

**LOCKHEED MARTIN AERONAUTICS COMPANY**

**ADDENDUM C**

**ADDITIONAL TERMS AND CONDITIONS**

**FOR SUBCONTRACTS/PURCHASE ORDERS UNDER**

**PRIME CONTRACT NUMBER W8475-07SA30/001/AP**

**C-130J-30 CANADA TATS PROGRAM – AIRCRAFT CAPABILITY PROJECT**

**Original – March 10, 2008**

**PART I. MODIFICATIONS:** The following clauses are modified as follows:

**Modify the following clauses contained in CorpDoc 1 and CorpDoc 1SER:**

**DEFINITIONS**

(d) “SELLER” or “SUBCONTRACTOR” means the Party identified on the face of this Contract with whom LOCKHEED MARTIN is contracting.

**Modify the following clauses contained in CorpDoc 1T&M:**

**7. DEFINITIONS**

(d) “SELLER” or “SUBCONTRACTOR” means the Party identified on the face of this Contract with whom LOCKHEED MARTIN is contracting.

**Modify the following clauses contained in CorpDoc 1INT:**

**6. DEFINITIONS**

(f) “SELLER” or “SUBCONTRACTOR” means the Party identified on the face of this Contract with whom LOCKHEED MARTIN is contracting.

**PART II. ADDITIONS:** The following clauses are incorporated into this Contract in addition to those set out in the applicable CorpDocs:

**1. CONTROLLED GOODS**

As this Contract requires production of or access to controlled goods that are subject to the Defence Production Act, all Subcontractors, at any tier, are hereby advised that, within Canada, only persons who are registered, exempt or excluded under the Controlled Goods Program (CGP) are lawfully entitled to examine, possess or transfer controlled goods. Details on how to register under the CGP are available at: <http://www.cgp.gc.ca>.

When any Subcontractor, at any tier, proposes to examine, possess, or transfer controlled goods that are not registered, exempt, or excluded under the CGP at the time of contract award, any Subcontractor shall, within seven (7) working days from receipt of written notification of the contract award, ensure that the required application(s) for registration or exemption are submitted to the CGP. No examination, possession, or transfer of controlled goods shall be performed until the Subcontract has provided proof that is satisfactory to the Contracting Authority that the Subcontractor is registered, exempt, or excluded under the CGP.

Failure of the Subcontractor to provide proof that is satisfactory to the Contracting Authority that the Subcontractor is registered, exempt, or excluded under the CGP within thirty (30) calendar days from date of contract award shall be a default under the Contract except to the extent that Canada is responsible for the failure due to delay in processing the application.

Any Subcontractor must maintain registration, exemption, or exclusion from the CGP for the duration of the Contract and in any event for so long as they will examine, possess, or transfer controlled goods.

**2. INTERNATIONAL SANCTIONS**

Persons in Canada, and Canadians outside of Canada, are bound by economic sanctions imposed by Canada. As a result, the Government of Canada cannot accept delivery of goods or services that originate, either directly or indirectly, from the countries or persons subject to economic sanctions.

Details on existing sanctions can be found at:  
<http://www.dfait-maeci.gc.ca/trade/sanctions-en.asp>

It is a condition of this Contract the Subcontractor, and any Subcontractor at any tier, shall not supply to Lockheed Martin any goods or services which are subject to economic sanctions by the Government of Canada.

By law, the Subcontractor must comply with changes to the regulations imposed during the life of the Contract.

**3. ACCESS**

Lockheed Martin or Canada, or any other Canadian authorized representative shall have access to subcontractor’s plant or premises where the work is being performed during usual business hours and subject to reasonable advance notice to the Contractor. Lockheed Martin or Canada’s Quality Assurance Authority Representative shall have access at all time to subcontractor’s plant or premises where the work is being performed, subject to limitations and restrictions as may be determined to be necessary by the subcontractor.

**4. PERMITS AND LICENSES**

The Subcontractor shall, at no additional cost or liability to Canada, obtain all such licenses, permits, permissions, clearances or other documents as may be necessary for the performance of the Work, as of the Effective Date of the Contract, in order to comply with all laws, codes and regulations in force in the legal jurisdiction where the Contract or the Work or any part thereof is being performed. If requested by Notice, the Subcontractor shall forward copies of such licenses and permits to Lockheed Martin.

Any licenses, permits, permissions, clearances, or other documents required by any Canadian authority and related to this Contract that come into existence after the effective date of this Contract may entitle the Subcontractor to an Equitable Adjustment.

