

North Atlantic Treaty Organization (NATO)

Handbook on Aims

Organization and Working Procedures for the CNAD

Group of National Directors on Codification

(HoA AC/135)



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PREFACE

This Handbook on Aims, Organization and Working Procedures (HoA) provides Chairpersons and Members of NATO AC/135 – Group of National Directors on Codification (GNDC) and its subordinate working groups with the principles, procedures, structure, relationships and output governing their operation. It is based on agreed NATO policy, interpretation, or common practice.

The HoA is a living document which will be updated as necessary. Proposals for amendments and additions should be forwarded to the Secretary AC/135 for consideration in future updates.

1. INTRODUCTION

1.1. Background

101. At its meeting on 5 December 1957 (ref. C-R(57)74, item III), the North Atlantic Council (NAC) recognised the importance of NATO Codification as an essential tool in the logistics environment and decided to “set up a Committee on the Codification of Equipment”. This is the official birth date of the NATO Codification System (NCS).

102. Based on this decision, in 1958, NATO established the NCS as the NATO Allied Committee AC/135. The first “Panel on the Codification of Equipment” – today’s “Main Group of AC/135” – was held between 27 and 29 May 1958 (ref. AC/135-R/1). Although the original basis for the NCS was the US Federal Catalog System (FCS) this has now become an independent entity in its own right.

103. The NCS

- is based on the Standardization Agreements (STANAG) used by the Armed Forces of the NATO countries, as well as those AC/135 sponsored countries who have agreed to adopt these agreements in the course of their work within the AC/135;
- is designed to support military logistics operations and processes in both national and international environments in an effective and efficient way.

104. By producing unique NATO Stock Numbers (NSN) for materiel based on the “one item of supply-one number” principle, the NCS plays an important role in the international military logistics concept of all member nations of the NCS (both NATO and non-NATO countries). Major elements of the NCS are the organisational structure, the collective national codification information systems that manage NSNs and the equivalent national working procedures, which together form the NCS.

105. The NCS organisational framework ensures optimal international coordination between nations applying NCS disciplines as the basis of their national military logistics concepts.

2. ORGANISATION

2.1. Main Group (MG)

2.1.1. Composition of MG

201. The MG of AC/135 is the governing body of the GNDC and comprises the Directors of Codification Bureaux from all NATO and Sponsored countries, as well as representation from the NATO Support and Procurement Agency (NSPA).

2.1.2. Reporting obligation

202. The MG itself reports, through the Chairperson MG¹, to the NATO AC/259 – the Conference of National Armaments Directors (CNAD).

2.1.3. MG tasks

203. MG tasks cover a range of management activities. The main aspects (although not all are mentioned) are detailed below. It is at MG's discretion to define and initiate activities that are considered beneficial to the NATO Codification community.

204. MG tasks include:

- a. Maximising the efficiency and effectiveness of logistics data and systems to:
 - (1) enhance operations,
 - (2) avoid duplication of effort and resources, and
 - (3) to enhance the effectiveness of the NATO and Allied forces by providing a basis for interoperability.
- b. Management of the policy-making process (design, establishment and maintenance of policy) to enable effective and efficient codification as a basis for logistics support.
- c. Ensuring the core tasks of the NCS with its annual budget, which includes annual budget development, oversight and reporting to CNAD.
- d. Responsibility for all publications and web-services under the headline of AC/135.
- e. Monitoring international technical developments in general, and Automatic Data Processing (ADP) domain in particular, for possible enhancement of the NCS.
- f. Coordination of activities and evaluation of performances of the NCS to ensure its optimal technical and procedural condition and to guarantee the required level of quality for exchange of logistics data referring to the Quality Charter ([ANNEX VIII](#)).
- g. Development and initiation of appropriate measures and activities to stimulate co-operation with non-NATO nations, thus facilitating their participation in the NCS. Contacts on any level will be promoted. Workshops, symposia, seminars, supporting programmes (Sponsorship), special assistance etc. will be initiated to achieve the objective.

¹ Acting as 'Chairperson AC/135' when representing the GNDC externally.

Releasable to PFP, MD, ICI and PAG nations

- h. Evaluation and monitoring of objectives of the Management Plan in terms of topicality, to ensure that its mission is on track, milestones will be achieved in respect of quality and time aspects, and corrective actions will be taken when necessary.
- i. Creation of Subgroups, when deemed necessary, to assist or advise MG in particular situations. MG will monitor and control its Subgroups by means of devices such as the Terms of Reference (ToR), Statement of Work (SOW), etc. In the case of the establishment of Subgroups, MG can assign appropriate levels of responsibility to these bodies to optimize decision-making processes, especially in issues such as codification data elements, procedures and documentation. Nevertheless, this does not affect the overall responsibility of the MG and in all cases, (and in particular where there is no consensus to a special topic in a subgroup), MG is responsible for the final decision.

It is critical to note that in the event of a decision being reached at MG, consensus amongst NATO members cannot be broken by non-NATO members.

- j. Monitoring and updating the Memorandum of Understanding (MoU) with NSPA, including the annual review of the tasks to be performed under the MoU.

2.1.4. Terms of Reference (ToR)

205. The AC/135 ToR define the area of responsibility, the mission, the tasks, the composition and organization, and the method of work of AC/135. They are stipulated in [ANNEX I](#).

2.2. Subordinated bodies of AC/135

2.2.1. Types of subordinated bodies and prerequisites

206. In order to assist GNDC in accomplishing its mission, MG is able to establish:

- a. **SUBGROUPS, which** are permanent subordinate bodies
 - Only MG is able to set up Subgroups;
 - Subgroups are led by a chairperson; the chairperson reports directly to the MG;
 - Prerequisite for the establishment of a Subgroup are approved ToR (area of responsibility, mission, tasks, composition and organization, method of work) which are raised at the start of a Subgroup's operation and subject to MG approval before the official start.

Note: Consensus is the basic principle of decision-making in NATO and therefore in AC/135 (see 4. Procedures). The decision-making body of AC/135 is the Main Group. However, it is important for the work in the Subgroups that the consensus principle is also applied there. The silence procedure is an established concept in NATO and can only be used by NATO countries. Subgroups are encouraged to seek consensus in their actions. To avoid misuse of the term "silence procedure", the following terms should be used, as this involves all members, regardless of status: "BSC consensus", "Panel A consensus", "TSWG consensus". If there is no consensus in a Subgroup, the next higher group may need to be involved. As a final step, the MG decides by consensus and/or silence.

- b. **TASK GROUPS, which** are non-permanent subordinate bodies
 - MG and Subgroups are entitled to set up "Task Groups";

- The chairperson of the MG or responsible Subgroup will be in charge of clearly defining a problem or project, determining membership, establishing milestones and setting completion dates for a “Task Group”;
- A “Task Group” is led by a “coordinator”; the coordinator reports directly to the Chairperson of the tasking level.

2.2.2. Funding of travel expenses of Chairpersons and Coordinators

207. In principle, no one is entitled to receive a refund of their travel expenses if they travel to meetings in which they are already permanent members.

208. The following exceptions to this rule can be applied for approval:

- a. Chairperson MG or designated representative of AC/135 reporting at CNAD;
- b. Chairperson MG or designated representative of AC/135 representing AC/135 outside our community;
- c. Chairpersons or Coordinators of “Subgroups” and “Task Groups” reporting to Main Group, if they are not already permanent members in MG;

2.2.3. Budget and Strategic Planning Sub-Committee (BSC)

209. BSC is a permanent **SUBGROUP** that has been set up to advise AC/135 on issues related to the AC/135 strategic and budgets matters.

210. BSC is reportable to the MG. Chairperson BSC shall report on its activities and the recommendations of the BSC at every MG meeting.

211. The approved ToR of the BSC are contained in [ANNEX II](#).

2.2.4. Panel A

212. Panel A is a permanent **SUBGROUP** that assists MG with the implementation of the codification policy from a technical perspective. It advises MG on technical issues.

213. Panel A is reportable to MG. Chairperson PANEL A shall report on its activities and the recommendations of the PANEL A at every MG meeting.

214. The approved ToR of Panel A are contained in [ANNEX III](#).

2.2.5. Transformation Steering Working Group (TSWG)

215. TSWG is a permanent **SUBGROUP** that acts as research and project execution group. Furthermore, it also deals with the further development of NCS tools and complex technical topics requiring the advice of industry. Its purpose is to make recommendations to MG but is not authorized to make decisions.

216. TSWG is reportable to the MG. Chairperson TSWG shall report on its activities and the recommendations of the TSWG at every MG meeting.

217. The approved ToR of TSWG are contained in [ANNEX IV](#).

3. PARTICIPANTS

3.1. Duties of Representatives

3.1.1. Representatives of the National Codification Bureau (NCBRep)

301. Cooperation and communication are essential for the joint success of AC/135. It is therefore important that NCB Directors and NCBReps actively participate in the AC/135 community in order to best ensure and further develop the common mission. Duties of the Directors and NCBReps of all member countries are

- a. to represent national views at the group meeting, to bring their expertise to the discussions and/or to advise on accessible national expertise. If their country cannot be represented at a forthcoming meeting they are required to advise the secretary of AC/135 in advance of the meeting;
- b. to participate in discussions with the aim of establishing an agreed position in the interest of achieving cooperation. Members should come to meetings fully briefed and prepared to present co-ordinated national views, as well as those of interested civilian agencies or departments, if such views are pertinent to the discussions;
- c. to be prepared to support the work of the group through the allocation of national resources, provide Chairpersons, prepare, present or become publication custodians and undertake inter-group liaison and terminology tasks where possible;
- d. to co-ordinate and to furnish national documents on items listed in the meeting agenda;
- e. to approve on behalf of their country decisions made by the group and the publications prepared by the group.
- f. to represent the views of the AC/135 in their home countries and present the views of the international codification environment in matters of national logistics discussions.

3.1.2. NSPA Representatives

302. The representatives of NSPA participate in a full capacity on all subjects related to the tasks assigned to NSPA based on the NSPO Agreement No. 1901² between AC/135 and NSPO, and on all matters related to NSPA execution of tasks associated with the operation of the NATO Codification System on behalf of all NATO agencies. They also participate in a consultative capacity on all other subjects.

303. NSPA has to give account of the use of the staff on an annual basis during the spring MG, funded by AC/135. This also includes assessing staff capacity so that timely action can be taken by MG. The accountability report forms the basis for the annual "Programme of Work" (PoW).

3.1.3. Chairperson MG

304. The Chairperson MG will preside over all meetings of the MG and:

- a. acts as the official spokesperson of the MG;

² "Memorandum of Understanding (MoU) between AC/135 Group of National Directors on Codification and NATO Support and Procurement Agency concerning NSPA Services in Support of the NATO Codification System"

- b. ensures that decision sheets accurately reflect the outcome of the discussions;
- c. is responsible for progress reports to CNAD

305. The Chairperson MG is directly responsible to the GNDC and will represent the views of AC/135 at formal meetings, informal discussions or in correspondence with NATO and other authorities in relation to all aspects of NCS business.

306. The Chairperson MG will be the official representative of AC/135 at the bi-annual CNAD Plenary meetings and the preparatory Main Group Forum³ (MGF) and will engage with CNAD members and other NATO authorities, as necessary, to promote or present AC/135 and NCS requirements and reports back to MG about the results. In their absence, the Chairperson MG is represented in first priority by the Chairperson of BSC and in second priority by Shadow BSC Chairperson (see [ANNEX II](#)). The representative will act on behalf of the Chairperson MG or represent AC/135 at meetings.

307. The Chairperson MG shall report on all activities at every MG meeting. Regarding all reported topics Chairperson MG must consider the level of classification ("NATO UNCLASSIFIED" up to "NATO SECRET") of the single information. In special cases, a "NATO Only" meeting may be convened although as much information as can be released within the confines of the organisation can be given to the non NATO members.

308. As a matter of routine, the Chairperson MG will seek the views or agreement of National Directors on Codification on any particular issue prior to a formal response to NATO or other authorities. However, if an urgent reply is required and timescales would preclude prior consultation with National Directors on Codification, the Chairperson MG will act on behalf of AC/135 but advise National Directors on Codification as soon as possible of their actions and seek endorsement as necessary.

3.1.4. Chairperson of a Subgroup

309. The Chairperson of a Subgroup will preside over all meetings of the Subgroup and:
- a. acts as the official spokesperson of the Subgroup;
 - b. ensures that the minutes accurately reflect the outcome of the discussions;
 - c. is responsible for progress reports to the Main Group.

3.1.5. Coordinator of a Task Group

310. The Coordinator of a Task Group will preside over all meetings of the Task Group and:
- a. acts as the official spokesperson of the Task Group;
 - b. ensures that the minutes accurately reflect the outcome of the discussions;
 - c. is responsible for progress reports to the authority the Task Group is subordinated to.

³ MGF is the meeting of the Chairpersons of the subordinated groups and steering committees of CNAD

3.2. Sponsorship Programme

3.2.1. General

311. AC/135 provides the opportunity for non-NATO countries to participate in the NCS through its Sponsorship Programme.

312. Requests for Sponsorship need to be unanimously agreed by all NATO countries and coordinated with CNAD/NATO HQ.

313. Sponsored countries are required to set up a single National Codification authority, as well as utilise the principles and procedures of the NCS when dealing with other members of the NCS. The detailed procedures of the AC/135 Sponsorship Programme can be found in Chapter I of ACodP-1.

314. Tier 2 and Tier 1 Sponsored countries are required to participate at all meetings of MG and Panel A. Due to the subject matter, the Chairperson MG may, at their discretion, convene a NATO Only assembly during the MG meeting.

3.2.2. NATO Partnership programmes⁴

315. On direction of CNAD, AC/135 has developed a number of initiatives to encourage and enhance better contacts with countries belonging to the following partnership programmes of NATO:

- Partnership for Peace (PfP),
- Mediterranean Dialogue (MD),
- Istanbul Cooperation Initiative (ICI) and the
- Partners across the globe (PAG) programme.

316. AC/135 encourages formal sponsorship. However, any approval or rejection of an application by a country of these partnership programmes is finally a political decision and must be approved by the CNAD. The sponsorship can also be suspended (ACodP-1, Chapter I) at any time due to, among other things, a political decision by the CNAD.

3.2.3. BASELOG

317. The assistance offered to all of the sponsored countries is formulated in the BASELOG Programme. BASELOG is a wide-ranging offer of assistance in the form of codification services, consultancy, training, data products and other services based on a cost recovery basis. The detailed procedures of the BASELOG Programme can be found in Chapter I of ACodP-1.

3.3. AC/135 meeting regulations

3.3.1. Location and interpreter

318. The default location for most meetings of AC/135 is at the NSPA in Capellen (LUX). MG and Panel A meetings are conducted bilingually in English and French. NSPA is responsible for interpretation services and equipment in Capellen (LUX). However, BSC, TSWG and other

⁴ Source: <https://www.nato.int/cps/en/natohq/51288.htm>

The partnerships with Afghanistan, Belarus and Russia are currently suspended following North Atlantic Council decisions related to the security environment.

Subgroups are conducted only in English. Task Groups are free in their decision on the meeting language.

319. For meetings outside of Capellen (LUX) MG approval is required due to additional costs to the AC/135 budget for the required travels of NSPA staff (for MG and Subgroups), as well as interpreters (MG and Panel A).

