

**AMENDMENT TWO TO THE  
MEMORANDUM OF UNDERSTANDING (MOU)  
AMONG  
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF BULGARIA  
AND  
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF ESTONIA  
AND  
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF FINLAND  
AND  
THE GOVERNMENT OF THE REPUBLIC OF HUNGARY  
AND  
THE MINISTRY OF NATIONAL DEFENCE OF THE REPUBLIC OF LITHUANIA  
AND  
THE MINISTER OF DEFENCE OF THE KINGDOM OF THE NETHERLANDS  
AND  
THE MINISTRY OF DEFENCE OF THE KINGDOM OF NORWAY  
AND  
THE MINISTER OF NATIONAL DEFENCE OF THE REPUBLIC OF POLAND  
AND  
THE GOVERNMENT OF ROMANIA  
AND  
THE MINISTRY OF DEFENCE OF THE REPUBLIC OF SLOVENIA  
AND  
THE GOVERNMENT OF THE KINGDOM OF SWEDEN  
AND  
THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA  
CONCERNING  
STRATEGIC AIRLIFT CAPABILITY**

## INTRODUCTION

The Ministry of Defence of the Republic of Bulgaria, the Ministry of Defence of the Republic of Estonia, the Ministry of Defence of the Republic of Finland, the Government of Hungary, the Ministry of National Defence of the Republic of Lithuania, the Minister of Defence of the Kingdom of the Netherlands, the Ministry of Defence of the Kingdom of Norway, the Minister of National Defence of the Republic of Poland, the Government of Romania, the Ministry of Defence of the Republic of Slovenia, the Government of the Kingdom of Sweden, and the Department of Defense of the United States of America (hereinafter referred to as the “Participants”);

Considering the Memorandum of Understanding among the Ministry of Defence of the Republic of Bulgaria, the Ministry of Defence of the Republic of Estonia, the Ministry of Defence of the Republic of Finland, the Government of the Republic of Hungary, the Ministry of National Defence of the Republic of Lithuania, the Minister of Defence of the Kingdom of the Netherlands, the Ministry of Defence of the Kingdom of Norway, the Minister of National Defence of the Republic of Poland, the Government of Romania, the Ministry of Defence of the Republic of Slovenia, the Government of the Kingdom of Sweden, and the Department of Defense of the United States of America Concerning Strategic Airlift Capability, which entered into effect on September 23, 2008, as amended October 13, 2011 (hereinafter referred to as the “SAC MOU”);

This Amendment Two amends and restates the SAC MOU in its entirety, and upon entry into effect of this Amendment Two to the SAC MOU, the SAC MOU will be considered to have been superseded and replaced in its entirety by this Amendment Two to the SAC MOU.

Having determined that the SAC MOU should be amended and restated to reflect the will of the Participants and the organizational changes resulting from NATO Agencies Reform;

In accordance with Section 30 (Amendment, Withdrawal, and Termination) of the SAC MOU, as amended;

Have determined to amend the SAC MOU to read as follows:

**“MEMORANDUM OF UNDERSTANDING (MOU)**  
**AMONG**  
**THE MINISTRY OF DEFENCE OF THE REPUBLIC OF BULGARIA**  
**AND**  
**THE MINISTRY OF DEFENCE OF THE REPUBLIC OF ESTONIA**  
**AND**  
**THE MINISTRY OF DEFENCE OF THE REPUBLIC OF FINLAND**  
**AND**  
**THE GOVERNMENT OF HUNGARY**  
**AND**  
**THE MINISTRY OF NATIONAL DEFENCE OF THE REPUBLIC OF**  
**LITHUANIA**  
**AND**  
**THE MINISTER OF DEFENCE OF THE KINGDOM OF THE NETHERLANDS**  
**AND**  
**THE MINISTRY OF DEFENCE OF THE KINGDOM OF NORWAY**  
**AND**  
**THE MINISTER OF NATIONAL DEFENCE OF THE REPUBLIC OF POLAND**  
**AND**  
**THE GOVERNMENT OF ROMANIA**  
**AND**  
**THE MINISTRY OF DEFENCE OF THE REPUBLIC OF SLOVENIA**  
**AND**  
**THE GOVERNMENT OF THE KINGDOM OF SWEDEN**  
**AND**  
**THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA**  
**CONCERNING**  
**STRATEGIC AIRLIFT CAPABILITY (SAC)**

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## **FOREWORD**

This SAC MOU is structured in four parts: Part I (Preliminary Matters) introduces the program, sets forth the objectives and scope of the overall program, and describes the organization and management structure for the program, as well as the terms and acronyms applicable to this SAC MOU; Part II (NAMP and NAM PO Activities) sets forth the specific terms and conditions under which the Participants will participate in the NATO Airlift Management Programme (NAMP), as well as acquisition, training, logistical support, and infrastructure of C-17 aircraft; Part III (Operations) sets forth the specific terms and conditions under which the Participants will operate the C-17 aircraft acquired under Part II (NAMP/NAM PO Activities), including the authorities to be delegated to the SAC Steering Board (SB) and the commander of the nations' operational unit - - the Heavy Airlift Wing (HAW). The Participants intend that Part III (Operations) be understood independently from the NATO Support and Procurement Organization (NSPO) Charter, as authorized in that Charter. Part IV (General Matters) establishes the general terms and conditions that are applicable to the Strategic Airlift Capability (SAC) Program.

This SAC MOU is intended to establish and empower a streamlined NATO agency to acquire a NAMP-owned strategic airlift capability and to operate that capability efficiently and effectively, as a multinational military unit, meeting the needs of the Participants safely, reliably, and at the lowest possible cost.

## **PART I: PRELIMINARY MATTERS**

### Section 1

#### Introduction

The Ministry of Defence of the Republic of Bulgaria, the Ministry of Defence of the Republic of Estonia, the Ministry of Defence of the Republic of Finland, the Government of Hungary, the Ministry of National Defence of the Republic of Lithuania, the Minister of Defence of the Kingdom of the Netherlands, the Ministry of Defence of the Kingdom of Norway, the Minister of National Defence of the Republic of Poland, the Government of Romania, the Ministry of Defence of the Republic of Slovenia, the Government of the Kingdom of Sweden, and the Department of Defense of the United States of America (hereinafter referred to as the "Participants");

**Recalling** the "Letter of Intent on Implementation of a Strategic Airlift Initiative," issued on September 12, 2006;

**Recognizing** the need for a strategic airlift capability consisting of C-17 aircraft to provide for each Participant's national requirements, including those in support of the North Atlantic Treaty Organization (NATO) and multinational commitments;

**Noting** that this Strategic Airlift Capability Memorandum of Understanding (SAC MOU) supersedes and subsumes all previous discussions and/or arrangements, other than the NATO

Airlift Management Organization (NAMO) Charter, previously made regarding the C-17 acquisition contemplated herein;

**Noting** that activities under the SAC Program will respect national policies of the Participants, including their security policies and membership in international alliances;

**Having noted** the approval by the North Atlantic Council (NAC) of a Charter for the NATO Airlift Management Organization (NAMO) on June 20, 2007 (SG (2007) 0419);

**Having noted** the Political Declaration of Ministers (SG (2007) 0419) at the creation of the NAMO, and that participation of Finland and Sweden in the NAMO was approved upon the adoption of the NAMO Charter by the NAC;

**Noting** that NAMO, a former subsidiary body to NATO, was established to acquire, manage, and support transport aircraft approved for acquisition by the Participants;

**Considering** the NATO Agencies Reform and the approval by the NAC of the Charter of the NATO Support Organisation on June 19, 2012 (C-M(2012)0047), which was replaced by the NATO Support and Procurement Organisation Charter, approved by the NAC on March 10, 2015 (C-M(2015)0012) (NSPO Charter), according to which all rights and obligations of NAMO have been transferred to and assumed, as of July 1, 2012, to the NSPO, a subsidiary body created within the framework of NATO and established by the NAC pursuant to Article 9 of the North Atlantic Treaty and with the meaning of the Agreement on the Status of the North Atlantic Treaty Organization, National Representatives and International Staff, signed in Ottawa on September 20, 1951;

**Noting** that the former NAMO is now an integral part of the NSPO, and in accordance with the NSPO Charter, all of NAMO's rights and obligations are now vested in the NATO Airlift Management Programme (NAMP);

**Noting** that the former executive body of NAMO, the NATO Airlift Management Agency (NAMA) has become an integral part of the NATO Support Agency (NSPA), the executive body of the NSPO, and is now operating as the NATO Airlift Management Programme Office (NAM PO);

**Recognizing that** under the NSPO Charter, the NAMP will be the owner and assume all responsibilities and rights for assets transferred to the NAMP by the NAMO;

**Having regard to:**

the Agreement on the Status of the North Atlantic Treaty Organization, National Representatives and International Staff, signed in Ottawa, September 20, 1951 (hereinafter called the Ottawa Agreement);

the provisions of the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces (NATO SOFA), done at London on June 19, 1951;

the Agreement Among the States Parties to the North Atlantic Treaty and the Other States Participating in the Partnership for Peace Regarding the Status of Their Forces (PfP SOFA), signed in Brussels, June 19, 1995;

the Additional Protocol to the Agreement Among the States Parties to the North Atlantic Treaty and the Other States participating in the Partnership for Peace regarding the Status of Their Forces (Additional Protocol to the PfP SOFA), signed in Brussels, June 19, 1995;

the Further Additional Protocol to the Agreement Among the States Parties to the North Atlantic Treaty and the Other States participating in the Partnership for Peace regarding the Status of Their Forces (Further Additional Protocol to the PfP SOFA), signed in Brussels, December 19, 1997;

the Agreement Between the North Atlantic Treaty Organisation and the Government of the Republic of Hungary on the Installation and Operation of the NATO Airlift Management Organisation in the Republic of Hungary, May 26, 2008 (Host Nation Agreement);

the Arrangement Between the NATO Support and Procurement Organisation (NSPO) and the Ministry of Defence of Hungary on Services Related to the Basing of the NATO Support and Procurement Agency/NATO Airlift Management Programme and the Heavy Airlift Wing in Hungary, 06 March 2020, as amended (Basing Arrangement); and

**Having determined** to enter into this SAC MOU, the Participants continue their commitment to the SAC Program and to operate C-17 aircraft in accordance with this SAC MOU;

**Have reached** the following understandings:

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Section 2  
Acronyms and Definitions

Acronyms:

ADCON	Administrative Control	NAC	North Atlantic Council
AIF	Air Incident Fund	NAMP	NATO Airlift Management Programme
AMP	Airlift Management Program	NAM PO	NATO Airlift Management Programme Office
ASB	Agency Supervisory Board	NAM PB	NATO Airlift Management Programme Board
BY	Base Year	NAM PM	NATO Airlift Management Programme Manager
BOD	Board of Directors	NAMO	NATO Airlift Management Organization
CM	Configuration Management	NATO	North Atlantic Treaty Organization
CONOPS	Concept of Operations	NATO SOFA	NATO Status of Forces Agreement
CONSUP	Concept of Support	NFRP	NAMP Financial Rules and Procedures
DSA	Designated Security Authority	NPLO	NATO Production and Logistics Organization
DCS	Direct Commercial Sale	NSA	National Security Authority
U.S. DoD	Department of Defense of the United States of America	NSPA	NATO Support and Procurement Agency
FMPD	Financial Management Procedures Document (or NFRP)	NSPO	NATO Support Organization
FMS	Foreign Military Sales	OPCOM	Operational Command
FULLCOM	Full Command	OPCON	Operational Control
FOC	Full Operational Capability	PfP	Partnership for Peace
GM	General Manager	PIC	Pilot In Command
HAW	Heavy Airlift Wing	PSI	Program Security Instruction
HAW/CC	Heavy Airlift Wing Commander	SAC	Strategic Airlift Capability
HNA	Host Nation Agreement	SB	Steering Board
IBAN	International Board of Auditors for NATO	SCG	Security Classification Guide
IOC	Initial Operational Capability	SNR	Senior National Representative
IPR	Intellectual Property Rights	SOP	Standard Operating Procedures
LOA	Letter of Offer/Acceptance	TCTO	Time Compliance Technical Order
MOA	Memorandum of Agreement	TOR	Terms of Reference
MOB	Main Operating Base	TY	Then Year
MOU	Memorandum of Understanding	USAF	U.S. Air Force
NAA	National Aviation Authority	USD	United States Dollars

Definitions:

Acquisition Segment	The segment of the SAC Program that includes all costs associated with initial investment. Initial investment includes the acquisition of three C-17 aircraft, associated equipment, initial spares, support equipment, and Bed-down Cost associated with establishing an airlift capability at the Main Operating Base (MOB).
Administrative Control (ADCON)	Direction or exercise of authority over subordinate or other organizations in respect to administration and support, including organization of Service forces, control of resources and equipment, personnel management, unit logistics, individual and unit training, readiness, mobilization, demobilization, discipline, and other matters not included in the operational missions of the subordinate or other organizations.
Air Incident Fund (AIF)	Credits to be used for emergency air incident procurements.
Assets	Any resource, instrument, installation, or supply available for the use of the SAC Program in acquiring, managing, operating, or supporting the C-17 aircraft.
Background Information	Information not generated in the performance of this SAC MOU.
Base Year (BY)	A year for determining each Participant's contributions to the SAC Program before taking into account economic escalation and inflation. The index for the BY is 1.000.
Bed-down Cost	Cost associated with preparation of the MOB.
Classified Information	Official Information that requires protection in the interests of national security and is so designated by the application of a security classification. This Information may be in oral, visual, magnetic, electronic, or documentary form or in the form of material, equipment, or technology.
Committee or Working Group	A group composed of Participants' representatives and/or national experts, and established by the NATO Airlift Management Program Board (NAM PB) or the SAC Steering Board (SB). Committees and Working Groups will advise and assist the NAM

PB and/or the SAC SB in carrying out their respective duties and will submit to them recommendations that the NAM PB and/or the SAC SB will take into consideration when arriving at their decisions.

Contract	Any mutually binding legal relationship under national laws that obligates a Contractor to furnish supplies or services, and obligates the NAM PO to pay for them.
Contract Audit	A procedure used to assist in achieving prudent contracting by providing those responsible for procurement with financial information including pricing rates and factors and advice relating to contractual matters. This includes providing professional advice on accounting and financial matters to assist in negotiation, award, administration, re-pricing, and settlement of Contracts.
Contracting	The obtaining of supplies or services by Contract from sources outside the Government organizations of the Participants. Contracting includes description (but not determination) of supplies and services required, solicitation and selection of sources, preparation and award of Contracts, and all phases of Contract administration.
Contracting Agency	The NAM PO, as authorized by the NAM PB and delegated by the NSPA, and in accordance with the NSPO Charter, or other entity that has the authority to enter into, administer, or terminate Contracts.
Contractor	Any entity awarded a Contract by a Contracting Agency.
Contractor Support Personnel	Persons specifically identified as providing administrative, managerial, scientific, or technical support services to a Participant, the NAM PO or the HAW under a support Contract that prohibits those persons from using Information received under the Contract for any purpose other than those authorized under this SAC MOU.
Controlled Unclassified Information	Unclassified Information to which access or distribution limitations have been applied in accordance with applicable national laws or regulations. It could include Information that has been declassified, but remains controlled.

