



MINISTRY OF DEFENCE



**THE SECRETARY OF STATE FOR DEFENCE**

**and**

**ULTRA ELECTRONICS LIMITED**

**THE PROVISION OF AND SUPPORT TO SONOBUOYS**

**TERMS AND CONDITIONS**

**CONTRACT NUMBER  
HELSME/0001**

OFFICIAL SENSITIVE - COMMERCIAL

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**ANNEXES TO THE CONTRACT**

<b>Annex</b>	<b>Description</b>
<b>A</b>	<b>STATEMENT OF REQUIREMENT</b>
<b>B</b>	<b>SONOBUOY SPECIFICATION AND RANGE CRITERIA</b>
<b>C</b>	<b>LIST OF APPLICABLE MAA REGULATORY ARTICLES</b>
<b>D</b>	<b>LIST OF GOVERNMENT FURNISHED ASSETS (GFA)</b>
<b>E</b>	<b>PRE-PRODUCTION EVALUATION PROGRAMME AND PRODUCTION TEST SAMPLING</b>
<b>F</b>	<b>PROCEDURES APPLICABLE TO THE USE OF THE UK SONOBUOY TEST FACILITY (STF) FOR DEVELOPMENT WORK</b>
<b>G</b>	<b>PRICING AND PAYMENT</b>
<b>H</b>	<b>TASK APPROVAL FORM</b>
<b>I</b>	<b>LIST OF AGREED TASKS</b>
<b>J</b>	<b>APPLICATION FOR SONOBUOY TEST</b>
<b>K</b>	<b>CONTRACTOR'S COMMERCIALLY SENSITIVE INFORMATION</b>
<b>L</b>	<b>MASTER DATA ASSUMPTIONS LIST (MDAL0</b>
<b>M</b>	<b>STOCK</b>
<b>N</b>	<b>DEFENCE INSTRUCTIONS AND NOTICES</b> <span style="background-color: black; color: black;">██████████</span>

<b>Appendix</b>	<b>Description</b>
<b>1</b>	<b>ABBREVIATIONS</b>
<b>2</b>	<b>DEFINITIONS</b>
<b>3</b>	<b>ADDRESSES AND OTHER INFORMATION – DEFFORM 111</b>

1. SCHEDULE OF REQUIREMENTS

Ultra Electronics Ltd Sonar Systems [REDACTED] [REDACTED] [REDACTED]	<b>MINISTRY OF DEFENCE</b>  <b>SCHEDULE OF REQUIREMENTS</b>  <b>COVERING:</b>  <b>THE PROVISION OF</b> <b>AND SUPPORT TO</b> <b>SONOBUOYS</b>	<b>CONTRACT NO.</b>  HELSME/0001
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ITEM NO	DESCRIPTION	PRICE £ EX VAT
1.	The provision and Delivery of Sonobuoys in accordance with the Statement of Requirement detailed at Annex A and quantities detailed in Clause 15.	[REDACTED] [REDACTED] [REDACTED]
2.	The provision of Technical Support Service, Management, Engineering Services and logistics Services for Sonobuoys in accordance with the Statement of Requirement detailed at Annex A.	[REDACTED] [REDACTED] [REDACTED]
3.	Performance of ad-hoc tasks authorised in accordance with Task Authorisation Forms (TAFs) at Annex H raised in accordance with Clause 12 of the Contract.	[REDACTED] [REDACTED] [REDACTED]

**Table II: Delivery of Articles/Services**

ITEM NO	START	FINISH
1.	01 <sup>st</sup> January 2019	<u>All items</u>
2.	01 <sup>st</sup> January 2019	31 <sup>st</sup> December 2021
3.	01 <sup>st</sup> January 2019	

The Contract is subject to Clauses 1-30, Annexes A - M and Appendices 1-3

## 2. DEFCON CONDITIONS

2.1. The following MoD Defence Conditions (DEFCONs) shall apply to this Contract:

- DEFCON 5J** (Edn.18/11/16) - Unique Identifiers
- DEFCON 23** (Edn.08/09) - Special Jigs, Tooling and Test Equipment
- DEFCON 68** (Edn.02/17) - Supply of Data for Hazardous Articles, Materials and Substances
- DEFCON 76** (Edn 12/06) - Contractors Personnel at Government Establishments
- DEFCON 113** (Edn.02/17) - Diversion Orders
- DEFCON 117** (Edn.10/13) - Supply of Documentation for NATO Codification Purposes and Defence Inventory Introduction
- DEFCON 129** (Edn.04/18) - Packaging (For Articles other than Munitions)
- DEFCON 129J** (Edn.18/11/16) - The Use of Electronic Business Delivery Form
- DEFCON 130** (Edn.04/18) - Packaging for Explosives
- DEFCON 501** (Edn.11/17) - Definitions and Interpretations
- DEFCON 502** (Edn.05/17) - Specifications Changes
- DEFCON 503** (Edn.12/14) - Formal Amendments to Contract
- DEFCON 507** (Edn.10/98) - Delivery
- DEFCON 513** (Edn.11/16) - Value Added Tax
- DEFCON 514** (Edn.08/15) - Material Breach
- DEFCON 515** (Edn.02/17) - Bankruptcy and Insolvency
- DEFCON 516** (Edn.04/12) - Equality
- DEFCON 518** (Edn.02/17) - Transfer
- DEFCON 520** (Edn.05/18) - Corrupt Gifts and Payments of Commission
- DEFCON 522** (Edn.11/17) - Payment and Recovery of Sums Due
- DEFCON 524** (Edn.10/98) - Rejection
- DEFCON 525** (Edn.10/98) - Acceptance  
Note: For the purposes of this Contract, the relevant period for acceptance in respect of DEFCON 525 shall be 60 days.
- DEFCON 526** (Edn.08/02) - Notices

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- DEFCON 527** (Edn.09/97) - Waiver
- DEFCON 528** (Edn.07/17) - Import and Export Licences
- DEFCON 529** (Edn.09/97) - Law (English)
- DEFCON 530** (Edn.12/14) - Dispute Resolution (English Law)
- DEFCON 531** (Edn.11/14) - Disclosure of Information
- DEFCON 532B** (Edn.05/18) - Protection of Personal Data
- DEFCON 534** (Edn.06/17) - Subcontracting and Prompt Payment
- DEFCON 537** (Edn.06/02) - Rights of Third parties
- DEFCON 538** (Edn.06/02) - Severability
- DEFCON 539** (Edn 08/13) - Transparency
- DEFCON 550** (Edn 02/14) - Child labour and Employment Law
- DEFCON 566** (Edn.03/18) - Change of Control of Contractor
- DEFCON 601** (Edn.04/14) - Redundant Materiel
- DEFCON 602A** (Edn.12/17) - Quality Assurance (with Deliverable Quality Plan)
- DEFCON 604** (Edn.06/14) - Progress Reports
- DEFCON 606** (Edn.06/14) - Change and Configuration Control Procedure
- DEFCON 607** (Edn.05/08) - Radio Transmissions
- DEFCON 608** (Edn.10/14) - Access and Facilities to be Provided by the Contractor
- DEFCON 609** (Edn.08/18) - Contractor's Records
- DEFCON 611** (Edn.02/16) - Issued Property
- DEFCON 612** (Edn.10/98) - Loss of or Damage to the Articles
- DEFCON 619A** (Edn.09/97) - Customs Duty Drawback
- DEFCON 620** (Edn.05/17) - Contract Change Control Procedure
- DEFCON 621B** (Edn.10/04) - Transport (if the Contractor is responsible for transport).
- DEFCON 624** (Edn.11/13) - Use of Asbestos
- DEFCON 625** (Edn.10/98) - Co-operation On Expiry of Contract

