

## LOCKHEED MARTIN AERONAUTICS SUPPLEMENTAL CLAUSES

### FOR PURCHASE ORDERS, CONTRACTS AND SCHEDULE AGREEMENT

January 09, 2012

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#### **I. Referenced Documents**

Copies of documents referenced in this Purchase Order, Contract and Scheduling Agreement, may be obtained from the LOCKHEED MARTIN Aeronautics Supply Chain Management (SCM) internet home page at <http://www.lockheedmartin.com/aeronautics/materialmanagement/>, or from the LOCKHEED MARTIN's representative.

#### **II. Self-Certification**

The terms and conditions referenced in this Purchase Order, Contract and Scheduling Agreement, may include self-certification statements. By acceptance of this Purchase Order, Contract and Scheduling Agreement, SELLER confirms its acceptance of the applicable self-certification statements contained in the terms and conditions referenced herein.

#### **III. Environmental, Safety, and Health**

##### **a. Hazardous Material:**

SELLER warrants that items delivered under, or brought onto LOCKHEED MARTIN's premises in the performance of this Purchase Order, Contract or Scheduling Agreement, do not contain any of the hazardous material listed, as of the effective date of this Purchase Order, Contract or Scheduling Agreement, on the hazardous materials elimination list (HMEL) under the heading "I. Banned Materials." The HMEL is available at the following location: <http://www.lockheedmartin.com/aeronautics/materialmanagement/> (available under "Terms & Conditions", subheading "ES&H") SELLER agrees to indemnify LOCKHEED MARTIN against any loss, damage or liability, including removal costs, by reason of SELLER's violation of this warranty.

##### **b. Hazardous Material Shipments to the Fort Worth Facility Only:**

LOCKHEED MARTIN Aeronautics requires each shipment of hazardous material to be accompanied by a completed hazardous material information form to be attached to the packing slip for products delivered to the Fort Worth facility. The completed form (Form Number 11914) is required to assist LOCKHEED MARTIN Aeronautics with the environmental reports to comply with state and federal environmental regulations. This form can be accessed on the LM Aero Supply Chain Management external website <http://www.lockheedmartin.com/aeronautics/materialmanagement/> under the "Terms & Conditions" section, then drop down the "Forms and Information" section. Alternatively, contact the LOCKHEED MARTIN's representative for an electronic copy.

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#### **c. Material Safety Data Sheets - Shipments To All Facilities (including Fort Worth):**

Attach a copy of the Material Safety Data Sheet (MSDS) to the packing sheet. Include the LOCKHEED MARTIN assigned MSDS number, Purchase Order, Contract or Scheduling Agreement number and supplier name to be applied to each container of the product being shipped. The LOCKHEED MARTIN assigned MSDS number for this product is located at the line item level text.

#### **d. Contractor Environment Safety & Health Handbook:**

If during the performance of this Purchase Order, Contract or Scheduling Agreement, SELLER or SELLER's employees, subcontractors or agents enter onto LOCKHEED MARTIN's premises, the requirements outlined in PM-8013 Contractor Environment Safety & Health Handbook (latest revision) and the applicable site Environment Safety & Health Orientation for Marietta, Fort Worth or Palmdale shall apply. PM-8013 and the applicable site environment safety & health orientation for Marietta, Fort Worth or Palmdale can be viewed on LOCKHEED MARTIN's website: <http://www.lockheedmartin.com/aeronautics/materialmanagement/> available under "Terms & Conditions" subheading "ESH." Alternatively, contact the LOCKHEED MARTIN's representative for an electronic copy.

#### **e. Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH):**

If work delivered by SELLER under this Contract will be incorporated into deliverable goods for use in the European Economic Area, SELLER may be required to identify any Substances of Very High Concern from the Candidate List as defined under European Union Regulation (EC) No 1907/2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Upon request, SELLER agrees (1) to provide to LOCKHEED MARTIN, at no increase in contract price, information regarding the identified chemical's name, amount contained, total part weight and safe usage information, and (2) to permit LOCKHEED MARTIN to disclose such information to the customer or regulatory authorities for the purpose of compliance with the REACH regulation. If at any time the product's chemical composition changes after a response is provided, SELLER is required to provide LOCKHEED MARTIN with the revised information. Current Candidate List chemicals can be found on the European Chemicals Agency website available at:

[http://echa.europa.eu/chem\\_data/authorisation\\_process/candidate\\_list\\_table\\_en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp)

For more information on REACH, please contact the LOCKHEED MARTIN REACH Program Office at [reach.info@lmco.com](mailto:reach.info@lmco.com).