Cost Ceiling	The maximum amount to which the SAC Program Cost may move above the Cost Target without prior amendment of this SAC MOU.
Cost Target	The accepted planning figure of the total cost, including Financial Costs and Non-financial Costs, of the SAC Program.
Defense Purposes	Manufacture or other use in any part of the world by or for the armed forces of any Participant.
U.S. DoD Indices	The index factor published annually by the U.S. Department of Defense to quantify the effects of inflation.
Equipment and Material	Any material, equipment, end item, subsystem, component, special tooling, or test equipment jointly acquired or provided for use in the SAC Program.
Financial Cost	SAC Program costs met with monetary contributions.
Financial Management Procedures Document (FMPD)	The financial management procedures to be used by the Participants in execution of the financial aspects of the SAC Program, also referred to as the NAMP Financial Rules and Procedures (NFRP).
Fixed Cost	A cost that does not vary in the short run with the quantity of output produced.
Flag Nation	Hungary
Flight Hours	A unit of measure that represents utilization of the C-17 aircraft and serves as the basis for SAC MOU cost shares. The Flight Hours charged for a mission include the amount of time the aircraft is in flight, from takeoff to landing, plus five (5) minutes added after final landing to account for the total ground operating costs and maintenance requirements.
Foreground Information	Information generated in the performance of this SAC MOU.
Full Command (FULLCOM)	The military authority and responsibility of a commander to issue orders to subordinates. It covers every aspect of military

operations and administration and exists only within national services.

Full Operational Capability (FOC)	FOC is declared by the HAW/CC when the unit can conduct the entire range of missions assigned to it as part of this SAC MOU and Concept of Operations (CONOPS). FOC assumes delivery of the third C-17 aircraft, and all necessary support infrastructure and spares to sustain the unit.
Heavy Airlift Wing (HAW)	The multinational military unit established under this SAC MOU that executes C-17 operations in support of SAC Participants' requirements for air mobility.
Host Nation	Hungary
Information	Knowledge that can be communicated by any means and is provided to, generated in, or used in this SAC MOU regardless of form or type, including, but not limited to, that of a scientific, technical, business, or financial nature, and also including photographs, reports, manuals, threat data, experimental data, test data, designs, specifications, processes, techniques, inventions, drawings, technical writings, sound recordings, pictorial representations, and other graphical presentations, whether in magnetic tape, computer memory, or any other form and whether or not subject to Intellectual Property Rights, or other legal protection.
Initial Operational Capability (IOC)	The Initial Operational Capability (IOC) is declared after the HAW/CC determines the unit is ready to assume its full range of missions with the first C-17 aircraft.
Intellectual Property Rights (IPR)	In accordance with the World Trade Organization Agreement on Trade-related Aspects of Intellectual Property Rights of April 15, 1994, all copyright and related rights, all rights in relation to inventions (including Patent rights), all rights in registered and unregistered trademarks (including service marks), registered and unregistered designs, undisclosed Information (including trade secrets and know-how), layout designs of integrated circuits, and geographical indications, and any other rights resulting from creative activity in the industrial, scientific, literary, and artistic fields.

Invention	Any invention in any field of technology, provided it is new, involves an inventive step, is capable of industrial application, and is formulated or made (conceived or “first actually reduced to practice”) in the course of work performed under the SAC Program. The term “first actually reduced to practice” means the first demonstration, sufficient to establish to one skilled in the art to which the invention pertains, of the operability of an invention for its intended purpose and its intended environment.
National Security Authority (NSA)/Designated Security Authority (DSA)	The security office approved by national authorities to be responsible for the security aspects of this SAC MOU.
NATO Airlift Management Programme (NAMP)	An entity established by the NAC as an integral part of the NSPO and sharing in the juridical personality of NATO with a view to meeting to the best advantage the requirements of the Participants. It comprises the NAM Programme Board with any subordinate Committees, and the NAM Programme Office. This definition is not intended to contradict the NAMP as described in Annex 1 of the NSPO Charter.
NAM PO	The executive body, composed of a Program Manager and staff, responsible for executing the NAMP mission.
NATO Partnership for Peace (PfP)	A program of practical bilateral cooperation between individual partner countries and NATO.
NATO Status of Forces Agreement (SOFA)	Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of their Forces, done at London on June 19, 1951.
Non-financial Contribution	A contribution by a Participant in the form of defense articles or services needed by the program in lieu of funding. A financial value of the Non-financial Contribution must be assessed to determine the Participants’ total contribution to the SAC Program.
Non-financial Costs	Program costs met with non-monetary contributions. Non-financial Costs include items such as articles, software, Program Background Information, rent and services that would be supplied

by the Participants, without a requirement for a cash payment.

Operational Control (OPCON)	The authority delegated to a commander to direct forces assigned so that the commander may accomplish specific missions or tasks that are usually limited by function, time, or location; to deploy units concerned; and to retain or assign tactical control of those units. It does not include authority to assign separate employment of components of the units concerned. OPCON does not, of itself, include administrative or logistic control.
Patent	A grant by any government or a regional office acting for more than one government of the right to exclude others from making, using, importing, selling, or offering to sell an invention. The term refers to any and all patents including, but not limited to, patents of implementation, improvement, or addition, petty patents, utility models, appearance design patents, registered designs, and inventor certificates or like statutory protection, as well as divisions, reissues, continuations, renewals, and extensions of any of these.
Participant	A signatory to this SAC MOU represented by its military and civilian personnel. Contractors and Contractor Support Personnel will not be representatives of a Participant under this SAC MOU.
Prospective Contractor	Any entity that seeks to enter into Contracts to be awarded by a Contracting Agency and that, in the case of a solicitation involving the release of export-controlled Information, is eligible to receive such Information.
SAC Program	The Participants' effort to acquire, manage, support, and operate a NAMP-owned C-17 aircraft to achieve a strategic airlift capability.
SAC Program Cost	The Financial and Non-financial Costs of the SAC Program.
SAC Program Security Instruction (PSI)	The document that contains SAC Program standard operating procedures (SOP) for security matters. It harmonizes, clarifies, and articulates the domestic security policies and practices of the Participants as they apply to the SAC Program.
Security Classification Guide (SCG)	A document that addresses relevant Information requiring protection, including export-controlled Information and sensitive, but unclassified, Information. This includes all Controlled

Unclassified Information, Information identified as For Official Use Only (FOUO) or Information with other approved markings that require dissemination controls, or is exempt from mandatory disclosure.

Senior National Representative

The individual assigned to the HAW that is specifically designated by a Participant to represent that Participant in matters involving the HAW.

Then Year Dollars (TY)

U.S. Dollars (USD) that reflect purchasing power at the time of expenditure.

Third Party

Any person or other entity whose government or entity thereof is not a Participant.

Variable Cost

A cost that varies with changes in the quantity of output produced when other factors are held constant.

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Section 3  
Objectives and Scope

- 3.1 Objectives:
  - 3.1.1 The objective of this Strategic Airlift Capability (SAC) MOU is to establish a SAC Program to acquire, manage, support, and operate C-17 aircraft and other Assets needed to meet national requirements of the Participants, including those in support of NATO and multinational commitments. The C-17 aircraft and Assets will not be used for commercial purposes or controlled by commercial entities.
- 3.2 Scope:
  - 3.2.1 To meet these objectives, the Participants establish the SAC Program, as follows:
    - 3.2.1.1 The SAC Steering Board (SAC SB) to provide oversight of the SAC Program;
    - 3.2.1.2 The SAC Heavy Airlift Wing (HAW) for operation of the C-17 aircraft;
    - 3.2.1.3 The SAC Main Operating Base (MOB) and support facilities; and
    - 3.2.1.4 The Participants plan to use the NATO Airlift Management Programme (NAMP) to support the SAC Program.
- 3.3 In pursuit of the above, the Participants plan to, *inter alia*:
  - 3.3.1 Acquire and sustain three C-17 aircraft, and provide for operationally sufficient aircrew, training, and C-17 aircraft logistics support;
  - 3.3.2 Request that the U.S. Government provide defense articles and services under Foreign Military Sales (FMS) procedures, as mutually agreed;
  - 3.3.3 Acquire other Assets and associated support for the SAC Program by FMS or other appropriate procedures;
  - 3.3.4 Fund the NAMP, as needed to support the SAC Program, to include the acquisition and sustainment of the C-17 aircraft, and the support received from or via the NAMP; and
  - 3.3.5 Operate and sustain NAMP-owned C-17 aircraft, supporting facilities, and Assets.
- 3.4 The Participants intend to meet these objectives in the most effective, safe, and cost efficient manner while acknowledging operational necessity.

- 3.5 If the C-17 aircraft are used in support of tasks related to Article 5 of the North Atlantic Treaty, signed in Washington, April 4, 1949, the status of non-NATO member States will be maintained. In particular, any such use will be conducted in such a way as to ensure that non-NATO member States will not carry political, legal, or financial responsibility for use of the C-17 aircraft.
- 3.6 Schedule:
  - 3.6.1 A baseline master phasing plan for the execution of the NAMP mission is at Annex A. Updated and modified versions will be prepared by the NAM PO as necessary and presented to the SAC SB for approval;
  - 3.6.2 The facilities development at the MOB will proceed in phase, as much as practicable, in support of the NAMP mission; and
  - 3.6.3 The Participants will use their best efforts to ensure that for the provision of the C-17 aircraft and related support, and that MOB facilities development and related support, comply with the master phasing plan approved by the SAC SB.

#### Section 4

##### Organization and Management of the SAC Program

- 4.1 The SAC Program organization and management is established as follows:
  - 4.1.1 The SAC Program is composed of an executive body called the SAC SB, Committees, as appropriate, and a HAW.
    - 4.1.1.1 The SAC SB, in consultation with the NATO Airlift Management Programme Board (NAM PB) on matters related to the NAMP mission, will exercise overall responsibility for the guidance and oversight of the SAC Program.
    - 4.1.1.2 The HAW will execute the operation of the C-17 aircraft. The organization and structure of the HAW is further regulated in Part III (Operations) of this SAC MOU.
  - 4.1.2 The SAC Program will primarily use the NAM PO for acquisition, management and logistic support, spare parts, and other sustainment activity of C-17 aircraft and other Assets, and financial administration of the operations and support of the HAW.
  - 4.1.3 Composition of the SAC SB:
    - 4.1.3.1 The SAC SB will be composed of one permanent representative, or an alternate representative of each Participant.

- 4.1.3.2 Each representative on the SAC SB may be assisted by national experts, who may participate in discussions at SAC SB meetings.
  - 4.1.4 SAC SB Chairman:
    - 4.1.4.1 The SAC SB is led by a Chairman, who will be elected from among its members. Upon election, the Chairman's nation will appoint another permanent representative.
    - 4.1.4.2 The Chairman will derive his/her authority from the SAC SB. The Chairman must account to the SAC SB for all actions taken in accordance with all decisions taken by the SAC SB.
    - 4.1.4.3 The term of duty of the Chairman will be one year and, unless otherwise agreed by the SAC SB, no Chairman may be re-elected more than twice.
  - 4.1.5 Organization of the SAC SB:
    - 4.1.5.1 The SAC SB will establish its own internal rules, e.g., Terms of Reference (TOR), and organize itself accordingly.
    - 4.1.5.2 The SAC SB will meet as required at the call of the Chairman at such regular intervals as necessary to carry out its responsibilities effectively, or as soon as possible in response to a specific request by any Participant.
    - 4.1.5.3 The SAC SB will arrange for administrative services and a record of the decisions taken. These services may be requested of the NSPO Secretariat.
  - 4.1.6 Decisions:
    - 4.1.6.1 Each member of the SAC SB will have one vote. All decisions will be made unanimously. In the event that the SAC SB is unable to reach a timely decision on an issue, each SAC SB representative will refer the issue to its higher authority for resolution.
    - 4.1.6.2 The Chairman will not have a vote.
  - 4.1.7 Committees and Working Groups:
    - 4.1.7.1 The SAC SB may establish Committees and Working Groups to deal with specific questions that may arise at the SAC SB.
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## **PART II: NAMP AND NAM PO ACTIVITIES**

### Section 5

#### Status of Sweden and Finland in the NAMP

- 5.1 In the Political Declaration of Ministers (SG (2007) 0419), it was agreed that the principle of prior North Atlantic Council (NAC) approval of agreements to participate by Partnership for Peace (PfP) States in the NAMO, as stated in Article 7 of the NAMO Charter, will not apply to Finland and Sweden, whose participation was approved upon the adoption of the NAMO Charter. In accordance with Annex 1, Article 2(b) of the NSPO Charter, Sweden and Finland are recognized as members of the NAMP (NAM Member Nations).
- 5.2 Finland and Sweden participate in the functioning of the NAMP without any limitation or specific condition. Hence, Finland and Sweden participate in the NAMP with the same rights and responsibilities as NATO member States within the NAMP, including participation and voting rights in the NAM PB.
- 5.3 However, the status of Finland and Sweden as non-NATO member States will remain unaffected, and they will share neither the international personality of NATO nor the juridical personality possessed by NATO by virtue of Article IV of the Ottawa Agreement.
- 5.4 The Participants and the NAM PB Chairman will do their utmost in order to support and facilitate the participation of the Ministry of Defence of the Republic of Finland, and Sweden, in the activities of NATO as they relate to the NAMP. Such support and facilitation includes, but is not limited to, requests to release pertinent NATO documents and securing invitations to the meetings or parts of the meetings of the NSPO Agency Supervisory Board.
- 5.5 In accordance with the NSPO Charter, Finland and Sweden may be invited to participate, on a permanent or temporary basis, in certain meetings or parts of meetings of the NSPO ASB, without having any decision-making authority.

### Section 6

#### Organization and Management of the NATO Airlift Management Programme (NAMP)

- 6.1 This SAC MOU established the Airlift Management Program (AMP), the Cost Targets, and the Cost Ceilings approved by the Participants to conduct the current NAMP mission. The NAMP, in consultation with the SAC SB, acquired C-17 aircraft and other Assets, and manages and provides logistical support, spare parts, and other sustainment activities approved in this SAC MOU. In addition, the NAMP may also make infrastructure investments at the MOB.