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- DEFCON 627** (Edn.12/10) - Quality Assurance – Requirements for a Certificate of Conformity
- DEFCON 637** (Edn.05/17) - Defect Investigation and Liability
- DEFCON 642** (Edn.06/14) - Progress Meetings
- DEFCON 644** (Edn.07/18) - Marking of Articles
- DEFCON 645** (Edn.07/99) - Export Potential
- DEFCON 647** (Edn 09/13) - Financial Management Information  
Note: The Contractor shall provide the information required under this Condition on a calendar monthly basis.
- DEFCON 649** (Edn.12/16) - Vesting
- DEFCON 656B** (Edn.08/16) - Termination for Convenience – Over £5M
- DEFCON 658** (Edn.10/17) - Cyber
- DEFCON 659A** (Edn.02/17) - Security Measures
- DEFCON 660** (Edn 12/15) - Official-Sensitive Security Requirements
- DEFCON 670** (Edn.02/17) - Tax Compliance
- DEFCON 681** (Edn.06/02) - Decoupling Clause - Subcontracting with the Crown
- DEFCON 691** (Edn.03/15) - Timber and Wood - Derived products
- DEFCON 694** (Edn.07/18) - Accounting for Property of the Authority
- DEFCON 800** (Edn.12/14) - Qualifying Defence Contract (QDC)
- DEFCON 801** (Edn.12/14) - Amendments to Qualifying Defence Contracts – Consolidated Versions
- DEFCON 802** (Edn.12/14) - QDC: Open Book on sub-contracts that are not Qualifying Sub-contracts
- DEFCON 804** (Edn.03/15) - QDC: Confidentiality of Single Source Contract Regulations Information

2.2. In addition to those DEFCONs listed in Clause 2.1 the following Intellectual Property Rights DEFCONs shall also apply to this Contract:

- DEFCON 14** (Edn.11/05) - Inventions and Designs Crown Rights and Ownership of Patents and Registered Designs
- DEFCON 15** (Edn.02/98) - Design Rights and Rights to Use Design Information

Note 1: The Contractor shall inform the Authority's Commercial Manager immediately in the event that they anticipate undertaking any hardware or software development in connection with the performance of the Contract. Such notification shall be accompanied by details of the intended development work. Under no circumstances should any development work proceed until agreement has been reached on the IPR provisions that shall apply to the work concerned.

Note 2: An appropriate Contract Data Requirements List (CDRL) as attached to the TAF at Annex H to the Contract shall be agreed upon prior to any development work commencing.

**DEFCON 16** (Edn 10/04) - Repair and Maintenance Information

**DEFCON 21** (Edn.10/04) - Retention of Records  
Note: For the purpose of this Contract, the period referred to in clause 3 of DEFCON 21 shall refer to a rolling period of 7 years.

**DEFCON 90** (Edn.11/06) - Copyright

**DEFCON 91** (Edn.11/06) - Intellectual Property Rights in Software  
Note 1: The Contractor shall inform the Authority's representative immediately in the event that they anticipate undertaking any software development in connection with the performance of the Contract. Such notification shall be accompanied by details of the intended development work. Under no circumstances should any development work proceed until agreement has been reached on the IPR provisions that shall apply to the work concerned.

Note 2: An appropriate CDRL as attached to the TAF at Annex H to the Contract shall be agreed upon prior to any development work commencing.

**DEFCON 126** (Edn.11/06) - International Collaboration  
Note 1: The period prescribed to in clauses 2 and 3 of this Condition shall be 15 years.

Note 2: The Authority shall be free to disclose information arising from the Contract to member nations of NATO and to any other country with whom there exists treaty or similar obligations for mutual defence and DEFCON 126 is to be so construed.

**DEFCON 632** (Edn.08/12) - Third party Intellectual Property - Rights and Restrictions.

**DEFFORM 177** (Edn.03/80) - Design Rights and Patents (Subcontractors) Agreement

2.3. Procedure for Making Direct Agreements with subcontractors

- 2.3.1. The Contractor shall not place any subcontract or order involving the design or development of any new equipment required under this Contract without the prior approval of the Authority which will not be reasonably withheld, by the Authority's Commercial Manager detailed at Box 1 of Appendix 3 - Addresses and other Information.
- 2.3.2. The Contractor shall not enter into any new commitment for design or development of new equipment until the subcontractor has agreed a DEFFORM 177 with the Authority. Wherever possible the request for approval should be accompanied by two copies of the agreement signed by the subcontractor. If, in any case the Contractor is unable to comply with this Clause he shall report the matter to the Authority's Commercial Manager and await further instructions before placing the subcontract or order.
- 2.3.3. Commercial Exploitation Agreement - In the event that any work is carried out in the design, or re-engineering of the Articles to be supplied under this Contract, the cost of which is borne wholly or in part by the Authority, then for the purposes of clause 18 of DEFCON 15, the [REDACTED]  
[REDACTED]  
[REDACTED]

**3. INTERPRETATIONS AND DEFINITIONS**

- 3.1. The interpretations, terms and definitions detailed in Appendix 1 and 2 (Glossary of Acronyms and Definitions) and Clauses 3.2 to 3.8 inclusive shall apply to the Contract.
- 3.2. References to any enactment, order, regulation or other similar instruments shall be constructed as a reference to the enactment, order, regulation or instrument as amended or consolidated by any subsequent enactment, order, regulation or instrument.
- 3.3. The heading to any Contract Condition or Clause shall not affect the interpretation of the Contract Condition or Clause.
- 3.4. Unless excluded within the terms of the Contract or where required by law;
- 3.5. reference to submission of documents in writing shall include electronic signature submission and;
- 3.6. any requirement for a document to be signed or reference to signature shall be constructed to include electronic signature, provided that a formal method of authentication as agreed between the Parties is employed and the agreed method recorded in the Contract.
- 3.7. The masculine includes the feminine and vice versa and words importing the neuter include both the masculine and feminine.
- 3.8. The singular includes the plural and vice versa.

#### **4. PRECEDENCE**

- 4.1. In the event of any discrepancy, inconsistency, divergence or anomaly arising between the provisions of this Contract, the order of priority shall be as follows, save where expressly provided to the contrary:
  - 4.1.1. Narrative Conditions
  - 4.1.2. DEFCONS;
  - 4.1.3. Statement of Requirement (SOR) at Annex A;
  - 4.1.4. Other Annexes;
  - 4.1.5. Other referenced documents.
- 4.2. Discrepancies in documentation
  - 4.2.1. If either Party identifies any discrepancy, error or omission in the provisions of this Contract it shall notify the other Party in writing of such discrepancy, error or omission as soon as reasonably practical.
  - 4.2.2. The Parties shall seek to agree such amendments as may be necessary to resolve such discrepancy, error or omission as soon as reasonably practical.
  - 4.2.3. Where the Parties fail to reach agreement on the amendments necessary to resolve such discrepancy, error or omission within 10 Business Days of the notice under Clause 4.2.1 and either Party considers that the discrepancy, error or omission to be material to its rights or obligations under this Contract, then the matter shall be referred to the dispute resolution procedure in accordance with the dispute resolution procedure set out in Clause 20 (Dispute Resolution). Any resulting amendment to the Contract shall be made in accordance with Clause 12 (Contract Change Procedure).

**5. OBSERVANCE OF STATUTORY REGULATIONS**

- 5.1. The Contractor shall ensure that all operations or activities carried out by the Contractor and its Sub-Contractors pursuant to this Contract shall comply at all times and in all respects with all relevant enactments, orders, regulations, directions, licences, authorisations, notices and other similar instruments having the force of law (including Government documents or publications having the force of law) as from time to time amended, re-enacted or replaced.
- 5.2. The Contractor and its Sub-Contractors shall endeavour to ensure that all operations or activities carried out by the Contractor and the Sub-Contractors pursuant to this Contract comply with all relevant orders, regulations or similar instruments and Codes of Practice not having the force of law as from time to time amended, supplemented or replaced.
- 5.3. In cases where the Contractor complies with the obligations of this Clause and consequently a change to the Contract is required, subject to agreement by both Parties such changes will be incorporated into the Contract as an amendment in accordance with Clause 12 (Contract Change Procedure).
- 5.4. In the event that such a change would have an impact on the Contractors costs and/or delivery schedule, the Parties shall negotiate an equitable adjustment to the Contract price and/or delivery schedule accordingly.

