

CUSTOMER CONTRACT REQUIREMENTS
UK E-7 AEW
CUSTOMER CONTRACT 70004224

CUSTOMER CONTRACT REQUIREMENTS

The following customer contract requirements apply to this contract to the extent indicated below.

1. DEFCONs

The following contract clauses are incorporated by reference from the United Kingdom (UK) Defence Contract Conditions (DEFCONs) which may be accessed on the UK Ministry of Defence (MOD) web site and apply to the extent indicated. In all of the following clauses, the following definitions apply:

The term "Customer" shall mean Boeing Defence UK Limited.

The term "Authority" shall mean Buyer or the UK MoD.

The term "Buyer" means The Boeing Company.

The term "Contractor" shall mean Seller.

The term "Contract" means this Contract.

The term "Sub-contract" means any contract placed by Seller or lower tier sub contractors under this Contract.

The term "Government" means Her Britannic Majesty's Government of the United Kingdom of Great Britain and Northern Ireland.

68 Supply Of Hazardous Articles And Substances (FEB 2019). This clause applies if this Contract is for the supply of goods and services.

76 Contractor's Personnel At Government Establishments (DEC 2006). This clause applies if Seller will access Government establishments during the performance of this Contract.

113 Diversion Orders (FEB 2017). Seller shall promptly comply with any Diversion Orders issued by the Authority and communicated by Buyer.

126 International Collaboration (NOV 2006).

501 Definitions And Interpretations (NOV 2017). This clause shall apply to the extent that any of the DEFCONs included in the Contract contain any of the defined terms therein. The provisions of DEFCON 501 are in addition to any definitions included in the Contract. In the event of a conflict between a definition contained at DEFCON 501 and a definition contained elsewhere in the Contract, the definition in the Contract shall take precedence unless otherwise noted.

513 Value Added Tax (NOV 2016).

516 Equality (APR 2012).

520 Corrupt Gifts and Payments of Commissions (MAY 2018).

528 Import and Export Licenses (JUL 2017).

532B Protection Of Personal Data (Where Personal Data is being processed on behalf of the Authority) (MAY 2018). This clause is required in all contracts regardless of whether personal data will be processed under the contract. Where personal data will be processed, DEFFORM 532 must be completed and form part of the contract.

534 Subcontracting and Prompt Payment (JUN 2017).

550 Child labour and Employment Law (FEB 2014).

608 Access And Facilities To Be Provided By The Contractor (OCT 2014). Clauses 1 and 2 apply if Seller is identified in Buyer's Prime Contract. In this clause, the term "Authority" means "UK MoD".

609 Contractors Records (AUG 2018).

611 Issued Property (FEB 2016). This clause applies to United Kingdom issued property in possession of Seller. All communication required between the Authority and Seller shall be accomplished through Buyer.

619A Customs Duty Drawback (SEP 1997). This clause applies if this Contract is subject to import duty.

624 Use Of Asbestos (NOV 2013). This clause applies if Seller will be furnishing parts or material under this Contract, or if Seller will be providing services which utilize asbestos.

632 Third Party Intellectual Property - Rights and Restrictions (AUG 2012).

638 Flights Liability and Indemnity (DEC 2016). In this clause, the term "Authority" means "UK MoD".

649 Vesting (DEC 2016). "Authority" shall mean "Buyer." "DEFCON 525" shall mean "the acceptance provisions of this Contract." Nothing in this paragraph shall prejudice the Authority's rights under the Vesting provision in the Prime Contract.

658 Cyber (OCT 2017). This clause applies if this Contract has a Cyber Risk Level above "Not Applicable". In support of this DEFCON, Seller is required to comply with DEFSTAN 05-138.

659A Security Measures (FEB 2017). Only the Appendix of this DEFCON applies if Seller requires access to material marked Confidential or above. The term "Second Party" shall mean Seller. The term "Subcontractor" shall mean Seller's subcontractor(s). In this clause, the term "Authority" means "UK MoD".

