

Revision No. 0, dated January 17, 2023

## **Flowdown Attachment**

### **RIS FDA-2023.0008**

**Contract No.:** 6537612115

**Prime Contract No.:** 19-C-0262/18-C-0121

**DPAS Rating:** DO-A1

**If the Purchase Order on date of award is valued at or above the threshold specified in FAR 19.702(a), located at <https://www.acquisition.gov/far/19.702>, 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 30 days after the close of each reporting period.

Email for Seller's official acknowledging or rejecting the ISR: [ris.esrs@raytheon.com](mailto:ris.esrs@raytheon.com)  
(Seller must include contractor official on the ISR report email notification)

*The following customer contract requirements apply to this Order or Purchase Order to the extent indicated below and are hereby incorporated into the Order or Purchase Order by full text or by reference with the same force and effect as if they were given in full text. Upon Supplier's or Seller's request, Buyer's Purchasing Representative will make their full text available. Also, the full text of a FAR or DFARS provision or clause may be accessed electronically at these addresses: <https://www.acquisition.gov/dfars/part-252-solicitation-provisions-and-contract-clauses> or <https://www.acquisition.gov/far/>:*

Whenever necessary to make the context of the Clauses applicable to the Order or Purchase Order, the term "Contractor" or "Offeror" shall mean "Supplier" or "Seller", "Subcontractor" shall mean "Seller's Subcontractor", the term "Contract" shall mean the Order or Purchase Order, and the term "Government", "Contracting Officer" and equivalent phrases shall mean Buyer, except the terms "Government" and "Contracting Officer" do not change: (a) in the phrases, "Government Property", "Government-Furnished Property", and "Government-Owned Property", (b) in the patent Clauses if incorporated herein, (c) when a right, act, authorization, or obligation can be granted or performed only by the Government or the Contracting Officer or a duly authorized representative, such as in FAR 52.227-1 and FAR 52.227-2, (d) when title to property is to be transferred directly to the Government, (e) when access to Proprietary Information is required, except as specifically otherwise provided herein, and (f) where specifically modified herein. Supplier or Seller shall incorporate into each lower-tier subcontract placed in support of the Order or Purchase Order all applicable Clauses in accordance with the flowdown requirements specified in each such Clause. If any of the following clauses do not apply to this Order or Purchase Order, such clauses are considered to be self-deleting.

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#### **SPECIAL CONTRACT REQUIREMENTS:**

##### **ENVIRONMENTAL, SAFETY AND HEALTH**

(Applicable to Orders where items will be delivered under, or brought onto Lockheed Martin's Premises.)

(a) Hazardous Material

SELLER warrants that items delivered under, or brought onto LOCKHEED MARTIN's premises in the performance of this Purchase Order, Contract or Scheduling Agreement, do not contain any of the hazardous material listed, as of the effective date of this Purchase Order, Contract or Scheduling Agreement, on the hazardous materials elimination list (HMEL) under the heading "I. Banned Materials." The HMEL is available at the following location:

<http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> available under "Terms & Conditions", subheading "ES&H") SELLER agrees to indemnify LOCKHEED MARTIN against any loss, damage or liability, including removal costs, by reason of SELLER's violation of this warranty. SELLER shall be deemed in full compliance with this Hazardous Material paragraph (a) if SELLER completes and transmits the supplier checklist (Attachment 1) in accordance with the instructions (Attachment 2).

Once SELLER submits the supplier checklist for an item, identified by a LM Aero part number, SELLER is not required to submit a supplier checklist for subsequent purchases of the same item unless the material content of the item changes pursuant to the Engineering Change Proposal (ECP) process. The supplier checklists SELLER previously submitted, if any, are acknowledged by the parties and remain effective for purposes of SELLER'S compliance with this paragraph (a).

Due to changes in law, regulation or otherwise, LOCKHEED MARTIN may notify SELLER of changes to its hazardous materials policies or procedures, and SELLER agrees to comply with such policies and procedures subject to the provisions of the Changes clause of this Contract and a negotiated implementation agreement.

##### **CONTRACTOR ENVIRONMENT SAFETY & HEALTH HANDBOOK:**

(Applicable to all Orders that require entry to Lockheed Martin Facilities.)

If, during the performance of this Purchase Order, Contract or Scheduling Agreement, SELLER or SELLER's employees, subcontractors or agents enter onto LOCKHEED MARTIN's premises, the requirements outlined in PM-8013 Contractor Environment Safety & Health Handbook (latest revision) and the applicable site Environment Safety & Health Orientation for Marietta, Fort Worth or Palmdale shall apply. PM-8013 and the applicable site environment safety & health orientation for Marietta, Fort Worth or Palmdale can be viewed on LOCKHEED MARTIN's website:

<http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> available under "Terms & Conditions" subheading "ESH." Alternatively, contact the LOCKHEED MARTIN procurement representative for an electronic copy.

##### **REGISTRATION, EVALUATION, AUTHORIZATION, AND RESTRICTION OF CHEMICALS (REACH)**

(Applicable to all Orders for goods that will be delivered for use in the European Economic Area.)

If work delivered by SELLER under this Contract will be incorporated into deliverable goods for use in the

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European Economic Area, and the facts thereof shall be specified in this Contract, SELLER may be required to identify any Substances of Very High Concern from the Candidate List as defined under European Union Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Upon request, to meet SELLER's compliance requirements hereunder, SELLER agrees (1) to provide to LOCKHEED MARTIN information regarding the identified chemical's name, amount contained, by weight, total part weight and safe usage information if such work contains more than 0.1 % by weight of such identified chemical,, based on the Candidate List in place at the time of receipt of request, (2) to utilize the LOCKHEED MARTIN generated survey file as issued with no modification, (3) to submit response within 45 days upon receipt of request, and (4) to permit LOCKHEED MARTIN to disclose such information to the customer or regulatory authorities for the purpose of compliance with the REACH regulation. If at any time, the product's chemical composition change after a response is provided, SELLER is required to provide LOCKHEED MARTIN with the revised information. Current Candidate List chemicals can be found on the European Chemicals Agency website available at: [http://echa.europa.eu/chem data/authorisation process/candidate list table en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp) . LOCKHEED MARTIN recommends that SELLER monitor the Candidate List on a regular basis so that SELLER may provide LOCKHEED MARTIN timely and accurate information on new Substances of Very High Concern as they are added if the Work to be delivered on or after the date of such addition(s) contains more than 0.1 % by weight of such new Substances. LOCKHEED MARTIN reserves the right to re-survey SELLER for up to twelve (12) months after contract final payment (or after contract final delivery if this is a cost reimbursable, time and material, or labor hour contract) if new chemicals are added to the Candidate List before product shipment by LOCKHEED MARTIN or the U.S. Government to the European Economic Area. For more information on REACH, please contact the LOCKHEED MARTIN REACH Program Office at [reach.info@lmco.com](mailto:reach.info@lmco.com). LOCKHEED MARTIN's request for information under this paragraph (d) shall constitute a change to this Contract pursuant to the Changes clause of this Contract.

#### **FOREIGN OBJECT DAMAGE (FOD)**

(Applicable to all Orders that require entry on Lockheed Martin's premises.)

If, during the performance of this Purchase Order, Contract or Scheduling Agreement, SELLER or SELLER 's employees, subcontractors or agents enter onto LOCKHEED MARTIN's premises, they may each be required to review information on the FOD prevention program and acknowledge by their respective signatures that they have done so before being allowed to enter FOD awareness areas. In addition, access to FOD Control or Critical areas at the Marietta site requires instructor lead FOD certification. Guidance on the instructor led training process as well as other FOD information for all sites is included in the FOD prevention program information which can be viewed at <http://www.lockheedmartin.com/us/aeronautics/materialmanagement.html> under pull-down menu "Terms & Conditions," subheading "FOD." Alternatively, contact LOCKHEED MARTIN's procurement representative for an electronic copy.

#### **A83 NOTE "ENGINEERING SPECIFICATION REQUIREMENTS"**

If "A83 NOTE ENGINEERING SPECIFICATION REQUIREMENTS" is incorporated at the item level of this Contract, SELLER shall comply with the following requirements:

- (a) SELLER shall comply with latest revision, as of the effective date of this Contract, for all specifications or other documents incorporated herein, unless a specific revision number is referenced. If a specific revision number is referenced SELLER shall comply with the specified revision. The requirements set

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forth in the databases, specification, or other documents herein are incorporated into this Contract by reference.

- (b) The databases, specifications, and other documents incorporated herein are LOCKHEED MARTIN Proprietary Information and as such are protected in accordance with the Proprietary Information Agreement (PIA) executed between the parties.
- (c) SELLER shall include the requirements of this ENGINEERING SPECIFICATION REQUIREMENTS (A83) in lower tier subcontracts for the delivery of items that will be included in or furnished as Work to LOCKHEED MARTIN.
- (d) The following requirements are only applicable to LOCKHEED MARTIN designed parts.