**6. PUBLIC AND MEDIA RELATIONS**

- 6.1. Subject to Clauses 6.2 and 6.3, the Contractor and the Authority shall not make (and the Contractor shall ensure that his subcontract does not make) communications or disclosures to any representatives of the public, popular or technical press, radio, television and other communication media on any and all matters concerning this Contract or the subject matter of the agreements without:
- 6.1.1. the consent of the Authority (in the case of a communication or disclosure by the Contractor or his subcontractors); or
- 6.1.2. the consent of the Contractor (in the case of a communication or disclosure by the Authority),
- 6.1.3. in relation to the content of such communication or disclosure, such approvals not to be unreasonably withheld or delayed.
- 6.2. Notwithstanding Clause 6.1, in the event that a company within the Contractor Group is required by law or the regulations of any recognised securities exchange to make a communication or disclosure, the prior approval of the Authority shall not be required, but to the extent that the urgency of the circumstances permit, the Contractor shall use reasonable endeavours to notify the Authority of the content of the communication or disclosure, and take into account the reasonable representations of the Authority as to the content of such communication or disclosure.
- 6.3. Notwithstanding Clause 6.1, in the event that the Authority are required by law to make a communication or disclosure, or do so by way of a ministerial announcement, in a parliamentary forum or otherwise in the course of governmental business, the prior approval of the Contractor pursuant to Clause 6.1 shall not be required, but to the extent that the urgency of the circumstances permit, the Authority shall use reasonable endeavours to notify the Contractor of the content of the communication or disclosure, and take into account the reasonable representations of the Contractor as to the content of such communication or disclosure.
- 6.4. Any publicity issued in accordance with this Clause 6 by either Party will, unless otherwise agreed, contain an appropriate reference to this Contract.

## 7. CONTRACT DURATION

- 7.1. Subject to this Clause 7, this Contract shall come into force upon signature of DEFFORM 10 by the Contractor and shall remain in force until 31 December 2021 unless terminated early in accordance with the terms of the Contract.
- 7.2. The Contractor hereby grants to the Authority the following irrevocable options to extend the duration of the Contract in accordance with the terms and conditions set out in the Contract (excluding logistic support):
- 7.2.1. Option Period 1 – In the event that the Authority takes up this Option Period 1, the duration of the Contract shall be extended by one year commencing 1 January 2022 with the new expiry date of the Contract being 31 December 2022 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 1 July 2022.
- 7.2.2. Option Period 2 – In the event that the Authority takes up this Option Period 2, the duration of the Contract shall be extended by one year commencing 1 January 2023 with the new expiry date of the Contract being 31 December 2023 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 1 July 2023. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1.
- 7.2.3. Option Period 3 – In the event that the Authority takes up this Option Period 3, the duration of the Contract shall be extended by one year commencing 1 January 2024 with the new expiry date of the Contract being 31 December 2024 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 1 July 2024. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1 and Option Period 2.
- 7.3. The Contractor hereby grants to the Authority the following irrevocable options to extend the duration of the logistics support element under SOR, Annex A Serial 3 in accordance with the terms and conditions set out in the Contract:
- 7.3.1. Option Period 1 – In the event that the Authority takes up this Option Period 1, the duration of the Logistic Support shall be extended by one year commencing 1 January 2020 with the new expiry date of 31 December 2020 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 01 October 2019.
- 7.3.2. Option Period 2 – In the event that the Authority takes up this Option Period 2, the duration of the Logistic Support shall be extended by one year commencing 1 January 2021 with the new expiry date being 31 December 2021 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 01 October 2020. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1.
- 7.3.3. Option Period 3 – In the event that the Authority takes up this Option Period 3, the duration of the Logistic Support shall be extended by one year commencing 1 January 2022 with the new expiry date being 31 December 2022 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 01 October 2021. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1 and Option Period 2.

- 7.3.4. Option Period 4 – In the event that the Authority takes up this Option Period 3, the duration of the Logistic Support shall be extended by one year commencing 1 January 2023 with the new expiry date being 31 December 2023 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 01 October 2022. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1, Option Period 2 and Option Period 3.
- 7.3.5. Option Period 5 – In the event that the Authority takes up this Option Period 3, the duration of the Logistic Support shall be extended by one year commencing 1 January 2024 with the new expiry date being 31 December 2024 at the firm prices detailed at Annex G (Pricing and Payment) provided that the Authority exercises such option by no later than 01 October 2023. The Authority may only take up this Option Period 2 if it has already taken up Option Period 1, Option Period 3 and Option Period 4.
- 7.4. The Authority shall have the right to exercise the options by the specified dates or within such further period as corresponds to the aggregate of any period for the duration of which the Authority is prevented from exercising any such option due to any other breach of the Contract by the Contractor.
- 7.5. In the event the Authority exercises any of the options detailed at Clause 7.2 and 7.3 it shall confirm the required quantities of each buoy type as detailed in Clause 15.1, to be delivered during the applicable option period.
- 7.6. The Authority shall not be obliged to exercise the options detailed at Clauses 7.2 and 7.3.
- 7.7. Where this Contract expires and the work under any item is not due to be completed, or all work has not been completed prior to such expiry, then the incomplete work shall be completed at no additional cost to the Authority in accordance with the requirements of the Contract unless the Authority directs the Contractor otherwise.
- 7.8. Save as otherwise expressly provided in this Contract:
- 7.8.1. Termination of this Contract shall be without prejudice to any accrued rights or obligations under this Contract prior to termination; and,
- 7.8.2. termination of this Contract shall not affect the continuing rights and obligations of the Contractor and the Authority under:
- 7.8.2.1. any provision of this Contract which is expressed to survive termination or which is required to give effect to such termination or the consequences of such termination;
- 7.8.2.2. any other provision of this Contract which is a continuing obligation or by implication is intended by the Parties to survive termination in order to give effect to its meaning.

**8. ARRANGEMENTS ON TERMINATION**

- 8.1. Upon the expiry of the Contract the Contractor agrees to co-operate with the Authority to such extent as he may be reasonably required to do so for a period of up to 6 months from the date of expiry, such period to be determined by the Authority, to ensure an orderly and efficient transition from the management by the Contractor to management by the Authority or some other person. Such co-operation shall include but not be limited to:
- 8.1.1. the supply of Sonobuoys required to increase stocks to a level deemed sufficient to cover the transition period;
  - 8.1.2. the provision of manufacturing drawings for each type of Sonobuoy in service at the date of termination;
  - 8.1.3. the granting of licences for the Authority, with the right to sub-licence, to allow another Contractor to undertake the production of Sonobuoys to the build standard pertaining at the date of Termination.
- 8.2. In the event that the Contractor demonstrates that he has wholly or partly funded the development of any part of any of the Sonobuoys being supplied in connection with this Contract, fair and reasonable financial terms for licences covered by Clause 8.1.3 shall be agreed reflecting the respective funding contribution; otherwise such licences shall be free of payment.
- 8.3. The Contractor shall use all reasonable endeavours to ensure that any subcontractor complies with this Clause 8.
- 8.4. The Authority and the Contractor shall agree a fair and reasonable price for satisfying the provisions of this Clause 8, such price shall take into account any monies owed to the Authority by the Contractor.
- 8.5. Notwithstanding any other provisions of this Clause 8, the Authority shall retain any rights in information that it has acquired in this Contract.

**9. SCOPE OF WORK**

9.1. Scope of work

9.1.1. During the term of this Contract, the Contractor shall perform the Contract in accordance with Annex A (Statement of Requirements). Additional Tasks may be authorised following the procedure detailed at Clause 13.3.

9.1.2. The Contractor shall follow the [REDACTED]: Sonobuoys – Direction on Allowances and Instructions (Annex N) for their Supply, Storage and Use of the 'RN Demands and Returns' process for, and accounting of, Sonobuoy stocks.

9.2. Place of Manufacture

9.2.1. Any change in the Contractor's or major subcontractor's place(s) of manufacture during the term of the Contract shall be promptly notified to the Authority's Commercial Manager, with a copy to the Authority's Project Manager.