- MG or Panel A:
 - Upon request approved by MG, a MG or Panel A meeting can be conducted in a volunteer host country.
 - The volunteer host country's application should be submitted to the MG at least twelve (12) months before the MG or Panel A meeting in question is held.
 - The volunteer host country must ensure that the MG or Panel A meeting can be held bilingually (conference and interpretation equipment at the host's own costs). Interpreters will be provided by NSPA at the budget expense of AC/135.
- BSC, TSWG and other approved Subgroups:
 - Upon a request to MG, a BSC, TSWG or other approved Subgroup meeting can be conducted in a volunteer host country.
 - The volunteer host country's application must be submitted to the MG at least six (6) months before the meeting in question is held.
 - No special conference or interpretation equipment is needed.
- Task groups:
 - A task group will usually meet virtually. Financial support for these meetings is not generally provided unless a justified business case can be provided to MG.

3.3.2. Limits of participation

3.3.2.1 Rules concerning attendance in MG and Subgroups

320. Member countries of AC/135 are requested to participate in person and actively attend AC/135 meetings.

321. Participation in MG and all Subgroups is:

- limited to a maximum of two (2) delegates per NATO and Tier 2 member countries.
- limited to a maximum of one (1) delegate per Tier 1 member country (observer status).

3.3.2.2 Requests for exceptions concerning attendance

322. Requests for exceptions to these rules must be submitted by the requesting member country to the responsible chairperson for approval at least 30 days in advance of the meeting. The chairperson shall decide in first priority according to relevance and in second priority according to receipt of the request. However, there is no guarantee that a request will be approved. Examples of this include, but are not limited to:

- additional delegates for Tier 2 signing,
- first time attendee at an AC/135 meeting,

- hosting nations wishing to expose their team to the process.

3.3.2.3 Participation of Chairpersons

323. Chairpersons of Subgroups, who are obliged to report to the MG, will not count as delegates of the country quota. Their participation is self-evident. Nations that are chairing a meeting may have 2 delegates in addition to the Chairperson.

3.3.2.4 National representatives and spokespersons

324. The National Director on Codification is recognised by the AC/135 as the official representative for MG. The National Director on Codification can designate a spokesperson on their behalf such as when there is a language barrier and when the representative is more knowledgeable on a topic. However, the rules outlined above regarding the maximum of delegates must be considered.

325. The National Director on Codification will identify their official representatives taking part in Subgroups.

3.3.3. Consultants

326. Where an NCB has hired a consultant to assist their NCB, a number of rules are applied. This is primarily to safeguard the AC/135 where private companies also employ these same consultants in matters of NCS work. Such a conflict of interest would provide an unfair advantage to such a company where their consultant attends any meetings within the scope of AC/135, unless there is a special need (see #331) or explicit demand according to the ToR of the meeting concerned.

327. NATO rules preclude the supporting of one country's contractor base over others. Therefore, National Directors on Codification are required to ensure that their consultants complete a "Conflict of Interest" form to identify any affiliation with companies that have had a past or present engagement with an NCB or AC/135.

328. Furthermore, AC/135 requires that National Directors on Codification do not bring individuals with these affiliations to the AC/135 meetings unless previously agreed upon at least 45 days in advance of the meeting

- with the Chairperson MG for MG or
- between the Chairperson MG and the Chairperson subgroup for a subgroup.

329. If the application is not submitted in time, the consultants will be excluded from the meeting at short notice without giving further reasons.

3.3.4. Conflict of Interest Policy

330. It is vital that AC/135 and its members remain impartial and objective in their role as arbiters of the NCS. Accordingly, it is critical that there is no perception of actions being taken in personal, commercial or national interest over that of the wider interests of the alliance of nations in AC/135.

331. It is recognised that this does not affect discussions on AC/135 policy matters where member countries are of course expected to articulate national perspectives and implications of decisions, to reach the best outcomes.

332. All member countries and their representatives are required to provide notification, to the Chairpersons of BSC and MG, the full disclosure of any previous, current or future interests in commercial, national and financial interests that could be construed as not being for the collective benefit of AC/135 - whether as fact, or purely upon presentation.

333. Participants in AC/135 may not promote a given industry partner, vendor or consultant, nor their products or their services. In such an occurrence, the Chairperson reserves the right to suspend a delegate/delegation from AC/135 and to write to the National Armament Director of the country in question, their sponsor or other authority.

3.3.5. Industry

3.3.5.1 Basic principles

334. The inclusion of industry in discussions within the AC/135 community has the potential to provide access to research on new technologies, technical advancements, industry standardization practices and to a deeper technical understanding of many aspects of codification than might otherwise not be available. Industry is also able to provide information on hardware, software or services that will benefit NCBs and AC/135 as a whole.

335. Whilst industry participation is an opportunity to be embraced, AC/135 is required to manage the risk that this presents to ensure that intellectual property aspects and commercial interests are duly considered and that equal & impartial treatment of industry is achieved.

336. The TSWG is AC/135's main interface with industry. The TSWG mandate is to assess the different stakeholders' perspectives in order to analyse and to advise on the future direction of the NCS.

3.3.5.2 Types of Industries

337. Participation by concerned industry can be divided into four categories:

1. Codification Software Providers, i.e. private companies holding active contracts with one or more NCBs or countries;
2. NCB Codification contractors employed via a private company rather than directly by the NCB / Government (e.g. ESP, GBR);
3. Consultants employed by an NCB to assist in its establishment or operation (i.a.w. para 3.3.4.).
4. Industry representatives working for companies of any other type than types mentioned above.

3.3.5.3 Attendance

338. All types of industry (i.a.w. para 3.3.5.2) can be invited to take part in any meetings on demand of the relevant Chairperson.

339. An NCB may also wish to request that a Codification Contractor attend a meeting to discuss / address specific topics when invited to do so. In this case, the NCB must approach the relevant Chairperson MG or Subgroup in first instance and at least 45 days in advance of the meeting to be attended.

340. Representatives of industry (i.a.w. para 3.3.5.2) may also wish to participate in any meetings of AC/135. In this case, industry must approach the relevant Chairperson MG or Subgroup in first instance and at least 45 days in advance of the meeting to be attended.

341. Industry participation is always subject to the approval of both the Chairperson of the relevant Subgroup and the Chairperson MG.

342. The Chairperson of the relevant Subgroup is responsible for providing the request to the Chairperson MG as soon as possible. The request must contain details on the industry to be invited, the topics concerned and a reasoning on why this industry participation is needed.

343. The invitation of industry must always be limited to specific agenda items, as identified by the relevant Chairperson and approved by the Chairperson MG. Industry representatives are not allowed to attend the parts of the meeting dealing with administrative, internal or official matters not specific to the discussion topics for which they have been invited.

344. As Chairpersons may not be aware of all business relations inside an individual country, the director of the NCB of the industry home nation may be required to assist with verification of the participation in the meeting.

345. All members (whether in attendance or absent) of the concerned group of AC/135 must be made aware of industry's presence in a meeting and of the purpose of their engagement in order to allow for the prior resolution of any issues.

346. The Chairperson MG will always keep the GNDC informed about current industry participation in the meetings.

3.3.6. Symposiums and other events

347. AC/135 organizes forums for all other types of industry on an ad hoc basis. In general, such symposiums are open to all industry. Topics at these symposiums should specifically target industry interests and concerns, including adaptation to industry standards and understanding the benefits of codification.

348. Wherever possible, forums should be planned for a long term, as additional costs are incurred.

3.4. Secretarial Support

3.4.1. Secretary and Secretarial Support Functions

349. In accordance with the terms of the Memorandum of Understanding (MoU), the NATO Support and Procurement Agency (NSPA) will provide secretarial support to the AC/135 concerning management of documentation and administrative arrangements for meetings.

4. PROCEDURES

4.1. Principles

4.1.1. Deadlines before a meeting

401. To enable the workload of AC/135 to be executed effectively, time constraints must be observed.

- Six (6) weeks prior to the meeting:
 - New Actions have to be submitted at least six (6) weeks prior to meetings to enable adequate national consideration;
- Two (2) weeks before the closing of the agenda:
 - Relevant documents for running action items to be published for co-review after the decision of the previous meeting must be published at least two (2) weeks before the closing of the agenda. This is the only way to ensure adequate co-review by the members;
- Two (2) weeks prior to the meeting:
 - The agenda for scheduled AC/135 meetings will normally be closed two (2) weeks before the actual meeting unless special requests have been submitted, before closure, to allow the delivery of critical items of information
 - Comments on agenda items should be submitted until this point of time. A later publication is then no longer possible;
- Availability of briefings and documents for action items:
 - All briefings should be made available in advance of the closing of the agenda so that the participants can adjust to the content. Only then a goal-oriented discussion of the content is possible during the next meeting.
- Action items:
 - All Action items require appropriate deadlines for completion and the nations, which have to deal with the content in first instance should be clearly identified.

4.1.2. Proposals

402. Proposals for examination and discussion by AC/135 may be presented by:

- AC/135 NATO countries;
- AC/135 Sponsored countries;
- NSPA;
- NATO Commands and other NATO Authorities/Agencies;
- NATO International staff.

403. Proposals should:

- clearly be defined by submitting country for open examination and discussion at AC/135 meetings;
- clearly state the facts of the problem, including sufficient details to enable full comprehension;

- where a matter of financial interest is submitted, all appropriate financial models, business cases, budget impact statements, etc. must be submitted by the proposer in support of their proposal;
- indicate the level of priority;
- outline the options to be considered with any arguments for and against;
- make clear recommendations for change.

404. Any proposal lacking supporting documentation will be postponed until re-presented by the originator.

4.2. Decisions-making process in AC/135

4.2.1. Principles of NATO

405. Consensus decision-making is a fundamental principle that has been accepted as the sole basis for decision-making in NATO since the creation of the Alliance in 1949.

406. A decision reached by consensus is an agreement reached by common consent. When a “NATO decision” is announced, it is therefore the expression of the collective will of all the sovereign countries that are members of the Alliance.

407. This principle of consensus is applied at every committee level (e.g. AC/135), which implies that all NATO decisions are collective decisions made by its members. Consensus in the sense of NATO decisions is not required for either the BSC or Panel A. For recommendations to the MG, however, consensus at least among NATO members is helpful so that recommendations in MG have a chance of being approved. In principle, the subgroups only make recommendations to the MG, with the exception of ACodP-1 (see 4.2.5 No 420 Subgroup Agreement).

408. Consensus is clearly differentiated from “unanimity,” which NATO does not seek. Unanimity would require an actively stated vote in favour of a measure.

4.2.2. Principles of AC/135

409. The GNDC is the highest authority within the decision-making process of AC/135. All decisions in the GNDC are made by consensus amongst the NATO member countries.

410. Sponsorship countries of AC/135 are strongly invited to participate actively in the decision-making process to bring in their positions and interests, but they cannot break consensus amongst NATO member countries in the GNDC.

411. Consensus can be reached in two different ways:

- “Silence Procedure”; usual procedure for topics between two meetings of MG.
- “General Consent”; usual procedure for topics during a meeting of MG or Subgroup.

4.2.3. Silence Procedure

412. To enable routine work to progress between meetings, NATO member countries may be invited to take decisions under “silence procedure” in MG. The implication of this procedure is that, if no response is received from a NATO member by the stated date and time, that NATO member will be deemed to have decided “under silence”. A response from one NATO member indicating non-approval, or requesting a change in the document, other than an editorial

correction, will constitute a “break of silence” and all other NATO members will be advised accordingly by the Secretary. This response has to clearly state that it constitutes a break of silence and should propose a change to the relevant part of the document with which they do not agree, and provide a rationale for the change.

413. When a proposal or a decision has been outlined, and the final version has been circulated as a formal AC/135 document, MG may decide (during the MG meeting) that the silence procedure be applied for obtaining approval and establish the deadline for raising objections.

414. Documents must clearly state the use of the silence procedure and their deadline which should normally be six (6) weeks. Only NATO members can break the silence whereas the sponsored members may offer their comments providing these do not break consensus among the NATO members. If the silence procedure is broken and re-circulation occurs, a new deadline of four (4) weeks should be stated. The re-circulated document must clearly mention: "This document is re-circulated under the Silence Procedure, and a reply is due before four (4) weeks".

415. A document will be considered accepted if no objections have been voiced within the established time period. A NATO member wanting to break the silence procedure must clearly state so.

4.2.4. General Consent

416. In order to be able to bring about prompt decisions during a MG on topics on which a consensus is apparent, the “general consent” can be used as a standard procedure in deviation from the silence procedure. The typical question and outcome is: “Are there any objections to the proposal?” “There are no objections to the proposal, therefore the proposal is approved”.

417. Wherever possible, the interests of the sponsored countries will be taken into account at any point in the decision-making process. A decision by “General Consent” should only be taken after full agreement in MG. If this cannot be reached after intensive discussions NATO members can proceed in the decision-making process by NATO consensus. The latter will only be applied on exceptional cases.

4.2.5. Subgroup Agreement

418. Within a Subgroup the “Subgroup Agreement” may be used as a tool for the decision-making process. The procedure can be applied analogously to the “Silence Procedure,” however, it is not a true “Silence Procedure” as outlined in 4.2.3. The agreement is used to coordinate and agree on topics to decide on a further course of action. For the purposes of a “Subgroup Agreement”, (e.g. BSC agreement, Panel A agreement) all NATO and Tier 2 members can declare their disagreement. The goal of the Subgroup chairperson must be to achieve consensus in the Subgroup, as the outcome is usually then the joint recommendation to the MG.

419. Once a Subgroup Agreement has been reached, it must then be jointly represented by all members of the Subgroup in the interest of the Subgroup to the members of the MG. Should a member country need to adjust its original assessment, this must be communicated to the subgroup well in advance (two weeks before the closing of the respective agenda), as this may then require a new assessment and discussion on the topic. Otherwise, it is strongly expected that all member countries of the Subgroup fully support the commonly reached position at next higher level (e.g. MG).

420. Subgroup Panel A is the only Subgroup of AC/135, which, besides full authority of MG, has the permission for limited authority to make decisions regarding technical matters with

respect to all chapters of the ACodP-1 except chapter one (I). Prerequisite: The changes must not contradict any rule written in ACodP-1 chapter one (I) and the rules in HoA must also be fully respected. Within this scope and based on having reached an agreement amongst all NATO and Tier 2 members of Panel A, the ACodP-1 Chapter two (II) through six (VI) may be updated based on decisions by Panel A without consulting the MG beforehand. In this case, the silent approval by MG may be assumed. If there is a disagreement, which cannot be resolved within Panel A within a good time, the Chairperson Panel A can consult MG for seeking a final decision. Due to the limited authority of Panel A, MG and thus NATO members remain the ultimate final authority for all amendments, recommendations, proposals and adjustments of Panel A.

4.2.6. Recommendations

421. In principle, all Subgroup Agreements have the status of recommendations to the MG, unless MG has explicitly delegated decision-making responsibility.

422. Task Groups can only make recommendations to the tasking superior level.

4.3. Management Plan

4.3.1. General

423. AC/135 fully recognises that Codification provides a service to NATO and to national Defence Departments of a wide range of participating nations beyond NATO. As a result, the prime responsibility for determining the Logistics requirements which Codification should meet or support, lies with the "customer", i.e. NATO staff (including SHAPE), and member nations working through the NATO committee structure (especially CNAD and the Logistics Committee (LC)). AC/135, and most particularly the National Directors on Codification, have an important responsibility for ensuring that logistics policy staff are aware of the contribution that can be made through the application of NCS disciplines. CNAD must approve this plan.

424. The national development of codification systems, particularly major changes, have to be planned well ahead. This is necessary to ensure the availability of resources, as well as to enable integration of NCS's development with changes to national logistics management systems. In many cases, these wider considerations will dictate the opportunity for NCS development.

425. It is however noted that some form of system "freeze" may be necessary whenever major system changes are being made. AC/135 recognises that many national systems are in operation, and that it is unlikely that there will ever be a "window of opportunity" for all systems to be changed simultaneously.

