

# SPECIAL TERMS AND CONDITIONS OF PURCHASE – SUPPLEMENT 2

## FIXED-PRICE TYPE PROCUREMENTS FOR OTHER THAN COMMERCIAL ITEMS

### UNDER U.S. GOVERNMENT PRIME CONTRACTS

The Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) clauses referenced below in effect as of the date of the applicable prime contract or higher-tier subcontract are incorporated herein by reference, with the same force and effect as if they were given in full text, including any notes following the clause citation. Except as noted herein, in the event of a conflict between any terms and/or set forth herein and Buyer's General Terms and Conditions of Purchase, the terms and conditions of these Special Terms and Conditions shall take precedence.

In all clauses listed herein, terms shall be revised to suitably identify the party to establish Seller's obligations to Buyer and to the U.S. Government and to enable Buyer to meet its obligations under its prime contract or subcontract. Without limiting the generality of the foregoing, and except where further clarified or modified below, the term "Government" and equivalent phrases shall mean "Buyer", the term "Contracting Officer" shall mean "Buyer's Purchasing Representative", the term "Contractor" or "Offeror" shall mean "Seller", the term "Subcontractor" shall mean "Seller's Subcontractor" under Buyer's Order, and the term "Contract" shall mean "Buyer's Order". The Contracts Disputes Act shall have no application to the Buyer's Order. Any reference to a "Disputes" clause shall mean the "Disputes and Arbitration" section of Buyer's General Terms and Conditions of Purchase. If any of the following FAR or DFARS clauses do not apply pursuant to the associated FAR or DFARS prescribing criteria, such clauses shall be considered to be self-deleting.

#### 1. FAR Clauses

In accordance with FAR 52.252-1 and 52.252-2, the following clauses and provisions are incorporated by reference and apply as defined by the respective FAR clause or provision:

- (a) The following FAR clauses apply as defined by the respective FAR clause regardless of dollar value:
- 52.202-1 Definitions
  - 52.203-15 Whistleblower Protections Under the American Recovery and Reinvestment Act of 2009 (applicable if prime contract is funded with Recovery Act funds)
  - 52.204-2 Security Requirements (applicable if access to classified information is required)
  - 52.204-9 Personal Identity Verification of Contractor Personnel (applicable if Seller is required to routinely access a federally-controlled facility or a Federal information system)
  - 52.204-21 Basic Safeguarding of Covered Contractor Information Systems (applicable if Federal contract information is received from Seller during performance of Buyer's Order)
  - 52.208-8 Required Sources for Helium and Helium Usage Data (applicable if performance of Buyer's Order involves a major helium requirement)
  - 52.216-5 Price Redetermination – Prospective (applicable if FAR 16.205-2 and 16.205-3 are met)
  - 52.216-6 Price Redetermination – Retroactive
  - 52.216-7 Allowable Cost and Payment
  - 52.222-21 Prohibition of Segregated Facilities
  - 52.222-22 Previous Contracts and Compliance Reports
  - 52.222-26 Equal Opportunity
  - 52.222-41 "Service Contract Labor Standards" (applicable if Buyer's Order is subject to the Service Contract Labor Standards statute)
  - 52.222-49 Service Contract Labor Standards – Place of Performance Unknown
  - 52.222-50 Combating Trafficking in Persons
  - 52.222-52 Exemption from Application of the Service Contract Labor Standards to Contracts for Certain Services – Certification (applies if Seller is exempt under FAR 22.1003-4(c))
  - 52.223-3 Hazardous Material Identification and Material Safety Data
  - 52.223-6 Drug-Free Workplace
  - 52.223-7 Notice of Radioactive Materials
  - 52.223-11 Ozone Depleting Substances
  - 52.223-18 Encouraging Contractor Policies to Ban Text Messaging While Driving
  - 52.224-1 Privacy Act Notification (applicable when design, development, or operation of a system of records on individuals is required)
  - 52.224-2 Privacy Act (applicable when design, development, or operation of a system of records on individuals is required)
  - 52.225-13 Restrictions on Certain Foreign Purchases
  - 52.227-10 Filing of Patent Applications – Classified Subject Matter
  - 52.227-11 Patent Rights-Ownership by the Contractor
  - 52.227-13 Patent Rights-Ownership by the Government
  - 52.227-14 Rights in Data-General
  - 52.227-19 Commercial Computer Software License
  - 52.228-3 Workers Compensation Insurance (Defense Base Act)
  - 62.228-5 Insurance – Work on a Government Installation (applies if Seller is required to work on a Government installation)
  - 52.232-40 Providing Accelerated Payments to Small Business Subcontractors (applies if Seller is classified as a small business)
  - 52.233-3 Protest After Award
  - 52.234-1 Industrial Resources Developed Under Defense Production Act Title III
  - 52.242-15 Stop-Work Order
  - 52.243-1 Changes – Fixed Price Contracts
  - 52.243-6 Change Order Accounting
  - 52.244-6 Subcontracts for Commercial Items
  - 52.245-1 Government Property (applicable if Government furnished property will be used in performance of Buyer's Order)
  - 52.245-9 Use and Charges (applicable if Government furnished property will be used in performance of Buyer's Order)
  - 52.246-2 Inspection of Supplies-Fixed-Price
  - 52.246-4 Inspection of Services-Fixed-Price
  - 52.246-7 Inspection of Research and Development-Fixed-Price
  - 52.246-16 Responsibility for Supplies
  - 52.247-63 Preference for U.S. Flag Air Carriers
  - 52.247-64 Preference for Privately Owned U.S. Flag Commercial Vessels
  - 52.249-2 Termination for Convenience of the Government (Fixed-Price) (excluding any references to the Disputes Clause)
  - 52.249-8 Termination for Default (excluding any references to the Disputes Clause)
- (b) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds the "micro-purchase threshold" (\$3,000):
- 52.222-3 Convict Labor
  - 52.222-18 Certification Regarding Knowledge of Child Labor for Listed End Products
  - 52.222-19 Child Labor-Cooperation with Authorities and Remedies
  - 52.222-54 Employment Eligibility Verification
- (c) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$15,000:
- 52.222-20 Contracts for Materials, Supplies, Articles, and Equipment Exceeding \$15,000 (Walsh-Healy Act)
  - 52.222-36 Equal Opportunity for Workers with Disabilities
- (d) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$25,000:
- 52.204-10 Reporting Executive Compensation and First-Tier Subcontract Awards (applicable if Buyer is the Prime Contractor)
  - 52.225-1 Buy American-Supplies
  - 52.225-2 Buy American Certificate
  - 52.225-3 Buy American Act-Free Trade Agreements-Israeli Trade Act
  - 52.225-4 Buy American-Free Trade Agreements-Israeli Trade Act Certificate
- (e) The following additional clause applies as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$30,000:

- 52.209-6 Protecting the Government's Interest When Subcontracting with Contractors Debarred, Suspended, or Proposed for Debarment
- (f) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$100,000:
- 52.222-35 Equal Opportunity for Veterans
  - 52.222-37 Employment Reports on Veterans
- (g) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds the "simplified acquisition threshold" (\$150,000):
- 52.203-2 Certificate of Independent Price Determination (applicable if Buyer's Order includes an economic price adjustment)
  - 52.203-3 Gratuities
  - 52.203-5 Covenant Against Contingent Fees
  - 52.203-6 Restrictions on Subcontractor Sales to the Government
  - 52.203-7 Anti-Kickback Procedures
  - 52.203-8 Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity
  - 52.203-10 Price or Fee Adjustment for Illegal or Improper Activity
  - 52.203-11 Certification and Disclosure Regarding Payments to Influence Certain Federal Transactions
  - 52.203-12 Limitation on Payments to Influence Certain Federal Transactions
  - 52.203-16 Preventing Personal Conflicts of Interest (applicable if performing acquisition functions closely associated with inherently governmental functions)
  - 52.203-17 Contractor Employee Whistleblower Rights and Requirement to Inform Employees of Whistleblower Rights
  - 52.211-5 Material Requirements
  - 52.211-14 Notice of Priority Rating for National Defense, Emergency Preparedness, and Energy Program Use (applicable if Buyer's Order has a DPAS rating)
  - 52.211-15 Defense Priority and Allocation Requirements (applicable if Buyer's Order has a DPAS rating)
  - 52.215-2 Audit and Records-Negotiation
  - 52.215-14 Integrity of Unit Prices
  - 52.215-22 Limitations on Pass-Through Charges – Identification of Subcontract Effort (applicable if 52.215-23 applies)
  - 52.215-23 Limitation on Pass-Through Charges (see exceptions in FAR 15.408(n)(2))
  - 52.219-8 Utilization of Small Business Concerns
  - 52.222-4 Contract Work Hours and Safety Standards Act-Overtime Compensation
  - 52.222-38 Compliance with Veterans' Employment Reporting Requirements
  - 52.222-40 Notification of Employee Rights Under the National Labor Relations Act
  - 52.222-54 Employment Eligibility Verification (not applicable if contract performance period is less than 120 days)
  - 52.225-5 Trade Agreements (applicable if the value of Buyer's Order equals or exceeds \$204,000)
  - 52.225-8 Duty-Free Entry
  - 52.227-1 Authorization and Consent
  - 52.227-2 Notice and Assistance Regarding Patent and Copyright Infringement
  - 52.229-3 Federal, State, and Local Taxes
  - 52.242-13 Bankruptcy
  - 52.244-5 Competition in Subcontracting
  - 52.248-1 Value Engineering
- (h) The following additional clause applies as defined by the respective FAR clause if the Seller classified as a Large Business and the value of Buyer's Order equals or exceeds \$500,000:
- 52.204-14 Service Contract Reporting Requirements (applies if Buyer is the Prime Contractor)
  - 52.204-15 Service Contract Reporting Requirements for Indefinite-Delivery Contracts (applies if Buyer is the Prime Contractor)
- (i) The following additional clauses apply as defined by the respective FAR clause if the Seller classified as a Large Business and the value of Buyer's Order equals or exceeds \$650,000:
- 52.219-9 Small Business Subcontracting Plan
  - 52.219-16 Liquidated Damages-Subcontracting Plan (applicable if 52.219-9 applies)
- (j) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$700,000:
- 52.214-26 Audit and Records-Sealed Bidding (applicable to sealed bids only)
  - 52.214-27 Price Reduction for Defective Cost or Pricing Data-Modifications (applicable to sealed bids only)
  - 52.214-28 Subcontractor Certified Cost or Pricing Data-Modifications (applicable to sealed bids only)
  - 52.215-10 Price Reduction for Defective Cost or Pricing Data
  - 52.215-11 Price Reduction for Defective Cost or Pricing Data-Modifications
  - 52.215-12 Subcontractor Cost or Pricing Data
  - 52.215-13 Subcontractor Cost or Pricing Data-Modifications
  - 52.215-15 Pension Adjustments and Asset Reversions
  - 52.215-16 Facilities Capital Cost of Money (applicable if Seller is proposing facilities capital cost of money in its Offer)
  - 52.215-18 Reversion or Adjustment of Plans for Post-retirement Benefits (PRB) Other than Pensions
  - 52.215-19 Notification of Ownership Changes
  - 52.215-20 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing
  - 52.215-21 Requirements for Cost or Pricing Data or Information Other than Cost or Pricing Data-Modifications
  - 52.227-9 Refund of Royalties
  - 52.230-2 Cost Accounting Standards
  - 52.230-3 Disclosure and Consistency of Cost Accounting Practices
  - 52.230-4 Disclosure and Consistency of Cost Accounting Practices-Foreign Concern
  - 52.230-6 Administration of Cost Accounting Standards
  - 52.242-1 Notice of Intent to Disallow Costs
  - 52.242-3 Penalties for Unallowable Costs
- (k) The following additional clauses apply as defined by the respective FAR clause if the value of Buyer's Order equals or exceeds \$5,000,000:
- 52.203-13 Contractor Code of Business Ethics and Conduct
  - 52.203-14 Display of Hotline Posters
  - 52.210-1 Market Research