**5. DANGEROUS GOODS/HAZARDOUS PRODUCTS AND DISPOSAL**

Dangerous goods/hazardous products – material which is classed as dangerous/hazardous – shall be marked by the Subcontractor:

- shipping container – in accordance with the Transportation of Dangerous Goods Act, 1992; and
- immediate product container – in accordance with the Hazardous Products Act.

Material Safety Data Sheets (or “MSDS”), indicating the NATO Stock Number, shall be provided by the Subcontractor as follows:

one (1) copy to be mailed to:

**Lockheed Martin**

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One (1) soft copy: on CDROMs in ASCII, Rich Text Format (RTF), or common word processing form (i.e., Microsoft Word or WordPerfect) shall be mailed to the address provided above.

The Subcontractor shall be responsible for any damages caused by improper packaging, labelling, or carriage of goods/products.

The Subcontractor must ensure they adhere to all levels of regulations regarding dangerous/hazardous products as set forth by applicable laws.

The Subcontractor must contact the consignee at least forty-eight (48) hours prior to shipping to schedule a receiving time when supplying dangerous goods.

The Subcontractor shall provide a list of the Materials that appear in the Maintenance Manuals and an electronic form of all MSDS's. The contractor shall also provide an outline of the potential hazardous materials that could appear on the aircraft by general location and an electronic copy of representative MSDS's for these potential hazardous materials in accordance with CDRL item SED-006.

The Subcontractor shall have full responsibility for disposal of any hazardous waste removed or uncovered in the performance of the Work. Title to such waste shall pass to the Contractor as soon as the Contractor takes possession of the waste and the Contractor shall dispose of such waste in accordance with the requirements of the Contract, if any, in accordance with applicable laws.

The C-130J aircraft complies with the Montreal Protocol for non-use of all substances listed therein with the exception of Halon 1211. In the C-130J-30, Halon 1211 is used for engine fire extinguishers.

Currently, the Subcontractor may use Halon 1211 in accordance with a waiver from the US Government.

**6. COMPLIANCE WITH APPLICABLE LAWS**

The Subcontractor shall comply with all laws applicable to the performance of the Work including health and labor conditions and the protection of the environment on the Effective Date of the Contract and shall require compliance therewith by all of its lower tier Subcontractors.

**7. NOTICE OF LABOUR DISPUTES**

Whenever the Subcontractor has knowledge that any actual or potential labour dispute is delaying or threatens to delay the timely performance of this Contract, the Subcontractor shall give Notice thereof, as soon as practicable, including relevant information with respect thereto.

**8. DEFENCE CONTRACT**

This Contract is a defence contract within the meaning of the Defence Production Act, R.S.C. 1985, c. D-1, and shall be governed accordingly.

**9. CONFLICT OF INTEREST**

The Subcontractor agrees that it is a term of the Contract that no person who is not in compliance with the provisions of the Conflict of Interest and Post-Employment Code for Public Office Holders or the Values and

Ethics Code for the Public Service or the Defence Administrative Orders and Directives governing Conflict of Interest and Post-Employment, shall derive any direct benefit from this Contract.

## **10. SECURITY REQUIREMENTS FOR CANADIAN SUPPLIERS**

Subcontractor must, at all times during the performance of the Contract, hold a valid Designated Organization Screening (DOS), issued by the Canadian Industrial Security Directorate (CISD), Public Works and Government Services Canada (PWGSC).

The Subcontractor personnel requiring access to sensitive work site(s) *must be citizens of Canada or United States* and EACH hold a valid RELIABILITY STATUS, granted, or approved by CISD/PWGSC. Until the security screening of the Contractor personnel required by this Contract has been completed satisfactorily by the Canadian Industrial Security Directorate, Public Works and Government Services Canada, the Subcontractor personnel MAY NOT ENTER sites where such information or assets are kept, without an escort provided by the department or agency for which the Work is being performed.

## **11. SECURITY REQUIREMENTS FOR UNITED STATES SUPPLIERS**

The FOREIGN Subcontractor shall, at all times during the performance of the Contract, hold a valid Facility Security Clearance, issued by the National Security Authority/Designated Security Authority (NSA/DSA), for Industrial Security of United States at the level of CONFIDENTIAL.

The FOREIGN Subcontractor personnel requiring access to controlled site(s) must be a citizen of Canada or the United States and EACH hold a valid personnel security screening at the level of CONFIDENTIAL, granted or approved by the NSA/DSA of United States. Until the security screening of the Contractor personnel required by this Contract has been completed satisfactorily by the NSA/DSA, the Contractor personnel MAY NOT ENTER sites where such information or assets are kept, without an escort provided by the department or agency for which the Work is being performed.

The FOREIGN Subcontractor shall comply with the provisions of the: industrial security regulations or the manual of the NSA/DSA of United States; Security Requirements Check List, attached at Annex "E."

