



**AAR CORP**  
**C40 GENERAL PROVISIONS – NON-COMMERCIAL FIRM FIXED PRICE ITEMS OR SERVICES**

This Repair order is neither an expression of acceptance of any offer made to buyer by vendor, nor a confirmation of any contract or agreement between buyer and vendor. This order is an offer to the vendor to contract on the terms set forth herein, and such offer expressly limits acceptance by vendor to the terms set forth herein. Additional or different terms proposed by vendor are specifically rejected, unless expressly agreed to in a subsequent writing signed by an authorized representative of the buyer.

Except as may be expressly set forth in this Subcontract with the Government Contracting Officer's express consent, the subcontractor shall not acquire any direct claim or direct course of action against the US Government. Subcontractor shall include in each lower-tier subcontract the appropriate flow down clauses as required by the Federal Acquisition Regulation (FAR).

**1. DEFINITIONS**

As used in this Repair order/Subcontract:

- a. "Government" means the United States of America.
- b. "Prime Contract" means the Contract existing between AAR and the Government or AAR Customer and in the latter case includes the Subcontract under which this Repair order is issued (unless the context otherwise requires).
- c. "This Repair order" or "this Subcontract" or "this Agreement" or "this Order" means the contractual instrument in which these General Provisions are incorporated.
- d. "Contracting Officer" means a person with the authority to enter into, administer, and/or terminate Contracts and make related determinations and findings on a Prime Contract. The term includes certain authorized representatives of the contracting officer acting within the limits of their authority as delegated by the contracting officer.
- e. "Buyer" or "AAR" means the legal entity issuing this order.  
The terms "supplies," "materials," "items," "products," "articles" and "components" may be used interchangeably throughout these provisions and the Repair order to refer to products to be provided by the Subcontractor.
- f. "FAR" means the Federal Acquisition Regulation, as from time to time amended, that is included in the Prime Contract on the effective date of this Subcontract or Repair order.
- g. "Subcontract" means Repair orders and other similar instruments, including changes and modifications hereto.
- h. "Subcontractor" means Seller, Supplier, or Vendor.
- i. DOD FAR Supplement or (DFARS) means Department of Defense Federal Acquisition Regulation Supplement.
- j. DOSAR means Department of State Federal Acquisition Regulation Supplement.

NOTE: Where necessary to make the content of the referenced FAR, DFARS, and DOSAR clauses applicable to this Order, the terms "Government, DOS, and Contracting Officer" and equivalent phrases shall mean AAR; the term "Contractor" shall mean Subcontractor; and the term "Contract" shall mean this Purchase order, Order, Repair Order, or Subcontract.

**2. ENTIRE AGREEMENT**

This Repair order constitutes the entire agreement between the parties with respect to its subject matter and to all transactions related thereto and supersedes all proposals, oral or written, or negotiations, and all other communications, prior or contemporaneous thereto, between the parties with respect to such subject matter or such transactions including, without limitation, any prior or contemporaneous course of dealing, usage or trade or course of performance. The parties acknowledge and agree that entering into this transaction they have not relied upon any representations other than those explicitly set forth in this Repair order and each party acknowledges and agrees that the representatives or agents of the other party cannot make any warranties or representations not specifically included within the written provisions of this Repair order. Any term or condition which is, or may be, asserted as material by any party and which is not expressly stated in this Repair order, shall not be within this Repair order or binding on the parties hereto. Each party waives all defenses with regard to any such term and condition and no amendment to this Repair order shall be valid and binding unless in writing and signed by each party hereto.

**3. ORDER OF PRECEDENCE**

To the extent there are any conflicts among the provisions within the Subcontract, such conflicting provisions shall prevail in the following order of precedence:

- a. Special Provisions on the face of the Subcontract or Repair Order;
- b. These General Provisions;
- c. Other attachments or specifications when attached or incorporated by reference;

**4. ACCEPTANCE – MODIFICATION OF TERMS**

The Repair order may be accepted only by Subcontractor's agreement to all of the terms and conditions which are incorporated or added as supplements or attachments thereto. Acceptance may be made by signing the acknowledgment copy attached hereto and returning it to AAR or by part performance hereunder, and any such acceptance shall constitute an unqualified agreement to the terms and conditions set forth herein unless

otherwise modified in writing by the parties. No charges beyond the Contract price herein specified shall be allowed except with the written consent of AAR. No additional or differing terms and conditions proposed by the Subcontractor in accepting this Repair order shall be binding upon AAR unless accepted in writing by AAR, and no other addition, alteration or modification to, and no waiver of any of the provisions herein contained shall be valid unless made in writing and executed by AAR and Subcontractor.

## 5. CHANGES

Changes in the terms and conditions of this Subcontract may be made only by written agreement of the parties.

- a. AAR may, at any time, by written notice or Order:
  - 1) Make changes in the shipping and packing instructions;
  - 2) Increase or decrease the quantity ordered;
  - 3) Change the drawings, designs, or specifications;
  - 4) Change the place of inspection, delivery, or acceptance;
  - 5) Change the amount of Government or AAR-furnished property.
- b. AAR engineering and technical personnel may assist or give technical advice in an exchange of information with Subcontractor's personnel concerning the articles to be furnished under this Repair order. Such exchange of information or advice shall not authorize the Subcontractor to change any of the terms, conditions, or the provisions of this Repair order, nor shall such assistance or technical advice operate as a waiver or relinquishment of any rights reserved to AAR hereunder or at law. Except as otherwise provided in this Repair order, no changes shall be made unless such change is authorized in writing by an AAR procurement official.
- c. Equitable Adjustment: If any such change causes a variation in the cost of performance or the time required for performance, AAR may make an equitable adjustment in the Subcontract price and delivery schedule (except as otherwise provided herein) and the parties' shall modify the Subcontract in writing accordingly. Subcontractor must make any request, with a fully supported proposal, for an equitable adjustment of price or schedule in writing to AAR within ten (10) business days from the date of AAR's written notification to Subcontractor of the change or such further time as AAR may allow in writing. Subcontractor shall then have fifteen (15) days from the date it submitted its request to AAR for an equitable adjustment to submit a fully supported proposal. Subcontractor's failure to adhere to the time deadline in submitting its equitable adjustment proposal shall waive Subcontractor's right to seek an equitable adjustment. Pending any equitable adjustment, Subcontractor shall proceed in accordance with the change order. The parties' failure to agree to any adjustment shall be a dispute concerning a question of fact covered by the clause entitled, Dispute Resolution.

## 6. SUBCONTRACTS AND REPAIR ORDERS

Subcontractor shall not Subcontract without the prior written authorization of AAR for the design or development of the whole or any major component of any item ordered hereunder, and the Subcontractor shall require a like agreement from immediate and lower-tier suppliers. This is not a restriction on use of authorized distributors or industrial suppliers for components. AAR must approve in advance any Subcontractors who will be providing some or all of the services if the Repair order is primarily for the provision of services. AAR's authorization to Subcontract 1) shall not constitute a determination of the acceptability of any Subcontract terms or conditions or the acceptability of any Subcontract price or any amounts paid under the subcontract, and 2) shall not relieve Subcontractor of any responsibility arising under the Repair order, regardless of whether certain work is performed directly by Seller or by a Subcontractor.

## 7. INSPECTION AND ACCEPTANCE

- a. Inspection: Both AAR and AAR's customer may at any time (e.g., before, during or after manufacture or completion) inspect and test any or all Products or Services ordered hereunder with reasonable notice. Such inspection and/or test may occur at Subcontractor's location. All Products or Services shall be subject to final acceptance by AAR. Inspections shall be performed in such a manner as not to delay Subcontractor's performance unduly. In the case of rejection of any Products or Services, neither AAR nor AAR's customer, shall be liable for any reduction in value of samples used in connection with such inspection or test. No inspection or test or review or approval by AAR or AAR's customer shall relieve Subcontractor of any of its obligations under the Subcontract or constitute a waiver of any defects or nonconformities.
- b. The Subcontractor shall provide and maintain an inspection system acceptable to AAR, but approval of this system does not relieve the Subcontractor of the obligation to make complete and adequate tests. As part of the system, the Contractor shall prepare records evidencing all inspections made under the system and the outcome. These records shall be kept complete and made available to AAR during Contract performance and for as long afterwards as the Contract requires. AAR reserves the right to inspect, test, and count at all times and places whether during or after manufacture. The Subcontractor shall provide and shall require lower-tier Subcontractors to provide all reasonable facilities for the safety and convenience of AAR personnel (including inspection and resident representatives) in the performance of their duties. AAR further reserves the right to reject lots of material when samples drawn are at variance with the provisions set forth herein.
- c. The Government, through any representative authorized by the Contracting Officer, has the right, at all reasonable times, to inspect or otherwise evaluate the work performed or being performed hereunder and the premises in which it is being performed. If any inspection or evaluation is made by the Government on the premises of the Contractor or a Subcontractor, the Contractor shall provide and shall require his Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the Government representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as shall not unduly delay the work. Inspection and evaluation of technical documentation as well as hardware items shall be performed. Deliverable hardware shall be made available to the Government to evaluate the Contractor's performance in the preparation of technical documentation.
- d. Subcontractor warrants that the supplies and services used or delivered in performance of this Repair order will conform to the applicable drawings, specifications, or other requirements of this Repair order, that the supplies delivered hereunder will be of good quality, material, and workmanship, merchantable and free of defects and that the services provided hereunder will be performed in a workmanlike manner and to the highest standards of the industry.
- e. The Buyer reserves the right to charge to the Subcontractor any additional cost incurred by the Buyer due to inspection or tests when the articles are not ready at the time such inspection or tests are requested by the Subcontractor, or when reinspection or retest is necessitated by prior Buyer rejection of unacceptable articles.

- f. Configuration Management: All articles/parts/materials must be provided to AAR CORP. in the latest configuration unless otherwise specified within the repair order.
- g. Rejected Products or Services: Rejected Products or Services may, at the option of AAR, be returned to Subcontractor at Subcontractor's expense for outbound and inbound shipments with risk of loss or damage upon Subcontractor or be accepted with an equitable adjustment in price. Upon rejection, Subcontractor shall immediately refund previous payments if applicable. Subcontractor shall not resubmit rejected Products or Services for acceptance without a concurrent notice to AAR of the prior rejection. If, after request by AAR, Subcontractor fails to promptly replace or correct any rejected Products or Services, AAR at its sole discretion (1) may replace or correct such Products or Services, and charge to Subcontractor the cost incurred by AAR in doing so, or (2) may, without further notice, terminate the Subcontract for cause, in accordance with Termination for Cause clause. The foregoing remedies shall in no way preclude or prejudice the exercise of any other right or remedy that AAR may have at law, in equity or under the Subcontract.
- h. Non-Conforming Product: Upon discovery of non-conforming or suspected non-conforming product that has been shipped to AAR CORP., the supplier must notify AAR CORP. and provide a formal written disclosure as soon as practical.
- i. \*MRB authority must not be exercised without the written consent of AAR CORP.\*
- j. Final Acceptance: Except as otherwise agreed in writing, all Products or Services provided under the Subcontract shall be subject to final inspection and acceptance by AAR and AAR's customer. Final acceptance by AAR of the Products or Services provided hereunder shall take place only after complete delivery of all Products or Services in accordance with the delivery schedule specified herein or later agreed upon by the parties in writing and after final inspection of those Products or Services by AAR and AAR's customer. Final acceptance shall be contingent upon agreement by AAR and the AAR customer that the Products or Services conform to the requirements of the Subcontract. Final acceptance by AAR shall be conclusive, except for latent defects, negligent or intentional misrepresentations by Subcontractor that a nonconformity or defect would be or had been cured or did not exist, acceptance induced by false or negligent assurances of Subcontractor, or as otherwise provided in the Subcontract or applicable law. Payment to Subcontractor does not constitute Final acceptance. Final acceptance by AAR of the Products or Services delivered hereunder shall not limit or affect the warranty or indemnity granted by Subcontractor hereunder.
- k. Any part number substitution is not allowed unless written pre-approval is given by AAR Purchasing personnel.
- l. Risk of Loss: Subcontractor shall bear the risk of loss or damage to the Products or Services until they are delivered in conformity with the Subcontract. (If not otherwise stated, destination point shall be AAR's facility or F.O. B. AAR facility). Upon such delivery, Subcontractor's responsibility for loss or damage to the Products or Services shall cease except for loss or damage resulting from Subcontractor's negligence or fault. Notwithstanding the foregoing, Subcontractor shall remain responsible for risk of loss of any nonconforming or rejected Products or Services, unless such loss, destruction, or damage results from the sole negligence of AAR.
- m. Title: Except as otherwise stated in this Subcontract, title to all Products or Services furnished under this Subcontract shall pass to AAR upon final acceptance regardless of when or where AAR takes physical possession of the items.
- n. Corrective Action: Formal corrective action may be requested on any non-conforming products, rejected product or service, or other systemic discrepancies.
- o. The Subcontractor agrees to include this Clause in any lower-tier Subcontracts, excluding Orders for standard commercial items or raw materials, issued in the performance of this Repair order.

## 8. INSURANCE

- a. Types of Insurance: Unless otherwise specified by AAR in writing, Subcontractor shall maintain and cause Subcontractor's subcontractors to maintain during the term of the Subcontract (a) workers' compensation insurance as prescribed by the law of the state or nation in which the work is performed; (b) employer's liability insurance with limits of at least \$1,000,000 for each occurrence; (c) automobile liability insurance if the use of motor vehicles is required hereunder, with limits of at least \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (d) if the Vendor will provide professional advice or services: professional liability insurance in the amount of \$1,000,000 for each occurrence and in the aggregate and (e) Commercial General Liability ("CGL") insurance, ISO 1988 or later occurrence form of insurance, including, without limitation, Blanket Contractual Liability and Broad Form Property Damage, with limits of at least \$1,000,000 for each occurrence and in the aggregate or in an amount equal to the cost of goods purchased if greater than \$1,000,000. All CGL and automobile liability insurance shall designate AAR, its affiliates, and its directors, officers, and employees (all referred to as "AAR") as well as AAR's customer as additional insured. All such insurance must be primary and non-contributory and required to respond and pay prior to any other insurance or self-insurance available. Insurance companies providing coverage under the Subcontract must be rated by A-M Best with at least an AVII rating unless no such company is available in the local market. If specifically requested by AAR, Subcontractor and Subcontractor's subcontractors shall furnish, prior to the start of work or at such other time as AAR requires, certificates or adequate proof of the foregoing insurance, including, without limitation, endorsements and policies. The policies evidencing required insurance shall contain an endorsement to the effect that any cancellation or any material change adversely affecting the interest of AAR or AAR's Customer shall not be effective (1) for such period as the laws of the State in which this Subcontract is to be performed prescribe or (2) until thirty (30) days after the insurer or Subcontractor gives written notice to AAR, whichever period is longer. Any other coverage available to AAR shall apply on an excess basis. Subcontractor agrees that Subcontractor, Subcontractor's insurer(s) and anyone claiming by, through, under or on Subcontractor's behalf shall have no claim, right of action or right of subrogation against AAR and AAR's Customer based on any loss or liability insured against under the foregoing insurance.
- b. AAR Materials, Tools, and Equipment: Subcontractor shall keep, at Subcontractor's sole expense, all AAR materials and all tools and equipment, special or otherwise, in which AAR has any interest, insured against risk of loss or damage by fire or other unavoidable casualty for their fair market value at the time of receipt by Subcontractor and during such time as they remain in Subcontractor's possession.
- c. No Effect on Indemnification Obligations: Subcontractor's obligation to obtain the insurance specified in this Clause does not waive or release Subcontractor's liabilities or duties to indemnify under this Subcontract.

## 9. INDEMNIFICATION

- a. Subcontractor agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's negligence or willful misconduct in its performance or nonperformance of this Agreement.
- b. Subcontractor acknowledges that, as an independent contractor, it is furnishing Products or Services to AAR which may be subject to certain local, state, Federal, and foreign laws and regulations. Subcontractor therefore agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's failure to comply with all applicable local, state, Federal, and foreign laws and regulations in the performance of Subcontractor's obligations under the Subcontract. Subcontractor also agrees to indemnify and hold harmless AAR and AAR's customer and their respective directors, officers, agents, and employees, against all claims, damages, losses, causes of action, liabilities and expenses of any kind or nature, including without limitation, defense costs and attorneys' fees, which arise out of or relate to Subcontractor's failure to comply with the provisions of the Subcontract. Notwithstanding the above, Supplier will be liable for loss or damage to AAR's Equipment and other AAR property (collectively, "AAR Property") while such AAR Property is in Supplier's care, custody or control.
- c. Infringement: Subcontractor shall indemnify, defend, and hold harmless, AAR and AAR's customer and their respective officers, directors, agents, and employees against liability and losses including, without limitation, defense costs and attorneys' fees, for any allegation of or suit or action for infringement of any United States or foreign patent, copyright, trademark, or other intellectual property right arising out of the provision of Products or Services under the Subcontract or out of the use or disposal of such Products or Services by or for the account of AAR. Subcontractor shall at its own expense either procure for AAR and/or for AAR's customer, as AAR shall require in its sole discretion, the right to continue using the alleged infringing Products or Services, replace the infringing Products or Services with non-infringing Products or Services, or modify the Products or Services so that the Products or Services become non-infringing. AAR shall inform Subcontractor of the suit or action or other proceeding alleging infringement and give Subcontractor the opportunity as is afforded by applicable laws, rules, or regulations, to participate in the defense thereof.
- d. Work on AAR Premises: If the Subcontract involves performance by Subcontractor on the premises of AAR or AAR's customer, Subcontractor agrees, in addition to any other indemnification obligations in the Subcontract, to assume entire responsibility and liability for any and all damage or injury of any kind or nature whatever to persons, whether employees of Subcontractor or otherwise, and to all property, caused by, resulting from, or arising out of Subcontractor's performance or that of its agents or employees; provided, however, that any such damage or injury shall not have been caused solely by the negligence of the agents, servants, or employees of AAR or AAR's customer. Subcontractor also shall carry adequate insurance as provided in the clause entitled Insurance, to cover all such risks and to protect AAR and AAR's customer pursuant to this Clause.

## 10. PACKAGING, DELIVERY AND ADVANCE COMMITMENTS

- a. No charges shall be allowed for boxing, crating, packaging or any other handling unless such provisions are specifically agreed to in writing. All goods must be packaged appropriately to arrive at the specified destination without damage or degradation.
- b. Unless advance shipment has been authorized in writing by AAR, AAR may store or return, at Subcontractor's expense, all work received materially in advance of the scheduled delivery date.
- c. If Subcontractor becomes aware of difficulty in performing the work, Subcontractor shall timely notify AAR, in writing, giving pertinent details. This notification shall not change any delivery schedule.
- d. Unless contrary terms appear on the face hereof, all items subject to this Order shall be Delivered Duty Paid (Incoterms 2010). No acts of AAR including, without limitation, modifications of this Order or acceptance of late deliveries shall constitute a waiver of this provision by AAR. For avoidance of doubt, risk of loss shall not pass to AAR until the goods have been received and accepted by AAR at the destination specified. All shipments shall be made as specified and strictly in accordance with the time or times for delivery specified in the Order. In the event that Supplier is actually or potentially unable to make delivery by the date required on the Order, it will immediately notify AAR in writing. AAR reserves the right to cancel or modify the Order and make arrangements for completion of performance and/or purchase of substitute goods elsewhere. In the event of late delivery, Subcontractor shall be responsible for the loss to AAR including but not limited to the cost to cover any additional charges incurred as a result of the late delivery.

## 11. PAYMENT

- a. Subcontractor shall submit invoices to AAR in accordance with the terms of the Subcontract, and such invoices shall contain at least the following information: Subcontract or Repair order number, Product/part number, description of Products or Services, sizes, quantities, unit of measure, unit prices and extended totals, applicable currency, condition, and supporting documentation for the amount invoiced. Subcontractor shall provide additional invoice detail and support as may be reasonably requested from time-to-time to ensure the invoice is properly payable. AAR will pay invoices properly submitted hereunder within forty-five (45) days after receipt of an acceptable invoice. If AAR's Prime Contract is subject to FAR 52.232-40, AAR will make payment to small business vendors within thirty (30) days after receipt of an acceptable invoice. Payment by AAR shall be deemed to have been made on the date AAR deposited the payment in the U.S. mail or with another recognized commercial carrier, or the date AAR made the electronic funds payment.
- b. AAR may make any adjustment or withhold any payment reasonably appropriate in Subcontractor's invoices due to shortages, late delivery, rejections or other failure to comply with the requirements of the Subcontract. Cash discounts, if applicable, will be taken from date of receipt of invoice for material received. Payment does not constitute final acceptance.
- c. The price set forth in the Subcontract covers all Products or Services ordered by AAR. The aggregate of the payments and reimbursements due the Subcontractor by AAR shall not exceed the price for Subcontractor's Products or Services in the Subcontract and Subcontractor is not authorized to exceed nor is AAR obligated to pay Subcontractor any amount exceeding the price of the Products or Services stated in the Subcontract. Any increase in the price for the Products or Services shall be made by a change order in accordance with Clause 5, Changes.
- d. If so specified in the Subcontract, the Subcontractor shall furnish a signed Certificate of Compliance to the requirements of the Subcontract with each shipment made to AAR; to substantiate the Certificate of Compliance; the Subcontractor shall maintain inspection or test records which AAR or an AAR representative may audit from time to time.
- e. The prices set forth in this Order are all inclusive, including, but not limited to taxes, the cost of packing, crating, materials and delivery.

## 12. QUALITY SPECIFICATION

- a. Subcontractors to AAR are integral to the conformity of all products and services supplied to AAR. AAR adheres to the highest ethical standards and behavior. AAR vendors are also required to conduct business to the highest ethical levels and standards and maintain compliance with all laws and regulations applicable to the vendor's business operations. The safety of AAR products and personnel start with the supplier base. Approved AAR vendors and their subcontractors shall

ensure their employees are properly trained and equipped to safely accomplish assigned tasks to prevent product mishaps and to ensure product safety. Products must conform to all stated safety and quality standards prior to acceptance. Subcontractor shall comply with Quality clauses, requirements, or provisions specified in the Subcontract, Purchase Order, or required in these terms and conditions. Customer designated or approved sources are to be utilized at all times. Process sources include special processes such as NDT, Plating, Heat Treating, etc... should be performed by qualified and competent persons.

b. Any product that has been provided by any vendor or subcontractor to AAR that is rejected or identified as a premature failure will result in AAR issuing a Supplier Corrective Action Report (SCAR) to the vendor / subcontractor requiring a detailed root cause investigation to be conducted and corrective action to be implemented. The completed SCAR will be provided back to AAR for review and acceptance. If at any time a supplier receives a government issued Corrective Action Report or Letter of Concern for any product line or processes that affects the product provided to AAR, the supplier will immediately notify (within 24 hours) AAR.

c. All product being supplied shall meet Title 14 CFR of the Code of Federal Regulations Part 21 (Certification Procedures for Products & Parts) or Part 43 (Maintenance, Preventive Maintenance, Rebuilding, and Alterations) as applicable.

d. This purchase order or repair order is subject to all AAR Quality Assurance requirements including the following:

- 1) The material certification form must state the part condition and must show trace to a regulated source / supplier. New parts require trace to the Production Approval Holder or 121 Operator.
- 2) Supplier shall ensure that services performed are carried out in conformance with the requirements of FAA or EASA Part 145 or any higher standard as may be attained by Supplier and as agreed to by AAR. The certificate must also contain a non-incident statement. NOTE: An original airworthiness release certificate (8130-3 or equivalent) from the FAA, CAA, or EASA approved repair agency must accompany all parts when applicable.
- 3) Any goods subject to Federal Aviation Regulations must have been manufactured in accordance with FAR Part 21 Sub part F, G, K or O and must be certified accordingly. Goods manufactured outside the U.S.A. which are to be fitted to a U.S. type certificated product shall be imported into the U.S.A. in accordance with FAR part 21 Sub-part N, under a certificate of airworthiness. Goods manufactured outside the United States under EASA, or other approved Civil Aviation Authority shall be certified by EASA Form One, or approved equivalent Authorized Release Certificate/Airworthiness Approval Tag.
- 4) All return to service parts must have documentation of work performed. The return to service document must include a statement of Airworthiness Directives, Service Bulletins, and mod embodied at this visit (if applicable).
- 5) The Remarks Block of the 8130-3 (or equivalent) must state: manual, part, section, and revision numbers to which the parts were repaired.
- 6) Standard parts and/or standard hardware require a Manufacturer CofC and must be produced to an available industry standard. For non-serialized parts, ink stamp or scribe the work order number directly on part.
- 7) Outsourced repairs/overhauls must be pre-approved by AAR. Outsourced processes must be referenced in the documentation of work performed.
- 8) Material supplied on this purchase order shall be in compliance with AS9100 Section 8.4.3. Acceptance of material on this purchase order constitutes compliance with AS9100 Sections 8.4.3: (a) positive part identification and drawing revision; (b) procedures for notification of nonconforming product; (c) requirements for notification of changes to product definitions; and (d) right of access to supplier's facility and to all applicable records in support of audits, inspections by AAR or its customer or applicable regulatory authority.

e. In accordance with AAR's Aerospace Standards, all products purchased or repaired from the Supplier shall:

- 1) Notify AAR of nonconforming product,
- 2) Obtain AAR's approval for nonconforming product disposition,
- 3) Notify AAR of changes in product and/or process definition,
- 4) Changes of suppliers, change of manufacturing facility location, and where required, obtain AAR's approval,
- 5) Flow down to the supply chain the applicable requirements including customer requirements,
- 6) Ensure records are maintained for 7 years or as mutually agreed upon or dictated, and have AAR right of access, their customer and regulatory authorities to the applicable areas of all facilities, at any level of the supply chain, involved in the order and to all applicable records.

f. Material supplied on this purchase order shall be in compliance with AS9100 Section 8.4.3. Acceptance of material on this purchase order constitutes compliance with AS9100 Sections 8.4.3:

- 1) Positive part identification and drawing revision;
- 2) Procedures for notification of nonconforming product;
- 3) Requirements for notification of changes to product definitions; and
- 4) Right of access to supplier's facility and to all applicable records in support of audits, inspections by AAR or its customer or applicable regulatory authority.

g. Supplier must have and keep on file all documentation. ISO9001 or AS9100 – Manufacturing Quality System(s) Requirements ANSI/ASQ Z1.4-2003 (R2013) C=0 Required - Sampling Procedures and Tables for Inspection by Attributes ANSI-Z540.3 - 2006 (R2013) / ISO 10012:2003 - Requirements for the Calibration of Measuring and Test Equipment MIL-STD-129P- Military Marking for Shipment and Storage (UID required for parts > \$5K, or when otherwise required) MIL-STD-130N w/CHANGE 1 - Identification Marking of U.S. Military Property Shelf-Life Controlled Items (if applicable) - Must have a minimum of 80% residual shelf life on date of shipment MIL-STD-2073-1D – Standard Practice for Military Packaging AS 5553A - Counterfeit Electronics Parts; Avoidance, Detection, Mitigation, and Disposition MIL-STD-1686 or equivalent - Electro-Static Discharge (ESD) control (if applicable) - Prior to processing ESD sensitive product, establish, document and implement an Electrostatic Discharge (ESD) program.

h. All First Article Inspection Reports provided to AAR CORP. must comply with the specifications outlined in AS9102 – Aerospace First Article Inspection Requirement for all first article inspections.

