to all Purchase Orders involving EULA, TOS, or similar software agreement.
52.245-1	Government Property (Apr 2012)	Applicable to all Purchase Orders when Government property is acquired or furnished (see PT-001).
252.223-7006	Prohibition on Storage and Disposal of Toxic and Hazardous Materials (Sep 2014)	Applicable to all Purchase Orders that require, may require, or permit a Seller or its lower tier subcontractors access to a DoD installation.
252.234-7004	Cost and Software Data Reporting System (Nov 2014)	Applicable to Purchase Orders that exceed \$50 million
252.237-7010	Prohibition on Interrogation of Detainees by Contractor Personnel (Jun 2013)	Applicable to all Purchase Orders that require Seller personnel to interact with detainees in the course of their duties.

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252.247-7024	Notification of Transportation of Supplies by Sea (Mar 2000)	Applicable to all Purchase Orders if the supplies being transported are noncommercial items or commercial items that (i) Seller is reselling or distributing to the Government without adding value (generally, Seller does not add value to items that it contracts for f.o.b. destination shipment); (ii) are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or peacekeeping operations; or (iii) are commissary or exchange cargoes transported outside the Defense Transportation System in accordance with 10 U.S.C. 2643.

**CLAUSES INCORPORATED BY FULL TEXT:**

**52.215-21 REQUIREMENTS FOR CERTIFIED COST OR PRICING DATA AND DATA OTHER THAN CERTIFIED COST OR PRICING DATA—MODIFICATIONS (OCT 2010) – ALTERNATE I (OCT 2010)**

(Applicable to all Purchase Orders when certified cost or pricing data, or data other than certified cost or pricing data, will be required for modifications.)

(a) Exceptions from certified cost or pricing data. (1) In lieu of submitting certified cost or pricing data for modifications under this contract, for price adjustments expected to exceed the threshold set forth at FAR 15.403–4 on the date of the agreement on price or the date of the award, whichever is later, the Contractor may submit a written request for exception by submitting the information described in the following subparagraphs. The Contracting Officer may require additional supporting information, but only to the extent necessary to determine whether an exception should be granted, and whether the price is fair and reasonable—

(i) Identification of the law or regulation establishing the price offered. If the price is controlled under law by periodic rulings, reviews, or similar actions of a governmental body, attach a copy of the controlling document, unless it was previously submitted to the contracting office.

(ii) Information on modifications of contracts or subcontracts for commercial items. (A) If—

(1) The original contract or subcontract was granted an exception from certified cost or pricing data requirements because the price agreed upon was based on adequate price competition or prices set by law or regulation, or was a contract or subcontract for the acquisition of a commercial item; and

(2) The modification (to the contract or subcontract) is not exempted based on one of these exceptions, then the Contractor may provide information to establish that the modification would not change the contract or subcontract from a contract or subcontract for the acquisition of a commercial item to a contract or subcontract for the acquisition of an item other than a commercial item.

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(B) For a commercial item exception, the Contractor shall provide, at a minimum, information on prices at which the same item or similar items have previously been sold that is adequate for evaluating the reasonableness of the price of the modification. Such information may include—

(1) For catalog items, a copy of or identification of the catalog and its date, or the appropriate pages for the offered items, or a statement that the catalog is on file in the buying office to which the proposal is being submitted. Provide a copy or describe current discount policies and price lists (published or unpublished), e.g., wholesale, original equipment manufacturer, or reseller. Also explain the basis of each offered price and its relationship to the established catalog price, including how the proposed price relates to the price of recent sales in quantities similar to the proposed quantities.

(2) For market-priced items, the source and date or period of the market quotation or other basis for market price, the base amount, and applicable discounts. In addition, describe the nature of the market.

(3) For items included on an active Federal Supply Service Multiple Award Schedule contract, proof that an exception has been granted for the schedule item.

(2) The Contractor grants the Contracting Officer or an authorized representative the right to examine, at any time before award, books, records, documents, or other directly pertinent records to verify any request for an exception under this clause, and the reasonableness of price. For items priced using catalog or market prices, or law or regulation, access does not extend to cost or profit information or other data relevant solely to the Contractor's determination of the prices to be offered in the catalog or marketplace.

