

FEDERAL INDUSTRIES / UNITED VALVE CO.

TERMS AND CONDITIONS / QUALITY CLAUSES

Q01: TERMS

A: Seller shall keep confidential all technical and proprietary information furnished to Seller by Buyer in connection with this order, including blueprints, data, designs, drawings, engineering data for production, product know-how, and any other information furnished to Seller by Buyer in connection with this contract. Seller shall not use such items or information in the design, manufacture, or production of any goods, or for any other purchase or for the manufacture or production of larger quantities than those specified, except with the express consent in writing from the Buyer. Seller, including its agents, employees, and representatives will exercise extreme caution to prevent disclosure of such information to third parties. The obligations of this provision shall survive the completion of performance and expiration or termination of this contract.

B: RIGHT OF ACCESS

Buyer and authorized representatives of Buyer's Customers / Regulatory Authorities shall have direct access to all areas of Seller's and Seller's Subcontractor's Plants where work under this P.O. is being performed, to review progress and witness testing of the items related to this P.O. Seller shall include this clause in all of Seller's subcontracted Purchase Orders. Seller shall provide and obtain for Buyer, Buyer's Customers, and appropriate Regulatory Agencies access to any and all facilities, including those facilities of Seller's Subcontractors, where work on items is being performed or is scheduled to be performed under this P.O. Buyer shall have right to perform in-process inspection, audits, and system surveillance at Seller and Seller's Subcontractor's Facilities as part of verification of performance to the requirements of this Purchase Order.

C: Prior to shipment, Supplier shall notify Federal Industries, Inc / United Valve Company if a non-conformance condition exists with the product.

D: Supplier shall notify Federal Industries, Inc. / United Valve Company when work is to be performed on parts ordered is subcontracted.

E: Gauges supplied by Federal Industries, Inc. / United Valve Company shall be returned with the last shipment on this order. Gauges shall be returned in the same condition as received. Supplier will be responsible for any Gauge repair costs if necessary. Gauges must have a current certified calibration sticker when returned to Federal Industries, Inc. / United Valve Company.

F: Accelerated delivery is not permitted. Any modification to the delivery schedule requires written authorization from the buyer.

G: Quantity variances / partial shipments are not permitted unless prior written authorization is received from the buyer.

H: All goods supplied shall be suitably packaged to protect, marked, and shipped in accordance with buyer instructions. In the absence of instruction, Supplier shall contact the Buyer. All supplied goods will be returned to the Supplier for inspection if parts are received damaged.

Q02: CERTIFICATE OF CONFORMANCE

Supplier Certification of Conformance is required with this order. Certificate must be legible and reproducible with Seller's statement that processing and tests have been performed as required and meet the drawing requirements and purchase order. At minimum include a part number, quantity, specification, and revision number, and have a legible printed and signed signature and title of responsible person signing the certification. Records supporting this certification shall be on file and shall be provided to

Buyer upon request at no cost to Federal Industries / United Valve Company.

Q03A: MATERIAL CERTIFICATIONS

Actual material certifications are required for all Seller provided material. Supplier must provide evidence of product conformity (this may be in the form of inspection, testing, process control records, or certificates supplied with the product). All Certifications must be traceable to the original Mill Lot and Heat Number. Data must be acceptable to the applicable specifications.

Q03B: SPECIAL PROCESSING CERTIFICATIONS

Processing Certifications are required for all Sellers providing processing. All certifications must indicate that the process has been performed to drawing requirements.

Parts are subject to rejection without correct documentation.

All Certifications must show the part number, quantity, process being performed, specification, revision number, and have a legible printed and signed signature and title of responsible person signing the certification.

Supplier shall notify the undersigned prior to shipment if specification has been replaced / superseded / updated. List specification as shown on drawing, and then list the replacement specification with current revision.

Q04: INSPECTION RECORDS

Each shipment shall be accompanied by copies of actual quantitative records of inspection. Include the nature and number of observations and traceable by part number to the material / services being provided by the Seller.

Q05: CALIBRATION

Calibrate in accordance with ISO 10012-1 Federal Industries, Inc. / United Valve Co. Purchase Order Number must appear on all certifications. Actual Calibration results and calibration certification to accompany shipment.