- (i) Engineering Materials and Approved Products (EMAP) (Applicable to all programs except F-16, F-2 and T-50)

Location: LOCKHEED MARTIN external web page: <https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/engineering/engineering-materials-approved-products-emap-design-support-database.html> "Engineering Materials & Approved Products (EMAP)."

- (ii) Material and Process Specifications (Applicable to all programs)

Location: LOCKHEED MARTIN external web page:  
<https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/engineering/material-process-specifications-all-programs.html> "Material & Process Specifications – All Programs."

- (iii) Preferred Parts Handbook (PPH) - Volumes 1-5 (Applicable to the C-130, C-27, C-5, P-3, S-3 and F-22 programs)

Location: The Preferred Parts Handbook (PPH), Volumes 1-5, Document is not on-line and shall be obtained from the LOCKHEED MARTIN Procurement Representative.

- (iv) Preferred Parts Handbook (PPH) - Volumes 6 is online and available as the Design Support Database (DSD) (Applicable to the C-130, LM100J, C-27, C-5, P-3, S-3, and F-22 programs). The C-130, LM100J, C-27, C-5, P-3, and S-2 should use the C-130 information in DSD.

Location: LOCKHEED MARTIN external web page:  
<https://www.lockheedmartin.com/en-us/suppliers/business-area-procurement/aeronautics/engineering/engineering-design-support-database.html> "Engineering Design Support Database (DSD)."

- (e) The following requirements are applicable to F-35 Standard Hardware or when the drawing specifies the following note:

"Approved sources for this part are listed in the F-35 Parts Classification and Management Database maintained by LOCKHEED MARTIN Aeronautics F-35 Components Engineering. Items procured to the

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standard from sources other than those listed in the F-35 Parts Classification and Management Database are considered non-compliant."

- (f) Approved Manufacturer List for Standard Parts – Specification Document 2GNA00001 (Applicable to the F-35 program) Location: LOCKHEED MARTIN JDL: <http://www.myexostar.com/Lockheed-Martin-Aeronautics/> under JSF Data Library (JDL). Search for 2GNA00001.

The latest copy is always in the Standard Part Drawings Released Data vault in the JDL (under the Released Data Vaults entry).

The approved manufacturers for parts for the F-35 Program are set forth in 2GNA00001. The approved manufacturers listed are approved only for the listed source or part number. The sources or manufacturer part numbers are approved only when made by the manufacturer listed on the drawing revision specified. Callout part numbers that do not appear in this list are not approved for use on the program and have no approved sources.

## **BACKGROUND CHECKS**

(Applicable to Orders when personnel will be performing work, handling materials, or providing services within the operations, facilities, and premises owned, leased, or operated by Buyer's Customer, Lockheed Martin)

SELLER's personnel, including SELLER's subcontractors, who will be performing work, handling materials, or providing services within the operations, facilities, and premises owned, leased, or operated by Buyer's Customer, shall register with the Buyer's Customer Contractor screening services provider. These SELLER personnel needing access to Buyer's Customer premises shall be pre-identified and pre-screened at least ten (10) business days prior to presentation at these premises for badging and access. SELLER shall comply with the process located at: <https://contractor.lexisnex1s.com/CS/welcome.do?lmc> for new and renewal pre-screening requests.

## **12.EXTRAS**

(Applicable to all Orders.)

Work shall not be supplied in excess of quantities specified in this Contract. SELLER shall be liable for handling charges and return shipment costs for any excess quantities.

## **24.PARTS OBSOLESCENCE**

(Applicable to all Orders.)

Buyer may desire to place additional orders for Work purchased hereunder. SELLER shall provide Buyer with a "Last Time Buy Notice" within 45 days after receipt of a parts obsolescence notice from SELLER's supplier.

## **37.USE OF FREE, LIBRE, AND OPEN-SOURCE SOFTWARE (FLOSS)**

(Applicable to Orders that include the delivery of software (including software residing on hardware.))

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- (a) This clause only applies to Work that includes the delivery of software (including software residing on hardware).
- (b) SELLER shall disclose to Buyer in writing any FLOSS that will be used or delivered in connection with this Contract and shall obtain Buyer's prior written consent before delivering such FLOSS in connection with this Contract. Buyer may withhold such consent in its sole discretion.
- (c) As used herein, "FLOSS License" means the General Public License (GPL), Lesser/Library GPL, (LGPL), the Affero GPL (AGPL), the Apache license, the Berkeley Software Distribution (BSD) license, the MIT license, the Artistic License (e.g., PERL), the Mozilla Public License (MPL), or variations thereof, including without limitation licenses referred to as "Free Software License," "Open-Source License," "Public License," or "GPL Compatible License."
- (d) As used herein, "FLOSS" means software that incorporates or embeds software in, or uses software in connection with, as part of, bundled with, or alongside any (1) open source, publicly available, or "free" software, library or documentation, or (2) software that is licensed under a FLOSS License, or (3) software provided under a license that (a) subjects the delivered software to any FLOSS License, or (b) requires the delivered software to be licensed for the purpose of making derivative works or be redistributable at no charge, or (c) obligates Buyer to sell, loan, distribute, disclose or otherwise make available or accessible to any third party (i) the delivered software, or any portion thereof, in object code and/or source code formats, or (ii) any products incorporating the delivered software, or any portion thereof, in object code and/or source code formats.
- (e) SELLER agrees to defend, indemnify, and hold harmless Buyer, its customers, and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorney's fees, attorneys' fees, arising from and directly related to SELLER's delivery of FLOSS in connection with this Contract wherein SELLER has not obtained Buyer's consent.

### **38. USE OF DELIVERABLE TECHNICAL DATA AND COMPUTER SOFTWARE**

(Applicable to Orders that include contractually-required technical data or computer software delivered to Buyer or Buyer's Customer).

- (a) This clause applies only to "Contractually-required" technical data or computer software delivered by SELLER to Buyer under this Contract. "Contractually-required" deliverable is defined as SELLER's technical data or computer software Contract deliverables that are also required to be delivered by Buyer or Buyer's Customer to its U.S. Government customer under its Prime Contract.
- (b) As used in this clause "Nonconforming Marking" means any confidential, proprietary, or other restrictive-use markings that are not expressly permitted by applicable FAR, DFARS, NASA FAR Supplement or other applicable U.S. Government agency acquisition clauses incorporated into this Contract. SELLER agrees that it shall not place any Nonconforming Marking on any Contractually-required deliverable. On a purchase order basis, upon SELLER's request, Buyer shall expressly identify in writing to SELLER all Contractually-required deliverables that Buyer or Buyer's Customer has an obligation under its Prime Contract to deliver to its U.S. Government customer. SELLER may place any Nonconforming Marking on any item furnished to Buyer except as provided above for Contractually-required deliverables.

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- (c) For any Contractually-required deliverable, unless otherwise agreed by the parties, SELLER shall, at no additional expense to Buyer, deliver two copies of the Contractually-required deliverable: (i) the first copy with conforming markings as expressly permitted by applicable FAR, DFARS, NASA FAR Supplement or other U.S. Government agency acquisition clauses incorporated into this Contract for use and delivery by Buyer or Buyer's Customer to its U.S. Government customer (including making copies thereof and posting to the applicable program data library (e.g., Joint Strike Fighter Data Library (JDL)); and (ii) the second copy with Nonconforming Markings as expressly specified in the applicable Proprietary Information Agreement for retention and use (including making copies thereof) by Buyer or Buyer's Customer in the performance of Buyer's Customer Prime Contract obligations.
- (d) If SELLER delivers any Contractually-required deliverable containing any Nonconforming Markings, Buyer may notify SELLER of such a Nonconforming Marking. SELLER and Buyer agree to cooperate and work together to correct any such Nonconforming Markings, at SELLER's expense. If SELLER fails to remove or correct such marking within sixty (60) days after such notification, Buyer may, notwithstanding any other provision of this Contract, at SELLER's expense, remove or obliterate, any such Nonconforming Markings as may be on the Contractually-required deliverable.

#### **41. WORK ON LOCKHEED MARTIN AND THIRD-PARTY PREMISES**

(Applicable to all Orders that require work performed on the premises of LOCKHEED MARTIN, its customers, or other third parties.)