- 6.1.1 The NAMP mission includes the acquisition and support of C-17 aircraft and related Assets and infrastructure, and the provision of financial, technical, logistical, and administrative services for any military force that operates NAMP owned aircraft. The mission also includes other tasks as directed by the SAC SB. This does not include operation of the C-17 aircraft.
- 6.1.2 The NAM PB, as the governing body of the NAMP, will oversee the functions of the NAM PO. In the exercise of its responsibilities, the NAM PB consults with the SAC SB to ensure that the activities of the NAMP fully support the overall SAC Program. If the SAC SB should determine that the requirements of the NAMP mission require revision, the SAC SB will inform the NAM PB of the revised requirements, and the two bodies will consult to determine the best means to revise the NAMP mission within the terms of this SAC MOU. If the NAMP mission cannot be revised within the terms of this SAC MOU, the NAM PB, in conjunction with the SAC SB, will seek an amendment of this SAC MOU in accordance with Section 30 (Amendment, Withdrawal, and Termination) of this SAC MOU.
- 6.2 The Participants envision that the form of the NAMP will evolve over time to suit the needs of the Participants as the NAMP acquire C-17 aircraft and the other Assets. The Participants intend to co-locate the NAM PO for the support of the SAC Program with the HAW.
- 6.2.1 In the execution of this SAC MOU, in the event of any inconsistency between Part II (NAMP and NAM PO Activities) of this SAC MOU and the NSPO Charter, the NAM PB, if they deem it necessary, will request the NAC to amend the Charter. If the NAC is unable to authorize an amendment to the Charter, the Participants will determine the action to be taken.
- 6.3 The mission, structure, and procedures of the NAMP are regulated by this SAC MOU and the NSPO Charter.
- 6.4 A Participant may communicate with the NAMP through its representative on the NAM PB.
- 6.5 Committees and Working Groups:
  - 6.5.1 The NAM PB may establish Committees and Working Groups composed of Participants' representatives and/or national experts. These Committees and Working Groups will advise and assist the NAM PB in carrying out its duties and will submit to it their recommendations, which the NAM PB will take into consideration when arriving at its decisions. Details will be recorded in the TOR for the Committees and Working Groups to be approved by the NAM PB.
- 6.6 Authority:

- 6.6.1 The NAM PB, as the governing body of the NAMP, will, in addition to those areas identified under the NSPO Charter, be responsible for Configuration Management (CM) of the NAMP-owned C-17 aircraft and systems in consultation with the Heavy Airlift Wing Commander (HAW/CC).
- 6.7 Personnel Categories:
  - 6.7.1 The NAM PO may be composed of:
    - 6.7.1.1 Those categories of personnel who, by virtue of the agreement between the Secretary General of NATO and the NATO member States within the NAMP concluded in accordance with Article XVII of the Ottawa Agreement, constitute NATO International personnel. Such personnel will, in the absence of express decision of the NAC to the contrary, be subject to the NATO Civilian Personnel Regulations, including those provisions relating to the Social Security System and the Provident Fund and Pension Schemes. Following endorsement by the NAM PB, the ASB will ensure that the number of positions established within such categories will be restricted to those requiring the concomitant privileges and immunities for their performance.
    - 6.7.1.2 Military and civilian personnel covered by the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces done at London, June 19, 1951 (NATO SOFA); the Agreement among the States Parties to the North Atlantic Treaty and Other States Participating in the Partnership for Peace Regarding the Status of Their Forces (PfP SOFA), June 19, 1995; or any other arrangements concluded in this respect between NATO and the Host Nation or between a Participant and the Host Nation.
    - 6.7.1.3 Those personnel not having international legal status.

Section 7  
Acquisition and Ownership

- 7.1 All C-17 aircraft and other Assets acquired by the NAMP will be acquired in the name of NATO and as the property of the NAMP.
- 7.2 The Participants, as representatives of NAM Member Nations, exercise all rights and obligations arising from NAMP ownership of C-17 aircraft and other Assets.
- 7.3 The Participants retain all rights, responsibilities, and liabilities when acquiring, managing, or operating C-17 aircraft and other Assets.

- 7.4 All Assets acquired by the SAC Program from outside of the European Union for import into the European Union will be imported to a NATO member nation.
- 7.5 The legal and financial status of existing and future basing facilities and infrastructure at the MOB, used by the NAMP/NAM PO and the HAW, will be in accordance with this SAC MOU and other agreements with the Host Nation.

Section 8  
Financial Principles and Procedures

- 8.1 The Participants agree that the performance of the responsibilities under this SAC MOU will not cost more than a SAC Program Cost Ceiling of \$5,311.587 million in Base Year (BY) 2007 U.S. Dollars (USD), including operations over a period of 26 years, in accordance with Annex B (Financial Matters) of this SAC MOU. The SAC Program consists of two segments and an option for the purchase of a simulator.
- 8.1.1 Acquisition Segment: The Cost Ceiling of this segment is \$1,139.525 million in BY 2007 USD.
- 8.1.2 Operations Segment: The annual Cost Ceiling for this segment is \$159.288 million in BY 2007 USD.
- 8.1.3 Simulator Option: The Cost Ceiling for this segment is \$30.574 million in BY 2007 USD.
- 8.2 The Cost Ceilings for the SAC Program may be changed only upon amendment of this SAC MOU by the Participants, in accordance with Section 30 (Amendment, Withdrawal, and Termination) of this SAC MOU.
- 8.3 The Participants will use their best efforts to perform, or have performed, the work specified in Section 3 (Objectives and Scope) of this SAC MOU and fulfil all of their responsibilities under this SAC MOU within a SAC Program Cost Target as specified in Annex B (Financial Matters) of this SAC MOU. The difference between the SAC Program Cost Ceiling and the SAC Program Cost Target will be considered a contingency only and will be managed by the NAM PB in consultation with, or endorsement by, the SAC SB in accordance with the NAMP Financial Rules and Procedures (NFRP). If at any time the NAM PM has reason to believe that the Cost Target of the SAC Program will be exceeded, the NAM PM will promptly notify the NAM PB and will set forth a new estimate of the SAC Program Cost together with supporting documentation. The NAM PB will advise the NAM PM as to what action

should be taken.

- 8.3.1 Acquisition Segment: The Cost Target of this segment is \$1,083.940 million in BY 2007 USD.
- 8.3.2 Operations Segment: The annual Cost Target for this segment is \$133.159 million in BY 2007 USD.
- 8.3.3 Simulator Option: The Cost Target for the Simulator option is \$27.980 million in BY 2007 USD.
- 8.4 Each Participant will contribute its equitable share of the SAC Program Cost to include administrative costs and costs of claims, and will receive an equitable share of the results of the SAC Program.
- 8.5 The Participants' Cost Share will be based on the following:
  - 8.5.1 The Participants will have both an Acquisition Segment and an Operations Segment within the SAC Program. Within the Operations Segment, a distinction exists between fixed and variable costs.
    - 8.5.1.1 Acquisition Segment. The U.S. DoD Participant's share will be one C-17 aircraft or aircraft equivalent (provided as a Non-financial Contribution) and associated support out of a three-aircraft SAC Program. A procedure will be established to transfer ownership of this C-17 aircraft to the NAMP. The remaining two C-17 aircraft and associated support will be shared by the other Participants based on their Cost Shares in Table 1 (Acquisition Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU. The three C-17 aircraft are intended to be at Block 17 or above.
    - 8.5.1.2 Operations Segment. There is a different cost sharing arrangement for Fixed and Variable Costs within this segment.
      - 8.5.1.2.1 Fixed Costs. These costs are directly related to the SAC Program and are not influenced in the short-term by actual versus planned Flight Hours. These will be shared by the declared Flight Hours (Table 2, (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU). Costs in this category include, but are not limited to, the follow-on FMS cases for aircraft support, NAMP-related and HAW administrative costs, indirect support at the MOB, HAW-unique training, and facilities maintenance.
      - 8.5.1.2.2 Variable Costs. These costs, included in but not limited to Table 3 (Cost Share by Category) of Annex B (Financial Matters) to this SAC MOU, are incurred as a result of performing a mission and will therefore be paid by the Participant(s) for Flight Hours they have actually flown. Calls for funds will be made according to the budget based on declared Flight Hours to be adjusted



yearly when actual Flight Hours and costs are known.

- 8.5.1.2.2.1 The majority of the Variable Costs will be calculated on an average cost basis per calendar year for agreed services including (but not limited to) fuel, consumables, and crew member lodging. These costs will be totalled and then apportioned by the actual hours flown by the Participants for all missions in the calendar year.
- 8.5.1.2.2.2 Air-to-air refueling and airport services will be the exception and will be calculated on an average cost basis within each mission conducted and be apportioned by the actual hours flown by the Participant(s) in the mission.
- 8.5.2 Table 3 (Cost Share by Category) of Annex B (Financial Matters) to this SAC MOU depicts the Cost Shares based on the category of costs, as described above.
- 8.6 The Program Cost Ceiling and Program Cost Target are represented in BY 2007 USD. To determine budgetary requirements, the costs will need to be adjusted for inflation.
- 8.7 The Participants will mutually agree upon financial management procedures under which this SAC Program will operate. These procedures, which must be in accordance with national accounting and audit requirements, are detailed in the NFRP, which also serves as the Financial Management Procedures Document (FMPD). These procedures will also include a method of crediting national contributions that will allow the Cost Shares in Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU, to be maintained, unless otherwise agreed. The NAM PB in consultation with SAC SB may approve changes or amendments to the NFRP.
- 8.8 The inflation indices to be used are the U.S. DoD Indices and are documented in the NFRP. The NAM PB may select the most appropriate inflation index to support the SAC Program.
- 8.9 The Participants will ensure their respective financial contributions to the SAC Program are made available as specified in the NFRP. If a Participant fails to provide funds as requested by the NAM PO, it will bear any financing penalties, charges, or fees, which arise as a result. Prior to imposing any such financing penalties, charges, or fees, the NAM PO will inform the relevant Participant, and if requested by that Participant, consult with the Participant concerning the amount and appropriateness of the financing penalties, charges, or fees to be imposed.
- 8.10 The following financial principles and procedures will apply:
  - 8.10.1 The NAM PO will prepare payment schedules, which reflect each

Participant's share of the SAC Program Cost.

- 8.10.2 The Participants will require the NAM PO to request financial contributions, maintain its own accounts, and disburse or authorize disbursement of SAC Program funds as required under the terms of Contracts, and as required for the day-to-day administration of the SAC Program.
- 8.10.3 The Participants will require NAM PO to open commercial accounts in the name of NAMP, in any or all of the currencies used, and in any or all of the Participants' countries. The NAM PO must be able to distinguish each Participant's contributions and any associated interest. Interest will be credited to each Participant.
- 8.10.4 The USD is the SAC Program currency. Each Participant will contribute and be credited for its cost share in USD.
- 8.10.5 Any bank charges incurred in the transfer of funds by the Participants to the SAC Program accounts will be met by each Participant. Any bank charges incurred in making payments will be met from NAMP accounts. Any interest occurring will be credited to each account and may either be recovered by each Participant or used to offset future payments.
- 8.10.6 In order to ensure adequate program funding, the Participants will require the NAM PO to arrange for SAC Program budgets to be produced and updated at least annually. The plans will identify all anticipated expenditures and contributions. The Budgets will be approved by the NAM PB, after consultation with or endorsement by the SAC SB in accordance with the NFRP, to confirm that the budgets are adequate to fulfil the objectives and scope of this SAC MOU.
- 8.10.7 The Participants will ensure that the NAM PO maintains appropriate accounting records for the SAC Program. Information from such records, if requested, will be made available to the Participants. The Participants will ensure that the NAM PO prepares an annual financial statement/report for submission to the NAM PB specifying, *inter alia*, contributions and SAC Program payments made to date.
- 8.10.8 Normally, Contracts will be concluded and paid in the Contractor's operating currency; consequently, Contractors should not realize financial loss or gain through fluctuations in currency exchange rates.
- 8.10.9 All Participants will accept auditing services on their behalf by another Participant as if they had performed those services themselves.
- 8.10.10 The consolidated annual financial statements of the NSPO, including NAM PO, will be audited yearly by the IBAN in accordance with Article 59 and

Appendix II of the NSPO Charter and the NFRP.

- 8.10.11 Audit reports prepared by the IBAN will be sent by the NAM PO to all Participants no later than 30 days after receipt by the NAM PO.
- 8.10.12 The following costs will be borne entirely by the Participant(s) incurring the costs or on whose behalf the costs are incurred:
  - 8.10.12.1 Costs associated with national representation at the NAM PB, SAC SB, and associated Committee and Working Group meetings;
  - 8.10.12.2 All costs of manpower contributions provided for duty in the HAW except as qualified in paragraph 21.3 of Section 21 (Financial Principles and Procedures for the Heavy Airlift Wing) of this SAC MOU;
  - 8.10.12.3 Any HAW personnel training costs not previously approved by category as payable out of the SAC Operations Budget;
  - 8.10.12.4 Per diem costs, other than lodging, for HAW personnel while performing SAC Program mission travel;
  - 8.10.12.5 Costs associated with any unique national needs identified by the Participant(s); and
  - 8.10.12.6 Any other costs outside the scope of this SAC MOU.
- 8.10.13 The procedures for accepting Assets and services provided are specified in the NFRP.
- 8.10.14 If the NAM PM foresees that the Operations Segment Cost Ceiling will be exceeded due to extraordinary circumstances, the NAM PM will seek approval from the Participants through the NAM PB, in consultation with the SAC SB, to make additional funds available under the NFRP. Such funds are outside the normal contributions described in the NFRP and thus are not subject to the Operations Segment Cost Ceiling.
- 8.10.15 Of the total number of 3500 Flight Hours, there are contingency Flight Hours stated within Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU for which the Variable Costs and any addition to Fixed Costs are not funded. A Participant may use available flight hours, if any, as determined by the HAW/CC, of the contingency Flight Hours. A Participant utilizing contingency Flight Hours will pay the Variable Costs and any Fixed Costs, as may be determined, associated with those Flight Hours with funds made available under the NAMO Charter, Article 42(e)(3). Such funds are outside the normal contributions described in the NAMO Charter, Article 42(e)(1), and thus are not subject to the Operations Segment Cost

Target and Cost Ceiling. Procedures will be stated in the CONOPS and the NFRP.

- 8.10.16 An Air Incident Fund (AIF) will be established as a credit in the yearly SAC Operations Budget. In that the AIF is an operational fund, the NAM PM would not be required to consult with anyone other than the SAC SB and NAM PB Chairmen before exercising the use of the Fund, after ensuring adequate budget authority and that cash is in place for AIF procurement. This budget line will be consistent with the NFRP.

## Section 9 Contractual Arrangements

- 9.1 As delegated by the NSPA, in concert with the NAM PB approved budget, the NAM PO will initiate Contracts for the NAMP in the name of NATO. Contracts will be in accordance with the provisions of the NSPO Charter, this SAC MOU, and the NATO Financial Regulations. The NAM PO will ensure that all rights secured thereunder are secured for and on behalf of the Participants concerned.
- 9.1.1 The NAM PO will secure for the Participants and for NAMP under the Contracts and subcontracts any irrevocable and transferable rights to use, copy, and modify Information free of charge, for the purpose of and as necessary to manage the SAC Program and operate, upgrade, support, maintain, and overhaul the C-17 aircraft and the Assets.
- 9.1.2 Wherever possible, the fullest use will be made of competition at all Contract levels. In particular, the Contractor will be contractually required to make the fullest practicable use of competition while minimizing technical risk and maximizing value for money.
- 9.2 The Contracts administered by the NAM PO should include provisions to ensure that risk areas are satisfactorily addressed. The NAM PO and the NAM PB may use independent risk managers to measure the Contractor's ability to achieve SAC Program objectives within prescribed cost and schedule constraints. If independent risk managers are to be used during the SAC Program, Contracts will provide that these risk managers may be granted access to the same Information as the NAM PB and NAM PO.
- 9.3 The NAM PO will ensure that the following provisions are inserted into its prospective Contracts (and require its Contractors to insert in subcontracts); provisions that satisfy the requirements of this SAC MOU, including Section 10 (Third Party Sales and Transfers), Section 23 (Disclosure and Use of Information), Section 25 (Security Arrangements), and Section 31 (Final

Provisions), including the export control provisions in accordance with this SAC MOU, in particular the provisions of paragraphs 9.4 and 9.5 of this Section.