Q06: U.S GOVERNMENT SOURCE INSPECTION (US GSI)

Government Source Inspection is required and shall be performed at Supplier's facility prior to shipment. As directed by Federal Industries, Inc. and United Valve Company / "GSI" any in process inspection is also mandated by this clause. A minimum of 48-hours notice to Federal Industries / United Valve Company, prior to inspection, is required when this clause is invoked. Supplier shall provide evidence of Government Source Inspection with each shipment.

Q07: SOURCE INSPECTION.

Items procured under this purchase order are subject to source inspection by Federal Industries, Inc. / United Valve Co. at Seller's Facility prior to shipment. The Seller shall furnish acceptable facilities and equipment necessary to perform the required inspection at no cost to Federal Industries, Inc. / United Valve Co. Please advise the Buyer within three working days in advance of the subject material being available for source inspection.

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Q08: SPRING DATA

Actual Inspection data stating load, compressed height and spring rate is required with this order. A.Q.L. sample is acceptable data.

Q09: NON-DESTRUCTIVE TESTING

All parts requiring nondestructive testing shall be processed in accordance with drawing specifications. Personnel performing / interpreting nondestructive testing indications shall be certified / qualified in accordance with all specifications for the test method. All certifications must include the following:

- Part Number
- Quantity
- NDT Process
- Specification & Revision
- Name of Certified Personnel (Print) & Signature
- Level of certified Personnel.

Q10: SPECIAL PROCESSES

Special processes performed to fulfill the requirements of this Purchase Order shall be defined and controlled in accordance with:

A: BELL HELICOPTER APPROVED PROCESS SOURCES.

B: LOCKHEED APPROVED PROCESS SOURCES.

C: BOEING APPROVED PROCESS SOURCES.

D: NORTHROP GRUMMAN APPROVED PROCESS SOURCES

E. NADCAP APPROVED PROCESS SOURCES.

F: PARKER APPROVED PROCESS SOURCES

G: OTHERS (AS SPECIFIED)

Q11: RUBBER AND CONSUMABLES

Rubber goods supplied under this order shall not exceed Eight (8) quarters or have less than 80% of remaining shelf life (whichever is less) at time of delivery unless approved in writing by the buyer.

On all perishable rubber products, manufacturer must supply cure dates and shelf life and or expiration dates on the certification and packaging.

Supplier of adhesives, rubber, gaskets, packing, hoses, etc. shall mark the parts and exterior shipping containers in accordance with applicable military specifications.

The date of manufacture and expiration data (Quarter and year / month and year) is required as applicable.

Test data, composition of rubber and applicable physical test results, including batch numbers and date of manufacture and expiration date must be forwarded to the buyer upon request.

Material Safety Data Sheet stating date of manufacture must accompany shipment.

Q12: SPECIALTY METALS

252.225-7008 Restriction on Acquisition of Specialty Metals. As prescribed in 225.7003-5(a)(1), use the following clause:

(a) Definitions. As used in this clause-

- (1) "Alloy" means a metal consisting of a mixture of a basic metallic element and one or more metallic, or non-metallic, alloying elements.
 - (i) For alloys named by a single metallic element (e.g., titanium alloy), it means that the alloy contains 50 percent or more of the named metal (by mass).
 - (ii) If two metals are specified in the name (e.g., nickel-iron alloy), those metals are the two predominant elements in the alloy, and together they constitute 50 percent or more of the alloy (by mass).
- (2) "Produce" means the application of forces or processes to a specialty metal to create the desired physical properties through quenching or tempering of steel plate, gas atomization or sputtering of titanium, or final consolidation of non-melt derived titanium powder or titanium alloy powder.
- (3) "Specialty metal" means-

