

**CUSTOMER CONTRACT REQUIREMENTS**  
**Provision of 737NG military derivative support**  
**CUSTOMER CONTRACT: 701356373**

**1. GENERAL**

1.1. For the purposes of the United Kingdom Defence Conditions (DEFCONs) referenced within this document, the following terms shall apply:

1.1.1. The term "Authority" shall mean "Buyer" unless it is clear from the context of the DEFCON that "Authority" must refer to the UK Secretary of State for Defence in order to effect the essential purpose of the DEFCON.

1.1.2. The term "BDS" shall mean Boeing Defence Space & Security.

1.1.3. The term "BGS" shall mean Boeing Global Services.

1.1.4. The term "BDUK" shall mean Boeing Defence UK Limited.

1.1.5. The term "Buyer" shall mean BDUK acting as Prime Contractor to the Customer.

1.1.6. The term "Compliance Matrix" shall mean a document provided by Buyer as part of a request for proposal package.

1.1.7. The term "Contract" shall mean this Contract.

1.1.8. The term "Contractor" shall mean "Seller".

1.1.9. The term "Customer" shall mean the "United Kingdom Ministry of Defence (UK MoD)".

1.1.10. The term "Prime Contract" shall mean the contract between the Customer and Buyer.

1.1.11. The term "Prime Contractor" shall mean BDUK.

1.1.12. The term "Seller" shall mean the company contracted by Buyer to perform the Contract.

1.1.13. The term "Sub-contract" shall mean any contract placed by Seller or lower-tier Sub-contractors under this Contract.

1.1.14. The term "Sub-contractor" shall mean any supplier that is contracted by Buyer to deliver goods and/or services in support of the Prime Contract.

**2. UK MoD DEFENCE CONDITIONS**

2.1. The Contract clauses identified at paragraph 2.2 are required by the Customer, and are additional to any terms and conditions agreed between the parties. They are to be incorporated by reference and apply to the extent indicated.

2.2. UK MoD Defence Conditions (DEFCONs) applicable to this contract:

<b>DEFCON Number</b>	<b>DEFCON Edition</b>	<b>Title</b>	<b>Applicability</b>
76	12/06	Contractor's Personnel at Government Establishments	Required for all contracts where there is an actual or possible requirement for a Seller to carry out work at a Government Establishments or HM Ships.
501	11/17	Definitions And Interpretations	The definitions within this DEFCON apply only to the other DEFCONs detailed in this document.
534	06/17	Subcontracting and Prompt Payment	Requires suppliers supporting deliverables under the Contract to insert provisions for payment within a specified period not

			exceeding thirty (30) days from receipt of a valid invoice.
609	08/18	Contractors Records	Requires suppliers to maintain and make available to the Customer and/or the National Audit Office (NAO) records specified in the Contract.
611	02/16	Issued Property	Addresses the rights and obligations in respect of ownership, receipt, inspection and use of Customer owned property loaned under the Contract.
625	06/21	Co-operation on Expiry Of Contract	Required when the Customer may require the Contractor to assist with the transition of goods and/or services to the UK MoD or a different person.
654	10/98	Government Reciprocal Audit Arrangements	For the purposes of DEFCON 654 the relevant officials of the government of the United States of America shall, where the Authority deems appropriate, be the authorised representative of the Authority. The authorised representative of the Authority for any country other than the United States of America will be subject to and determined on a case by case basis following discussions between the Parties.
658	10/17	Cyber	Requires suppliers to put in place cyber security controls specified in Def Stan 05-138 (Cyber Security for Defence Suppliers), as appropriate to the cyber risk level specified in the contract n.b. the Cyber Risk Level of the Contract is High, as defined in Def Stan 05-138.
659A	02/17	Security Measures	Required for all contracts where any matter connected with the contract is to bear the Government Security Classification SECRET or above. Specifies measures suppliers must take to protect information and details what information must be available to the Customer.
660	12/15	Reportable Official and Official-Sensitive Security Requirements	Required for all contracts where any matter connected with the contract is to bear the Government Security Classification OFFICIAL-SENSITIVE and requires a Security Aspects Letter (SAL).
694	07/18	Accounting For Property Of The Authority	Required for all contracts involving the issue of Customer property to a Contractor. Requires suppliers to maintain proper records of possession, use and consumption of Customer property.