## 2. DFARS Clauses

The following DFARS clauses and provisions are incorporated by reference and apply as defined by the respective DFARS clause or provision:

- (a) The following DFARS clauses apply as defined by the respective DFARS clause regardless of dollar value:
- 252.203-7002 Requirement to Inform Employees of Whistleblower Rights
  - 252.204-7000 Disclosure of Information (applicable if Seller will have access to or generate unclassified information that may be sensitive and inappropriate for release to the public)
  - 252.204-7012 Safeguarding of Covered Defense Information and Cyber Incident Reporting
  - 252.204-7015 Disclosure of Information to Litigation Support Contractors
  - 252.208-7000 Intent to Furnish Precious Metals as Government-Furnished Material (applicable if the item(s) delivered by Seller contain precious metals)
  - 252.211-7003 Item Identification and Valuation (Seller's obligations under this clause are limited to cooperating with Buyer's efforts to comply with this clause)
  - 252.211-7007 Reporting of Government-Furnished Property (applicable if Seller will use Government-Furnished Property in the performance of Buyer's Order)
  - 252.223-7001 Hazard Warning Labels (applicable if submission of hazardous material data sheets is required under Buyer's Order)
  - 252.223-7002 Safety Precautions for Ammunition and Explosives (applies if ammunition or explosives are furnished, including liquid and solid propellants)
  - 252.223-7003 Change in Place of Performance – Ammunition and Explosives (applies if DFARS 252.223.7003 is applicable)
  - 252.223-7006 Prohibition on Storage and Disposal of Toxic and Hazardous Materials
  - 252.223-7007 SafeGuarding Sensitive Conventional Arms, Ammunition and Explosives