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- (i) Steel-
 - (A) With a maximum alloy content exceeding one or more of the following limits: manganese, 1.65 percent; silicon, 0.60 percent; or copper, 0.60 percent; or
 - (B) Containing more than 0.25 percent of any of the following elements: aluminum, chromium, cobalt, molybdenum, nickel, niobium (columbium), titanium, tungsten, or vanadium;
 - (ii) Metal alloys consisting of-
 - (A) Nickel or iron-nickel alloys that contain a total of alloying metals other than nickel and iron in excess of 10 percent; or
 - (B) Cobalt alloys that contain a total of alloying metals other than cobalt and iron in excess of 10 percent;
 - (iii) Titanium and titanium alloys; or
 - (iv) Zirconium and zirconium alloys.
- (4) "Steel" means an iron alloy that includes between .02 and 2 percent carbon and may include other elements.
(A) Any specialty metal delivered under this contract shall be melted or procured in the United States or its outlying areas.
- (5) "Qualifying country" means a country with a reciprocal defense procurement memorandum of understanding or international agreement with the United States in which both countries agree to remove barriers to purchases of supplies produced in the other country or services performed by sources of the other country, and the memorandum or agreement complies, where applicable, with the requirements of section 36 of the Arms Export Control Act (22 U.S.C. 2776) and with 10 U.S.C. 2457. Accordingly, the following are qualifying countries: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Egypt, Finland, France, Germany, Greece, Israel, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom of Great Britain, and Northern Ireland.
- (6) "Qualifying country component" and "qualifying country end product" are defined in the clauses at 252.225-7001, Buy American Act and Balance of Payments Program; and 252.225-7036, Buy American Act-Free Trade Agreements-Balance of Payments Program. "Qualifying country end product" is also defined in the clause at 252.225-7021, Trade Agreements.

Q13: GOVERNMENT RATED CONTRACTS

This order is a Government rated contract. Federal law requires these orders to take preference over all unrated orders as necessary to meet required delivery dates. Persons receiving rated orders must give them preferential treatment as required Government Regulations DPAS 15CFR700.

Q14: CRITICAL RAW MATERIAL VERIFICATION

Raw Material identified as a significant operational risk (Critical) by customer, specification, purchase order, drawing or engineering design must provide a chemical / mechanical analysis test report by an accredited laboratory or FI / UVC approved. All Certifications must be traceable to the original Mill Lot and Heat Number. Data must be acceptable to the applicable specifications.

Q15: CUSTOMER REQUIREMENT FLOW DOWN TO SUB-TIER SUPPLIERS

All Federal Industries, Inc. / United Valve Co. Sub-Tier Suppliers shall comply with Federal Industries, Inc. / United Valve Co.'s Customer Contractual Agreements. These Requirements shall be flowed down to all Sub-Tier Suppliers of Federal Industries, Inc. / United Valve Co., as applicable.

Q16: SUPPLIER RETENTION OF RECORDS

Records created and retained by a Federal Industries, Inc. / United Valve Co. Supplier or Sub-Tier Supplier to substantiate, as applicable; procurement, production, calibration, certifications, chemical and physical properties, inspections, acceptance, and other traceable information pertaining to the product produced and or delivered must be retained by the supplier/sub-contractor for a period of Ten (10) years or that stipulated by the customer/regulating authority requirements. Federal Industries, Inc. / United Valve Co. may randomly select records required for retention at the supplier to ensure enforcement of this requirement.

Q17: SUPPLIER FOREIGN OBJECT DEBRIS PREVENTION PROGRAM

Suppliers will implement and maintain a FOD (Foreign Object Debris) Elimination / Prevention Program at their facility. These Requirements shall be flowed down to all Sub-Tier Suppliers utilized in this contract. The Suppliers FOD Program shall be based on the National Aerospace Standard, NAS 412 as the core requirements to remain in compliance with this Quality Clause.

Q18: COUNTERFEIT PARTS PREVENTION

Supplier shall establish and maintain a Counterfeit Parts Prevention and Control Plan using Industry Standards AS-5553 and AS 6174 as a guideline. The purpose of this document shall be to prevent the delivery of counterfeit parts and control parts identified as counterfeit. External Provider shall only produce products or purchase components/hardware direct from the original component manufacturer (OCM)/original equipment manufacturer (OEM), or through an authorized (franchised) distributor. Work shall not be acquired from independent distributors or brokers without approval from the buyer in writing. Buyer must be notified immediately if the seller suspects they may have been supplied counterfeit parts. Work that is delivered that contains or includes counterfeit parts will be replaced, at the seller's expense, with certified genuine parts. Seller will flow down the above requirements to all suppliers / subcontractors to ensure they are buying material, hardware, and electronic components, as applicable, from the

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OCM/OEM or an authorized distributor. Supplier must demonstrate documented tools and procedures are in place, and functioning accordingly, to screen, detect, and ensure that components are not misrepresented.

Q19: MATERIAL REQUIREMENTS

All Suppliers, including sub-tier suppliers at any level in the supply chain, shall use material that was melted in the United States.