- (a) "Premises" as used in this clause means premises of LOCKHEED MARTIN, its customers, or other third parties where Work is being performed.
- (b) SELLER shall ensure that SELLER personnel working on Premises comply with any on-premises policies and: (i) do not bring weapons of any kind onto Premises; (ii) do not manufacture, sell, distribute, possess, use or be under the influence of controlled substances or alcoholic beverages while on Premises; (iii) do not possess hazardous materials of any kind on Premises without LOCKHEED MARTIN's authorization; (iv) remain in authorized areas only; (v) do not conduct any non-LOCKHEED MARTIN related business activities (such as interviews, hirings, dismissals or personal solicitations) on Premises, (vi) do not send or receive non-LOCKHEEDMARTIN related mail through LOCKHEED MARTIN's or third party's mail systems; (vii) do not sell, advertise or market any products or memberships, distribute printed, written or graphic materials on Premises without LOCKHEED MARTIN's written permission or as permitted by law; and (viii) follow instruction from LOCKHEEDMARTIN in the event of an actual or imminent safety or environmental hazard on Premises.
- (c) All persons, property, and vehicles entering or leaving Premises are subject to search.
- (d) SELLER shall promptly notify LOCKHEED MARTIN and provide a report of any accidents or security incidents involving loss of or misuse or damage to LOCKHEED MARTIN, customer, or third party intellectual or physical assets, and all physical altercations, assaults, or harassment.
- (e)
  - (1) Prior to entry on Premises, SELLER shall coordinate with LOCKHEED MARTIN to gain access. SELLER shall provide information reasonably required by LOCKHEED MARTIN to ensure proper identification of personnel, including, but not limited to verification of citizenship, lawful permanent resident status, protected individual or other status.



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- (2) SELLER personnel requiring unescorted access to Premises shall, prior to entry, be screened by SELLER at no charge to LOCKHEED MARTIN through the LOCKHEED MARTIN Contractor Screen Program, or otherwise screened by SELLER in a manner satisfactory to LOCKHEED MARTIN.
- (f) SELLER shall ensure that SELLER personnel: (i) do not remove LOCKHEED MARTIN, customer, or third party assets from Premises without LOCKHEED MARTIN authorization; (ii) use LOCKHEED MARTIN, customer, or third party assets only for purposes of this Contract; (iii) only connect with, interact with or use computer resources, networks, programs, tools or routines authorized by LOCKHEED MARTIN; and (iv) do not share or disclose user identifiers, passwords, cipher keys or computer dial port telephone numbers. LOCKHEED MARTIN may periodically audit SELLER's data residing on LOCKHEED MARTIN, customer, or third-party assets on Premises.
- (g) LOCKHEED MARTIN may, at its sole discretion, have SELLER remove any specified employee of SELLER from Premises and require that such employee not be reassigned to any Premises under this Contract.
- (h) Reserved.
- (i) SELLER shall advise the LOCKHEED MARTIN Procurement Representative of any unauthorized direction or course of conduct.
- (j) SELLER shall immediately report to LOCKHEED MARTIN all emergencies (e.g., medical, fire, spills or release of any hazardous material) and non-emergency incidents (e.g., job-related injuries or illnesses) affecting the Work. SELLER shall provide LOCKHEED MARTIN with a copy of any reports of such incidents SELLER makes to governmental authorities.
- (k) To the extent that LM employees are performing Work at SELLER'S facilities related to this Contract, or visiting SELLER'S facilities or visiting SELLER'S supplier facilities, LOCKHEED MARTIN shall ensure that personnel working or visiting onsite will comply with any on-premises guidelines.

#### **H0002 ASSOCIATE CONTRACTOR AGREEMENTS (AUGUST 2017)**

- (a) The contractor shall enter into Associate Contractor Agreements (ACAs) to facilitate the generation and exchange of necessary data, including proprietary information, to successfully complete the contract requirements, including options. The agreements shall include the basis for sharing information data, technical knowledge, expertise, and resources.
- (b) Costs associated with ACAs shall be negotiated in good faith subject to the Changes clause of this Contract. Costs specifically excluded from this clause are all costs to be incurred by the associate contractors listed under paragraph (e) below in support of establishing, managing and exchanging information under the ACA. ACAs shall include the following general information:

Identify the associate contractors and their relationships.

- (1) Identify the program involved and the relevant Government contracts of the associate contractors
- (2) Describe the associate contractor interfaces by general subject matter
- (3) Specify the categories of information to be exchanged or support to be provided
- (4) Include the expiration date (or event) of the ACA.



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- (5) Identify potential conflicts between relevant Government contracts and the ACA; include Agreements on protecting proprietary data and restrictions on employees
- (c) A final copy of such agreement ship be provided to the Procuring Contracting Officer (PCO) for documentation purposed only. Provide a copy of their signed Non-Disclosure Agreement to the PCO. Review of ACAs by the PCO does not change or waive the contractual obligations of any ACA party under this or any other contract. All ACAs shall be executed within six (6) months after contract award.
- (d) The government is not a party to the ACAs. Therefore the contractor shall assume total responsibility for executing and administering these agreements. The contractor is not relieved of any contract requirements because of a failure to resolve a disagreement with an associated contractor. Liability for the improper disclosure of any proprietary data pursuant to an agreement shall rest with the parties to the agreement and not the Government.

Where an ACA is necessary to support performance of this contract, Supplier shall deliver the final ACA for inclusion in the Purchase Order and Prime Contract, no later than thirty (30) days after execution.

#### **H005 COMMERCIAL COMPUTER SOFTWARE LICENSE AGREEMENT (AUGUST 2017)**

- (a) The Contractor shall acquire the commercial computer software under the licenses provided to the public, except to the extent that the licenses are inconsistent with Federal procurement laws (see DFARS 227.7202-1 (a)) or do not otherwise satisfy user needs. The Contractor shall deliver a list of all deliverable commercial computer software licenses which will be incorporated into the contract, per specifications to be determined by the MPM.

The Contractor shall insure that:

- (1) The licenses are legally transferable to the Government
  - (2) All the rights under the licenses will fully inure to the benefit of and be transferred to the Government.
  - (3) The licenses comply with rights of DFARS 227.7202- 1(a)
- (b) The Contractor shall provide copies of the license agreement within 90 calendar days of license purchase or at least 90 calendar days prior to delivery, whichever occurs first. Delivery of license agreements in Electronic format (PDF) is the acceptable means of delivery. License collection process will be specified by the MPM.

#### **H006 COMMERCIAL WARRANTIES (AUGUST 2017)**

- (a) The Seller shall invoke all commercial warranties provided by the Subcontractors (including suppliers and vendors) at any tier to be covered through the Seller's 1 year warranty period as defined in 20220831 – RTN GTA – CD3 2021 with Warranty (V10 Executed), section 40. The Contractor shall ensure that:
  - (1) The warranties are legally transferable to the Government
  - (2) All the rights under the warranties will fully inure to the benefit of and be transferred to the Government.

b. The Contractor shall provide copies of the warranties within 90 calendar days of license purchase or at least 90 calendar days prior to delivery of warranted item to the Contractor or Subcontractor, whichever occurs first.

Product/Service Description	Title of Warranty	Scope	Duration	Period of Coverage

**H012 ELIMINATION OF USE OF CLASS I OZONE DEPLETING SUBSTANCES (ODS) (NOV 2012)**

(Applicable to all Orders.)

- (a) Contractors shall not:
  - (1) Provide any service or product with any specification, standard, drawing, or other document that requires the use of a Class I ODS in the test, operation, or maintenance of any system, subsystem, item, component, or process; or
  - (2) Provide any specification, standard, drawing, or other document that establishes a test, operation, or maintenance requirement that can only be met by use of a Class I ODS as part of this contract/order. [Note: This prohibition does not apply to manufacturing.]

**H013 HEALTH AND SAFETY ON GOVERNMENT INSTALLATIONS. (NOV 2012)**

(Applicable to all Orders that require work performed on Government installation.)

- (a) In performing work under this contract on a Government installation, the contractor shall:
  - (1) Take all reasonable steps and precautions to prevent accidents and preserve the health and safety of contractor and Government personnel performing or in any way coming in contact with the performance of this contract; and
  - (2) Take such additional immediate precautions Lockheed Martin may reasonably require for health and safety purposes.
- (b) Lockheed Martin may, by written order, direct health/safety standards as may be required in the performance of this contract and any adjustments resulting from such direction will be in accordance with the Changes clause of this contract.

**H014 CONTRACTOR ACCESS TO GOVERNMENT INSTALLATIONS (NOV 2012)**

(Applicable to Orders when Seller will perform work under this contract on a government installation.)

- (a) The contractor shall obtain identification and vehicle passes, if required, for all contractor personnel who make frequent visits to or perform work on the Government installation(s) cited in the contract. Contractor personnel are required to wear or prominently display installation identification badges or contractor-furnished, contractor identification badges while visiting or performing work on the installation.
- (b) The contractor shall submit a written request on company letterhead to the contracting officer listing the following: contract number, location of work site, start and stop dates, and name of employees and subcontractor employees needing access to the base. The letter will also specify the individual(s) authorized to sign for a request for base identification credentials or vehicle passes. The contracting officer will endorse the request and forward it to the issuing base pass and registration office or security for processing. When reporting to the registration office, the authorized contractor individual(s) should provide a valid driver's license, current vehicle registration, and valid vehicle insurance certificate to obtain a vehicle pass.
- (c) During performance of the contract, the contractor shall be responsible for obtaining required identification for newly assigned personnel and for prompt return of credentials and vehicle passes for any employee who no longer requires access to the work site.
- (d) Upon completion or termination of the contract or expiration of the identification passes, the prime contractor shall ensure that all base identification passes issued to employees and subcontractor employees are returned to the issuing office.
- (e) Failure to comply with these requirements may result in withholding of final payment.