## **10. CONTRACT MANAGEMENT**

- 10.1. The Contractor shall nominate a contract manager (the “Contractor’s Contract Manager”), who shall be fully responsible for managing and controlling the commercial aspects of the Contract. The Contractor’s Contract Manager shall be the single point of contact for the Authority for all commercial aspects of the Contract.
- 10.2. The Contractor shall nominate a project manager (the “Contractor’s Project Manager”), who shall be fully responsible for managing and controlling the technical and programme aspects of the Contract. The Contractor’s Project Manager shall be the single point of contact for the Authority for all technical aspects of the Contract.
- 10.3. The Authority’s Commercial Manager detailed in Appendix 3 section 1 to the Contract shall be fully responsible for managing and controlling the commercial aspects of the Contract. The Authority’s Commercial Manager shall be the single point of contact for the Contractor for all commercial aspects of the Contract
- 10.4. The Authority’s Project Manager detailed in Appendix 3 section 2 to the Contract shall be fully responsible for managing and controlling the technical and programme aspects of the Contract. The Authority’s Project Manager shall be the single point of contact for the Contractor for all technical aspects of the Contract.

**11. EXCLUSION OF REPRESENTATIONS AND WARRANTIES**

- 11.1. This Contract sets out the entire agreement of the Parties to the Contract and supersedes all prior arrangements and understandings relating to its subject matter.
- 11.2. Each Party acknowledges and agrees that in entering into this Contract it did not rely on, and shall have no remedies in respect of, any information, representation, warranty or promise, express or implied, (whether made innocently or negligently) other than those expressly contained, or referred to, in this Contract.
- 11.3. No Party shall have any claim for any innocent or negligent misrepresentation based upon any statement in this Contract.
- 11.4. Notwithstanding Clauses 11.1 to 11.3, nothing shall preclude a Party from bringing any claim or action against the other Party in the event of fraudulent misrepresentation.

## 12. CONTRACT CHANGE PROCEDURE

- 12.1. Only the Authority's Commercial Officer(s), or authorised representative(s), can vary the terms and conditions of the Contract including specifications, standards and drawings which form part of the Contract. Such variation shall only have effect if agreed in writing in accordance DEFCON 503 and Annex H.
- 12.2. The Contractor shall record all agreed Contract amendments at Annex I.
- 12.3. Where the Contractor undertakes work outside the provisions of the Contract, in the absence of a Contract Amendment, the work shall be deemed to be unauthorised and the Contractor shall not be entitled to extra payment nor an extension of time. For all changes that affect the Contract Price shall be agreed in accordance with the Single Source Contract Regulations 2014.
- 12.4. The written agreement of the parties shall be obtained only by a serially numbered amendment being issued to the Contractor by the Authority (and such amendment shall come into force only when the Contractor has signed the DEFFORM 10b and provided an unqualified acceptance to the Authority's proposed amendment). Upon agreement the details of the Contract Amendment shall be incorporated into Annex H.
- 12.5. Changes to the Contract may be proposed by either Party notifying the other Party by serving a Notice of Change in accordance with Clause 12.6.
- 12.6. The Notice of Change must;
  - 12.6.1. set out the Change in sufficient detail to enable the Parties to evaluate it in full;
  - 12.6.2. specify the Authority's or the Contractor's reasons for proposing the Change; and
  - 12.6.3. indicate if there are any dates by which a decision by the Authority or Contractor is critical.

### 13. AUTHORISATION OF WORK

#### 13.1. Item 1 of the Schedule of Requirements – Provision and storage of Sonobuoys

13.1.1. On acceptance of the Contract the Contractor shall proceed with performance of the Contract.

#### 13.2. Item 2 of the Schedule of Requirements – Technical Support Service

13.2.1. On acceptance of the Contract the Contractor shall proceed with performance of the Contract.

#### 13.3. Item 3 of the Schedule of Requirements – Additional Tasks (See Parts A-D below)

##### 13.3.1. Part A - Additional Task definition

13.3.2. Where the Authority has a requirement for a task not already included in the Contract scope (an “Additional Task”), the Authority shall raise a TAF in the format of Annex H stating the requirement by completing Part A. Each TAF shall be allocated a unique serial number by the Authority. If applicable the Authority shall complete and include a DEFFORM 315 with the TAF.

##### 13.3.3. Part B - Contractor's Quotation

13.3.4. The Contractor shall review the completed TAF and (if required) ask for further clarification of the Authority’s requirement within 10 Business Days of receipt of the TAF. The point of contact for clarification and further details shall be the Authority’s Project Manager.

13.3.5. The Contractor shall inform the Authority within 10 Business Days of receipt of the TAF Part A, or 10 Business Days from the receipt of further clarification if such was requested, whether or not the Contractor shall be providing a proposal in response to the TAF.

13.3.6. In the event that the Contractor elects to provide a proposal it shall provide such proposal within 20 Business Days (unless otherwise agreed between the Parties) of receipt of the TAF from the Authority, or 20 Business Days of receipt of further clarification if such was requested. The Contractor’s proposal shall include the following details in Part B of the TAF:

13.3.6.1. A firm price to complete the Additional Task. The firm price is to be broken down sufficiently to enable the Authority to assure itself that the price is Attributable, Allowable and Reasonable in accordance with the Single Source Contract regulations 2014, and shall include:

13.3.6.1.1. The number of labour hours and labour hourly rate;

13.3.6.1.2. A list of any Spares required to complete the Additional Task;

13.3.6.1.3. The target date for completion of the Additional Task;

13.3.6.1.4. The validity period of the price;

13.3.6.1.5. Any subcontract/external source required to undertake this Additional Task; and,

13.3.6.1.6. Details of where the Additional Task is to take place.

13.3.7. Part C - Authority authorisation

13.3.7.1. The Contractor shall not commence with performance of the Additional Task until Part C 2a of the TAF (Authority Authorisation) has been signed by the Authority's Commercial Manager and Project Manager.

13.3.7.2. If the Authority requires further information on a TAF Part B quotation it shall notify the Contractor by signing TAF Part C 2b and returning the TAF to the Contractor. The Contractor shall provide any further information requested and an amended TAF Part B where applicable to the Authority within 10 Business Days of receipt of TAF Part C 2b (unless otherwise agreed).

13.3.7.3. On receipt of a TAF Part B, if the Authority does not wish to proceed any further it shall notify the Contractor by signing TAF Part C 2c and returning the TAF to the Contractor.

13.3.8. Part D - Completion of the Additional Service

13.3.9. A summary of all TAFs will be added by the Authority to Annex I (List of Agreed Tasks) by Contract amendment.

## 14. PRICE

All pricing for Items 1, 2 and 3 [REDACTED]  
[REDACTED]

### 14.1. Item 1 of the Schedule of Requirements

14.1.1. The price for the provision and delivery of Sonobuoys shall be, for the quantities detailed at Clause 15, paid in accordance with the prices at Annex G.

### 14.2. Item 2 of the Schedule of Requirements

14.2.1. The price for the Technical Support Service, Management, Engineering Services and Logistic Service shall be, for the provision of the services described at Annex A. The prices and rates at Annex G shall apply to the Contract. Payment shall be made in accordance with Annex G on successful completion of the agreed service detailed at Annex A.

### 14.3. Item 3 of the Schedule of Requirements

14.3.1. Additional Tasks which fall outside the scope of Item 1 and Item 2 of the Schedule of Requirements shall be authorised under Clause 13. The price shall be as set out in each TAF and agreed on a case by case basis.



**16. DELIVERY AND DEMANDS FOR STOCK REPLENISHMENT**

16.1. Delivery to the Contractor's storage location

16.1.1. The Contractor shall deliver all Sonobuoys 'self to self'. The risk in such Sonobuoys shall (notwithstanding the provisions of DEFCON 612) remain vested in the Contractor until such time as the Sonobuoys are delivered to the Authority in accordance with Clause 16.2 below.

16.2. Delivery of Sonobuoys to the Front Line Customer

16.2.1. Authority Demands for Sonobuoys shall be directed in accordance with Annex N.

16.2.2. The RN shall complete the Demand / Issue Notice and submit to the Contractor for action. Upon delivery of the item, the receipt voucher shall be signed by the recipient recording the date and time. For contractual availability purposes, this will close the Demand and record time and date.