Q20: SUPPLIER NOTIFICATION

Supplier shall notify Federal Industries, Inc. / United Valve Co of all nonconforming products, and obtain approval from FI/UVC for product nonconforming disposition. The Supplier shall notify Federal Industries, Inc. / United Valve Co of changes in product and/or process, changes of suppliers, changes of manufacturing facility location, and obtain Federal Industries, Inc. / United Valve Co approval.

Q21: FIRST ARTICLE INSPECTION REPORT (FAIR)

The Supplier shall perform a First Article Inspections (FAI) in accordance with AS9102 Rev B, First Article Inspection Requirement. The FAI performed is to provide validation of processes and equipment used throughout the process, and to assure conformity to engineering and purchase order requirements. Each FAI must include a "bubbled" drawing identifying the location of all characteristics referenced on Form 3 of AS9102. For United States-initiated Purchase Orders, when a first time FAI is being conducted by a supplier located outside of the United States, the supplier will notify Federal Industries, Inc. / United Valve Co. Authorized Representative to assure that proper notification is made to FAI completion. The supplier holding Federal Industries, Inc. / United Valve Co. Purchase Order will have the responsibility of assuring hardware manufactured internally and/or procured from their suppliers are maintained and are in compliance with the Two year (2) lapse in production requirement in accordance with AS9102.

Q22: PRODUCT SAFETY AND ETHICS POLICY

The supplier shall plan, implement, and control the processes needed to assure product safety during the entire product life cycle, as appropriate to the organization and the product such as: assessing hazards and management of associated risks, management of safety critical items, analyze and report any occurred events affecting safety of the product, communication of these events and training of persons. Supplier shall be aware of the importance of ethical behavior and maintain an Ethics Policy for employees as it relates to their contribution to product or service conformity and product safety.

Q23: SUPPLIER PERFORMANCE MONITOR AND CONTROL

On annual basis, Federal Industries, Inc. / United Valve Co. defines the minimum performance expectation measured in conventional ways such as parts percent (%) conforming for Quality and percent (%) on time to promise date on a supplier level. When a supplier does not meet this minimum performance levels, Federal Industries, Inc. / United Valve Co. reserves the right to require the supplier to engage in an improvement plan led by the supplier's top management. This improvement plan will be focus on improving the supplier's business operating systems and quality management systems that will result in the sustainable achievement of Federal Industries, Inc. / United Valve Co. minimum performance expectation.

Currently, Federal Industries, Inc. / United Valve Co. minimum performance expectation is:

- A) Quality 95% based on Receiving inspection results.**
- B) Delivery 90% on-time to promise based on meeting promise dates.**

Q24: APPLICATION OF ACCEPTANCE AUTHORITY MEDIA (AAM)

Suppliers and or sub-tier suppliers shall comply with the AS/EN/JISQ 9100 requirements and 14CFR Part 21.2 regarding the application of the Acceptance Authority Media (AAM) requirements. Suppliers and or sub-tier suppliers shall, within its organization and its supply chain, ensure that the use of AAM is clearly defined within its Quality Management System (QMS). Suppliers and or sub-tier suppliers shall, upon customer request, be able to demonstrate evidence of communication to its employees and to its supply chain; use of AAM must be considered as a personal warranty of compliance and conformity. Suppliers and or sub-tier suppliers shall maintain compliance to the AAM requirements by assessing its process and supply chain as part of its internal audit activities. The areas of focus of this assessment shall include but not limited to:

- Authority Media Application Errors (i.e. Omission, Typos, Legibility, etc.)
- Authority Media Application Untimely Use (i.e. Documentation is not completed as planned, "Stamp/Sign as you go", etc.)
- Authority Media Application Misrepresentation (i.e., uncertified personnel, Falsification of documentation, Work not performed as planned, etc.)
- Authority Media Application Training Deficiencies (i.e. Ethics, Culture awareness, Proper Use of authority media, etc.)