- 9.4 The NAM PO will ensure that its Contractors are legally bound to a requirement that the Contractor will not retransfer or otherwise use export-controlled Information furnished by any Participant for any purpose other than the purposes authorized under this SAC MOU. The Contractor will also be legally bound not to retransfer the export-controlled Information to another Contractor or subcontractor unless that Contractor or subcontractor has been legally bound to limit use of the export-controlled Information to the purposes authorized under this SAC MOU. Export-controlled Information furnished by one Participant under this SAC MOU may only be retransferred by NAM PO to its Contractors if the legal arrangements required by this paragraph have been established.
- 9.5 The NAM PO will ensure that its Prospective Contractors are legally bound to a requirement that the Prospective Contractor will not retransfer or otherwise use export-controlled Information furnished by any Participant for any purpose other than responding to a solicitation issued in furtherance of the purposes authorized under this SAC MOU. Prospective Contractors will not be authorized use for any purpose other than responding to the solicitation if they are not awarded a Contract. The Prospective Contractors will also be legally bound not to retransfer the export-controlled Information to a prospective subcontractor unless the prospective subcontractor has been legally bound to limit use of the export-controlled Information for the purpose of responding to the solicitation. Export-controlled Information furnished by one Participant under this SAC MOU may only be retransferred by the NAM PO to its Prospective Contractors if the legal arrangements required by this paragraph have been established. Upon request by the furnishing Participant, NAM PO will identify its Prospective Contractors and prospective subcontractors receiving such export-controlled Information.
- 9.6 The NAM PO will ensure the insertion into the Contracts and require from the Contractors that subcontracts contain provisions for Contract Audit for the benefit of NAMP and the Participants on non-competitive offers.
- 9.7 The NAM PO will ensure the inclusion in Contracts language to bind its Contractors legally to a requirement to be informed of any predicted cost growth, schedule change, or performance problems of any Contract. If the problem(s) encountered are of sufficient magnitude to negatively affect the SAC Program's cost, schedule, or performance as described in this SAC MOU, the NAM PO will require the Contractors to advise it immediately of the situation and the recommended course(s) of action to resolve the problem(s).

- 9.8 Where the NAM PO decides that Contract Audit is required in connection with any Contract to be placed by it, such services will be obtained through the responsible authorities of the Participant within whose territory the performing Contractor or subcontractor is located, consistent with any existing arrangements between/among the Participants and in accordance with national rules and regulations in that regard. The costs of Contract Audit will be borne by the Participant within whose territory the services are carried out. For Contractors based outside the territories of the Participants, separate arrangements for Contract Audit will be made by the NAM PO. The costs of such Contract Audits, where appropriate, will be shared among the Participants in accordance with the Cost Shares set out in Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU. The NAM PB will be notified of, and given relevant Information in advance, including Contract Audit and negotiations undertaken.
- 9.9 The NAM PO may initiate Contracts or may request one or more NATO Agencies to award a Contract to meet requirements related to the SAC Program.

### Section 10

#### Third Party Sales and Transfers

- 10.1 Neither the NAMP nor the Participants will sell, transfer title to, disclose, or transfer possession of Information or any equipment embodying such Information or jointly acquired Program Equipment and Material to any Third Party without the prior written consent of the NAM PB and the appropriate governmental authorities of the other Participants. Furthermore, no Participant or the NAMP will permit any such sale, disclosure, or transfer, including by the owner of the item, without the prior written consent of the NAM PB and the appropriate governmental authorities of the other Participants. Such consent will not be given unless the appropriate governmental authorities of the intended recipient(s) agree in writing that the recipient will:
- 10.1.1 Not re-transfer, or permit the further re-transfer of, such items or Information provided; and
- 10.1.2 Use, or permit the use of, such items or Information provided only for the purposes specified by the Participants.
- 10.2 Any consent required under this Section regarding the sale, disclosure, or transfer of any Information or jointly acquired Equipment and Material will not be withheld except for reasons of foreign policy, national security, or national laws. No Participant will refuse such approval of a sale or transfer to

any Third Party when that Participant would be prepared to approve a national sale, disclosure, or transfer of the same Information or equipment to that Third Party.

- 10.3 Sales or other transfers to Third Parties of equipment developed or generated under this SAC MOU may attract a levy to be shared among the Participants. Prior to any such sale or other transfer, the amounts of any levy and the procedure for assessing such levy will be determined by the NAM PB and the Participants. However, each Participant may reduce or waive recovery of its share of levy in accordance with its national laws, regulations, and practices. Costs recovered by the Participants will be shared among them according to their contributions to that part of the SAC Program taking into account any Participant's reduction or waiver of such recovery.
- 10.4 Notwithstanding any other provision in this Section, disclosure of Information will only be in accordance with the Participants' respective national disclosure policies, laws, and regulations.

## Section 11 Equipment and Material Transfers

- 11.1 Each Participant may transfer to another Participant or to the NAMP, such Equipment and Material identified as being necessary for carrying out the NAMP mission. Approval for all transfers will be in accordance with national laws and regulations.
- 11.2 At the request of the Participants involved, the NAM PO will maintain a list of all Equipment and Material transferred pursuant to this SAC MOU.
- 11.3 Equipment and Material transferred will be used by the receiving Participant(s) or by NAMP only for the purposes of this SAC MOU. Equipment and Material will remain the property of the providing Participant. In addition, the receiving Participant(s) will maintain the Equipment and Material in good order, repair, and operable condition. Unless the providing Participant has consented that the transferred Equipment and Material may be expended or otherwise consumed without reimbursement to the providing Participant, the receiving Participant(s) or the NAMP will return the Equipment and Material to the providing Participant in as good condition as received, reasonable wear and tear excepted, or return the Equipment and Material and pay the cost to restore the Equipment and Material to such condition. If the Equipment and Material are damaged beyond economical repair, the receiving Participant(s) or the NAMP will return the Equipment and Material to the providing Participant (unless otherwise specified in writing by

the providing Participant) and pay the previously agreed upon replacement value. If the Equipment and Material are lost or stolen, the receiving Participant(s) or the NAMP will issue a certificate of loss to the providing Participant and pay the previously agreed upon replacement value.

- 11.4 The providing Participant will make every effort to ensure that the Equipment and Material are furnished in a serviceable and usable condition according to its intended purpose. However, the providing Participant makes no warranty or guarantee of fitness of the Equipment and Material for a particular purpose or use, and makes no commitment to alter, improve, or adapt the Equipment and Material, or any part thereof.
- 11.5 The providing Participant will transfer the Equipment and Material for the approved period, unless extended by written amendment, provided that the duration will not exceed the effective period determined by the applicable Participants or the NAMP.
- 11.6 The providing Participant, at its expense, will deliver the Equipment and Material to the receiving Participant(s) or the NAMP at the location(s) mutually approved. Responsibility for Equipment and Material will pass from the providing Participant to the receiving Participant(s) or the NAMP at time of receipt. Any further transportation is the responsibility of the receiving Participant or the NAMP.
- 11.7 The providing Participant will furnish the receiving Participant(s) or the NAMP such Information as is necessary to enable the Equipment and Material to be used.
- 11.8 The receiving Participant(s) or the NAMP will inspect and inventory the Equipment and Material upon receipt. The receiving Participant(s) or the NAMP will also inspect and inventory the Equipment and Material prior to its return (unless the Equipment and Material is to be expended or consumed).
- 11.9 Upon expiration or termination of the transfer period determined by the applicable Participants or the NAMP (taking into account any extension), or upon withdrawal from, expiration or termination of the SAC Program, whichever occurs first, the receiving Participant(s) or the NAMP will return Equipment and Material, at its expense, to the providing Participant at the location mutually approved. Any further transportation is the responsibility of the providing Participant.
- 11.10 The receiving Participant(s) or the NAMP will provide written notice of consumption or expenditure of Equipment and Material approved for such consumption or expenditure. In the event the intended consumption or expenditure does not occur, the receiving Participant(s) or the NAMP will,



unless otherwise determined by the providing Participant, return the Equipment and Material, at its expense, to the providing Participant to the location mutually approved. Any further transportation is the responsibility of the providing Participant.

- 11.11 The Participants and NAM PO will ensure, by all reasonable means, the protection of Intellectual Property Rights (IPR) in Equipment and Material.
- 11.12 Participants will exert their best effort to provide resources, equipment, and personnel necessary to fulfil objectives of this SAC MOU.

## Section 12 NAMP Liability and Claims

- 12.1 The Participants are responsible for liabilities arising out of activities of the NAMP.
- 12.1.1 In particular, the Participants are responsible for liabilities of any kind arising from NAMP ownership of the C-17 aircraft and from the execution of the NAMP mission. Furthermore, the Participants are jointly and directly responsible vis-à-vis NATO and to third parties.
- 12.2 The Participants will, through the NAM PB, make every effort to process, evaluate, and settle claims filed against the NAMP, under the following terms:
  - 12.2.1 A claims Committee will be established under the NAM PB. The claims Committee will receive, register and prepare claims filed against the NAMP, and forward the claim to the NAM PB with a proposal on how the claim may be settled. The claims Committee will keep records on claims. The NAM PB will develop and decide on the TOR for the claims Committee.
  - 12.2.2 In settling claims the NAM PB will be bound by the provisions of this SAC MOU, and applicable national and international law, *inter alia*, the Ottawa Agreement.
  - 12.2.3 Costs incurred in satisfying claims will be borne by the Participants in accordance with Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU.
  - 12.2.4 Claims arising under any Contract awarded in support of this SAC MOU will be resolved in accordance with the provisions of the Contract. The Participants will not indemnify Contractors against Third Party liability claims.
  - 12.2.5 Employees and agents of Contractors are not considered civilian personnel of

a Participant for the purposes of this Section.

### **PART III: OPERATIONS**

#### Section 13

##### Introduction

- 13.1 The SAC SB is responsible for providing oversight of the operation of the C-17 aircraft and the HAW activities.
- 13.2 The C-17 aircraft and associated support equipment will be operated and supported in accordance with provisions of Part III (Operations) of this SAC MOU as further described in the CONOPS and Concept of Support (CONSUP).
- 13.2.1 The SAC SB will approve the CONOPS and CONSUP, and any changes or amendments to these documents.
- 13.3 The Participants, also as NAM Member Nations exercising their rights as reflected in the NSPO Charter, delegate the relevant authorities as specified below in Part III of this SAC MOU.

#### Section 14

##### Flag Nation for C-17 Aircraft

- 14.1 The C-17 aircraft will be marked and registered in accordance with the appropriate laws and regulations of the Flag Nation. The C-17 aircraft are considered state aircraft for military purposes of the Flag Nation. The Flag Nation will assume responsibilities associated with registering, marking (applying insignia), certifying initial airworthiness, and oversight of continuing airworthiness of the C-17 aircraft. The Flag Nation will serve as the operating nation.
- 14.1.1 Airworthiness Certification:
  - 14.1.1.1 The Flag Nation will ensure that initial certification is performed in accordance with its national laws and regulations and the CONOPS. The Flag Nation will provide oversight of continued airworthiness in accordance with its national laws and regulations, and will ensure compliance with the CONOPS.
  - 14.1.1.2 The Flag Nation will establish necessary procedures in accordance with its national laws and regulations for certification of the C-17 aircraft and

oversight of the continuing airworthiness during its lifecycle. These procedures will be developed in co-ordination with the Participants. The procedures will describe tasks and responsibilities of the National Aviation Authority (NAA) of the Flag Nation, the NAMPO, and the HAW.

- 14.2 The Participants will provide the Flag Nation with the resources needed for registration, initial certification, and oversight of continuing airworthiness. The Costs will be shared in accordance with Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU, and will be processed by the NAMPO.
- 14.3 The Flag Nation will assume the responsibilities applicable to its state aircraft in international airspace or within the territories of third nations. These responsibilities apply regardless of the nationality of the aircrew or of the cargo. The other Participants will assume their responsibilities applicable to their role when placing crew members at the disposal of the Flag Nation's state aircraft or having cargo or personnel on board.
- 14.4 Diplomatic Clearances:
  - 14.4.1 The Flag Nation will submit diplomatic clearance requests for missions performed by the HAW, in accordance with standard national and international procedures. The Participants may assist the Flag Nation, including acting as its surrogate when duly authorized, when seeking diplomatic clearances for HAW missions. The Participants involved in a mission will provide in due time all Information and relevant documents necessary to obtain diplomatic clearance. The Participants providing Information and documents are responsible for the validity of their content. The details of the process for applying for diplomatic clearances will be stated in the CONOPS.
    - 14.4.1.1 Neither the HAW/CC nor any Pilot In Command (PIC) will have the right to permit the boarding of or accept personnel, passengers, cargo, or any material on board of the C-17 aircraft that violates the diplomatic clearance for that mission.
    - 14.4.2 The costs of mission-related services provided to the C-17 aircraft while away from the MOB will be apportioned among the Participants as provided in Table 3 (Cost Share by Category) of Annex B (Financial Matters) to this SAC MOU. The HAW, PIC, or the NAMPO will make the payment on behalf of the SAC Program.
  - 14.5 The Flag Nation will be responsible for enforcing all privileges and immunities enjoyed by state aircraft under international law. The other Participants and the NAMPO will assist the Flag Nation in fulfilling its

responsibilities.

- 14.6 Status of Aircrews:
  - 14.6.1 The status of individual aircrew members will be determined based on international agreements in force between the aircrew members' State of nationality and the State in which the aircrew members are present or over which they are flying. It will be the responsibility of the Participants to make arrangements, if desired, for their personnel in areas where the NATO or PfP SOFA or other status agreements do not apply.
- 14.7 Entry Aboard C-17 Aircraft:
  - 14.7.1 The Flag Nation delegates to the HAW/CC and each PIC the right to refuse anyone, including government officials of the State, other than those of the Participants, in which the C-17 aircraft lands, permission to board any C-17 aircraft.
  - 14.7.2 Visitation and boarding of SAC C-17 aircraft by non-Participant nations require advance approval in accordance with procedures established in the CONOPS.
- 14.8 Armed Personnel:
  - 14.8.1 The Flag Nation delegates to the HAW/CC authority to permit armed military personnel to fly aboard C-17 aircraft.
- 14.9 The Flag Nation may withdraw authorities delegated in this section by informing the HAW/CC and the SAC SB of the withdrawal.

Section 15  
Heavy Airlift Wing Structure

- 15.1 The Heavy Airlift Wing (HAW) is a multinational military unit that consists of C-17 aircraft, personnel, equipment, and facilities at the MOB located at Papa, Hungary.
- 15.2 The HAW is a tenant unit on the MOB and will be subject to the Participants' policies and to the procedures established by the SAC SB, consistent with the Basing Arrangement.
- 15.3 Papa Air Base and the facilities thereon, in accordance with the Basing Arrangement, will remain available for use by the HAW as long as the Participants require the use of the base and facilities for the HAW.
- 15.4 The HAW will be commanded by the HAW/CC.