#### **IV. Shipping Instructions**

SELLER shall ship item in accordance PM-5010 "SUPPLIER/SELLER SHIPPING INSTRUCTIONS", which is incorporated in this Purchase Order, Contract or Schedule Agreement by reference and applies to all items or work shipped except those items or work, if any, specified for shipment on DD250 in accordance with PM-801. PM5010 and PM-801 may be obtained from LOCKHEED MARTIN's website: <http://www.lockheedmartin.com/aeronautics/materialmanagement> under "Shipping," subheading "Shipping Instructions."

If a ship-to address is provided in the detail for a specific line item, that address overrides the header-level ship-to address for that line item.

SELLER shall utilize LOCKHEED MARTIN's Martin Carrier Selection Guide located at <http://csg.lmtas.com> unless directed by LOCKHEED MARTIN's procurement representative.

SELLER shall notify LOCKHEED MARTIN's procurement representative of any shipment originating off-shore of the United States.

#### **V. Taxes**

If this Purchase Order, Contract or Schedule Agreement contains items to be shipped to the LOCKHEED MARTIN Texas facility or taxable services to be performed in the state of Texas, the state of Texas exemption certificate for sales and use tax no. 15218936324 or Texas sales tax resale certificate no. 15218936324 prevail unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any Texas sales and use tax applicable to this purchase.

If this Purchase Order, Contract or Schedule Agreement contains items to be shipped to the LOCKHEED MARTIN Georgia facility or taxable services to be performed in the state of Georgia, the state of Georgia direct payment exemption certificate for sales, excise, and use tax no. 033-79-597-92-6 prevail unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any Georgia sales and use tax applicable to this purchase.

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If this Purchase Order, Contract or Schedule Agreement contains items to be shipped to the LOCKHEED MARTIN California facility or taxable services to be performed in the state of California, the state of California direct payment exemption certificate for sales, excise, and use tax no. SZ OHC 99901399 prevail unless otherwise specified. LOCKHEED MARTIN will be responsible for the payment of any California sales and use tax applicable to this purchase.

**VI. Buyer Acceptance at Source**

When this Purchase Order, Contract or Schedule Agreement calls for LOCKHEED MARTIN acceptance at source, SELLER shall notify LOCKHEED MARTIN's field representative who normally services SELLER's facility within five (5) days after receipt of this Purchase Order, Contract or Schedule Agreement. Notification shall include the Purchase Order, Contract or Schedule Agreement number, scheduled ship date and any special clearances required. LOCKHEED MARTIN's field representative may be obtained from the LOCKHEED MARTIN or the applicable manager found at:

<http://www.lockheedmartin.com/aeronautics/materialmanagement/> under "Quality Requirements Information."

**VII. Foreign Object Damage (FOD)**

If, during the performance of this Purchase Order, Contract or Scheduling Agreement, SELLER or SELLER 's employees, subcontractors or agents enter onto LOCKHEED MARTIN's premises, they may each be required to review information on the FOD prevention program and acknowledge by their respective signatures that they have done so before being allowed to enter FOD awareness areas. In addition access to FOD Control or Critical areas at the Marietta site requires instructor lead FOD certification. Guidance on the instructor led training process as well as other FOD information for all sites is included in the FOD prevention program information which can be viewed at

<http://www.lockheedmartin.com/aeronautics/materialmanagement/> under pull-down menu "Terms & Conditions," subheading "FOD." Alternatively, contact LOCKHEED MARTIN's representative for an electronic copy.

**VIII. Background Checks**

LOCKHEED MARTIN at any time shall have the right to conduct or have conducted a criminal background check or re-check on any individual needing access to LOCKHEED MARTIN's premises. At the sole discretion of LOCKHEED MARTIN, access to LOCKHEED MARTIN's premises by any individual may be denied or revoked if either (i) LOCKHEED MARTIN determines that such individual is not suited to perform services in LOCKHEED MARTIN's work environment, or (ii) such individual fails or refuses to provide LOCKHEED MARTIN immediately upon request the information and documentation needed to verify such individual's identity, qualifications and, if any, criminal history. LOCKHEED MARTIN's decision to deny anyone access shall not be construed as LOCKHEED MARTIN's opinion or determination concerning any matter whatsoever other than access to LOCKHEED MARTIN's premises.