Q25: EXPORT CONTROLLED ITEMS

All suppliers / subcontractors shall comply with the provisions of DFARS 225.7901-4, 15 CFR Part 730-774 and 22 CFR Part 120-130 as they pertain to export controlled items. For the purposes of this provision the term "Export-controlled items," as used in this clause, means items subject to the Export Administration Regulations ("EAR") (15 CFR Parts 730-774) or the International Traffic in Arms Regulations ("ITAR") (22 CFR Parts 120-130). This term includes:

(1) "Defense items," which are defined in the Arms Export Control Act, 22 U.S.C. 2778(j)(4)(A), as defense articles, defense services, and related technical data, and further defined in the ITAR, 22 CFR Part 120; and (2) "Items," defined in the EAR as "commodities", "software", and "technology," terms that are also defined in the EAR, 15 CFR 772.1.

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All suppliers / subcontractors shall comply with all applicable laws and regulations regarding export-controlled items, including, but not limited to, the requirement for contractors to register with the Department of State in accordance with the ITAR. The Contractor shall consult with the Department of State regarding any questions relating to compliance with the ITAR and shall consult with the Department of Commerce regarding any questions relating to compliance with the EAR.

It is the suppliers / subcontractors responsibility to comply with all applicable laws and regulations regarding export-controlled items exists independent of, and is not established or limited by, the information provided by this clause. Additionally, nothing in these terms adds, changes, supersedes, or waives any of the requirements of applicable Federal laws, Executive orders, and regulations, including but not limited to the following:

- The Export Administration Act of 1979, as amended (50 U.S.C. App. 2401, et seq.);
- The Arms Export Control Act (22 U.S.C. 2751, et seq.);
- The International Emergency Economic Powers Act (50 U.S.C. 1701, et seq.);
- The Export Administration Regulations (15 CFR Parts 730-774);
- The International Traffic in Arms Regulations (22 CFR Parts 120-130); and
- Executive Order 13222, as extended.

Each supplier / subcontractor shall include the substance of this clause, including this paragraph, in all subcontracts.

Q26: SAFEGUARDING COVERED DEFENSE INFORMATION AND CYBER INDICENT REPORTING

Each supplier / subcontractor shall comply with the provisions of DFARS 225.204-7012 and the applicable requirements of NIST Special Publication SP 800-171 with respect to protecting any Controlled Unclassified Information (“CUI”) that they may receive, store, or otherwise use in connection with this Agreement. For purposes of this Clause Q26, “Contractor” as used below shall refer to the Supplier/Subcontractor.

(a) *Definitions.* As used in this clause Q26—

“Adequate security” means protective measures that are commensurate with the consequences and probability of loss, misuse, or unauthorized access to, or modification of information.

“Compromise” means disclosure of information to unauthorized persons, or a violation of the security policy of a system, in which unauthorized intentional or unintentional disclosure, modification, destruction, or loss of an object, or the copying of information to unauthorized media may have occurred.

“Contractor attributional/proprietary information” means information that identifies the Contractor(s), whether directly or indirectly, by the grouping of information that can be traced back to the Contractor(s) (e.g., program description, facility locations), personally identifiable information, as well as trade secrets, commercial or financial information, or other commercially sensitive information that is not customarily shared outside of the company.

“Contractor information system” means an information system belonging to, or operated by or for, the Contractor.

“Controlled technical information” means technical information with military or space application that is subject to controls on the access, use, reproduction, modification, performance, display, release, disclosure, or dissemination. Controlled technical information would meet the criteria, if disseminated, for distribution statements B through F using the criteria set forth in the Department of Defense (“DoD”) Instruction 5230.24, Distribution Statements on Technical Documents. The term does not include information that is lawfully publicly available without restrictions.

“Covered Contractor information system” means an information system that is owned, or operated by or for, a Contractor and that processes, stores, or transmits covered defense information.

“Covered defense information” means unclassified information that—

(i) Is—

- (A) Provided to the Contractor by or on behalf of DoD in connection with the performance of the contract; or
- (B) Collected, developed, received, transmitted, used, or stored by or on behalf of the Contractor in support of the performance of the contract; and

(ii) Falls in any of the following categories:

(A) *Controlled technical information.*

(B) *Critical information (operations security).* Specific facts identified through the Operations Security process about friendly intentions, capabilities, and activities vitally needed by adversaries for them to plan and act effectively so as to guarantee failure or unacceptable consequences for friendly mission accomplishment (part of Operations Security process).

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(C) *Export control.* Unclassified information concerning certain items, commodities, technology, software, or other information whose export could reasonably be expected to adversely affect the United States national security and nonproliferation objectives. To include dual use items; items identified in export administration regulations, international traffic in arms regulations and munitions list; license applications; and sensitive nuclear technology information.