660 Official-Sensitive Security Requirements (DEC 2015).

684 Limitation Upon Claims in Respect of Aviation Products (JAN 2004). In this clause, the term "Authority" means "UK MoD".

2. Prime Contract Special Provisions The following prime contract special provisions apply to this purchase order

1. UK MOD DEFENCE FORMS (DEFFORMS)

1.1. The forms identified at paragraph 1.2 are additional requirements to those forms and reports identified elsewhere within this Contract. They are incorporated by reference and apply to the extent indicated.

1.2. DEFFORMs applicable to this Contract:

1.2.1. Seller may be required to complete the DEFFORMs below for specific contract deliverables. Should the DEFFORMs be required, they will be returned to Buyer for onward agreement and management:

DEFFORM 68 - Hazardous Articles, Materials or Substances Statement By The Contractor
DEFFORM 532 - Personal Data Particulars.

2. DEFINITIONS

In this Contract the following words and expressions shall have the following meanings:

Articles has the definition provided in DEFCON 501.

Cognisant Security Office (CSO) means:

- (a) in the United Kingdom: Ministry of Defence, Defence Equipment & Support PSyA - Security Advice Centre "C (DE&S PSyA-SAC), Poplar 1, #2004, MOD Abbey Wood South, Bristol BS34 8JH; and
- (b) in the United States: Defense Security Service, (Security Division) 27130 Telegraph Road, VA 22134, USA.

End User means the United Kingdom Ministry of Defence (UK MoD).

Repair and Maintenance means activity to maintain Articles in an operable condition including:

- (a) maintenance of records of defects and reliability;
- (b) the identification of replacements for Articles that become obsolete;
- (c) the preparation and application of procedures and arrangements (including safety procedures) for removing Articles from and re-installing them in an operational system, and for handling, storing, transporting, packaging and labelling Articles;
- (d) inspection and testing of Articles to check calibration and performance and to detect and identify faults;
- (e) dismantling Articles;
- (f) application of repair schemes;
- (g) reassembling Articles after repair, or incorporation of modifications, including the incorporation or replacement of new parts;
- (h) testing and calibrating of Articles prior to, during or after re-assembly and after reinstallation in an operational system; and
- (i) reworking or reconditioning of Articles, but excluding redesign or manufacture of any replacement or new parts, or the design of any modification.

Sub-Contract means any contract placed by Seller or lower tier sub contractors under this Contract.

Sub-Contractor means a party to a contract placed by Seller or a party to a lower tier subcontract, placed under this Contract.

3. SUB-CONTRACTING

3.1. Seller shall ensure that the provisions of this Contract are reflected in all sub-contracts at whatever level, to the extent necessary to enable Seller fully to meet its obligations to Buyer under this Contract.

3.2. Seller shall in any sub-contract ensure that it has the right to terminate such sub-contract by giving the relevant sub-contractor no more than 30 (thirty) days notice in writing (unless otherwise agreed by the Parties in writing). Seller shall use reasonable endeavors to obtain sub-contract terms that enable Seller to terminate any sub-contract at the minimum possible cost to Buyer and/or Buyer's Customer and End User.

4. SUPPLY CHAIN MANAGEMENT

4.1. Either party to the Contract may release to Buyer's Customer and/or End User any of those parts of the Contract documentation as are necessary to demonstrate Buyer's compliance with the provisions of its prime contract and any such release shall not amount to a breach of any provision of confidentiality contained within the Contract; and

4.2. Nothing herein shall render unenforceable, any of End User's rights which are otherwise enforceable under the Contracts (Rights of Third Parties) Act 1999.

5. END USER DATA

5.1. Seller shall perform secure back-ups of all electronic End User Data held on its IT systems and shall ensure that up-to-date back-ups are stored in accordance with its business continuity plans and Seller shall procure (as reasonably required by Buyer) that the Sub-Contractors perform secure backups of all electronic End User Data held on the Sub-Contractor's IT systems. Seller shall ensure that such back-ups are made available to Buyer upon reasonable request.