(b) Requirements for certified cost or pricing data. If the Contractor is not granted an exception from the requirement to submit certified cost or pricing data, the following applies:

1) The Contractor shall submit certified cost or pricing data, data other than certified cost or pricing data, and supporting attachments prepared in the following format:

[Insert description of the data and format that are required and include access to records necessary to permit an adequate evaluation of the proposed price in accordance with 15.408, Table 15-2, Note 2. The description may be inserted at the time of issuing the solicitation, or the Contracting Officer may specify that the offeror's format will be acceptable, or the description may be inserted as the result of negotiations.]

(2) As soon as practicable after agreement on price, but before award (except for unpriced actions), the Contractor shall submit a Certificate of Current Cost or Pricing Data, as prescribed by FAR 15.406-2.

(End of clause)

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(Applicable to Purchase Orders over \$150,000.)

(a) General. The Contractor is encouraged to develop, prepare, and submit value engineering change proposals (VECP's) voluntarily. The Contractor shall share in any net acquisition savings realized from accepted VECP's, in accordance with the incentive sharing rates in paragraph (f) of this clause.

(b) Definitions.

"Acquisition savings," as used in this clause, means savings resulting from the application of a VECP to contracts awarded by the same contracting office or its successor for essentially the same unit.

Acquisition savings include—

(1) Instant contract savings, which are the net cost reductions on this, the instant contract, and which are equal to the instant unit cost reduction multiplied by the number of instant contract units affected by the VECP, less the Contractor's allowable development and implementation costs;

(2) Concurrent contract savings, which are net reductions in the prices of other contracts that are definitized and ongoing at the time the VECP is accepted; and

(3) Future contract savings, which are the product of the future unit cost reduction multiplied by the number of future contract units in the sharing base. On an instant contract, future contract savings include savings on increases in quantities after VECP acceptance that are due to contract modifications, exercise of options, additional orders, and funding of subsequent year requirements on a multiyear contract.

"Collateral savings," as used in this clause, means those measurable net reductions resulting from a VECP in the agency's overall projected collateral costs, exclusive of acquisition savings, whether or not the acquisition cost changes.

"Contracting office" includes any contracting office that the acquisition is transferred to, such as another branch of the agency or another agency's office that is performing a joint acquisition action.

"Contractor's development and implementation costs," as used in this clause, means those costs the Contractor incurs on a VECP specifically in developing, testing, preparing, and submitting the VECP, as well as those costs the Contractor incurs to make the contractual changes required by Government acceptance of a VECP.

"Future unit cost reduction," as used in this clause, means the instant unit cost reduction adjusted as the Contracting Officer considers necessary for projected learning or changes in quantity during the sharing period. It is calculated at the time the VECP is accepted and applies either—

(1) Throughout the sharing period, unless the Contracting Officer decides that recalculation is necessary because conditions are significantly different from those previously anticipated; or

(2) To the calculation of a lump-sum payment, which cannot later be revised.

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“Government costs,” as used in this clause, means those agency costs that result directly from developing and implementing the VECP, such as any net increases in the cost of testing, operations, maintenance, and logistics support. The term does not include the normal administrative costs of processing the VECP or any increase in this contract’s cost or price resulting from negative instant contract savings.

“Instant contract,” as used in this clause, means this contract, under which the VECP is submitted. It does not include increases in quantities after acceptance of the VECP that are due to contract modifications, exercise of options, or additional orders. If this is a multiyear contract, the term does not include quantities funded after VECP acceptance. If this contract is a fixed-price contract with prospective price redetermination, the term refers to the period for which firm prices have been established.

“Instant unit cost reduction” means the amount of the decrease in unit cost of performance (without deducting any Contractor’s development or implementation costs) resulting from using the VECP on this, the instant contract. If this is a service contract, the instant unit cost reduction is normally equal to the number of hours per line-item task saved by using the VECP on this contract, multiplied by the appropriate contract labor rate.

“Negative instant contract savings” means the increase in the cost or price of this contract when the acceptance of a VECP results in an excess of the Contractor’s allowable development and implementation costs over the product of the instant unit cost reduction multiplied by the number of instant contract units affected.

“Net acquisition savings” means total acquisition savings, including instant, concurrent, and future contract savings, less Government costs.

“Sharing base,” as used in this clause, means the number of affected end items on contracts of the contracting office accepting the VECP.