- i. The Supplier/Vendor shall maintain and enforce Tool and Foreign Object Damage (FOD) control programs that meet the requirements such as the National Aerospace Standard (NAS) 412.
- j. All flight control surfaces, Rudders, Flaps, Slats, Tabs, Spoilers, Ailerons, Elevators, Stabilizers, etc. must be painted to C40 Specs: Akzo Noble Gloss White ECL-G-46.

### 13. INTELLECTUAL PROPERTY RIGHTS AND LICENSES

- a. Subcontractor and AAR agree that if Subcontractor exclusively used AAR monies (i.e. development was accomplished entirely with monies paid by AAR to Subcontractor that did not originate as a direct cost allocated to a government contract) to develop any modifications, redesigns, improvements, or derivative works protectable by intellectual property rights, then, all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Subcontractor in the course of Subcontractor's Work under the Subcontract shall be AAR intellectual property and Subcontractor hereby agrees to assign, convey, and transfer as necessary all such modifications, redesigns, improvements, or derivative works in said property to AAR without any further consideration and upon request shall execute any required papers and furnish all reasonable assistance to AAR to vest all right, title and interest in such modifications, redesigns, improvements, or derivative works to AAR. Subcontractor also agrees that Subcontractor shall only use AAR intellectual property during the term of this Subcontract and only for purposes of Subcontractor's Work pursuant to the Subcontract.
- b. Except as otherwise expressly stated herein, Subcontractor and AAR agree if Subcontractor development of modifications, redesigns, improvements, or derivative works protectable by intellectual property rights was accomplished entirely with money that originated as a direct cost allocated to a government contract, that all intellectual property rights (patent, copyright, trademark, registrations, and similar protections) relating to such modifications, redesigns, improvements, or derivative works developed by Subcontractor in the course of Subcontractor's Work under the Subcontract shall be Subcontractor intellectual property, subject to, the Government's rights in the technical data, computer software, and inventions (as those terms are defined in the Federal Acquisition Regulation ("FAR") applicable to the Prime Contract) related to Subcontractor's intellectual property. In addition to these Government rights, Subcontractor agrees to grant and hereby grants to AAR, the following licenses:
  - 1) an irrevocable, paid-up, royalty-free, world-wide, license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Unlimited Rights under FAR 52.227-14 pursuant to this Subcontract, for performance of the Prime Contract and any follow on contract; and
  - 2) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, copyrightable works, reports and works of authorship delivered to the Government with Limited Rights under FAR 52.227-14 pursuant to the Subcontract ("the Limited Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Limited Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Limited Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Limited Rights Data subject to the limitations expressed in this subparagraph; and
  - 3) an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, and distribute any and all data, computer software, copyrightable works, reports and works of authorship delivered to the Government with Government Purposes Rights under pursuant to this Subcontract ("the Government Purpose Rights Data") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Government Purpose Rights Data is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Government Purpose Rights Data to third parties (other than the Government) if the third party is under a written obligation to hold and use the Government Purpose Rights Data subject to the limitations expressed in this subparagraph; and
  - 4) an irrevocable, paid-up, royalty-free, world-wide license to use, reproduce, display, perform, disclose, and distribute any and all computer software delivered to the Government with Restricted Rights under FAR 52.227-14 or pursuant to the Subcontract ("the Restricted Rights Computer Software") subject to AAR abiding by the limitations provided in FAR 52.227-14, as applicable, as if AAR were the Government. The license to Restricted Rights Computer Software is limited to uses necessary for performance of the Prime Contract and any follow-on contract. The parties also agree that AAR shall only distribute copies of Restricted Rights Computer Software to third parties (other than the Government) if the third party is under a written obligation to hold and use the Restricted Rights Computer Software subject to the limitations expressed in this subparagraph; and
  - 5) an irrevocable, paid-up, royalty-free, world-wide license to use and execute, but not to make or have made, any and all inventions, discoveries, improvements, mask works and patents conceived, first actually reduced to practice, or required in order to use or execute Works delivered in performance of the Subcontract, the license being limited to uses necessary for AAR's performance of its Prime Contract obligation and any follow-on contract.
- c. Notwithstanding the provisions in paragraph (b), if Subcontractor exclusively used AAR monies (i.e., development was accomplished entirely with money paid by AAR to Subcontractor that did not originate as a direct cost allocated to a government contract) to develop the Work delivered to the Government with Limited Rights, Government Purposes Rights, or Restricted Rights, Subcontractor agrees to grant and hereby grants to AAR, an irrevocable, paid-up, royalty-free, world-wide license to use, modify, disclose, reproduce, release, display, perform, prepare derivative works, and distribute any and all data, computer software, copyrightable works, reports and works of authorship for any purpose and in any manner.

### 14. WARRANTY

- a. Compliance with Specifications: Upon acceptance of the Subcontract, Subcontractor agrees to supply AAR all Products or Services, in the quantities listed, in conformance with all Subcontract requirements, including but not limited to applicable Government, AAR, or other specifications or drawings, to extent specified. The required test and/or inspection reports/data resulting from Subcontractor's documentation of Subcontractor's compliance with applicable Subcontract requirements shall be kept on file at Subcontractor's facility and made available for review by AAR representatives or Government inspectors at any reasonable time.
- b. Other Warranties: Subcontractor represents and warrants to AAR and AAR's customer as follows: (1) the title of Products or Services ordered under the Subcontract and conveyed by Subcontractor shall be good and the transfer rightful and that the Products or Services shall be delivered free from any security interest or other lien or encumbrance; (2) the Products or Services delivered hereunder will be of good quality, material, and workmanship in accordance with industry standards, is merchantable, and is fit and sufficient for the purpose for which the Products or Services are intended (to the extent Subcontractor knows such purpose); (3) the Products or Services provided by Subcontractor under the

Subcontract do not infringe upon the rights of any third party. Subcontractor also agrees to and hereby provides any manufacturer's warranties the Subcontractor extends to its commercial customers of supplies or services like those purchased under this Subcontract.

- c. **Timing:** The warranties and representations specified in paragraphs a and b above, shall continue following final acceptance by AAR for a period of one year (or such longer period of time as provided on the front of the Subcontract or as Subcontractor may warrant similar work to its most favored customer). The warranties also shall cover any Products or Services corrected or furnished in replacement to the same extent as Products or Services initially furnished with the warranty period commencing on delivery of the conforming corrected or replacement Products or Services. No approval of data or drawings shall relieve Subcontractor of its warranties provided in the Subcontract.
- d. **Most Favored Customer:** Subcontractor warrants that the prices, terms of payment, warranties and services extended under the Subcontract are no less favorable to AAR than those extended to Subcontractor's most favored customer for Products or Services substantially similar to the Products or Services ordered hereunder.
- e. In accordance with FAR 46.706(b)(5), the Subcontractor shall stamp or mark the supplies delivered, or otherwise furnish notice with the supplies, of the existence of a warranty, if any. Sufficient information shall be presented for supply personnel and users to identify warranted supplies. Warranty information shall include the terms and duration of the warranty and the name and telephone number of the Subcontractor's Representative to be notified if the supplies are found to be defective.

## 15. Subcontractor TERMINATION FOR CAUSE

16. AAR may terminate this Subcontract, or any part hereof, for cause in the event of any default by the Subcontractor, or if the Subcontractor fails to comply with any contract terms and conditions, or fails to provide AAR, upon request, with adequate assurances of future performance. In the event of termination for cause, AAR shall not be liable to the Subcontractor for any amount for supplies or services not accepted, and the Subcontractor shall be liable to AAR for any and all rights and remedies provided by law. If it is determined that AAR improperly terminated this Subcontract for default, such termination shall be deemed a termination for convenience. **TERMINATION FOR AAR'S CONVENIENCE**

AAR reserves the right to terminate the Subcontract, or any part hereof, for convenience with written notice of termination. In the event of such termination, Subcontractor shall immediately stop all work hereunder and shall immediately cause any and all of its suppliers and subcontractors to cease work. Subject to the terms of the Subcontract, Subcontractor shall be paid a percentage of the Subcontract price reflecting the percentage of the work performed prior to the notice of termination, plus reasonable charges that Subcontractor can demonstrate to the satisfaction of AAR using its standard record keeping system and, have resulted from the termination (the "Termination Settlement"). This Clause does not give AAR any right to audit Subcontractor's records. Subcontractor shall not be paid for any work performed or costs incurred which reasonably could have been avoided. Subcontractor must submit a fully supported termination for convenience cost proposal within thirty (30) days from the date of AAR's written notification to Subcontractor of the termination for convenience or such further time as AAR may allow in writing. Subcontractor's failure to comply with the time deadlines in this Clause for submitting a termination for convenience proposal shall waive Subcontractor's right to recover any termination for convenience amounts.

The clause set forth in FAR 52.249-2 is incorporated and made a part hereof, except that in Paragraph (e) the reference to a "year" period for submission of a final termination proposal is changed to "six months," and where used therein, the term "Contractor" shall mean "Subcontractor," the term "Contract" shall mean "Repair order," and the term "Government/Contracting Officer" shall mean "AAR." The reference to "Disputes clause" in Paragraph (j) of FAR 52.249-2 shall mean the Disputes clause in this Repair order.

## 17. STOPWORK

- a. AAR may at any time, by written order to Subcontractor, require Subcontractor to stop all, or part, of the work called for by the Subcontract for a period of up to ninety (90) days after the Stop Work Order is delivered to Subcontractor, and for any further period to which the parties may agree. AAR shall specifically identify any such order as a Stop Work Order issued pursuant to this Clause. Upon receipt of such an order, Subcontractor shall forthwith comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the Subcontract during the period of work stoppage. Within a period of ninety (90) days after a Stop Work Order is delivered to Subcontractor, or within any extension of that period to which the parties shall have agreed to in writing, AAR shall either:
  - 1) Cancel the Stop Work Order; or
  - 2) Terminate the work covered by such Stop Work Order as provided in the Termination for Cause or the Termination for AAR's Convenience Clause.
- b. If a stop-work order issued under this clause is canceled or the period of the order or any extension thereof expires, the Subcontractor shall resume work. AAR shall make an equitable adjustment in the delivery schedule or price, or both, and the Subcontract shall be modified, in writing, accordingly, if --
  - 1) The stop-work order results in an increase in the time required for, or in the Subcontractor's cost properly allocable to, the performance of any part of the Subcontract; and
  - 2) The Subcontractor asserts its right to the adjustment within 30 days after the end of the period of work stoppage; provided, that, if AAR decides the facts justify the action, AAR may receive and act upon the claim submitted at any time before final payment under the Subcontract.
- c. If a stop-work order is not canceled and the work covered by the order is terminated for convenience, AAR shall allow reasonable costs resulting from the stop-work order in arriving at the termination settlement.
- d. If a stop-work order is not canceled and the work covered by the order is terminated for cause, AAR shall allow, by equitable adjustment or otherwise, reasonable costs resulting from the stop-work order.

## 18. DISPUTE RESOLUTION

- a. **Negotiation:** Except for the right of either party to apply to a court of competent jurisdiction for a temporary restraining order, a preliminary injunction, or other equitable relief to preserve the status quo or prevent irreparable harm, the parties agree that any Dispute between them or against any agent, employee, successor, or assign of the other arising under or related to this contract shall be settled to the extent possible by good faith negotiations. Any Dispute which cannot be resolved by good faith negotiations within thirty (30) days or such longer period as the parties may mutually agree to in writing shall be resolved in the courts with the appropriate jurisdiction located in the 18th Judicial Circuit of

the State of Illinois or the U.S. District Court for the Northern District of Illinois (Eastern Division), and each party submits to the jurisdiction of each such court in any such action.

- b. Waiver and Jury Trial: The parties mutually and intentionally agree, to the extent permitted by law, to waive all rights to a trial by jury of any Dispute. The parties specifically acknowledge that this mutual waiver is made knowingly and voluntarily after an adequate opportunity to negotiate its terms.
- c. Cost and Fees: The prevailing party in any action related to the dispute or interpretation of the Subcontract shall be entitled to recover its reasonable attorney's fees incurred in pursuing the action, including those fees incurred throughout all bankruptcy and appellate proceedings.
- d. Subcontractor's Obligation to Continue Performance: Pending any prosecution, appeal or final decision referred to in this Clause, or the settlement of any dispute arising under the Subcontract, Subcontractor shall proceed diligently as directed by AAR with performance of the Subcontract.

## 19. PRODUCT SUPPORT

In the event the Subcontractor discontinues manufacture of the aforementioned items, subassemblies, and spare parts, or no longer supports the items purchased and does not provide for another qualified source, the Subcontractor shall make available to AAR data necessary to manufacture or procure said items, subassemblies, and spare parts under a royalty-free license which is hereby granted.

## 20. DISCLOSURE OF INFORMATION

- a. Subcontractor shall not release to anyone outside the Subcontractor's organization any Information, regardless of medium (e.g., film, tape, document), pertaining to any part of the Subcontract or any program related to the Subcontract unless:
  - a. AAR has given prior written approval, or
  - b. The information is otherwise in the public domain before the date of release.
- b. Requests for approval shall identify the specific information to be released, the medium to be used, and purpose for the release. Subcontractor shall submit its request to AAR at least sixty (60) days before the proposed date for release. Subcontractor agrees to include a similar requirement in each supplier subcontract under the Subcontract. Subcontractor's subcontractorss shall submit requests for authorization to release through Subcontractor to AAR. Subcontractor shall not, without the prior written consent of AAR, use in advertisements and any other media, information relating to the requirements set forth in the Subcontract. Subcontractor shall formally transmit to AAR a request for such releases including the exact wording and any sketches or photographs which may form a part of the release.

## 21. PARTS OBSOLESENE AND COUNTERFEIT PARTS

- a. AAR may desire to place additional orders for items purchased hereunder. Subcontractor shall provide AAR with a "Last Time Buy Notice" as soon as reasonably possible prior to any action to discontinue sale or manufacture of any item purchased under this Subcontract
- b. Subcontractor shall have a Supplier shall have a process for Counterfeit Parts I.A.W. DFAR 252.246-7007, AC 20-154 and AC 21-29, or AS5553 and AS6174. Subcontractor and its sub-tier suppliers shall ensure that only non-counterfeit parts and products are delivered to AAR. For further prevention of inadvertent use of counterfeit parts, Subcontractor shall only procure directly from the OEM, Original component manufacturer (OCM) or through OEM/OCM authorized distribution chain unless first approved in writing by AAR through the submission and approval of a request. Subcontractor must obtain written approval to use non-franchised distributors/brokers and must present complete and compelling support of all actions to ensure parts procured are legitimate, authentic, non-counterfeit parts.

## 22. GRATUITIES

Subcontractor agrees not to offer or provide any Gratuities to any officers, employees, agents or representatives of AAR. AAR may terminate the Subcontract for default as provided in the clause entitled Termination for Cause, if AAR discovers that Gratuities were offered or given by Subcontractor, or any agent or representative of Subcontractor, to any officer, employee, agent or representative of AAR with a view toward securing a Subcontract or securing favorable treatment with respect to the awarding or the making of any determinations with respect to the performing of the Subcontract. In the event AAR terminates the Subcontract for cause as provided herein, AAR may pursue any of the remedies set forth in Clause entitled, Termination for Cause, in addition to any other rights or remedies provided by law, in equity, or the Subcontract.

## 23. MATERIAL ADVERSE CHANGE

- a. In the event Subcontractor experiences or reasonably expects to experience a Material Adverse Change in its business operations, Subcontractor will promptly notify AAR in writing of such Material Adverse Change no later than five (5) days after such change occurs. For purposes of this section, "Material Adverse Change" will mean any change (whether related to financial considerations or otherwise) that negatively affects:
  - 1) Subcontractor's ability to perform its obligations under the Subcontract or these General Provisions;
  - 2) AAR's rights and remedies under the Subcontract or these General Provisions;
  - 3) Inability to pay creditors when due; and/or
  - 4) The validity or enforceability of the Subcontract or these General Provisions.
- b. If, in the reasonable opinion of AAR, Subcontractor's Material Adverse Change is likely to negatively affect Subcontractor's performance of its obligations hereunder, AAR will be entitled to request reasonable assurances of performance from Subcontractor, which Subcontractor will provide in writing within seven (7) days of AAR's written request. If such assurances are not adequate, AAR will be entitled to immediately terminate the Subcontract for cause upon written notice to Subcontractor.

## 24. TAXES

- a. Except as set forth in subparagraph b. below, the price set forth in the repair order is hereby understood and agreed to include all applicable foreign, Federal, state and local taxes, including but not limited to any sales and use taxes. No liability shall accrue to AAR for any such taxes.
- b. AAR certifies that any material purchased hereunder, unless otherwise specified, and until this notice is revoked in writing by AAR, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale.



## 25. SURVIVAL

The General Provisions of the Subcontract, which by their very nature would continue beyond the termination, cancellation, or expiration of the Subcontract, including, without limitation the clauses entitled, Definitions, Indemnification, Inspection & Acceptance, Intellectual Property Rights and Licenses, Warranty, Termination for Cause, Termination for Convenience, Dispute Resolution, Disclosure of Information, Survival, Severability, Notice, Prohibited Software, Compliance With Laws, Applicable Law, and Compliance With International Environmental Requirements on Hazardous Substances And Waste Recycling Laws, shall continue as valid and enforceable rights and obligations of the parties and survive termination, cancellation, or expiration of the Subcontract.

## 26. SEVERABILITY

In the event any portion of the Subcontract conflicts with governing law or if any arbitration panel or court of competent jurisdiction holds invalid any portion of the Subcontract, such portion (and only such portion) shall be deemed severed or modified to reflect as nearly as possible the parties' intent. The remainder of the Subcontract shall remain in full force and effect.

## 27. ASSIGNMENT AND SETOFF

Subcontractor shall not assign this Repair order or any rights, claims, or obligations under this Order without prior written consent of AAR, and any such attempted assignment shall be void. All claims for monies due or to become due from AAR shall be subject to deduction by AAR for any setoff or claims which AAR may have against Subcontractor arising out of this or any other of the AAR Repair orders with Subcontractor, whether such setoff or counterclaim arose before or after any such assignment by Subcontractor. In no event shall copies of this Repair order, specifications or other similar documents relating to work under this Repair order if marked "Top Secret," "Secret," or "Confidential" be furnished to any assignee of any claim arising under this Repair order without the prior written consent of the Contracting Officer.

## 28. FORCE MAJEURE

Notwithstanding any other provision of the Subcontract, neither AAR nor Subcontractor shall be liable for delay or failure of performance occasioned by causes beyond its control, including, but not limited to, acts of God or the public enemy, civil unrest, riots, acts of terrorism, declared or undeclared war, fire, floods, unusually severe weather, earthquakes, or volcanoes ("Force Majeure Event"). If either Party is affected by a Force Majeure Event, the affected party shall give the other written notice, which shall cause, without penalty to either Party, all obligations under this Subcontract to be immediately suspended for a period of sixty (60) days. If the period of suspension caused by the Force Majeure Event exceeds that first sixty-day period, AAR either may terminate the Subcontract for convenience in accord with the Termination for AAR's Convenience Clause, or suspend the Subcontract for an additional period under the Stop Work clause.

## 29. NONWAIVER

AAR's failure to enforce any provision of the Subcontract or to protest any breach or default of the Subcontract by Subcontractor shall not be construed as evidence of (or evidence to interpret) the rights or obligations of the parties, or as a waiver of any Subcontractor obligation or AAR right provided under the Subcontract or applicable law. No right or remedy of AAR shall be deemed waived or released unless such waiver or release is in writing and signed by an Authorized AAR Procurement Official.

## 30. FOREIGN TRANSACTIONS

Subcontractor, at its own expense, agrees to comply with all laws and regulations of the United States related to exports, imports, and foreign transactions, including, but not limited to, the International Traffic in Arms Regulations (ITAR) (22 C.F.R. §§ 120-130), the Export Administration Regulations (EAR) (15 C.F.R. §§ 730-774), and the National Industrial Security Program Operating Manual (NISPOM) (DoD 5220.22-M). Subcontractor also agrees to obtain, at its sole expense, any export licenses or other official authorizations and to carry out any customs or immigration formalities or similar requirements for the export of any Products or Services covered by the Subcontract. Subcontractor specifically shall obtain all required authorizations from the U.S. Government before transferring or otherwise disclosing technical data or technology (as those terms are defined in 22 C.F.R. § 120.10 and 15 C.F.R. § 722.1, respectively), to any Foreign Person (as defined in 22 C.F.R. § 120.16). Subcontractor also shall provide written notification to AAR before assigning or granting access to a Foreign Person to any work, equipment, supplies, or technical data related to the Subcontract. Subcontractor also agrees to bear sole responsibility for all regulatory record keeping associated with the use of licenses and license exceptions/exemptions. AAR may deem Subcontractor's failure to comply with the requirements of this Clause a material failure to perform under the Subcontract that shall subject Subcontractor to termination in accordance with the Termination clause.

## 31. EXPORT CONTROL COMPLIANCE

The Subcontractor agrees to comply with all U.S. Government regulations, as found in 22 CFR 120-130, International Traffic in Arms Regulations (ITAR), and 15 CFR 730-774, Export Administration Regulations (EAR). Whenever granting access to equipment or technology to a foreign vendor/Subcontractor, or before assigning any Foreign Person (as defined in 22 CFR 120.16) to perform work under this Contract, the Subcontractor also agrees to notify AAR in writing prior to assigning or granting access to a Foreign Person to any work, equipment, or technical data in performance of this Contract. Failure to comply may be deemed a material failure to perform under this Subcontract or Repair order and shall subject Subcontractor to termination in accordance with the Default clause.

## 32. PROHIBITED SOFTWARE

- a. This clause only applies to Work/Product that includes the delivery of software.
- b. As used herein, "Prohibited License" means the General Public License ("GPL") or Lesser/Library GPL, the Artistic License (e.g., PERL), the Mozilla Public License, the Netscape Public License, the Sun Community Source License, the Sun Industry Standards License, or variations thereof, including without limitation licenses referred to as "GPL-Compatible, Free Software License."
- c. As used herein, "Prohibited Software" means software that incorporates or embeds software in, or integrates 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 Prohibited License, or (3) software provided under a license that (a) subjects the delivered software to any Prohibited 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 AAR 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.

- d. Unless SUBCONTRACTOR has obtained AAR's prior written consent, which AAR may withhold in its sole discretion, SUBCONTRACTOR shall not use in connection with this Contract, or deliver to AAR, any Prohibited Software.
- e. SUBCONTRACTOR agrees to defend, indemnify, and hold harmless AAR, its customers and suppliers from and against any claims, damages, losses, costs, and expenses, including reasonable attorneys' fees, to the extent caused by AAR's use in connection with the Subcontract or the delivery of Prohibited Software.

### 33. COMPLIANCE WITH LAWS

Subcontractor agrees in the performance of the Subcontract to comply with all applicable International, Federal, state, and local laws, regulations, rules and orders, and any applicable Executive Orders. Subcontractor shall procure all licenses, permits, and pay all fees, and other required charges, and shall comply with all applicable guidelines.

### 34. APPLICABLE LAW

35. The Subcontract and any Dispute arising under or relating to the Subcontract, irrespective of the place of performance, shall be governed by the laws of the State of Illinois, excluding its choice of law rules and the Convention for the International Sale of Goods, if otherwise applicable. Notwithstanding the foregoing, any provision of the Subcontract that incorporates in text or by reference a provision of the FAR shall be construed and interpreted according to the federal common law of government contracts, as interpreted by federal judicial bodies, boards of contracts appeals, and other quasi-judicial agencies of the federal government.

Each party hereto is an independent contractor and nothing contained in the Subcontract shall be construed to be inconsistent with this relationship or status. As an independent contractor, each party has relied on its own expertise or the expertise of its legal, financial, technical or other advisors. Neither party owes a fiduciary duty to the other. Nothing in the Subcontract shall be deemed to represent that Subcontractor or any of Subcontractor's employees or agents, are the agents, representatives, or employees of AAR. Subcontractor assumes full and sole responsibility for the payment of all compensation, expenses, benefits (including, but not limited to, workers' compensation, and medical benefits) of its employees and for all state and United States income tax, unemployment insurance, social security, disability insurance, and other applicable withholdings or taxes. Subcontractor shall also pay any expenses normally paid by an employer in connection with its employees.

### 36. COMPLIANCE WITH INTERNATIONAL ENVIRONMENTAL REQUIREMENTS ON HAZARDOUS SUBSTANCES AND WASTE RECYCLING LAWS (applicable if Supplier notified of European Union deliverables)

- a. Subcontractor warrants that that it shall perform all obligations under this Agreement in compliance with all applicable U.S., Canada, South America, Pacific Rim, EU, state/provincial and local environmental, health and safety laws and regulations. At different times at AAR's request, Subcontractor shall provide certificates of compliance to AAR indicating compliance with the provisions of this clause.
- b. Subcontractor warrants that the resale, supply or export of any material (whether used as a component or otherwise) by AAR in any market will not violate any law or regulation in any jurisdiction world-wide on the use of hazardous substances, or the recycling or treatment of waste equipment including, but not limited to, the laws implementing the European Union Directive (2011/65/EU) on the Restriction on the Use of Certain Equipment "RoHS 2 Directive" and European Union Directive (2012/19/EU) on Waste Electrical and Electronic Equipment ("WEEE Directive") (together, "Applicable Laws"). The above laws do not apply to supplies provided under this Subcontract which are intended for specifically military purposes, for security equipment, for computers for aircraft, for space flight, for large scale fixed installations( Radars, Communication towers),or for means of transport (aircraft, trains, etc.).
- c. Subcontractor warrants to AAR that no material contains any lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls or polybrominated diphenyl ethers or other substance or any other hazardous substances the use of which is restricted under EU Directive (2011/65/EU); chemicals restricted under the Montreal Protocol on ozone-depleting substances; or other chemical the use of which is restricted in any other jurisdictions to which AAR informs Subcontractor the materials are likely to be shipped or the Subcontractor knows the materials are likely to be shipped to or through; (in a quantity other than in compliance with the Applicable Laws), the use of which is banned or restricted by any Applicable Law.
- d. As soon as Subcontractor is aware of any non-compliance but in no event any later than prior to the delivery of any material, Subcontractor shall identify in writing to AAR (1) any and all components and materials contained in the material that may require recycling or other treatment under the laws and regulations implementing the Applicable Laws, (2) the location of any component or material that is hazardous within the meaning of the WEEE Directive or other Applicable Laws, and any material that is required by the Applicable Laws to be marked shall be so marked by Subcontractor.
- e. AAR shall have the right to audit Subcontractor's compliance with the Applicable Laws. Subcontractor shall provide AAR with all such information and documentation that it may reasonably require (including access to its staff and facilities) to enable AAR to satisfy itself of the Subcontractor's compliance with all Applicable Laws and that the Clause entitled Warranty remains true and accurate.
- f. Subcontractor shall bear all costs and expenses, including but not limited to those related to recycling or taking back the Products or Services, arising out of or related to either AAR or Subcontractor complying with the Applicable Laws and placing the Products or Services on, or their importation into, any jurisdiction worldwide.
- g. Subcontractor shall indemnify and hold AAR harmless from any cost, expense, liability or damage suffered by AAR by reason of any breach or alleged breach of any of the Applicable Laws arising out of or related to the Products or Services.