**H015 COMMON ACCESS CARDS (CAC) FOR CONTRACTOR PERSONNEL (NOV 2012)**

(Applicable when Seller will perform work on a Government installation.)

- (a) The contractor shall obtain base identification and vehicle passes, if required, for all contractor personnel who make frequent visits to or perform work on the Government installation(s) cited in the contract. Contractor personnel are required to wear or prominently display installation identification badges or contractor-furnished, contractor identification badges while visiting or performing work on the installation.
- (b) The contractor shall submit a written request on company letterhead to the contracting officer listing the following: contract number, location of work site, start and stop dates, and names of employees and subcontractor employees needing access to the base. The letter will also specify the individual(s) authorized to sign for a request for base identification credentials or vehicle passes. The contracting officer will endorse the request and forward it to the issuing base pass and registration office or Security Forces for processing. When reporting to the registration office, the authorized contractor individual(s) should provide a valid driver's license, current vehicle registration, and valid vehicle insurance certificate to obtain a vehicle pass.

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(c) During performance of the contract, the contractor shall be responsible for obtaining required identification for newly assigned personnel and for prompt return of credentials and vehicle passes for any employee who no longer requires access to the work site.

(d) Failure to comply with these requirements may result in withholding of final payment.

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

Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.203-6	Restrictions on Subcontractor Sales to the Government (Sep 2006)	Applicable to all Orders over the Simplified Acquisition Threshold.		X
52.203-12	Limitation on Payments to Influence Certain Federal Transactions (Oct 2010)	Applicable to all Orders exceeding \$150,000.	X	X
52.203-13	Contractor Code of Business Ethics and Conduct (Oct 2015)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, (i) that have a value more than \$5.5 million; and (ii) that have a performance period of more than 120 days. (In Paragraph (b)(3)(i), the meaning of "agency office of the Inspector General" and "Contracting Officer" does not change, in Paragraph (b)(3)(ii) the meaning of "Government" does not change, and in Paragraphs (b)(3)(iii) and (c)(2)(ii)(F), the meaning of "OIG of the ordering agency", "IG of the agency" "agency OIG" and "Contracting Officer" do not change.	X	X
52.203-14	Display of Hotline Poster(s) (Oct 2015)	Applicable to Orders over \$5,500,000, except for Orders performed entirely outside the United States.		X
52.203-16	Preventing Personal Conflicts of Interest (Dec 2011)	Applicable to Orders over \$150,000 that include a requirement for services that involve performance of acquisition functions closely associated with inherently governmental functions for, or on behalf of, a Federal agency or department.	X	X
52.203-17	Contractor Employee Whistleblower Rights and Requirement to Inform	Applicable to all Orders over the Simplified Acquisition Threshold.	X	X

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			C	NC
	Employees of Whistleblower Rights (Apr 2014)			
52.204-2	Security Requirements (Aug 1996)	Applicable to all Orders that involve access to classified information. Any reference to the Changes clause is excluded.	X	X
52.204-10	Reporting Executive Compensation and First-Tier Subcontract Awards (Oct 2016)	Applicable to all Orders when the Buyer is the Prime Contractor and the Order exceeds \$30,000. Substitution of the parties is not applicable to this clause. Seller shall report to Buyer the information required under the clause.	X	X
52.204-21	Basic Safeguarding of Covered Contractor Information Systems (Jun 2016)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, except commercially available off-the-shelf items, in which the Seller may have Federal contract information residing in or transiting through its information system.	X	X
52.209-6	Protecting the Governments Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment (Oct 2015)	Applicable to all Orders exceeding \$35,000, except for Orders for commercially available off-the-shelf items.	X	X
52.215-2	Audit and Records – Negotiation (Oct 2010)	Applicable to the following Orders that exceed the Simplified Acquisition Threshold: (i) that are cost-reimbursement, incentive, time-and-materials, labor-hour, or price-redeterminable type or any combination of these, (ii) for which certified cost or pricing data are required; or (iii) that require Seller to furnish reports as discussed in paragraph (e) of the clause.	X	X
52.215-10	Price Reduction for Defective Certified Cost or Pricing Data (Aug 2011)	Applicable to all Orders that require the Seller to provide certified cost or pricing data. This clause does not apply to Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-11	Price Reduction for Defective Certified Cost or Pricing Data –	Applicable to all Orders that require the Seller to provide certified cost or pricing		X

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			C	NC
	Modifications (Aug 2011)	data. This clause does not apply to Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		
52.215-12	Subcontractor Certified Cost or Pricing Data (Oct 2010)	Applicable if the Order is in excess of \$750,000. This clause does not apply to Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-13	Subcontractor Certified Cost or Pricing Data – Modifications (Oct 2010)	Applicable to Orders that exceed the threshold for submission of certified cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later. This clause does not apply to Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1.		X
52.215-14	Integrity of Unit Prices (Oct 2010)	Applicable to Orders less paragraph (b) in the clause, except for construction or architect-engineer services under FAR Part 36; utility services under FAR Part 41; services where supplies are not required; and petroleum products.		X
52.215-20	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data (Oct 2010)	Applicable to all Orders when certified cost or pricing data, or data other than certified cost or pricing data, will be required.	X	X
52.215-21	Requirements for Certified Cost or Pricing Data and Data Other Than Certified Cost or Pricing Data – Modifications (Oct 2010)	Applicable to all Orders when certified cost or pricing data, or data other than certified cost or pricing data, will be required for modifications.	X	X
52.215-23	Limitations on Pass-Through Charges (Oct 2009)	Applicable to all cost-reimbursement Orders that exceed the Simplified Acquisition Threshold; except if the Buyers' prime contract is with the DoD, then applicable to all cost-reimbursement Orders and all fixed-price Orders, except those identified in 15.408(n)(2)(i)(B)(2), that exceed the threshold for obtaining cost or pricing data in accordance with FAR 15.403-4.	X	X

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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.219-8	Utilization of Small Business Concerns (Nov 2016)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, (except to small business concerns) that offer further subcontracting opportunities. (see FAR 52.219-9)	X	X
52.219-9	Small Business Subcontracting Plan (Jan 2017)	Applicable to Orders that are expected to exceed the threshold identified in FAR 19.702(a) on the date of subcontract/Order award (except to small business concerns) with further subcontracting possibilities to the extent that the work under the 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 Order. Not applicable to Orders for commercial items.		X
52.219-9	Small Business Subcontracting Plan Alternate III (Jan 2017)	Applicable to Orders that are expected to exceed the threshold identified in FAR 19.702(a) on the date of subcontract/Order award (except to small business concerns) if the work under the Order will be performed at least in part in the United States or its outlying areas.		X
52.219-9	Small Business Subcontracting Plan IV (Jan 2017)	Applicable to Orders that are expected to exceed the threshold identified in FAR 19.702(a) on the date of subcontract/Order award (except to small business concerns) if the work under the Order will be performed at least in part in the United States or its outlying areas.		X
52.222-4	Contract Work Hours and Safety Standards Act -- Overtime Compensation (May 2014)	Applicable to Orders that require or involve the employment of laborers and mechanics. Applicable to foreign Sellers when any work under the Order will be performed in the United States, Puerto Rico, American Samoa, Guam, the U.S. Virgin Islands, Johnston Island, Wake Island, and Outer Continental Shelf Lands as defined in the Outer Continental Shelf		X



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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
		Lands Act (43 U.S.C.1331) (29 CFR 5.15).		
52.222-35	Equal Opportunity for Veterans (Oct 2015)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, of \$150,000 or more. Foreign Sellers: Applicable to Orders when the listing of employment openings for purposes of work to be performed under this 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.	X	X
52.222-36	Equal Opportunity for Workers with Disabilities (Jul 2014)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, exceeding \$15,000. Foreign Sellers: Applicable to Orders to the extent that work under the Order will be performed in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island or Seller is recruiting employees in the United States, Puerto Rico, the Northern Mariana Islands, American Samoa, Guam, the U.S. Virgin Islands, or Wake Island to work on the Order.	X	X
52.222-37	Employment Reports on Veterans (Feb 2016)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, of \$150,000 or more. Foreign Sellers: Applicable to Orders when the listing of employment openings for purposes of work to be performed under this 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.	X	X
52.222-41	Service Contract Labor Standards (May 2014)	Applicable to all Orders that are subject to the Service Contract Labor Standards statute.	X	X
52.222-50	Combating Trafficking in Persons (Mar 2015)	Applicable to all Orders, except that the requirements in paragraph (h) of the clause apply only to (i) supplies that are	X	X