- 252.223-7008 Prohibition of Hexavalent Chromium
- 252.225-7001 Buy American and Balance of Payments Program (applies in lieu of FAR 52.225-1)
- 252.225-7007 Prohibition on Acquisition of United States Munitions List Items From Communist Chinese Military Companies
- 252.225-7009 Restriction on Acquisition of Certain Articles Containing Specialty Metals (applicable if work contains specialty metals)
- 252.225-7010 Commercial Derivative Military Article – Specialty Metals Compliance Certificate (applicable if work contains specialty metals)
- 252.225-7016 Restriction on Acquisition of Ball and Roller Bearings
- 252.225-7025 Restriction on the Acquisition of Forgings
- 252.225-7030 Restriction on Acquisition of Carbon, Alloy, and Armor Steel Plate
- 252.225-7033 Waiver of United Kingdom Levies (applicable if Buyer's Order is placed with a United Kingdom company)
- 252.225-7043 Anti-Terrorism/Force Protection for Defense Contractors Outside the United States (Applicable if work is to be performed outside of the United States)
- 252.225-7048 Export-Controlled Items
- 252.227-7013 Rights in Technical Data-Noncommercial Items (applicable if Seller will be providing technical data in the performance of Buyer's Order)
- 252.227-7014 Rights in Noncommercial Computer Software and Noncommercial Computer Software Documentation (applicable if Seller will be delivering computer software or computer software documentation in the performance of Buyer's Order)
- 252.227-7016 Rights in Bid or Proposal Information (applicable if DFARS clauses 252.227-7013, 252.227-7014, or 252.227-7018 apply)
- 252.227-7017 Identification and Assertion of Use, Release, or Disclosure Restrictions (applicable if DFARS clauses 252.227-7013, 252.227-7014, or 252.227-7018 apply)
- 252.227-7019 Validation of Asserted Restrictions-Computer Software (applicable if Seller will be furnishing of computer software in the performance of Buyer's Order)
- 252.225-7021 Trade Agreements (applies in lieu of FAR 52.225-5)
- 252.225-7031 Secondary Arab Boycott on Israel (applicable if Buyer's Order exceeds the "micro-purchase threshold" (\$3,000))
- 252.227-7025 Limitations on the Use or Disclosure of Government-Furnished Information Marked with Restrictive Legends
- 252.227-7026 Deferred Delivery of Technical Data or Computer Software
- 252.227-7027 Deferred Ordering of Technical Data or Computer Software
- 252.227-7028 Technical Data or Computer Software Previously Delivered to the Government (applicable if Seller is required to deliver technical data in the performance of Buyer's Order)
- 252.227-7030 Technical Data-Withholding of Payment (applicable if DFARS clauses 252.227-7013 or 252.227-7018 apply)
- 252.227-7037 Validation of Restrictive Markings on Technical Data
- 252.227-7038 Patent Rights-Ownership by the Contractor (Large Business) (applicable if Buyer's Order is for experimental, developmental, or research work and Seller is not a small business or nonprofit organization)
- 252.227-7039 Patents-Reporting of Subject Inventions (applicable if FAR clause 52.227-11 applies)
- 252.231-7000 Supplemental Cost Principles
- 252.234-7001 Notice of Earned Value Management System
- 252.234-7002 Earned Value Management System
- 252.235-7003 Frequency Authorization (applicable if Buyer's Order is a device requiring frequency authorization)
- 252.239-7016 Telecommunications Security Equipment, Devices, Techniques, and Services (applicable if Buyer's Order is for telecommunications equipment)
- 252.239-7017 Notice of Supply Chain Risk
- 252.239-7018 Supply Chain Risk
- 252.244-7000 Subcontracts for Commercial Items and Commercial Components (DoD Contracts)
- 252.246-7001 Warranty of Data (applicable if DFARS clause 252.227-7013 applies)
- 252.246-7003 Notification of Potential Safety Issues (applicable if Buyer's Order is for (i) parts defined as critical safety items in accordance with this clause; (ii) systems and subsystems, assemblies, and subassemblies integral to a system; and (iii) repair, maintenance, logistics support, or overhaul services for systems and subsystems, assemblies, subassemblies, and parts integral to a system)
- 252.246-7007 Contractor Counterfeit Electronic Part Detection and Avoidance System
- 252.247-7023 Transportation of Supplies by Sea
- 252.247-7024 Notification of Transportation of Supplies by Sea
- (b) The following additional clause applies as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds (\$100,000):
  - 252.225-7013 Duty-Free Entry
- (c) The following additional clauses apply as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds the "simplified acquisition threshold" (\$150,000):
  - 252.203-7001 Prohibition on Persons Convicted of Fraud or Other Defense Contract Related Felonies
  - 252.209-7004 Subcontracting with Firms That Are Owned or Controlled by the Government of a Terrorist Country
  - 252.247-7022 Representation of Extent of Transport by Sea
- (d) The following additional clause applies as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$500,000:
  - 252.226-7001 Utilization of Indian Organizations, Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns
- (e) The following additional clause applies as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$650,000:
  - 252.219-7003 Small Business Subcontracting Plan (DoD Contracts) (applicable if prime contract includes FAR clause 52.219-9)
- (f) The following additional clauses apply as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$700,000:
  - 252.215-7000 Pricing Adjustments
  - 252.215-7002 Cost Estimating System Requirements
  - 252.249-7002 Notification of Anticipated Contract Termination or Reduction
- (g) The following additional clause applies as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$1,000,000:
  - 252.222-7006 Restricting the Use of Mandatory Arbitration Agreements
- (h) The following additional clause applies as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$1,500,000:
  - 252.211-7000 Acquisition Streamlining
- (i) The following additional clauses apply as defined by the respective DFARS clause if the value of Buyer's Order equals or exceeds \$5,000,000:
  - 252.203-7003 Agency Office of the Inspector General
  - 252.203-7004 Display of Fraud Hotline Poster(s) (applicable to all Buyer's Orders except Buyer's Orders that are for acquisition of a commercial item, or that will be performed entirely outside the United States)