### 37. CERTIFICATION

Refer to AAR's, "Certification, Traceability, Shipping and Packaging Requirements for AAR Suppliers/Vendors" for additional details.

Wherever appropriate to the goods or services purchased with this Order, Subcontractor shall provide certification meeting the standards and requirements of the Federal Aviation Administration's AC 00-56 (latest revision), applicable Federal Aviation Administration regulations, EASA, CAA regulations, specified Purchase Order requirements and generally accepted industry standards, including but not limited to: Certificates of Conformance, Test Reports, Manufacturer's Certifications, and FAA Airworthiness Release Documentation.

All manufacturers' certificates of conformance, airworthiness releases, logs, and other documents shall be signed originals or certified true copies.

Certificate of Conformance (CofC) Certifying that articles/products have been manufactured, tested, and inspected in accordance with the requirements of the applicable specifications/drawings and the results meet the requirements of such tests and inspections.” CofC to include as a minimum:

Supplier name and address;

Buyer’s name and address;

Purchase Order number;

Quantity (quantities to be separated by traceability number);

Date;

OEM Part/Drawing number and revision (if applicable);

Source Control Part/Drawing (SCD) number(s) and revision (if applicable);

Serial Number(s) (if applicable);

Traceability numbers (Lot, Work Order, Batch, Date Code, etc. if applicable);

Manufacture and/or cure date (if applicable); Storage conditions (if applicable);

Signature of authorized Quality representative (Electronic signature is acceptable providing the supplier has documented procedures).

For all documents not in English, Subcontractors shall provide, at Subcontractor's expense, a certified English translation.

Condition of part must be notated on packing slip and invoice (i.e. New, New Surplus, OH, Repaired, etc.).

All parts shall meet the requirement of 14 CFR Part 21.9 (acceptable forms of documentation for articles are :FAA Form 8130-3 or EASA Form 1, or a Certificate of Conformance Issued by Production Approval Holder).

Standard parts and/or hardware require a Manufacturer CofC and must be produced to an industry standard.

All Military Specific Parts, Tooling, and GSE must have a Certificate of Conformance in accordance with the format established in FAR 52.246-15.

A Certificate of Conformity from manufacturer must accompany new parts or new surplus parts.

Repaired, overhauled parts must include an 8130-3 or equivalent Certificate of Airworthiness and must be dual release, if applicable.

If calibrated equipment is shipped, it must be with a current Certificate of Calibration.

Material Safety Data Sheets must accompany all HAZMAT items.

Burn Certificates/Analysis Reports must be included with shipment when applicable. Additionally, Subcontractor shall provide a certified statement disclosing whether parts or material were or were not:

Subjected to conditions of extreme stress, corrosive agents, heat, environment or operation outside normal parameters or OEM limits; and

Obtained from the U.S Government or military sources. Note that AAR will not accept any military surplus parts unless pre-approved in writing by AAR’s customer.

Note that all parts shipped must have a remaining shelf life of 80% or greater.

All part numbers shipped must match the part number on the purchase order, packing slip and invoice.

Purchase order number must also be referenced on the air waybill.

All goods shall be traceable in accordance with FAA Advisory Circular 20-62, latest revision.

## 38. SELLER AND SUBCONTRACTOR COST AND PRICING DATA PROVISIONS

### 1) SELLER AND SUBCONTRACTOR COST AND PRICING DATA

- 1) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, or before pricing any Subcontract modification involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, the Subcontractor shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- 2) The Subcontractor shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 1) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract modification.
- 3) In each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4, when entered into, the Subcontractor shall insert either—
  - a. The substance of this clause, including this paragraph 3), if paragraph 1) above requires submission of cost or pricing data for the Subcontract; or
  - b. The substance of the clause at FAR 52.215-13, Subcontractor Cost or Pricing Data – Modifications.

### 2) SUBCONTRACTOR COST AND PRICE DATA – MODIFICATIONS

- 1) The requirements of paragraphs 2) and 3) of this clause shall (1) become operative only for any modification to this Contract involving a pricing adjustment expected to exceed the threshold for submission of cost or pricing data at (FAR) 15.403-4; and (2) be limited to such modifications.

- 2) Before award of any Subcontract expected to exceed the threshold for submission of cost or pricing data at FAR 15.403-4, 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 the threshold for submission of cost or pricing data at FAR 15.403-4, the Subcontractor shall submit cost or pricing data (actually or by specific identification in writing), unless an exception under FAR 15.403-1 applies.
- 3) The Subcontractor shall certify in substantially the form prescribed in Subsection 15.406-2 of the Federal Acquisition Regulation (FAR) that, to the best of its knowledge and belief, the data submitted under paragraph 2) above were accurate, complete, and current as of the date of agreement on the negotiated price of the Subcontract or Subcontract on the date of agreement on price or the date of award, whichever is later.
- 4) The Subcontractor shall insert the substance of this clause, including this paragraph 4), in each Subcontract that exceeds the threshold for submission of cost or pricing data at FAR 15.403-4 on the date of agreement on price or the date of award, whichever is later.

### 3) INDEMNITY FOR DEFECTIVE PRICING

The Subcontractor shall indemnify AAR for any liability or other cost incurred including attorneys' fees which may arise under FAR Clauses 52.215-10 or 52.215-11, hereby incorporated by reference, which results from or by reason of submittal of defective cost or pricing data to AAR by Subcontractor. In the event that determination is made under AAR Contract with its customer that incomplete, not current, or inaccurate cost or pricing data was furnished by Subcontractor and that as a consequence of such determination that AAR Contract Price is reduced, AAR shall in turn reduce Subcontractor's Repair order price by a corresponding amount (less Buyer's fee) and submit written notification thereof to the Subcontractor within fifteen

(15) days of AAR receipt of notice from the Contracting Officer. In the event the Subcontractor disagrees with the determination, and if the Subcontractor (1) timely requests AAR to appeal from such determination under the "Disputes" clause of the Prime Contract, and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Subcontractor's expense, to appeal from such determination in the AAR name and on Subcontractor's behalf pursuant to the "Disputes" clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment had already been made on the Repair order in question, the Subcontractor would be required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Subcontractor to payment of interest based on the then prevailing legal interest rate.

### 4) COST OR PRICING DATA REQUIREMENTS

FAR 52.215-21, Requirements for Cost or Pricing Data – Modifications, is hereby incorporated by reference.

### 5) WAIVER OF FACILITIES CAPITAL COST OF MONEY

If the Contractor did not include facilities capital cost of money as a proposed cost of the contract, it shall be an unallowable cost under this Contract.

## 39. GOVERNMENT AND AAR FURNISHED PROPERTY

If AAR or AAR' Customer furnishes property to Subcontractor under the Repair order, FAR 52.245-2 shall be incorporated herein, with the following modifications:

- a. The term "Contractor" shall mean "Subcontractor."
- b. The term "Government" shall mean "Government or AAR."
- c. The term "Contracting Officer" shall mean "AAR."
- d. Subparagraphs (g)(1)–(g)(4) shall be deleted and replaced with the following:

(g) Risk of loss (1) Unless otherwise provided in this Repair order, Subcontractor assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, Government or AAR property while in Subcontractor's possession or control.

(2) Subcontractor shall return all Government or AAR property in as good a condition as when received, except for reasonable wear and tear or for its use in accordance with the provisions of the Repair order.

## 40. TITLE TO TOOLING

Designs, tools, jigs, dies, fixtures, molds, taps, gauges, templates, patterns, drawings, and other equipment and aids (hereinafter collectively called tools) paid for or furnished by AAR shall be AAR property and Subcontractor shall not encumber or dispose of them in any way. Subcontractor shall maintain such tools in first-class condition. Such tools shall be used exclusively for production under the AAR Contract provided that Subcontractor may, upon prior written notice to AAR and if such use shall not interfere with the performance of this or other AAR orders, use such tooling in the manufacture of end items for direct sale to the Government to the extent that the Government has the right under its Prime Contracts with AAR to authorize such use, but Subcontractor must permanently identify each such end item as having been manufactured by Subcontractor for direct sale to the Government. Listings of Tools, Property Control, Maintenance, Disposition of Tooling, and AAR/Government's rights and title to tooling shall be in accordance with provisions of FAR 52.245- 17, Special Tooling, except that references therein to Government or Contracting Officer shall include AAR.

## 41. LABOR PROVISIONS

### 1) EQUAL OPPORTUNITY

- 1) If, during any 12-month period (including the 12 months preceding the award of this contract), the Contractor has been or is awarded nonexempt Federal contracts and/or subcontracts that have an aggregate value in excess of \$10,000, the Contractor shall comply with subparagraphs 2) a) through k) of this clause. Upon request, the Contractor shall provide information necessary to determine the applicability of this clause.
- 2) During the performance of this contract, the Contractor agrees as follows:
  - a. The Contractor shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. However, it shall not be a violation of this clause for the Contractor to extend a publicly announced preference in employment to Indians living on or near an Indian reservation, in connection with employment opportunities on or near an Indian reservation, as permitted by 41 CFR 60-1.5.

- b. The Contractor shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. This shall include, but not be limited to—
    - i. Employment;
    - ii. Upgrading;
    - iii. Demotion;
    - iv. Transfer;
    - v. Recruitment or recruitment advertising;
    - vi. Layoff or termination;
    - vii. Rates of pay or other forms of compensation; and
    - viii. Selection for training, including apprenticeship
  - c. The Contractor shall post in conspicuous places available to employees and applicants for employment the notices to be provided by the Contracting Officer that explain this clause.
  - d. The Contractor shall, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
  - e. The Contractor shall send, to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, the notice to be provided by the Contracting Officer advising the labor union or workers' representative of the Contractor's commitments under this clause, and post copies of the notice in conspicuous places available to employees and applicants for employment.
  - f. The Contractor shall comply with Executive Order 11246, as amended, and the implementing rules, regulations, and orders of the Secretary of Labor.
  - g. The Contractor shall furnish to the contracting agency all information required by Executive Order 11246, as amended, and by the rules, regulations, and orders of the Secretary of Labor. The Contractor shall also file Standard Form 100 (EEO-1), or any successor form, as prescribed in 41 CFR part 60-1. Unless the Contractor has filed within the 12 months preceding the date of contract award, the Contractor shall, within 30 days after contract award, apply to either the regional Office of Federal Contract Compliance Programs (OFCCP) or the local office of the Equal Employment Opportunity Commission for the necessary forms.
  - h. The Contractor shall permit access to its premises, during normal business hours, by the contracting agency or the OFCCP for the purpose of conducting on-site compliance evaluations and complaint investigations. The Contractor shall permit the Government to inspect and copy any books, accounts, records (including computerized records), and other material that may be relevant to the matter under investigation and pertinent to compliance with Executive Order 11246, as amended, and rules and regulations that implement the Executive Order.
  - i. If the OFCCP determines that the Contractor is not in compliance with this clause or any rule, regulation, or order of the Secretary of Labor, this contract may be canceled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts, under the procedures authorized in Executive Order 11246, as amended. In addition, sanctions may be imposed and remedies invoked against the Contractor as provided in Executive Order 11246, as amended; in the rules, regulations, and orders of the Secretary of Labor; or as otherwise provided by law.
  - j. The Contractor shall include the terms and conditions of subparagraphs 2) a) through k) of this clause in every subcontract or repair order that is not exempted by the rules, regulations, or orders of the Secretary of Labor issued under Executive Order 11246, as amended, so that these terms and conditions will be binding upon each subcontractor or vendor.
  - k. The Contractor shall take such action with respect to any subcontract or repair order as the Contracting Officer may direct as a means of enforcing these terms and conditions, including sanctions for noncompliance, provided, that if the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of any direction, the Contractor may request the United States to enter into the litigation to protect the interests of the United States.
- 3) Notwithstanding any other clause in this contract, disputes relative to this clause will be governed by the procedures in 41 CFR 60-1.1.

2) NOTICE TO AAR OF LABOR DISPUTES

Whenever Subcontractor has knowledge that any actual or potential labor dispute is delaying or threatens to delay the timely performance of this Repair order, Subcontractor shall immediately give notice thereof, including all relevant information with respect thereto, to AAR. Subcontractor shall include this Paragraph b. in each lower-tier Subcontract under this Repair order.

42. UTILIZATION OF SMALL BUSINESS CONCERNS

The following clause is incorporated by reference.

- 1) Utilization of Small Business Concerns FAR 52.219-8.

43. SMALL BUSINESS SUBCONTRACTING PROGRAM

In the event this Repair order, or any modification thereto, exceeds seven hundred thousand dollars (\$750,000) the provisions of the following FAR clauses in the Prime Contract on the effective date of the Repair order are incorporated herein by reference.

- 1) Small Business Subcontracting Plan FAR 52.219-9, if this Repair order award was negotiated, or Alternate 1, if this Repair order award was the result of a sealed bidding, DFARS 252.219-7003 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (DOD Contracts).
- 2) Pursuant to the clause entitled "Small Business Subcontracting Plan," the Subcontractor agrees to report in eSRS, as required, in accordance

with the instructions on the forms.

#### 44. COST ACCOUNTING STANDARDS

##### 1) COST ACCOUNTING STANDARDS

- 1) Unless the Contract is exempt under 48 CFR 9903.201-1 and 9903.201-2, the provisions of 48 CFR Part 9903 are incorporated herein by reference and the Contractor, in connection with this Contract, shall—
  - a. (CAS-covered Contracts Only) By submission of a Disclosure Statement, disclose in writing the Contractor's cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5, including methods of distinguishing direct costs from indirect costs and the basis used for allocating indirect costs. The practices disclosed for this Contract shall be the same as the practices currently disclosed and applied on all other Contracts and Subcontracts being performed by the Contractor and which contain a Cost Accounting Standards (CAS) clause. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
  - b. Follow consistently the Contractor's cost accounting practices in accumulating and reporting Contract performance cost data concerning this Contract. If any change in cost accounting practices is made for the purposes of any Contract or Subcontract subject to CAS requirements, the change must be applied prospectively to this Contract and the Disclosure Statement must be amended accordingly. If the Contract price or cost allowance of this Contract is affected by such changes, adjustment shall be made in accordance with subparagraph 1)d) or 1)e) of this clause, as appropriate.
  - c. Comply with all CAS, including any modifications and interpretations indicated thereto contained in 48 CFR Part 9904, in effect on the date of award of this Contract or, if the Contractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Contractor's signed certificate of current cost or pricing data. The Contractor shall also comply with any CAS (or modifications to CAS) which hereafter become applicable to a Contract or Subcontract of the Contractor. Such compliance shall be required prospectively from the date of applicability to such Contract or Subcontract.
  - d. (i) Agree to an equitable adjustment as provided in the Changes clause of this Contract if the Contract cost is affected by a change which, pursuant to subparagraph 1)c) of this clause, the Contractor is required to make to the Contractor's established cost accounting practices.
    - i. Negotiate with the Contracting Officer to determine the terms and conditions under which a change may be made to a cost accounting practice, other than a change made under other provisions of subparagraph 1)d) of this clause; provided, that no agreement may be made under this provision that will increase costs paid by the United States.
    - ii. When the parties agree to a change to a cost accounting practice, other than a change under subdivision 1)d)(i) of this clause, negotiate an equitable adjustment as provided in the Changes clause of this Contract.
  - e. Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Contractor or a Subcontractor fails to comply with an applicable Cost Accounting Standard, or to follow any cost accounting practice consistently and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States, together with interest thereon computed at the annual rate established under Section 6621 of the Internal Revenue Code of 1986 (26U.S.C. 6621) for such period, from the time the payment by the United States was made to the time the adjustment is affected. In no case shall the Government recover costs greater than the increased cost to the Government, in the aggregate, on the relevant contracts subject to the price adjustment, unless the Contractor made a change in its cost accounting practices of which it was aware or should have been aware at the time of price negotiations and which it failed to disclose to the Government.
- 2) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, or records relating to compliance with the requirements of this clause.
- 3) The Contractor shall include in all negotiated Subcontracts which the Contractor enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts, of any tier, including the obligation to comply with all CAS in effect on the Subcontractor's award date or if the Subcontractor has submitted cost or pricing data, on the date of final agreement on price as shown on the Subcontractor's signed Certificate of Current Cost or Pricing Data. If the Subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the FAR shall be inserted. This requirement shall apply only to negotiated Subcontracts in excess of \$2,000,000, except that the requirement shall not apply to negotiated Subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.

##### 2) ADMINISTRATION OF COST ACCOUNTING STANDARDS

For the purpose of administering the Cost Accounting Standards (CAS) requirements under this Contract, the Contractor shall take the steps outlined in Paragraphs 1) through 7) of this clause:

- 1) Submit to the Contracting Officer a description of any cost accounting practice change, the total potential impact of the change on Contracts containing a CAS clause, and a general dollar magnitude of the change which identifies the potential shift of costs between CAS-covered Contracts by Contract type (i.e., firm-fixed-price, incentive, cost-plus fixed fee, etc.) and other Contractor business activity. As related to CAS-covered Contracts, the analysis should identify the potential impact on funds of the various Agencies/Departments (i.e., Department of Energy, National Aeronautics and Space Administration, Army, Navy, Air Force, other Department of Defense, other Government) as follows:
  - a. For any change in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision

- (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.2305, Cost Accounting Standards-Educational Institution; within 60 days (or such other date as may be mutually agreed to) after award of a Contract requiring this change.
  - b. For any change in cost accounting practices proposed in accordance with subdivision (a)(4)(ii) or (iii) of the clauses at FAR 52.230- 2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, not less than 60 days (or such other date as may be mutually agreed to) before the effective date of the proposed change.
  - c. For any failure to comply with an applicable CAS or to follow a disclosed practice (as contemplated by subparagraph (a)(5) at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or by subparagraph (a)(4) at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices):
    - (i) Within 60 days (or such other date as may be mutually agreed to) after the date of agreement with the initial finding of noncompliance, or
    - (ii) In the event of Contractor disagreement with the initial finding of noncompliance, within 60 days of the date the Contractor is notified by the Contracting Officer of the determination of noncompliance.
- 2) After an ACO, or cognizant Federal agency official, determination of materiality, submit a cost impact proposal in the form and manner specified by the Contracting Officer within 60 days (or such other date as may be mutually agreed to) after the date of determination of the adequacy and compliance of a change submitted pursuant to Paragraph 1) of this clause. The cost impact proposal shall be in sufficient detail to permit evaluation, determination, and negotiation of the cost impact upon each separate CAS-covered Contract and Subcontract.
- a. Cost impact proposals submitted for changes in cost accounting practices required in accordance with subparagraph (a)(3) and subdivision (a)(4)(i) of the clause at FAR 52.230-2, Cost Accounting Standards; or subparagraph (a)(3) and subdivisions (a)(4)(i) or (a)(4)(iv) of the clause at FAR 52.230-5, Cost Accounting Standards-Educational Institution; shall identify the applicable standard or cost principle and all Contracts and Subcontracts containing the clauses entitled Cost Accounting Standards or Cost Accounting Standards-Educational Institution, which have an award date before the effective date of that standard or cost principle.
  - b. Cost impact proposals submitted for any change in cost accounting practices proposed in accordance with subdivisions (a)(4)(ii) or (iii) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards-Educational Institution; or with subparagraph (a)(3) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices; shall identify all Contracts and Subcontracts containing the clauses at FAR 52.230-2, Cost Accounting Standards, FAR 52.230-5, Cost Accounting Standards-Educational Institution, and FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices.
  - c. Cost impact proposals submitted for failure to comply with an applicable CAS or to follow a disclosed practice as contemplated by subparagraph (a)(5) of the clauses at FAR 52.230-2, Cost Accounting Standards, and FAR 52.230-5, Cost Accounting Standards- Educational Institution; or by subparagraph (a)(4) of the clause at FAR 52.230-3, Disclosure and Consistency of Cost Accounting Practices, shall identify the cost impact on each separate CAS covered Contract from the date of failure to comply until the noncompliance is corrected.
- 3) If the submissions required by paragraphs 1) and 2) of this clause are not submitted within the specified time, or any extension granted by the Contracting Officer, an amount not to exceed 10 percent of each subsequent amount determined payable related to the Contractor's CAS-covered Prime Contracts, up to the estimated general dollar magnitude of the cost impact, may be withheld until such time as the required submission has been provided in the form and manner specified by the Contracting Officer.
- 4) Agree to appropriate Contract and Subcontract amendments to reflect adjustments established in accordance with subparagraphs (a)(4) and (a)(5) of the clauses at FAR 52.230-2 and 52.230-5; or with subparagraphs (a)(3) or (a)(4) of the Disclosure and Consistency of Cost Accounting Practices clause at FAR 52.230-3.
- 5) For all Subcontracts subject to the clauses at FAR 52.230-2, 52.230-3, or 52.230-5—
- a. So state in the body of the Subcontract, in the letter of award, or in both (self-deleting clauses shall not be used); and
  - b. Include the substance of this clause in all negotiated Subcontracts. In addition, within 30 days after award of the Subcontract, submit the following information to the Contractor's cognizant contract administration office for transmittal to the Contract administrative office cognizant of the Subcontractor's facility:
    - (i) Subcontractor's name and Subcontract number.
    - (ii) Dollar amount and date of award.
    - (iii) Name of Contractor making the award.
- 6) Notify the Contracting Officer in writing of any adjustments required to Subcontracts under this Contract and agree to an adjustment, based on them, to this Contract price or estimated cost and fee. This notice is due within 30 days after proposed Subcontract adjustments are received and shall include a proposal for adjusting the higher-tier Subcontract or the Prime Contract appropriately.
- 7) For Subcontracts containing the clauses at FAR 52.230-2 or 52.230-5, require the Subcontractor to comply with all standards in effect on the date of award or of final agreement on price, as shown on the Subcontractor's signed Certificate of Current Cost or Pricing Data, whichever is earlier.

### 3) DISCLOSURE AND CONSISTENCY OF COST ACCOUNTING PRACTICES

- 1) The Contractor, in connection with this Contract, shall—
  - a. Comply with the requirements of 48 CFR 9904.401, Consistency in Estimating, Accumulating, and Reporting Costs; 48 CFR 9904.402, Consistency in Allocating Costs Incurred for the Same Purpose; 48 CFR 9904.405, Accounting for Unallowable Costs; and 48 CFR 9904.406, Cost Accounting Standard-Cost Accounting Period, in effect on the date of award of this Contract as indicated in 48 CFR Part 9904.
  - b. (CAS-Covered Contracts Only). If it is a business unit of a company required to submit a Disclosure Statement, disclose in writing its cost accounting practices as required by 48 CFR 9903.202-1 through 9903.202-5. If the Contractor has notified the Contracting Officer that the Disclosure Statement contains trade secrets and commercial or financial information which is privileged and confidential, the Disclosure Statement shall be protected and shall not be released outside of the Government.
  - c. (i) Follow consistently the Contractor’s cost accounting practices. A change to such practices may be proposed, however, by either the Government or the Contractor, and the Contractor agrees to negotiate with the Contracting Officer the terms and conditions under which a change may be made. After the terms and conditions under which the change is to be made have been agreed to, the change must be applied prospectively to this Contract, and the Disclosure Statement, if affected, must be amended accordingly.  
 (ii) The Contractor shall, when the parties agree to a change to a cost accounting practice and the Contracting Officer has made the finding required in 48 CFR 9903.201-6(b), that the change is desirable and not detrimental to the interests of the Government, negotiate an equitable adjustment as provided in the Changes clause of this Contract. In the absence of the required finding, no agreement may be made under this Contract clause that will increase costs paid by the United States.
  - d. Agree to an adjustment of the Contract price or cost allowance, as appropriate, if the Contractor or a Subcontractor fails to comply with the applicable CAS or to follow any cost accounting practice, and such failure results in any increased costs paid by the United States. Such adjustment shall provide for recovery of the increased costs to the United States together with interest thereon computed at the annual rate of interest established under the Internal Revenue Code of 1986 (26 U.S.C. 6621), from the time the payment by the United States was made to the time the adjustment is affected.
- 2) The Contractor shall permit any authorized representatives of the Government to examine and make copies of any documents, papers, and records relating to compliance with the requirements of this clause. 3) The Contractor shall include in all negotiated Subcontracts, which the Contractor enters into, the substance of this clause, and shall require such inclusion in all other Subcontracts of any tier, except that—
  - a. If the subcontract is awarded to a business unit which pursuant to 48 CFR 9903.201-2 is subject to other types of CAS coverage, the substance of the applicable clause set forth in subsection 30.201-4 of the Federal Acquisition Regulation shall be inserted.
  - b. This requirement shall apply only to negotiated subcontracts in excess of \$2,000,000.
  - c. The requirement shall not apply to negotiated subcontracts otherwise exempt from the requirement to include a CAS clause as specified in 48 CFR 9903.201-1.
- 4) The Subcontractor shall indemnify AAR from any liability, cost, including all legal expense, or price adjustment which AAR experiences under these clauses as a result of Subcontractor’s failure in any way to comply with the provisions of such clauses. In the event that a determination is made that the Subcontractor has failed to comply with any of the applicable Cost Accounting Standards, Rules, and Regulations or has failed to comply with any disclosed accounting practice as submitted in a Disclosure Statement and that as a consequence of such determination the AAR Contract price or cost is reduced, AAR shall in turn reduce Subcontractor’s Purchase Order price by a corresponding amount. In the event the Subcontractor disagrees with the determination, and if the Subcontractor (1) timely requests AAR to appeal from such determination under the “Disputes” clause of the Prime Contract and (2) timely furnishes to AAR reasonable grounds for taking such appeal, then AAR agrees, to the extent the Prime Contract allows and at the Subcontractor’s expense, to appeal from such determination in the AAR name and on Subcontractor’s behalf pursuant to the “Disputes” clause of the Prime Contract. The decision rendered on any such appeal shall be final and binding as between the parties hereto. In the event that final payment has already been made to Subcontractor for the Repair order in question, the Subcontractor is required to repay to AAR the amount of the adjustment within thirty (30) days after receipt of Notice of such adjustment by AAR. Failure to repay said amount within thirty (30) days shall subject Subcontractor to payment of interest based on the then prevailing legal interest rate.
- 5) The applicable Cost Account Standards clauses shall be inserted by the Subcontractor in all negotiated lower-tier Repair orders exceeding two million dollars (\$2,000,000) except when the price is based on established catalog or market prices of commercial items sold in substantial quantities to the general public or is set by law or regulation.

#### 45. NOTIFICATION OF DEBARMENT/SUSPENSION STATUS

Subcontractor shall provide immediate notice to AAR in the event Subcontractor 1) is suspended, debarred or declared ineligible to receive contracts by any federal, state, or local government entity, or 2) receives notice of proposed or threatened debarment or suspension.