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			C	NC
		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.		
52.222-54	Employment Eligibility Verification (Oct 2015)	Applicable to all Orders (i) for construction or commercial or noncommercial services (except commercial services that are part of a purchase of a COTS item, or an item that would be a COTS item, but for minor modifications, performed by the COTS provider, and that are normally provided for that COTS item); (ii) has a value more than \$3,500; and (iii) includes work performed in the United States. Foreign Sellers: “United States” means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.	X	X
52.222-55	Minimum Wages Under Executive Order 13658 (Dec 2015)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, regardless of dollar value, that are subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, and are to be performed in whole or in part in the United States.	X	X
52.222-56	Certification Regarding Trafficking in Persons Compliance Plan (Mar 2015)	Applicable to Orders (1) for supplies, other than commercially available off-the-shelf items, to be acquired outside the United States, or services to be performed outside the United States; and (2) has an estimated value that exceeds \$500,000.	X	X
52.222-59	Compliance with Labor Laws (Executive Order 13673) (Dec 2016)	Applicable to Orders that exceed \$500,000 for other than commercially available off-the-shelf items.	X	X
52.222-60	Paycheck Transparency (Executive Order 13673) (Oct 2016)	Applicable to all Orders that (i) exceed \$500,000 and (ii) are for other than commercially available off-the shelf items (COTS) as defined at FAR 2.101.)	X	X

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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
52.222-61	Arbitration of Contractor Employee Claims (Executive Order 13673) (Dec 2016)	Applies if this subcontract exceeds \$1,000,000. Does not apply to subcontracts for Commercial Items as defined in FAR 2.101.		X
52.222-62	Paid Sick Leave Under Executive Order 13706 (Jan 2017)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, that are subject to the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute and are to be performed in whole or in part in the United States.	X	X
52.222-99	Establishing a Minimum Wage for Contractors (Deviation 2014-O0017) (Jun 2014)	Applicable to all Orders.	X	X
52.223-18	Encouraging Contractor Policies to Ban Text Messaging while Driving (Aug 2011)	Applicable to all Orders over the Micro-Purchase Threshold.	X	X
52.224-1	Privacy Act Notification (Apr 1984)	Applicable to Orders when the design, development, or operation of a system of records on individuals is required to accomplish an agency function.	X	X
52.224-2	Privacy Act (Apr 1984)	Applicable to Orders that require the design, development, or operation of any system of records on individuals that is subject to the Privacy Act.	X	X
52.225-1	Buy American Act—Supplies (May 2014)	Applicable to all Orders except for commercially available off-the-shelf items (COTS) as defined at FAR 2.101.	X	X
52.225-5	Trade Agreements (Oct 2016)	Applicable to all Orders.	X	X
52.225-13	Restrictions on Certain Foreign Purchases (Jun 2008)	Applicable to all Orders.	X	X
52.227-1	Authorization and Consent (Dec 2007)	Applicable to all Orders over the Simplified Acquisition Threshold.	X	X
52.227-2	Notice and Assistance Regarding Patent and Copyright Infringement (Dec 2007)	Applicable to all Orders expected to exceed the Simplified Acquisition Threshold.	X	X
52.230-2	Cost Accounting Standards	Applicable when stated in the Order.		X

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			C	NC
	(Oct 2015)			
52.230-3	Disclosure and Consistency of Cost Accounting Practices (Oct 2015)	Applicable when stated in the Order.		X
52.230-4	Consistency in Cost Accounting Practices (Oct 2015)	Applicable when stated in the Order.		X
52.230-5	Cost Accounting Standards -- Educational Institution (Aug 2016)	Applicable when stated in the Order.		X
52.232-16	Progress Payments (Apr 2012)	Applicable to Orders only when Progress Billing is expressly approved by Buyer via order specific text on the Order.	X	X
52.232-39	Unenforceability of Unauthorized Obligations (Jun 2013)	Applicable to all Orders involving EULA, TOS, or similar software agreement.	X	X
52.232-40	Providing Accelerated Payments to Small Business Subcontractors (Dec 2013)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, with small business concerns, including Orders with small business concerns for the acquisition of commercial items.	X	X
52.243-2	Changes-Cost-Reimbursement (Aug 1987) - Alternate I (Apr 1984)	Applicable to cost-reimbursement Orders.	X	X
52.243-2	Changes-Cost-Reimbursement (Aug 1987) - Alternate V (Apr 1984)	Applicable to cost-reimbursement Orders.	X	X
52.244-6	Subcontracts for Commercial Items (Nov 2017)	Applicable to all Orders.	X	X
52.245-1	Government Property (Jan 2017)	Applicable to all Orders when Government property is acquired or furnished (see PT-001).	X	X
52.246-2	Inspection of Supplies-Fixed-Price (Aug 1996) - Alternate I (Jul 1985)	Applicable to all fixed-price Orders for supplies, or services that involve the furnishing of supplies.	X	X
52.247-64	Preference for Privately Owned U.S.-Flag Commercial Vessels (Feb 2006)	Applicable to all Orders, including for Commercial Items pursuant to 52.244-6, except those exempted in paragraph (e) (4) of the clause.	X	X

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Clause Number	Title	Applicability (Reference to “Purchase Orders” includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
252.204-7010	Requirement for Contractor to Notify DoD if the Contractor’s Activities are Subject to Reporting Under the US International Atomic Energy Agency Additional Protocol (Jan 2009)	Applicable to all Orders that are subject to the provisions of the U.S.-IAEA AP.	X	X
252.204-7012	Safeguarding Covered Defense Information and Cyber Incident Reporting (Oct 2016)	Applicable to all Orders for operationally critical support, or for which Order performance will involve covered defense information.	X	X
252.211-7003	Item Unique Identification and Valuation (Mar 2016)	Applicable to all Orders. Seller’s obligations under this clause are limited to cooperating with Buyer’s efforts to comply with this clause, including granting Buyer access to Seller’s deliverables at its facilities and to appropriate property records.	X	X
252.219-7003	Small Business Subcontracting Plan (DoD Contracts) (Mar 2016)	Applicable to all Orders to Sellers that participate in the Test Program described in DFARS 219.702-70, if the subcontract offers further subcontracting opportunities and is expected to exceed the applicable threshold specified in FAR 19.702(a) on the date of subcontract/Order award.	X	X
252-219-7003	Small Business Subcontracting Plan (DoD Contracts) Alternate I (Dec 2017)	Applicable to all Orders to Sellers that participate in the Test Program described in DFARS 219.702-70, if the subcontract offers further subcontracting opportunities and is expected to exceed the applicable threshold specified in FAR 19.702(a) on the date of subcontract/Order award.	X	X
252.219-7004	Small Business Subcontracting Plan (Test Program) (Oct 2014)	Applicable to all Orders to Sellers that participate in the Test Program described in DFARS 219.702-70, if the subcontract offers further subcontracting opportunities and is expected to exceed the applicable threshold specified in FAR 19.702(a) on the date of subcontract/Order award.	X	X

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Clause Number	Title	Applicability (Reference to "Purchase Orders" includes underlying Solicitations)	Applies to Commercial (C) and/or Non-Commercial (NC) procurements	
			C	NC
252.225-7001	Buy American Act and Balance of Payments Program (Dec 2017)	Applicable to all Orders except Orders for commercially available off-the-shelf items (COTS) as defined at FAR 2.101. Seller must deliver goods that contain more than 50% United States or Qualifying Country content pursuant to the clause.	X	X
252.225-7007	Prohibition on Acquisition of United States Munitions List Items from Communist Chinese Military Companies (Sep 2006)	Applicable to all Orders for the acquisition of items covered by the United States Munitions List of the International Traffic in Arms Regulation.	X	X
252.225-7009	Restriction on Acquisition of Certain Articles Containing Specialty Metals (Oct 2014)	Applicable to all Orders, excluding paragraph (d) and (e)(1) which are deleted from this clause, for items containing specialty metals to ensure compliance of the end products that Buyer will deliver to the Government.	X	X
252.225-7012	Preference for Certain Domestic Commodities (Dec 2017)	Applicable to all Orders.	X	X
252.225-7013	Duty-Free Entry (May 2016)	Applicable to all Orders with Sellers who are located in a "Qualifying country" as defined in DFARS Part 225.8; or if the estimated U.S. duty for the Goods will exceed \$200 per unit. The information required by paragraph (j)(3) of this clause is available upon request.	X	X
252.225-7997	Contractor Demobilization (Deviation 2013-O0017) (Aug 2013)	Applicable to all Purchase Orders with performance in Afghanistan, except for commodities.	X	X
252.226-7001	Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns (Sep 2004)	Applicable to all Orders exceeding \$500,000.	X	X
252.227-7037	Validation of Restrictive Markings on Technical Data (Sep 2016)	Applicable to all Orders requiring the delivery of technical data.	X	X
252.228-7005	Accident Reporting and Investigation Involving Aircraft, Missiles, and Space Launch	Applicable to all Orders for aircraft, missile, or space launch vehicles being manufactured, modified, repaired, or	X	X