16.2.3. The Contractor shall deliver Sonobuoys to the frontline customers in accordance with a properly authorised and valid Demand/Issue Notice to the required quantity (subject to any agreed pallet size limitations) as required. There shall be two delivery options:

16.2.3.1. The Contractor shall satisfy Routine Demands within 4 Business Days of receipt of a Demand; and,

16.2.3.2. The Contractor shall satisfy Urgent Demands within 24 hours of receipt of a Demand.

**17. PERFORMANCE MEASUREMENT**

17.1. The following performance measures (both performance indicators (“PIs”) and key performance indicators (“KPIs”)) have been agreed between the Parties to assess the level of performance achieved by the Contractor. The Contractor is required to measure its performance on an on-going basis and report on its performance to the Authority on a monthly basis.

17.2. Performance Indicator 1 – Delivery to Storage Depot

17.2.1. The Contractor shall achieve 100% compliance with the delivery schedule as detailed in Table 17.2. This PI shall be measured by assessing the percentage of deliveries to the Contractor’s storage facility that were delivered on or before the delivery date detailed at Annex G as assessed over a rolling annual period.

Item	Description	Measure
1	The Contractor shall deliver Sonobuoys to the Contractor's storage location to facilitate delivery to the User.	In accordance with the delivery schedule included in the payment schedule detailed at Annex G.

**Table 17.2 – Performance Indicator 1 - Delivery of Sonobuoys to the storage depot**

17.3. Performance Indicator 2 - Reliability of Sonobuoys

17.3.1. The Contractor shall ensure that the Sonobuoys delivered to his storage location meet the stipulated Average Outgoing Quality (AOQ) in production range tests in accordance with Annex E. Sample testing of batches of Sonobuoys shall be used to establish the reliability percentages detailed in Table 17.3 measured in accordance with Annex B and calculated in accordance with BS6001. This PI shall be calculated on a rolling annual period for each Sonobuoy type.

Item	Description	Measure
1	Sonobuoys delivered to the storage location must meet the stipulated AOQ in production range tests.	In accordance with Annex E the required AOQ is as follows: <div style="background-color: black; width: 100px; height: 15px; margin: 2px 0;"></div> <div style="background-color: black; width: 100px; height: 15px; margin: 2px 0;"></div> <div style="background-color: black; width: 100px; height: 15px; margin: 2px 0;"></div> <div style="background-color: black; width: 100px; height: 15px; margin: 2px 0;"></div>

**Table 17.3 –Performance Indicator 2 - Reliability of Sonobuoys**

17.4. Key Performance Indicator 1 – Delivery of Sonobuoys to Users

17.4.1. The Contractor shall deliver Sonobuoys to the User upon demand by the required delivery date (RDD) as detailed in Table 17.4.1. This KPI shall be measured in accordance with Clause 17.4.2 over a monthly assessment period.

Item	Description	Measure
1	Delivery of Sonobuoys to Users.	Delivery of Sonobuoys to Users - Measured at the User receipt point over an assessment period of 1 calendar month, at least <span style="background-color: black; color: black;">██████</span> of Demands for each type by NATO Stock Number (NSN) of Sonobuoy (calculated in accordance with Clauses 17.4.2) shall be successfully satisfied within 4 Business Days or 24 hours for urgent demands of the formally requested Demand in

		accordance with Annex N (the “Required Delivery Date”). Where the Required Delivery Date (RDD) availability requirement is not met for a specific Demand, the Contractor shall satisfy the Demand within a maximum of 20 Business Days (the “Extended Delivery Date” (EDD)).
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**Table 17.4.1 – Performance Measure for the Delivery of Sonobuoys to Users**

17.4.2. For each type of Sonobuoy in the agreed list at Annex B for which at least one Demand has been received, the following calculation determines the [REDACTED] availability:

Where:

$$a = 100 \times \frac{d}{D}$$

*a* = RDD availability achieved (expressed as a percentage of Demands made).

*D* = total number of Demands divided by Sonobuoy type placed in the assessment period.

*d* = total number of Demands divided by Sonobuoy type placed and successfully satisfied within the RDD.

17.4.2.1. ‘*a*’ is calculated by rounding down ‘*a*’ to the nearest lower integer value and used in comparison with the target availability figure to determine performance. If the value of ‘*a*’ is equal to or greater than [REDACTED], then the RDD availability requirement has been achieved.

*Example: If total number of Demands for HIDAR Sonobuoys is 10 Demands, 9 of which were delivered within the RDD (ie within 4 Business Days) the calculation would be [REDACTED] which would meet the RDD availability requirement.*

17.4.3. Where the percentage achievement for KPI 1 in a monthly period is below 90% as calculated in accordance with Clauses 17.4.1 and 17.4.2 the Authority shall be entitled to retain the percentage of that monthly payment (detailed in Annex G) set out below:

17.4.3.1. The applicable retention shall be based on the level of underperformance with a higher retention applying the further actual performance is below the required performance level as set out in Table 17.4.2.

Actual Performance Level (RDD achievement)	Retention Level
[REDACTED]	[REDACTED]

**Table 17.4.2 – KPI 1 Retentions**

17.4.3.2. Any retentions shall be removed from the next monthly payment due and shall be non-refundable.

17.5. Key Performance Indicator 2 – Collection of Sonobuoys from Users

17.5.1. The Contractor shall collect end of life/unserviceable Sonobuoys from the User within 15 Business Days of notification by the User as detailed in Table 17.5.1. This KPI shall be measured in accordance with Clause 17.5.2 over a monthly assessment period.

Item	Description	Measure
1	Collection of Sonobuoys from Users.	Collection of Sonobuoys from Users – Removal of timex/lifex Sonobuoys will be made within 10 Business Days of the declaration by the User. Measured at the User dispatch point over an assessment period of 1 calendar month, at least [REDACTED] of collections of Sonobuoy (calculated in accordance with Clause 17.5.2) shall be successfully satisfied within 15 Business Days of the collection being formally requested (the “Required Collection Date”). Where the Required Collection Date (RCD) requirement is not met for a specific collection request, the Contractor shall satisfy the requirement within a maximum of 1 calendar month (the “Extended Collection Date” (ECD))

**Table 17.5.1 – Performance Measures for the collection of Sonobuoys from Users**

17.5.2. Where at least one collection has been made in a calendar month, the following calculation determines the 90% availability:

Where:

$$a = 100 \times \frac{c}{C}$$

a = RCD achieved (expressed as a percentage of collections).

C = total number of collection requests for all Sonobuoy types combined made in the assessment period.

c = total number of collections for all by Sonobuoy types combined successfully satisfied within the RCD.

17.5.2.1. ‘a’ is calculated by rounding down ‘a’ to the nearest lower integer value and used in comparison with the target RCD figure to determine performance. If the value of ‘a’ is equal to or greater [REDACTED] then the RCD availability requirement has been achieved.

*Example: If total number of collection requests for all Sonobuoys is 10 collections, 9 of which were collected within the RCD (ie within 15 Business Days) the calculation would [REDACTED] /d meet the RCD availability requirement.*

17.5.3. Where the percentage achievement for KPI 1 in a monthly period is b [REDACTED] as calculated in accordance with Clauses 17.4.1 and 17.4.2 the Authority shall be entitled to retain the percentage of that monthly payment (detailed in Annex G) set out below:

17.5.3.1. The applicable retention shall be based on the level of underperformance with a higher retention applying the further actual performance is below the required performance level as set out in Table 17.5.2.

Actual Performance Level (RCD achievement)	Retention Level
██████████	██████████
██████████████████	██████████
██████████████████	██████████
██████████████████	██████████
██████████████████	
██████████████████	

**Table 17.5.2 – KPI 2 Retentions**

17.5.3.2. Any retentions shall be removed from the next monthly payment due and shall be non-refundable.

17.6. The performance indicators applicable to TAFs under Item 3 of the Schedule of Requirements shall be agreed between the Parties on a case by case basis.