6. INTELLECTUAL PROPERTY RIGHTS (IPR)

6.1. Seller grants to Buyer an irrevocable, nonexclusive, sublicensable, paid-up, royalty-free, worldwide license in all "Seller-Owned IP" for the purpose of fulfilling Buyer's prime contract responsibilities to ensure that the End User has the following rights:

- 6.1.1. The ability to copy and use information delivered under the Contract for the End User's own operation, Repair and Maintenance, and for End User's assessment of the performance of the Airborne Mission Segment (AMS) (the E7 aircraft).
- 6.1.2. The right to sub-license the use of information delivered under the Contract to End User technical support contractors/consultants for the purpose of advising End User on matters relating to safety, certification and airworthiness, operational decision-making.
- 6.1.3. The right to sub-license use of information delivered under the Contract to support the establishment of communications services, including communications and transmissions, and agreement of frequency allocations.
- 6.1.4. The right to share information with third party maintenance/repair providers if those third party providers have obtained a license from Seller separately, to use Seller information.
- 6.1.5. The right to copy information delivered under the Contract and use the information to promote the establishment of/ provide technical oversight over an International Collaboration Agreement (an agreement between the UK and other governments for collaboration in a joint programme of research, development, production, supply or operations) "C where fair and reasonable license terms would be secured for use of the information by any other party to the International Collaboration Agreement.

7. IMPORT AND EXPORT LICENCES

Where Seller sub-contracts work under this Contract, which is likely to be subject to foreign export control, import control or both, Seller shall use reasonable endeavors to incorporate in each Sub-Contract equivalent obligations to those set out in this Contract. Where it is not possible to include equivalent terms to those set out in this Contract, Seller shall report that fact and the circumstances to Buyer.

8. COMMERCIAL EXPLOITATION LEVY/RECOUPMENT

Prior to any sale or licencing of the Intellectual Property Rights to any element of the Contract that includes Buyer's Customer and/or End User funded development of software and/or hardware, Seller shall, or (if applicable) shall procure that any Sub-Contractor will, enter into an appropriate levy agreement with Buyer's Customer and/or End User.

9. SECURITY

- 9.1 Seller shall ensure that all their staff and all Seller's Sub-Contractors' staff and employees make themselves familiar with, and at all times shall conduct themselves in accordance with station rules and regulations as issued from time to time by Buyer, Buyer's Customer and End User.
- 9.2. Seller's personnel visiting or working at the Buyer's Customer or End User facilities in connection with this Contract shall hold a SECRET-UK EYES ONLY security clearance or the equivalent as required under the Security Aspects Letter. This requirement applies to all Sub-Contracts issued by Seller for the effort for work under the Contract.
- 9.3. Whilst engaged at the End User Site(s) Seller shall, and shall procure that any Sub-Contractor shall, ensure that all Employees comply with End User Policies relating to the conduct of staff and security arrangements.

10. SECURITY CLASSIFICATION AND MEASURES APPLICABLE TO NON-UK SUB-CONTRACTORS

10.1. The provisions of this Clause 10 are based upon the UK/US General Security Agreement dated 14 April 1961, as amended, and including the Security Implementing Arrangement for Operations between the Ministry of Defence of the United Kingdom of Great Britain and Northern Ireland and the Department of Defense of the United States dated 27 January 2003 and subsequent amendments, and will apply to the extent that this Contract involves access to or possession of information or material to which a security classification has been assigned by the Government of the United Kingdom.

10.2. The term "classified matter" in this Clause 10 includes information documents and material, which are subject to a security classification as defined in Clauses 10.3 and 10.4 irrespective of whether it is transmitted orally, electronically in writing or by the handing over of material. For the purpose of this Clause 10 the word "document" means letter, note, minute, report, memorandum,

signal/message, sketch, photograph, film, map, chart, plan, notebook, stencil, carbon, typewriter ribbon etc. or other form of recorded information (e.g. tape recording, magnetic recording, punched card, tape).

Security classification

10.3. Seller shall mark all classified matter that it originates or copies during the course of the Contract with the appropriate classification identified in the End-User's Security Aspects Letter as provided by Buyer.