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			C	NC
	Vehicles (Dec 1991)	overhauled. Seller must cooperate and assist Buyer in accident investigations.		
252.234-7003	Notice of Cost and Software Data Reporting System--Basic (Nov 2014)	Applicable to Orders at any tier that exceed \$50 million.	X	X
252.234-7004	Cost and Software Data Reporting System (Nov 2014)	Applicable to Orders that exceed \$50 million.	X	X
252.235-7004	Protection of Human Subjects (Jul 2009)	Applicable to all Orders that may include research involving human subjects. This clause does not apply to subcontracts that involve only the use of cadaver materials.		X
252.237-7010	Prohibition on Interrogation of Detainees by Contractor Personnel (Jun 2013)	Applicable to all Orders that require Seller personnel to interact with detainees in the course of their duties.	X	X
252.239-7017	Notice of Supply Chain Risk (Nov 2013)	Applicable to all Orders that involve the development or delivery of any information technology whether acquired as a service or as a supply.	X	X
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts) (Jun 2013)	Applicable to all Orders.	X	X
252.246-7008	Sources of Electronic Parts (Dec 2017)	Applicable to all Orders for electronic parts or assemblies containing electronic parts, unless Seller is the original manufacturer.	X	X
252.247-7023	Transportation of Supplies by Sea (Apr 2014)	Applicable to all Orders if the Seller is transporting supplies by sea under this Order and (i) This Order is a construction contract; or (ii) The supplies being transported are—(A) Noncommercial items; or (B) Commercial items that— (1) The Seller is reselling or distributing to the Government without adding value (generally, the Seller does not add value to items that it subcontracts for f.o.b. destination shipment); (2) Are shipped in direct support of U.S. military contingency operations, exercises, or forces deployed in humanitarian or	X	X



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			C	NC
		peacekeeping operations; or (3) Are commissary or exchange cargoes transported outside of the Defense Transportation System in accordance with 10 U.S.C. 2643.		
252.249-7002	Notification of Anticipated Contract Termination or Reduction (Oct 2015)	"Applicable to all Orders of \$700,000 or more. Seller shall (i) Provide notice to each of its subcontractors with a subcontract of \$150,000 or more; and (ii) Impose a similar notice and flowdown requirement to subcontractors with subcontracts of \$150,000 or more.	X	X

**FAR, DFARS AND SPECIAL AGENCY CLAUSES INCORPORATED BY FULL TEXT:**

**52.215-12 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA (DEVIATION 2022-O0001) (OCT 2021)**

(Applicable to Orders expected to exceed \$2 million, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed \$2 million. This clause does not apply to Orders for commercial items or if the Seller qualifies for any of the other exemptions in FAR 15.403-1(b). Applies to Non-Commercial procurements only.)

- (a) Before awarding any subcontract expected to exceed \$2 million, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed \$2 million, the Contractor shall require the subcontractor to submit certified cost or pricing data (actually or by specific identification in writing), in accordance with Federal Acquisition Regulation (FAR) 15.408, Table 15-2 (to include any information reasonably required to explain the subcontractor's estimating process such as the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data, and the nature and amount of any contingencies included in the price), unless an exception under FAR 15.403-1(b) applies. If the \$2 million threshold for submission of certified cost or pricing data is adjusted for inflation as set forth in FAR 1.109(a), then pursuant to FAR 1.109(d) the changed threshold applies throughout the remaining term of the contract, unless there is a subsequent threshold adjustment.
- (b) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (a) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.
- (c) In each subcontract that, when entered into, exceeds \$2 million, the Contractor shall insert either-

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- (1) The substance of this clause, including this paragraph (c), if paragraph (a) of this clause requires submission of certified cost or pricing data for the subcontract; or
- (2) The substance of the clause at 52.215-13, Subcontractor Certified Cost or Pricing Data—Modifications (DEVIATION 2022-O0001).

(End of clause)

**52.215-13 SUBCONTRACTOR CERTIFIED COST OR PRICING DATA—MODIFICATIONS (DEVIATION 2022-O0001) (OCT 2021)**

(Applicable to Purchase Orders that exceed \$2 million on the date of agreement on price or the date of award, whichever is later. 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(b), and only applies if FAR 52.215-11 is included. Applies to Non-Commercial procurements only.)

- (a) The requirements of paragraphs (b) and (c) of this clause shall—
  - (1) Become operative only for any modification to this contract involving a pricing adjustment expected to exceed \$2 million on the date of execution of the modification; and
  - (2) Be limited to such modifications.
- (b) Before awarding any subcontract expected to exceed \$2 million, on the date of agreement on price or the date of award, whichever is later; or before pricing any subcontract modification involving a pricing adjustment expected to exceed \$2 million, the Contractor shall require the subcontractor to submit certified cost or pricing data (actually or by specific identification in writing), in accordance with Federal Acquisition Regulation (FAR) 15.408, Table 15-2 (to include any information reasonably required to explain the subcontractor's estimating process such as the judgmental factors applied and the mathematical or other methods used in the estimate, including those used in projecting from known data, and the nature and amount of any contingencies included in the price), unless an exception under FAR 15.403-1(b) applies. If the \$2 million threshold for submission of certified cost or pricing data is adjusted for inflation as set forth in FAR 1.109(a), then pursuant to FAR 1.109(d) the changed threshold applies throughout the remaining term of the contract, unless there is a subsequent threshold adjustment.
- (c) The Contractor shall require the subcontractor to certify in substantially the form prescribed in FAR 15.406-2 that, to the best of its knowledge and belief, the data submitted under paragraph (b) of this clause were accurate, complete, and current as of the date of agreement on the negotiated price of the subcontract or subcontract modification.
- (d) The Contractor shall insert the substance of this clause, including this paragraph (d), in each subcontract that exceeds \$2 million on the date of agreement on price or the date of award, whichever is later.

(End of clause)

**52.216-16 INCENTIVE PRICE REVISION-FIRM TARGET (OCT 1997)**

(Applicable to incentive fee Purchase Orders. Applies to Non-Commercial procurements only.)

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(a) General. The supplies or services identified in the Schedule as Items \_\_\_\_\_ [Contracting Officer insert Schedule line item numbers] are subject to price revision in accordance with this clause; provided, that in no event shall the total final price of these items exceed the ceiling price of \_\_\_\_\_ dollars (\$\_\_\_\_\_). Any supplies or services that are to be (1) ordered separately under, or otherwise added to, this contract and (2) subject to price revision in accordance with the terms of this clause shall be identified as such in a modification to this contract.

(b) Definition. "Costs," as used in this clause, means allowable costs in accordance with part 31 of the Federal Acquisition Regulation (FAR) in effect on the date of this contract.

(c) Data submission.

(1) Within \_\_\_\_\_ [Contracting Officer insert number of days] days after the end of the month in which the Contractor has delivered the last unit of supplies and completed the services specified by item number in paragraph (a) of this clause, the Contractor shall submit in the format of Table 15-2, FAR 15.408, or in any other form on which the parties agree-

(i) A detailed statement of all costs incurred up to the end of that month in performing all work under the items;

(ii) An estimate of costs of further performance, if any, that may be necessary to complete performance of all work under the items;

(iii) A list of all residual inventory and an estimate of its value; and

(iv) Any other relevant data that the Contracting Officer may reasonably require.

(2) If the Contractor fails to submit the data required by paragraph (c)(1) of this clause within the time specified and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the data submittal period, the amount of the excess shall bear interest, computed from the date the data were due to the date of repayment, at the rate established in accordance with the Interest clause.

(d) Price revision. Upon the Contracting Officer's receipt of the data required by paragraph (c) of this clause, the Contracting Officer and the Contractor shall promptly establish the total final price of the items specified in (a) of this clause by applying to final negotiated cost an adjustment for profit or loss, as follows:

(1) On the basis of the information required by paragraph (c) of this clause, together with any other pertinent information, the parties shall negotiate the total final cost incurred or to be incurred for supplies delivered (or services performed) and accepted by the Government and which are subject to price revision under this clause.

(2) The total final price shall be established by applying to the total final negotiated cost an adjustment for profit or loss, as follows:

(i) If the total final negotiated cost is equal to the total target cost, the adjustment is the total target profit.

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(ii) If the total final negotiated cost is greater than the total target cost, the adjustment is the total target profit, less \_\_\_\_\_ [Contracting Officer insert percent] percent of the amount by which the total final negotiated cost exceeds the total target cost.

(iii) If the final negotiated cost is less than the total target cost, the adjustment is the total target profit plus \_\_\_\_\_ [Contracting Officer insert percent] percent of the amount by which the total final negotiated cost is less than the total target cost.

(e) Contract modification. The total final price of the items specified in paragraph (a) of this clause shall be evidenced by a modification to this contract, signed by the Contractor and the Contracting Officer. This price shall not be subject to revision, notwithstanding any changes in the cost of performing the contract, except to the extent that-

(1) The parties may agree in writing, before the determination of total final price, to exclude specific elements of cost from this price and to a procedure for subsequent disposition of those elements; and

(2) Adjustments or credits are explicitly permitted or required by this or any other clause in this contract.

(f) Adjusting billing prices.