#### 46. GOVERNMENT SOURCE INSPECTION

If so specified in this Repair order, the supplies on this Repair order are subject to Government source inspection at the point of manufacture prior to shipment from Subcontractor’s plant in accordance with DOD, NASA, or Government regulations. A Government representative should be notified at least two (2) workdays in advance of the time articles or processes are ready for inspection if the Government representative is in residence and seven (7) workdays otherwise. A copy of this Order must be furnished to the Government inspector who normally services Subcontractor’s plant so appropriate planning for Government inspection can be accomplished or to the nearest Army, Navy, Air Force, or NASA inspection office in Subcontractor’s locality. In the event the inspector or office cannot be located, AAR should be notified immediately.

#### 47. FACILITIES, SPECIAL TOOLING, AND TEST EQUIPMENT

- 1) Unless specifically provided to the contrary in this Repair order, Subcontractor warrants that the price set forth herein does not include as a direct charge to this Repair order the cost of any special tooling, test equipment, or industrial facilities. Any such special tooling, test equipment, or facilities to be charged to AAR will be specifically identified, proposed, and will be covered by a separate Repair order as mutually determined



acceptable. The Subcontractor shall not make or buy any special tooling or test equipment without Buyer's written consent.

- 2) The Subcontractor represents that it now has or can readily procure without the assistance of AAR or the Government all facilities necessary for the performance of this Repair order.
- 3) Special Tooling, FAR 52.245-17, is hereby incorporated herein by reference.
- 4) Special Test Equipment, FAR 52.245-18, is hereby incorporated by reference.

#### 48. DUTY-FREE ENTRY

- 1) Definition. Customs territory of the United States means the States, the District of Columbia, and Puerto Rico.
- 2) Except as otherwise approved by the Contracting Officer, the Contractor shall not include in the contract price any amount for duties on supplies specifically identified in the Schedule to be accorded duty-free entry.
- 3) Except as provided in paragraph d. of this clause or elsewhere in this contract, the following procedures apply to supplies not identified in the Schedule to be accorded duty-free entry:
  - 1) The Contractor shall notify the Contracting Officer in writing of any purchase of foreign supplies (including, without limitation, raw materials, components, and intermediate assemblies) in excess of \$10,000 that are to be imported into the customs territory of the United States for delivery to the Government under this contract, either as end products or for incorporation into end products. The Contractor shall furnish the notice to the Contracting Officer at least 20 calendar days before the importation. The notice shall identify the—
    - a. Foreign supplies;
    - b. Estimated amount of duty; and
    - c. Country of origin.
  - 2) The Contracting Officer will determine whether any of these supplies should be accorded duty-free and will notify the Contractor within 10 calendar days after receipt of the Contractor's notification.
  - 3) Except as otherwise approved by the Contracting Officer, the contract price shall be reduced by (or the allowable cost shall not include) the amount of duty that would be payable if the supplies were not entered duty-free.
- 4) The Contractor is not required to provide the notification under paragraph c. of this clause for purchases of foreign supplies if—
  - 1) The supplies are identical in nature to items purchased by the Contractor or any subcontractor in connection with its commercial business; and
  - 2) Segregation of these supplies to ensure use only on Government contracts containing duty-free entry provisions is not economical or feasible.
- 5) The Contractor shall claim duty-free entry only for supplies to be delivered to the Government under this contract, either as end products or incorporated into end products, and shall pay duty on supplies, or any portion of them, other than scrap, salvage, or competitive sale authorized by the Contracting Officer, diverted to non-Governmental use.
- 6) The Government will execute any required duty-free entry certificates for supplies to be accorded duty-free entry and will assist the Contractor in obtaining duty-free entry for these supplies.
- 7) Shipping documents for supplies to be accorded duty-free entry shall consign the shipments to the contracting agency in care of the Contractor and shall include the—
  - 1) Delivery address of the Contractor (or contracting agency, if appropriate);
  - 2) Government prime contract number;
  - 3) Identification of carrier;
  - 4) Notation "UNITED STATES GOVERNMENT, \_\_\_\_\_[agency], \_\_\_Duty-free entry to be claimed pursuant to Item No(s) \_\_\_\_\_[from Tariff Schedules]\_, Harmonized Tariff Schedules of the United States. Upon arrival of shipment at port of entry, District Director of Customs, please release shipment under 19 CFR part 142 and notify [cognizant contract administration office] for execution of Customs Forms 7501 and 7501-A and any required dutyfree entry certificates";
  - 5) Gross weight in pounds (if freight is based on space tonnage, state cubic feet in addition to gross shipping weight); and 6) Estimated value in United States dollars.
- 8) The Contractor shall instruct the foreign supplier to—
  - 1) Consign the shipment as specified in paragraph g. of this clause;
  - 2) Mark all packages with the words "UNITED STATES GOVERNMENT" and the title of the contracting agency; and
  - 3) Include with the shipment at least two copies of the bill of lading (or other shipping document) for use by the District Director of Customs at the port of entry.
- i. The Contractor shall provide written notice to the cognizant contract administration office immediately after notification by the Contracting Officer that duty-free entry will be accorded foreign supplies or, for duty-free supplies identified in the Schedule, upon award by the Contractor to the overseas supplier. The notice shall identify the—
  - 1) Foreign supplies;
  - 2) Country of origin; Contract number; and
  - 3) Scheduled delivery date(s).
- j. The Contractor shall include the substance of this clause in any subcontract if—
  - 1) Supplies identified in the Schedule to be accorded duty-free entry will be imported into the customs territory of the United States; or
  - 2) Other foreign supplies in excess of \$10,000 may be imported into the customs territory of the United States.

#### 49. DUTY-FREE ENTRY—ADDITIONAL PROVISIONS

- 1) The requirements of this clause supplement the Duty-Free Entry clause of this contract. Both of these clauses apply to this contract and

subcontracts, including repair orders, that involve supplies to be accorded duty-free entry whether placed—

- 1) Directly with a foreign concern as a prime contract; or
  - 2) As a subcontractor repair order under a contract with a domestic concern.
- 2) The Contractor shall send the notification required by paragraph c.1) of the Duty-Free Entry clause of this contract to the Contracting Officer administering this contract.
- 3) In addition to any data required by paragraph c.1) of the Duty-Free Entry clause, the Contractor shall furnish the following for all foreign supplies to be imported pursuant to paragraph a. or b. of the Duty-Free Entry clause. The Contractor shall furnish this information to the Contracting Officer administering the prime contract immediately upon award of any contract or subcontract involving supplies to be accorded duty-free entry.
- 1) Prime contractor's name, address, and CAGE code;
  - 2) Prime contract number plus delivery order number, if applicable;
  - 3) Total dollar value of the prime contract or delivery order;
  - 4) Expiration date of the prime contract or delivery order;
  - 5) Foreign supplier's name and address;
  - 6) Number of the subcontract/repair order for foreign supplies;
  - 7) Total dollar value of the subcontract for foreign supplies;
  - 8) Expiration date of the subcontract for foreign supplies;
  - 9) List of items purchased; and
  - 10) An agreement by the Contractor that duty shall be paid by the Contractor to the extent that such supplies, or any portion (if not scrap or salvage), are diverted to nongovernmental use other than as a result of a competitive sale made, directed, or authorized by the Contracting Officer.
- 4) The Contractor agrees to incorporate the substance of this clause, including this paragraph d., in any subcontract (including repair orders) in accordance with paragraph i. of the Duty-Free Entry clause of this contract. The Contractor agrees that the name and address of the Contracting Officer administering the prime contract (name and address of the contract administration office cognizant of the prime contract and its activity address number (Appendix G of the Defense FAR Supplement)) and the information required by paragraphs c.1), 2), and 3) of this clause will be included in applicable subcontracts.
- 5) To properly complete the shipping document instructions as required by paragraph g. of the Duty-Free Entry clause, the Contractor shall insert Defense Contract Management Command (DCMC) New York, ATTN: Customs Team, DCMDN-GNIC, 207 New York Avenue, Staten Island, New York 10305-5013, as the cognizant contract administration office (for paragraph g. only) in those cases when the shipment is consigned directly to a military installation. When the shipment will be consigned to a location other than a military installation, e.g., a domestic contractor's plant, change the shipping document notation required by paragraph g. of the clause to insert the name and address of the Contractor, agent or broker that will prepare the customs documentation for execution of the Duty-Free Entry certificates. In either case, the shipping documents will contain the following items in addition to those required by paragraph g. of the Duty-Free Entry clause:
- 1) Delivery order number on the Government prime contract, if applicable;
  - 2) Number of the subcontract/repair order for foreign supplies, if applicable;
  - 3) Activity address number of the contract administration office actually administering the prime contract, e.g., for DCMC Dayton, S3605A.
- 6) Except for shipments consigned to a military installation, the Contractor shall prepare, or authorize an agent to prepare, any customs forms required for the entry into the United States, its possessions, or Puerto Rico of foreign supplies in connection with DoD contracts. The Contractor shall submit the completed customs forms to the District Director of Customs with a copy to DCMC New York for execution of any required duty-free entry certificates. For shipments containing both supplies which are to be accorded duty-free entry and supplies which are not, the Contractor shall identify on the customs forms those items which are eligible for duty-free entry under the provisions of the Duty-Free Entry clause. Shipments consigned directly to a military installation will be released in accordance with paragraphs 10.101 and 10.102 of the U.S. Customs regulations.
- 7) The Contractor shall ensure that all exterior containers are marked in accordance with paragraph g. of the Duty-Free Entry clause, including the following additional data—
- 1) "UNITED STATES GOVERNMENT, DEPARTMENT OF DEFENSE;" and
  - 2) The activity address number for the contract administration office actually administering the prime contract.

## 50. TAXES

a. Except as set forth in subparagraph b below, the price set forth in the Repair Order is hereby understood and agreed to include all applicable foreign, Federal, state and local taxes, including but not limited to any sales and use taxes. No liability shall accrue to AAR for any such taxes.

51. b. AAR certifies that any material purchased hereunder, unless otherwise specified, and until this notice is revoked in writing by AAR, shall be considered to be purchased for resale as tangible personal property or as component parts thereof, for resale. ANTI-KICKBACK INDEMNITY

The Subcontractor shall comply in all respects with the Federal Anti-Kickback Act of 1986 and shall indemnify AAR from any liability which may arise under FAR 52.203-7 which results from or by reason of any activity prohibited by the Anti-Kickback Act of 1986. In the event that the AAR Contract price is reduced as a result of such violation by the Subcontractor, or any subtier Subcontractor, AAR shall in turn reduce Subcontractor's Repair order price by corresponding amount (less Buyer's fee). AAR will submit written notification thereof to the Subcontractor within fifteen (15) days of AAR receipt of notice of any required withholding by the Contracting Officer.

## 52. HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA

- 1) Hazardous material, as used in this clause, includes any material defined as hazardous under the latest version of Federal Standard No. 313 (including revisions adopted during the term of the Contract).
- 2) The offeror must list any hazardous material, as defined in Paragraph a. of this clause, to be delivered under this Contract. The hazardous material shall be properly identified and include any applicable identification number, such as National Stock Number or Special Item Number. This

information shall also be included on the Material Safety Data Sheet submitted under this Contract.

Material (If none, insert None)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Identification No.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 3) This list must be updated during performance of the Contract whenever the Contractor determines that any other material to be delivered under this Contract is hazardous.
- 4) The apparently successful offeror agrees to submit, for each item as required prior to award, a Material Safety Data Sheet, meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous material identified in Paragraph b. of this clause. Data shall be submitted in accordance with Federal Standard No. 313, whether or not the apparently successful offeror is the actual manufacturer of these items. Failure to submit the Material Safety Data Sheet prior to award may result in the apparently successful offeror being considered non-responsible and ineligible for award.
- 5) If, after award, there is a change in the composition of the item(s) or a revision to Federal Standard No. 313, which renders incomplete or inaccurate the data submitted under Paragraph d. of this clause, the Contractor shall promptly notify the Contracting Officer and resubmit the data.
- 6) Neither the requirements of this clause nor any act or failure to act by the Government shall relieve the Contractor of any responsibility or liability for the safety of Government, Contractor, or Subcontractor personnel or property.
- 7) Nothing contained in this clause shall relieve the Contractor from complying with applicable Federal, State, and local laws, codes, ordinances, and regulations (including the obtaining of licenses and permits) in connection with hazardous material.
- 8) The Government's rights in data furnished under this Contract with respect to hazardous material are as follows:
  - 1) To use, duplicate and disclose any data to which this clause is applicable. The purposes of this right are to—
    - a. Apprise personnel of the hazards to which they may be exposed in using, handling, packaging, transporting, or disposing of hazardous materials;
    - b. Obtain medical treatment for those affected by the material; and
    - c. Have others use, duplicate, and disclose the data for the Government for these purposes.
  - 2) To use, duplicate, and disclose data furnished under this clause, in accordance with subparagraph h.1) of this clause, in precedence over any other clause of this Contract providing for rights in data.
  - 3) The Government is not precluded from using similar or identical data acquired from other sources. Alternate I (July 1995) (Applicable if other than DoD)
- i. If the prime contract is awarded by an agency other than the Department of Defense, the following is applicable. Except as provided in Paragraph i.2) the Contractor shall prepare and submit a sufficient number of Material Safety Data Sheets (MSDSs), meeting the requirements of 29 CFR 1910.1200(g) and the latest version of Federal Standard No. 313, for all hazardous materials identified in Paragraph b. of this clause.
  - 1) For items shipped to consignees, the Contractor shall include a copy of the MSDS with the packing list or other suitable shipping document which accompanies each shipment. Alternatively, the Contractor is permitted to transmit MSDSs to consignees in advance of receipt of shipment by consignees, if authorized in writing by the Contracting Officer.
  - 2) For items shipped to consignees identified by mailing address as agency depots, distribution centers or customer supply centers, the Contractor shall provide one copy of the MSDSs in or on each shipping container. If affixed to the outside of each container, the MSDS must be placed in a weather resistant envelope.

### 53. DPAS

Vendor is required to comply with the mandatory requirements of the Defense Priorities and Allocations System (DPAS) (15 CFR, Part 700), if a DO/DX priority rating is assigned to this Order.

### 54. CERTIFICATIONS AND REPRESENTATIONS

- a. By signing the Subcontract, Subcontractor hereby certifies that, as of the time of award, all Certifications and Representations previously submitted to AAR are still valid, in full force and effect and there have been no material changes in Subcontractor's eligibility to do business with the U.S. Government. These Certifications and Representations are hereby incorporated by reference and are material representations of fact. If it is later determined that Subcontractor knowingly rendered an erroneous Certification or Representation, in addition to other remedies available to AAR, AAR may terminate the Subcontract for default under the clause entitled Termination for Cause. Subcontractor shall submit updated Representations and Certifications from time-to-time as reasonable required and requested by AAR.
- b. Debarred/Suspended Disclosure and Payments to Influence Certification or Disclosure  
By signing the Subcontract, the Subcontractor hereby certifies that as of the time of award of this Subcontract: (1) the Subcontractor, or its principals, is not debarred, suspended or proposed for debarment or declared ineligible for award by any Federal agency; and (2) no Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress on its behalf in connection with awarding the contract or this Subcontract;
- c. If any registrants under the Lobbying Disclosure Act of 1995 have made a lobbying contact on behalf of the offeror with respect to this contract, the offeror shall complete and submit, with its offer, OMB Standard Form LLL, Disclosure of Lobbying Activities, to provide the name of the registrants. The offeror need not report regularly employed officers or employees of the offeror to whom payments of reasonable compensation were made.
- d. The Subcontractor's quality system shall be compliant to the requirements of ISO 9001 unless otherwise specified in the Repair order. MRB delegation to the

Subcontractor is not authorized unless specifically stated in the Repair order. Calibration System for measuring and Process Control Equipment shall comply with ANSI/NCSLZ540-1 or ISO 10012-1. If this Repair order is issued under a NASA Prime Contract, NASA NPD 8730.3 Inspection System provisions shall apply in lieu of ISO 9001, except as otherwise directed.

## 55. SUPPLEMENTAL TERMS

In addition to these General Provisions set forth herein, certain special clauses or special provisions may be applicable to the Subcontract. These special clauses shall be included either by reference in the Subcontract or Repair order or by attachment to the Subcontract, or both.

## 56. PACKAGING

- a. MARKING OF SHIPMENTS - The contract and task order number shall be placed on or adjacent to all exterior mailing or shipping labels of deliverable items. If not otherwise specified, interior packages and exterior shipping containers shall be marked in accordance with the following standards. (1) Deliveries to civilian activities. Supplies shall be marked in accordance with Federal Standard 123. (2) Deliveries to military activities. Supplies shall be marked in accordance with Military Standard 129.
- b. PACKING OF SUPPLIES FOR DOMESTIC SHIPMENT -Supplies shall be packed for shipment in a manner that will ensure acceptance by common carriers and safe delivery at destination. Containers and closures shall comply with the Interstate Commerce Commission Regulations, Uniform Classification Rules, and regulations of other carriers as applicable to the mode of transportation.
- c. PACKING LIST(S) - A packing list or other suitable shipping document shall accompany each shipment and shall include the following information: (1) Name and address of consignor;(2) Name and address of consignee;(3) Government contract number and task order number;(4) Requisition number;(5) Government bill of lading number covering the shipment, if any; and (6) Description of the items shipped, including item number, quantity, number of containers, and package number, if any. This information will be included on the Repair order that will be provided to the Subcontractor.
- d. MARKING OF REPORTS - All reports become the property of the Department. Reports shall not contain any markings or legends which will restrict the Department's use of such reports in any way. All reports delivered by the Subcontractor to the Government under this contract shall prominently show on the cover of the report: (1) Name and Business address of the Subcontractor;(2) Contract number and task order number;(3) Date of report;(4) Program office (s); and (5) Deliverable number.
- e. DATA PACKAGING REQUIREMENTS - All unclassified data shall be prepared for shipment in accordance with best commercial practices.
- f. REQUIREMENTS FOR TREATMENT OF WOOD PACKAGING MATERIAL - (Applies when Wood Packaging Material is used to make shipments under this contract and/or when Wood Packaging Material is acquired under this contract)
  - a. Wood packaging material (WPM) means wood pallets, skids, load boards, pallet collars, wooden boxes, reels, dunnage, crates, frame and cleats. The definition excludes materials that have undergone a manufacturing process, such as corrugated fiberboard, plywood, particleboard, veneer, and oriented strand board (OSD).
  - b. All WPM must meet requirements of International Standards for Phytosanitary Measures Publication No. 15: "Guidelines for Regulating Wood Packaging Material in International Trade" (ISPM 15).
    - i. All WPM shall comply with the official quality control program for heat treatment (HT) or kiln dried heat treatment (KD HT) in accordance with American Lumber Standard Committee, Incorporated (ALSC) wood packaging material program and WPM enforcement regulations (see <http://www.alsc.org/>).
    - ii. All WPM shall include certification/quality markings in accordance with the ALSC standard. Markings shall be placed in an unobstructed area that will be readily visible to inspectors. Pallet markings shall be applied to the stringer or block on diagonally opposite sides of the pallet and be contrasting and clearly visible. All containers shall be marked on a side other than the top or bottom, contrasting and clearly visible. All dunnage used in configuring and/or securing the load shall also comply with ISPM 15 and be marked with an ALSC approved dunnage stamp.
  - c. Failure to comply with these requirements may result in refusal, destruction, or treatment of materials at the point of entry.
- g. PACKAGING, PACKING, MARKING AND LABELING OF HAZARDOUS MATERIAL SHIPMENTS  
Packaging, packing, marking and labeling hazardous materials to be shipped by any mode or combination of transportation modes shall be prepared (properly classed, described, packages, marked, labeled, placarded, etc.) for shipment in accordance with all applicable laws and regulations in effect at the time of shipment. The minimum packaging acceptable for packaging Department of Transportation regulated hazardous materials shall be those in 49 CFR 173. Applicable regulations include, but are not necessarily limited to the following:
  - a. Federal Hazardous Materials Act as amended (15 U.S.C. 1261-1276)
  - b. 49 CFR 100-199.
  - c. Official Air Transport Restricted Articles Tariff Number 6-D C.A.B.82.
  - d. Official Air Transport Restricted Articles Circular Number 6-D.
  - e. International Air Transport Association Restricted Articles Regulations.
  - f. International Maritime Dangerous Goods Code.
  - g. Export shipments are also subject to the domestic regulations indicated for the port of embarkation.
  - h. ICAO ANNEX 18
  - i. ATA 300

## 57. SUPPLIER CODE OF CONDUCT

AAR's Supplier Code of Conduct Policy can be found on our website at: <http://www.aarcorp.com/terms-and-conditions/supplier-code-of-conduct>

## 58. CLAIMS

Except as may be expressly set forth in this Subcontract and with the Government Contracting Officer's express consent, the Subcontractor shall not acquire any direct claim or direct course of action against the U.S. Government.

#### 59. DATA RIGHTS

All noncommercial technical data and noncommercial computer software and computer software documentation that is required to be delivered under this contract shall be provided to the Government with unlimited rights in accordance with DFARS 252.227-7013 and 252.227-7014 incorporated herein by reference.

The Subcontractor grants to the Buyer unlimited, non-exclusive, royalty free, transferable, assignable license to all computer software and technical data, as defined in FAR 52.227-14, that is developed by the Subcontractor during the performance of this subcontract solely for use in performing this or any other Government contract.

Nothing in these terms and conditions shall be construed or interpreted to limit or in any way restrict the rights of the Government in regard to data, tooling and other information it owns or has a right to use, including the right to authorized the supplier's use of such data, tooling or other information in direct contracts between the supplier and the Government.

#### 60. RIGHTS TO CONTRACT PERFORMANCE

Subcontractor shall insert a provision in all subcontracts or repair orders awarded pursuant to this subcontract whereby in the event of default on the part of Subcontractor, AAR has the right at its sole election, to assume all Subcontractor's rights and obligations as purchaser and to take delivery of products subject to the repair order or subcontract.

By acceptance of this subcontract, Subcontractor recognizes and agrees that any and all materials purchased pursuant to this subcontract and compensated for by means of payment by AAR are the property of AAR. Said materials shall be segregated within the Subcontractor's facility, and shall be surrendered to AAR upon demand.

#### 61. DEBARRED/SUSPENDED CERTIFICATION

1) The Subcontractor hereby certifies by acknowledgement or acceptance of this order to the best of its knowledge and belief, that:

1) The Subcontractor and/or any of its Principals—

- a. Are not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any Federal agency;
- b. Have not, within a three-year period preceding this award, been convicted of or had a civil judgment rendered against them for: commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, state, or local) contract or subcontract; violation of Federal or state antitrust statutes relating to the submission of offers; or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; and
- c. Are not presently indicted for, or otherwise criminally or civilly charged by a governmental entity with, commission of any of the offenses enumerated in this provision.

2) The Subcontractor has not, within a three-year period preceding this award, had one or more contracts terminated for default by any Federal agency.

"Principals," for the purposes of this certification, means officers; directors; owners; partners; and, persons having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a subsidiary, division, or business segment, and similar positions). THIS CERTIFICATION CONCERNS A MATTER WITHIN THE JURISDICTION OF AN AGENCY OF THE UNITED STATES AND THE MAKING OF A FALSE, FICTITIOUS, OR FRAUDULENT CERTIFICATION MAY RENDER THE MAKER SUBJECT TO PROSECUTION UNDER SECTION 1001, TITLE 18, UNITED STATES CODE.

2) This certification is a material representation of fact. If it is later determined that the Supplier knowingly rendered an erroneous certification, in addition to other remedies available to AAR, AAR may terminate the contract for default.

#### 62. FAR FLOWDOWN CLAUSES

Subcontractor shall include in each lower-tier subcontract the appropriate flow down clauses as required by FAR, DFARS and other federal acquisition regulation supplements. If applicable, SUBCONTRACTOR and its Subcontractors agree to comply with any mandatory flow downs and additional terms and conditions, as required under this Agreement, and as may be amended from time to time. When appropriate, "Government" shall mean Prime Contractor" and "Contractor" shall mean "Subcontractor." Appendix A contains the FAR clauses that apply to any and all Task Orders, Purchases Orders, or Orders issued in support of the C-40A program.

#### 63. CLAUSES FLOWED DOWN BY REFERENCE

Appendix B contains clauses from the Code of Federal Regulations (CFR) that are hereby incorporated to this Agreement by reference and shall have the same force and effect as if set forth in full text. Each clause incorporated herein shall be that in effect as of the effective date of the Agreement or Repair Order.

#### 64. DFARS FLOWDOWN CLAUSES

Appendix C contains clauses from the DFARS that are hereby incorporated to this Agreement by reference and shall have the same force and effect as if set forth in full text. Each clause incorporated herein shall be that in effect as of the effective date of the Agreement or Repair Order.

APPENDIX A: FAR FLOWDOWN CLAUSES

FAR Clause	Date	Title
52.203-12	Oct 2010	<p style="text-align: center;"><b>Limitation on Payments To Influence Certain Federal Transactions</b></p> <p>(a) Definitions. As used in this clause-</p> <p><i>Agency</i> means "executive agency" as defined in Federal Acquisition Regulation (FAR) 2.101.</p> <p>Covered Federal action means any of the following actions:</p> <ol style="list-style-type: none"> <li>(1) Awarding any Federal contract.</li> <li>(2) Making any Federal grant.</li> <li>(3) Making any Federal loan.</li> <li>(4) Entering into any cooperative agreement.</li> <li>(5) Extending, continuing, renewing, amending, or modifying any Federal contract, grant, loan, or cooperative agreement.</li> </ol> <p><i>Indian tribe and "tribal organization"</i> have the meaning provided in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b) and include Alaskan Natives.</p> <p><i>Influencing or attempting to influence</i> means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal action.</p> <p><i>Local government</i> means a unit of government in a State and, if chartered, established, or otherwise recognized by a State for the performance of a governmental duty, including a local public authority, a special district, an intrastate district, a council of governments, a sponsor group representative organization, and any other instrumentality of a local government.</p> <p>Officer or employee of an agency includes the following individuals who are employed by an agency:</p> <ol style="list-style-type: none"> <li>(1) An individual who is appointed to a position in the Government under Title 5, United States Code, including a position under a temporary appointment.</li> <li>(2) A member of the uniformed services, as defined in subsection 101(3), Title 37, United States Code.</li> <li>(3) A special Government employee, as defined in section 202, Title 18, United States Code.</li> <li>(4) An individual who is a member of a Federal advisory committee, as defined by the Federal Advisory Committee Act, Title 5, United States Code, appendix 2.</li> </ol> <p><i>Person</i> means an individual, corporation, company, association, authority, firm, partnership, society, State, and local government, regardless of whether such entity is operated for profit, or not for profit. This term excludes an Indian tribe, tribal organization, or any other Indian organization eligible to receive Federal contracts, grants, cooperative agreements, or loans from an agency, but only with respect to expenditures by such tribe or organization that are made for purposes specified in paragraph (b) of this clause and are permitted by other Federal law.</p> <p><i>Reasonable compensation</i> means, with respect to a regularly employed officer or employee of any person, compensation that is consistent with the normal compensation for such officer or employee for work that is not furnished to, not funded by, or not furnished in cooperation with the Federal Government.</p> <p><i>Reasonable payment</i> means, with respect to professional and other technical services, a payment in an amount that is consistent with the amount normally paid for such services in the private sector.</p> <p><i>Recipient</i> includes the Contractor and all subcontractors. This term excludes an Indian tribe, tribal organization, or any other Indian organization eligible to receive Federal contracts, grants, cooperative agreements, or loans from an agency, but only with respect to expenditures by such tribe or organization that are made for purposes specified in paragraph (b) of this clause and are permitted by other Federal law.</p> <p><i>Regularly employed</i> means, with respect to an officer or employee of a person requesting or receiving a Federal contract, an officer or employee who is employed by such person for at least 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person for receipt of such contract. An officer or employee who is employed by such person for less than 130 working days within 1 year immediately preceding the date of the submission that initiates agency consideration of such person shall be considered to be regularly employed as soon as he or she is employed by such person for 130 working days.</p> <p><i>State</i> means a State of the United States, the District of Columbia, or an outlying area of the United States, an agency or instrumentality of a State, and multi-State, regional, or interstate entity having governmental duties and powers.</p> <p>(b) Prohibition. 31 U.S.C. 1352 prohibits a recipient of a Federal contract, grant, loan, or cooperative agreement from using appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any covered Federal actions. In accordance with 31 U.S.C. 1352 the Contractor shall not use appropriated funds to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the award of this contractor the extension, continuation, renewal, amendment, or modification of this contract.</p> <ol style="list-style-type: none"> <li>(1) The term appropriated funds does not include profit or fee from a covered Federal action.</li> <li>(2) To the extent the Contractor can demonstrate that the Contractor has sufficient monies, other than Federal appropriated funds, the Government will assume that these other monies were spent for any influencing activities that would be unallowable if paid for with Federal appropriated funds.</li> </ol>

(c) Exceptions. The prohibition in paragraph (b) of this clause does not apply under the following conditions:

(1) Agency and legislative liaison by Contractor employees. (i) Payment of reasonable compensation made to an officer or employee of the Contractor if the payment is for agency and legislative liaison activities not directly related to this contract. For purposes of this paragraph, providing any information specifically requested by an agency or Congress is permitted at any time.