10.4. Seller shall protect classified matter under this Contract to the same standards as it would protect its own national classified matter of an equivalent classification. The equivalent markings are:

UNITED KINGDOM USA
UK TOP SECRET TOP SECRET
UK SECRET SECRET
No Equivalent CONFIDENTIAL
UK OFFICIAL-SENSITIVE No Equivalent*

*UK classified information at the level of UK OFFICIAL-SENSITIVE either provided or produced by Seller as a result of this Contract shall be protected to a standard no less stringent than that as described by the UK Government publications.

Any US classified information shall be protected by Seller in accordance with DoD 5220.22-M, National Industrial Security Program Operating Manual, dated February 2006, Incorporating Change 2, May 18, 2016.

10.5. Seller shall comply with any security instructions issued by his CSO.

10.6. Buyer shall keep current all security classifications and shall inform Seller of any changes thereto.

Restrictions on use

10.7 Seller shall not disclose classified matter or permit it to be disclosed to anyone who is not currently authorized for access by its own Government Authority.

Sub-Contracts

10.8. Seller also agrees that it shall determine that any Sub-Contractor it proposes for the furnishing of supplies and services which will involve access to UK classified matter in Seller's custody has:

10.8.1. if located in the USA, holds a current US Facility Security Clearance at the appropriate level and the ability to properly safeguard classified matter prior to being afforded such access.

10.8.2. if located in any other country, has been approved by End User and the UK CSO to have access to its classified matter prior to being afforded such access and that the Sub-Contractor's facility has been granted a Facility Security Clearance at the appropriate level by its own CSO and the ability to properly safeguard classified matter prior to being afforded access.

10.9. Seller should inform the Sub-Contractor in writing of the security aspects of the Sub-Contract and of the security classification in accordance with Clauses 10.3 and 10.4 above.

Transmission of classified matter

10.10. Seller shall transmit classified matter between the USA and the United Kingdom only in accordance with the instructions of his CSO. In any event, transmission of classified matter at UK SECRET level or above from one country to another will be arranged through Government-to-Government channels or other channels approved in writing by the respective Designated Security Authorities of Buyer's Customer, End User and/or Buyer. UK OFFICIAL-SENSITIVE level information may be transmitted by normal post or via a commercial courier in accordance with US national security laws and regulations.

Loss, compromise and contravention

10.11. In the event of loss, compromise or suspicion of compromise of classified matter by Seller, Buyer, Customer and UK CSO as defined in Clause 10.2 will be informed at once and an immediate investigation will be carried out by the Seller's CSO into the circumstances of the loss or compromise and appropriate action taken. Buyer, Buyer's Customer, End User and UK CSO will be informed of the result.

10.12. Any contravention against security will be dealt with under US national security laws and regulations.

Termination

10.13. Buyer shall have the right to terminate the Contract if Seller does not comply with this Clause 10. Without prejudice to residual claims after completion or termination of the Contract, Seller shall either destroy all classified matter furnished or generated pursuant to the Contract in accordance with national security laws and regulations or, if requested, return them to Buyer.

10.14. Seller's obligation under this Clause 10 shall continue to apply after the completion or termination of the Contract.

11. CO-OPERATION FOR SECURITY INVESTIGATION

11.1. Seller shall, and shall procure that each Sub-Contractor shall, notify Buyer immediately it becomes aware that an Employee or an accompanied emergency reactive worker has breached any Security measures relating to this Contract.

11.2. Seller shall, and shall procure that its Sub-Contractors shall, give reasonable assistance to Buyer, Buyer's Customer, End User and/or any other representative or adviser of the End User for the purposes of carrying out any investigation that is reasonably undertaken.

12. PUBLIC RELATIONS AND PUBLICITY

12.1 Seller shall not, and shall ensure that any employee or Sub-Contractor shall not, communicate with representatives of the press, television, radio or other media on any matter concerning the Contract or otherwise publicise the Contract without prior written consent.