(1) Pending execution of the contract modification (see paragraph (e) of this clause), the Contractor shall submit invoices or vouchers in accordance with billing prices as provided in this paragraph. The billing prices shall be the target prices shown in this contract.

(2) If at any time it appears from information provided by the contractor under paragraph (g)(2) of this clause that the then-current billing prices will be substantially greater than the estimated final prices, the parties shall negotiate a reduction in the billing prices. Similarly, the parties may negotiate an increase in billing prices by any or all of the difference between the target prices and the ceiling price, upon the Contractor's submission of factual data showing that final cost under this contract will be substantially greater than the target cost.

(3) Any billing price adjustment shall be reflected in a contract modification and shall not affect the determination of the total final price under paragraph (d) of this clause. After the contract modification establishing the total final price is executed, the total amount paid or to be paid on all invoices or vouchers shall be adjusted to reflect the total final price, and any resulting additional payments, refunds, or credits shall be made promptly.

(g) Quarterly limitation on payments statement. This paragraph (g) shall apply until final price revision under this contract has been completed.

(1) Within 45 days after the end of each quarter of the Contractor's fiscal year in which a delivery is first made (or services are first performed) and accepted by the Government under this contract, and for each quarter thereafter, the Contractor shall submit to the contract administration office (with a copy to the contracting office and the cognizant contract auditor) a statement, cumulative from the beginning of the contract, showing-

(i) The total contract price of all supplies delivered (or services performed) and accepted by the Government and for which final prices have been established;

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(ii) The total costs (estimated to the extent necessary) reasonably incurred for, and properly allocable solely to, the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established;

(iii) The portion of the total target profit (used in establishing the initial contract price or agreed to for the purpose of this paragraph (g)) that is in direct proportion to the supplies delivered (or services performed) and accepted by the Government and for which final prices have not been established—increased or decreased in accordance with paragraph (d)(2) of this clause, when the amount stated under subdivision (g)(1)(ii) of this clause differs from the aggregate target costs of the supplies or services; and

(iv) The total amount of all invoices or vouchers for supplies delivered (or services performed) and accepted by the Government (including amounts applied or to be applied to liquidate progress payments).

(2) Notwithstanding any provision of this contract authorizing greater payments, if on any quarterly statement the amount under subdivision (g)(1)(iv) of this clause exceeds the sum due the Contractor, as computed in accordance with subdivisions (g)(1)(i), (ii), and (iii) of this clause, the Contractor shall immediately refund or credit to the Government the amount of this excess. The Contractor may, when appropriate, reduce this refund or credit by the amount of any applicable tax credits due the Contractor under 26 U.S.C.1481 and by the amount of previous refunds or credits effected under this clause. If any portion of the excess has been applied to the liquidation of progress payments, then that portion may, instead of being refunded, be added to the unliquidated progress payment account consistent with the Progress Payments clause. The Contractor shall provide complete details to support any claimed reductions in refunds.

(3) If the Contractor fails to submit the quarterly statement within 45 days after the end of each quarter and it is later determined that the Government has overpaid the Contractor, the Contractor shall repay the excess to the Government immediately. Unless repaid within 30 days after the end of the statement submittal period, the amount of the excess shall bear interest, computed from the date the quarterly statement was due to the date of repayment, at the rate established in accordance with the Interest clause.

(h) Subcontracts. No subcontract placed under this contract may provide for payment on a cost-plus-a-percentage-of-cost basis.

(i) Disagreements. If the Contractor and the Contracting Officer fail to agree upon the total final price within 60 days (or within such other period as the Contracting Officer may specify) after the date on which the data required by paragraph (c) of this clause are to be submitted, the Contracting Officer shall promptly issue a decision in accordance with the Disputes clause.

(j) Termination. If this contract is terminated before the total final price is established, prices of supplies or services subject to price revision shall be established in accordance with this clause for (1) completed supplies and services accepted by the Government and (2) those supplies and services not terminated under a partial termination. All other elements of the termination shall be resolved in accordance with other applicable clauses of this contract.

(k) Equitable adjustment under other clauses. If an equitable adjustment in the contract price is made under any other clause of this contract before the total final price is established, the adjustment shall be

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made in the total target cost and may be made in the maximum dollar limit on the total final price, the total target profit, or both. If the adjustment is made after the total final price is established, only the total final price shall be adjusted.

(l) Exclusion from target price and total final price. If any clause of this contract provides that the contract price does not or will not include an amount for a specific purpose, then neither any target price nor the total final price includes or will include any amount for that purpose.

(m) Separate reimbursement. If any clause of this contract expressly provides that the cost of performance of an obligation shall be at Government expense, that expense shall not be included in any target price or in the total final price, but shall be reimbursed separately.

(n) Taxes. As used in the Federal, State, and Local Taxes clause or in any other clause that provides for certain taxes or duties to be included in, or excluded from, the contract price, the term "contract price" includes the total target price or, if it has been established, the total final price. When any of these clauses requires that the contract price be increased or decreased as a result of changes in the obligation of the Contractor to pay or bear the burden of certain taxes or duties, the increase or decrease shall be made in the total target price or, if it has been established, in the total final price, so that it will not affect the Contractor's profit or loss on this contract.

(End of clause)

#### **52.223-7 NOTICE OF RADIOACTIVE MATERIALS (JAN 1997)**

(Applicable to all Purchase Orders. Seller shall notify Buyer if any goods under this Purchase Order contain any of the material as described in the clause. Applies to Commercial and Non-Commercial procurements.)

(a) The Contractor shall notify the Contracting Officer or designee, in writing, \_\_\_\* days prior to the delivery of, or prior to completion of any servicing required by this contract of, items containing either (1) radioactive material requiring specific licensing under the regulations issued pursuant to the Atomic Energy Act of 1954, as amended, as set forth in Title 10 of the *Code of Federal Regulations*, in effect on the date of this contract, or (2) other radioactive material not requiring specific licensing in which the specific activity is greater than 0.002 microcuries per gram or the activity per item equals or exceeds 0.01 microcuries. Such notice shall specify the part or parts of the items which contain radioactive materials, a description of the materials, the name and activity of the isotope, the manufacturer of the materials, and any other information known to the Contractor which will put users of the items on notice as to the hazards involved (OMB No.9000-0107).

\* The Contracting Officer shall insert the number of days required in advance of delivery of the item or completion of the servicing to assure that required licenses are obtained and appropriate personnel are notified to institute any necessary safety and health precautions. See FAR [23.601](#)(d).

(b) If there has been no change affecting the quantity of activity, or the characteristics and composition of the radioactive material from deliveries under this contract or prior contracts, the Contractor may request that the Contracting Officer or designee waive the notice requirement in paragraph (a) of this clause. Any such request shall-

(1) Be submitted in writing;

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(2) State that the quantity of activity, characteristics, and composition of the radioactive material have not changed; and

(3) Cite the contract number on which the prior notification was submitted and the contracting office to which it was submitted.

(c) All items, parts, or subassemblies which contain radioactive materials in which the specific activity is greater than 0.002 microcuries per gram or activity per item equals or exceeds 0.01 microcuries, and all containers in which such items, parts or subassemblies are delivered to the Government shall be clearly marked and labeled as required by the latest revision of MIL-STD 129 in effect on the date of the contract.

(d) This clause, including this paragraph (d), shall be inserted in all subcontracts for radioactive materials meeting the criteria in paragraph (a) of this clause.

(End of clause)

#### **52.248-1 VALUE ENGINEERING (OCT 2010)**

(Applicable to Purchase Orders over \$150,000. Applies to Commercial and Non-Commercial procurements.)

(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.



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“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.

“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.

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“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;

(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.

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(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 Contractor shall submit VECP’s to the Contracting Officer, unless this contract states otherwise. If this contract is administered by other than the contracting office, the Contractor shall submit a copy of the VECP simultaneously to the Contracting Officer and to the Administrative Contracting Officer.

(e) Government action.

(1) The Contracting Officer will notify the Contractor of the status of the VECP within 45 calendar days after the contracting office receives it. If additional time is required, the Contracting Officer will notify the Contractor within the 45-day period and provide the reason for the delay and the expected date of the decision. The Government will process VECP’s expeditiously; however, it will not be liable for any delay in acting upon a VECP.

(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>				
Contract Type	Incentive (Voluntary)		Program Requirement (Mandatory)	
	Instant Contract Rate	Concurrent and Future Contract Rate	Instant Contract Rate	Concurrent and Future Contract Rate
Fixed-price (includes fixed-price-award-	*50	*50	25	25

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fee; excludes other fixed-price incentive contracts)				
Incentive (fixed-price or cost) (other than award fee)	(**)	*50	(**)	25
Cost-reimbursement (includes cost-plus-award-fee; excludes other cost-type incentive contracts)	***25	***25	15	15
<p>* The Contracting Office may increase the Contractor’s sharing rate to as high as 75 percent for each VECP.</p> <p>** Same sharing arrangement as the contract’s profit or fee adjustment formula.</p> <p>*** The Contracting Office may increase the Contractor’s sharing rate to as high as 50 percent for each VECP.</p>				

(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.