(ii) Participating with an agency in discussions that are not related to a specific solicitation for any covered Federal action, but that concern-

(A) The qualities and characteristics (including individual demonstrations) of the person's products or services, conditions or terms of sale, and service capabilities; or

(B) The application or adaptation of the person's products or services for an agency's use.

(iii) Providing prior to formal solicitation of any covered Federal action any information not specifically requested but necessary for an agency to make an informed decision about initiation of a covered Federal action;

(iv) Participating in technical discussions regarding the preparation of an unsolicited proposal prior to its official submission; and

(v) Making capability presentations prior to formal solicitation of any covered Federal action by persons seeking awards from an agency pursuant to the provisions of the Small Business Act, as amended by Pub. L. 95-507, and subsequent amendments.

(2) Professional and technical services. (i) A payment of reasonable compensation made to an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action, if payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action.

(ii) Any reasonable payment to a person, other than an officer or employee of a person requesting or receiving a covered Federal action or an extension, continuation, renewal, amendment, or modification of a covered Federal action if the payment is for professional or technical services rendered directly in the preparation, submission, or negotiation of any bid, proposal, or application for that Federal action or for meeting requirements imposed by or pursuant to law as a condition for receiving that Federal action. Persons other than officers or employees of a person requesting or receiving a covered Federal action include consultants and trade associations.

(iii) As used in paragraph (c)(2) of this clause, "professional and technical services" are limited to advice and analysis directly applying any professional or technical discipline (for examples, see FAR 3.803(a)(2)(iii)).

(iv) Requirements imposed by or pursuant to law as a condition for receiving a covered Federal award include those required by law or regulation and any other requirements in the actual award documents.

(3) Only those communications and services expressly authorized by paragraphs (c)(1) and (2) of this clause are permitted.

(d) Disclosure. (1) If the Contractor did not submit OMB Standard Form LLL, Disclosure of Lobbying Activities, with its offer, but registrants under the Lobbying Disclosure Act of 1995 have subsequently made a lobbying contact on behalf of the Contractor with respect to this contract, the Contractor shall complete and submit OMB Standard Form LLL to provide the name of the lobbying registrants, including the individuals performing the services.

(2) If the Contractor did submit OMB Standard Form LLL disclosure pursuant to paragraph (d) of the provision at FAR 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, and a change occurs that affects Block 10 of the OMB Standard Form LLL (name and address of lobbying registrant or individuals performing services), the Contractor shall, at the end of the calendar quarter in which the change occurs, submit to the Contracting Officer within 30 days an updated disclosure using OMB Standard Form LLL.

(e) Penalties. (1) Any person who makes an expenditure prohibited under paragraph (b) of this clause or who fails to file or amend the disclosure to be filed or amended by paragraph (d) of this clause shall be subject to civil penalties as provided for by 31 U.S.C. 1352. An imposition of a civil penalty does not prevent the Government from seeking any other remedy that may be applicable.

(2) Contractors may rely without liability on the representation made by their subcontractors in the certification and disclosure form.

(f) Cost allowability. Nothing in this clause makes allowable or reasonable any costs which would otherwise be unallowable or unreasonable. Conversely, costs made specifically unallowable by the requirements in this clause will not be made allowable under any other provision.

(g) Subcontracts. (1) The Contractor shall obtain a declaration, including the certification and disclosure in paragraphs (c) and (d) of the provision at 52.203-11, Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions, from each person requesting or receiving a subcontract under this contract that exceeds the threshold specified in FAR 3.808 on the date of subcontract award. The Contractor or subcontractor that awards the subcontract shall retain the declaration.

(2) A copy of each subcontractor disclosure form (but not certifications) shall be forwarded from tier to tier until received by the prime Contractor. The prime Contractor shall, at the end of the calendar quarter in which the disclosure form is submitted by the subcontractor, submit to the Contracting Officer within 30 days a copy of all disclosures. Each subcontractor certification shall be retained in the subcontract file of the awarding Contractor.

(3) The Contractor shall include the substance of this clause, including this paragraph (g), in any subcontract that exceeds the threshold specified in FAR 3.808 on the date of subcontract award.

(End of clause).

**Contractor Code of Business Ethics and Conduct**

(a) Definitions. As used in this clause—

*Agent* means any individual, including a director, an officer, an employee, or an independent Contractor, authorized to act on behalf of the organization.

*Full cooperation-*

(1) Means disclosure to the Government of the information sufficient for law enforcement to identify the nature and extent of the offense and the individuals responsible for the conduct. It includes providing timely and complete response to Government auditors' and investigators' request for documents and access to employees with information;

(2) Does not foreclose any Contractor rights arising in law, the FAR, or the terms of the contract. It does not require-

(i) A Contractor to waive its attorney-client privilege or the protections afforded by the attorney work product doctrine; or

(ii) Any officer, director, owner, or employee of the Contractor, including a sole proprietor, to waive his or her attorney client privilege or Fifth Amendment rights; and

(3) Does not restrict a Contractor from-

(i) Conducting an internal investigation; or

(ii) Defending a proceeding or dispute arising under the contract or related to a potential or disclosed violation.

*Principal* means an officer, director, owner, partner, or a person having primary management or supervisory responsibilities within a business entity (e.g., general manager; plant manager; head of a division or business segment; and similar positions).

*Subcontract* means any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract.

*Subcontractor* means any supplier, distributor, vendor, or firm that furnished supplies or services to or for a prime contractor or another subcontractor.

*United States*, means the 50 States, the District of Columbia, and outlying areas.

(b) Code of business ethics and conduct. (1) Within 30 days after contract award, unless the Contracting Officer establishes a longer time period, the Contractor shall-

(i) Have a written code of business ethics and conduct; and

(ii) Make a copy of the code available to each employee engaged in performance of the contract.

(2) The Contractor shall-

(i) Exercise due diligence to prevent and detect criminal conduct; and

(ii) Otherwise promote an organizational culture that encourages ethical conduct and a commitment to compliance with the law.

(3) (i) The Contractor shall timely disclose, in writing, to the agency Office of the Inspector General (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of this contract or any subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed-

(A) A violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 of the United States Code; or

(B) A violation of the civil False Claims Act (31 U.S.C. 3729-3733).

(ii) The Government, to the extent permitted by law and regulation, will safeguard and treat information obtained pursuant to the Contractor's disclosure as confidential where the information has been marked "confidential" or "proprietary" by the company. To the extent permitted by law and regulation, such information will not be released by the Government to the public pursuant to a Freedom of Information Act request, 5 U.S.C. Section 552, without prior notification to the Contractor. The Government may transfer documents provided by the Contractor to any department or agency within the Executive Branch if the information relates to matters within the organization's jurisdiction.

(iii) If the violation relates to an order against a Governmentwide acquisition contract, a multi-agency contract, a multiple-award schedule contract such as the Federal Supply Schedule, or any other procurement instrument intended for use by multiple agencies, the Contractor shall notify the OIG of the ordering agency and the IG of the agency responsible for the basic contract.

(c) Business ethics awareness and compliance program and internal control system. This paragraph (c) does not apply if the Contractor has represented itself as a small business concern pursuant to the award of this contract or if this contract is for the acquisition of a commercial item as defined at FAR 2.101. The Contractor shall establish the following within 90 days after contract award, unless the Contracting Officer establishes a longer time period:

(1) An ongoing business ethics awareness and compliance program.

(i) This program shall include reasonable steps to communicate periodically and in a practical manner the Contractor's standards and procedures and other aspects of the Contractor's business ethics awareness and compliance program and internal control system, by conducting effective training programs and otherwise disseminating information appropriate to an individual's respective roles and responsibilities.

(ii) The training conducted under this program shall be provided to the Contractor's principals and employees, and as appropriate, the Contractor's agents and subcontractors.

(2) An internal control system.

(i) The Contractor's internal control system shall—

52.203-13

Oct 2015



(A) Establish standards and procedures to facilitate timely discovery of improper conduct in connection with Government contracts; and

(B) Ensure corrective measures are promptly instituted and carried out.

(ii) At a minimum, the Contractor's internal control system shall provide for the following:

(A) Assignment of responsibility at a sufficiently high level and adequate resources to ensure effectiveness of the business ethics awareness and compliance program and internal control system.

(B) Reasonable efforts not to include an individual as a principal, whom due diligence would have exposed as having engaged in conduct that is in conflict with the Contractor's code of business ethics and conduct.

(C) Periodic reviews of company business practices, procedures, policies, and internal controls for compliance with the Contractor's code of business ethics and conduct and the special requirements of Government contracting, including-

(1) Monitoring and auditing to detect criminal conduct;

(2) Periodic evaluation of the effectiveness of the business ethics awareness and compliance program and internal control system, especially if criminal conduct has been detected; and

(3) Periodic assessment of the risk of criminal conduct, with appropriate steps to design, implement, or modify the business ethics awareness and compliance program and the internal control system as necessary to reduce the risk of criminal conduct identified through this process.

(D) An internal reporting mechanism, such as a hotline, which allows for anonymity or confidentiality, by which employees may report suspected instances of improper conduct, and instructions that encourage employees to make such reports.

(E) Disciplinary action for improper conduct or for failing to take reasonable steps to prevent or detect improper conduct.

(F) Timely disclosure, in writing, to the agency OIG, with a copy to the Contracting Officer, whenever, in connection with the award, performance, or closeout of any Government contract performed by the Contractor or a subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed a violation of Federal criminal law involving fraud, conflict of interest, bribery, or gratuity violations found in Title 18 U.S.C. or a violation of the civil False Claims Act (31 U.S.C. 3729-3733).

(1) If a violation relates to more than one Government contract, the Contractor may make the disclosure to the agency OIG and Contracting Officer responsible for the largest dollar value contract impacted by the violation.

(2) If the violation relates to an order against a Governmentwide acquisition contract, a multi-agency contract, a multiple-award schedule contract such as the Federal Supply Schedule, or any other procurement instrument intended for use by multiple agencies, the contractor shall notify the OIG of the ordering agency and the IG of the agency responsible for the basic contract, and the respective agencies' contracting officers.

(3) The disclosure requirement for an individual contract continues until at least 3 years after final payment on the contract.

(4) The Government will safeguard such disclosures in accordance with paragraph (b)(3)(ii) of this clause.

(G) Full cooperation with any Government agencies responsible for audits, investigations, or corrective actions.

(d) Subcontracts. (1) The Contractor shall include the substance of this clause, including this paragraph (d), in subcontracts that exceed the threshold specified in FAR 3.1004(a) on the date of subcontract award and a performance period of more than 120 days.

(2) In altering this clause to identify the appropriate parties, all disclosures of violation of the civil False Claims Act or of Federal criminal law shall be directed to the agency Office of the Inspector General, with a copy to the Contracting Officer.

(End of clause)

**Prohibition on Requiring Certain Internal Confidentiality Agreements or Statements**

(a) Definitions. As used in this clause-

*Internal confidentiality agreement or statement* means a confidentiality agreement or any other written statement that the contractor requires any of its employees or subcontractors to sign regarding nondisclosure of contractor information, except that it does not include confidentiality agreements arising out of civil litigation or confidentiality agreements that contractor employees or subcontractors sign at the behest of a Federal agency.

*Subcontract* means any contract as defined in subpart 2.1 entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to purchase orders, and changes and modifications to purchase orders.

*Subcontractor* means any supplier, distributor, vendor, or firm (including a consultant) that furnishes supplies or services to or for a prime contractor or another subcontractor.

(b) The Contractor shall not require its employees or subcontractors to sign or comply with internal confidentiality agreements or statements prohibiting or otherwise restricting such employees or subcontractors from lawfully reporting waste, fraud, or abuse related to the performance of a Government contract to a designated investigative or law enforcement representative of a Federal department or agency authorized to receive such information (e.g., agency Office of the Inspector General).

(c) The Contractor shall notify current employees and subcontractors that prohibitions and restrictions of any

52.203-19

Jan 2017

		<p>preexisting internal confidentiality agreements or statements covered by this clause, to the extent that such prohibitions and restrictions are inconsistent with the prohibitions of this clause, are no longer in effect.</p> <p>(d) The prohibition in paragraph (b) of this clause does not contravene requirements applicable to Standard Form 312 (Classified Information Nondisclosure Agreement), Form 4414 (Sensitive Compartmented Information Nondisclosure Agreement), or any other form issued by a Federal department or agency governing the nondisclosure of classified information.</p> <p>(e) In accordance with section 743 of Division E, Title VII, of the Consolidated and Further Continuing Appropriations Act, 2015, (Pub. L. 113-235), and its successor provisions in subsequent appropriations acts (and as extended in continuing resolutions) use of funds appropriated (or otherwise made available) is prohibited, if the Government determines that the Contractor is not in compliance with the provisions of this clause.</p> <p>(f) The Contractor shall include the substance of this clause, including this paragraph (f), in subcontracts under such contracts. (End of clause)</p>
52.203-6	June 2020	<p style="text-align: center;"><b>Restrictions On Subcontractors Sale to the Government</b></p> <p>(a) Except as provided in (b) of this clause, the Contractor shall not enter into any agreement with an actual or prospective subcontractor, nor otherwise act in any manner, which has or may have the effect of restricting sales by such subcontractors directly to the Government of any item or process (including computer software) made or furnished by the subcontractor under this contract or under any follow-on production contract.</p> <p>(b) The prohibition in (a) of this clause does not preclude the Contractor from asserting rights that are otherwise authorized by law or regulation.</p> <p>(c) The Contractor agrees to incorporate the substance of this clause, including this paragraph (c), in all subcontracts under this contract which exceed the simplified acquisition threshold, as defined in Federal Acquisition Regulation 2.101 on the date of subcontract award. (End of clause)</p>
52.203-6 Alt 1	Oct 1995	<p style="text-align: center;"><b>Restrictions On Subcontractor Sales to The Government</b></p> <p><i>Alternate I (Oct 1995). As prescribed in 3.503-2, substitute the following paragraph in place of paragraph (b) of the basic clause:</i></p> <p>(b) The prohibition in paragraph (a) of this clause does not preclude the Contractor from asserting rights that are otherwise authorized by law or regulation. For acquisitions of commercial items, the prohibition in paragraph (a) applies only to the extent that any agreement restricting sales by subcontractors results in the Federal Government being treated differently from any other prospective purchaser for the sale of the commercial item(s).</p>
52.204-2	Aug 1996	<p style="text-align: center;"><b>Security Requirements</b></p> <p>(a) This clause applies to the extent that this contract involves access to information classified "Confidential," "Secret," or "Top Secret."</p> <p>(b) The Contractor shall comply with-</p> <p style="padding-left: 20px;">(1) The Security Agreement ( DDForm441), including the National Industrial Security Program Operating Manual (DoD 5220.22-M); and</p> <p style="padding-left: 20px;">(2) Any revisions to that manual, notice of which has been furnished to the Contractor. (End of clause)</p>
52.204-9	Jan 2011	<p style="text-align: center;"><b>Personal Identity Verification of Contractor Personnel</b></p> <p>(a) The Contractor shall comply with agency personal identity verification procedures identified in the contract that implement Homeland Security Presidential Directive-12 (HSPD-12), Office of Management and Budget (OMB) guidance M-05-24 and Federal Information Processing Standards Publication (FIPS PUB) Number 201.</p> <p>(b) The Contractor shall account for all forms of Government-provided identification issued to the Contractor employees in connection with performance under this contract. The Contractor shall return such identification to the issuing agency at the earliest of any of the following, unless otherwise determined by the Government:</p> <p style="padding-left: 20px;">(1) When no longer needed for contract performance.</p> <p style="padding-left: 20px;">(2) Upon completion of the Contractor employee's employment.</p> <p style="padding-left: 20px;">(3) Upon contract completion or termination.</p> <p>(c) The Contracting Officer may delay final payment under a contract if the Contractor fails to comply with these requirements.</p> <p>(d) The Contractor shall insert the substance of this clause, including this paragraph (d), in all subcontracts when the subcontractor's employees are required to have routine physical access to a Federally-controlled facility and/or routine access to a Federally-controlled information system. It shall be the responsibility of the prime Contractor to return such identification to the issuing agency in accordance with the terms set forth in paragraph (b) of this section, unless otherwise approved in writing by the Contracting Officer. (End of clause)</p>

52.204-23	July 2018	<p align="center"><b>Prohibition on Contracting for Hardware, Software, and Services Developed or Provided by Kaspersky Lab and Other Covered Entities</b></p> <p>(a) Definitions. As used in this clause—  <i>Covered article</i> means any hardware, software, or service that—  (1) Is developed or provided by a covered entity;  (2) Includes any hardware, software, or service developed or provided in whole or in part by a covered entity; or  (3) Contains components using any hardware or software developed in whole or in part by a covered entity.  <i>Covered entity</i> means—  (1) Kaspersky Lab;  (2) Any successor entity to Kaspersky Lab;  (3) Any entity that controls, is controlled by, or is under common control with Kaspersky Lab; or  (4) Any entity of which Kaspersky Lab has a majority ownership.  (b) Prohibition. Section 1634 of Division A of the National Defense Authorization Act for Fiscal Year 2018 (Pub. L. 115-91) prohibits Government use of any covered article. The Contractor is prohibited from—  (1) Providing any covered article that the Government will use on or after Oct 1, 2018; and  (2) Using any covered article on or after October 1, 2018, in the development of data or deliverables first produced in the performance of the contract.  (c) Reporting requirement.  (1) In the event the Contractor identifies a covered article provided to the Government during contract performance, or the Contractor is notified of such by a subcontractor at any tier or any other source, the Contractor shall report, in writing, to the Contracting Officer or, in the case of the Department of Defense, to the website at <a href="https://dibnet.dod.mil">https://dibnet.dod.mil</a>. For indefinite delivery contracts, the Contractor shall report to the Contracting Officer for the indefinite delivery contract and the Contracting Officer(s) for any affected order or, in the case of the Department of Defense, identify both the indefinite delivery contract and any affected orders in the report provided at <a href="https://dibnet.dod.mil">https://dibnet.dod.mil</a>.  (2) The Contractor shall report the following information pursuant to paragraph (c)(1) of this clause:  (i) Within 1 business day from the date of such identification or notification: the contract number; the order number(s), if applicable; supplier name; brand; model number (Original Equipment Manufacturer (OEM) number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.  (ii) Within 10 business days of submitting the report pursuant to paragraph (c)(1) of this clause: any further available information about mitigation actions undertaken or recommended. In addition, the Contractor shall describe the efforts it undertook to prevent use or submission of a covered article, any reasons that led to the use or submission of the covered article, and any additional efforts that will be incorporated to prevent future use or submission of covered articles.  (d) Subcontracts. The Contractor shall insert the substance of this clause, including this paragraph (d), in all subcontracts, including subcontracts for the acquisition of commercial items.  (End of clause)</p>
52.204-25	Aug 2020	<p align="center"><b>Prohibition on Contracting for Certain Telecommunications and Video Surveillance Services or Equipment</b></p> <p>(a) Definitions. As used in this clause—  <i>Backhaul</i> means intermediate links between the core network, or backbone network, and the small subnetworks at the edge of the network (e.g., connecting cell phones/towers to the core telephone network). Backhaul can be wireless (e.g., microwave) or wired (e.g., fiber optic, coaxial cable, Ethernet).  <i>Covered foreign country</i> means The People’s Republic of China.  <i>Covered telecommunications equipment or services</i> means—  (1) Telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities);  (2) For the purpose of public safety, security of Government facilities, physical security surveillance of critical infrastructure, and other national security purposes, video surveillance and telecommunications equipment produced by Hytera Communications Corporation, Hangzhou Hikvision Digital Technology Company, or Dahua Technology Company (or any subsidiary or affiliate of such entities);  (3) Telecommunications or video surveillance services provided by such entities or using such equipment; or  (4) Telecommunications or video surveillance equipment or services produced or provided by an entity that the Secretary of Defense, in consultation with the Director of National Intelligence or the Director of the Federal Bureau of Investigation, reasonably believes to be an entity owned or controlled by, or otherwise connected to, the government of a covered foreign country.  <i>Critical technology</i> means—  (1) Defense articles or defense services included on the United States Munitions List set forth in the International Traffic in Arms Regulations under subchapter M of chapter I of title 22, Code of Federal Regulations;  (2) Items included on the Commerce Control List set forth in Supplement No. 1 to part 774 of the Export Administration Regulations under subchapter C of chapter VII of title 15, Code of Federal Regulations, and controlled—  (i) Pursuant to multilateral regimes, including for reasons relating to national security, chemical and biological</p>

- weapons proliferation, nuclear nonproliferation, or missile technology; or
- (ii) For reasons relating to regional stability or surreptitious listening;
- (3) Specially designed and prepared nuclear equipment, parts and components, materials, software, and technology covered by part 810 of title 10, Code of Federal Regulations (relating to assistance to foreign atomic energy activities);
- (4) Nuclear facilities, equipment, and material covered by part 110 of title 10, Code of Federal Regulations (relating to export and import of nuclear equipment and material);
- (5) Select agents and toxins covered by part 331 of title 7, Code of Federal Regulations, part 121 of title 9 of such Code, or part 73 of title 42 of such Code; or
- (6) Emerging and foundational technologies controlled pursuant to section 1758 of the Export Control Reform Act of 2018 (50 U.S.C. 4817).

*Interconnection arrangements* means arrangements governing the physical connection of two or more networks to allow the use of another's network to hand off traffic where it is ultimately delivered (e.g., connection of a customer of telephone provider A to a customer of telephone company B) or sharing data and other information resources.

*Reasonable inquiry* means an inquiry designed to uncover any information in the entity's possession about the identity of the producer or provider of covered telecommunications equipment or services used by the entity that excludes the need to include an internal or third-party audit.

*Roaming* means cellular communications services (e.g., voice, video, data) received from a visited network when unable to connect to the facilities of the home network either because signal coverage is too weak or because traffic is too high.

*Substantial or essential component* means any component necessary for the proper function or performance of a piece of equipment, system, or service.

(b) Prohibition. (1) Section 889(a)(1)(A) of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Pub. L. 115-232) prohibits the head of an executive agency on or after August 13, 2019, from procuring or obtaining, or extending or renewing a contract to procure or obtain, any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system. The Contractor is prohibited from providing to the Government any equipment, system, or service that uses covered telecommunications equipment or services as a substantial or essential component of any system, or as critical technology as part of any system, unless an exception at paragraph (c) of this clause applies or the covered telecommunication equipment or services are covered by a waiver described in FAR 4.2104.

(2) RESERVED.

(c) Exceptions. This clause does not prohibit contractors from providing—

(1) A service that connects to the facilities of a third-party, such as backhaul, roaming, or interconnection arrangements; or

(2) Telecommunications equipment that cannot route or redirect user data traffic or permit visibility into any user data or packets that such equipment transmits or otherwise handles.

(d) Reporting requirement. (1) In the event the Contractor identifies covered telecommunications equipment or services used as a substantial or essential component of any system, or as critical technology as part of any system, during contract performance, or the Contractor is notified of such by a subcontractor at any tier or by any other source, the Contractor shall report the information in paragraph (d)(2) of this clause to the Contracting Officer, unless elsewhere in this contract are established procedures for reporting the information; in the case of the Department of Defense, the Contractor shall report to the website at <https://dibnet.dod.mil>. For indefinite delivery contracts, the Contractor shall report to the Contracting Officer for the indefinite delivery contract and the Contracting Officer(s) for any affected order or, in the case of the Department of Defense, identify both the indefinite delivery contract and any affected orders in the report provided at <https://dibnet.dod.mil>.

(2) The Contractor shall report the following information pursuant to paragraph (d)(1) of this clause

(i) Within one business day from the date of such identification or notification: the contract number; the order number(s), if applicable; supplier name; supplier unique entity identifier (if known); supplier Commercial and Government Entity (CAGE) code (if known); brand; model number (original equipment manufacturer number, manufacturer part number, or wholesaler number); item description; and any readily available information about mitigation actions undertaken or recommended.

(ii) Within 10 business days of submitting the information in paragraph (d)(2)(i) of this clause: any further available information about mitigation actions undertaken or recommended. In addition, the Contractor shall describe the efforts it undertook to prevent use or submission of covered telecommunications equipment or services, and any additional efforts that will be incorporated to prevent future use or submission of covered telecommunications equipment or services.

(e) Subcontracts. The Contractor shall insert the substance of this clause, including this paragraph (e) and excluding paragraph (b)(2), in all subcontracts and other contractual instruments, including subcontracts for the acquisition of commercial items.