“Sharing period,” as used in this clause, means the period beginning with acceptance of the first unit incorporating the VECP and ending at a calendar date or event determined by the contracting officer for each VECP.

“Unit,” as used in this clause, means the item or task to which the Contracting Officer and the Contractor agree the VECP applies.

“Value engineering change proposal (VECP)” means a proposal that—

- (1) Requires a change to this, the instant contract, to implement; and
- (2) Results in reducing the overall projected cost to the agency without impairing essential functions or characteristics; provided, that it does not involve a change—
  - (i) In deliverable end item quantities only;

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(ii) In research and development (R&D) end items or R&D test quantities that is due solely to results of previous testing under this contract; or

(iii) To the contract type only.

(c) VECP preparation. As a minimum, the Contractor shall include in each VECP the information described in paragraphs (c)(1) through (8) of this clause. If the proposed change is affected by contractually required configuration management or similar procedures, the instructions in those procedures relating to format, identification, and priority assignment shall govern VECP preparation. The VECP shall include the following:

(1) A description of the difference between the existing contract requirement and the proposed requirement, the comparative advantages and disadvantages of each, a justification when an item's function or characteristics are being altered, the effect of the change on the end item's performance, and any pertinent objective test data.

(2) A list and analysis of the contract requirements that must be changed if the VECP is accepted, including any suggested specification revisions.

(3) Identification of the unit to which the VECP applies.

(4) A separate, detailed cost estimate for (i) the affected portions of the existing contract requirement and (ii) the VECP. The cost reduction associated with the VECP shall take into account the Contractor's allowable development and implementation costs, including any amount attributable to subcontracts under the Subcontracts paragraph of this clause.

(5) A description and estimate of costs the Government may incur in implementing the VECP, such as test and evaluation and operating and support costs.

(6) A prediction of any effects the proposed change would have on collateral costs to the agency.

(7) A statement of the time by which a contract modification accepting the VECP must be issued in order to achieve the maximum cost reduction, noting any effect on the contract completion time or delivery schedule.

(8) Identification of any previous submissions of the VECP, including the dates submitted, the agencies and contract numbers involved, and previous Government actions, if known.

(d) Submission. The Seller shall submit VECP's to the Buyer.

(e) Government action.

(1) The Buyer will notify the Seller of the status of the VECP after receipt. The Buyer will process VECP's expeditiously; however, it will not be liable for any delay in acting upon a VECP.

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(2) If the VECP is not accepted, the Contracting Officer will notify the Contractor in writing, explaining the reasons for rejection. The Contractor may withdraw any VECP, in whole or in part, at any time before it is accepted by the Government. The Contracting Officer may require that the Contractor provide written notification before undertaking significant expenditures for VECP effort.

(3) Any VECP may be accepted, in whole or in part, by the Contracting Officer's award of a modification to this contract citing this clause and made either before or within a reasonable time after contract performance is completed. Until such a contract modification applies a VECP to this contract, the Contractor shall perform in accordance with the existing contract. The decision to accept or reject all or part of any VECP is a unilateral decision made solely at the discretion of the Contracting Officer.

(f) Sharing rates. If a VECP is accepted, the Contractor shall share in net acquisition savings according to the percentages shown in the table below. The percentage paid the Contractor depends upon—

(1) This contract's type (fixed-price, incentive, or cost-reimbursement);

(2) The sharing arrangement specified in paragraph (a) of this clause (incentive, program requirement, or a combination as delineated in the Schedule); and

(3) The source of the savings (the instant contract, or concurrent and future contracts), as follows:

<b>Contractor's Share of Net Acquisition Savings (Figure in Percent)</b>				
<b>Contract Type</b>	<b>Incentive (Voluntary)</b>		<b>Program Requirement (Mandatory)</b>	
	<b>Instant Contract Rate</b>	<b>Concurrent and Future Contract Rate</b>	<b>Instant Contract Rate</b>	<b>Concurrent and Future Contract Rate</b>
<b>Fixed-price (includes fixed-price-award-fee; excludes other fixed-price incentive contracts)</b>	*50	*50	25	25
<b>Incentive (fixed-price or cost) (other than award fee)</b>	(**)	*50	(**)	25
<b>Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive contracts)</b>	***25	***25	15	15



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\* The Contracting Office may increase the Contractor's sharing rate to as high as 75 percent for each VECP.