(D) Any other information, marked or otherwise identified in the contract, that requires safeguarding or dissemination controls pursuant to and consistent with law, regulations, and Government wide policies (e.g., privacy, proprietary business information).

“Cyber incident” means actions taken through the use of computer networks that result in a compromise or an actual or potentially adverse effect on an information system and/or the information residing therein.

“Forensic analysis” means the practice of gathering, retaining, and analyzing computer-related data for investigative purposes in a manner that maintains the integrity of the data.

“Malicious software” means computer software or firmware intended to perform an unauthorized process that will have adverse impact on the confidentiality, integrity, or availability of an information system. This definition includes a virus, worm, Trojan horse, or other code-based entity that infects a host, as well as spyware and some forms of adware.

“Media” means physical devices or writing surfaces including, but is not limited to, magnetic tapes, optical disks, magnetic disks, large-scale integration memory chips, and printouts onto which information is recorded, stored, or printed within an information system.

“Operationally critical support” means supplies or services designated by the Government as critical for airlift, sealift, intermodal transportation services, or logistical support that is essential to the mobilization, deployment, or sustainment of the Armed Forces in a contingency operation.

“Rapid(ly) report(ing)” means within 72 hours of discovery of any cyber incident.

“Technical information” means technical data or computer software, as those terms are defined in the clause at DFARS 252.227-7013, Rights in Technical Data-Non Commercial Items, regardless of whether or not the clause is incorporated in this solicitation or contract. Examples of technical information include research and engineering data, engineering drawings, and associated lists, specifications, standards, process sheets, manuals, technical reports, technical orders, catalog-item identifications, data sets, studies and analyses and related information, and computer software executable code and source code.

(b) *Adequate security.* The Contractor shall provide adequate security for all covered defense information on all covered Contractor information systems that support the performance of work under this contract. To provide adequate security, the Contractor shall—

(1) Implement information systems security protections on all covered Contractor information systems including, at a minimum—

(i) For covered Contractor information systems that are part of an Information Technology (“IT”) service or system operated on behalf of the Government—

(A) Cloud computing services shall be subject to the security requirements specified in the clause 252.239-7010, Cloud Computing Services, of this contract; and

(B) Any other such IT service or system (i.e., other than cloud computing) shall be subject to the security requirements specified elsewhere in this contract; or

(ii) For covered Contractor information systems that are not part of an IT service or system operated on behalf of the Government and therefore are not subject to the security requirement specified at paragraph (b)(1)(i) of this clause—

(A) The security requirements in National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, “Protecting Controlled Unclassified Information in Nonfederal Information Systems and Organizations,” <http://dx.doi.org/10.6028/NIST.SP.800-171> that is in effect at the time the solicitation is issued or as authorized by the Contracting Officer, as soon as practical, but not later than December 31, 2017. The Contractor shall notify the DoD CIO, via email at osd.dibcsia@mail.mil, within 30 days of contract award, of any security requirements specified by NIST SP 800-171 not implemented at the time of contract award; or

(B) Alternative but equally effective security measures used to compensate for the inability to satisfy a particular requirement and achieve equivalent protection accepted in writing by an authorized representative of the DoD CIO; and

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(2) Apply other information systems security measures when the Contractor reasonably determines that information systems security measures, in addition to those identified in paragraph (b)(1) of this clause, may be required to provide adequate security in a dynamic environment based on an assessed risk or vulnerability.

(c) Cyber incident reporting requirement.

(1) When the Contractor discovers a cyber incident that affects a covered Contractor information system or the covered defense information residing therein, or that affects the Contractor's ability to perform the requirements of the contract that are designated as operationally critical support, the Contractor shall—

(i) Conduct a review for evidence of compromise of covered defense information, including, but not limited to, identifying compromised computers, servers, specific data, and user accounts. This review shall also include analyzing covered Contractor information system(s) that were part of the cyber incident, as well as other information systems on the Contractor's network(s), that may have been accessed as a result of the incident in order to identify compromised covered defense information, or that affect the Contractor's ability to provide operationally critical support; and

(ii) Rapidly report cyber incidents to DoD at <http://dibnet.dod.mil>.