(End of clause)

52.209-6	Oct 2015	<p align="center"><b>Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment</b></p> <p>(a) Definition. <i>Commercially available off-the-shelf (COTS) item</i>, as used in this clause—</p>
----------	----------	---

		<p>(1) Means any item of supply (including construction material) that is—</p> <ul style="list-style-type: none"> <li>(i) A commercial item (as defined in paragraph (1) of the definition in Federal Acquisition Regulation (FAR)2.101);</li> <li>(ii) Sold in substantial quantities in the commercial marketplace; and</li> <li>(iii) Offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; and</li> </ul> <p>(2) Does not include bulk cargo, as defined in 46 U.S.C. 40102(4), such as agricultural products and petroleum products.</p> <p>(b) The Government suspends or debar Contractors to protect the Government’s interests. Other than a subcontract for a commercially available off-the-shelf item, the Contractor shall not enter into any subcontract, in excess of the threshold specified in FAR 9.405-2(b) on the date of subcontract award, with a Contractor that is debarred, suspended, or proposed for debarment by any executive agency unless there is a compelling reason to do so.</p> <p>(c) The Contractor shall require each proposed subcontractor whose subcontract will exceed the threshold specified in FAR 9.405-2(b) on the date of subcontract award, other than a subcontractor providing a commercially available off-the-shelf item, to disclose to the Contractor, in writing, whether as of the time of award of the subcontract, the subcontractor, or its principals, is or is not debarred, suspended, or proposed for debarment by the Federal Government.</p> <p>(d) A corporate officer or a designee of the Contractor shall notify the Contracting Officer, in writing, before entering into a subcontract with a party (other than a subcontractor providing a commercially available off-the-shelf item) that is debarred, suspended, or proposed for debarment (see FAR 9.404 for information on the System for Award Management (SAM) Exclusions). The notice must include the following:</p> <ul style="list-style-type: none"> <li>(1) The name of the subcontractor.</li> <li>(2) The Contractor’s knowledge of the reasons for the subcontractor being listed with an exclusion in SAM.</li> <li>(3) The compelling reason(s) for doing business with the subcontractor notwithstanding its being listed with an exclusion in SAM.</li> <li>(4) The systems and procedures the Contractor has established to ensure that it is fully protecting the Government’s interests when dealing with such subcontractor in view of the specific basis for the party’s debarment, suspension, or proposed debarment.</li> </ul> <p>(e) Subcontracts. Unless this is a contract for the acquisition of commercial items, the Contractor shall include the requirements of this clause, including this paragraph (e) (appropriately modified for the identification of the parties), in each subcontract that—</p> <ul style="list-style-type: none"> <li>(1) Exceeds the threshold specified in FAR 9.405-2(b) on the date of subcontract award; and</li> <li>(2) Is not a subcontract for commercially available off-the-shelf items.</li> </ul> <p>(End of clause)</p>
52.222-35	June 2020	<p style="text-align: center;"><b>Equal Opportunity for Veterans</b></p> <p>(a) Definitions. As used in this clause—  <i>"Active duty wartime or campaign badge veteran," "Armed Forces service medal veteran," "disabled veteran," "protected veteran," "qualified disabled veteran," and "recently separated veteran"</i> have the meanings given at Federal Acquisition Regulation (FAR)22.1301</p> <p>(b) Equal opportunity clause. The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-300.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified protected veterans, and requires affirmative action by the Contractor to employ and advance in employment qualified protected veterans.</p> <p>(c) Subcontracts. The Contractor shall insert the terms of this clause in subcontracts valued at or above the threshold specified in FAR 22.1303(a) on the date of subcontract award, unless exempted by rules, regulations, or orders of the Secretary of Labor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.</p> <p>(End of clause)</p>
52.222-36	June 2020	<p style="text-align: center;"><b>Equal Opportunity for Works with Disabilities</b></p> <p>(a) Equal opportunity clause. The Contractor shall abide by the requirements of the equal opportunity clause at 41 CFR 60-741.5(a), as of March 24, 2014. This clause prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by the Contractor to employ and advance in employment qualified individuals with disabilities.</p> <p>(b) Subcontracts. The Contractor shall include the terms of this clause in every subcontract or purchase order in excess of the threshold specified in Federal Acquisition Regulation (FAR) 22.1408(a) on the date of subcontract award, unless exempted by rules, regulations, or orders of the Secretary, so that such provisions will be binding upon each subcontractor or vendor. The Contractor shall act as specified by the Director, Office of Federal Contract Compliance Programs of the U.S. Department of Labor, to enforce the terms, including action for noncompliance. Such necessary changes in language may be made as shall be appropriate to identify properly the parties and their undertakings.</p> <p>(End of clause)</p>
52.222-40	Dec 2010	<p style="text-align: center;"><b>Notification of Employee Rights Under the National Labor Relations Act</b></p>

(a) During the term of this contract, the Contractor shall post an employee notice, of such size and in such form, and containing such content as prescribed by the Secretary of Labor, in conspicuous places in and about its plants and offices where employees covered by the National Labor Relations Act engage in activities relating to the performance of the contract, including all places where notices to employees are customarily posted both physically and electronically, in the languages employees speak, in accordance with 29 CFR 471.2 (d) and (f).

(1) Physical posting of the employee notice shall be in conspicuous places in and about the Contractor's plants and offices so that the notice is prominent and readily seen by employees who are covered by the National Labor Relations Act and engage in activities related to the performance of the contract.

(2) If the Contractor customarily posts notices to employees electronically, then the Contractor shall also post the required notice electronically by displaying prominently, on any website that is maintained by the Contractor and is customarily used for notices to employees about terms and conditions of employment, a link to the Department of Labor's website that contains the full text of the poster. The link to the Department's website, as referenced in (b)(3) of this section, must read, "Important Notice about Employee Rights to Organize and Bargain Collectively with Their Employers."

(b) This required employee notice, printed by the Department of Labor, may be-

(1) Obtained from the Division of Interpretations and Standards, Office of Labor-Management Standards, U.S. Department of Labor, 200 Constitution Avenue, NW., Room N-5609, Washington, DC 20210, (202) 693-0123, or from any field office of the Office of Labor-Management Standards or Office of Federal Contract Compliance Programs;

(2) Provided by the Federal contracting agency if requested;

(3) Downloaded from the Office of Labor-Management Standards Web site at <http://www.dol.gov/olms/regs/compliance/EO13496.htm>; or

(4) Reproduced and used as exact duplicate copies of the Department of Labor's official poster.

(c) The required text of the employee notice referred to in this clause is located at Appendix A, Subpart A, 29 CFR Part 471

(d) The Contractor shall comply with all provisions of the employee notice and related rules, regulations, and orders of the Secretary of Labor.

(e) In the event that the Contractor does not comply with the requirements set forth in paragraphs (a) through (d) of this clause, this contract may be terminated or suspended in whole or in part, and the Contractor may be suspended or debarred in accordance with 29 CFR 471.14 and subpart 9.4. Such other sanctions or remedies may be imposed as are provided by 29 CFR part 471, which implements Executive Order 13496 or as otherwise provided by law.

(f) Subcontracts. (1) The Contractor shall include the substance of this clause, including this paragraph (f), in every subcontract that exceeds \$10,000 and will be performed wholly or partially in the United States, unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 3 of Executive Order 13496 of January 30, 2009, so that such provisions will be binding upon each subcontractor.

(2) The Contractor shall not procure supplies or services in a way designed to avoid the applicability of Executive Order 13496 on this clause.

(3) The Contractor shall take such action with respect to any such subcontract as may be directed by the Secretary of Labor as a means of enforcing such provisions, including the imposition of sanctions for noncompliance.

(4) However, if the Contractor becomes involved in litigation with a subcontractor, or is threatened with such involvement, as a result of such direction, the Contractor may request the United States, through the Secretary of Labor, to enter into such litigation to protect the interests of the United States.

(End of clause)

#### Service Contract Labor Standards

(a) Definitions. As used in this clause—

*Contractor*, when this clause is used in any subcontract, shall be deemed to refer to the subcontractor, except in the term "Government Prime Contractor."

*Service employee* means any person engaged in the performance of this contract other than any person employed in a bona fide executive, administrative, or professional capacity, as these terms are defined in Part 541 of Title 29, Code of Federal Regulations, as revised. It includes all such persons regardless of any contractual relationship that may be alleged to exist between a Contractor or subcontractor and such persons.

(b) Applicability. This contract is subject to the following provisions and to all other applicable provisions of 41 U.S.C. chapter 67, Service Contract Labor Standards, and regulations of the Secretary of Labor (29 CFR Part 4). This clause does not apply to contracts or subcontracts administratively exempted by the Secretary of Labor or exempted by 41 U.S.C. 6702, as interpreted in Subpart C of 29 CFR Part 4.

(c) Compensation. (1) Each service employee employed in the performance of this contract by the Contractor or any subcontractor shall be paid not less than the minimum monetary wages and shall be furnished fringe benefits in accordance with the wages and fringe benefits determined by the Secretary of Labor, or authorized representative, as specified in any wage determination attached to this contract.

(2) (i) If a wage determination is attached to this contract, the Contractor shall classify any class of service employee which is not listed therein and which is to be employed under the contract (i.e., the work to be performed is not performed by any classification listed in the wage determination) so as to provide a reasonable relationship (i.e., appropriate level of skill comparison) between such unlisted classifications and the classifications listed in the wage

52.222-41

August  
2018

determination. Such conformed class of employees shall be paid the monetary wages and furnished the fringe benefits as are determined pursuant to the procedures in this paragraph (c).

(ii) This conforming procedure shall be initiated by the Contractor prior to the performance of contract work by the unlisted class of employee. The Contractor shall submit Standard Form (SF) 1444, Request For Authorization of Additional Classification and Rate, to the Contracting Officer no later than 30 days after the unlisted class of employee performs any contract work. The Contracting Officer shall review the proposed classification and rate and promptly submit the completed SF 1444 (which must include information regarding the agreement or disagreement of the employees' authorized representatives or the employees themselves together with the agency recommendation), and all pertinent information to the Wage and Hour Division, U.S. Department of Labor. The Wage and Hour Division will approve, modify, or disapprove the action or render a final determination in the event of disagreement within 30 days of receipt or will notify the Contracting Officer within 30 days of receipt that additional time is necessary.

(iii) The final determination of the conformance action by the Wage and Hour Division shall be transmitted to the Contracting Officer who shall promptly notify the Contractor of the action taken. Each affected employee shall be furnished by the Contractor with a written copy of such determination or it shall be posted as a part of the wage determination.

(iv) (A) The process of establishing wage and fringe benefit rates that bear a reasonable relationship to those listed in a wage determination cannot be reduced to any single formula. The approach used may vary from wage determination to wage determination depending on the circumstances. Standard wage and salary administration practices which rank various job classifications by pay grade pursuant to point schemes or other job factors may, for example, be relied upon. Guidance may also be obtained from the way different jobs are rated under Federal pay systems (Federal Wage Board Pay System and the General Schedule) or from other wage determinations issued in the same locality. Basic to the establishment of any conformable wage rate(s) is the concept that a pay relationship should be maintained between job classifications based on the skill required and the duties performed.

(B) In the case of a contract modification, an exercise of an option, or extension of an existing contract, or in any other case where a Contractor succeeds a contract under which the classification in question was previously conformed pursuant to paragraph (c) of this clause, a new conformed wage rate and fringe benefits may be assigned to the conformed classification by indexing (i.e., adjusting) the previous conformed rate and fringe benefits by an amount equal to the average (mean) percentage increase (or decrease, where appropriate) between the wages and fringe benefits specified for all classifications to be used on the contract which are listed in the current wage determination, and those specified for the corresponding classifications in the previously applicable wage determination. Where conforming actions are accomplished in accordance with this paragraph prior to the performance of contract work by the unlisted class of employees, the Contractor shall advise the Contracting Officer of the action taken but the other procedures in subdivision (c)(2)(ii) of this clause need not be followed.

(C) No employee engaged in performing work on this contract shall in any event be paid less than the currently applicable minimum wage specified under section 6(a)(1) of the Fair Labor Standards Act of 1938, as amended.

(v) The wage rate and fringe benefits finally determined under this paragraph (c)(2) of this clause shall be paid to all employees performing in the classification from the first day on which contract work is performed by them in the classification. Failure to pay the unlisted employees the compensation agreed upon by the interested parties and/or finally determined by the Wage and Hour Division retroactive to the date such class of employees commenced contract work shall be a violation of the Service Contract Labor Standards statute and this contract.

(vi) Upon discovery of failure to comply with paragraph (c)(2) of this clause, the Wage and Hour Division shall make a final determination of conformed classification, wage rate, and/or fringe benefits which shall be retroactive to the date such class or classes of employees commenced contract work.

(3) Adjustment of compensation. If the term of this contract is more than 1 year, the minimum monetary wages and fringe benefits required to be paid or furnished thereunder to service employees under this contract shall be subject to adjustment after 1 year and not less often than once every 2 years, under wage determinations issued by the Wage and Hour Division.

(d) Obligation to furnish fringe benefits. The Contractor or subcontractor may discharge the obligation to furnish fringe benefits specified in the attachment or determined under paragraph (c)(2) of this clause by furnishing equivalent combinations of bona fide fringe benefits, or by making equivalent or differential cash payments, only in accordance with Subpart D of 29 CFR Part 4.

(e) Minimum wage. In the absence of a minimum wage attachment for this contract, neither the Contractor nor any subcontractor under this contract shall pay any person performing work under this contract (regardless of whether the person is a service employee) less than the minimum wage specified by section 6(a)(1) of the Fair Labor Standards Act of 1938. Nothing in this clause shall relieve the Contractor or any subcontractor of any other obligation under law or contract for payment of a higher wage to any employee.

(f) Successor contracts. If this contract succeeds a contract subject to the Service Contract Labor Standards statute under which substantially the same services were furnished in the same locality and service employees were paid wages and fringe benefits provided for in a collective bargaining agreement, in the absence of the minimum wage attachment for this contract setting forth such collectively bargained wage rates and fringe benefits, neither the Contractor nor any subcontractor under this contract shall pay any service employee performing any of the contract work (regardless of whether or not such employee was employed under the predecessor contract), less than the wages and fringe benefits provided for in such collective bargaining agreement, to which such employee would have been entitled if employed under the predecessor contract, including accrued wages and fringe benefits and any prospective increases in wages and

fringe benefits provided for under such agreement. No Contractor or subcontractor under this contract may be relieved of the foregoing obligation unless the limitations of 29 CFR 4.1 b(b) apply or unless the Secretary of Labor or the Secretary's authorized representative finds, after a hearing as provided in 29 CFR 4.10 that the wages and/or fringe benefits provided for in such agreement are substantially at variance with those which prevail for services of a character similar in the locality, or determines, as provided in 29 CFR 4.11, that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's length negotiations. Where it is found in accordance with the review procedures provided in 29 CFR 4.10 and/or 4.11 and Parts 6 and 8 that some or all of the wages and/or fringe benefits contained in a predecessor Contractor's collective bargaining agreement are substantially at variance with those which prevail for services of a character similar in the locality, and/or that the collective bargaining agreement applicable to service employees employed under the predecessor contract was not entered into as a result of arm's length negotiations, the Department will issue a new or revised wage determination setting forth the applicable wage rates and fringe benefits. Such determination shall be made part of the contract or subcontract, in accordance with the decision of the Administrator, the Administrative Law Judge, or the Administrative Review Board, as the case may be, irrespective of whether such issuance occurs prior to or after the award of a contract or subcontract (53 Comp. Gen. 401 (1973)). In the case of a wage determination issued solely as a result of a finding of substantial variance, such determination shall be effective as of the date of the final administrative decision.

(g) Notification to employees. The Contractor and any subcontractor under this contract shall notify each service employee commencing work on this contract of the minimum monetary wage and any fringe benefits required to be paid pursuant to this contract, or shall post the wage determination attached to this contract. The poster provided by the Department of Labor (Publication WH 1313) shall be posted in a prominent and accessible place at the work site. Failure to comply with this requirement is a violation of 41 U.S.C. 6703 and of this contract.

(h) Safe and sanitary working conditions. The Contractor or subcontractor shall not permit any part of the services called for by this contract to be performed in buildings or surroundings or under working conditions provided by or under the control or supervision of the Contractor or subcontractor which are unsanitary, hazardous, or dangerous to the health or safety of the service employees. The Contractor or subcontractor shall comply with the safety and health standards applied under 29 CFR Part 1925.

(i) Records. (1) The Contractor and each subcontractor performing work subject to the Service Contract Labor Standards statute shall make and maintain for 3 years from the completion of the work, and make them available for inspection and transcription by authorized representatives of the Wage and Hour Division, a record of the following:

(i) For each employee subject to the Service Contract Labor Standards statute-

(A) Name and address and social security number;

(B) Correct work classification or classifications, rate or rates of monetary wages paid and fringe benefits provided, rate or rates of payments in lieu of fringe benefits, and total daily and weekly compensation;

(C) Daily and weekly hours worked by each employee; and

(D) Any deductions, rebates, or refunds from the total daily or weekly compensation of each employee.

(ii) For those classes of service employees not included in any wage determination attached to this contract, wage rates or fringe benefits determined by the interested parties or by the Administrator or authorized representative under the terms of paragraph (c) of this clause. A copy of the report required by subdivision (c)(2)(ii) of this clause will fulfill this requirement.

(iii) Any list of the predecessor Contractor's employees which had been furnished to the Contractor as prescribed by paragraph (n) of this clause.

(2) The Contractor shall also make available a copy of this contract for inspection or transcription by authorized representatives of the Wage and Hour Division.

(3) Failure to make and maintain or to make available these records for inspection and transcription shall be a violation of the regulations and this contract, and in the case of failure to produce these records, the Contracting Officer, upon direction of the Department of Labor and notification to the Contractor, shall take action to cause suspension of any further payment or advance of funds until the violation ceases.

(4) The Contractor shall permit authorized representatives of the Wage and Hour Division to conduct interviews with employees at the work site during normal working hours.

(j) Pay periods. The Contractor shall unconditionally pay to each employee subject to the Service Contract Labor Standards statute all wages due free and clear and without subsequent deduction (except as otherwise provided by law or regulations, 29 CFR Part 4), rebate, or kickback on any account. These payments shall be made no later than one pay period following the end of the regular pay period in which the wages were earned or accrued. A pay period under this statute may not be of any duration longer than semi-monthly.

(k) Withholding of payments and termination of contract. The Contracting Officer shall withhold or cause to be withheld from the Government Prime Contractor under this or any other Government contract with the Prime Contractor such sums as an appropriate official of the Department of Labor requests or such sums as the Contracting Officer decides may be necessary to pay underpaid employees employed by the Contractor or subcontractor. In the event of failure to pay any employees subject to the Service Contract Labor Standards statute all or part of the wages or fringe benefits due under the Service Contract Labor Standards statute, the Contracting Officer may, after authorization or by direction of the Department of Labor and written notification to the Contractor, take action to cause suspension of any further payment or advance of funds until such violations have ceased. Additionally, any failure to comply with the requirements of this clause may be grounds for termination of the right to proceed with the contract work. In such event, the Government may enter into other contracts or arrangements for completion of the work, charging the Contractor in default with any



additional cost.

(l) Subcontracts. The Contractor agrees to insert this clause in all subcontracts subject to the Service Contract Labor Standards statute.

(m) Collective bargaining agreements applicable to service employees. If wages to be paid or fringe benefits to be furnished any service employees employed by the Government Prime Contractor or any subcontractor under the contract are provided for in a collective bargaining agreement which is or will be effective during any period in which the contract is being performed, the Government Prime Contractor shall report such fact to the Contracting Officer, together with full information as to the application and accrual of such wages and fringe benefits, including any prospective increases, to service employees engaged in work on the contract, and a copy of the collective bargaining agreement. Such report shall be made upon commencing performance of the contract, in the case of collective bargaining agreements effective at such time, and in the case of such agreements or provisions or amendments thereof effective at a later time during the period of contract performance such agreements shall be reported promptly after negotiation thereof.

(n) Seniority list. Not less than 10 days prior to completion of any contract being performed at a Federal facility where service employees may be retained in the performance of the succeeding contract and subject to a wage determination which contains vacation or other benefit provisions based upon length of service with a Contractor (predecessor) or successor (29 CFR 4.173), the incumbent Prime Contractor shall furnish the Contracting Officer a certified list of the names of all service employees on the Contractor's or subcontractor's payroll during the last month of contract performance. Such list shall also contain anniversary dates of employment on the contract either with the current or predecessor Contractors of each such service employee. The Contracting Officer shall turn over such list to the successor Contractor at the commencement of the succeeding contract.

(o) Rulings and interpretations. Rulings and interpretations of the Service Contract Labor Standards statute are contained in Regulations, 29 CFR Part 4.

(p) Contractor's certification. (1) By entering into this contract, the Contractor (and officials thereof) certifies that neither it nor any person or firm who has a substantial interest in the Contractor's firm is a person or firm ineligible to be awarded Government contracts by virtue of the sanctions imposed under 41 U.S.C. 6706.

(2) No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract under 41 U.S.C. 6706.

(3) The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 U.S.C. 1001.

(q) Variations, tolerances, and exemptions involving employment. Notwithstanding any of the provisions in paragraphs (b) through (o) of this clause, the following employees may be employed in accordance with the following variations, tolerances, and exemptions, which the Secretary of Labor, pursuant to 41 U.S.C. 6707 prior to its amendment by Pub.L.92-473, found to be necessary and proper in the public interest or to avoid serious impairment of the conduct of Government business:

(1) Apprentices, student-learners, and workers whose earning capacity is impaired by age, physical or mental deficiency, or injury may be employed at wages lower than the minimum wages otherwise required by 41 U.S.C. 6703(1) without diminishing any fringe benefits or cash payments in lieu thereof required under 41 U.S.C. 6703(2), in accordance with the conditions and procedures prescribed for the employment of apprentices, student-learners, persons with disabilities, and disabled clients of work centers under section 14 of the Fair Labor Standards Act of 1938, in the regulations issued by the Administrator (29 CFR parts 520, 521, 524, and 525).

(2) The Administrator will issue certificates under the statute for the employment of apprentices, student-learners, persons with disabilities, or disabled clients of work centers not subject to the Fair Labor Standards Act of 1938, or subject to different minimum rates of pay under the two statutes, authorizing appropriate rates of minimum wages (but without changing requirements concerning fringe benefits or supplementary cash payments in lieu thereof), applying procedures prescribed by the applicable regulations issued under the Fair Labor Standards Act of 1938 (29 CFR parts 520, 521, 524, and 525).

(3) The Administrator will also withdraw, annul, or cancel such certificates in accordance with the regulations in 29 CFR parts 525 and 528.

(r) Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they perform when they are employed and individually registered in a bona fide apprenticeship program registered with a State Apprenticeship Agency which is recognized by the U.S. Department of Labor, or if no such recognized agency exists in a State, under a program registered with the Office of Apprenticeship Training, Employer, and Labor Services (OATELS), U.S. Department of Labor. Any employee who is not registered as an apprentice in an approved program shall be paid the wage rate and fringe benefits contained in the applicable wage determination for the journeyman classification of work actually performed. The wage rates paid apprentices shall not be less than the wage rate for their level of progress set forth in the registered program, expressed as the appropriate percentage of the journeyman's rate contained in the applicable wage determination. The allowable ratio of apprentices to journeymen employed on the contract work in any craft classification shall not be greater than the ratio permitted to the Contractor as to his entire work force under the registered program.

(s) Tips. An employee engaged in an occupation in which the employee customarily and regularly receives more than \$30 a month in tips may have the amount of these tips credited by the employer against the minimum wage required by 41 U.S.C. 6703(1), in accordance with section 3(m) of the Fair Labor Standards Act and Regulations, 29 CFR Part 531. However, the amount of credit shall not exceed \$1.34 per hour beginning January 1, 1981. To use this provision-

(1) The employer must inform tipped employees about this tip credit allowance before the credit is utilized;

(2) The employees must be allowed to retain all tips (individually or through a pooling arrangement and regardless

of whether the employer elects to take a credit for tips received);  
 (3) The employer must be able to show by records that the employee receives at least the applicable Service Contract Labor Standards minimum wage through the combination of direct wages and tip credit; and  
 (4) The use of such tip credit must have been permitted under any predecessor collective bargaining agreement applicable by virtue of 41 U.S.C. 6707(c)  
 (t) Disputes concerning labor standards. The U.S. Department of Labor has set forth in 29 CFR parts 4, 6, and 8 procedures for resolving disputes concerning labor standards requirements. Such disputes shall be resolved in accordance with those procedures and not the Disputes clause of this contract. Disputes within the meaning of this clause include disputes between the Contractor (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

(End of clause)

**Combating Trafficking in Persons**

(a) Definitions. As used in this clause-

*Agent* means any individual, including a director, an officer, an employee, or an independent contractor, authorized to act on behalf of the organization.

*Coercion* means-

- (1) Threats of serious harm to or physical restraint against any person;
- (2) Any scheme, plan, or pattern intended to cause a person to believe that failure to perform an act would result in serious harm to or physical restraint against any person; or
- (3) The abuse or threatened abuse of the legal process.

*Commercial sex act* means any sex act on account of which anything of value is given to or received by any person

- (1) Any item of supply (including construction material) that is-
  - (i) A commercial item (as defined in paragraph (1) of the definition at FAR 2.101);
  - (ii) Sold in substantial quantities in the commercial marketplace; and
  - (iii) offered to the Government, under a contract or subcontract at any tier, without modification, in the same form in which it is sold in the commercial marketplace; and
- (2) Does not include bulk cargo, as defined in 46 U.S.C. 40102(4), such as agricultural products and petroleum products.

*"Commercially available off-the-shelf (COTS) item"* means-

*Debt bondage* means the status or condition of a debtor arising from a pledge by the debtor of his or her personal services or of those of a person under his or her control as a security for debt, if the value of those services as reasonably assessed is not applied toward the liquidation of the debt or the length and nature of those services are not respectively limited and defined.

*Employee* means an employee of the Contractor directly engaged in the performance of work under the contract who has other than a minimal impact or involvement in contract performance.

*Forced Labor* means knowingly providing or obtaining the labor or services of a person-

- (1) By threats of serious harm to, or physical restraint against, that person or another person;
- (2) By means of any scheme, plan, or pattern intended to cause the person to believe that, if the person did not perform such labor or services, that person or another person would suffer serious harm or physical restraint; or
- (3) By means of the abuse or threatened abuse of law or the legal process.

*Involuntary servitude* includes a condition of servitude induced by means of-

- (1) Any scheme, plan, or pattern intended to cause a person to believe that, if the person did not enter into or continue in such conditions, that person or another person would suffer serious harm or physical restraint; or
- (2) The abuse or threatened abuse of the legal process.

*Recruitment fees* means fees of any type, including charges, costs, assessments, or other financial obligations, that are associated with the recruiting process, regardless of the time, manner, or location of imposition or collection of the fee.

- (1) Recruitment fees include, but are not limited to, the following fees (when they are associated with the recruiting process) for-
  - (i) Soliciting, identifying, considering, interviewing, referring, retaining, transferring, selecting, training, providing orientation to, skills testing, recommending, or placing employees or potential employees;
  - (ii) Advertising
  - (iii) Obtaining permanent or temporary labor certification, including any associated fees;
  - (iv) Processing applications and petitions;
  - (v) Acquiring visas, including any associated fees;
  - (vi) Acquiring photographs and identity or immigration documents, such as passports, including any associated fees;
  - (vii) Accessing the job opportunity, including required medical examinations and immunizations; background, reference, and security clearance checks and examinations; and additional certifications;
  - (viii) An employer's recruiters, agents or attorneys, or other notary or legal fees;
  - (ix) Language interpretation or translation, arranging for or accompanying on travel, or providing other advice to employees or potential employees;
  - (x) Government-mandated fees, such as border crossing fees, levies, or worker welfare funds;

52.222-50

Jan 2019

(xi) Transportation and subsistence costs-  
(A) While in transit, including, but not limited to, airfare or costs of other modes of transportation, terminal fees, and travel taxes associated with travel from the country of origin to the country of performance and the return journey upon the end of employment; and

(B) From the airport or disembarkation point to the worksite;

(xii) Security deposits, bonds, and insurance; and

(xiii) Equipment charges.