**IX. A83 Note "Engineering Specification Requirements"**

If A83 is called out at the item level you must review the text for A83 located on the LOCKHEED MARTIN external webpage at: <http://www.lockheedmartin.com/aeronautics/materialmanagement/> under "Engineering" then "A83."

**X. Performance Notifications and Disclosures Clause**

This performance notifications and disclosures clause only applies to this contract if the value of this contract exceeds \$100,000.

SELLER agrees to respond to LOCKHEED MARTIN's requests for information, not more than monthly, regarding the status of required disclosures and notifications.

**a. Accounting, Billing, Earned Value, Procurement, Estimating, or Property Management Systems**

If SELLER's accounting, earned value, procurement, estimating, or property management systems are reviewed by a government agency, and if there is any material change in the status of the government agency's determination of adequacy or approval of any such system, Seller shall notify LOCKHEED MARTIN prior to the submittal of SELLER's next invoice.

**b. Strike Notifications**

If SELLER becomes aware of an impending strike at its facility or at any sub-tier's supplier's facility that could potentially affect deliveries to LOCKHEED MARTIN, SELLER shall promptly notify LOCKHEED MARTIN in writing.

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In addition to the preceding strike notification requirements, SELLER shall adhere to all other similar requirements set forth elsewhere in this Contract, Purchase Order or Schedule Agreement.

#### **c. Diminishing Manufacturing Sources**

In the event a part becomes, or is going to become, obsolete, SELLER shall immediately notify to LOCKHEED MARTIN and take all reasonable steps to investigate an alternate part.

In addition to the preceding DMS requirements, SELLER shall adhere to all other DMS requirements set forth elsewhere in this Contract, Purchase Order or Schedule Agreement.

#### **d. Change In Ownership, Relocation, or Transfer of Manufacturing Operations**

SELLER shall notify LOCKHEED MARTIN's procurement representative in writing at least 90 days in advance of any action that results in the sale, relocation of facilities, or transfer of SELLER's manufacturing operations.

SELLER's relocation notification should include:

- SELLER's relocation plan addressing facilities, tooling, personnel, manufacturing schedules, whether any export or import license is required, and LOCKHEED MARTIN's support requirements, e.g., safety stock
- Recertification of supplier's quality management system and QCS-001 requirements
- First article inspection (FAI) requirements

#### **e. SELLER's Points Of Contact**

SELLER shall notify LOCKHEED MARTIN's procurement representative in writing of changes in SELLER's points of contact (POCs). Notification shall include the updated name, title, address, phone number, and e-mail address of each changed POC.

#### **f. Other Notifications and Disclosures**

SELLER shall comply with all other notifications and disclosure set forth in this Purchase Order, Contract or Schedule Agreement.

### **XI. F-35 Program Specific Requirements**

#### **a. Government Process Surveillance:**

Some items on this Purchase Order, Contract or Scheduling Agreement may contain items that have been assigned government source inspection (GSI) by the Defense Contract Management Agency (DCMA) at the prime contractor level. When GSI has been assigned on items that are not being direct shipped/dd-250'd, government QA stamping of shipping documents is required prior to each shipment. However, stamping of 100% of shipping documents may be relaxed by your local DCMA at their discretion, and when granted in writing.

#### **b. F-35 IUID Bar-Coding Label Requirements For Build-To-Packages (BTP) Parts:**

The IUID bar-coding label requirements of PO clause DFARs 252.211-7003, Item Identification and Valuation, may have been updated since the issuance of the build-to-packages for the part numbers associated with this Purchase Order, Contract or Scheduling Agreement. To determine if IUID bar code labels are required, SELLER shall refer to the "UID type" field in the Product Data Manager (PDM) system. The field will be populated with either of the following:

- a. UID Type 1 (UID part)
- Or
- b. UID Type 2 (non UID part)

UID type 1 designates that IUID bar-coding labels are required. The separate notes list (SNL), which contains the part marking notes that used to appear on the face of the engineering drawing, will be automatically generated by PDM and furnished to SELLER.

UID type 2 designates that IUID bar-coding labels are not required.

The UID type attribute in the PDM system takes precedence over the UID type attribute in the face-of-drawing note.