- 15.5 Manning of the HAW:
- 15.5.1 The SAC Participants will continuously fill all designated positions in the HAW with qualified and ready-for-duty personnel. Unqualified personnel, as determined by the HAW/CC, after consultation with the sending Participant, and on the basis of the position description, will not fulfil a Participant's required contribution to the manning of the HAW.
- 15.5.2 As a general rule, the normal tour length will be four years, with two years as a minimum, after successful completion of pre-employment training.

Section 16  
Command and Control

- 16.1 The HAW/CC:
- 16.1.1 The HAW/CC is delegated OPCON by the Participants, in order to command the HAW and conduct operations with NAMP-owned C-17 aircraft, associated materials, equipment, and all personnel contributed by the Participants to the HAW.
  - 16.1.1.1 The HAW/CC will exercise OPCON over the forces contributed by the Participants in order to execute the operational missions assigned to the HAW.
  - 16.1.2 The Flag Nation will delegate authority to conduct operations with the C-17 aircraft to the HAW/CC within the framework of this SAC MOU and the CONOPS.
  - 16.1.3 The HAW/CC will exercise control over Assets put at the disposal of the HAW in paragraph 15.1 of Section 15 (Heavy Airlift Wing Structure) of the SAC MOU.
    - 16.1.3.1 The HAW/CC is authorized to make temporarily available Assets and services under his/her control at Papa Air Base for state aircraft belonging to the participating nations, NATO, or NATO member states, in as far as they can be made available without any adverse impact on the HAW's ability to meet its own commitments. This authority does not include use of the SAC C-17 aircraft.
    - 16.1.3.2 Any support provided for under this Section must be within the means and capabilities of the Assets and services available at Papa Air Base at the time, and must not involve a need for additional funds, personnel, resources, procurement, or investments.
    - 16.1.3.3 The support provided will be subject to the provisions of this SAC MOU, the

Basing Arrangement, and the Participants' policies, procedures, and regulations as may be established by the SAC SB and NAM PB. Furthermore, the procedures for the use of the Assets and services at Papa Air Base and associated cost elements will be guided by the provisions of STANAG 3113 ASSE (Edition 7), Provision of Support to Visiting Personnel, Aircraft, and Vehicles (October 12, 2005).

- 16.1.3.4 The HAW/CC will report on any such use of Assets and services, as described in subparagraph 16.1.3.1, of this Section, to the SAC SB and NAM PB on a regular basis.
- 16.1.4 The HAW/CC is responsible for identifying logistics support requirements as described in Section 18 (Logistics Support) of this SAC MOU.
- 16.1.5 The HAW/CC may solicit advice and consultation from the SAC SB on any issue; this provision is not intended to infer any obligation on the HAW/CC.
- 16.1.6 The HAW/CC will brief the SAC SB at its meetings on operations for the preceding period of time since the last meeting.
- 16.1.7 The HAW/CC is responsible and accountable to the SAC SB for policies, tasks and activities of the HAW. This does not imply that the SAC SB exercises OPCON or may task the HAW/CC or in any way interfere with the military chain of command.
- 16.1.8 The HAW/CC is responsible to take into account and inform crew members of their legal status at destination nations before missions are flown.
- 16.2 Command Relationships Governing Operations:
  - 16.2.1 Participants maintain FULLCOM over their national personnel contributed to the HAW. Participants administer FULLCOM through their highest-ranking individual assigned to the HAW, known as the Senior National Representative (SNR).
  - 16.2.2 The Participants will instruct their personnel that are assigned to the HAW to take mission-related direction from the HAW/CC.
    - 16.2.2.1 The Participants are responsible for the discipline of their personnel.
    - 16.2.2.2 The HAW/CC is responsible for issuing complaint procedures providing recourse for aggrieved members of the HAW. Such procedures will provide an opportunity for an aggrieved HAW member and the HAW/CC to attempt to resolve a complaint if within the HAW/CC's authority. Such procedures may be used at the discretion of the aggrieved member who may choose instead to make a complaint directly to his/her SNR if national regulations allow.

Section 17  
Operations

- 17.1 Operations with the C-17 aircraft will be conducted with full respect for this SAC MOU, the CONOPS, and the principles of international law.
- 17.1.1 The CONOPS will describe the process under which the HAW/CC will receive guidance from the Participants concerning the utilization of the C-17 aircraft. This guidance will identify specific categories of missions that may not be conducted and cargo and passengers that may not be transported on C-17 aircraft.
- 17.1.1.1 The HAW/CC will inform SNRs by providing an airlift schedule depicting aircraft utilization, location, and dates.
- 17.1.2 The CONOPS will also describe the process under which a Participant or the HAW/CC may request SAC SB approval to conduct a specific category of mission or to transport specific cargo or passengers on the C-17 aircraft.
- 17.2 The use of the C-17 aircraft will be conducted as a mission of the requesting SAC Participant using its declared Flight Hours.
- 17.3 A Participant may utilize its Flight Hours in support of any person or entity that is not a Participant in this SAC MOU. However, the C-17 aircraft will not be used for commercial purposes or controlled by commercial entities. Any such support will be conducted as a mission of that Participant.
- 17.4 Each Participant is entitled to utilize the C-17 aircraft for the Flight Hours it has declared, as measured over each calendar year, subject to C-17 aircraft availability. However, if a Participant experiences a need for more than its declared Flight Hours in a calendar year, then the Participants may enter into arrangements or develop necessary procedures amongst themselves to transfer Flight Hours between Participants. If it is not possible to transfer Flight Hours among the Participants, then the utilization of contingency Flight Hours will be in accordance with subparagraph 8.10.15 in Section 8 (Financial Principles and Procedures) of this SAC MOU.
- 17.5 Requests for Use of Flight Hours:
  - 17.5.1 Requests for Flight Hours will be made in accordance with procedures described in the CONOPS.
  - 17.5.2 The spirit of this SAC MOU is that Participants will only submit requests that reflect a genuine need for C-17 aircraft capabilities, while remaining as flexible as possible with regard to required timing and priority parameters.

- 17.6 Mission Priorities and Principles for De-conflicting Competing Requests for Flight Hours:
  - 17.6.1 Mission priorities will be executed as listed in the priority parameters in the CONOPS.
  - 17.6.2 In the event of conflicting requests for C-17 aircraft, the HAW/CC is the ultimate authority in de-conflicting competing flight hour utilization requests.
    - 17.6.2.1 In exercising this authority, the HAW/CC should consider the following as major factors for resolving the conflict:
      - 17.6.2.1.1 First, the immediate/emergency need to safeguard life of Participants' citizens.
      - 17.6.2.1.2 Second, in the event of a conflict between missions of equal priority, the Participant with the highest number of declared Flight Hours.
  - 17.7 The HAW/CC is authorized to refuse any flight hour utilization request for operational reasons. The Participant will promptly be informed of the reasons for refusal.
  - 17.8 If the Flag Nation notifies the SAC SB and the HAW/CC that it considers the use of the C-17 aircraft to be contrary to its international legal obligations, the HAW/CC is not authorized to execute the mission.
  - 17.9 Accident Investigation:
    - 17.9.1 Aircraft accidents and incidents will be investigated for safety purposes according to NATO Standardization Agreement (STANAG) 3531, where the Participants involved have accepted the STANAG. It is not the purpose of safety investigations to apportion blame, or to determine liability or any other issue not related to safety. The Flag Nation will exercise the responsibilities of the operating nation under the STANAG. This investigation does not replace, all or in part, nor preclude any investigations performed by a Participant in accordance with its national laws and regulations.
  - 17.10 Any Participant may, for national security or vital foreign policy reasons, opt out from a mission by notifying the HAW/CC, and inform the Participants through the SAC SB prior to mission execution. No personnel, including crewmembers, or cargo of the Participant opting out will be onboard the C-17 aircraft during the execution of such mission. The Participant opting out will not be associated with any liability and claims paid as a result of that mission.
  - 17.11 The SAC SB may establish a space-available policy, to be reflected in the CONOPS, regulating the use of excess passenger capacity on the C-17 aircraft. The utilization of unused capacities will be in line with the provisions of this MOU and the Participant's respective national laws and policies. Any



Participant may elect not to participate or not to contribute available space.

Section 18  
Logistics Support

- 18.1 Logistics support includes all engineering, quality assurance, maintenance, supply, transportation, resource management activities, supporting systems, and ensuring continued airworthiness required to sustain operations.
- 18.2 The HAW/CC, after consultation with the NAM PO, is responsible for identifying the logistics support to C-17 aircraft and supporting systems to meet the SAC CONOPS and Participants' taskings.
- 18.3 The HAW/CC, after consultation with the NAM PO, is responsible for maintenance, maintenance oversight, and maintenance quality assurance of the C-17 aircraft and support equipment.
- 18.4 Logistics support will be in accordance with the CONSUP approved by the SAC SB.
- 18.5 The SAC SB will communicate the HAW logistics support requirements to the NAM PB.
- 18.6 The NAM PO will contract for logistics support on a competitive basis, to the fullest extent possible.

Section 19  
Status of the Heavy Airlift Wing

- 19.1 The HAW is a multinational military unit composed of NAMP-owned, Hungary-flagged C-17 aircraft and other Assets and personnel assigned by the Participants under the provisions of this SAC MOU.
  - 19.1.1 Through the HAW/CC and PIC, the Flag Nation will enforce its responsibilities listed in Section 14 (Flag Nation for C-17 Aircraft) of this SAC MOU.
  - 19.1.2 The HAW does not have a legal personality under international law or national laws of the Participants and thus cannot assume rights and obligations. However, the HAW will fulfil the tasks assigned to it under this SAC MOU and under principles of international law governing state aircraft.
- 19.2 Land, buildings, and fixed installations made available by the Host Nation will

remain under the ownership of the Host Nation. The legal status of such assets is regulated by the laws and regulations of the Host Nation.

- 19.3 The legal status of buildings and fixed installations acquired or improved through the NAMP at the MOB will be determined in accordance with the Host Nation Agreement.
- 19.3.1 The Participants, through the SAC SB, will periodically review the status of buildings or fixed installations acquired or improved by the NAMP at the MOB. In the event the SAC SB determines that a particular building or fixed facility is no longer needed for the use of the HAW, the SAC SB will initiate, through the NAMP, the process of transferring the use of it to the Host Nation.
- 19.3.2 The Participants, through the SAC SB, and the Host Nation will consult regarding the terms of the transfer of use of any agreed building or fixed installation, including possible compensation for improvements or construction.
- 19.3.3 Procedures applicable to transfer of use and valuation of buildings and fixed installations at the MOB are described in the Host Nation Agreement and Basing Arrangement.
- 19.4 In the territory of the Participants, the status of the Participants, their military and civilian personnel assigned to the HAW, and the dependents of their personnel, will be in accordance with the NATO SOFA or the PFP SOFA, as applicable. Further status may be granted in additional bilateral or multilateral agreements with the Host Nation.

## Section 20

### Operational Liability and Claims

- 20.1 The Participants are responsible for liabilities arising out of activities of the HAW or caused by a member of the HAW in the execution of his/her duties in connection with the SAC Program.
- 20.1.1 In particular, the Participants are jointly and directly responsible vis-à-vis NATO and to third parties for liabilities arising from any operation of the C-17 aircraft except for NAC-approved operations as may be provided in specific NATO arrangements to be approved on an ad hoc basis, by the NAC, in line with NATO policy for operations.
- 20.2 The Participants will, through the SAC SB, make every effort to process, evaluate, and settle claims resulting from the execution of the SAC Program

under the following terms:

- 20.2.1 A claims Committee will be established under the SAC SB. The claims Committee will receive, register, and prepare claims resulting from the execution of the SAC Program, and forward the claim to the SAC SB with a proposal on how the claim may be settled. The claims Committee will keep records on claims. The SAC SB will develop and approve the TOR for the claims Committee.
- 20.2.2 In settling claims, the SAC SB will be bound by the provisions of this SAC MOU and applicable national and international law.
  - 20.2.2.1 Claims will be dealt with in accordance with the provisions of Article VIII of the NATO SOFA or Article I of the PfP SOFA, as applicable.
  - 20.2.2.2 Claims between the Participants arising out of situations not covered by the NATO or PfP SOFA will be settled, through consultations by the SAC SB, on the basis of the principles established in Article VIII of the NATO SOFA.
    - 20.2.2.2.1 It is the intention of the Participants to waive claims among themselves in situations not covered by the NATO or PfP SOFA on the basis of reciprocity. If a Participant is unable to waive claims against another Participant in situations not covered by the NATO or PfP SOFA, it will declare its position to the SAC SB. After the SAC SB has received such declaration, the Participant in question will not be bound by an obligation to waive future claims, nor will the other Participants be bound to waive future claims against that Participant. Additionally, if a Participant is unable to waive claims against another Participant in situations not covered by the NATO SOFA or the PfP SOFA, the other Participant may opt out from missions involving the non-waiving Participant, in accordance with the procedures described in paragraph 17.10 of Section 17 (Operations) of this SAC MOU. The Participant opting out will not be associated with any liability and claims paid as a result of that mission.
  - 20.2.2.3 Third party claims not covered by the NATO SOFA or the PfP SOFA will be processed by the most appropriate Participant(s), as determined by the SAC SB.
- 20.2.3 Costs incurred in satisfying claims arising out of activities of the HAW will be borne jointly by the Participants in accordance with Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU. In case a Participant had opted out of a mission giving rise to a claim, Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU will be recalculated among the remaining Participants in proportion to their declared Flight Hours.

- 20.2.4 If necessary to pay claims determined to be payable under this Section, the SAC SB will request the NAM PB to seek additional contributions to cover these costs. Payment will be disbursed by the NAM PO.
- 20.3 Based on the joint responsibility as set out in subparagraph 20.1.1 of this Section, the Participants will indemnify the Flag Nation from liabilities and claims of any kind that may arise as a consequence of flagging or registering the C-17 aircraft. Any cost incurred will be borne by all Participants, including the Hungarian Participant, in accordance with Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU.
- 20.4 Liabilities or claims of any kind arising out of the use of C-17 aircraft in hostilities to which Article 5 of the North Atlantic Treaty applies will not involve the liability or financial responsibility of PfP States, unless that PfP State is participating. If the PfP State is not participating, it will not share costs incurred in satisfying such claims.
- 20.5 Liabilities or claims arising out of the use of the C-17 aircraft in direct participation of armed conflicts will not be shared by a Participant who has opted out of participating in that mission.
- 20.6 Employees and agents of Contractors are not considered civilian personnel of a Participant for the purposes of this Section.

## Section 21

### Financial Principles and Procedures for the Heavy Airlift Wing

- 21.1 General Principles:
  - 21.1.1 The NFRP will govern the financial administration of the operations and support of the HAW.
  - 21.1.2 The Participants will provide all possible assistance to minimize the costs of operations of the HAW.
- 21.2 Financial Principles:
  - 21.2.1 Funding requirements for specific national support of a Participant's military and civilian personnel assigned to the HAW (e.g., national administrative support and domestic facilities, such as housing and medical care) are the responsibility of the respective Participant.
- 21.3 Military and Civilian Personnel Costs:
  - 21.3.1 HAW military and civilian personnel billets are established as specified in the

CONOPS.