426. The Management Plan ([ANNEX V](#)) outlines the Tasks and Activities to be performed by AC/135 according to CNAD Management Plan and AC/135 Terms of Reference.

4.3.2. Tasking structure

401. BSC shall review the Management Plan of AC/135 on an annual basis and recommend updates for MG approval.

402. The Management Plan should be reviewed and updated after each MG meeting by the Secretary AC/135 and the Chairperson MG.

4.3.3. Reporting

427. The designated coordinator or responsible body for the Action serial will report to every MG meeting on the progress of the Action under the relevant Agenda item.

428. Main Group: A progress report will be submitted annually by Chairperson MG to CNAD. The document will outline the main achievements reached over the past year, highlight the challenges faced by the groups and focus on the objectives set for the next year that will be reached by means of the Management Plan.

429. Subgroups: The Chairperson of any Subgroup is responsible to report at each MG meeting regarding the progress made on the subgroup topics in the intervening period. The focus of this report is intended to be on the changes required to the Management Plan and proposals for new work additions to the Management Plan.

4.4. Representation

4.4.1. General

430. Representation, in the context of this section, concerns those opportunities where MG has officially been invited to attend a specific event outside the NATO community. This type of official representation requests should be discussed and individually approved by the MG. If approval cannot be given by MG due to time constraints, the Chairperson MG is authorised to use his discretion and approve the request on behalf of MG. AC/135 representation outside the NATO Alliance follows the CNAD guidance in accordance with instructions stipulated in the Council guidelines⁵.

431. Under normal circumstances, GNDC will be represented by the Chairperson MG or by national delegate(s) to be appointed by the MG. From time to time, however, MG will be required to provide a "staff response" that would include one or more AC/135 member countries, and/or technical support by NSPA.

432. In case the AC/135 hosts or participates in an official activity, the members may want to express their gratitude with the presentation of a memento or keepsake. The cost of acquisition and/or production of such articles shall be charged to the AC/135 Budget Item related to Representation. Under normal circumstances, expenditures of this nature shall only occur after approval of the Main Group, or in exceptional circumstances, of the Chairperson.

4.4.2. Mementos

433. MG shall have sole and exclusive right to select, produce or arrange for production of mementos bearing the insignia of AC/135. AC/135 mementos shall be souvenirs of little intrinsic value to be presented by the Chairperson MG in recognition of service in the area of NATO Codification. The mementos will typically be presented to departing members of Main Group, distinguished speakers and guests or individuals having made a significant contribution to the development of the NATO Codification System.

434. NSPA maintains a list of names and organizations that have received mementos. The type of memento shall be included in the list. The request for replenishment must be submitted in time to the MG with a cost estimate.

4.4.3. Reimbursement for traveling on behalf of AC/135

4.4.3.1 Supported travels

435. The AC/135 Budget covers reimbursement of travel costs by the AC/135 Chairperson MG and the Chairpersons of "Subgroups" under the rules of HoA (see 2.2.2 Funding of travel expenses of Chairpersons) i.a.w. NATO Travel on Duty (TDY) regulations. It is to be noted that the liability of NSPA is limited to the reimbursement of travel cost only. Travel costs are deemed to comprise of travel fares (airplane, rail, ship, private vehicle), hotel costs and per diem allowances as per NATO Travel on Duty (TDY) regulations (Travel periods covered are addressed under para 4.4.4.)

436. In addition, the AC/135 Budget also covers reimbursement of travel costs by the instructors from member countries to support the AC/135 NCB College. The number of instructors must take into account cost-effectiveness and be based on the available budget.

⁵ Referenced as PO(2004)0076 dated 23 June 2004

437. In exceptional cases, and after consensus of MG, the AC/135 Budget can cover reimbursement of travel costs by AC/135 representatives in support of AC/135. The decision on this must be made in a timely manner prior to the possible travel via the MG.

438. The AC/135 Budget covers TDY by the NSPA staff and interpreters, when a MG or Panel A meeting is held outside of Capellen (LUX). This applies equally to NSPA staff at a BSC or TSWG meeting outside of Capellen (LUX).

4.4.3.2 Approval process

439. The Secretary AC/135, in cooperation with both the Chairperson MG and the Chairperson BSC, will consolidate travel requirements into the AC/135 travel plan for the following six (6) months; MG will review and approve the travel plan for the following six (6) months at its meeting; The Secretary AC/135 and NSPA coordinate with NATO HQ arrangements for any meeting or Travel on Duty (TDY) outside NATO countries.

440. Application procedure

- a. The traveller is to submit requests to the Secretary AC/135 on NATO Form AC/135-No 35 "AC/135 Representation-Request", and claims costs on NATO Form AC/135-No 36 "AC/135 Representation-Claim", through the "AC/135 Representation Requests" workflow in NABS;
- b. The traveller must submit the Representation-request a minimum of four (4) weeks prior to travel;
- c. The traveller must submit the Representation-Claim within a maximum of four (4) weeks after the trip;
- d. Exceptions can be made but only on an emergency basis and subject to approval by the Chairperson BSC and Chairperson MG.

441. The Chairperson BSC controls and NSPA reports on funds budgeted and paid. In the event of any travel required but not previously approved by MG, the Chairperson of AC/135 may approve such ad hoc travel, with the concurrence of the Chairperson of BSC that AC/135 funding is available for this requested travel, and will then report such approval(s) at the next MG meeting.

4.4.4. Travel periods covered

442. AC/135 follows the rules provided by NATO and covers 24-hour periods of travel using the same time zone as that in which the journey starts and finishes. Travel begins at the time the individual leaves their work/residence to arrive at the venue of the meeting at least one day prior to the meeting to allow for acclimatisation.

443. Travel ends at the time the individual arrives back at work/residence, after leaving the venue of the meeting the day after the meeting at the latest. Travel includes a reasonable check-in timeframe at the airport if necessary.

444. Travel shall be performed by the most rapid and economical means commensurate with the nature and urgency of the mission. For personnel flying Economy Class only, an overnight rest period may be programmed into itineraries when the period of travel exceeds nine (9) hours of actual flying time for any leg of travel. The purpose of a rest period is to allow for recovery prior to commencement of duty or the next leg of travel. Approval of rest periods is at the discretion of officers and managers authorised to approve overseas travel.

445. When approved, the rest period should give personnel approximately 12 hours clear recovery time, though this may at times be longer in order to achieve an overnight rest.

446. A 'travel leg' includes the cumulative actual flying time of all flights taken prior to commencing a rest period. Upon taking an overnight rest period, a further nine (9) hours of actual flying time is to be accrued before a further overnight rest period may be approved. AC/135 will not cover per diem for a rest period at the home location.

447. Over nine hours of flying time, measured in total flying time irrespective of the number of legs, an individual is entitled to an overnight rest period. After each nine (9) hour flying time, an individual is entitled to further rest periods

- a. Example 1: Wellington to Luxembourg; Wellington to Singapore (10.5 hours total flying); Rest period; Singapore to Luxembourg (13 hours flying); Rest period (probably the whole next day if the arrival at the destination is late in the afternoon/evening); Commence work.
- b. Example 2: Wellington to Ottawa; Wellington to Vancouver (12 hours flying); Rest Period; Vancouver to Toronto (4.5 hours flying); Toronto to Ottawa (2 hours flying); and Commence work (probably the next morning following the day of arrival).

448. If an individual Chairperson or member of NSPA staff must attend two meetings separated by less than 5 days, AC/135 will cover the costs for the period between the two meetings, at the location of the meetings, where it is not possible for the individual to return to their home within a reasonable period and return later to the following meeting.

449. Chairperson within 4 hours (driving time) of home will not be covered over the period between meetings.

450. Designated personnel are entitled to reimbursement of accommodation and meal expenses during rest periods. A representative, during stopovers and prior to arrival at the overseas destination, are entitled to applicable daily allowances and expenses incurred in transit in accordance with the provisions of the regulations.

451. With regards to weekends or breaks between meetings, this is normally a matter of management judgement. As long as it is not contrived, if an individual has business either side of the weekend, then the weekend should be treated normally.

452. Individuals receiving AC/135 funds are required to attend optional meetings (i.e. BSC, MIS, NABS and NMBS Training or NMCRL Pilot Nations meetings) to support AC/135.

453. AC/135 reserves the right to challenge locations and time frames.

454. If a traveller chooses to extend their trip for non-AC/135 meetings or for leave, AC/135 will only reimburse for the equivalent time spent traveling back to the home location from the venue of the meeting and not additional days.

455. Exceptions may be authorised by the Chairperson MG with the concurrence of the Chairperson BSC.

4.4.5. Authorising ad hoc travel

456. All AC/135 personnel go to great lengths to anticipate travel demands in advance; however, there are occasions where travel needs become apparent between meeting schedules. In the event of any new travel requirements that are not previously approved by Main Group, the Chairperson MG may approve such ad hoc travel, with the concurrence of the Chairperson of BSC.

457. This is on the provisions that:
- a. AC/135 funding is available for this requested travel;
 - b. The Form 35 process will be followed;
 - c. A limit of 6,000 EUR per traveller shall apply (in between each meeting period);
 - d. Anything in excess of this will require referral to the wider BSC for consideration;
 - e. Chairperson of BSC will report such approval(s) at the next occurring MG meeting as part of the Chairperson BSC report.

4.5. Changes of National Directors on Codification

458. The relevant NCB shall contact the Secretary AC/135 by e-mail at an early stage and inform about the upcoming change in the position of the National Director on Codification. The e-mail shall include the effective date, names, postal address and e-mail address. For the names of the outgoing and incoming Director, the rank/office title, first name (if there is more than one, underline the usual first name) and surname must be provided.

459. The Secretary AC/135 will prepare/send a good-bye/welcome letter to the outgoing and incoming Director for the signature of the Chairperson MG.

460. The Secretary AC/135 will notify all National Directors on Codification of the change with the effective date, name, postal address and e-mail address.

4.6. Communication

4.6.1. General

461. Communication is an essential prerequisite for cooperation, the basis for trust and respect within all members of AC/135 and increases performance of the NCS. Lack of communication within the AC/135, both between the NCBs and the NSPA and between the NCBs, leads to a lack of joint working and thus the AC/135 cannot realise its full potential.

4.6.2. Reachability

462. In order to avoid any lack in communication between the members, each NCB must on a regular basis, or if any national change occurs:

- a. provide a non-personal e-mail address acting as inbox;
- b. name a central point of contact (POC);
- c. name the representatives;
- d. name the next higher superior plus his e-mail address (POC);

The background to this is that in the past it has happened repeatedly that NCBs have not responded despite repeated attempts to establish a connection. In this case, the only possibility for Chairperson MG is to contact the superior level or directly to the Ministry of Defence. This should be avoided in the interest of both parties.

463. All data mentioned before under a. to c. will be published in CodSP. The data mentioned under d. are only available to the Secretary AC/135. These data will be used by the Chairperson MG for communication with the relevant member country, if direct communication with the relevant NCB repeatedly fails.

4.6.3. Final message / Interim message

464. Requests, sent to any NCB, should be answered as soon as possible, but not later than 10 working days.

465. If the request cannot be finally answered, an interim message shall be sent to the requester. This confirms that the request is being processed. General requests and matters should be processed after four weeks at the latest. This rule does not affect Codification Requests which have to be processed according to the ACodP-1.

4.6.4. Virtual meeting between all Chairpersons and NSPA

466. The Chairperson MG and the Chairpersons of the Subgroups, together with NSPA, will generally conduct a virtual monthly coordination meeting. The goal of this meeting is to better harmonize and coordinate tasks between the MG and the Subgroups as well as NSPA.

467. Secretary AC/135 is requested to invite to this coordination meeting via a video conference tool, which has to be in accordance with NATO IT security regulations e.g. WebEx.

4.7. Licensing NATO Master Catalogue of References for Logistics (NMCRL)

4.7.1. Access to NMCRL for listed countries

468. AC/135 licenses governmental and industrial entities from the following countries to access NMCRL:

- NATO countries;
- Tier 2 sponsored countries in the NCS;
- Tier 1 sponsored countries in the NCS;
- Partnership for Peace (PfP);
- Mediterranean Dialogue (MD);
- Istanbul Cooperation Initiative (ICI);
- Partners across the Globe (PAG);
- Interoperability Platform (IP).

4.7.2. Application procedure for access to NMCRL for non-listed countries

469. The complete list of countries entitled to purchase licenses to access NMCRL is maintained by the Secretary AC/135 in CodSP-63. If the country is not listed, the following applies:

- Secretary AC/135 informs the NATO HQ Defence Investment Division (DI) and consults with them on how to proceed concerning an application for a license to access NMCRL from a non-listed country. In parallel, the Secretary AC/135 submits the application to MG for approval under silence procedure. If NATO countries break silence, the process is stopped for lack of consensus and the application is rejected in this case.

- In the event of MG approval, the Secretary AC/135 then submits the application to CNAD with supporting justification showing advantages to both AC/135 and the Alliance and asks for endorsement of the application to be considered. CNAD considers the application and, if approved, forwards it to the Partnerships and Cooperative Security Committee for final endorsement. The Secretary AC/135 shall notify MG and the applying country should the application be rejected at this stage.

470. CodSP-63 will be updated regularly based on CNAD decisions.

4.8. Quality Programme

471. AC/135 performs the quality programme as a practical implementation of the AC/135 Management Plan. The nations' commitment to the quality of codification data are expressed per the Quality Charter ([ANNEX VIII](#)).

472. The Management Information System (MIS) provides the Key Performance Indicators (KPI) of the NATO Codification System, using quality metrics capable of identifying the critical strengths, weaknesses and shortfalls within the current system. The MIS provides data on the performance of the system, the number of correct and erroneous records, the response times, and the overall performance of the NCS and NCBs.

5. DOCUMENTATION AND PUBLICATIONS

5.1. Documentation

5.1.1. NATO Languages

501. NATO has two official working languages, English and French. Official documents such as ACodP-1, Reports to CNAD and MG decision sheets shall be provided in these two languages. NSPA ensures the translation of the documents. AC/135 also provides the necessary budgetary resources for these two languages.

502. Exceptions to the above rules require a separate decision by the MG.

5.1.2. GNDC Documents

503. Within the 'Document' category the following functional document types apply to GNDC work:

- Agenda (abbreviated "A") for scheduling a meeting and setting out an order of business;
- Decision Sheet (abbreviated "DS") for recording the decisions taken at a meeting;
- Notice (abbreviated "N") for documents of an administrative or purely temporary nature;
- Working Paper (abbreviated "WP") for documents conveying drafts or proposals in the context of an ongoing discussion and which have temporary standing;
- Document (abbreviated "D") for finished documents which are no longer subject to review and which can be referred to for future business.

5.1.3. GNDC Documents' Referencing

504. As a CNAD Partnership Group (CPG), the reference designation for documents is 'AC/135-x(20xx)0000 (PFP)'. Subgroups use a similar categorisation for documents, but include the designation of the Subgroup within the bracket, e.g. AC/135(PA)-x(20xx)0000 (PFP);

505. The Secretary AC/135 is responsible for allocation and management of the references mentioned above in line with NATO Information Management Policy (NIMP) (C-M(2007)0118 dated 11 Dec 2007).

5.1.4. NATO Automated Business System (NABS)

506. The working documents of the MG and its Subgroups are mainly agendas, decision sheets, working papers and administrative records. These operational documents are exchanged, maintained and archived electronically through the NATO Automated Business System (NABS), managed by NSPA.

507. The Secretary AC/135 maintains the order of working documents in NABS and controls access rights in line with MG direction. The nations introduce national statements, documents and memoranda with instant availability to all members.

508. All NATO documents of AC/135 are distributed to Member Nations through NABS. AC/135 representatives are responsible for internal national distribution.