(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.

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(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 Contractor 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 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 Government's right to use information contained in these data if it has been obtained or is otherwise available from the Contractor or from another source without limitations.

If a VECP is accepted, the Contractor hereby grants the Government unlimited rights in the VECP and supporting data, except that, with respect to data qualifying and submitted as limited rights technical data, the Government shall have the rights specified in the contract modification implementing the VECP and shall appropriately mark the data. (The terms "unlimited rights" and "limited rights" are defined in [Part 27](#) of the Federal Acquisition Regulation.)

(End of clause)

#### **252.203-7004 DISPLAY OF HOTLINE POSTERS (OCT 2016)**

(Applicable to Purchase Orders that exceed \$5.5 million, except those that are commercial items. Applies to Non-Commercial procurements only.)

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(a) Definition. “United States,” as used in this clause, means the 50 States, the District of Columbia, and outlying areas.

(b) Display of hotline poster(s).

(1)(i) The Contractor shall display prominently the DoD fraud, waste, and abuse hotline poster prepared by the DoD Office of the Inspector General, in effect at time of contract award, in common work areas within business segments performing work under Department of Defense (DoD) contracts.

(ii) For contracts performed outside the United States, when security concerns can be appropriately demonstrated, the contracting officer may provide the contractor the option to publicize the program to contractor personnel in a manner other than public display of the poster, such as private employee written instructions and briefings.

(2) If the contract is funded, in whole or in part, by Department of Homeland Security (DHS) disaster relief funds and the work is to be performed in the United States, the DHS fraud hotline poster shall be displayed in addition to the DoD hotline poster. If a display of a DHS fraud hotline poster is required, the Contractor may obtain such poster from—

(i) DHS Office of Inspector General/MAIL STOP 0305, Attn: Office of Investigations – Hotline, 245 Murray Lane SW, Washington, DC 20528-0305; or

(ii) Via the internet at [https://www.oig.dhs.gov/assets/Hotline/DHS\\_OIG\\_Hotline-optimized.jpg](https://www.oig.dhs.gov/assets/Hotline/DHS_OIG_Hotline-optimized.jpg).

(c)(1) The DoD hotline poster may be obtained from: Defense Hotline, The Pentagon, Washington, D.C. 20301-1900, or is also available via the internet at [http://www.dodig.mil/hotline/hotline\\_posters.htm](http://www.dodig.mil/hotline/hotline_posters.htm).

(2) If a significant portion of the employee workforce does not speak English, then the poster is to be displayed in the foreign languages that a significant portion of the employees speak.

(3) Additionally, if the Contractor maintains a company website as a method of providing information to employees, the Contractor shall display an electronic version of the required poster at the website.

(d) Subcontracts. The Contractor shall include this clause, including this paragraph (d), in all subcontracts that exceed \$5.5 million except when the subcontract is for the acquisition of a commercial item.

(End of clause)

#### **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. Applies to Commercial and Non-Commercial procurements.)

(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,

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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” means—

- (i) With respect to an aviation critical safety item, 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, 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.

(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:

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(Insert additional lines as necessary)

(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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**252.223-7007 SAFEGUARDING SENSITIVE CONVENTIONAL ARMS, AMMUNITION, AND EXPLOSIVES (SEP 1999)**

(Applicable to all Purchase Orders for (i) the development, production, manufacture, or purchase of arms, ammunition, and explosives (AA&E), or (ii) when AA&E will be provided to the Seller as Government-furnished property. Applies to Commercial and Non-Commercial procurements.)

- (a) Definition. “Arms, ammunition, and explosives (AA&E),” as used in this clause, means those items within the scope (chapter 1, paragraph B) of DoD 5100.76-M, Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives.
- (b) The requirements of DoD 5100.76-M apply to the following items of AA&E being developed, produced, manufactured, or purchased for the Government, or provided to the Contractor as Government-furnished property under this contract:

Nomenclature	National stock number	Sensitivity category

- (c) The Contractor shall comply with the requirements of DoD 5100.76-M, as specified in the statement of work. The edition of DoD 5100.76-M in effect on the date of issuance of the solicitation for this contract shall apply.
- (d) The Contractor shall allow representatives of the Defense Security Service (DSS), and representatives of other appropriate offices of the Government, access at all reasonable times into its facilities and those of its subcontractors, for the purpose of performing surveys, inspections, and investigations necessary to review compliance with the physical security standards applicable to this contract.
- (e) The Contractor shall notify the cognizant DSS field office of any subcontract involving AA&E within 10 days after award of the subcontract.
- (f) The Contractor shall ensure that the requirements of this clause are included in all subcontracts, at every tier –
  - (1) For the development, production, manufacture, or purchase of AA&E; or
  - (2) When AA&E will be provided to the subcontractor as Government-furnished property.
- (g) Nothing in this clause shall relieve the Contractor of its responsibility for complying with applicable Federal, state, and local laws, ordinances, codes, and regulations (including requirements for obtaining licenses and permits) in connection with the performance of this contract.

(End of Clause)

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**252.225-7043 ANTITERRORISM/FORCE PROTECTION POLICY FOR DEFENSE CONTRACTORS OUTSIDE THE UNITED STATES (JUN 2015)**

(Applicable to all Purchase Orders that require performance or travel outside the U.S., except subcontractors who are a foreign government, a representative of a foreign government, or a foreign corporation wholly owned by a foreign government. Applies to Commercial and Non-Commercial procurements.)

(a) *Definition.* “United States,” as used in this clause, means, the 50 States, the District of Columbia, and outlying areas.

(b) Except as provided in paragraph (c) of this clause, the Contractor and its subcontractors, if performing or traveling outside the United States under this contract, shall—

(1) Affiliate with the Overseas Security Advisory Council, if the Contractor or subcontractor is a U.S. entity;

(2) Ensure that Contractor and subcontractor personnel who are U.S. nationals and are in-country on a non-transitory basis, register with the U.S. Embassy, and that Contractor and subcontractor personnel who are third country nationals comply with any security related requirements of the Embassy of their nationality;

(3) Provide, to Contractor and subcontractor personnel, antiterrorism/force protection awareness information commensurate with that which the Department of Defense (DoD) provides to its military and civilian personnel and their families, to the extent such information can be made available prior to travel outside the United States; and

(4) Obtain and comply with the most current antiterrorism/force protection guidance for Contractor and subcontractor personnel.

(c) The requirements of this clause do not apply to any subcontractor that is—

(1) A foreign government;

(2) A representative of a foreign government; or

(3) A foreign corporation wholly owned by a foreign government.

(d) Information and guidance pertaining to DoD antiterrorism/force protection can be obtained from (*Contracting Officer to insert applicable information cited in PGI [225.372-1](#)*).

(End of clause)

**252.239-7016 TELECOMMUNICATIONS SECURITY EQUIPMENT, DEVICES, TECHNIQUES, AND SERVICES (DEC 1991)**

(Applicable to all Purchase Orders which require securing telecommunications. Applies to Commercial and Non-Commercial procurements.)

(a) Definitions. As used in this clause—

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- (1) “Securing” means the application of Government-approved telecommunications security equipment, devices, techniques, or services to contractor telecommunications systems.
- (2) “Sensitive information” means any information the loss, misuse, or modification of which, or unauthorized access to, could adversely affect the national interest or the conduct of Federal programs, or the privacy to which individuals are entitled under 5 U.S.C. 552a (the Privacy Act), but which has not been specifically authorized under criteria established by an Executive Order or Act of Congress to be kept secret in the interest of national defense or foreign policy.
- (3) “Telecommunications systems” means voice, record, and data communications, including management information systems and local data networks that connect to external transmission media, when employed by Government agencies, contractors, and subcontractors to transmit—
  - (i) Classified or sensitive information;
  - (ii) Matters involving intelligence activities, cryptologic activities related to national security, the command and control of military forces, or equipment that is an integral part of a weapon or weapons system; or
  - (iii) Matters critical to the direct fulfillment of military or intelligence missions.
- (b) This solicitation/contract identifies classified or sensitive information that requires securing during telecommunications and requires the Contractor to secure telecommunications systems. The Contractor agrees to secure information and systems at the following location: (Identify the location.)
- (c) To provide the security, the Contractor shall use Government-approved telecommunications equipment, devices, techniques, or services. A list of the approved equipment, etc. may be obtained from (identify where list can be obtained). Equipment, devices, techniques, or services used by the Contractor must be compatible or interoperable with (list and identify the location of any telecommunications security equipment, device, technique, or service currently being used by the technical or requirements organization or other offices with which the Contractor must communicate).
- (d) Except as may be provided elsewhere in this contract, the Contractor shall furnish all telecommunications security equipment, devices, techniques, or services necessary to perform this contract. The Contractor must meet ownership eligibility conditions for communications security equipment designated as controlled cryptographic items.
- (e) The Contractor agrees to include this clause, including this paragraph (e), in all subcontracts which require securing telecommunications.

(End of clause)