### **XII. Invoicing Instructions**

In addition to other instructions set out in this Purchase Order, Contract or Schedule Agreement, invoices shall include at a minimum the following information:

- 1) Name and Address of the Contractor

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- 2) Invoice date and invoice number
- 3) This Purchase Order, Contract or Schedule Agreement and Line Item Number
- 4) Part Number, Description, quantity, unit of measure, unit price, and extended price
- 5) Shipping and payment terms
- 6) Name and address of contractor to whom payment is to be sent
- 7) Name, title, phone number, and mailing address of person to notify in the event of a defective notice.
- 8) As applicable, Electronic Funds Transfer (EFT) banking information.

#### **XIII. Cost Accounting Standards**

If Cost Accounting Standards apply to this Purchase Order, Contract or Schedule Agreement, SELLER shall communicate and otherwise deal directly with the cognizant Contracting Officer to the extent practicable and permissible as to all matters relating to Cost Accounting Standards. SELLER shall provide LOCKHEED MARTIN with copies of all communications between SELLER and the Contracting Officer respecting the Cost Accounting Standard clauses incorporated herein. SELLER shall not be required to disclose to LOCKHEED MARTIN such communications containing information which is privileged and confidential to SELLER.

SELLER agrees to indemnify and hold LOCKHEED MARTIN harmless to the full extent of any loss, damage, or expense if LOCKHEED MARTIN is subjected to any liability as the result of a failure of SELLER's or its subcontractors to comply with the requirements of the Cost Accounting Standard clauses incorporated in this Purchase Order, Contract and Scheduling Agreement.

#### **XIV. Performance Assurance Warranty**

In addition to all other remedies set out in this Purchase Order, Contract or Scheduling Agreement, including but not limited to the Warranty and Inspection provisions, if any nonconforming Work is identified within the warranty period, LOCKHEED MARTIN shall be entitled to receive and SELLER shall pay to LOCKHEED MARTIN as a warranty expense: (1) the lesser of \$4,000 or 5% of the cost of the nonconforming Work for LOCKHEED MARTIN's processing costs for supplier responsible non-conformances, except where the nonconformance is identified by the SELLER prior to delivery (Supplier Quality Assurance Report (SQAR)) in which case the warranty expense shall be the lesser of \$2,500 or 5% of the cost of the nonconforming Work; and (2) all costs incurred by LOCKHEED MARTIN to remove and replace the nonconforming Work, including without limitation all costs incurred by LOCKHEED MARTIN relating to the removal of such nonconforming Work, the reinsertion of conforming Work and any testing necessitated by the reinstallation of SELLER's conforming Work; and (3) pay LOCKHEED MARTIN'S other reasonable costs from delays and disruptions caused to LOCKHEED MARTIN by SELLER's nonconforming Work.

Notwithstanding any other provision of this Purchase Order, Contract or Scheduling Agreement, all such costs shall be deemed direct damages.

In no event shall failure to assess the warranty expenses be considered a waiver of LOCKHEED MARTIN's rights in this or any other articles or clauses set forth herein, or at law or in equity.

#### **XV. Liquidated Damages for Late Delivery**

Should SELLER fail to make delivery of any Work in accordance with the delivery schedule in this Purchase Order, Contract or Scheduling Agreement, then LOCKHEED MARTIN shall be entitled to receive, and SELLER shall pay, compensation in the form of liquidated damages and not as a penalty. SELLER shall be entitled to a ten (10) day grace period. In the event SELLER fails to make delivery of an item within the grace period, then the amount of liquidated damages shall accrue at the rate of one and one-half percent (1.5%) of the price of the portion of the Work which is subject to delay for each day of delay beginning on the first day of the scheduled delivery date. SELLER agrees that liquidated damages in the foregoing amounts are reasonable in light of the anticipated harm caused by the late delivery, the difficulties of the proof of loss, and the inconvenience or non-feasibility of otherwise obtaining an adequate remedy. Liquidated damages arising under this Purchase Order, Contract or Scheduling Agreement, may be deducted by LOCKHEED MARTIN, in whole or in part, from any payments due SELLER following the late delivery of any such Work. In no event shall failure to assess liquidated damages be considered a waiver of LOCKHEED MARTIN's rights in this or any other articles or clauses.

#### **XVI. Withholds for Nonconformances**

Notwithstanding any provision to the contrary in this Purchase Order, Contract or Scheduling Agreement, including the Inspection of Supplies – Fixed-Price Clause, in the event LOCKHEED MARTIN is subject to a withhold, variance or other

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remedy by its Customer because of a defect/nonconformance in the SELLER's Work, a corresponding withhold, variance or other remedy shall be assessed against and shall be paid by the SELLER as a temporary or permanent reduction, as the case may be, in the price of the affected Work.