

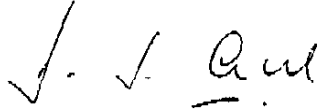
CODE OF CONDUCT BETWEEN THE UK MINISTRY OF DEFENCE AND UK INDUSTRY

1. This Code of Conduct is pursuant to Annex VI of the US/UK Defense Co-operation Memorandum. The commitments and responsibilities of the UK Ministry of Defence and US Department of Defense are set out in Annex VI.
2. To the greatest extent possible, except as provided for below, the UK Company participating in UK DPAS shall do all that can reasonably be done to act in a manner as similar as possible as US Companies who are bound by the US DPAS regulations. It will do this by accepting contracts (including subcontracts and purchase orders) as UK DPAS contracts and performing such contracts, where requested to do so by the US Department of Defense, on a preferential basis. UK DPAS contracts are those contracts where the US Department of Defense has notified the UK Company acting as the prime contractor, or those subcontracts where the prime contract is rated under US DPAS. This system shall be known as the UK DPAS. Specifically, a UK Company, which accepts a contract under UK DPAS, accepts the following commitments where reasonable to do so:
 - a) It will pass on the commitments relating to the said contract to other UK Companies belonging to the UK DPAS accreditation system which it may use as subcontractors, thereby providing the US Government and industry with greater security of supply. It shall not however be obliged to use only such Companies as subcontractors. It will apply a US DPAS rating to any US subcontract necessary for the performance of the UK DPAS contract, when authorised to do so by the US Department of Commerce.
 - b) It will respond in a timely manner to requests from the US Government for amendments to the timing of deliveries in said contract in support of both normal peacetime and conflicts/emergencies procurements.
 - c) Should there be conflict between prioritisation of supply between the US and UK Governments or any other customer, it will bring the matter to the attention of the two Governments to resolve the situation by consultation.
 - d) If compliance with a US request would seriously imperil future client customer relations and/or endanger future business, the UK Company shall be entitled to notify the UK Department of Trade and Industry and the UK Ministry of Defence. The UK Department of Trade and Industry will act as an "honest broker" to examine any such conflict of interest. If the UK Government agrees with the UK Company's concern, then it will, if requested to do so by the UK company, use its good offices to resolve any such difficulties with all interested parties.
 - e) In the event of failure to agree on an adjustment to the US contract following a US request to amend the contract, the UK Company shall be entitled to inform the UK Ministry of Defence, in order to request their assistance.

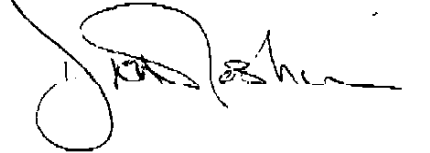
- f) In the specific instance that a US request under this system cannot be satisfied without incurring liability for damages from other customers, and the requesting customer is unwilling to compensate the UK Company for such loss as it may incur, it shall be reasonable for the UK Company to refuse the specific US request. This will be without prejudice to their continued accreditation and the benefits received under the system.
3. A Company may request authority to apply priority designations and/or assistance under US DPAS for contracts in the US supporting UK defence projects by applying to relevant Integrated Project Teams in the UK Ministry of Defence, who will make the arrangements with the US Department of Defense, if appropriate.
 4. A Company that accepts the commitments in this Code of Conduct (as signified by application for and acceptance on the UK DPAS accreditation system to be run and maintained by relevant Defence Industries Council/Trade Association) shall be entitled to use of the UK DPAS logo on its letterhead. The UK Ministry of Defence will notify its membership of the system to the US Department of Defense. In those US source selection evaluations where security of supply is an important issue, membership in the system will be a positive consideration during the source selection deliberative process.
 5. The UK DPAS Accreditation Committee will be chaired by the UK Department of Trade and Industry and contain representatives from the UK Ministry of Defence, Defence Industries Council and relevant Trade Associations. It will review the operation of UK DPAS on an annual basis.
 6. Failure to comply with the conditions of this Code of Conduct shall lead to a review of the Company's UK DPAS accreditation by the UK DPAS Accreditation Committee. The Committee may remove, or temporarily suspend, the Company from the system.
 7. The UK DPAS accreditation system will operate on the presumption of openness subject to the requirement to protect information that may be commercially sensitive or affect the interests of the UK and US Governments with regard to national security, defence, or international relations.
 8. During any discussions arising from the commitments at paragraph 2 above, the UK and US Governments will use their best efforts to ensure that the process is transparent to the UK Company whose business is affected. In any case the UK company in question shall have the right to present its case to the UK DPAS Accreditation Committee.
 9. The UK and US Governments do not intend to place the financial responsibility of implementing Annex VI of the US/UK Defense Co-operation Memorandum and this Code of Conduct in the UK with UK industry. Under no circumstances shall a UK Company be required to suffer a loss without compensation in order to fulfil the commitments detailed in paragraph 2.

10. The UK DPAS accreditation system shall be open to all UK-based Companies who are prepared to comply with the conditions of this Code of Conduct. Any participant in the system will need to be familiar with the US DPAS Regulation (15 CFR 700) prior to accreditation.

Signed in duplicate in London on 4 July 2002.



David Gould
Deputy Chief Executive
Defence Procurement Agency



David Marshall
Secretary
Defence Industries Council