509. NSPA ensures that the NABS is in conformance with NATO security regulations.

5.2. NATO Standardization Agreements (STANAGs)

5.2.1. General

510. STANAGs and Allied Publications (AP) are prepared, published and maintained in accordance with the NATO Allied Administrative Publication 03 (AAP-03) "Directive for the Production, Maintenance and Management of NATO Standardization Documents", current Edition. As per AAP-03 guidance, AC/135 documents should be developed in such a way as to ensure their widest distribution to users within NATO member countries and wherever possible, users from Partner countries and cooperating external bodies or countries.

5.2.2. STANAGs

511. AC/135 is responsible for the following STANAGs:

- STANAG 3150 Codification – Uniform System of Supply Classification.
- STANAG 3151 Codification – Uniform System of Item Identification.
- STANAG 4177 Codification – Uniform System of Data Acquisition.
- STANAG 4199 Codification – Uniform System of Exchange of Material Management Data.
- STANAG 4438 Codification – Uniform System of Dissemination of Data associated with NATO Stock Numbers.

512. AAP-03 and all other NATO standardization documents are available on the NSO website upon request on <http://nso.nato.int>

5.2.3. Review of STANAGs

513. Published STANAGs under AC/135 responsibility will be reviewed every two years and revised if necessary in line with AAP-03. This is a standing task under the responsibility of Panel A. The Secretary AC/135 will coordinate processing of changes and any amendments of requirements for new editions of STANAGs (see [NATO Standardization Office \(NSO\)](#), Sponsor: CNAD, Delegated Tasking Authority: AC/135 GNDC).

5.3. Publications

514. Once it has been delivered to the AC/135, all documentation subsequently belongs to the AC/135 and cannot be solely trademarked by any NCB. However, where an NCB determines that it wishes to retain the intellectual property inherent within a document or publication, AC/135 may be licensed to use this publication for its own use. AC/135 develops and maintains the following publications:

5.3.1. Allied Codification Publication No. 1 (ACodP-1)

515. ACodP-1 "NATO MANUAL ON CODIFICATION" provides the principles, responsibilities, operating procedures and Automatic Data Processing (ADP) regulations of the NCS. It is published in digital format by NSPA on behalf of AC/135 online at <https://www.nato.int/structur/ac/135/main/links/acodp1.htm>.

5.3.2. Allied Codification Publication No. 2 (ACodP-2)

516. ACodP-2 “NATO MULTILINGUAL SUPPLY CLASSIFICATION (NSC) HANDBOOK” provides the classification structure of the NSC, by presenting all Groups and Classes listed in the arrangement of the four-digit NSC code-number system. It is based on the US/Federal Classification Handbook (H2) and is published in digital format by NSPA on behalf of AC/135 at <https://eportal.nspa.nato.int/Codification/NCL/en/>

5.3.3. Allied Codification Publication No. 3 (ACodP-3)

517. ACodP-3 “NATO MULTILINGUAL ITEM NAME DIRECTORY” provides the Approved Item Names, Basic Names, their definitions and Colloquial Names, and also serves as the internationally agreed dictionary for the preparation of all item identifications. It is based on the US/Federal Item Name Directory for Supply Cataloguing (H6), and is published in digital format by NSPA on behalf of AC/135 at <https://eportal.nspa.nato.int/Codification/NCL/en/>

5.3.4. AC/135 Codification Support Publications (AC/135 CodSP)

518. AC/135 CodSP provides comprehensive and ad hoc information which, for technical reasons, is not included in ACodP-1 and is intended for streamlining international collaboration within NATO Codification. It is published in NABS in digital format (HTML) by NSPA on behalf of AC/135.

5.3.5. Handbook on Aims, Organization and Working Procedures for the CNAD Group of National Directors on Codification (AC/135 HoA)

519. The HoA provides the Chairpersons and Members of AC/135 – Group of National Directors on Codification (GNDC) and its Subgroups with the principles, procedures, structure, relationships and output governing their operation. It is based on agreed NATO policy, interpretation, or common practice. This HoA is published in NABS in digital format by NSPA on behalf of AC/135.

5.3.6. AC/135 Website

520. The official AC/135 Website is designed to contain general and specific information about NATO Codification, the AC/135 and related Publications and products. In addition, it also contains links to the websites of several National Codification Bureaux. It is managed and kept up-to-date by NSPA on behalf of AC/135 at <https://www.nato.int/structur/AC/135/index.html>.

5.3.7. Newsletter AC/135

521. The AC/135 newsletter is published twice a year on the AC/135 website after the MG meeting and provides interested readers with the latest information on the NCS. The newsletter is updated and published by NSPA in coordination with Chairperson MG on behalf of AC/135 at <https://www.nato.int/structur/AC/135/index.html#/news/newsroom>.

5.3.8. Brochure on the NCS

522. The Brochure on the NCS provides an introduction to the NCS. The current version is published on the AC/135 website <https://www.nato.int/structur/AC/135/index.html#/elibrary/printouts>

5.3.9. NCS Country Codes

523. The current version of the NCS Country codes is published on the AC/135 website as a table as well as download in PDF format. The NCS Country Codes overview is updated and published by NSPA <https://www.nato.int/structur/AC/135/index.html#/ncs/countrycode>.

5.3.10. NMCRL – NATO MASTER CATALOGUE OF REFERENCES FOR LOGISTICS

524. Based on the NATO standard, the NMCRL is the only common, up-to-date and user-friendly platform for logistical data of defence equipment for the participating member countries as well as for their defence industry with high data quality in order to ensure the supply chain of military logistical support from the aspect of the "right part". The NMCRL thus contributes to the benefit of the participating nations, their industry as well as NATO.

525. The current version of the NMCRL is published on the NSPA e-portal. The NMCRL website provides general information on NMCRL including subscription and is updated and published by NSPA <https://www.nato.int/structur/ac/135/nmcrl/index.html#/home>.

5.3.11. MIS – MANAGEMENT INFORMATION SYSTEM

526. MIS is an essential tool for ensuring quality of codification or identifying weaknesses. To ensure the overall mission of AC/135, an escalation process has been installed to take timely action when the quality of the codification process is compromised or weaknesses are identified and no action is taken by the affected country or countries. The escalation process is published in [ANNEX IX](#).

5.3.12. e-Learning NCS

527. The current version of the e-Learning NCS is published on the AC/135 e-Learning NCS website. The e-Learning NCS website is updated and published by NSPA <https://eportal.nspa.nato.int/codification/Support/en/Home/Courses>.

5.3.13. Review of Publications

528. Updating of all Allied Codification Publications may be initiated by the MG or by Panel A on the basis of:

- a discussion paper or;
- a NATO Codification System Change Request (NCSCR) or;
- the international collaboration process for ACodP-2 and ACodP-3.

6. BUDGET

6.1. AC/135 Financial Policy

6.1.1. Objective

601. AC/135 is not a commercial enterprise and does not operate for profit. However, in order to operate the NCS the AC/135 is solely responsible for securing its own funding, both through national contributions and fees, and the sale of the NMCRL.

602. The objective of the financial policy is an annually balanced budget between expenditures and revenues to ensure the continuation of the mission of the AC/135 in the future.

603. AC/135 is therefore required to establish a financial policy that ensures the core mission of the AC/135 in conjunction with the associated "Programme of Work" (PoW) which details the tasks to be executed by NSPA on behalf of AC/135.

604. All measures regarding the budget shall be approved by the Main Group (MG).

6.1.2. Basic rules

605. The financial policy shall be the reference for strategic financial decisions in relation to AC/135 mission area and related activities. The policy includes the development and application of permanent and/or temporary actions/tools/measures directed to income increase and efficiency improvements resulting to costs decrease.

606. The procedures for financial management, planning and control need to be transparent and with lead time to enable countries to meet national budget approval requirements.

607. The basic calculation of the annual budget covers the costs, takes into account the minimum amount of the GCF as a fixed value. It balances the lack of revenues based on these two limits, which is subsequently to be secured through the members' contributions and from the NMCRL licences.

608. Once the AC/135 Budget has been approved, the separate budgets per line item shall be respected. NSPA is however permitted to shift money within the following AC/135 Budget items: travel, training communication services, printing and reproduction and AC/135 representation if required. Funds can only be shifted if such transfers do not affect the total combined amount allocated for these items. Should transfers be required in/out of other budget items, NSPA is to seek prior approval from MG.

6.1.3. Expenditures / Costs

609. The planned expenditure must ensure the core mission (see HoA [ANNEX I](#)) of AC/135.

6.1.3.1. Types of Costs

610. The AC/135 budget includes two main types:

- Operating costs:
These costs are essentially related to the PoW delegated to the NSPA by the AC/135, including e.g. personnel costs according to the agreed PoW on the basis of the NSPO Agreement No. 1901, costs for information service and indirect costs as e.g. linguistic services and proportionate costs for infrastructure in Capellen (LUX).

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- Exceptional costs:
These costs are related to specific projects decided by AC/135 within its Management Plan to ensure the future viability of the AC/135 (see HoA [ANNEX V](#)).

6.1.3.2. Cost Control

611. The key to sustainable budget management is cost control. This means:

- NSPA shall develop, stimulate and support measures and initiatives directed to efficiency improving business results and along these lines to less operational costs. Furthermore, it is vital that NSPA keeps the AC/135 fully appraised of all NSPA mandated operating cost changes, including staff costs, IT support and the like.
- All members of AC/135 are requested to always evaluate proposals for the further development of the AC/135 from the point of view of the factors of staff, resources and time, as each new project will require additional budgetary resources due to these three factors.

6.1.3.3. Increase of costs

612. Increases in costs are to be identified as comprehensively as possible in advance and be taken into account in budget planning. In addition to the costs increases that can be recognised at an early stage and thus planned, there may also be unplanned costs increases at shorter notice.

613. NSPA is located in Capellen in the Grand Duchy of Luxembourg. In Luxembourg, all salaries are regularly adjusted to changes in the prices of consumer goods, in other words to inflation. This mechanism is called "automatic indexation of salaries to the cost of living" or simply "index". The salary increase at NSPA will be in accordance to that approved by the North Atlantic Council. If projects are financed by the AC/135 budget the cost exchange rate shall follow the exchange rate in the country of production unless the project is under a fixed price contract.

614. General price increases shall be adequately factored in the budget. The MG decides on the amount of indexation based on the proposal of the BSC. The price increases are to be assessed annually on the basis of the overall economic development.

615. In addition to personnel costs, higher indirect expenditure for the AC/135 may also arise in the short or medium term due to decisions by the NSPO, as software adaptations or investments in e.g., infrastructure become necessary and these costs are to be covered by AC/135 proportionally in line with the MoU 1901.

6.1.4. Revenue

6.1.4.1. Liability

616. In accordance with NSPO Agreement No. 1901 between NSPO and AC/135, NATO member countries of AC/135 are liable for the entire cost of NSPA services provided to AC/135.

617. The income from the national and sponsorship contributions and sales of licenses to NMCRL are utilised to offset costs of NSPA services and related costs.

6.1.4.2. General

618. In the event of the change to status of the participating country e.g. from Sponsored member Tier 1 to Tier 2 or to NATO member, the billing will endure until the end of the calendar

year. The shares of the country concerned will be amended to reflect a new status beginning January 1st the following year.

619. In order to cover the real costs of the services provided by NSPA, the AC/135 set a minimum contribution for the member countries in 2016 as an extension to the official sharing key. The amount of the minimum contribution for member countries shall be assessed annually by the BSC and approved by MG. Once approved, it is binding upon all countries who wish to be AC/135 members.

620. For the detailed AC/135 financing methodology regarding cost sharing among the NATO nations and Sponsored countries and the sharing key see [ANNEX VI](#).

6.1.4.3. National Contributions of NATO member countries:

621. In principle, the revenues required for a balanced budget shall be ensured by the contributions of NATO member countries. Allied common funding contributions to NATO are established using an agreed cost-sharing formula derived from the Gross National Income (GNI) of NATO member countries.

6.1.4.4. Contributions via the Partnership Programme

622. Within the framework of the Partnership programme, these member countries also contribute to the revenues according to the rules of the HoA (see [ANNEX VI](#)).

623. Sponsorship member countries on level:

- Tier 2:
are assigned to a comparable NATO member country with the most similar average Gross National Income (GNI) and the Military Investment (MI) regarding the amount of their national contribution.
- Tier 1:
contribution on the basis of the price list for AC/135 Tier 1 services (see current version of CodSP (table 12) in NABS).

6.1.4.5. NMCRL

624. AC/135 is authorised since 1994⁶ to generate additional revenue through the sale of subscription-based NMCRL licences to military & governmental entities and private entities, which can reduce the contributions of all member countries. Access to NMCRL is given to approved countries as listed in CodSP-63.

625. Subscription-based NMCRL licences require a long-term strategy, as recurring short-term adjustments to the pricing structure are not conducive to customer retention.

626. The amount of NMCRL licence fees are to be approved annually by the MG on the proposal of the BSC.

6.1.4.6. NMCRL Raw Data

627. NMCRL Raw Data sale is limited to NCBs only.

⁶ AC/259-D/1511 dated 15 March 1993 (CNAD approval on request AC/135 MG63)

628. The amount of NMCRL Raw Data licence fees are to be approved annually by the MG on the proposal of the BSC.

6.1.5. Global Capital Fund

629. The Global Capital Fund (GCF) is a reserve to compensate for short-term revenue shortfalls or cost increases without the need to immediately increase member country contributions.

6.1.5.1. Regulations for the GCF

630. In principle the GCF shall not drop under 500 KEUR. This amount may only be undercut with the prior approval of the MG to compensate unexpected revenue shortfalls or cost increases.

631. The GCF is not limited upwards, but measures must be taken by the BSC and MG at an early stage so that the reserve for emergencies does not become too large.

632. The current amount of the GCF shall be assessed annually by the BSC. In the event of surpluses, the BSC shall make timely proposals for the use of the surpluses. The surpluses are to be used primarily for contribution reductions or development programmes from the management plan that have not yet been covered financially.

6.1.5.2. GCF dissolution

633. In the case of the dissolution of the AC/135, the current amount of the GCF will be used centrally to settle outstanding financial claims of NSPA against AC/135. In the case of a reduction or a dissolution of the GCF, the GCF of the current year minus the project closure cost will be shared using the sharing key in force at the time the reduction or dissolution occurs.

6.2. Budget allocation and approval

6.2.1. General

634. GNDC is responsible for the self-governing and correct budget management as well as a balanced financial management.

635. MG, advised by the BSC (which includes NSPA as a full member), is responsible for the identification and allocation of specific tasks and projects. NSPA is subsequently responsible for the allocation and management of resources.

6.2.2. Roles of NSPA

636. NSPA undertakes the following roles subject to approval of MG:

- assignment of tasks as described in the PoW on the basis of the NSPO Agreement No. 1901; the current version is published in ACodP-1;
- provision of a workload funding forecast on the basis of established tasks;
- calculation of the administrative and operational costs associated with the execution of the tasks assigned by MG;
- MG budget forecast in accordance with [ANNEX VI](#), presentation and approval for the coming year;
- review of year-to-date expenditures and budget adjustments;

- review of actual expenditures for the previous year.

637. The AC/135 has defined a detailed cycle of review for all financial related documentation. This cycle is presented at [ANNEX VI](#).

6.2.3. Tasks assigned to NSPA

638. NSPA undertakes a number of functions on behalf of AC/135. These functions are either considered to benefit the whole of NATO (common tasks), and are thereby subject to common funding, or they benefit one or more NATO or non-NATO countries and organisations (specific tasks), and in this case are subject to specific approval and funding.