## 18. PAYMENT

### 18.1. Interim Payments

- 18.1.1. The Authority shall, subject to the following provisions of this Clause, make to the Contractor advances against the prices(s) payable for Items 1 and 2 of the Schedule of Requirements ("interim payments") in accordance with the stage payment profile set out in Annex G.
- 18.1.2. The Contractor shall be entitled to interim payments, to be claimed in accordance with this Clause, for each stage under the stages payment profile, when:
- 18.1.2.1. The Contractor has completed all work comprised in the stage for which the interim payment is sought in accordance with the acceptance criteria set out in Annex G;
- 18.1.2.2. All previous stages have been completed, unless the Parties expressly agree otherwise; and,
- 18.1.2.3. The Contractor shall have complied with all its contractual obligations which enable the Authority to monitor the Contractor's contractual performance, including but not limited to those obligations related to provision of information to the Authority.
- 18.1.3. Notwithstanding Clause 18.1.2, the Authority shall not be obliged to make an interim payment to the Contractor if it has reasonable cause to believe that the Contractor will be unlikely to render complete performance of its obligations in respect of Items 1 and / or 2 of the Schedule of Requirements.
- 18.1.4. Where the Authority intends to rely on Clause 18.1.3 as the basis for rejecting any claim for an interim payment which the Contractor may make, the Authority shall give to the Contractor notice in writing of its intention together with the Authority's reasons for the rejection.
- 18.1.5. The Authority shall without prejudice to any other right / remedy of either Party be entitled to recover in full all interim payments made under the Contract where:
- 18.1.5.1. The Contract, or part of the Contract under which Items 1 and / or 2 of the Schedule of Requirements are to be provided, is terminated otherwise in accordance with DEFCON 656B or expires by reason of passing of time; and,
- 18.1.5.2. The Contractor has failed to complete performance of Items 1 and /or 2 of the Schedule of Requirements.
- 18.1.6. In the event of repayment to the Authority under the provisions of Clause 18.1.5 then all that which vested in the Authority under the provisions of DEFCON 649 and which related to Items 1 and / or 2 of the Schedule of Requirements shall re-vest in and become the absolute property of the Contractor.
- 18.1.7. Payment of an interim payment by the Authority under this Clause shall not, unless expressly stated to do so, constitute:
- 18.1.7.1. Acceptance by the Authority of any contractual deliverable;
- 18.1.7.2. A representation by the Authority that the Contractor has complied with any contractual obligations; or,

18.1.7.3. A waiver of the Authority's rights to subsequently claim that the Conditions for payment of that interim payment were not satisfied.

18.2. Items 1 and 2 of the Schedule of Requirements

18.2.1. Details of payment for Items 1a, 1b and 2 are at Annex G.

18.2.2. Items 1a and 2 shall be paid monthly in arrears for satisfactory delivery of the service in accordance with the payment plan at Annex G and Guaranteed Quantities at Clause 15.

18.2.3. In accordance with Clause 16.1.1, Item 1b shall be paid on satisfactory delivery of the Lot sample to the British Underwater Test and Evaluation Centre [REDACTED] range for testing. The Contractor should submit a completed 'Application for Sonobuoy Test' in the format of Annex J to the Authority's PM as proof of delivery.

18.3. Item 3 of the Schedule of Requirements

18.3.1. Payment for Additional Tasks will be made upon completion of the Additional Task confirmed by the signing of Part D of the TAF by the Contractor and by the Authority's Project Manager.

18.4. Electronic Payment

18.4.1. Ordering will be initiated by Merlin Commercial Branch releasing Contracting, Purchasing and Finance (CP&F) orders based on contractually agreed costs.

**19. LOT TESTING**

- 19.1. In the event that the Sonobuoys fail tests then it will be the Contractor's responsibility to collect, test, rectify and re-deliver the Sonobuoys. In the event that a second or further tests are required, the Contractor shall replace the number of Sonobuoys used in the second test providing the following:
  - 19.1.1.1. The second or further tests is not clearly proven to have come about due to an action or inaction of the Authority; and,
  - 19.1.1.2. In the event the first sample test is stopped part way through, the remaining sample Sonobuoys that would have been used from the first test, shall be used without replacement on the second or further tests.
- 19.2. No payment shall be made for Item 1b in accordance with Annex G for any subsequent Lots until a Lot that has failed testing is successfully reworked and tested, unless agreed otherwise between the Parties.
- 19.3. Nothing in this Clause 19 prevents the Authority from terminating this Contract for material breach in accordance with DEFCON 514.

## 20. DISPUTE RESOLUTION

- 20.1. Should a dispute arise between the Parties, the dispute shall be resolved in the following manner:
- 20.1.1. Stage 1 – In the first instance the Authority's and Contractor's Project Managers, and where appropriate the Authority's Commercial Manager and Contractor's Contract Manager, shall seek to resolve any disputes. If agreement is not reached within 30 calendar days of the dispute arising (or such other period as the Parties may agree), the dispute will be referred to Stage 2.
- 20.1.2. Stage 2 - Should a dispute not be resolved by the 20 Business Day deadline, or the otherwise agreed timeframe, the matter shall be referred to both Parties' senior project management hierarchy (this shall be Authority and Contractor equivalents with the Authority representative being no less than a DE&S Level 4 (Professional I) or military equivalent). Should the dispute remain unresolved after a further 20 Business Days (or such period as the Parties may agree); the provisions of 20.1.3 below shall apply.
- 20.1.3. Notwithstanding the provisions of 20.1.1 and 20.1.2, the Authority or the Contractor may resort to Arbitration or Alternative Dispute Resolution (ADR) in accordance with DEFCON 530 following a total period of 40 Business Days for negotiations acting reasonably and in good faith.
- 20.1.4. The Authority and the Contractor shall continue to comply with, observe and perform all of their obligations in this Contract regardless of the nature of any dispute which arises and notwithstanding referral of any such Dispute Resolution under this Clause 20 and shall give effect forthwith to any decision of an Arbitrator delivered under this Clause 20.
- 20.1.5. Noting in this Clause 20 prevents either Party from exercising its rights to terminate the Contract for material breach.

**21. RELIABILITY DEMONSTRATION**

- 21.1. The Contractor shall ensure that the relevant development and pre-production evaluation programmes have verified that the reliability aims have been met and these have demonstrated achievement of the Acceptable Quality Level (AQL). Annex E details the Pre-Production Evaluation Programme and Production Test Requirements.

## 22. DESIGN ORGANISATION

22.1. The Contractor shall comply with the following Safety and Environmental Conditions:

DEF-STAN 00-051 Part 1 Issue 1 Environmental Requirements for Defence Systems

DEF-STAN 00-055 Part 1 Issue 4 Requirements for Safety of Programmable Elements (PE) in Defence Systems

DEF-STAN 00-56 Part 1 Issue 5 Safety Management Requirements for Defence Systems

DEF-STAN 00-970 Part 7 Issue 6 Defence Airworthiness Requirements for Service Aircraft

DEF-STAN 00-970 Part 13 Issue 13 Military Common Fit Equipment

22.2. The Contractor shall ensure that it maintains a valid Military Airworthiness Authority (MAA) Design Approved Organisation Scheme (DAOS) approval during the duration of this Contract.

22.3. The Contractor shall be the Design Organisation (DO) for Sonobuoys for the duration of the Contract in accordance with their current Military Airworthiness Authority (MAA) DAOS approval.

22.4. In respect of any future development work concerning capability enhancements for the Sonobuoys covered by this Contract, the Contractor shall:

20.4.1 Have responsibility for design, design certification and configuration control in accordance with the conditions of the contract. The Design Organisation responsibility includes the design of the sonobuoy which remains safe during storage, transportation, handling, loading and unloading into the aircraft, carriage in aircraft stowage's, loading and unloading into dispenser's and release from the aircraft. The design shall be such that it excludes incidents that could hazard personnel or associated equipment.

22.4.1. Undertake Release to Service (RTS) activities in accordance with Section 5 of Generic Specification RAE/RSP 5002;

22.4.2. Undertake QA release activities as detailed below. The DO is responsible for all QA activities and these shall be performed in accordance with the quality requirements stated in the contract.

22.4.3. Provide Technical Publications documentation in accordance with RA Series 5000 listed within Annex C.

22.4.4. Any exceptions and limitations proposed by the Contractor against the Specification shall be offered to the Authority's PM for consideration. Production deliveries shall not commence until the Authority's PM has formally accepted the Form 100A including any exceptions and limitations.