\*\* Same sharing arrangement as the contract's profit or fee adjustment formula.

\*\*\* The Contracting Office may increase the Contractor's sharing rate to as high as 50 percent for each VECP.

(g) Calculating net acquisition savings.

(1) Acquisition savings are realized when (i) the cost or price is reduced on the instant contract, (ii) reductions are negotiated in concurrent contracts, (iii) future contracts are awarded, or (iv) agreement is reached on a lump-sum payment for future contract savings (see paragraph (i)(4) of this clause). Net acquisition savings are first realized, and the Contractor shall be paid a share, when Government costs and any negative instant contract savings have been fully offset against acquisition savings.

(2) Except in incentive contracts, Government costs and any price or cost increases resulting from negative instant contract savings shall be offset against acquisition savings each time such savings are realized until they are fully offset. Then, the Contractor's share is calculated by multiplying net acquisition savings by the appropriate Contractor's percentage sharing rate (see paragraph (f) of this clause). Additional Contractor shares of net acquisition savings shall be paid to the Contractor at the time realized.

(3) If this is an incentive contract, recovery of Government costs on the instant contract shall be deferred and offset against concurrent and future contract savings. The Contractor shall share through the contract incentive structure in savings on the instant contract items affected. Any negative instant contract savings shall be added to the target cost or to the target price and ceiling price, and the amount shall be offset against concurrent and future contract savings.

(4) If the Government does not receive and accept all items on which it paid the Contractor's share, the Contractor shall reimburse the Government for the proportionate share of these payments.

(h) Contract adjustment. The modification accepting the VECP (or a subsequent modification issued as soon as possible after any negotiations are completed) shall—

(1) Reduce the contract price or estimated cost by the amount of instant contract savings, unless this is an incentive contract;

(2) When the amount of instant contract savings is negative, increase the contract price, target price and ceiling price, target cost, or estimated cost by that amount;

(3) Specify the Contractor's dollar share per unit on future contracts, or provide the lump-sum payment;

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(4) Specify the amount of any Government costs or negative instant contract savings to be offset in determining net acquisition savings realized from concurrent or future contract savings; and

(5) Provide the Contractor's share of any net acquisition savings under the instant contract in accordance with the following:

(i) Fixed-price contracts—add to contract price.

(ii) Cost-reimbursement contracts—add to contract fee.

(i) Concurrent and future contract savings.

(1) Payments of the Contractor's share of concurrent and future contract savings shall be made by a modification to the instant contract in accordance with paragraph (h)(5) of this clause. For incentive contracts, shares shall be added as a separate firm-fixed-price line item on the instant contract. The Contractor shall maintain records adequate to identify the first delivered unit for 3 years after final payment under this contract.

(2) The Contracting Officer shall calculate the Contractor's share of concurrent contract savings by—

(i) Subtracting from the reduction in price negotiated on the concurrent contract any Government costs or negative instant contract savings not yet offset; and

(ii) Multiplying the result by the Contractor's sharing rate.

(3) The Contracting Officer shall calculate the Contractor's share of future contract savings by—

(i) Multiplying the future unit cost reduction by the number of future contract units scheduled for delivery during the sharing period;

(ii) Subtracting any Government costs or negative instant contract savings not yet offset; and

(iii) Multiplying the result by the Contractor's sharing rate.

(4) When the Government wishes and the Contractor agrees, the Contractor's share of future contract savings may be paid in a single lump sum rather than in a series of payments over time as future contracts are awarded. Under this alternate procedure, the future contract savings may be calculated when the VECP is accepted, on the basis of the Contracting Officer's forecast of the number of units that will be delivered during the sharing period. The Contractor's share shall be included in a modification to this contract (see paragraph (h)(3) of this clause) and shall not be subject to subsequent adjustment.

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(5) Alternate no-cost settlement method. When, in accordance with subsection 48.104-4 of the Federal Acquisition Regulation, the Government and the Contractor mutually agree to use the no-cost settlement method, the following applies:

(i) The Contractor will keep all the savings on the instant contract and on its concurrent contracts only.

(ii) The Government will keep all the savings resulting from concurrent contracts placed on other sources, savings from all future contracts, and all collateral savings.