639. Within the framework of its Management Plan, the AC/135 will prioritise the work NSPA undertakes which require specific financing.

640. The assignment of NSPA tasks is carried out within the terms of the NSPO Agreement No. 1901. NSPA is required to provide MG with an annual PoW, a detailed tasks list and a costed workload forecast. This is reviewed by MG for approval as the basis for the preliminary budget and publication of the list of tasks in the financial folder of NABS.

641. If the approved PoW impacts on the NSPA organisation, it may be necessary to present the results to the NSPO Committees in parallel.

642. Proposals that change the scope of work to be undertaken by NSPA must be the subject of change to the NSPO Agreement No. 1901 and agreed by MG and the NSPO Agency Supervisory Board (ASB).

6.3. Responsibilities

6.3.1. MG

643. AC/135 as the Group of National Directors on Codification is responsible for ensuring that financial management occurs in an appropriate way to ensure efficiency, transparency, auditability and justification.

644. All decisions concerning financial aspects are to be decided by MG, which has ultimate responsibility for all financial aspects.

6.3.2. BSC

645. To improve efficiency and to enable MG to undertake its financial and strategic planning responsibilities, the BSC Subgroup has been set up to advise AC/135 on any issues related to the AC/135 budget and Management Plan and related annual and special budgets.

646. The Terms of References of the BSC are defined in [ANNEX II](#).

6.3.3. NSPA

647. NSPA shall submit all financial data and applicable financial accounting factors to the MG, through the BSC for verification. In that sense, NSPA is a full member of the BSC.

7. MARKETING

7.1. Marketing Policy

7.1.1. Objective

701. AC/135 is an organisation that needs to be highly recognisable as part of NATO and also to maintain a close relationship with its members and customers.

7.1.2. Frame

702. The AC/135 and member countries appear publicly in many different forms. This starts with their own publications, continues with the provision of data on the NMCRL and ends with presentations for different organisations or countries. Therefore, marketing and a corporate design are essential elements to increase the recognition value of a product or organisation.

- Marketing is important because it allows our business to build a relationship with existing customers and attract new ones.
- Corporate design creates identification with a brand in the target group and thus serves long-term customer loyalty. Furthermore, it also has an internal effect by creating identification with the corporate brand among our staff and thus contributing to staff loyalty.

7.2. Marketing of NMCRL

7.2.1. Frame

703. Marketing is a field of tension in the area of AC/135. From a business perspective, this term describes the concept of holistic, market-oriented corporate management to satisfy the needs and expectations of customers and other stakeholders. From a military and security policy perspective, there are national restrictions that contradict a purely business management perspective and must therefore be taken into account in marketing. There are also national restrictions on cooperation between governmental organisations and the civil economy that must be respected.

704. Taking into account the diverging interests, AC/135 has decided that marketing is an important part of mission fulfilment in order to strengthen and deepen the defence industry's cooperation with the AC/135. In addition, marketing is an important part of ensuring revenues from NMCRL licenses as a contribution to the AC/135 budget.

7.2.2. Realisation

705. Communication and customer outreach are essential for a successful marketing. Therefore, NSPA is required to ensure continuous market research and to submit this as part of an annual market analysis report. As a result of this ongoing research, NSPA will be asked to also submit proposals for adjusting the marketing tools as well as further development options for marketing the MG.

706. In the context of the marketing concept and the revenues from the NMCRL licenses, a sales analysis is essential to identify risks and shortfalls of the revenues in time. Therefore, NSPA is required to ensure continuous sales analysis and submit this as part of an annual market analysis report. As a result of this ongoing analysis, NSPA will be asked to also submit

proposals for adjusting the licensing models as well as further development options for marketing the MG.

7.3. Corporate Design

7.3.1. Frame

707. Corporate design is a sub-area of corporate identity and includes the entire, uniform appearance of a company or organisation. This primarily includes the design of the means of communication (word sign = company lettering; picture sign = company logo; word-picture sign = combined company logo), but also the design of business papers, advertising material, packaging, websites and product design.

708. Since AC/135 GNDC is a sub-working group of NATO AC/259 CNAD and works closely with the NSPA. NATO's Brand Identity Manual is an important point of orientation for the corporate design of AC/135.

7.3.2. Realisation

709. In connection with the marketing concept, a contemporary corporate design with a high recognition value and clear reference to NATO as well as to the mission of the AC/135 is essential in order to strengthen the *esprit de corps* internally and externally and to present a uniform image of AC/135.

710. All publications of AC/135 and templates for official documents such as presentations for meetings or the NCB College must be in line with the current version of the "Brand book – Visual Identity Guide for AC/135 and NMCRL". The Brand book is the basis for creating a shared visual experience that underlines the identity and core priorities of AC/135.

711. In this context, it must be made clear that AC/135 is a NATO entity and that its mission is to support the armed forces by making codification, which is the standard language of defence logistics, and supporting the objective of "the right material, in the right place, at the right time".

712. A modern and contemporary design with high recognition value is the key to success. Therefore, the NSPA is requested to ensure a continuous evaluation of the current corporate design and to submit adaptation proposals for the Brand book for decision.

8. NCB COLLEGE

8.1. Training Policy

8.1.1. Objective

801. AC/135 specifically offers its own training focussed both on the directors' level and codifier level in order to provide them with principles of cooperation within AC/135 and codification procedures.

8.1.2. Frame

802. Training can take place on very different levels:

- Online training (see [#5.3.12 e-learnings NCS](#)) for Directors and Codifiers, which should be undertaken both as a refresher course as well as mandated pre attendance completion before undertaking any NCB College course.
- NCB College as annual training in Capellen (LUX) on different levels. Currently, two kinds of courses are offered:
 - Course for Managers and Directors (3 days)
 - Course for Codifiers and Logisticians (8 days)

A minimum of 8 participants should be registered in order to justify the expenses caused by the organization and execution of the courses.

Priority attendance is given to NCB personnel. In case of seats available, industry of NATO or NATO partnership programme nations is allowed to participate in the Course for Codifiers and Logisticians.

Students will be selected according to the application date. In case of excess of applicants, no more than 2 students per nation/organization will be allowed.

- Directors training directly after the fall MG. Maximum half a day.
- Special training before or after a meeting of MG or a Subgroup about a special topic, e.g. NABS⁷, NMBS⁸, MIS⁹. Maximum half a day.
- Supporting training for new member countries or interested countries.

⁷ NATO Automated Business System

⁸ NATO Mailbox System

⁹ Management Information System

803. The minimum size of the half day's trainings must not be less than five (5) participants in order to keep the costs and benefits in line.

804. New directors are strongly recommended to complete the online Directors training course and subsequently attend NCB College for Directors, which provides very detailed information on the context of the AC/135 as well as a director's responsibilities in the decision-making process.

805. Training can only be conducted if volunteer member countries of AC/135 and NSPA ensure the provision of instructors. All member countries are asked to volunteer experienced instructors to maximize training success.

806. Therefore, special rules for reimbursement of travel expenses have been established for the provision of instructors.

8.2. Content of Training

8.2.1. Frame

807. Training must follow a clear agenda. Depending on the level of training and the target group, topics must be prepared in such a way that the greatest possible success is achieved from an economic point of view.

808. Topics must be built up from the basic to the advanced, from the general to the special. In the training, priority is to be given to generally applicable procedures. National specialties can complete the generally applicable procedures.

809. The specifications regarding the corporate identity must be respected when preparing the training documents.

810. For the harmonization and development of uniform training documents or training presentations, the NSPA takes over the lead.

8.2.2. Responsibilities

811. To ensure an ongoing process of optimization of the training, the curriculum is maintained by the NSPA. This is the only way to ensure that knowledge is not lost when voluntary member countries change.

812. NSPA also ensures the merging and consolidation of all training records, as these are the basis for following trainings.

813. NSPA will ensure that the presentations provided in advance by the trainers meet the course requirements stated in the agenda and there are no duplicated areas.

8.2.3. Registration fees for NCB College

814. Registration fees are charged for NCB College courses and must be paid in advance by participating countries or organisations. The current registration fees are published on the website for the upcoming courses (see <https://eportal.nspa.nato.int/codification/ncbcollege/>).

815. By registration in the NCB College, countries and organisations accept the "Codification College Policy" in force at the time of registration, which is published on the above-mentioned website.

ANNEX I

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THE GROUP OF NATIONAL DIRECTORS ON CODIFICATION (AC/135) - TERMS OF REFERENCE

[←BACK](#)

GENERAL

1. The North Atlantic Council at its meeting on 5 December 1957¹ recognized the importance of NATO Codification as an essential tool in the logistics discipline, and established a NATO Codification structure to enable unambiguous international logistics communication. The NATO Codification System (NCS) provides unique NATO Stock Numbers (NSN) for materiel based on the “one item - one number” principle and enables effective use of resources and interoperable capability for national and multinational logistics management systems and armed forces.

AREA OF RESPONSIBILITY

2. As a Level One Main Group (MG) subordinate to the Conference of National Armaments Directors (CNAD), AC/135 as Group of National Directors on Codification (GNDC) is responsible for the policies, methods, procedures and outputs of the NCS.

MISSION

3. On behalf of CNAD, AC/135 is responsible for the operation of the NCS to support global logistics interoperability through multinational military cooperation and the economic optimisation of resources. We support global operations by uniquely and consistently identifying items of supply, whilst providing forces with critical material master data.

SCOPE OF WORK

4. All aspects of classification, item naming identification and NSN assignment to materiel used by NATO and Sponsored countries.

TASKS

5. The tasks of the AC/135 reflect NATO and CNAD requirements and priorities as described in the annual CNAD Management Plan and other tasks and priorities collectively agreed by the nations in support of the AC/135 mission.
6. AC/135 develops and maintains NCS policy, procedures and agreements covering, but not limited to, the following:
 - to promote the use and operation of the NCS i.a.w. NATO Objectives;
 - to maximize the efficiency of logistics systems and avoid duplication of efforts and resources;
 - to enhance the effectiveness of the NATO and Allied forces by providing a basis for interoperability;
 - to enhance the effectiveness of cross-services within NATO and User nations;

¹ C-R(57)74. item III

- to construct and operate rules, procedures and programmes to ensure the maximum efficiency in operation of the NCS;
- to provide methods to achieve flexibility in interpretation and operation of the NCS;
- to engage with Industry, International Standards Organizations, Agencies and other stakeholders to enhance and promote the NCS methodology;
- to promote the quality of Codification data i.a.w. the AC/135 Quality Charter.

COMPOSITIONS AND ORGANIZATION

7. AC/135 consists of the Directors of the Codification Authorities of all NATO Member and Sponsored countries² and a representative from NSPA. AC/135 establishes, monitors and gives guidance to its subordinate bodies.

- Chairperson MG: Elected from a representative of NATO member countries for a term of two years, with the possibility of extension for further two-year terms if confirmed by the MG.

Normally at least six months prior to his/her departure, the outgoing Chairperson, with the assistance of the Vice-Chairperson and/or Secretary, shall:

- notify the members of the need to find a successor;
 - request nominations from nations;
 - personally seek candidates should no national nominations be forthcoming;
 - circulate the resulting list along with résumés of nominees, before the meeting at which the new Chairperson is to be elected;
 - oversee the balloting/election process should there be more than one nomination.
- Members: NATO and Sponsored countries³ representatives (usually at NCB Director level or above) with the knowledge and authority to support the Group in meeting its responsibilities. They may be supported by additional staff and experts as required.
 - Observers: Representatives of Partner countries, other NATO Bodies, NATO Projects and Agencies that provide inputs to the Group's activities, and/or benefit from the outputs of the Group.

8. Secretarial and administrative support for the AC/135 will be provided by NSPA in accordance with the NSPO Agreement No. 1901 as defined within the annual "Programme of Work" between AC/135 and NSPA.

METHOD OF WORK

9. The organization and working methods of the AC/135 will be developed on the basis of the CNAD Management Plan and the decisions and guidelines of CNAD.

² See ACodP-1, Chapter 1, for "Rights and Privileges" of Sponsored Nations

³ AC/135 Sponsorship Programme ref PO(2001)225 dated 20-DEC-2001

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10. AC/135 will hold its Main Group meetings at least twice per year and will provide an annual formal report of activities to the CNAD. The Chairperson MG will also attend the bi-annual CNAD Plenary meetings.
11. AC/135 will maintain an information exchange with other NATO groups.
12. The AC/135 Terms of Reference will be reviewed annually and changes will be incorporated as required.

ANNEX II

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BUDGET AND STRATEGIC PLANNING SUB-COMMITTEE – TERMS OF REFERENCE

[←BACK](#)

1. AREA OF RESPONSIBILITY

100. The Budget and Strategic Planning Sub-Committee (BSC) is a permanent Subgroup and advises MG concerning financial and strategic planning responsibilities related to the execution of the AC/135 Budget and Management Plan.

2. TASKS

201. The tasks of BSC reflect AC/135 requirements and priorities as described in the CNAD Management Plan and other tasks and priorities collectively agreed by the member countries in support of the AC/135 mission. In particular BSC is responsible:

- to advise the MG on issues related to the AC/135 Management Plan;
- to advise the MG on issues related to the AC/135 Quality Programme;
- to advise the MG on any changes required to the AC/135 HoA;
- to advise the MG on relevant budget issues (acceptability/issues of special interest/expectations etc.);
- to participate with NSPA in the preparation and control phase of the budget process;
- to be timely informed by NSPA on the detailed financial data being the basis for the budget;
- to advise the MG on any other issues it may deem necessary;
- to work on the basis of providing strategic recommendations to the MG;
- to approve individual items of expenditure up to 10 KEUR with an annual ceiling of 25 KEUR, and the requirement to inform the MG.

3. COMPOSITIONS AND ORGANIZATION

3.1. General

301. The mandate of the Chairperson BSC and the Vice Chairperson BSC is two years, with the possibility of extension for a second two-year term if confirmed by the MG. On an exceptional basis, the MG may approve the further extension of the mandate of the Chairperson for an additional year.

3.2. Members of BSC

302. Chairperson BSC:

- Elected from a NATO Member of the BSC and endorsed by the MG.

Releasable to PFP, MD, ICI and PAG nations

Normally at least six months prior to his/her departure, the outgoing Chairperson, with the assistance of the Vice-Chairperson and/or Secretary, shall:

- notify the members of the need to find a successor;
 - request nominations from nations;
 - personally seek candidates should no national nominations be forthcoming;
 - circulate the resulting list along with résumés of nominees, before the meeting at which the new Chairperson is to be elected;
 - oversee the balloting/election process should there be more than one nomination.
- The Chairperson BSC also acts as representative for the Chairperson MG if this position is vacant or the Chairperson MG cannot be present at meetings (e.g. CNAD plenary, MG meeting).

303. Vice Chairperson BSC

- Elected from a NATO Member of the BSC and endorsed by the MG; acts as Chairperson BSC if this position is vacant or the Chairperson BSC cannot be present at the meeting.

304. Member countries:

- Maximum of nine NATO members¹ and three (3) Sponsored members' (on level Tier 2²) representatives with each country undertaking a two-year membershipⁱ; Membership of the BSC must be at director level or in exceptional cases their representative.
- Should the status of a membership in the BSC change, for example from a Sponsored member on level TIER 2 to NATO membership, the elected member will remain in BSC until the next election.
- If any other NATO or Tier 2 member country wishes to join the BSC, this would be handled with an election at the time of term expiry.

305. NSPA:

- NSPA is permanent member in BSC and must ensure the participation of relevant personnel depending on the actions. Secretary AC/135 is responsible for the preparation of the relevant documents such as the final recommendations. Basis for the support is the NSPO Agreement No. 1901 and the current version of the PoW

306. Chairperson MG

- If the Chairperson MG is not part of the BSC's NATO members, the Chairperson MG is invited to take part at the BSC, as the BSC is an excerpt of the members of MG. This ensures actions are dealt with in a coordinated manner between Chairperson BSC and Chairperson MG.