- 21.3.2 Filling of billets is a national responsibility in accordance with subparagraph 15.5.1 of Section 15 (Heavy Airlift Wing Structure) of this SAC MOU. Every Participant will be assigned at least one billet within the HAW.
- 21.3.3 Contributions of military and civilian personnel will be accounted for as a Non-financial Cost within the SAC Program Cost Ceiling, in accordance with the NFRP.
- 21.3.4 Participants manning billets above their Financial Cost Shares in Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU will receive equivalent additional Non-financial Contribution credit.
- 21.3.5 Participants manning billets below their Financial Cost Shares in Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU will provide additional equivalent financial contributions to the operational budget.
- 21.4 Budget Process:
  - 21.4.1 The HAW will be funded through an annual operations budget, administered by the NAM PO. The HAW/CC will submit an annual budget request through the SAC SB to the NAM PB for approval.
  - 21.4.2 The HAW/CC is authorized to execute the approved operations budget as required for day-to-day operation and administration.
  - 21.4.3 If it is necessary for the HAW to operate at a rate that exceeds the normal operational level as determined by the operations budget, the HAW/CC must inform the SAC SB of the accelerated rate of expenditure. If it is necessary to seek additional contributions from the Participants, the SAC SB will inform the NAM PB of these requirements for NAM PB approval of additional contributions in advance of their expenditure.
  - 21.4.4 Claims determined to be payable under Section 20 (Operational Liability and Claims) of this SAC MOU will be processed in accordance with the provisions of paragraph 20.2 of Section 20 (Operational Liability and Claims) of this SAC MOU.
- 21.5 Air Incident Fund (AIF):
  - 21.5.1 The AIF will be used to fulfil immediate needs to protect NAMP-owned Assets, cargo, and passengers entrusted to the HAW and HAW personnel in the event of an air incident.
  - 21.5.2 The AIF may also be used to respond to humanitarian needs of Third Parties

arising from a SAC Program air incident.

21.6 Reimbursements:

21.6.1 Expenses incurred while performing missions in support of any person or entity that is not a participant in this SAC MOU will be borne by the relevant Participant(s). Any reimbursement received by the Participant(s) from such a mission will be retained by the Participant(s) consistent with the national laws and regulations of the Participant(s).

## Section 22 Configuration Management

22.1 Tasks and Responsibilities:

22.1.1 The NAM PO will perform Configuration Management (CM) for all NAMP-owned aircraft systems, hardware, software, simulators, and support equipment in accordance with the CONOPS and the CONSUP.

22.2 Interoperability will be maintained with USAF systems. To the maximum extent possible, the Participants will ensure interoperability between the HAW and the national systems with which the HAW may interface.

## **PART IV: GENERAL MATTERS**

### Section 23 Disclosure and Use of Information

23.1 General:

23.1.1 The Participants recognize that the success of the SAC Program depends on full and prompt exchange of Information necessary for carrying out the SAC Program. The Participants will acquire sufficient Information and rights to use such Information to acquire, manage, support, and operate C-17 aircraft and other Assets. The nature and amount of Information to be acquired will be consistent with the objectives stated in Section 3 (Objectives and Scope) of this SAC MOU.

23.1.2 The following export control provisions will apply to the transfer of Information:

23.1.2.1 Transfer of Information will be consistent with the furnishing Participant's applicable export control laws and regulations. Unless otherwise restricted by

duly authorized officials of the furnishing Participant at the time of transfer to another Participant or the NAMP, all export-controlled Information furnished by that Participant to another Participant or the NAMP may be retransferred to Contractors, subcontractors, Prospective Contractors, and prospective subcontractors, subject to the requirements of Section 9 (Contractual Arrangements) of this SAC MOU. Export-controlled Information may be furnished by Contractors, subcontractors, Prospective Contractors, and prospective subcontractors of one Participant's nation to the Contractors, subcontractors, Prospective Contractors, and prospective subcontractors of another Participant's nation pursuant to this SAC MOU, subject to the conditions established in licenses or other approvals issued by the Government of the furnishing Participant in accordance with its applicable export control laws and regulations.

- 23.1.2.2 If a Participant finds it necessary to exercise a restriction on the retransfer of export-controlled Information as set out in subparagraph 23.1.2.1 of this Section, it will promptly inform the other Participants. If a restriction is then exercised and an affected Participant objects, that Participant's NAM PB member will promptly notify the other Participants' NAM PB members and they will immediately consult in order to discuss ways to resolve such issues or mitigate any adverse effects.
- 23.1.2.3 Notwithstanding the provisions of this SAC MOU that relate to the protection of Information, particularly Section 10 (Third Party Sales and Transfers), Section 23 (Disclosure and Use of Information), Section 25 (Security Arrangements), and Section 26 (Controlled Unclassified Information), the specific export control provisions set out in Section 9 (Contractual Arrangements) and this Section will not apply to transfers of Information among non-U.S. DoD Participants where such exchanges do not include U.S. export-controlled Information.
- 23.1.3 Notwithstanding any other provision in this Section, disclosure of Information will only be in accordance with the Participants' respective national disclosure policies, laws, and regulations.
- 23.2 Proprietary Information:
  - 23.2.1 Subject to any existing rights of the Participants, all Intellectual Property Rights (IPR) residing in Information will belong to the generator thereof.
  - 23.2.2 All Information that is subject to disclosure and use restrictions with respect to IPR will be identified and marked, and it will be handled as Controlled Unclassified Information or as Classified Information, depending on its security classification.

- 23.2.3 For NATO member Participants, the provisions of the NATO Agreement on the Communication of Technical Information for Defense Purposes, done at Brussels on October 19, 1970, and the implementing procedures for the NATO Agreement on the Communication of Technical Information for Defense Purposes, approved by the NAC on January 1, 1971 (or any successor agreement and procedures), will apply to Information that is subject to IPR. The Finnish and Swedish Participants consent to the insertion of provisions in the SAC Program Security Instruction (PSI) as far as their national laws and regulations permit, and that are no less stringent than applicable security agreements/arrangements, including their implementing procedures, in force between such Participants and NATO.
- 23.3 Information generated or provided by the Participants in the performance of the SAC Program will be in handled in accordance with paragraphs 23.4 through 23.8 of this Section.
- 23.4 Government Foreground Information:
- 23.4.1 Disclosure:
- 23.4.1.1 All Government Foreground Information generated by a Participant's military or civilian employees will be disclosed promptly and without charge to the Participants and the NAMP.
- 23.4.2 Use:
- 23.4.2.1 Each Participant and the NAMP may use all Government Foreground Information without charge for Defence Purposes. The Participant generating Government Foreground Information will also retain its rights of use thereto. Any sale or other transfer to a Third Party will be subject to the provisions of Section 10 (Third Party Sales and Transfers) of this SAC MOU.
- 23.5 Government Background Information:
- 23.5.1 Disclosure:
- 23.5.1.1 Each Participant, upon request, will disclose promptly and without charge to the other Participants and the NAMP any relevant Government Background Information generated by its military or civilian employees outside the scope of this SAC MOU, provided that:
- 23.5.1.1.1 Such Government Background Information is necessary to or useful in implementing this SAC MOU, with the Participant in possession of the Information determining, after consulting with the requesting Participants, whether it is "necessary to" or "useful in" implementing this SAC MOU.



- 23.5.1.1.2 Such Government Background Information may be made available only if the rights of holders of IPR are not infringed.
- 23.5.1.1.3 Disclosure of such Government Background Information is consistent with national disclosure policies and regulations of the furnishing Participant.
- 23.5.1.1.4 Any disclosure or transfer of such Government Background Information to Contractors is consistent with the furnishing Participant's export control laws and regulations.
- 23.5.2 Use:
  - 23.5.2.1 Government Background Information furnished by one Participant to the requesting Participant may be used without charge by or for the requesting Participant for SAC Program purposes. However, subject to IPR held by entities other than the Participants, such Government Background Information may be used for Defense Purposes by the requesting Participant, without charge, when such Information is necessary for the use of Foreground Information. The furnishing Participant, in consultation with the other Participant, will determine whether the Government Background Information is necessary for the use of Foreground Information. The furnishing Participant will retain all its rights with respect to such Government Background Information.
- 23.6 Contractor Foreground Information:
  - 23.6.1 Disclosure:
    - 23.6.1.1 Contractor Foreground Information generated and delivered by Contractors will be disclosed promptly and without charge to the Participants and the NAMP.
  - 23.6.2 Use:
    - 23.6.2.1 Each Participant and the NAMP may use or have used without charge for Defense Purposes all Contractor Foreground Information generated and delivered by Contractors of the Participants. The Participant whose Contractors generate and deliver Contractor Foreground Information will also retain all its rights of use thereto in accordance with the applicable Contracts. Any sale or other transfer to a Third Party of Contractor Foreground Information will be subject to the provisions of Section 10 (Third Party Sales and Transfers) of this SAC MOU.
- 23.7 Contractor Background Information:
  - 23.7.1 Disclosure:

- 23.7.1.1 The NAMP or a Contracting Participant will make available to the other Participants and the NAMP promptly and without charge all Contractor Background Information generated by Contractors that is delivered under Contracts awarded in accordance with this SAC MOU. Any other Background Information that is generated by Contractors and that is in the possession of one Participant will be made available promptly and without charge to the other Participants and the NAMP, upon request, provided the following conditions are met:
- 23.7.1.1.1 Such Contractor Background Information is necessary to or useful in the SAC Program, with the Participant in possession of the Information determining, after consultation with the requesting Participants and the NAMP, whether it is "necessary to" or "useful in" the SAC Program.
- 23.7.1.1.2 Such Contractor Background Information may be made available only if the rights of holders of IPR are not infringed.
- 23.7.1.1.3 Disclosure of such Contractor Background Information is consistent with the national disclosure policies and regulations of the furnishing Participant.
- 23.7.1.1.4 Any disclosure or transfer of such Contractor Background Information to Contractors is consistent with the furnishing Participant's export control laws and regulations.
- 23.7.2 Use:
- 23.7.2.1 All Contractor Background Information delivered by Contractors under Contracts awarded in accordance with this SAC MOU may be used by or for the receiving Participants and the NAMP, without charge, for the SAC Program Purposes, subject to any restrictions by holders of IPR other than the Participants. Any other Contractor Background Information furnished by one Participant's Contractors and disclosed to a requesting Participant or the NAMP may be used without charge by or for the requesting Participant or the NAMP for the SAC Program purposes, subject to any restrictions by holders of IPR other than the Participants; also, when necessary for the use of Foreground Information, such other Contractor Background Information may be used by the requesting Participant or the NAMP for Defense Purposes, subject to such fair and reasonable terms as may be necessary to be arranged with the Contractor. The furnishing Participant, in consultation with the requesting Participant and the NAMP, will determine whether such other Contractor Background Information is necessary for the use of Foreground Information. The furnishing Participant will retain all its rights with respect to Contractor Background Information.
- 23.8 Alternative Uses of Information:

- 23.8.1 Any Background Information provided by one Participant will be used by the other Participants and the NAMP only for the purposes set forth in this SAC MOU, unless otherwise consented to in writing by the providing Participant.
- 23.8.2 The prior written consent of each Participant will be required for the use of Foreground Information for purposes other than those provided for in this SAC MOU.
- 23.9 Patents:
- 23.9.1 Each Participant and the NAM PO will include in all its Contracts for the SAC Program a provision governing the disposition of rights in regard to Inventions and Patent rights relating thereto that either:
- 23.9.1.1 Provides that the Participant will hold title to all such Inventions together with the right to make Patent applications for the same, free of encumbrance from the Contractor concerned; or
- 23.9.1.2 Provides that the Contractor will hold title (or may elect to retain title) for such Inventions together with the right to make Patent applications for the same, while securing for the Participants the right to use, free of charge, the Inventions, and any Patents thereto, on terms in compliance with the provisions of subparagraph 23.7.2.1 of this Section.
- 23.9.2 The provisions of subparagraphs 23.9.3 through 23.9.6 of this Section will apply in regard to Patent rights for all Inventions made by the Participants' military or civilian employees, including those within Government-owned facilities, and for all Inventions made by Contractors for which the Contracting Participant or the NAMP holds title or is entitled to acquire title.
- 23.9.3 When a Participant has or can secure the right to file a Patent application with regard to an Invention, that Participant will consult with the other Participants regarding the filing of such Patent application. The Participant that has or receives title to such an Invention will, in other countries, file, cause to be filed, or provide the other Participants with the opportunity to file on behalf of the Participant holding title, Patent applications covering that Invention. A Participant will immediately notify other Participants and the NAMP that a Patent application has been filed. If a Participant, having filed or caused to be filed a Patent application, abandons prosecution of the application or ceases maintaining the Patent granted or issued on the application, that Participant will notify the other Participants and the NAMP of that decision and permit the other Participants or the NAMP to continue the prosecution or maintain the Patent as the case may be.
- 23.9.4 Each Participant will be furnished with copies of Patent applications filed and Patents granted with regard to SAC Program Inventions.

- 23.9.5 Each Participant will grant to the other Participants and the NAMP a non-exclusive, irrevocable, royalty-free license under its Patents for Inventions, to practice or have practiced the Invention throughout the world for the SAC Program.
- 23.9.6 For NATO member Participants, Patent applications to be filed, or assertions of other IPR, under this SAC MOU that contain Classified Information will be protected and safeguarded in a manner no less stringent than the requirements stated in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for Which Applications for Patents Have Been Made, done in Paris on September 21, 1960, and its Implementing Procedures (or any successor agreement and procedures). The Finnish and Swedish Participants consent to the insertion of provisions in the PSI that are no less stringent than the requirements stated in the NATO Agreement for the Mutual Safeguarding of Secrecy of Inventions Relating to Defence and for Which Applications for Patents Have Been Made, done in Paris on September 21, 1960, and its Implementing Procedures insofar as those Participants' national laws and regulations permit. For the Finnish and Swedish Participants, in the event of an inconsistency between the PSI and the NATO agreement, the PSI will prevail.
- 23.10 Each Participant will notify the other Participants of any intellectual property infringement claims brought against that Participant arising in the course of work performed under the SAC Program on behalf of one or more of the other Participants. Insofar as possible, the other applicable Participants will provide information available to them that may assist in defending such claims. Each Participant will be responsible for handling such intellectual property infringement claims brought against it, and will consult with the other Participants during the handling, and prior to any settlement, of such claims. The Participants will share the costs of resolving such intellectual property infringement claims in proportion to their financial contributions for that work specified in Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU. The Participants will, as permitted by their respective national laws, regulations, and practices, give their authorization and consent for all use and manufacture in the course of work performed under the SAC Program of any invention covered by Patent or, as determined to be necessary for work under the SAC Program, authorization and consent for non-commercial copyright granted or otherwise provided by their respective countries.