(j) Collateral savings. If a VECP is accepted, the Contracting Officer will increase the instant contract amount, as specified in paragraph (h)(5) of this clause, by a rate from 20 to 100 percent, as determined by the Contracting Officer, of any projected collateral savings determined to be realized in a typical year of use after subtracting any Government costs not previously offset. However, the Contractor's share of collateral savings will not exceed the contract's firm-fixed-price, target price, target cost, or estimated cost, at the time the VECP is accepted, or \$100,000, whichever is greater. The Contracting Officer will be the sole determiner of the amount of collateral savings.

(k) Relationship to other incentives. Only those benefits of an accepted VECP not rewardable under performance, design-to-cost (production unit cost, operating and support costs, reliability and maintainability), or similar incentives shall be rewarded under this clause. However, the targets of such incentives affected by the VECP shall not be adjusted because of VECP acceptance. If this contract specifies targets but provides no incentive to surpass them, the value engineering sharing shall apply only to the amount of achievement better than target.

(l) Subcontracts. The Contractor shall include an appropriate value engineering clause in any subcontract of \$150,000 or more and may include one in subcontracts of lesser value. In calculating any adjustment in this contract's price for instant contract savings (or negative instant contract savings), the Contractor's allowable development and implementation costs shall include any subcontractor's allowable development and implementation costs, and any value engineering incentive payments to a subcontractor, clearly resulting from a VECP accepted by the Government under this contract. The Contractor may choose any arrangement for subcontractor value engineering incentive payments, provided, that the payments shall not reduce the Government's share of concurrent or future contract savings or collateral savings.

(m) Data. The Seller may restrict the Government's right to use any part of a VECP or the supporting data by marking the following legend on the affected parts:

These data, furnished under the Value Engineering clause of contract, shall not be disclosed outside the Buyer and Government or duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate a value engineering change proposal submitted under the clause. This restriction does not limit the Buyer's and Government's right to use information contained in these data if it has been obtained or is otherwise available from the Seller or from another source without limitations.

If a VECP is accepted, the Seller hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights or

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Government purpose rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and Seller shall appropriately mark the data. (The terms "unlimited rights" a "limited rights" and "Government purpose rights" are defined in Part 27 of the Federal Acquisition Regulation ("FAR") or Part 227 of the Defense FAR Supplement, as applicable.)

Seller's share of the net acquisition savings and collateral savings shall not reduce the Government's share of concurrent or future savings or collateral savings. Buyer's payments to Seller under this clause are conditioned upon Buyer's receipt of authorization for such payments from the Government.

#### **252.209-7010 CRITICAL SAFETY ITEMS (AUG 2011)**

(Applicable to Purchase Orders that include one or more items designated by the design control activity as critical safety items.)

(a) Definitions.

Aviation critical safety item means a part, an assembly, installation equipment, launch equipment, recovery equipment, or support equipment for an aircraft or aviation weapon system if the part, assembly, or equipment contains a characteristic any failure, malfunction, or absence of which could cause -

(i) A catastrophic or critical failure resulting in the loss of, or serious damage to, the aircraft or weapon system;

(ii) An unacceptable risk of personal injury or loss of life; or

(iii) An uncommanded engine shutdown that jeopardizes safety.

Design control activity.

(i) With respect to an aviation critical safety item, means the systems command of a military department that is specifically responsible for ensuring the airworthiness of an aviation system or equipment, in which an aviation critical safety item is to be used; and

(ii) With respect to a ship critical safety item, means the systems command of a military department that is specifically responsible for ensuring the seaworthiness of a ship or ship equipment, in which a ship critical safety item is to be used.

Ship critical safety item means any ship part, assembly, or support equipment containing a characteristic, the failure, malfunction, or absence of which could cause -

(i) A catastrophic or critical failure resulting in loss of, or serious damage to, the ship; or

(ii) An unacceptable risk of personal injury or loss of life.

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(b) Identification of critical safety items. One or more of the items being procured under this contract is an aviation or ship critical safety item. The following items have been designated aviation critical safety items or ship critical safety items by the designated design control activity: \_\_\_\_\_

(c) Heightened quality assurance surveillance. Items designated in paragraph (b) of this clause are subject to heightened, risk-based surveillance by the designated quality assurance representative.  
(End of clause)

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