307. Observer

- NATO member countries and Sponsored member countries on Level Tier 2 that are not currently elected members of the BSC are invited to participate in the BSC as observers

¹ NATO Membership comprises France, Germany, Italy, UK and USA as default members (referred to as the Big 5, plus 4 other NATO nations elected biennially)

² AC/135 Sponsorship Programme ref. PO(2001)225 dated 20-DEC-2001

- NATO UNCLASSIFIED -
Releasable to PFP, MD, ICI and PAG nations

upon request. The application must be approved by the Chairperson BSC at least four weeks before the BSC. The application must therefore be submitted to the Chairperson BSC or Secretary AC/135 in good time before the deadline expires.

308. Regulations for the BSC meeting, number of representatives and industry participation see HoA para 3.3.

4. ELECTION

4.1. Invitation

401. The Chairperson MG will invite all NATO and Tier 2 countries to express their interest in participating in the BSC by 31 March of the election year via a NABS action (every other year).

4.2. Requirements

402. Requirements for participating include:

- A two-year commitment to the group;
- Interested NATO and Tier 2 countries will fund their NCB directors and/or NCBReps to two (2) three day and two (2) one day physical meetings per year;
- NCB directors and/or NCBReps will actively participate and take on projects for the BSC in addition to their normal activities;
- NCB directors and/or NCBReps will review actions from the perspective of all the NCBs and not focus on what is good for their organization or sole national interests;
- NCB directors and/or NCBReps will identify strategic opportunities as applicable;
- NCB directors and/or NCBReps may be called upon to represent AC/135 at meetings and forums, on AC/135 budget.

4.3. Regulations

403. If there is more interest in participating in this group than the HoA allows for, AC/135 NATO members must elect four (4) representatives and AC/135 Tier 2 countries must elect three (3). The five biggest NSN producers (total of active NSNs in NMCRL) amongst NATO countries (Big 5: currently Germany, France, Italy, UK and USA) will be priority BSC members, as long as they are interested in this position and active participants. If no interest is declared, the membership position will be included in the vote. The need for a vote would be determined by the interest identified above.

404. If called for a vote, candidate members (both new and existing) should be prepared to present to the MG a list of potential contributions they bring to the table. Examples may be expertise in a certain budget or strategic area, past input to either BSC (if existing member) or MG etc. The following form should be used:

Application for membership of the NATO AC/135 Budget and Strategic Planning Sub-Committee (BSC)

As outlined in the AC/135 Handbook on Aims, the BSC Membership is elected every two years.

There is capacity for 12 countries to take part in the BSC, consisting of:

- 9 NATO nations [with priority to the 'big 5' nations]*
- 3 Tier-2 Nations [if one space is not filled, a further NATO nation may take the place]*

As there are likely more nations requesting to join the BSC than there are places, any nation wishing to be part of the BSC are to apply for membership on the template below.

Name of proposed BSC representative(s):

Country:

Are you NATO / Tier 2:

Has your nation been involved in the BSC previously, and if so, during which period(s):

What benefits will your country's attendance bring to the Sub-Committee?

Please identify any experience or skills that your representative(s) will bring to BSC

By submitting this application, I confirm that I commit that the NCB director will;

- i) Attend all BSC meetings, four times per year
- ii) Fully contribute to all discussions in the meetings and in advance of the meetings using the NABS system
- iii) Will represent common interests to all nations and not look to further only national agendas, remaining impartial throughout
- iv) Will remain courteous and cooperative with my colleagues in the BSC
- v) Take on tasking and suggest areas for improvement

Signed:

Date:

405. A closed vote will be held during a special session of the usual spring MG with candidates from NATO being voted upon by NATO countries, and candidates from Tier 2 voted on by Tier 2 countries. The Secretary AC/135, along with two volunteers from countries not requesting membership, will collect the votes and announce the new BSC membership.

406. Joining the BSC should not be seen as a way to advance personal or national agendas or prerogatives; rather it is a forum to prepare decisions for MG, provide governance and undertake work, which will benefit all members and customers of NATO AC/135.

407. Once the membership is determined by MG, the BSC will recommend a Chairperson BSC and a Shadow Chairperson BSC for the corresponding timeframe for endorsement by the MG.

5. MEMBERSHIP SUSPENSION

501. It is imperative that all NATO and Tier 2 countries who have joined the BSC are active members of the community. The size of the group is limited to enable agility of thought and decision-making, but also allowing for constructive critique from differing perspectives. For this reason, the BSC representative is asked at the point of application to make a commitment that they will attend all meetings, whether they are de-facto 'Big 5', NATO or Tier 2.

502. The demand to attend the BSC outstrips places at the table, so it is imperative for nations to attend all BSC meetings, otherwise they are denying another willing country from the opportunity to be involved. In the unlikely event of a member country or delegation being unable to attend a given meeting, apologies should be sent in good time to the Chairperson BSC, and contributions should still be made offline using the NABS tool so that the community continues to benefit from the perspective of this country.

503. In the first event of a non-attendance, the Chairperson BSC [on behalf of the whole BSC committee] shall write to the head of the delegation to highlight the Sub-Committee's concerns and invite a restoration of attendance and ask for their written answer. In the second event of a non-attendance within a year, expulsion from the BSC will be considered and voted upon by the BSC members [NATO countries vote on fellow NATO Countries, Tier 2 vote on Tier 2].

504. If, in any instance, no apologies are received and a delegate does not attend or contribute on NABS, the BSC shall consider the action to be taken, which could include suspension or expulsion.

505. If a member country is expelled, the spare seat will firstly be offered to any countries that expressed an interest in joining at the prior elections, but did not succeed with sufficient votes. If no candidates are available, another election will be held for interested candidates. The suspended nation may not take part in the election.

506. If a member country knows it will have difficulty in attending the Sub-Committee, it should consider its resignation from the remainder of its term at the BSC in consultation with the Chairperson BSC.

6. METHOD OF WORK

601. BSC reports to the MG through the Chairperson BSC. BSC will hold its meetings four times per year. The meeting which takes place at the midpoint between MG meetings will constitute a full meeting lasting three days. The meeting taking place on the day immediately preceding the MG meetings will be a one-day consolidating BSC meeting. Additional meetings can be called by Chairperson BSC upon specific requirements after approval of Chairperson MG.

602. Proposals from the BSC to the MG are to be agreed by "Subgroup Agreement" in BSC. When the joint proposal of the BSC has been elaborated and proposed to the MG, it shall be

represented accordingly to the members of the MG by all representatives of the BSC (see also HoA para 4.2.5.).

603. Chairperson BSC is requested to participate at the monthly video conference between Chairperson MG, all Chairpersons of permanent Subgroups and NSPA.

ANNEX III

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PANEL A – TERMS OF REFERENCE

[←BACK](#)

1. AREA OF RESPONSIBILITY

101. Panel A assists MG in the implementation of the codification policy. It advises MG on all technical matters and procedures concerning the NCS. It may therefore perform technical studies and analyses to improve the performance of the NCS in all its aspects.

2. TASKS

202. The tasks of Panel A reflect AC/135 requirements and priorities as laid down in the CNAD Management Plan, as well as other tasks and priorities collectively agreed by AC/135 member countries in supporting the mission of AC/135 according to the AC/135 Management Plan ([ANNEX V](#)). Panel A is responsible amongst others:

- to assist and advise MG in the implementation of codification policy and procedures;
- to advise MG on all codification-related technical issues;
- to develop detailed technical procedures for implementing codification policies;
- to perform technical studies with a view to improving the performance of the NCS and maintain data integrity;
- to exploit and augment data quality through application of tailor-made techniques and software tools;
- to investigate, maintain and optimise Codification data elements, procedures and documentation (ACodP-1, CodSP, etc.) through specific proposals;
- to audit codification software of NATO/non-NATO Sponsored countries;
- to promote cooperation and provide technical assistance to member countries according to MG mandates;
- to biannually report the activities and accomplishments of Panel A at MG meetings;
- to advise MG in any other topics deemed necessary.

3. COMPOSITION AND ORGANIZATION

3.1. General

301. MG mandates, monitors and provides guidance to Panel A on their tasking portfolio and activities. Decisions during Panel A meetings are taken on a consensus basis taking into account the rules under #4.2.

3.2. Members of Panel A

302. Chairperson Panel A:

- Elected from a NATO or Tier 2 Member of the Panel A and endorsed by the MG. The mandate of the Chairperson Panel A is two years, with the possibility of extension for further two-year terms if confirmed by the MG through consensus.

Normally at least six months prior to his/her departure, the outgoing Chairperson, with the assistance of the Vice-Chairperson and/or Secretary, shall:

- notify the members of the need to find a successor;
- request nominations from nations;
- personally seek candidates should no national nominations be forthcoming;
- circulate the resulting list along with résumés of nominees, before the meeting at which the new Chairperson is to be elected;
- oversee the balloting/election process should there be more than one nomination.

303. Vice Chairperson Panel A

- Elected from a NATO or Tier 2 Member of the Panel A and endorsed by the MG; acts as Chairperson Panel A if this position is vacant or the Chairperson Panel A cannot be present at the meeting.

304. Member countries:

- Technical experts from NCBs of NATO member countries and Sponsored countries on Level Tier 2 and Tier 1.

305. NSPA:

- NSPA is permanent member in Panel A and must ensure the participation with relevant personal depending on the actions. Secretary AC/135 is responsible for the preparation of the relevant documents such as the final recommendations. Basis for the support is the NSPO Agreement No. 1901 and the current version of the PoW.

306. Observers:

- Representatives of Partner countries, NATO bodies and agencies that can contribute to the proceedings of Panel A. The application must be approved by the Chairperson PANEL A.

307. Regulations for the Panel A meeting, number of representatives and industry participation see HoA para 3.3.

4. ELECTION

4.1. Invitation

401. The Chairperson Panel A will invite all NATO and Tier 2 Members to express their interest to become Chairperson Panel A by 31 July of the election year via a Panel A action (every other year).

5. METHOD OF WORK

501. Panel A is a “Permanent Subgroup” and reports to MG through the Chairperson Panel A. Panel A will hold its meetings twice a year. Additional meetings can be called by Chairperson Panel A upon specific requirements after approval of MG. For meetings outside Capellen (LUX) see HoA para 3.3.

502. Proposals from the Panel A to the MG are to be agreed by “Subgroup Agreement” in Panel A. (see also HoA para 4.2.5.).

503. Chairperson Panel A is requested to participate at the monthly video conference between Chairperson MG, all Chairpersons of permanent Subgroups and NSPA.

504. Panel A Terms of Reference will be reviewed at the time of Chairperson Panel A appointment and changes incorporated as required.

ANNEX IV

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TRANSFORMATION STEERING WORKING GROUP (TSWG) – TERMS OF REFERENCE

[←BACK](#)

1. AREA OF RESPONSIBILITY

101. The Transformation Steering Working Group (TSWG) is a Subgroup of AC/135 that acts as a research and discussion forum for topics specifically assigned by MG, with the focus on the impact of such changes on the operation and sustainability of the NCS. Particular emphasis is placed on data reliability and interoperability with partner organisations, either within the NCS or externally.

102. The purpose of TSWG is to make recommendations to MG. However, it is not authorised to make decisions.

103. The number of tasks actively being worked on, and their relative priority and time-frames, will be determined by MG in consultation with the TSWG, based on resources available. New topics may only be authorised by MG but may be suggested from within the TSWG for MG approval.

2. TASKS

201. The portfolio of tasks of the TSWG consists of dealing with:

- future developments and technologies as a research and project execution group. This first main task includes following activities
 - to examine, study and elaborate on possible modernization/transformation projects with the aim of presenting a selection of comprehensive options on the way forward for MG decision;
 - to provide the MG an update on assigned technical issues related to the NCS;
 - to create technical recommendations for the MG consideration;
 - to present business case analysis (cost/benefit analysis) with recommendations;
 - to identify to MG which tasks will require changes within National Codification Bureau (NCB) systems;
 - to make recommendations to MG on potential enhancements.
- further development of existing or in future needed NCS applications (NMCRL, NCL, MIS, etc.) with respect to their functionalities and content from a user/customer perspective:
 - to define all technical aspects of the MIS: data warehouse content, metrics and KPIs;
 - to advise on possible future enhancements to all NCS applications (NMCRL, NCL, MIS, etc.);

For clarification, this main task does not include any assessment of the results on any KPI because this is the task of Panel A and MG.

- complex actions which, based on their nature belong to Panel A, but are highly complex and/or future-orientated so that a smaller group of experts and the advice of software providers is needed for the creation of a proper recommendation for the solution. In this regard and first instance, the Chairperson Panel A must request MG to task TSWG and, after MG approval, TSWG will be formally tasked by MG to execute this request.

3. COMPOSITION AND ORGANIZATION

3.1. General

301. The TSWG is an expert group, the recommendations it makes are critical to the long-term structure and organisation of the NCS. Accordingly, national representation at the TSWG must be at a very experienced technical level regardless of rank or official title.

302. The size of the group shall be limited to ensure detailed discussions can be conducted fruitfully. The Chairperson TSWG will determine, based on the topics, the most appropriate mix of attendees. The number of nations represented should not exceed 15 in number, not including the Chairperson TSWG, NSPA, host nation attendees, and NCB software providers, unless agreed differently by the Chairperson TSWG or as requested by MG. The Chairperson TSWG may approach any AC/135 nation and request specific (additional) representation on a certain topic/project.

3.2. Members of TSWG

303. Chairperson TSWG:

- Elected from a NATO or Tier 2 Member of the TSWG and endorsed by the MG. The mandate of the Chairperson TSWG is two years, with the possibility of extension for further two-year terms if confirmed by the MG through consensus.
- Normally at least six months prior to his/her departure, the outgoing Chairperson, with the assistance of the Vice-Chairperson and/or Secretary, shall:
 - notify the members of the need to find a successor;
 - request nominations from nations;
 - personally seek candidates should no national nominations be forthcoming;
 - circulate the resulting list along with résumés of nominees, before the meeting at which the new Chairperson is to be elected;
 - oversee the balloting/election process should there be more than one nomination.

304. Vice Chairperson TSWG

- Elected from a NATO or Tier 2 Member of the TSWG and endorsed by the MG; acts as Chairperson TSWG if this position is vacant or the Chairperson TSWG cannot be present at the meeting.

305. Members:

- NCB directly employed staff;

- NSPA staff;
 - Codification Software Providers holding active contracts with one or more NCBs or countries. The rationale for this is to benefit from the software providers' knowledge and to allow for discussions on the impact on current systems.
306. NSPA:
- NSPA is permanent member in TSWG and must ensure the participation with relevant personal depending on the actions (IT / Codification). Secretary AC/135 is responsible for the preparation of the relevant documents such as the final recommendations. Basis for the support is the NSPO Agreement No. 1901 and the current version of the PoW.
307. Chairperson Panel A:
- The Chairperson Panel A is invited to take part at the TSWG meetings.
308. Industry
- see HoA 3.3.5
309. Observers:
- Interested member countries that are not currently members of the TSWG are invited to participate in the TSWG as observers upon request. The application must be approved by the Chairperson TSWG at least four weeks before the TSWG. The application must therefore be submitted to the Chairperson TSWG or Secretary AC/135 in good time before the deadline expires.
310. Regulations for the TSWG meeting, number of representatives and industry participation see HoA para 3.3.