Section 24  
Visits to Establishments

- 24.1 Each Participant will permit visits, relevant to the SAC Program, to its Defense establishments, agencies and laboratories, and Contractor industrial facilities by employees of the other Participants or by employees of the other Participants' Contractors, provided that the visit is authorized by the Participants and the employees have any necessary and appropriate security clearances and a need-to-know.
- 24.2 All visiting personnel will be required to comply with security regulations of the hosting Participant. Any Information disclosed or made available to visitors will be treated as if supplied to the Participant sponsoring the visiting personnel, and will be subject to the provisions of this SAC MOU.
- 24.3 Requests for visits by personnel of one Participant to a facility of the other Participant will be coordinated through official channels, and will conform with the established visit procedures of the hosting Participant. Requests for visits will bear the name of the SAC Program, and will be submitted in accordance with NATO International Visit Procedures (as described by Multinational Industrial Security Working Group (MISWG) Document No.7).
- 24.4 Lists of personnel of each Participant required to visit, on a continuing basis, facilities of the other Participants will be submitted through official channels in accordance with recurring NATO International Visit Procedures.

Section 25  
Security Arrangements

- 25.1 All Classified Information exchanged or generated in connection with this SAC MOU will be used, transmitted, stored, handled, and safeguarded in accordance with the Participants' applicable national security laws and regulations, to the extent that they provide a degree of protection no less stringent than that provided for NATO Classified Information as set forth in the document C-M(2002)49 (Security within the North Atlantic Treaty Organization), and its subsequent amendments.
- 25.2 Classified Information will be transferred only through Government-to-Government channels or through channels approved by the National Security Authorities (NSAs)/Designated Security Authorities (DSAs) of the Participants. Such Information will bear the level of classification and denote the country of origin.
- 25.3 Each Participant will take all lawful steps available to it to ensure that

Classified Information provided or generated pursuant to this SAC MOU is protected from further disclosure except as provided by paragraph 25.6 of this Section, unless the other Participants consent to such disclosure. Accordingly, each Participant will ensure that:

- 25.3.1 The recipients will not release the Classified Information to any Government, national organization or other entity of a Third Party without the prior written consent of the originating Participant, in accordance with the procedures set forth in Section 10 (Third Party Sales and Transfers) of this SAC MOU.
- 25.3.2 The recipients will not use the Classified Information for other than the purposes provided for in this SAC MOU.
- 25.3.3 The recipients will comply with any distribution and access restrictions on Classified Information that is provided under this SAC MOU.
- 25.4 The Participants will investigate all cases in which it is known or where there are grounds for suspecting that Classified Information provided or generated pursuant to this SAC MOU has been lost or disclosed to unauthorized persons. Each Participant also will promptly and fully inform the other Participants of the details of such occurrences, and of the final results of the investigation and of the corrective action taken to preclude a recurrence in accordance with national laws and regulations.
- 25.5 The NSA/DSA of the Participant in which a classified Contract is awarded will assume responsibility for administering within its territory security measures for the protection of the Classified Information, in accordance with its laws and regulations. Prior to the release to a Contractor, Prospective Contractor, or subcontractor of any Classified Information received under this SAC MOU, the NSAs/DSAs will:
  - 25.5.1 Ensure that such Contractors, Prospective Contractor, or subcontractors and their facilities have the capability to protect the Information adequately.
  - 25.5.2 Grant a security clearance to the facilities, if appropriate.
  - 25.5.3 Grant a security clearance for all personnel whose duties require access to Classified Information, if appropriate.
  - 25.5.4 Ensure that all persons having access to the Classified Information are informed of their responsibilities to protect the Classified Information in accordance with national security laws and regulations, and the provisions of this SAC MOU.
  - 25.5.5 Carry out periodic security inspections of cleared facilities to ensure that the Classified Information is properly protected.

- 25.5.6 Ensure that access to the Classified Information is limited to those persons who have a need-to-know for implementing the provisions of this SAC MOU.
- 25.6 Contractors, prospective Contractors, or subcontractors that are determined by the NSAs/DSAs to be under financial administrative, policy, or management control of nationals or entities of a Third Party may participate in a Contract or subcontract requiring access to Classified Information provided or generated pursuant to this SAC MOU only when enforceable measures are in effect to ensure that nationals or entities of a Third Party will not have access to Classified Information. If enforceable measures are not in effect to preclude access by nationals or other entities of a Third Party, the other Participants will be consulted for approval prior to permitting such access.
- 25.7 For any facility wherein Classified Information is to be used, the responsible Participant or Contractor will approve the appointment of a person or persons of sufficient rank to exercise effectively the responsibilities for safeguarding at such facility the Classified Information pertaining to this SAC MOU. These officials will be responsible for limiting access to Classified Information involved in this SAC MOU to those persons who have been properly approved for access and have a need-to-know.
- 25.8 Each Participant will ensure that access to Classified Information is limited to those persons who possess requisite security clearances and have a specific need for access to the Classified Information in order to participate in the SAC Program.
- 25.9 The NAM PB, in consultation with the SAC SB, will develop and maintain a SAC Program Security Instruction and a Security Classification Guide (SCG) for the SAC Program. The SAC PSI and the SAC SCG describe the methods by which Information will be classified, marked, used, transmitted, and safeguarded, and will require that markings for all export-controlled Classified Information will include the applicable export control markings identified in the SAC PSI in accordance with national laws and regulations. The SAC PSI and SAC SCG, or changes thereto, will be reviewed and approved by the Participants' NSAs/DSAs and are applicable to all NAMP, Government, and Contractor personnel participating in the SAC Program. The SCG will be subject to regular review and revision with the aim of downgrading the classification of SAC Program Information whenever this is appropriate.
- 25.10 The SAC PSI and SAC SCG also apply to the HAW. Specific security procedures regarding protection of the C-17 aircraft, cargoes, and personnel are described in the CONOPS and CONSUP.
- 25.11 Notwithstanding any other provision in this Section, disclosure of Classified Information will be in accordance with the Participants' respective national

laws and regulations.

- 25.12 Information provided or generated pursuant to this SAC MOU may be classified as high as equivalent to NATO Secret. The existence of this SAC MOU is Unclassified and the contents are Unclassified.

## Section 26

### Controlled Unclassified Information

- 26.1 Except as otherwise provided in this SAC MOU or as authorized in writing by the originating Participant, Controlled Unclassified Information provided or generated pursuant to this SAC MOU will be controlled as follows:
- 26.1.1 Such Information will be used only for the purposes authorized for use of Information as specified in Section 23 (Disclosure and Use of Information) of this SAC MOU.
- 26.1.2 Access to such Information will be limited to personnel whose access is necessary for the permitted use under subparagraph 26.1.1 of this Section, and will be subject to the provisions of Section 10 (Third Party Sales and Transfers) of this SAC MOU.
- 26.1.3 Each Participant will take all appropriate lawful steps, which may include national classification, available to it to keep such Information free from further disclosure (including requests under any legislative provisions), except as provided in subparagraph 26.1.2 of this Section, unless the originating Participant consents to such disclosure. In the event of unauthorized disclosure, or if it becomes probable that the Information may have to be further disclosed under any legislative provision, immediate notification will be given to the originating Participant.
- 26.2 To assist in providing the appropriate controls, the originating Participant will ensure that Controlled Unclassified Information is appropriately marked to ensure its “in confidence” nature. The Participants’ export-controlled Information will be marked in accordance with the applicable Participant’s export control markings as documented in the SAC PSI. The Participants will also decide, in advance and in writing, on the markings to be placed on any other types of Controlled Unclassified Information and will describe such markings in the SAC PSI.
- 26.3 Controlled Unclassified Information provided or generated pursuant to this SAC MOU will be handled in a manner that ensures control as provided for in paragraph 26.1 of this Section.



- 26.4 Prior to authorizing the release of Controlled Unclassified Information to Contractors, the Participants will ensure the Contractors are legally bound to control such Information in accordance with the provisions of this Section.

### Section 27

#### Accession of Additional Participants and Changing of Declared Flight Hours

- 27.1 A NATO member State may become a Participant in the SAC Program by unanimous affirmative vote of the NAM PB and SAC SB. Accession of an additional NATO member State to the SAC Program will be subject to such conditions of membership, consistent with the NSPO Charter as the NAM PB, SAC SB, and the prospective member State agree.
- 27.2 A PfP State may become a Participant in the SAC Program by unanimous affirmative vote of the NAM PB and SAC SB. An approved PfP State will enter into a separate agreement to participate in the NAMP. The agreement to participate in the NAMP will regulate all necessary aspects of such participation, including rights and responsibilities vis-à-vis NATO and be endorsed by the NAM PB and SAC SB and approved by the NAC. While its rights and responsibilities will be similar to those of a NATO nation's to the extent possible, a PfP State will not share in the international personality of NATO, nor will a PfP State share in the juridical personality possessed by NATO by virtue of Article IV of the Ottawa Agreement.
- 27.3 The financial contribution of each acceding participant to the SAC Program will in general be consistent with the cost sharing principles stated in Section 8 (Financial Principles and Procedures) of this SAC MOU. The proposed contribution will be subject to consideration and negotiation between the existing Participants and the candidate; it is the intent of the existing Participants that each acceding participant should reimburse existing Participants an appropriate share of acquisition and investment costs as agreed to by the SAC SB, in consultation with the NAM PB. It is the intent of the existing Participants that each acceding participant should enter the SAC Program with an annual commitment of at least 45 Flight Hours.
- 27.4 Participants seeking to change their individual share of the SAC Program will conform with procedures for new Participants as outlined in paragraph 27.3 of this Section.
- 27.5 Accession or changes of stated annual Flight Hours will be effected by an amendment to this SAC MOU, to be signed by all existing Participants and the acceding participant if applicable.
- 27.6 Accession or changes to declared Flight Hours will be effective from the date

of the last signature of the appropriate amendment to this SAC MOU.

### Section 28

#### Customs Duties, Taxes, and Similar Charges

- 28.1 Since the NAMP/NAM PO will enjoy the privileges of exemption from customs duties, taxes, and similar charges, within the territories of all the parties to the Ottawa Agreement, the Participants will perform SAC Program acquisitions, exports, imports, etc. through the NAMP/NAM PO.
- 28.2 Further to paragraph 28.1 of this Section, insofar as existing laws and regulations of the Participants permit, the Participants will endeavour to ensure that readily identifiable custom duties, taxes, and similar charges or quantitative/qualitative restrictions on imports and exports will not be imposed in connection with the SAC Program.
- 28.3 The Participants concerned will endeavour to ensure that such customs duties, taxes, and similar charges from which relief is available as foresaid do not enter into the price of Information or materials produced under the NAMP mission. The Participants will administer such taxes, customs duties, and similar charges in the manner most favourable to the satisfactory execution of the arrangements described in this SAC MOU.
- 28.4 In relation to the Participants other than the Host Nation, if customs duties, taxes, or similar charges are levied, they will be borne by the Participant of the country in which they are levied as a cost to that Participant over and above that Participants shared cost of the SAC Program.
- 28.5 In relation to the Host Nation, the exemption from customs duties, taxes, and similar charges necessary for the NAM PO to fulfil its tasks will be regulated by the Host Nation Agreement under terms no less favourable to the SAC Program than those provided for in this Section.

### Section 29

#### Settlement of Disputes

- 29.1 Any disputes regarding the interpretation or implementation of this SAC MOU will be resolved only by consultation among the concerned Participants and will not be referred to a national or international tribunal or other Third Party for settlement.

Section 30  
Amendment, Withdrawal, and Termination

- 30.1 This SAC MOU may be amended at any time by written consent of the Participants. An amendment will become effective in accordance with its provisions.
- 30.2 In the event that a Participant wishes to withdraw from this SAC MOU, the following procedures will apply:
- 30.2.1 Before giving formal notice of withdrawal, detailed consultations will take place among the Participants on the consequences of withdrawal and possibility of avoiding it or minimizing its consequences.
- 30.2.2 Any Participant withdrawing from this SAC MOU will inform all other Participants in writing of this intention not less than one year in advance of the date that the withdrawal will take effect.
- 30.2.3 Withdrawal from this SAC MOU means, *inter alia*, withdrawal from the NAMP if the Participant is not a signatory to another MOU associated with the NAMP. The withdrawal from NAMP will be subject to such conditions, consistent with the NATO regulations and the NSPO Charter, as the remaining nations and the withdrawing Participant agree. In appropriate cases, the remaining Participants will jointly submit a request to the NAC, through the Secretary General of NATO, to amend the NSPO Charter accordingly.
- 30.2.4 The SAC SB will consider and decide the arrangements to be made for the continuation and completion of this SAC Program to the satisfaction of all Participants.
- 30.3 The Participant withdrawing will meet in full all its responsibilities up to the effective date of withdrawal.
- 30.4 The withdrawing Participant will take all necessary actions within its control, as requested by the other Participants, to ensure that the SAC Program can be continued by the remaining Participants, in accordance with this SAC MOU.
- 30.5 All direct costs arising as a result of a withdrawal, including the costs of any Contract termination or modification caused by the withdrawal, will be borne by the withdrawing Participant, unless otherwise determined by the SAC SB. The remaining Participants will determine, in consultation with the withdrawing Participant, the most economical arrangement in this respect. However, the cost to the withdrawing Participant will not exceed its total commitment as set out in this SAC MOU, taking into account the amounts already contributed by the withdrawing Participant.

- 30.6 All Information and rights therein received under this SAC MOU in effect prior to the withdrawal will be retained by the Participants, subject to the terms of this SAC MOU in effect prior to the withdrawal.
- 30.7 This SAC MOU may be terminated at any time by the mutual and unanimous written consent of the Participants. Such termination will be upon the most economical terms. Upon dissolution of the NAMP by the NAC, the Participants will jointly meet the costs of termination, after consideration of any benefits derived from the sale of Assets, in accordance with the NSPO Charter and the Cost Shares as acquired specified in Table 1 (Acquisition Segment Cost Share) and Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU.
- 30.8 If this SAC MOU is terminated, the C-17 aircraft provided by the United States as a Non-financial Contribution will be returned to the United States using the procedures for disposal of assets in the NSPO Charter.
- 30.9 The respective benefits and responsibilities of the Participants regarding Section 10 (Third Party Sales and Transfers), Section 11 (Equipment and Material Transfers), Section 12 (NAMP Liability and Claims), Section 23 (Disclosure and Use of Information), Section 25 (Security Arrangements), Section 29 (Settlement of Disputes), and Section 30 (Amendment, Withdrawal, and Termination) of this SAC MOU, will continue to apply notwithstanding any amendment, withdrawal, termination, or expiration of this SAC MOU.

### Section 31 Final Provisions

- 31.1 All activities of the Participants under this SAC MOU will be carried out in accordance with their respective national laws and regulations, including their respective export control laws and regulations, with respect for international law and their international obligations.
- 31.2 This SAC MOU is not to conflict with national laws and regulations of the Participants or with international law and arrangements in effect. In case of conflict between this SAC MOU and national laws and regulations and/or international law and arrangements, the latter will prevail over this SAC MOU.
- 31.3 If a Participant becomes unable to fulfil the provisions of this SAC MOU, it will promptly notify the other Participants in writing. The Participants will immediately consult with a view to continuation eventually on a changed or reduced basis. If this is not acceptable to all Participants, then the provisions

of Section 30 (Amendment, Withdrawal, and Termination) of this SAC MOU will apply.

- 31.4 Nothing in this SAC MOU is intended to imply that Finland and Sweden may benefit from, or are bound by, the provisions of the Ottawa Agreement.
- 31.5 The responsibilities of the Participants under this SAC MOU will be subject to the availability of funds for such purposes.
- 31.6 This SAC MOU prevails over all other memoranda, arrangements, and documentation related to the NAMP mission. Where there is any inconsistency between documents, the provisions of this SAC MOU, as interpreted by the SAC SB, are authoritative.
- 31.7 Nothing in this SAC MOU will be perceived as an obligation of the Participants to take part in, or to assist in, any C-17 operation.