(2) *Cyber incident report.* The cyber incident report shall be treated as information created by or for DoD and shall include, at a minimum, the required elements at <http://dibnet.dod.mil>.

(3) *Medium assurance certificate requirement.* In order to report cyber incidents in accordance with this clause, the Contractor or subcontractor shall have or acquire a DoD-approved medium assurance certificate to report cyber incidents. For information on obtaining a DoD-approved medium assurance certificate, see <http://iase.disa.mil/pki/eca/Pages/index.aspx>.

(d) Malicious software. The Contractor or subcontractors that discover and isolate malicious software in connection with a reported cyber incident shall submit the malicious software in accordance with instructions provided by the Contracting Officer.

(e) Media preservation and protection. When a Contractor discovers a cyber incident has occurred, the Contractor shall preserve and protect images of all known affected information systems identified in paragraph (c)(1)(i) of this clause and all relevant monitoring/packet capture data for at least 90 days from the submission of the cyber incident report to allow DoD to request the media or decline interest.

(f) Access to additional information or equipment necessary for forensic analysis. Upon request by DoD, the Contractor shall provide DoD with access to additional information or equipment that is necessary to conduct a forensic analysis.

(g) Cyber incident damage assessment activities. If DoD elects to conduct a damage assessment, the Contracting Officer will request that the Contractor provide all of the damage assessment information gathered in accordance with paragraph (e) of this clause.

(h) DoD safeguarding and use of Contractor attributional/proprietary information. The Government shall protect against the unauthorized use or release of information obtained from the Contractor (or derived from information obtained from the Contractor) under this clause that includes Contractor attributional/proprietary information, including such information submitted in accordance with paragraph (c). To the maximum extent practicable, the Contractor shall identify and mark attributional/proprietary information. In making an authorized release of such information, the Government will implement appropriate procedures to minimize the Contractor attributional/proprietary information that is included in such authorized release, seeking to include only that information that is necessary for the authorized purpose(s) for which the information is being released.

(i) Use and release of Contractor attributional/proprietary information not created by or for DoD. Information that is obtained from the Contractor (or derived from information obtained from the Contractor) under this clause that is not created by or for DoD is authorized to be released outside of DoD—

- (1) To entities with missions that may be affected by such information;
- (2) To entities that may be called upon to assist in the diagnosis, detection, or mitigation of cyber incidents;
- (3) To Government entities that conduct counterintelligence or law enforcement investigations;
- (4) For national security purposes, including cyber situational awareness and defense purposes (including with Defense Industrial Base (DIB) participants in the program at 32 CFR part 236); or
- (5) To a support services Contractor ("recipient") that is directly supporting Government activities under a contract that includes the clause at [252.204-7009](#), Limitations on the Use or Disclosure of Third-Party Contractor Reported Cyber Incident Information.

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(j) *Use and release of Contractor attributional/proprietary information created by or for DoD.* Information that is obtained from the Contractor (or derived from information obtained from the Contractor) under this clause that is created by or for DoD (including the information submitted pursuant to paragraph (c) of this clause) is authorized to be used and released outside of DoD for purposes and activities authorized by paragraph (i) of this clause, and for any other lawful Government purpose or activity, subject to all applicable statutory, regulatory, and policy based restrictions on the Government's use and release of such information.

(k) The Contractor shall conduct activities under this clause in accordance with applicable laws and regulations on the interception, monitoring, access, use, and disclosure of electronic communications and data.

(l) *Other safeguarding or reporting requirements.* The safeguarding and cyber incident reporting required by this clause in no way abrogates the Contractor's responsibility for other safeguarding or cyber incident reporting pertaining to its unclassified information systems as required by other applicable clauses of this contract, or as a result of other applicable U.S. Government statutory or regulatory requirements.

(m) *Subcontracts.* The Contractor shall—Include this clause, including this paragraph (m), in subcontracts, or similar contractual instruments, for operationally critical support, or for which subcontract performance will involve a covered Contractor information system, including subcontracts for commercial items, without alteration, except to identify the parties; and

(1) When this clause is included in a subcontract, require subcontractors to rapidly report cyber incidents directly to DoD at <http://dibnet.dod.mil> and the prime Contractor. This includes providing the incident report number, automatically assigned by DoD, to the prime Contractor (or next higher-tier subcontractor) as soon as practicable.