4. METHOD OF WORK

501. TSWG is a "permanent Subgroup" that reports to the MG through the Chairperson TSWG. The TSWG is to hold a minimum of two regular meetings per year, preceding the Panel A meetings in March and September plus any other ad hoc meetings as may be deemed necessary and approved by MG.

502. The creation of a project will require the production of a problem/opportunity statement. This may be raised by any AC/135 member or Industry (Industry will require a sponsor within MG in order to be presented to MG). This will be submitted to MG for approval and tasking of the TSWG. Projects must be studied by non-permanent task groups, composed of specialists who may not necessarily be members of the TSWG.

503. MG shall task TSWG in a document (meeting minutes are acceptable) in which the tasking is clearly described in terms of concise, direction expectations about outcome and time-frames.

504. Following approval, the TSWG is to develop a concept paper confirming the scope of the project, possible solutions and an estimate of the number of work/steps involved and a cost/benefit statement. This concept paper will go back to MG for confirmation that the understanding of the problem/opportunity is correct, and that the intended direction is in line with AC/135 priorities and the strategic plan. Once the concept paper has been confirmed, a new work stream/project will be established by the TSWG. The project plan is to detail the project leader, outcome statement and milestones.

505. Once MG has agreed or approved a direction for a transformation project, it will determine the next steps which may include transference to Panel A, the appointment of an external consultant or any other such activity as deemed appropriate. Hiring an external consultant requires approval from the MG.

ANNEX V - MANAGEMENT PLAN

[←BACK](#)

1. Conference of National Armaments Directors (CNAD) - Management Plan

101. Mission – “The mission of the CNAD is to enable multinational cooperation on delivery of interoperable military capabilities to improve NATO forces’ effectiveness over the whole spectrum of current and future operations.”

102. CNAD provides guidance to its substructure through the Main Group (MG) and Project Groups through its Terms of References, Management Plans, and Decision Sheets. The entire CNAD substructure activities shall support the following objectives, as reflected in the CNAD Strategy¹, including:

- Advise the North Atlantic Council (NAC) on armaments matters (through the NADREPs);
- Identify and promote cost-effective multinational capabilities consistent with outputs of the NATO Defence Planning Process (NDPP);
- Promote the fielding of interoperable solutions, including through materiel standardization;
- Enhance defence, technological, and industrial cooperation, including the trans-Atlantic link (NATO Industrial Advisory Group (NIAG);
- Build and share experience, understanding and joint practices in multinational armaments cooperation to harmonise national requirements and strengthen the ability of Allies to operate collectively;
- Take advantage of new technologies, concepts, doctrines and procedures in support of capability development in cooperation with the Science and Technology Organisation (STO);
- Continue the development of a capability-based culture in the CNAD sub-structure in coordination with other capability stakeholders.

103. Facilitating multinational cooperation and interoperability are at the core of the CNAD’s work, as articulated in the CNAD mission statement. These CNAD deliverables are harmonised with initiatives such as Smart Defence (SD) and the Connected Forces Initiative (CFI). The focus of this work will be guided by the outputs of NATO processes and political objectives such as the NDPP. When urgent operational requirements occur, the CNAD and its sub-structure will rapidly mobilize their resources to address them. The CNAD sub-structure will align its management and work plans with the CNAD Management Plan, developing roadmaps, including concrete deliverables, timelines, required resources, and formulating measurable objectives. The focus will be on output rather than on processes.

¹ AC/259-D(2013)0042(PFP)

2. Group of National Directors on Codification (GNDC) - Terms of Reference²

201. On behalf of the CNAD, AC/135 provides and promotes the NATO Codification System (NCS) as the primary means of codification used by Armed Forces, Government, and Industry in support of interoperable and effective global logistics operations. Through codification, AC/135 manages all aspects of classification, item identification, and NATO Stock Numbers for materiel used by NATO and Sponsored nations.

202. Objectives

- Provide codification data and continuously adapt the NCS to meet the evolving requirements of the Armed Forces of AC/135 member countries;
- Promote NCS benefits to the defence and industry communities, and support and facilitate cooperative partnerships between defence and industry;
- Take advantage of new technologies, concepts, doctrines and procedures in support of capability development to reduce cost and increase the effectiveness of the NCS;
- Promote stronger cooperation and interoperability between NATO and partner countries;
- Manage the budget to ensure the stability of AC/135 and cost-effective use of AC/135 resources.

² AC/259-D(2014)0035

3. Tasks and Activities 2023-2024

Mission		On behalf of the CNAD, AC/135 provides and promotes the NCS as the primary means of codification used by Armed Forces, Government, and Industry in support of interoperable and effective global logistics operations. Through codification, AC/135 manages all aspects of classification, item identification, and NATO Stock Numbers for materiel used by NATO and Sponsored nations.			
		Horizon 1 Maintain and strengthen	Horizon 2 Expansion	Horizon 3 New Possibilities	
	Objectives	Next 12 months	1 to 3 years	4 to 7 years	
1	Provide codification data and continuously adapt the NCS to meet the evolving requirements of the Armed Forces	<ul style="list-style-type: none"> - Define codification compliance policy - Determine accountability based on compliance document - Implement Form 4 into OCT - Implement Online Collaboration Tool (OCT) - Implement search by characteristics into NMCRL 	<ul style="list-style-type: none"> - Annually update thresholds of MIS KPIs - Add classification data e.g GTIN, RIC to enlarge range of elements under NSN - Streamline collection of identification data in support of requests for the new NSN - Determine requirements to provide NMCRL off-line application 	<ul style="list-style-type: none"> - <i>Identify new and fresh ways to provide codification data</i> - <i>Develop strategies to counter obsolete or misleading data from online sources</i> 	
2	Promote NCS benefits to the defence and industry	<ul style="list-style-type: none"> - Organize NCB College courses - Aligning NCS website in line with NMCRL - Revising NCB college curriculum to NDER processes and host annual course - Update e-Learning to NDER processes - Analyze NMCRL marketing study survey 	<ul style="list-style-type: none"> - Promote NMCRL to Defense industry with ambition to increase number of industrial users; - Employ Google Analytics into monitoring of customer preferences for analysis and recommendation tailoring codification applications - Encourage the nations to use standard briefing and information package - Organize Forum for exchange of information 	<ul style="list-style-type: none"> - <i>Increase awareness of the existence of the NCS throughout defense industry</i> - <i>Secure partnerships for accrued representation</i> - <i>Adapt NMCRL Web to new subscribers trends</i> - <i>Diversify subscribing countries to reduce dependence of income</i> 	
3	Enhance NCS by exploring new technologies and	<ul style="list-style-type: none"> - Review findings from strategic studies on additive 	<ul style="list-style-type: none"> - Engage with the key groups concerned with data 	<ul style="list-style-type: none"> - <i>Assess the potentials in new</i> 	

	concepts, to reduce cost and increase the effectiveness of the NCS	<p>manufacturing and ERP, towards identifying change actions for NCS</p> <ul style="list-style-type: none"> - Define processes for payment by card for licenses to NMCRL 	<p>interoperability capability of NATO: S2000M, AC/327, AC/326, COMMIT.</p>	<p><i>technologies, such as AI and AM.</i></p>
4	Promote stronger cooperation and interoperability between NATO and partner nations.	<ul style="list-style-type: none"> - Provide codification training and guidance to AC/135 members and candidate countries - Participate in logistics workshops and training events 	<ul style="list-style-type: none"> - Create strategy for improving sponsorship process and increase countries which would meet NATO criteria 	<ul style="list-style-type: none"> - <i>Create strategy to improve integration of new and existing countries into important topics and committees</i>
5	Manage the budget to ensure the stability of AC/135 and cost-effective use of AC/135 resources	<ul style="list-style-type: none"> - Manage the GCF - Maintain and increase Income stream to support self-funding model 	<ul style="list-style-type: none"> - Implementation of long term developmental funding model 	<ul style="list-style-type: none"> - <i>Identify and secure new revenue streams</i>

ANNEX VI
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AC/135 BUDGET CALCULATION

[BACK](#)

1. GENERAL

101. Knowledge of the basis for calculating the budget is essential to develop a common understanding of the current financial year and the further development of the budget. The AC/135 is the only NATO Allied Committee that has special rights, but also duties, in relation to the budget, as the only Committee permitted to receive revenue through the sale of a product (see 6.1.3.5, #625).

102. Only if all responsible parties (member countries and NSPA) work together in a targeted manner to secure and further develop the budget can it be ensured that these special rights, but also duties, which the AC/135 has in cooperation with the NSPA, are preserved.

103. NSPA has a special responsibility here to monitor the revenue as well as the expenditure. It is crucial that in order to maintain solid budget management, an early assessment of trends and developments is regularly undertaken so that critical efficient and effective decisions can be made with sufficient time to assess, debate, plan, coordinate, implement and control.

2. BUDGETARY YEAR AND FORECAST

201. The budgetary year corresponds to the calendar year from 1 January to 31 December. Commitments can be carried forward to the following year when justified by a legal obligation and for which goods and services have not yet been rendered by the end of the financial year, due to delays from the vendor, or the respective invoices have not yet been received. Open commitments should be closed after all related invoices and expenditure are processed, and should not exceed 3 years unless dully justified and authorized by the MG.

202. Budgetary forecast is elementary for a solid forward planning of the budget. A sufficient forecast is only given if it covers at least the following year plus five (5) further years. For the forecast, it is decisive to obtain from NSPA the most accurate planning figures possible for future operating costs, especially if higher investments are planned.

203. As a principle, expected expenditure for new projects are to be calculated with a cost increase (based on the cumulative inflation expected for the year when the project is planned to start), so that the planning is sufficiently solid. If projects are financed by the AC/135 budget the exchange rate shall follow the exchange rate in the country of production unless the project is under a fixed price contract.

204. As a principle, expected revenues, especially for the NMCRL, should be calculated as accurately as possible in order not to end up with an overly optimistic revenue forecast.

205. Example for the calculation of the budget:

Previous year	Current year	Forecast following year	Forecast 5 further years
2022	2023	2024	2025, 2026, 2027, 2028, 2029

206. The AC/135 Approved Budget, Programme of Work and the Current year actual expenditure for a respective year, are available in the financial folder of NABS.

3. PLANNING PROCESS

3.1. NATO Security Investment Programme (NSIP)

301. The cost-sharing key is based on the NATO Common Funding (NCF¹). The current version of the NSIP², which is agreed between the NATO member countries, is published regularly by NATO (see [Funding NATO](#)).

302. After its publication, the new NSIP is automatically implemented for the calculation of the national contributions from the year after next (year of publication + 2 years; e.g. 2021 for 2023 and 2024). No further decision by the MG is required.

303. The two-year implementation period gives the member countries of AC/135 sufficient time to adapt to the changed contributions at national level.

3.2. Cycle of activities

304. The budget consultations in each year have a fixed time sequence based on the meetings between the BSC and the MG (see Annex VII).

305. By 1st December the budget for the following year must be approved by the MG. This must include the approval of:

- the direct personnel costs, based on the PoW and
- direct project costs.

306. In the event of a full budget approval not being achieved, the MG needs to approve an interim financing solution that enables the continuity of the support activities of NSPA until the following year budget is approved accepting at least the current year approved project direct manpower. Otherwise, the human and financial resources projected for the support of the project will be considered as unfunded and therefore rejected by the NSPO Agency Supervisory Board (ASB) resulting in relevant posts being suppressed, the other direct costs set to zero and the AC/135 entering into a liquidation process with the necessary budgetary provisions.

307. All relevant documents regarding the budget are published in compliance with HoA Chapter 4 ([see 4.1.1. Deadlines before a meeting](#)).

3.2.1. First Quarter of the year – Spring BSC

308. NSPA is requested to

- present NATO sharing key
the adaption of the NATO sharing key (basis is the published cost sharing key, based on the common funding cost for Civil budget, Military budget and NATO Security Investment Programme (NSIP)).
- Actual versus approved budget
the draft actual budget compared to the approved budget for the current and previous

¹ Inside AC/135 also known as NATO Security Investment Programme (NSIP)

² In recent years, NATO has published the following NSIP: 1/1/2014 to 31/12/2015 (28 member countries); 1/1/2016 to 31/12/2017 (28), until 31/12/2017 (29), 1/1/2018 to 31/12/2019 (29), 2020 (29), 1/1/2021 to 31/12/2024 (30).

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year. The previous years to be included in the follow-up meetings until it is closed in budgetary terms;

- NMCRL license fees
the new NMCRL licence fees. In accordance with MG's decision on the annual indexation of NMCRL licence fees by 2.5%, NSPA will adjust NMCRL licence fees from 1 January of the following year;
- Forecasted budget
the forecasted budget / credits for the following plus 5 further years.
- Risks and opportunities
the identified risks and opportunities based on the current budget calculation

309. Chairperson BSC is requested to

- obtain internal Subgroup approval for the proposed budgets forecast for CY+1 & CY+2, and the BSC will note the proposed budget forecast for CY+3, CY+4, CY+5 & CY+6;
- discuss, if necessary, identified risks and opportunities based on the current budget calculation and to develop recommendations to MG.

3.2.2. Second Quarter of the year – Spring MG

310. NSPA is requested to

- present adaption of the NATO sharing key; actual versus approved budget for the current and previous year; NMCRL license fees; forecasted budget.

311. Chairperson BSC is requested to

- comment on and, if necessary, point out recommendations that have been developed.

312. MG is requested to

- note the Sharing Key and the new NMCRL license fees (CY);
- endorse the Forecasted Budget CY+1, CY+2;
- note Draft Actuals vs. Approved Budget CY-1, Forecasted Budget CY+3, CY+4, CY+5 & CY+6, any highlighted Risks and opportunities.

3.2.3. Third Quarter of the year – Fall BSC

313. NSPA is requested to

- present Programme of Work (PoW)
the proposal for the PoW for the following two years (e.g. CY, PoW for CY+1 and CY+2) and the impact to the budget.
- Actual versus approved budget
Presentation of the draft actual budget compared to the approved budget for the current and previous year.

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- Forecasted budget
Forecasted budget / credits for the following plus 5 further years
 - Risks and opportunities
the identified risks and opportunities based on the current budget calculation
314. Chairperson BSC is required to
- obtain BSC
 - endorsement for the proposed PoW CY+1 & CY+2 and for the Forecasted Budget CY+1, CY+2 (If changes occur from the May version);
 - approval for Forecasted Budget CY+3, CY+4, CY+5 & CY+6 (If changes occur from the May version);
 - approval of the Actuals CY-1
 - discuss, if necessary, identified risks and opportunities based on the current budget calculation and to develop recommendations to MG.
- 3.2.4. Fourth Quarter of the year – Fall BSC
315. NSPA is requested to present, if necessary
- significant adjustments to the PoW,
 - significant adjustments of the operating costs of NSPA,
 - significant adjustments of the 5 Year IT plan,
- In addition, NSPA should outline
- further anticipated adjustments (to reflect the forecasted budget for the following year and the next five years),
 - development prospects for NMCRL revenues
 - an update of the actual versus approved budget for the current and previous year and the forecasted budget for the following year and the next five years
316. Chairperson BSC is requested to
- comment on and, if necessary, expand on the detail of recommendations that have been developed.
317. MG is requested to
- take note of the Final Actuals of the previous year, to note the current year Budget and of the Forecast Budget trend for the CY+3 to CY+6
 - endorse Forecast Budget CY+2 and to approve the budget for the following year.