(2) A recruitment fee, as described in the introductory text of this definition, is a recruitment fee, regardless of whether the payment is-

(i) Paid in property or money;

(ii) Deducted from wages;

(iii) Paid back in wage or benefit concessions;

(iv) Paid back as a kickback, bribe, in-kind payment, free labor, tip, or tribute; or

(v) Collected by an employer or a third party, whether licensed or unlicensed, including, but not limited to-

(A) Agents;

(B) Labor brokers;

(C) Recruiters;

(D) Staffing firms (including private employment and placement firms);

(E) Subsidiaries/affiliates of the employer;

(F) Any agent or employee of such entities; and

(G) Subcontractors at all tiers.

*Severe forms of trafficking in persons* means-

(1) Sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such act has not attained 18 years of age; or

(2) The recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

"*Sex trafficking*" means the recruitment, harboring, transportation, provision, or obtaining of a person for the purpose of a commercial sex act.

*Subcontract* means any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract.

*Subcontractor* means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime contractor or another subcontractor.

*United States* means the 50 States, the District of Columbia, and outlying areas.

(b) Policy. The United States Government has adopted a policy prohibiting trafficking in persons including the trafficking-related activities of this clause. Contractors, contractor employees, and their agents shall not-

(1) Engage in severe forms of trafficking in persons during the period of performance of the contract;

(2) Procure commercial sex acts during the period of performance of the contract;

(3) Use forced labor in the performance of the contract;

(4) Destroy, conceal, confiscate, or otherwise deny access by an employee to the employee's identity or immigration documents, such as passports or drivers' licenses, regardless of issuing authority;

(5) (i) Use misleading or fraudulent practices during the recruitment of employees or offering of employment, such as failing to disclose, in a format and language understood by the employee or potential employee, basic information or making material misrepresentations during the recruitment of employees regarding the key terms and conditions of employment, including wages and fringe benefits, the location of work, the living conditions, housing and associated costs (if employer or agent provided or arranged), any significant costs to be charged to the employee or potential employee, and, if applicable, the hazardous nature of the work;

(ii) Use recruiters that do not comply with local labor laws of the country in which the recruiting takes place;

(6) Charge employees or potential employees recruitment fees;

(7) (i) Fail to provide return transportation or pay for the cost of return transportation upon the end of employment

(A) For an employee who is not a national of the country in which the work is taking place and who was brought into that country for the purpose of working on a U.S. Government contract or subcontract (for portions of contracts performed outside the United States); or

(B) For an employee who is not a United States national and who was brought into the United States for the purpose of working on a U.S. Government contract or subcontract, if the payment of such costs is required under existing temporary worker programs or pursuant to a written agreement with the employee (for portions of contracts performed inside the United States); except that-

(ii) The requirements of paragraphs (b)(7)(i) of this clause shall not apply to an employee who is-

(A) Legally permitted to remain in the country of employment and who chooses to do so; or

(B) Exempted by an authorized official of the contracting agency from the requirement to provide return transportation or pay for the cost of return transportation;

(iii) The requirements of paragraph (b)(7)(i) of this clause are modified for a victim of trafficking in persons who is seeking victim services or legal redress in the country of employment, or for a witness in an enforcement action related to trafficking in persons. The contractor shall provide the return transportation or pay the cost of return transportation in a way that does not obstruct the victim services, legal redress, or witness activity. For example, the

contractor shall not only offer return transportation to a witness at a time when the witness is still needed to testify. This paragraph does not apply when the exemptions at paragraph (b)(7)(ii) of this clause apply.

(8) Provide or arrange housing that fails to meet the host country housing and safety standards; or

(9) If required by law or contract, fail to provide an employment contract, recruitment agreement, or other required work document in writing. Such written work document shall be in a language the employee understands. If the employee must relocate to perform the work, the work document shall be provided to the employee at least five days prior to the employee relocating. The employee's work document shall include, but is not limited to, details about work description, wages, prohibition on charging recruitment fees, work location(s), living accommodations and associated costs, time off, roundtrip transportation arrangements, grievance process, and the content of applicable laws and regulations that prohibit trafficking in persons.

(c) Contractor requirements. The Contractor shall-

(1) Notify its employees and agents of-

(i) The United States Government's policy prohibiting trafficking in persons, described in paragraph (b) of this clause; and

(ii) The actions that will be taken against employees or agents for violations of this policy. Such actions for employees may include, but are not limited to, removal from the contract, reduction in benefits, or termination of employment; and

(2) Take appropriate action, up to and including termination, against employees, agents, or subcontractors that violate the policy in paragraph (b) of this clause.

(d) Notification. (1) The Contractor shall inform the Contracting Officer and the agency Inspector General immediately of-

(i) Any credible information it receives from any source (including host country law enforcement) that alleges a Contractor employee, subcontractor, subcontractor employee, or their agent has engaged in conduct that violates the policy in paragraph (b) of this clause (see also 18 U.S.C. 1351, Fraud in Foreign Labor Contracting, and 52.203-13(b)(3)(i)(A), if that clause is included in the solicitation or contract, which requires disclosure to the agency Office of the Inspector General when the Contractor has credible evidence of fraud); and

(ii) Any actions taken against a Contractor employee, subcontractor, subcontractor employee, or their agent pursuant to this clause.

(2) If the allegation may be associated with more than one contract, the Contractor shall inform the contracting officer for the contract with the highest dollar value.

(e) Remedies. In addition to other remedies available to the Government, the Contractor's failure to comply with the requirements of paragraphs (c), (d), (g), (h), or (i) of this clause may result in-

(1) Requiring the Contractor to remove a Contractor employee or employees from the performance of the contract;

(2) Requiring the Contractor to terminate a subcontract;

(3) Suspension of contract payments until the Contractor has taken appropriate remedial action;

(4) Loss of award fee, consistent with the award fee plan, for the performance period in which the Government determined Contractor non-compliance;

(5) Declining to exercise available options under the contract;

(6) Termination of the contract for default or cause, in accordance with the termination clause of this contract; or

(7) Suspension or debarment.

(f) Mitigating and aggravating factors. When determining remedies, the Contracting Officer may consider the following:

(1) Mitigating factors. The Contractor had a Trafficking in Persons compliance plan or an awareness program at the time of the violation, was in compliance with the plan, and has taken appropriate remedial actions for the violation, that may include reparation to victims for such violations.

(2) Aggravating factors. The Contractor failed to abate an alleged violation or enforce the requirements of a compliance plan, when directed by the Contracting Officer to do so.

(g) Full cooperation. (1) The Contractor shall, at a minimum-

(i) Disclose to the agency Inspector General information sufficient to identify the nature and extent of an offense and the individuals responsible for the conduct;

(ii) Provide timely and complete responses to Government auditors' and investigators' requests for documents

(iii) Cooperate fully in providing reasonable access to its facilities and staff (both inside and outside the U.S.) to allow contracting agencies and other responsible Federal agencies to conduct audits, investigations, or other actions to ascertain compliance with the Trafficking Victims Protection Act of 2000 (22 U.S.C. chapter 78), E.O. 13627, or any other applicable law or regulation establishing restrictions on trafficking in persons, the procurement of commercial sex acts, or the use of forced labor; and

(iv) Protect all employees suspected of being victims of or witnesses to prohibited activities, prior to returning to the country from which the employee was recruited, and shall not prevent or hinder the ability of these employees from cooperating fully with Government authorities.

(2) The requirement for full cooperation does not foreclose any Contractor rights arising in law, the FAR, or the terms of the contract. It does not-

(i) Require the Contractor to waive its attorney-client privilege or the protections afforded by the attorney work product doctrine;

(ii) Require any officer, director, owner, employee, or agent of the Contractor, including a sole proprietor, to waive his or her attorney client privilege or Fifth Amendment rights; or

(iii) Restrict the Contractor from-

(A) Conducting an internal investigation; or

(B) Defending a proceeding or dispute arising under the contract or related to a potential or disclosed violation.

(h) Compliance plan. (1) This paragraph (h) applies to any portion of the contract that-

(i) Is for supplies, other than commercially available off-the-shelf items, acquired outside the United States, or services to be performed outside the United States; and

(ii) Has an estimated value that exceeds \$550,000.

(2) The Contractor shall maintain a compliance plan during the performance of the contract that is appropriate-

(i) To the size and complexity of the contract; and

(ii) To the nature and scope of the activities to be performed for the Government, including the number of non-United States citizens expected to be employed and the risk that the contract or subcontract will involve services or supplies susceptible to trafficking in persons.

(3) Minimum requirements. The compliance plan must include, at a minimum, the following:

(i) An awareness program to inform contractor employees about the Government's policy prohibiting trafficking-related activities described in paragraph (b) of this clause, the activities prohibited, and the actions that will be taken against the employee for violations. Additional information about Trafficking in Persons and examples of awareness programs can be found at the website for the Department of State's Office to Monitor and Combat Trafficking in Persons at <http://www.state.gov/j/tip/>.

(ii) A process for employees to report, without fear of retaliation, activity inconsistent with the policy prohibiting trafficking in persons, including a means to make available to all employees the hotline phone number of the Global Human Trafficking Hotline at 1-844-888-FREE and its email address at [help@befree.org](mailto:help@befree.org).

(iii) A recruitment and wage plan that only permits the use of recruitment companies with trained employees, prohibits charging recruitment fees to the employees or potential employees and ensures that wages meet applicable host-country legal requirements or explains any variance.

(iv) A housing plan, if the Contractor or subcontractor intends to provide or arrange housing, that ensures that the housing meets host-country housing and safety standards.

(v) Procedures to prevent agents and subcontractors at any tier and at any dollar value from engaging in trafficking in persons (including activities in paragraph (b) of this clause) and to monitor, detect, and terminate any agents, subcontracts, or subcontractor employees that have engaged in such activities.

(4) Posting. (i) The Contractor shall post the relevant contents of the compliance plan, no later than the initiation of contract performance, at the workplace (unless the work is to be performed in the field or not in a fixed location) and on the Contractor's Web site (if one is maintained). If posting at the workplace or on the Web site is impracticable, the Contractor shall provide the relevant contents of the compliance plan to each worker in writing.

(ii) The Contractor shall provide the compliance plan to the Contracting Officer upon request.

(5) Certification. Annually after receiving an award, the Contractor shall submit a certification to the Contracting Officer that-

(i) It has implemented a compliance plan to prevent any prohibited activities identified at paragraph (b) of this clause and to monitor, detect, and terminate any agent, subcontract or subcontractor employee engaging in prohibited activities; and

(ii) After having conducted due diligence, either-

(A) To the best of the Contractor's knowledge and belief, neither it nor any of its agents, subcontractors, or their agents is engaged in any such activities; or

(B) If abuses relating to any of the prohibited activities identified in paragraph (b) of this clause have been found, the Contractor or subcontractor has taken the appropriate remedial and referral actions.

(i) Subcontracts. (1) The Contractor shall include the substance of this clause, including this paragraph (i), in all subcontracts and in all contracts with agents. The requirements in paragraph (h) of this clause apply only to any portion of the subcontract that-

(i) Is for supplies, other than commercially available off-the-shelf items, acquired outside the United States, or services to be performed outside the United States; and

(ii) Has an estimated value that exceeds \$550,000.

(2) If any subcontractor is required by this clause to submit a certification, the Contractor shall require submission prior to the award of the subcontract and annually thereafter. The certification shall cover the items in paragraph (h)(5) of this clause.

(End of clause)

**Employment Eligibility Verification**

52.222-54

Oct 2015

(a) Definitions. As used in this clause-

*Commercially available off-the-shelf (COTS) item-*

(1) Means any item of supply that is-

(i) A commercial item (as defined in paragraph (1) of the definition at 2.101);

(ii) Sold in substantial quantities in the commercial marketplace; and  
(iii) Offered to the Government, without modification, in the same form in which it is sold in the commercial marketplace; and

(2) Does not include bulk cargo, as defined in 46 U.S.C. 40102(4), such as agricultural products and petroleum products. Per 46 CFR 525.1 (c)(2), "bulk cargo" means cargo that is loaded and carried in bulk onboard ship without mark or count, in a loose unpackaged form, having homogenous characteristics. Bulk cargo loaded into intermodal equipment, except LASH or Seabee barges, is subject to mark and count and, therefore, ceases to be bulk cargo.

*Employee assigned to the contract* means an employee who was hired after November 6, 1986 (after November 27, 2009 in the Commonwealth of the Northern Mariana Islands), who is directly performing work, in the United States, under a contract that is required to include the clause prescribed at 22.1803. An employee is not considered to be directly performing work under a contract if the employee-

- (1) Normally performs support work, such as indirect or overhead functions; and
- (2) Does not perform any substantial duties applicable to the contract.

*Subcontract* means any contract, as defined in 2.101, entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. It includes but is not limited to purchase orders, and changes and modifications to purchase orders.

*Subcontractor* means any supplier, distributor, vendor, or firm that furnishes supplies or services to or for a prime Contractor or another subcontractor.

*United States*, as defined in 8 U.S.C. 1101(a)(38), means the 50 States, the District of Columbia, Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands.

(b) Enrollment and verification requirements. (1) If the Contractor is not enrolled as a Federal Contractor in E-Verify at time of contract award, the Contractor shall-

- (i) Enroll. Enroll as a Federal Contractor in the E-Verify program within 30 calendar days of contract award;
- (ii) Verify all new employees. Within 90 calendar days of enrollment in the E-Verify program, begin to use E-Verify to initiate verification of employment eligibility of all new hires of the Contractor, who are working in the United States, whether or not assigned to the contract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); and

(iii) Verify employees assigned to the contract. For each employee assigned to the contract, initiate verification within 90 calendar days after date of enrollment or within 30 calendar days of the employee's assignment to the contract, whichever date is later (but see paragraph (b)(4) of this section).

(2) If the Contractor is enrolled as a Federal Contractor in E-Verify at time of contract award, the Contractor shall use E-Verify to initiate verification of employment eligibility of-

- (i) All new employees. (A) Enrolled 90 calendar days or more. The Contractor shall initiate verification of all new hires of the Contractor, who are working in the United States, whether or not assigned to the contract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); or  
(B) Enrolled less than 90 calendar days. Within 90 calendar days after enrollment as a Federal Contractor in E-Verify, the Contractor shall initiate verification of all new hires of the Contractor, who are working in the United States, whether or not assigned to the contract, within 3 business days after the date of hire (but see paragraph (b)(3) of this section); or

(ii) Employees assigned to the contract. For each employee assigned to the contract, the Contractor shall initiate verification within 90 calendar days after date of contract award or within 30 days after assignment to the contract, whichever date is later (but see paragraph (b)(4) of this section).

(3) If the Contractor is an institution of higher education (as defined at 20 U.S.C. 1001(a)); a State or local government or the government of a Federally recognized Indian tribe; or a surety performing under a takeover agreement entered into with a Federal agency pursuant to a performance bond, the Contractor may choose to verify only employees assigned to the contract, whether existing employees or new hires. The Contractor shall follow the applicable verification requirements at (b)(1) or (b)(2) respectively, except that any requirement for verification of new employees applies only to new employees assigned to the contract.

(4) Option to verify employment eligibility of all employees. The Contractor may elect to verify all existing employees hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), rather than just those employees assigned to the contract. The Contractor shall initiate verification for each existing employee working in the United States who was hired after November 6, 1986 (after November 27, 2009, in the Commonwealth of the Northern Mariana Islands), within 180 calendar days of-

- (i) Enrollment in the E-Verify program; or
- (ii) Notification to E-Verify Operations of the Contractor's decision to exercise this option, using the contact information provided in the E-Verify program Memorandum of Understanding (MOU).

(5) The Contractor shall comply, for the period of performance of this contract, with the requirements of the E-Verify program MOU.

(i) The Department of Homeland Security (DHS) or the Social Security Administration (SSA) may terminate the Contractor's MOU and deny access to the E-Verify system in accordance with the terms of the MOU. In such case, the Contractor will be referred to a suspension or debarment official.

(ii) During the period between termination of the MOU and a decision by the suspension or debarment official whether to suspend or debar, the Contractor is excused from its obligations under paragraph (b) of this clause. If the suspension or debarment official determines not to suspend or debar the Contractor, then the Contractor must reenroll in

E-Verify.

(c) Web site. Information on registration for and use of the E-Verify program can be obtained via the Internet at the Department of Homeland Security Web site: <http://www.dhs.gov/E-Verify> gov/E-Verify.

(d) Individuals previously verified. The Contractor is not required by this clause to perform additional employment verification using E-Verify for any employee-

- (1) Whose employment eligibility was previously verified by the Contractor through the E-Verify program;
- (2) Who has been granted and holds an active U.S. Government security clearance for access to confidential, secret, or top secret information in accordance with the National Industrial Security Program Operating Manual; or
- (3) Who has undergone a completed background investigation and been issued credentials pursuant to Homeland Security Presidential Directive (HSPD)-12, Policy for a Common Identification Standard for Federal Employees and Contractors.

(e) Subcontracts. The Contractor shall include the requirements of this clause, including this paragraph (e) (appropriately modified for identification of the parties), in each subcontract that-

- (1) Is for- (i) Commercial or noncommercial services (except for commercial services that are part of the purchase of a COTS item (or an item that would be a COTS item, but for minor modifications), performed by the COTS provider, and are normally provided for that COTS item); or
  - (ii) Construction;
- (2) Has a value of more than \$3,500; and
- (3) Includes work performed in the United States.

(End of clause)

**Minimum Wages under Executive Order 13658**

(a) Definitions. As used in this clause-

*United States* means the 50 states and the District of Columbia.

*Worker* -

- (1) Means any person engaged in performing work on, or in connection with, a contract covered by Executive Order 13658, and-
  - (i) Whose wages under such contract are governed by the Fair Labor Standards Act (29 U.S.C. chapter 8), the Service Contract Labor Standards statute (41 U.S.C. chapter 67), or the Wage Rate Requirements (Construction) statute (40 U.S.C. chapter 31, subchapter IV);
  - (ii) Other than individuals employed in a bona fide executive, administrative, or professional capacity, as those terms are defined in 29 CFR part 541; and
  - (iii) Regardless of the contractual relationship alleged to exist between the individual and the employer.
- (2) Includes workers performing on, or in connection with, the contract whose wages are calculated pursuant to special certificates issued under 29 U.S.C. 214(c).
- (3) Also includes any person working on, or in connection with, the contract and individually registered in a bona fide apprenticeship or training program registered with the Department of Labor's Employment and Training Administration, Office of Apprenticeship, or with a State Apprenticeship Agency recognized by the Office of Apprenticeship.

(b) Executive Order Minimum wage rate. (1) The Contractor shall pay to workers, while performing in the United States, and performing on, or in connection with, this contract, a minimum hourly wage rate of \$10.10 per hour beginning January 1, 2015.

(2) The Contractor shall adjust the minimum wage paid, if necessary, beginning January 1, 2016, and annually thereafter, to meet the applicable annual E.O. minimum wage. The Administrator of the Department of Labor's Wage and Hour Division (the Administrator) will publish annual determinations in the Federal Register no later than 90 days before the effective date of the new E.O. minimum wage rate. The Administrator will also publish the applicable E.O. minimum wage on <http://www.wdol.gov> (or any successor website), and a general notice on all wage determinations issued under the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, that will provide information on the E.O. minimum wage and how to obtain annual updates. The applicable published E.O. minimum wage is incorporated by reference into this contract.

(3) (i) The Contractor may request a price adjustment only after the effective date of the new annual E.O. minimum wage determination. Prices will be adjusted only for increased labor costs (including subcontractor labor costs) as a result of an increase in the annual E.O. minimum wage, and for associated labor costs (including those for subcontractors). Associated labor costs shall include increases or decreases that result from changes in social security and unemployment taxes and workers' compensation insurance, but will not otherwise include any amount for general and administrative costs, overhead, or profit.

(ii) Subcontractors may be entitled to adjustments due to the new minimum wage, pursuant to paragraph (b)(2). Contractors shall consider any subcontractor requests for such price adjustment.

(iii) The Contracting Officer will not adjust the contract price under this clause for any costs other than those identified in paragraph (b)(3)(i) of this clause, and will not provide duplicate price adjustments with any price adjustment under clauses implementing the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute.

(4) The Contractor warrants that the prices in this contract do not include allowance for any contingency to cover increased costs for which adjustment is provided under this clause.

52.222-55

Dec 2015

(5) A pay period under this clause may not be longer than semi-monthly, but may be shorter to comply with any applicable law or other requirement under this contract establishing a shorter pay period. Workers shall be paid no later than one pay period following the end of the regular pay period in which such wages were earned or accrued.

(6) The Contractor shall pay, unconditionally to each worker, all wages due free and clear without subsequent rebate or kickback. The Contractor may make deductions that reduce a worker's wages below the E.O. minimum wage rate only if done in accordance with 29 CFR 10.23, Deductions.

(7) The Contractor shall not discharge any part of its minimum wage obligation under this clause by furnishing fringe benefits or, with respect to workers whose wages are governed by the Service Contract Labor Standards statute, the cash equivalent thereof.

(8) Nothing in this clause shall excuse the Contractor from compliance with any applicable Federal or State prevailing wage law or any applicable law or municipal ordinance establishing a minimum wage higher than the E.O. minimum wage. However, wage increases under such other laws or municipal ordinances are not subject to price adjustment under this subpart.

(9) The Contractor shall pay the E.O. minimum wage rate whenever it is higher than any applicable collective bargaining agreement(s) wage rate.

(10) The Contractor shall follow the policies and procedures in 29 CFR 10.24(b) and 10.28 for treatment of workers engaged in an occupation in which they customarily and regularly receive more than \$30 a month in tips.

(c) (1) This clause applies to workers as defined in paragraph (a). As provided in that definition—

(i) Workers are covered regardless of the contractual relationship alleged to exist between the contractor or subcontractor and the worker;

(ii) Workers with disabilities whose wages are calculated pursuant to special certificates issued under 29 U.S.C. 214(c) are covered; and

(iii) Workers who are registered in a bona fide apprenticeship program or training program registered with the Department of Labor's Employment and Training Administration, Office of Apprenticeship, or with a State Apprenticeship Agency recognized by the Office of Apprenticeship, are covered.

(2) This clause does not apply to—

(i) Fair Labor Standards Act (FLSA)-covered individuals performing in connection with contracts covered by the E.O., i.e. those individuals who perform duties necessary to the performance of the contract, but who are not directly engaged in performing the specific work called for by the contract, and who spend less than 20 percent of their hours worked in a particular workweek performing in connection with such contracts;

(ii) Individuals exempted from the minimum wage requirements of the FLSA under 29 U.S.C. 213(a) and 214(a) and (b), unless otherwise covered by the Service Contract Labor Standards statute, or the Wage Rate Requirements (Construction) statute. These individuals include but are not limited to—

(A) Learners, apprentices, or messengers whose wages are calculated pursuant to special certificates issued under 29 U.S.C. 214(a);

(B) Students whose wages are calculated pursuant to special certificates issued under 29 U.S.C. 214(b); and

(C) Those employed in a bona fide executive, administrative, or professional capacity (29 U.S.C. 213(a)(1) and 29 CFR part 541); or

(iii) Seasonal recreational services or seasonal recreational equipment rental for the general public on Federal lands, except for lodging and food services associated with seasonal recreational services, in accordance with Executive Order 13838, Exemption from Executive Order 13658 for Recreational Services on Federal Lands (3 CFR, 2018 Comp., p. 831), as implemented by the U.S. Department of Labor regulations at 29 CFR 10.4(g).

(d) Notice. The Contractor shall notify all workers performing work on, or in connection with, this contract of the applicable E.O. minimum wage rate under this clause. With respect to workers covered by the Service Contract Labor Standards statute or the Wage Rate Requirements (Construction) statute, the Contractor may meet this requirement by posting, in a prominent and accessible place at the worksite, the applicable wage determination under those statutes. With respect to workers whose wages are governed by the FLSA, the Contractor shall post notice, utilizing the poster provided by the Administrator, which can be obtained at <http://www.dol.gov/whd/govcontracts>, in a prominent and accessible place at the worksite. Contractors that customarily post notices to workers electronically may post the notice electronically provided the electronic posting is displayed prominently on any Web site that is maintained by the contractor, whether external or internal, and customarily used for notices to workers about terms and conditions of employment.

(e) Payroll Records. (1) The Contractor shall make and maintain records, for three years after completion of the work, containing the following information for each worker:

(i) Name, address, and social security number;

(ii) The worker's occupation(s) or classification(s);

(iii) The rate or rates of wages paid;

(iv) The number of daily and weekly hours worked by each worker;

(v) Any deductions made; and

(vi) Total wages paid.

(2) The Contractor shall make records pursuant to paragraph (e)(1) of this clause available for inspection and transcription by authorized representatives of the Administrator. The Contractor shall also make such records available upon request of the Contracting Officer.

(3) The Contractor shall make a copy of the contract available, as applicable, for inspection or transcription by



authorized representatives of the Administrator.

(4) Failure to comply with this paragraph (e) shall be a violation of 29 CFR 10.26 and this contract. Upon direction of the Administrator or upon the Contracting Officer's own action, payment shall be withheld until such time as the noncompliance is corrected.

(5) Nothing in this clause limits or otherwise modifies the Contractor's payroll and recordkeeping obligations, if any, under the Service Contract Labor Standards statute, the Wage Rate Requirements (Construction) statute, the Fair Labor Standards Act, or any other applicable law.

(f) Access. The Contractor shall permit authorized representatives of the Administrator to conduct investigations, including interviewing workers at the worksite during normal working hours.

(g) Withholding. The Contracting Officer, upon his or her own action or upon written request of the Administrator, will withhold funds or cause funds to be withheld, from the Contractor under this or any other Federal contract with the same Contractor, sufficient to pay workers the full amount of wages required by this clause.

(h) Disputes. Department of Labor has set forth in 29 CFR 10.51, Disputes concerning contractor compliance, the procedures for resolving disputes concerning a contractor's compliance with Department of Labor regulations at 29 CFR Part 10. Such disputes shall be resolved in accordance with those procedures and not the Disputes clause of this contract. These disputes include disputes between the Contractor (or any of its subcontractors) and the contracting agency, the Department of Labor, or the workers or their representatives.

(i) Antiretaliation. The Contractor shall not discharge or in any other manner discriminate against any worker because such worker has filed any complaint or instituted or caused to be instituted any proceeding under or related to compliance with the E.O. or this clause, or has testified or is about to testify in any such proceeding.

(j) Subcontractor compliance. The Contractor is responsible for subcontractor compliance with the requirements of this clause and may be held liable for unpaid wages due subcontractor workers.

(k) Subcontracts. The Contractor shall include the substance of this clause, including this paragraph (k) in all subcontracts, 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.