Section 32  
Industrial Participation

- 32.1 For those Participants that have a requirement for industrial participation, those Participants or their industries may establish arrangements with SAC Program Contractors regarding work outside the scope of this SAC MOU.
- 32.2 No requirement will be imposed by any Participant for industrial participation or other industrial or commercial compensation in connection with this SAC MOU that is not in accordance with this SAC MOU.

Section 33  
Effective Date and Duration

- 33.1 This SAC MOU which consists of a Foreword, thirty-four (34) Sections, and 2 Annexes, will be signed and approved by the Participants in accordance with their national processes.
  - 33.1.1 The total number of 3500 Flight Hours is comprised of 3165 declared Flight Hours and 335 contingency Flight Hours as described in subparagraph 8.10.15 of Section 8 (Financial Principles and Procedures) of this SAC MOU.
  - 33.1.2 This SAC MOU will remain in effect until September 22, 2038. The duration may be amended by consent of the Participants through amendment according to Section 30 (Amendment, Withdrawal, and Termination) of this SAC MOU.

- 33.2 The Cost Shares for each Participant will not exceed those listed in Table 1 (Acquisition Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU for the Acquisition Segment and Table 2 (Operations Segment Cost Share) of Annex B (Financial Matters) to this SAC MOU for the Operations Segment. The Acquisition Segment cost share of the U.S. DoD Participant will not change; however, should additional Participants join this SAC MOU, the other Participants' Cost Shares will be recalculated, and the additional Participants will join the SAC Program with the same rights and responsibilities as if they had been Participants in this SAC MOU as of the date the original SAC MOU entered into effect (September 23, 2008).

#### Section 34

#### Language, Copies, and Signature

- 34.1 The official language for the SAC Program is English.
- 34.2 This SAC MOU is signed in one original. The U.S. DoD Participant will provide certified true copies to each Participant and will serve as a repository to hold the original document.

**ANNEX A**  
**SAC Program History**

Time (T)	Action
September 23, 2008	SAC MOU entry into effect.
October 1, 2008	NAMO established.
October 3, 2008	NAMO GM appointed.
October 6, 2008	HAW ADVON (Advanced Echelon) in place.
October 27, 2008	Participants' personnel billets established; initial cadre in place.
November 14, 2008	LOA signature with obligation authority (funds deposited); and MOB infrastructure construction commences.
July 2009	Essential MOD Infrastructure projects complete.
July 2009	U.S. C-17 Non-financial Contribution delivered (limited operational capability).
July 2009	HAW activated.
September 2009	1 <sup>st</sup> FMS C-17 aircraft delivered (limited operational capability).
October 2009	2 <sup>nd</sup> FMS C-17 aircraft delivered (limited operational capability).
June 2010	Phase I operational capability (limited troubleshooting, limited support equipment and spares).
August 2010	Phase II operational capability (home station check capability, more robust troubleshooting, with more support equipment and spares available).
April 2011	Phase III operational capability (most support equipment and spares available, self-sufficient support capability).
October 2011	SAC MOU Amendment One entry into effect.

November 2012	Full Operational Capability (FOC).
2014 and 2015	1 <sup>st</sup> FMS C-17 aircraft heavy maintenance
On a 5-year cycle	FMS C-17 aircraft heavy maintenance.
2016	LAIRCM installation.
2016	Hangar-complex at Papa Air Base available.



ANNEX B  
FINANCIAL MATTERS

<b>SAC PROGRAM</b> <i>BY 2007 USD in Millions</i>	<b>COST TARGET</b>	<b>COST CEILING</b>
<b>Total Acquisition Segment</b>	<b>\$1,083.940</b>	<b>\$1,139.525</b>
<i>(SAC MOU para 8.3.1 / 8.1.1)</i>		
Cash		
FMS Aircraft Procurement	\$497.562	
FMS Support Case	\$324.190	
Beddown Costs - Papa AB, Hungary	\$13.406	
In kind		
FMS Aircraft in kind (1 aircraft)	\$248.782	
<b>Annual Operations Segment</b>	<b>\$133.159</b>	<b>\$159.288</b>
<i>(SAC MOU para 8.3.2 / 8.1.2)</i>		
Fixed Costs		
FMS Follow-on Support Case	\$64.388	
Mission Personnel*	\$14.965	
Indirect Support	\$2.030	
Papa AB Facilities Recurring	\$1.007	
Training	\$5.165	
Major Modifications	\$4.000	
Certification & Registration	\$0.207	
TCTO / Maintenance	\$3.000	
NAMO Administrative Costs	\$13.503	
Variable Costs		
Consumable Supplies	\$0.653	
Fuel	\$15.222	
DLR (Depot Level Repairable)	\$0.385	
Air-to-Air Refueling	\$3.793	
Overhead	\$0.746	
Airport Services	\$4.095	
<b>Optional Follow on Investment</b>	<b>\$27.980</b>	<b>\$30.574</b>
<i>(SAC MOU para 8.3.3 / 8.1.3)</i>		
Simulator	\$26.840	
Simulator facility	\$1.140	
<b>SAC MOU</b>		
Acquisition Segment	<b>\$1,083.940</b>	<b>\$1,139.525</b>
Operations Segment (26 years)	<b>\$3,462.134</b>	<b>\$4,141.488</b>
Simulator Option	<b>\$27.980</b>	<b>\$30.574</b>
<b>TOTAL SAC MOU</b>	<b>\$4,574.054</b>	<b>\$5,311.587</b>
<b>*UNIT MANNING DOCUMENT</b>		
Mission Personnel Billets	129	155
Mission Personnel Cost Estimates	\$14.965	\$17.958

**Table 1**

**Acquisition Segment Cost Share**

Nation	Declared Flight Hours	Acquisition Segment Cost Share
Bulgaria	65	2.0015%
Estonia	45	1.3857%
Finland	100	3.0793%
Hungary	50	1.5396%
Lithuania	45	1.3857%
Netherlands	500	15.3965%
Norway	400	12.3172%
Poland	150	4.6189%
Romania	200	6.1586%
Slovenia	60	1.8476%
Sweden	550	16.9361%
United States	1000	33.3333%
Total*	3165	100.0000%

\* Assumes 1000 flight hours per aircraft.

U.S. will provide one aircraft equivalent.

Cost shares adjusted to account for the 33.3% U.S. share.

**Table 2**

**Operations Segment Cost Share**

Nation	Declared Flight Hours	Operations Segment Cost Share
Bulgaria	65	2.0537%
Estonia	45	1.4218%
Finland	100	3.1596%
Hungary	50	1.5798%
Lithuania	45	1.4218%
Netherlands	500	15.7978%
Norway	400	12.6382%
Poland	150	4.7393%
Romania	200	6.3191%
Slovenia	60	1.8957%
Sweden	550	17.3776%
United States	1000	31.5956%
Contingency FH	335	0.0000%
Total*	3500	100.0000%

\* Total variable costs will be assigned based upon actual hours flown.

Table 3  
Cost Share by Category

	Acquisition Segment Cost Share (Table 1)	Operations Segment Cost Share (Table 2)	Actual Flight Hours
<b>Acquisition Segment</b>			
FMS Aircraft Procurement	X		
FMS Support Cases (includes LAIRCM)	X		
Beddown Costs – Papa AB, Hungary (includes SAC Complex Hangar)	X		
<b>Operations Segment</b>			
Fixed Costs			
FMS Follow-On Support Cases (includes LAIRCM)		X	
Mission Personnel		X	
Indirect Support		X	
Papa AB Facilities Recurring (includes Hangar Complex)		X	
Training		X	
Major Modifications		X	
Certification & Registration		X	
TCTO / Maintenance		X	
Administrative Costs		X	
Variable Costs			
Consumable Supplies			X
Fuel			X
DLR (Depot Level Repairable)			X
Air-to-Air Refueling			X
Overhead			X
Airport Services			X
<b>Optional Follow-on Investment</b>			
Simulator		X	
Simulator Facility		X	
<b>Optional Follow-on Operations</b>			
Simulator Recurring Costs		X	
<b>Others outside of Operations Cost Segment</b>			
AIF		X	

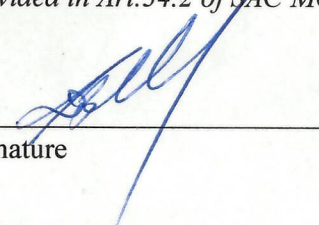
## **SIGNATURE AND EFFECTIVE DATE**

This Amendment Two to the SAC MOU will be signed in one original and transmitted to the U.S. DoD Participant as the SAC MOU repository. This Amendment Two to the SAC MOU will become effective on the date that the U.S. DoD Participant has duly notified all Participants that the Amendment Two to the SAC MOU has been signed and approved by all Participants in accordance with their respective national procedures. The U.S. DoD Participant will provide certified true copies to each Participant.

**AMENDMENT TWO TO THE SAC MOU**

FOR THE MINISTRY OF DEFENCE OF THE REPUBLIC OF BULGARIA

*NOTE: The Amendment Two to the Memorandum of Understanding concerning Strategic Airlift Capability will enter effect after ratification by the National Assembly of the Republic of Bulgaria. The Ministry of Foreign Affairs of the Republic of Bulgaria will notify the Repository in writing as provided in Art.34.2 of SAC MOU Amendment 2.*

  
\_\_\_\_\_  
Signature

ZAPREANOV

Name

Deputy Minister of Defence

Title

01.09.2015

Date

Sofia, Bulgaria

Location

AMENDMENT TWO TO THE SAC MOU

FOR THE MINISTRY OF DEFENCE OF THE REPUBLIC OF ESTONIA

  
Signature

JÜRI LUIK  
Name

MINISTER  
Title

18. 12. 2020  
Date

TALLINN, ESTONIA  
Location

## AMENDMENT TWO TO THE SAC MOU

FOR THE MINISTRY OF DEFENCE OF THE REPUBLIC OF FINLAND

*Caveat: All Classified Information exchanged or generated in connection with this SAC MOU will be used, transmitted, stored, handled, and safeguarded in accordance with the Participants' applicable national security laws and regulations, to the extent that they provide a degree of protection no less stringent than that provided for NATO Classified Information as set forth in the document C-M(2002)49 (Security within the North Atlantic Treaty Organization), and its subsequent amendments. The Finnish Participant will apply national security rules and regulations and relevant bilateral security arrangements, including Security Agreement between Finland and North Atlantic Treaty Organization and Administrative Arrangement for the Protection of Classified Information Exchanged between the Government of the Republic of Finland and the North Atlantic Treaty Organization. Finnish Participant will apply security arrangements contained by the SAC MOU and SAC PSI as far as the national laws and regulations permit.*



\_\_\_\_\_  
Signature

Timo Kakkola

Major General,

Deputy Chief of Staff,

Logistics and Armaments,

Finnish Defence Forces

22/09/2020

\_\_\_\_\_  
Date

Helsinki, Finland



**AMENDMENT TWO TO THE SAC MOU**

FOR THE GOVERNMENT OF HUNGARY

*Tibor Benkő*

Signature



Dr. Tibor BENKŐ

Name

Minister of Defence of Hungary

Title

09<sup>th</sup> March 2021

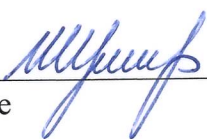
Date

Budapest

Location

**AMENDMENT TWO TO THE SAC MOU**

FOR THE MINISTRY OF NATIONAL DEFENCE OF THE REPUBLIC OF LITHUANIA

Signature 

Brigadier General Mindaugas STEPONAVIČIUS

Name

Chief of Defence Staff, Lithuanian Armed Forces

Title

15-12-2021  
Date

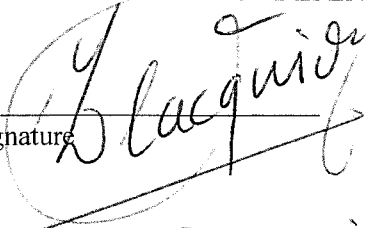
Vilnius

Location

**AMENDMENT TWO TO THE SAC MOU**

FOR THE MINISTER OF DEFENCE OF THE KINGDOM OF THE NETHERLANDS

Signature



Name

BLACQUIÈRE

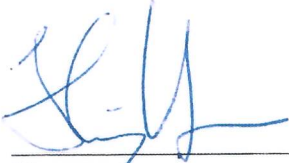
BRIGADIER GENERAL  
Title DIRECTOR  
INTERNATIONAL MILITARY  
COOPERATION

Date 26 - 10 - 2020

The HAGUE  
Location

**AMENDMENT TWO TO THE SAC MOU**

FOR THE MINISTRY OF DEFENCE OF THE KINGDOM OF NORWAY

  
\_\_\_\_\_  
Signature

Henning Vaglum  
\_\_\_\_\_  
Name

Director General  
\_\_\_\_\_  
Title

9. NOV 2020  
\_\_\_\_\_  
Date

Oslo  
\_\_\_\_\_  
Location

FOR THE MINISTER OF NATIONAL DEFENCE OF THE REPUBLIC OF POLAND

  
\_\_\_\_\_  
Signature

**Mariusz BŁASZCZAK**  
\_\_\_\_\_  
Name


**the Minister of National Defence  
of the Republic of Poland**  
\_\_\_\_\_  
Title

*14<sup>th</sup> December 2020*  
\_\_\_\_\_  
Date

**Warsaw**  
\_\_\_\_\_  
Location

AMENDMENT TWO TO THE SAC MOU

FOR THE GOVERNMENT OF ROMANIA

  
Signature

CIUCA' NICOLAE-IONEL  
Name

Minister of National Defense of Romania  
Title

29 OCT. 2020  
Date

Bucharest/Romania  
Location

AMENDMENT TWO TO THE SAC MOU

FOR THE MINISTRY OF DEFENCE OF THE REPUBLIC OF SLOVENIA

Anže Rode  
Signature



Anže RODE  
Name

BRIGADIER DCOS Support, General Staff of Slovenian Armed Forces  
Title

June 16<sup>th</sup>, 2021  
Date

Ljubljana  
Location

Zaveden IRDG : št. 5M-70/2020-17

AMENDMENT TWO TO THE SAC MOU

FOR THE GOVERNMENT OF THE KINGDOM OF SWEDEN



\_\_\_\_\_  
Signature

Peter Göthe

\_\_\_\_\_  
Name

Deputy Director-General, Head of Department for Capability and Operations

\_\_\_\_\_  
Title

September 27, 2021

\_\_\_\_\_  
Date

Stockholm

\_\_\_\_\_  
Location



**AMENDMENT TWO TO THE SAC MOU**

FOR THE DEPARTMENT OF DEFENSE OF THE UNITED STATES OF AMERICA

  
\_\_\_\_\_  
Signature

JAMES A. DUNN, SES, DAF  
\_\_\_\_\_  
Name

Director of Policy and Programs  
International Affairs  
\_\_\_\_\_  
Title

19 Aug 2020  
\_\_\_\_\_  
Date

Washington, D.C.  
\_\_\_\_\_  
Location