	REVIEW	NOTATION	ENDORSEMENT	APPROVAL
BSC March	Sharing Key CY+2 & CY+3			
	Set Contribution Target CY+2 & CY+3			
	Draft Actuals vs. Approved Budget CY-1			
	Approved Budget CY			
	Forecasted Budget CY+1, CY+2, CY+3, CY+4, CY+5 & CY+6	Forecasted Budget CY+3, CY+4, CY+5 & CY+6	Forecasted Budget CY+1, CY+2	
	New NMCRL license fees (CY)			
	Identify Risks and opportunities			
MG May				Sharing Key CY+2 & CY+3
		Draft Actuals vs. Approved Budget CY-1		
				New NMCRL licence fees (CY)
		Forecasted Budget CY+3, CY+4, CY+5 & CY+6	Forecasted Budget CY+1 & CY+2	
		Risks and opportunities		
BSC September	Actuals vs. Approved Budget CY-1			
	PoW CY+1 & CY+2		PoW CY+1 & CY+2	
	Forecasted Budget CY+1, CY+2, CY+3, CY+4, CY+5 & CY+6	Forecasted Budget CY+3, CY+4, CY+5 & CY+6 (If changes occur from the May version)	Forecasted Budget CY+1, CY+2 (If changes occur from the May version)	
	Risks and opportunities			
MG November		CY Forecast vs. Approved Budget		
		Forecasted Budget CY+3, CY+4, CY+5 & CY+6	Forecasted Budget CY+2	Forecasted Budget CY+1
		Final Actuals CY-1		
			PoW CY+2	PoW CY+1

4. CONTRIBUTIONS OF NATO AND TIER 2 MEMBERS

4.1. Basics

401. The NATO Common Funding (NCF) Sharing Key³ is relevant for calculation of the contributions for NATO member countries and Sponsored member countries of level Tier 2. For Tier 1 member countries see (HoA [6.1.4. Revenue](#)).

402. Basis for the sharing key is the NATO funding methodology for direct contributions, based on the NATO Security Investment Programme (NSIP) (see [Funding NATO](#)).

403. The AC/135 funding method establishes fair cost sharing among NATO countries and sponsored nations according to their responsibilities⁴. Consequently, the sharing key used to determine annual national contributions is updated by NSPA on a biennial basis.

404. Any change to the status of a country (e.g. Tier 1 to Tier 2, or sponsored country to NATO member) will have an effect on sharing keys beginning from 1st January of the following calendar year. Any change to the Gross National Income (GNI) and the Military Investment (MI) will have an impact on the NCS sharing key for Tier 2 members.

4.2. Calculation

4.2.1. First Step – NATO members

405. The table published annually by NATO (see [Funding NATO](#)) contains all NATO member countries and the percentage share of each NATO member. The individual national percentages add up to 100 %.

406. NATO member Iceland (ISL) does not contribute to AC/135. Background is that ISL is a member of NATO but has no armed forces of its own.

407. The first step is to recalculate the 100% over the remaining NATO countries. This results in a very small percentage but necessary increase for each remaining NATO country.

$$\text{Formula: } \text{Sharing key}_{NATO\ new} = \text{Sharing key}_{NATO} \frac{100\%}{100\% - \text{Sharing key}_{ISL}}$$

$$\text{Example: } \text{Given are: } \text{Sharing key}_{DEU} = 16.3444\%; \text{Sharing key}_{ISL} = 0.0642\%$$

$$\text{Sharing key}_{DEU} = 16.344\% - \%_{DEU} \frac{100\%}{100\% - 0.0642\%_{ISL}} \approx 16.3549\%_{DEU\ new}$$

$$\text{Result: } \text{Increase for DEU is } \approx 0.0105\%.$$

4.2.2. Second Step – Tier–2 members

408. Basis for the calculation of the Tier 2 sharing key is the data from the World Bank.

- Gross National Income (GNI)⁵ see [THE WORLD BANK - GNI](#);

³ Inside AC/135 also known as NATO Security Investment Programme (NSIP)

⁴ The AC/135 Main Group approved the method as per §6.1 of the Decision Sheet of its 105th meeting

⁵ On the website from THE WORLD BANK “GNI (constant 2015 US\$)”.

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- Military Investment⁶ (MI) see [THE WORLD BANK - MI](#).

409. After download of the relevant data from the World Bank, the next step is to find the associated NATO member (is the one which has the most similar expenditures) to the Tier 2 member. The final calculation of the Tier 2 sharing key is based on a simple formula.

$$\text{Formula: } \text{Sharing key}_{\text{Tier 2}} = \text{Sharing key}_{\text{NATO Assoc}} \frac{\text{AVG MI}_{\text{Tier 2}}}{\text{AVG MI}_{\text{NATO Assoc}}}$$

AVG = Average

410. Rounding errors in the calculation are to be avoided. For easier presentation in the HoA, long decimal places are rounded in the example calculation.

411. First part: Calculation of the GNI Average (GNIa)

- Calculation of the GNI average as GNIa for all NATO and Tier 2 countries.
- The time period taken into account is five years, from which the average is calculated. This compensates for large short-term fluctuations. Due to the availability of the data from the World Bank, the following periods are used:

NCS sharing key calculation for	Average World Bank data over 5 years
2023	2015, 2016, 2017, 2018, 2019
2024	2016, 2017, 2018, 2019, 2020
...	...

$$\text{Formula: } \text{AVG GNIa}_{\text{Member}} = \text{AVG} (\text{GNI}_{\text{Member 5 years}})$$

Example: Given are:

$GNI_{\text{DEU 2015}}$	3,434,101,056,827.73 USD
$GNI_{\text{DEU 2016}}$	3,538,148,413,023.45 USD
$GNI_{\text{DEU 2017}}$	3,617,041,520,947.21 USD
$GNI_{\text{DEU 2018}}$	3,672,971,967,016.97 USD
$GNI_{\text{DEU 2019}}$	3,719,117,411,425.39 USD

Result : GNIa for DEU is 3,596,276,073,848.15 USD for 2015 to 2019

- In a few cases, data from member countries are not sufficiently published. In these cases, other available data from the World Bank are used to enable comparability.

412. Second part: Associate a Tier 2 member to a NATO member

- For Tier 2 Countries: Identify the nearest (most similar) NATO country's GNI. The NATO country with the nearest GNIa will be the Associated Country.

⁶ On the website of THE WORLD BANK "Military expenditure (% of GDP)".

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- In the following is the example of the Tier 2 member New Zealand (NZL) and the associated NATO member Czech Republic (CHE).

Examples: GNIa for NZL is 188,424,732,509.28 USD for 2015 to 2019

GNIa for CZE is 188,885,073,607.40 USD for 2015 to 2019

Examples: Sharing key_{CZE} ≈ 1.0565%

Sharing key_{NZL} ≈ 1.0565%

413. Third part: Calculation of the Military Investment (MI)

- The basis for calculation is the average military expenditure for the comparable period of five years (see Calculation of the GNIa). The figure refers to military expenditure as a proportion of gross domestic product.

Formula: $AVG\ GNIa_{Member} = AVG\ (GNI_{Member\ 5\ years})$

Example: Given are:

$MI_{DEU\ 2015}$	1.137338427 %
$MI_{DEU\ 2016}$	1.149654485 %
$MI_{DEU\ 2017}$	1.154049407 %
$MI_{DEU\ 2018}$	1.167832867 %
$MI_{DEU\ 2019}$	1.260267753 %

Result: AVG MI for DEU is 1.173828588 % for 2015 to 2019

- In the following is the example of the Tier 2 member New Zealand (NZL) and the associated NATO member Czech Republic (CZE).

Examples: AVG MI for NZL is 1,196020013 % for 2015 to 2019

AVG MI for CZE is 1.028111405 % for 2015 to 2019

414. Forth part: Final calculation of the Sharing key for Tier 2 members

Formula: $Sharing\ key_{Tier\ 2} = Sharing\ key_{NATO\ Assoc} \frac{AVG\ MI_{Tier\ 2}}{AVG\ MI_{NATO\ Assoc}}$

Example: $Sharing\ key_{NZL} = Sharing\ key_{CZE} \frac{AVG\ MI_{NZL}}{AVG\ MI_{CZE}}$

$Sharing\ key_{NZL} \approx 1.0565\% \frac{1,196020013\ \%}{1.028111405\ \%} \approx 1.2290\%$

Result: Sharing key for NZL is ≈ 1.2290%

5. CONTRIBUTIONS OF TIER 1 MEMBERS

5.1. Basics

501. The contributions for sponsored member countries on level Tier 1 are published in CodSP-12 (see current version of CodSP in NABS).

502. In the future, it will be necessary to adjust this value, as it was not indexed when it was determined and is therefore subject to a constant loss in value.

503. The amount of the minimum contribution for member countries shall be assessed annually by the BSC.

5.2. Calculation Tier 1

504. The costs are calculated independent of the Gross National Income (GNI) and the Military Investment (MI) of a Tier 1 member country. The costs include a basic contribution for a basic service. In addition, further options can be added by the Tier 1 member. The total annual fee is calculated from the basic fee and the additional options.

505. The costs are divided in two parts:

- Administration and Documentation costs;
- Technical Support.

6. MINIMUM CONTRIBUTION

6.1. Basics

601. In order to cover the real costs of the services provided, the AC/135 has set a minimum contribution for the member countries as extension to the official sharing key. This means that all member countries whose contribution is below 2,500 EUR will be raised to this value.

602. The contributions from NATO and Tier 2 members include licenses to both NABS and NMBS.

603. In the future, it will be necessary to adjust this value, as it was not indexed when it was determined and is therefore subject to a constant loss in value.

604. The amount of the minimum contribution for member countries shall be assessed annually by the BSC. A possible adaption is subject to MG approval.

ANNEX VII
 -
5 YEARS IT PLAN – ANNUAL CYCLE OF ACTIVITIES

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CALENDAR YEAR	ACTION	LEAD	TIME
	NSPA to consolidate requirements into CY+1 IT Plan	NSPA	Spring Panel A
	Panel A to seek nations opinion, assign priorities	Panel A	Spring MG
	NSPA to present provisional CY+1 IT plan, seek nations' opinions	NSPA	Spring MG
	to evaluate funds available, review Panel A and Main Group priorities, review entire 5-year IT Plan	BSC	Summer BSC
	to note project priorities, to propose CY+2 IT projects	Panel A	Fall Panel A
	to approve CY+1 IT plan, to note 5YIT plan	Main Group	Fall MG

Note: CY stands for Current Year

ANNEX VIII

-

QUALITY CHARTER

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1. GENERAL

101. The quality of the codification data is essential for reaching the mission of AC/135, which is to support global operations by uniquely and consistently identified items of supply in order to provide forces with critical material master data.

2. RESPONSIBILITIES

201. All members of AC/135 are responsible for maintaining and promoting the quality of codification data. All NCBs:

- recognise the authority of AC/135 Main Group to define and provide guidance on implementation of quality principles.
- are committed to support AC/135 by providing available technical expertise.
- are committed to comply with the principles and procedures stipulated in ACodP-1.
- to recommend and promote the inclusion of the Codification Contract Clause in contracts dealing with items of supply.

3. ACKNOWLEDGEMENT

301. All members of AC/135 acknowledge the following demands:

- Descriptive method of codification is the preferred identification type (see Chapter I ACodP-1 Sub-Section 261).
- Codification tasks will be performed by qualified and trained personnel.
- Any new national codification tool will be qualified in accordance with AC/135 systems compliance tests.
- NCBs additional quality requirements shall be a matter for national discretion.

ANNEX IX - ESCALATION PROCESS

1. GENERAL

101. The escalation process is focussed on NCBs not rectifying MIS discrepancies regarding ESR1 submitting/processing NCBs.

102. Codification is a process, in which both the submitting NCB and the processing NCB have a high level of responsibility. Only if both parties fulfil their task correctly and completely can codification be carried out successfully. Any deficiency on either side will cause disruptions in the process that will prevent timely codification.

103. The basis for mutually beneficial processing is, among other things, communication (see HoA No. 4.6 Communication).

2. ESCALATION PROCESS

201. The process of escalation will be managed at three different levels of responsibility:

1. Panel A (Chairperson Panel A)
2. Main Group (Chairperson Panel A /Chairperson MG)
3. CNAD/Equivalent for Sponsored Nations (Chairperson MG/CNAD/Equivalent)

202. Time sequence and actions:

A. Year 1

(Semester X-1)

A1 NCB(s) has one/more non-conformance(s) with MIS KPIs.

(Semester X)

A2 Based on MIS KPIs (previous Semester), Chairperson Panel A will place an action on Panel A agenda, for NCB(s) with red flags, requesting NCB(s) to explain the main reasons for the red flags and intended correction actions.

A3 During the Panel A meeting, Chairperson Panel A will discuss this agenda action with the concerned NCB (s) achieving this way a formal commitment from Panel A representative for the upcoming six (6) months to improve the ESR1 KPIs.

A4 During next MG, Chairperson Panel A will report situation in his briefing to MG.

A5 Chairperson MG will request the red-flagged NCB Directors a justification and a formal commitment to take corrective measures and improve the ESR1 KPIs for the upcoming six (6) months. Issue will be mentioned in MG Decision Sheet (MG DS).

B. Year 2

(Semester X+1)

- A6 During the next semester (after the initial Panel A meeting), Chairperson Panel A will follow the trend of NCB(s) ESR1 KPIs.
- A7 According to the NCB(s) KPIs trend evolution, Chairperson Panel A will escalate, or not, the actions:
- a) If the concerned NCB(s) KPIs trend during the semester had a positive evolution, the process should remain at Panel A level, and Chairperson Panel A must continue to follow the performance of the NCB(s), until the NCB(s) meet the green light threshold;
 - b) If the concerned NCB(s) KPIs trend during the semester had no positive evolution/negative evolution, Chairperson Panel A should raise the action definitively to MG.
- A8 During the MG meeting, Chairperson Panel A will report continuing negative situation in his briefing to MG:
- A9 Chairperson MG will inform the red-flagged NCB Directors that he will forward the issue to higher echelon level. Chairperson MG will send a formal letter to the CNAD NADRep of the NATO member country or the equivalent superior level of the NCB of the affected sponsored country identifying the issue and requesting action.

(Semester X+2)

- A10 During the next semester (after the Panel A X+1 meeting) CHPA will follow the trend of NCB(s) ESR1 KPI'S.
- A11 According the NCB(s) KPI's trend evolution, CHPA will escalate, or not, the actions:
- a) If the concerned NCB(s) KPI's trend during the semester had a positive evolution, the process should remain at PA level, and CHPA must continue to follow the performance of the NCB(s), until the NCB(s) meet the green light threshold;
 - b) If the concerned NCB(s) KPI's trend during the semester had no evolution/negative evolution, CHPA should raise the Action definitively to Main Group.
- A12 During the Main Group meeting CHPA will report continuing negative situation in his Briefing to MG.
- A13 Chairperson MG will inform the red flagged NCB Directors that the issue will be forwarded to higher echelon level. CHMG will send a formal letter to the CNAD POC of the NATO Nations or Equivalent of Armaments Director for

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Sponsored Nations (in country NCB higher level) identifying issue and requesting action.

Timeframe	Year 1 - A			Year 2 -B			
	Semester X-1	Semester X		Semester X+1		Semester X+2	
Meeting		"Panel A" X	"MG" X	"Panel A" X+1	"MG" X+1	"Panel A" X+2	"MG" X+2
Chairperson Panel A	A1 NCB "red Flag"	A2 Action Panel A Agenda Discuss NCB's Panel A Rep		B6 Chairperson Panel A follow NCB trend		B10 Chairperson Panel A follow NCB trend	
		A3 Discuss with Panel A Rep		B7a Positive evolution. Stop		B11a Positive evolution. Stop	
			A4 Briefing MG	B7b Raise action to MG	B8 Briefing MG	B11b Raise action to MG	B12 Briefing MG
Chairperson AC/135			A5 MG DS		B9 MG DS + Letter Dir. NCB		B13 MG DS + Letter CNAD/equivalent higher echelon