### 3. QUALIFYING DEFENCE CONTRACTS (QDCs) AND QUALIFYING DEFENCE SUB-CONTRACTS (QSCs)

3.1. The Customer has assessed that the Prime Contract is defined as a Qualifying Defence Contract subject to the provisions of the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR). The DRA is primary legislation and the SSCR is secondary legislation, both can be accessed at [www.legislation.gov.uk](http://www.legislation.gov.uk). For clarification, the DRA is only applicable to contracts placed by BDUK, and is not applicable to any BDS/BGS contracts placed with suppliers from the United States of America.

3.2. Regulations 20 and 21 of the SSCR require records to be kept in relation to a QDC and allow the Customer access to those records. This obligation also encompasses a period prior to Prime Contract award.

3.3. Sections 28-30 of the DRA and Regulations 57-65 of the SSCR describe how any sub- contract that is placed may be a Qualifying Sub-Contract. Regulation 61 of the SSCR requires the assessment of whether any sub-contracts placed in connection with the Prime Contract will be QSCs, and to keep a records of those assessments. Where a sub-contract is assessed as being a QSC, the Customer and the Seller must be notified of this decision.

3.4. In accordance with the information at paragraphs 3.1 – 3.3. above, the following DEFCONs are incorporated by reference from the Customer and apply to the extent indicated:

DEFCON Number	DEFCON Edition	Title	Applicability
802	12/14	Qualifying Defence Contracts: Open Book on sub-contracts that are not Qualifying Sub-contracts	Required for any contract assessed as a Qualifying Defence Contract (QDC).  n.b. For the purposes of this contract, the published threshold value is reduced from £1M to £250k.
804	03/15	QDC: Confidentiality of SSCR Information	Required for in any contract assessed as a Qualifying Defence Contract (QDC), where applicable.  n.b. For the purposes of this contract, the published threshold value is £250k.

#### 4. SOCIAL VALUE

4.1. In response to the Public Services (Social Value) Act 2012 (the “Act”) and associated Procurement Policy Notice 06/20 - Taking Account of Social Value in the Award of UK Central Government Contracts, the Customer include specific criteria that require public authorities to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes. Seller is required to comply with the requirements of the Act as flowed in the Contract. To meet these requirements, Seller will deliver benefits as detailed in Annex A.

4.2. The Customer requests the following areas are addressed in any Contract or Sub-contract supporting the Prime Contract:

4.2.1. Tackling Economic Inequality;

4.2.2. Fighting Climate Change; and

4.2.3. Equal Opportunity.

**Annex A – Social Value**

<b>Authority Model Award Criteria (MAC) Reference</b>	<b>Social Value</b>	<b>MAC</b>	<b>MAC Sub Criteria</b>	<b>Key Performance Indicator</b>
2.2	Tackling Economic Inequality	Create employment and training opportunities particularly for those who face barriers to employment and/or who are located in deprived areas, and for people in industries with known skills shortages or in high growth sectors.	TO BE UPDATED AT CONTRACT AWARD in line with Seller's proposal (Suggested subcriteria may be included in the solicitation documents)	TO BE AGREED PRIOR TO CONTRACT AWARD
2.3	Tackling Economic Inequality	Support educational attainment relevant to the Contract, including training schemes that address skills gaps and result in recognised qualifications.	TO BE UPDATED AT CONTRACT AWARD in line with Seller's proposal (Suggested subcriteria may be included in the solicitation documents)	TO BE AGREED PRIOR TO CONTRACT AWARD
4.1	Fighting Climate Change	Deliver additional environmental benefits in the performance of the Contract including working towards net zero greenhouse gas emissions.	TO BE UPDATED AT CONTRACT AWARD in line with Seller's proposal (Suggested subcriteria may be included in the solicitation documents)	TO BE AGREED PRIOR TO CONTRACT AWARD
6.3	Equal Opportunity	Demonstrate action to identify and manage the risks of modern slavery in the delivery of the Contract, including in the supply chain.	TO BE UPDATED AT CONTRACT AWARD in line with Seller's proposal (Suggested subcriteria may be included in the solicitation documents)	TO BE AGREED PRIOR TO CONTRACT AWARD