- 22.4.5. Any Design Reviews conducted under the Contract shall follow the principles of Military Standard 1521, tailored specifically for the individual Sonobuoys as agreed with the Authority's PM.
- 22.5. Subcontractors - The Contractor shall:
  - 22.5.1. Be responsible to the Authority for its subcontractor's work.
  - 22.5.2. Provide and maintain adequate specifications for subcontracted material.
  - 22.5.3. Delegate authority as appropriate for the detailed design of the materiel and agree the arrangements for preparation, updating and custody of drawings and other design records, and for design acceptance.
  - 22.5.4. Ensure that the design and testing of subcontracted material is adequate for the proposed application.
  - 22.5.5. Obtain from subcontractors nominated as Design Organisations in accordance with RA 5101, a Certificate of Design (CofD) that the materiel complies with the Specification, and confirm in writing to the subcontractor the Contractor's acceptance of the certification.
  - 22.5.6. Notify the Authority of the name of the subcontractor, the nature of the service and the technical requirements before placing a subcontract for any significant design or development service.
  - 22.5.7. When a subcontractor is not design approved, either incorporate the design of the subcontracted items (other than standard parts) in his own drawings or ensure the subcontractor follows relevant procedures of the RA 5000 series regulations.
- 22.6. The Contractor shall not alter the design of any Government Furnished Equipment (GFE) without the permission of the Authority. The Contractor shall ensure that the design of the installation using GFE is in accordance with the specific requirements of such equipment.
- 22.7. The Contractor shall provide access to records, including subcontractor records, for Contract purposes, to enable the Authority appointed Independent Safety Auditor (ISA) to carry out safety related audits and other assessment activities to meet Authority safety requirements.

**23. MILITARY AIRWORTHINESS AUTHORITY REQUIREMENTS**

- 23.1. In placing tasks, the Authority shall ensure that the Contractor has appropriate approval to deliver the requirement. In accepting tasking, the Contractor shall confirm that they hold appropriate approvals to enable delivery of the complete activity.
- 23.2. The Authority shall, in a timely manner for the duration of the Contract, review for approval all Safety modifications. The Authority shall retain the right to seek independent assurance and advice, to support In-Service recommendations for acceptance and Release to Service (RTS) clearance.
- 23.3. The following MAA documents are applicable to this Contract for information and reference use only.
  - 23.3.1. MAA01: MAA Regulatory Policy
  - 23.3.2. MAA02: MAA Master Glossary
  - 23.3.3. MAA03: MAA Regulatory Processes
  - 23.3.4. MAP-01 Manual of Maintenance and Airworthiness Processes
  - 23.3.5. MAP-02 Manual of Maintenance and Airworthiness Processes (Supplement) - MoD Form 700 Series of Forms
- 23.4. The Contractor shall comply with the applicable MAA Regulatory Articles (RA) as identified at Annex C.
- 23.5. Complying with the MAA RAs does not reduce or limit any statutory or legal obligation of the Contractor.
- 23.6. Non-Disclosure Agreement (NDAs) in a similar format to DEFFORM 94 (Confidentiality Agreement) will need to be agreed between the Authority's appointed third-party auditors and the Contractor prior to commencement of any audit.
- 23.7. Contractor CofD shall comply with the requirements of RA 5103. Where it is not possible to comply with the format specified in Appendix A1 of RA 5103, a derivative of the civil type permission identified in RA 5103, Annex A, paragraph A.1.2.2. shall be provided.

## 24. OBSOLESCENCE

- 24.1. The Contractor shall be responsible for managing obsolescence over the entire duration of the contract and, notwithstanding any Obsolescence Issues or problems; the Contractor remains responsible for meeting all performance and other requirements of this contract.
- 24.2. The Contractor shall implement a proactive Obsolescence Management strategy in accordance with IEC 62402:2007 (Obsolescence Management – Application Guide) within 6 months of Contract Award. This shall include as a minimum:
  - 24.2.1.1. The ongoing identification and review of Obsolescence Concerns and Obsolescence Issues over the Contract duration.
  - 24.2.1.2. The identification of mitigation action for Obsolescence Concerns over the Contract duration.
  - 24.2.1.3. Identification of resolution action of Obsolescence Issues.
- 24.3. This strategy shall include, but is not limited to, obsolescence of components, assemblies, sub-assemblies, piece parts, and material (hereafter referred to for purposes of this section only as "parts and/or material").
- 24.4. Any configuration changes due to obsolescence shall be approved in accordance with the Configuration Management Plan defined in this contract HELSME/0001.
- 24.5. The Contractor shall provide the Authority with obsolescence status briefs, as part of the QPM.
- 24.6. The Contractor shall be responsible for all costs associated with:
  - 24.6.1.1. the mitigation of Obsolescence Concerns;
  - 24.6.1.2. the resolution of Obsolescence Issues.
- 24.7. The costs for which the Contractor is responsible include, but are not limited to, the costs of investigating part availability, locating suitable part replacement, vendor interface, engineering and redesign efforts, testing and qualification requirements, documentation changes. The Contractor shall ensure that the Authority does not incur any additional costs due to obsolescence.
- 24.8. The Contractor shall develop and submit an Obsolescence Management Plan within 6 months of Contract Award for managing the transition from availability from the original manufacturer to unavailability, of parts and/or material required for the performance of this Contract
- 24.9. The Obsolescence Management Plan (OMP) shall detail all of the activities that the Contractors undertakes to identify and mitigate Obsolescence concerns and to identify and resolve obsolescence issues.
- 24.10. The activities detailed within the OMP shall cover all of the equipment that has been declared within the Scope of this Contract.

- 24.11. The Contractor shall demonstrate that any mitigation of Obsolescence concerns, or resolution of Obsolescence issues, are implemented for the most cost effective through life solution, regardless of Contract duration.
- 24.12. The Contractor shall ensure all known Obsolescence issues and forecasted concerns have been identified and have mitigation plans no less than 12 months before the Contract end. The Contractor shall transfer this data to the Authority which shall fall within the negotiated Contract price. The Contractor is to ensure that the Authority shall have the right to use the data for the purposes of Her Britannic Majesty's Government of the United Kingdom of Great Britain and Northern Ireland.

## 25. QUALITY ASSURANCE

25.1.1. The Contractor shall comply with the following QA Conditions:

AQAP 2105	Edn 2	NATO Requirements For Deliverable Quality Plan - Procedural Requirements
AQAP 2110	Edn D Version 1	NATO Quality Assurance Requirements For Design, Development And Production
AQAP 2210	Edn A Version 2	NATO Supplementary Software Quality Assurance Requirements to AQAP 2110 or AQAP 2310
DEF-STAN 05-57	Issue 7	Configuration Management of Defence Material
DEF-STAN 05-61	Part 1 Issue 6	Concessions
DEF-STAN 05-61	Part 4 Issue 3	Contractors Working parties -QA Requirements
DEF-STAN 05-61	Part 9 Issue 5	Independent Inspection Requirements for Safety Critical Items
DEF-STAN 05-135	Issue 1	Avoidance of counterfeit material
STANAG 4107	Edition 10	Mutual Acceptance of Government Quality Assurance and Usage of the Allied Quality Assurance Publications (AQAP)

25.1.2. Quality Assurance Representative - All reference to the QAR in documents which form part of this Contract shall be read as referring to the MDT PM, or his authorised representative.

25.1.3. Second Hand Materiel

25.1.3.1. No second hand or previously used materiel, other than found in refurbished and/or recycled Sonobuoys shall be supplied in furtherance of this Contract without the express written approval of the Authority's PM (PM), who will require the full history of any such material, together with other relevant technical details.

25.1.3.2. Sonobuoys and piece parts subject to rework shall not be construed as second-hand materiel.

25.1.3.3. If the Contractor supplies materials which are in breach of this Clause and evidence of such breach is made available to the Authority, the Authority's acceptance of, or lack of objection to, such material shall not constitute a waiver of that breach except where agreed under the procedures specified in DefStan05-61 Part 1, as called up in this Contract, covering concessions and production permits.

25.1.3.4. The Authority shall have reasonable access to the premises where the work of the Contract is being undertaken and to all technical information relevant to the Contract for the purpose of keeping in touch with the nature and progress of the programme, and the Contractor accordingly shall permit such access to his own works and ensure

that similar rights are secured in the Terms and Conditions of all subcontract orders placed by himself or by his subsidiary companies on his behalf.