### 3. Additional Requirements

- (a) For orders issued under the American Recovery and Reinvestment Act, the Seller shall comply with the reporting requirements of FAR 52.204-11, American Recovery and Reinvestment Act Reporting Requirements and FAR 52.203-15, Whistleblower Protections under ARRA, and shall ensure compliance with the Buy American provisions cited in the Quality Terms cited in the Order.
- (b) Seller covenants and agrees that if Buyer's contract price or a cost allowance is reduced by reason of Seller's failure to comply with an applicable Cost Accounting Standard or to follow any practice disclosed in its Disclosure Statement, Buyer shall be entitled to:
  - (i) reduce the price of Buyer's Order by an amount commensurate with the reduction in Buyer's contract price or cost allowance together with interest computed at the applicable Treasury rate; or
  - (ii) in the event Seller shall already have been paid the full Order price or essentially the full Order price, Seller shall reimburse and indemnify Buyer in an amount commensurate with the reduction in Buyer's contract price or cost allowance together with interest computed at the applicable Treasury rate.
- (c) The provisions of 41 CFR 60-300.5, Equal Opportunity for Disabled Veterans, Recently Separated Veterans, Other Protected Veterans, and Armed Forces Service Medal Veterans, apply to all contracts, subcontracts, and purchase orders where the value equals or exceeds \$100,000. Contractor and subcontractor shall abide by the requirements of 41 CFR 60-300.5(a). This regulation prohibits discrimination against qualified protected veterans, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment qualified protected veterans.
- (d) The provisions of 41 CFR 60-741.5, Affirmative Action and Nondiscrimination Obligations of Contractors and Subcontractors Regarding Individuals with Disabilities, apply to all contracts, subcontracts, and purchase orders where the value equals or exceeds \$10,000. Contractor and subcontractor shall abide by the requirements of 41 CFR 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability, and requires affirmative action by covered prime contractors and subcontractors to employ and advance in employment-qualified individuals with disabilities.
- (e) Notwithstanding any other clauses in the Buyer's Order, Seller shall not impose any restrictions on the Government's use of tooling, designs, and/or drawings provided or received during the performance of Buyer's Order that the Government independently owns or has a right to use.
- (f) Notwithstanding any other clauses in the Buyer's Order, in no event shall the Seller acquire any direct claim or course of action against the U. S. Government.

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(g) Seller shall flow down all required FAR and DFARs clauses to Seller's subcontractors, suppliers and vendors in accordance with the applicable FAR and DFARs requirements.

**4. Government Inspection**

The Government has the right to perform Government quality assurance at Seller's plant as may be necessary to determine conformance with the requirements specified for all services and/or supplies ordered under Buyer's Order.

**5. Government-Owned Facilities**

If Government-owned facilities are to be used by Seller to perform work prescribed in Buyer's Order, the Seller shall provide two (2) prices: one based on rent-free use and one based on rental payments (applicable to request for quote only).

**6. Order Completion and Closeout**

Seller agrees to close out this order within the following schedule:

- (1) Firm fixed price orders: Final invoice must be submitted no later than 45 days following final delivery and must be marked as FINAL INVOICE
- (2) Fixed Price/Labor Hour orders: Final invoice must be submitted no later than 45 days following final delivery and must be marked as FINAL INVOICE.
- (3) Special Note for Delivery/Task Order Contracts: Completion vouchers and documents shall be submitted on each delivery order separately.

Failure to submit the invoice within the specified period will result in a unilateral closeout of the order by the Buyer at the price shown as paid in the Buyer's records.

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