(End of clause)

**Paid Sick Leave Under Executive Order 13706**

(a) Definitions. As used in this clause (in accordance with 29 CFR 13.2)-

*Child, "domestic partner", and "domestic violence"* have the meaning given in 29 CFR 13.2.

*Employee-*

(1) (i) Means any person engaged in performing work on or in connection with a contract covered by Executive Order (E.O.) 13706; and

(A) Whose wages under such contract are governed by the Service Contract Labor Standards statute (41 U.S.C. chapter 67), the Wage Rate Requirements (Construction) statute (40 U.S.C. chapter 31, subchapter IV), or the Fair Labor Standards Act (29 U.S.C. chapter 8);

(B) Including employees who qualify for an exemption from the Fair Labor Standards Act's minimum wage and overtime provisions;

(C) Regardless of the contractual relationship alleged to exist between the individual and the employer; and

(ii) Includes any person performing work on or in connection with the contract and individually registered in a bona fide apprenticeship or training program registered with the Department of Labor's Employment and Training Administration, Office of Apprenticeship, or with a State Apprenticeship Agency recognized by the Office of Apprenticeship.

(2) (i) An employee performs "on" a contract if the employee directly performs the specific services called for by the contract; and

(ii) An employee performs "in connection with" a contract if the employee's work activities are necessary to the performance of a contract but are not the specific services called for by the contract.

*Individual related by blood or affinity whose close association with the employee* is the equivalent of a family relationship has the meaning given in 29 CFR 13.2.

*Multiemployer plan* means a plan to which more than one employer is required to contribute and which is maintained pursuant to one or more collective bargaining agreements between one or more employee organizations and more than one employer.

*Paid sick leave* means compensated absence from employment that is required by E.O. 13706 and 29 CFR Part 13.

*Parent, "sexual assault", "spouse", and "stalking"* have the meaning given in 29 CFR 13.2.

*United States* means the 50 States and the District of Columbia.

(b) Executive Order 13706. (1) This contract is subject to E.O. 13706 and the regulations issued by the Secretary of Labor in 29 CFR Part 13 pursuant to the E.O.

(2) If this contract is not performed wholly within the United States, this clause only applies with respect to that part of the contract that is performed within the United States.

(c) Paid sick leave. The Contractor shall-

(1) Permit each employee engaged in performing work on or in connection with this contract to earn not less than 1 hour of paid sick leave for every 30 hours worked;

(2) Allow accrual and use of paid sick leave as required by E.O. 13706 and 29 CFR Part 13;

(3) Comply with the accrual, use, and other requirements set forth in 29 CFR 13.5 and 13.6, which are

52.222-62

Jan 2017

incorporated by reference in this contract;

(4) Provide paid sick leave to all employees when due free and clear and without subsequent deduction (except as otherwise provided by 29 CFR 13.24), rebate, or kickback on any account;

(5) Provide pay and benefits for paid sick leave used no later than one pay period following the end of the regular pay period in which the paid sick leave was taken; and

(6) Be responsible for the compliance by any subcontractor with the requirements of E.O. 13706, 29 CFR Part 13, and this clause.

(d) Contractors may fulfill their obligations under E.O. 13706 and 29 CFR Part 13 jointly with other contractors through a multiemployer plan, or may fulfill their obligations through an individual fund, plan, or program (see 29 CFR 13.8).

(e) Withholding. The Contracting Officer will, upon his or her own action or upon written request of an authorized representative of the Department of Labor, withhold or cause to be withheld from the Contractor under this or any other Federal contract with the same Contractor, so much of the accrued payments or advances as may be considered necessary to pay employees the full amount owed to compensate for any violation of the requirements of E.O. 13706, 29 CFR Part 13, or this clause, including-

(1) Any pay and/or benefits denied or lost by reason of the violation;

(2) Other actual monetary losses sustained as a direct result of the violation; and

(3) Liquidated damages.

(f) Payment suspension/contract termination/contractor debarment. (1) In the event of a failure to comply with E.O. 13706, 29 CFR Part 13, or this clause, the contracting agency may, on its own action or after authorization or by direction of the Department of Labor and written notification to the Contractor take action to cause suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

(2) Any failure to comply with the requirements of this clause may be grounds for termination for default or cause.

(3) A breach of the contract clause may be grounds for debarment as a contractor and subcontractor as provided in 29 CFR 13.52.

(g) The paid sick leave required by E.O. 13706, 29 CFR Part 13, and this clause is in addition to the Contractor's obligations under the Service Contract Labor Standards statute and Wage Rate Requirements (Construction) statute, and the Contractor may not receive credit toward its prevailing wage or fringe benefit obligations under those Acts for any paid sick leave provided in satisfaction of the requirements of E.O. 13706 and 29 CFR Part 13.

(h) Nothing in E.O. 13706 or 29 CFR Part 13 shall excuse noncompliance with or supersede any applicable Federal or State law, any applicable law or municipal ordinance, or a collective bargaining agreement requiring greater paid sick leave or leave rights than those established under E.O. 13706 and 29 CFR Part 13.

(i) Recordkeeping. (1) The Contractor shall make and maintain, for no less than three (3) years from the completion of the work on the contract, records containing the following information for each employee, which the Contractor shall make available upon request for inspection, copying, and transcription by authorized representatives of the Administrator of the Wage and Hour Division of the Department of Labor:

(i) Name, address, and social security number of each employee

(ii) The employee's occupation(s) or classification(s).

(iii) The rate or rates of wages paid (including all pay and benefits provided).

(iv) The number of daily and weekly hours worked.

(v) Any deductions made.

(vi) The total wages paid (including all pay and benefits provided) each pay period.

(vii) A copy of notifications to employees of the amount of paid sick leave the employee has accrued, as required under 29 CFR 13.5(a)(2).

(viii) A copy of employees' requests to use paid sick leave, if in writing, or, if not in writing, any other records reflecting such employee requests.

(ix) Dates and amounts of paid sick leave taken by employees (unless the Contractor's paid time off policy satisfies the requirements of E.O. 13706 and 29 CFR Part 13 as described in 29 CFR 13.5(f)(5), leave shall be designated in records as paid sick leave pursuant to E.O. 13706).

(x) A copy of any written responses to employees' requests to use paid sick leave, including explanations for any denials of such requests, as required under 29 CFR 13.5(d)(3).

(xi) Any records reflecting the certification and documentation the Contractor may require an employee to provide under 29 CFR 13.5(e), including copies of any certification or documentation provided by an employee.

(xii) Any other records showing any tracking of or calculations related to an employee's accrual or use of paid sick leave.

(xiii) The relevant contract.

(xiv) The regular pay and benefits provided to an employee for each use of paid sick leave.

(xv) Any financial payment made for unused paid sick leave upon a separation from employment intended, pursuant to 29 CFR 13.5(b)(5), to relieve the Contractor from the obligation to reinstate such paid sick leave as otherwise required by 29 CFR 13.5(b)(4).

(2) (i) If the Contractor wishes to distinguish between an employee's covered and noncovered work, the Contractor shall keep records or other proof reflecting such distinctions. Only if the Contractor adequately segregates the employee's time will time spent on noncovered work be excluded from hours worked counted toward the accrual of paid sick leave. Similarly, only if the Contractor adequately segregates the employee's time may the Contractor properly

refuse an employee's request to use paid sick leave on the ground that the employee was scheduled to perform noncovered work during the time he or she asked to use paid sick leave.

(ii) If the Contractor estimates covered hours worked by an employee who performs work in connection with contracts covered by the E.O. pursuant to 29 CFR 13.5(a)(i) or (ii), the Contractor shall keep records or other proof of the verifiable information on which such estimates are reasonably based. Only if the Contractor relies on an estimate that is reasonable and based on verifiable information will an employee's time spent in connection with noncovered work be excluded from hours worked counted toward the accrual of paid sick leave. If the Contractor estimates the amount of time an employee spends performing in connection with contracts covered by the E.O., the Contractor shall permit the employee to use his or her paid sick leave during any work time for the Contractor.

(3) In the event the Contractor is not obligated by the Service Contract Labor Standards statute, the Wage Rate Requirements (Construction) statute, or the Fair Labor Standards Act to keep records of an employee's hours worked, such as because the employee is exempt from the Fair Labor Standards Act's minimum wage and overtime requirements, and the Contractor chooses to use the assumption permitted by 29 CFR 13.5(a)(1)(iii), the Contractor is excused from the requirement in paragraph (i)(1)(iv) of this clause and 29 CFR 13.25(a)(4) to keep records of the employee's number of daily and weekly hours worked.

(4) (i) Records relating to medical histories or domestic violence, sexual assault, or stalking, created for purposes of E.O. 13706, whether of an employee or an employee's child, parent, spouse, domestic partner, or other individual related by blood or affinity whose close association with the employee is the equivalent of a family relationship, shall be maintained as confidential records in separate files/records from the usual personnel files.

(ii) If the confidentiality requirements of the Genetic Information Nondiscrimination Act of 2008 (GINA), section 503 of the Rehabilitation Act of 1973, and/or the Americans with Disabilities Act (ADA) apply to records or documents created to comply with the recordkeeping requirements in this contract clause, the records and documents shall also be maintained in compliance with the confidentiality requirements of the GINA, section 503 of the Rehabilitation Act of 1973, and/or ADA as described in 29 CFR 1635.9, 41 CFR 60-741.23(d), and 29 CFR 1630.14(c)(1), respectively.

(iii) The Contractor shall not disclose any documentation used to verify the need to use 3 or more consecutive days of paid sick leave for the purposes listed in 29 CFR 13.5(c)(1)(iv) (as described in 29 CFR 13.5(e)(1)(ii)) and shall maintain confidentiality about any domestic abuse, sexual assault, or stalking, unless the employee consents or when disclosure is required by law.

(5) The Contractor shall permit authorized representatives of the Wage and Hour Division to conduct interviews with employees at the worksite during normal working hours.

(6) Nothing in this contract clause limits or otherwise modifies the Contractor's recordkeeping obligations, if any, under the Service Contract Labor Standards statute, the Wage Rate Requirements (Construction) statute, the Fair Labor Standards Act, the Family and Medical Leave Act, E.O. 13658, their respective implementing regulations, or any other applicable law.

(j) Interference/discrimination. (1) The Contractor shall not in any manner interfere with an employee's accrual or use of paid sick leave as required by E.O. 13706 or 29 CFR Part 13. Interference includes, but is not limited to-

(i) Miscalculating the amount of paid sick leave an employee has accrued;

(ii) Denying or unreasonably delaying a response to a proper request to use paid sick leave;

(iii) Discouraging an employee from using paid sick leave;

(iv) Reducing an employee's accrued paid sick leave by more than the amount of such leave used;

(v) Transferring an employee to work on contracts not covered by the E.O. to prevent the accrual or use of paid sick leave;

(vi) Disclosing confidential information contained in certification or other documentation provided to verify the need to use paid sick leave; or

(vii) Making the use of paid sick leave contingent on the employee's finding a replacement worker or the fulfillment of the Contractor's operational needs.

(2) The Contractor shall not discharge or in any other manner discriminate against any employee for-

(i) Using, or attempting to use, paid sick leave as provided for under E.O. 13706 and 29 CFR Pt 13

(ii) Filing any complaint, initiating any proceeding, or otherwise asserting any right or claim under E.O. 13706 and 29 CFR Part 13;

(iii) Cooperating in any investigation or testifying in any proceeding under E.O. 13706 and 29 CFR Part 13; or

(iv) Informing any other person about his or her rights under E.O. 13706 and 29 CFR Part 13.

(k) Notice. The Contractor shall notify all employees performing work on or in connection with a contract covered by the E.O. of the paid sick leave requirements of E.O. 13706, 29 CFR Part 13, and this clause by posting a notice provided by the Department of Labor in a prominent and accessible place at the worksite so it may be readily seen by employees. Contractors that customarily post notices to employees electronically may post the notice electronically, provided such electronic posting is displayed prominently on any website that is maintained by the Contractor, whether external or internal, and customarily used for notices to employees about terms and conditions of employment.

(l) Disputes concerning labor standards. Disputes related to the application of E.O. 13706 to this contract shall not be subject to the general disputes clause of the contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Part 13. Disputes within the meaning of this contract clause include disputes between the Contractor (or any of its subcontractors) and the contracting agency, the Department of Labor, or the employees or their representatives.

		<p>(m) Subcontracts. The Contractor shall insert the substance of this clause, including this paragraph (m), in all subcontracts, 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. (End of clause)</p>
52.223-18	Aug 2011	<p style="text-align: center;"><b>Encouraging Contractor Policies to Ban Text Messaging While Driving</b></p> <p>a) Definitions. As used in this clause-</p> <p style="padding-left: 20px;"><i>"Driving"</i>-</p> <p style="padding-left: 40px;">(1) Means operating a motor vehicle on an active roadway with the motor running, including while temporarily stationary because of traffic, a traffic light, stop sign, or otherwise.</p> <p style="padding-left: 40px;">(2) Does not include operating a motor vehicle with or without the motor running when one has pulled over to the side of, or off, an active roadway and has halted in a location where one can safely remain stationary.</p> <p style="padding-left: 40px;">Text messaging means reading from or entering data into any handheld or other electronic device, including for the purpose of short message service texting, e-mailing, instant messaging, obtaining navigational information, or engaging in any other form of electronic data retrieval or electronic data communication. The term does not include glancing at or listening to a navigational device that is secured in a commercially designed holder affixed to the vehicle, provided that the destination and route are programmed into the device either before driving or while stopped in a location off the roadway where it is safe and legal to park.</p> <p style="padding-left: 40px;">(b) This clause implements Executive Order 13513, Federal Leadership on Reducing Text Messaging While Driving, dated October 1, 2009.</p> <p style="padding-left: 40px;">(c) The Contractor is encouraged to-</p> <p style="padding-left: 60px;">(1) Adopt and enforce policies that ban text messaging while driving-</p> <p style="padding-left: 80px;">(i) Company-owned or rented vehicles or Government-owned vehicles; or</p> <p style="padding-left: 80px;">(ii) Privately-owned vehicles when on official Government business or when performing any work for or on behalf of the Government.</p> <p style="padding-left: 60px;">(2) Conduct initiatives in a manner commensurate with the size of the business, such as-</p> <p style="padding-left: 80px;">(i) Establishment of new rules and programs or reevaluation of existing programs to prohibit text messaging while driving; and</p> <p style="padding-left: 80px;">(ii) Education, awareness, and other outreach to employees about the safety risks associated with texting while driving.</p> <p style="padding-left: 40px;">(d) Subcontracts. The Contractor shall insert the substance of this clause, including this paragraph (d), in all subcontracts that exceed the micro-purchase threshold, as defined in Federal Acquisition Regulation 2.101 on the date of subcontract award. (End of clause)</p>
52.224-3	Jan 2017	<p style="text-align: center;"><b>Privacy Training</b></p> <p>(a) Definition. As used in this clause, <i>"personally identifiable information"</i> means information that can be used to distinguish or trace an individual's identity, either alone or when combined with other information that is linked or linkable to a specific individual. (See Office of Management and Budget (OMB) Circular A-130, Managing Federal Information as a Strategic Resource).</p> <p>(b) The Contractor shall ensure that initial privacy training, and annual privacy training thereafter, is completed by contractor employees who-</p> <p style="padding-left: 20px;">(1) Have access to a system of records;</p> <p style="padding-left: 20px;">(2) Create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information on behalf of an agency; or</p> <p style="padding-left: 20px;">(3) Design, develop, maintain, or operate a system of records (see also FAR subpart 24.3 and 39.105).</p> <p>(c) (1) "Privacy training shall address the key elements necessary for ensuring the safeguarding of personally identifiable information or a system of records. The training shall be role-based, provide foundational as well as more advanced levels of training, and have measures in place to test the knowledge level of users. At a minimum, the privacy training shall cover-</p> <p style="padding-left: 20px;">(i) The provisions of the Privacy Act of 1974 (5 U.S.C. 552a), including penalties for violations of the Act;</p> <p style="padding-left: 20px;">(ii) The appropriate handling and safeguarding of personally identifiable information;</p> <p style="padding-left: 20px;">(iii) The authorized and official use of a system of records or any other personally identifiable information;</p> <p style="padding-left: 20px;">(iv) The restriction on the use of unauthorized equipment to create, collect, use, process, store, maintain, disseminate, disclose, dispose or otherwise access personally identifiable information;</p> <p style="padding-left: 20px;">(v) The prohibition against the unauthorized use of a system of records or unauthorized disclosure, access, handling, or use of personally identifiable information; and</p> <p style="padding-left: 20px;">(vi) The procedures to be followed in the event of a suspected or confirmed breach of a system of records or the unauthorized disclosure, access, handling, or use of personally identifiable information (see OMB guidance for Preparing for and Responding to a Breach of Personally Identifiable Information).</p> <p style="padding-left: 20px;">(2) Completion of an agency-developed or agency-conducted training course shall be deemed to satisfy these elements.</p> <p>(d) The Contractor shall maintain and, upon request, provide documentation of completion of privacy training to the</p>

		<p>Contracting Officer.</p> <p>(e) The Contractor shall not allow any employee access to a system of records, or permit any employee to create, collect, use, process, store, maintain, disseminate, disclose, dispose or otherwise handle personally identifiable information, or to design, develop, maintain, or operate a system of records unless the employee has completed privacy training, as required by this clause.</p> <p>(f) The substance of this clause, including this paragraph (f), shall be included in all subcontracts under this contract, when subcontractor employees will-</p> <p>(1) Have access to a system of records;</p> <p>(2) Create, collect, use, process, store, maintain, disseminate, disclose, dispose, or otherwise handle personally identifiable information; or</p> <p>(3) Design, develop, maintain, or operate a system of records.</p> <p>(End of clause)</p>
52.225-13	June 2008	<p style="text-align: center;"><b>Restrictions on Certain Foreign Purchases</b></p> <p>(a) Except as authorized by the Office of Foreign Assets Control (OFAC) in the Department of the Treasury, the Contractor shall not acquire, for use in the performance of this contract, any supplies or services if any proclamation, Executive order, or statute administered by OFAC, or if OFAC's implementing regulations at 31 CFR Chapter V, would prohibit such a transaction by a person subject to the jurisdiction of the United States.</p> <p>(b) Except as authorized by OFAC, most transactions involving Cuba, Iran, and Sudan are prohibited, as are most imports from Burma or North Korea, into the United States or its outlying areas. Lists of entities and individuals subject to economic sanctions are included in OFAC's List of Specially Designated Nationals and Blocked Persons at <a href="http://www.treas.gov/offices/enforcement/ofac/sdn">http://www.treas.gov/offices/enforcement/ofac/sdn</a>. More information about these restrictions, as well as updates, is available in the OFAC's regulations at 31 CFR Chapter V and/or on OFAC's website at <a href="http://www.treas.gov/offices/enforcement/ofac">http://www.treas.gov/offices/enforcement/ofac</a>.</p> <p>(c) The Contractor shall insert this clause, including this paragraph (c), in all subcontracts.</p> <p>(End of clause)</p>
52.227-1	Dec 2007	<p style="text-align: center;"><b>Authorization and Consent</b></p> <p>(a) The Government authorizes and consents to all use and manufacture, in performing this contract or any subcontract at any tier, of any invention described in and covered by a United States patent—</p> <p>(1) Embodied in the structure or composition of any article the delivery of which is accepted by the Government under this contract; or</p> <p>(2) Used in machinery, tools, or methods whose use necessarily results from compliance by the Contractor or a subcontractor with (i) specifications or written provisions forming a part of this contract or (ii) specific written instructions given by the Contracting Officer directing the manner of performance. the entire liability to the Government for infringement of a United States patent shall be determined solely by the provisions of the indemnity clause, if any, included in this contract or any subcontract hereunder (including any lower-tier subcontract), and the Government assumes liability for all other infringement to the extent of the authorization and consent hereinabove granted.</p> <p>(b) The Contractor shall include the substance of this clause, including this paragraph (b), in all subcontracts that are expected to exceed the simplified acquisition threshold. However, omission of this clause from any subcontract, including those at or below the simplified acquisition threshold, does not affect this authorization and consent.</p> <p>(End of clause)</p>
52.227-2	Dec 2007	<p style="text-align: center;"><b>Notice and Assistance Regarding Patent and Copyright Infringement</b></p> <p>(a) The Contractor shall report to the Contracting Officer, promptly and in reasonable written detail, each notice or claim of patent or copyright infringement based on the performance of this contract of which the Contractor has knowledge.</p> <p>(b) In the event of any claim or suit against the Government on account of any alleged patent or copyright infringement arising out of the performance of this contract or out of the use of any supplies furnished or work or services performed under this contract, the Contractor shall furnish to the Government, when requested by the Contracting Officer, all evidence and information in the Contractor's possession pertaining to such claim or suit. Such evidence and information shall be furnished at the expense of the Government except where the Contractor has agreed to indemnify the Government.</p> <p>(c) The Contractor shall include the substance of this clause, including this paragraph (c), in all subcontracts that are expected to exceed the simplified acquisition threshold.</p> <p>(End of clause)</p>
52.232-40	Dec 2013	<p style="text-align: center;"><b>Providing Accelerated Payments to small Business Subcontractors</b></p> <p>(a) Upon receipt of accelerated payments from the Government, the Contractor shall make accelerated payments to its small business subcontractors under this contract, to the maximum extent practicable and prior to when such payment is otherwise required under the applicable contract or subcontract, after receipt of a proper invoice and all other required documentation from the small business subcontractor.</p> <p>(b) The acceleration of payments under this clause does not provide any new rights under the Prompt Payment Act.</p>

	(c) Include the substance of this clause, including this paragraph (c), in all subcontracts with small business concerns, including subcontracts with small business concerns for the acquisition of commercial items. (End of clause)
--	---

APPENDIX B: CLAUSES FLOWED DOWN BY REFERENCE

<b>FAR Clause</b>	<b>Date</b>	<b>Flowed By Reference Title</b>
52.204-14	Oct 2016	Service Contract Reporting Requirements
52.204-15	Oct 2016	Service Contract Reporting Requirements for Indefinite-Delivery Contracts
52.204-27	June 2023	Prohibition on a ByteDance Covered Application
52.211-15	Aug 2008	Defense Priority and Allocation Requirements
52.212-4	Oct 2018	Contract Terms and Conditions--Commercial Items
52.217-8	Nov 1999	Option to Extend Services
52.219-8	Oct 2018	Utilization of Small Business Concerns
52.219-9	June 2020	Small Business Subcontracting Plan
52.222-19	Jan 2020	Child Labor- Cooperation with Authorities and Remedies
52.222-3	June 2003	Convict Labor
52.222-21	April 2015	Prohibition of Segregated Facilities
52.222-26	Sept 2016	Equal Opportunity
52.222-43	August 2018	Fair Labor Standards Act and Service Contract Standards- Price Adjustments (Multiple Year and Option Contracts)
52.23-12	June 2016	Maintenance, Service, Repair, or Disposal of Refrigeration Equipment and Air conditioners
52.223-13	June 2014	Acquisition of EPEAT- Registered Imaging Equipment
52.223-16	Oct 2015	Acquisition of EPEAT (R)- Registered Personal Computer Products
52.223-16 Alt I	June 2015	Acquisition of EPEAT - Registered Personal Computer Products- Alternate I
52.223-20	June 2016	Aerosols
52.224-1	April 1984	Privacy Act Notification
52.224-2	April 1984	Privacy Act
52.225-3	May 2014	Buy American- Free Trade Agreements- Israeli Trade Act
52.232-39	June 2013	Unenforceability of Unauthorized Obligations
52.237-2	April 1984	Protection of Government Buildings, Equipment, and Vegetation
52.243-1 Alt II	Aug 1987	Changes- Fixed Price Alt II
52.245-1	Jan 2017	Government Property
52.249-2	April 2012	Termination for Convenience of the Government (Fixed-Price)
52.249-8	April 1984	Default (Fixed-Price Supply and Service)
52.222-37	June 2020	Employment Reports on Veterans

APPENDIX C: DFARS FLOWDOWN CLAUSES

<b>DFARS Clauses</b>		
<b>Clause</b>	<b>Date</b>	<b>Title</b>
252.204-7000	Oct 2016	Disclosure of Information
252.204-7004	Feb 2019	Antiterrorism Awareness Training for Contractors
252.204-7009	Oct 2016	Limitations on the use or disclosure of third-party contractor reported cyber incident information
252.204-7012	Oct 2016	Safeguarding Of Unclassified Controlled Technical Information
252.204-7015	May 2016	Notice of Authorized Disclosure of Information for Litigation Support
252.209-7004	May 2016	Subcontracting with Firms that are Owned or Controlled by the Government of a Country that is a State Sponsor of Terrorism.
252.211-7003	Mar 2016	Item Unique Identification and Valuation
252.211-7007	Aug 2012	Reporting of Government-Furnished Property
252.219-7003	May 2019	Small Business Subcontracting Plan (DOD Contracts)
252.223-7006	Sep 2014	Prohibition on Storage, Treatment, and Disposal of Toxic or Hazardous Materials.
252.223-7008	June 2013	Prohibition of Hexavalent Chromium
252.223-7999	Oct 2021	Ensuring Adequate COVID-19 Safety Protocols for Federal Contractors (Deviation 2021-O0009)
252.225-7001	Dec 2017	Buy American and Balance of Payments Program- Basic
252.225-7002	Dec 2017	Qualifying Country Sources as Subcontractors
252.225-7009	Oct 2014	Restriction on Acquisition of Certain Articles Containing Specialty Metals
252.225-7012	Dec 2017	Preference For Certain Domestic Commodities
252.225-7048	Jun 2013	Export-Controlled Items
252.225-7052	Apr 2019	Restriction on the Acquisition of Certain Magnets and Tungsten
252.225-7979	Dec 2017	Additional Access to Contractor and Subcontractor Records in the United States Central Command Theater of Operations (DEVIATION 2018-O0008)
252.226-7001	Apr 2019	Utilization of Indian Organizations and Indian Owned Economic Enterprises, and Native Hawaiian Small Business Concerns
252.227-7013	Feb 2014	Rights in Technical Data--Noncommercial Items
252.227-7014	Feb 2014	Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation
252.227-7015	Feb 2014	Technical Data--Commercial Items
252.227-7016	Jan 2011	Rights in bid or proposal information
252.227-7025	May 2013	Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends.
252.227-7030	Mar 2000	Technical Data- withholding of payment
252.227-7037	Sep 2016	Validation of Restrictive Markings on Technical Data
252.237-7010	June 2013	Prohibition on Interrogation of Detainees by Contractor Personnel



<b>252.237-7023</b>	<b>Oct 2019</b>	<b>Continuation of Essential Contractor Services</b>
<b>252.244-7000</b>	<b>June 2013</b>	<b>Subcontracts for Commercial Items</b>
<b>252.245-7001</b>	<b>April 2012</b>	<b>Tagging, Labeling, and Marking of Government Furnished Property</b>
<b>252.246-7003</b>	<b>June 2013</b>	<b>Notification of Potential Safety Issues</b>
<b>252.246-7008</b>	<b>May 2018</b>	<b>Sources of Electronic Parts</b>
<b>252.247-7023</b>	<b>Feb 2019</b>	<b>Transportation of Supplies by Sea</b>