- 25.1.4. A Quality Plan shall be provided by the Contractor in accordance with AQAP 2105, within 2 months of Contract Award.
- 25.1.5. Any Quality Plan produced under Clause 25.1.4 shall be used as a project management tool only. Acceptance of any such plan by the Authority shall only be construed as acknowledgement of the Contractor's contractual intention to implement the provisions therein and shall not be construed as acceptance of liability for the accuracy, suitability or applicability of the plan. Further, the acceptance of the Quality Plan shall not in any way limit or exclude the Contractor's obligations under this Contract and shall be entirely without prejudice to the Authority's rights, privileges and powers under the Contract.
- 25.1.6. Quality Assurance (QA) records appertaining to design shall be retained by the Contractor for a rolling period of 7 years following deliveries being made under the Contract. All other QA records (e.g. production and test records) shall be retained for a period of 1 month following deliveries made under the Contract. Electronic records are acceptable methods of retention provided access to the data is maintained for the whole of the required period.
- 25.1.7. For the purposes of the Contract and AQAP 2110, the Contractor shall maintain his Quality Management System in accordance with ISO 9001:2015.
- 25.1.8. For the purposes of this Contract the overall responsibility for defining the level of QA requirements rests with the Authority's PM.
- 25.1.9. For any procurement or development and/or production activities outside the UK, Government Quality Assurance Services (GQAS) shall be arranged in accordance with the requirement. The Contractor shall furnish to the Merlin Delivery Team (MDT) PM such copies of orders, specifications, drawings and other documents he may reasonably require to perform Government Quality Assurance.
- 25.1.10. Surveillance of the Contractor's Quality Assurance activities excluding Air Technical Publications (ATP), will be carried out by the Merlin DT PM or his authorised representative. ATP should be produced in accordance with Annex C of this Contract.

**26. ISSUE OF GOVERNMENT PROPERTY**

26.1. The Contractor shall comply with the following Conditions:

DEF-STAN 05-99 Issue 4 Managing Government Furnished Equipment in Industry

- 26.2. For the purposes of performing the Contract, the Authority shall make available to the Contractor, at no charge, the GFE listed in Annex D to the Contract. All such items shall only be used in aid of the work to be carried out under the Contract. All such loan issues shall be recorded by the Contractor and their subcontractor's accordingly.
- 26.3. If the requirement arises for any items in addition to those detailed in Annex D to the Contract, the Contractor shall make application to the Authority. No guarantee is given that any items additional to those listed shall be available. Where items in addition to those at Annex D are issued to the Contractor, the additional items shall be added to Annex D to the Contract via a Contract amendment.
- 26.4. The Contractor shall observe the instructions of the Authority about any items which the Contractor is authorised to demand from Government sources for the purpose of the Contract.
- 26.5. The Contractor shall not use any GFE for third party work without written approval from the Authority's Commercial Manager.

## 27. PROGRESS MEETINGS

- 27.1. Quarterly Project Meetings (QPMs), or other such period as agreed between the Parties, shall be established to review all aspects of the Contract over the preceding period.
- 27.2. The attendees at the QPM shall be as follows:
  - 27.2.1. Authority members
    - 27.2.1.1. Authority's Project Manager (Chairman).
    - 27.2.1.2. Authority's Commercial Manager.
  - 27.2.2. Contractor members
    - 27.2.2.1. Contractor's Contract Manager.
    - 27.2.2.2. Contractor's Project Manager (Secretary).
    - 27.2.2.3. Quality manager.
    - 27.2.2.4. Engineering project lead.
- 27.3. A suitably empowered and authorised representative of a member of the QPM may attend meetings in place of the member so nominating them.
- 27.4. Other members from the Authority or the Contractor may be co-opted to the QPM with the agreement of both Parties. Both Parties shall ensure that each meeting is attended by personnel with sufficient authority to respond and make decisions.
- 27.5. The QPM shall meet not less than quarterly. Either party may convene extraordinary meetings of the QPM in writing to the other.
- 27.6. A record of all decisions reached and actions in the form of minutes of the meeting shall be taken by the Secretary (the Contractor's Project Manager). Within 10 Business Days of the meeting, these minutes shall be submitted to the Chairman (the Authority's Project Manager) for approval. Subsequently, on receipt of the approved minutes, the Secretary shall then circulate the approved minutes to the agreed distribution list.
- 27.7. The QPM shall:
  - 27.7.1. review all aspects of the Contracted Sonobuoy programme including risks and agree actions accordingly;
  - 27.7.2. review Contract performance against KPI's and PI's;
  - 27.7.3. identify potential Contract changes to improve service delivery;
  - 27.7.4. consider the impact (other than any requirement for Contract Amendments), if any, of change on the Contract;
  - 27.7.5. Confirm or update the Sonobuoy delivery plan; and,
  - 27.7.6. Review obsolescence status briefs.

- 27.8. All meetings shall be held on a date and at a location to be agreed between the Contractor and the Authority. In the event that no agreement on date and/or location is achieved three calendar months from the date of the last meeting, or Contract commencement if no previous meeting has been held, the Authority's Project Manager shall convene the QPM on a date and at a location of their choosing.

**28. EXIT PLAN**

- 28.1. The Contractor shall produce a draft exit plan for consideration by the Authority to prepare for closure of the Contract as a result of the Contract expiry date as amended by options 1 to 3 inclusive. The Contractor shall provide a draft exit plan prior to 90 Business Days before the expiry of the Contract.
- 28.2. The contents of the Exit Plan shall be finalised by agreement between the Authority and the Contractor but shall include the following minimum information:
  - 28.2.1. A final date for the Provision and Delivery of the Sonobuoys Service.
  - 28.2.2. A final date for the Technical Support, Management, Engineering and Logistic Service.
  - 28.2.3. A final date for the application of KPI's.
  - 28.2.4. A statement identifying the material held by the Contractor with proposals of their disposals.
  - 28.2.5. A statement identifying material that has been demanded by the Authority but which will not be delivered prior to Contract Expiry
  - 28.2.6. A plan to return all GFA as detailed at Annex D.
  - 28.2.7. A plan to complete all Outstanding Additional Tasks (Clause 13 of the Contract)

**29. SUSTAINABLE PROCUREMENT**

- 29.1. The Contractor shall ensure that all activities under this Contract comply with the certified environmental management standards based on ISO14001 or equivalent.

**30. SINGLE SOURCE CONTRACT REGULATIONS (SSCR) 2014**

- 30.1. The Authority has notified the Contractor in accordance with DEFCON 800 (Qualifying Defence Contract (QDC)) that the Contract is a Qualifying Defence Contract (QDC) under the Defence Reform Act 2014.
- 30.2. Pricing of Changes
- 30.3. Where changes to the Contract made in accordance with DEFCON 503 and DEFCON 620 entail an adjustment to the Contract Price the adjustment will be priced in accordance with Regulation 14 of the Single Source Contract Regulations and this Clause 31.
- 30.4. Final Price Adjustments
- 30.5. The parties agree that, where either party has a claim under Regulation 16 and 17 of the SSCR, it shall notify the other party of such claim.
- 30.6. Allowable Costs
- 30.7. The parties agree that they have taken reasonable steps to ensure that the costs used to calculate the Contract Price are in accordance with Section 20(2) of the Defence Reform Act 2014, and are only those which are appropriate, attributable to this Contract and reasonable in the circumstances, having regard to the Statutory Guidance on Allowable Costs.
- 30.8. The Contractor and/or the Authority shall be entitled to take into account any information it is permitted to have access to under the terms of this Contract in order to satisfy itself that any cost included in the calculation of the Contract Price is an Allowable Cost.
- 30.9. The basis of the Prices agreed shall be recorded in a Contract Pricing Statement (CPS) uploaded, by the contractor, to the Single Source Regulatory Office (SSRO) Defence Contracts Analysis & Reporting System (DefCARS).
- 30.10. Record Keeping
- 30.11. The Parties acknowledge that under Regulation 20 (Duty to keep relevant records) of the SSCR the Contractor must keep relevant records (as defined in Defence Reform Act 2014).
- 30.12. SSCR Reporting
- 30.13. The Contractor shall provide reports to the Authority for the purposes of the SSCR in accordance with the requirements of the SSRO. Reports shall be uploaded to DefCARS by the Contractor.