## **12. IMMIGRATION REQUIREMENTS**

The Subcontractor shall be responsible for compliance with all immigration requirements applicable to non-permanent residents entering Canada to work on a temporary basis in fulfillment of the Contract. The Subcontractor shall be responsible for all costs incurred as a result of the non-compliance with the immigration requirements, and as a result of delays in the Work resulting there from.

## **13. PRIORITY RATING**

Canada is a participant in the US Defense Priorities and Allocations System and Lockheed Martin's prime contract is eligible for a Priority Rating. The Central Allocations and Defense Priorities Allocations Officer, Public Works and Government Services Canada, will advise the Subcontractor as to the appropriate priority rating within 60 calendar days of the Effective Date of the Contract.

## **14. GOVERNMENT FURNISHED FACILITIES**

Canada through its prime contract with Lockheed Martin will make available to the Subcontractor certain Government Furnished Facilities (GFF). Canada may impose such conditions that it deems appropriate taking into account the nature of the facility. Any such conditions imposed by Canada may entitle the Subcontractor to an Equitable Adjustment.

The division of responsibilities between Lockheed Martin and the Subcontractor within Government Furnished Facilities is specified in the SOW.

Upon request, Lockheed Martin may agree to carry out modifications to the Government Furnished Facilities to facilitate the performance of the Work.

**15. ACCOUNTING GOVERNMENT PROPERTY**

Subcontractor will utilize its approved Government Property Administration and Accountability System and related forms to manage all Government Property under this Contract.

**16. SUSPENSION OF PAYMENT**

Notwithstanding anything herein contained, the Lockheed Martin Procurement Representative may suspend payments whenever it finds substantial evidence that the Subcontractor: has failed to comply with any material requirement of the Contract; has so failed or is unable to make progress in the performance of the Work or any of its various components so as to either endanger the due completion of the Work or so as to prevent Lockheed Martin from using a Deliverable End Item, as intended because of the lack of progress on or the untimely completion of another Deliverable End Item; or is in such unsatisfactory financial condition as to endanger the due completion of the Contract.

Prior to suspending payment pursuant to this Article, the Lockheed Martin Procurement Representative shall, by Notice to the Subcontractor, give the Subcontractor a period of time, which is reasonable in the opinion of the Contract Authority, in which to cure such failure, refusal or inability to comply with any obligation under the Contract, such period of time to be no less than forty-five (45) calendar days

**17. QUALITY ASSURANCE AUTHORITY**

All Work shall be subject to Lockheed Martin’s Quality Assurance Representative (QAR) at the Subcontractor's facility and at the installation site by the:

If the Subcontractor has not been contacted by the QAR in the Subcontractor's facility or area within forty-five (45) working days of receipt of the Contract, the Subcontractor shall notify the QAR to arrange for Quality Assurance services. The Subcontractor is responsible for performing, or having performed, all inspections and tests necessary to substantiate that the materiel or services provided conform to Contract requirements.

The Subcontractor shall make available to the QAR, at the Subcontractor's facility, applicable test data, Technical Data, test pieces, and samples as may reasonably be required by the QAR to verify conformity to Contract requirements.

Quality Control, Inspection and Test records that substantiate conformity to the specified requirements, including records of corrective actions, shall be retained by the Subcontractor, in accordance with its internal procedures.

**18. ISO 9001: AS9100 QUALITY MANAGEMENT SYSTEMS – REQUIREMENTS (QAC X)**

In the performance of the Work described herein, the Subcontractor shall comply with the requirements of the ISO 9001:AS9100 – Quality management systems – Requirements, published by the International Organization for Standardization (ISO), current edition at date of submission of Contractor's bid.

It is not the intent of this clause to require that the Subcontractor be registered to the applicable standard; however, the Subcontractor's quality management system must address each requirement contained in the standard.

The Subcontractor shall provide the Quality Assurance Representative (QAR) with the accommodation and facilities required for the proper accomplishment of the Quality Assurance Services (QAS) and shall use reasonable efforts to provide the assistance required by the QAR for evaluation, verification, validation, documentation, or release of product.

The QAR shall have the right of access to any area of the Contractor's facilities where any part of the Work is being performed. The QAR shall be afforded opportunity to evaluate and verify Contractor conformity with Quality System procedures and to validate product conformity with Contract requirements. The Subcontractor shall make available for reasonable use by the QAR the equipment necessary for all validation purposes. Subcontractor personnel shall be made available for operation of such equipment as required.

The Subcontractor shall notify the QAR of non-conforming product received from a lower tier subcontractor when the product has been subject to QAS.