

GENERAL CONDITIONS OF CONTRACT

CONTRACTS FOR THE PROVISION OF GOODS

1. **LEGAL STATUS OF THE PARTIES:** The International Maritime Organization (IMO) and the Contractor shall also each be referred to as a “Party” hereunder, and:
 - 1.1 Pursuant, *inter alia*, to the Convention on the International Maritime Organization and the Convention on the Privileges and Immunities of the Specialized Agencies, IMO, including its subsidiary organs, has full juridical personality as an international intergovernmental organization, subject to international law, and enjoys such privileges and immunities as are necessary for the independent fulfillment of its purposes.
 - 1.2 The Contractor shall have the legal status of an independent contractor *vis-à-vis* IMO, and nothing contained in or relating to the Contract shall be construed as establishing or creating between the Parties the relationship of employer and employee or of principal and agent. The officials, representatives, employees, or subcontractors of each of the Parties shall not be considered in any respect as being the employees or agents of the other Party, and each Party shall be solely responsible for all claims arising out of or relating to its engagement of such persons or entities.
2. **ASSIGNMENT:**
 - 2.1 Except as provided in Article 2.2, below, the Contractor may not assign, transfer, pledge or make any other disposition of the Contract, of any part of the Contract, or of any of the rights, claims or obligations under the Contract except with the prior written authorization of IMO. Any such unauthorized assignment, transfer, pledge or other disposition, or any attempt to do so, shall not be binding on IMO. Except as permitted with respect to any approved subcontractors, the Contractor shall not delegate any of its obligations under this Contract, except with the prior written consent of IMO. Any such unauthorized delegation, or attempt to do so, shall not be binding on IMO.
 - 2.2 The Contractor may assign or otherwise transfer the Contract to the surviving entity resulting from a reorganization of the Contractor’s operations, *provided that*:
 - 2.2.1 such reorganization is not the result of any bankruptcy, receivership or other similar proceedings;
and,
 - 2.2.2 such reorganization arises from a sale, merger, or acquisition of all or substantially all of the Contractor’s assets or ownership interests; *and,*
 - 2.2.3 the Contractor promptly notifies IMO about such assignment or transfer at the earliest opportunity;
and,
 - 2.2.4 the assignee or transferee agrees in writing to be bound by all of the terms and conditions of the Contract, and such writing is promptly provided to IMO following the assignment or transfer.
3. **SUBCONTRACTING:** In the event that the Contractor requires the services of subcontractors to perform any obligations under the Contract, the Contractor shall obtain the prior written approval of IMO. IMO shall be entitled, in its sole discretion, to review the qualifications of any subcontractors and to reject any proposed subcontractor that IMO reasonably considers is not qualified to perform obligations under the Contract. IMO shall have the right to require any subcontractor’s removal from IMO premises without having to give any justification therefor. Any such rejection or request for removal shall not, in and of itself, entitle the Contractor to claim any delays in the performance, or to assert any excuses for the non-performance, of any of its obligations under the Contract, and the Contractor shall be solely responsible for all services and obligations performed by its subcontractors. The terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with, all of the terms and conditions of the Contract.
4. **PURCHASE OF GOODS:** To the extent that the Contract involves any purchase of goods, whether in whole or in part, and unless specifically stated otherwise in the Contract, the following conditions shall apply to any purchases of goods under the Contract:
 - 4.1 **DELIVERY OF GOODS:** The Contractor shall hand over or make available the goods, and IMO shall receive the goods, at the place for the delivery of the goods and within the time for delivery of the goods specified in the

Contract. The Contractor shall provide to IMO such shipment documentation (including, without limitation, bills of lading, airway bills, and commercial invoices) as are specified in the Contract or, otherwise, as are customarily utilized in the trade. All manuals, instructions, displays and any other information relevant to the goods shall be in the English language unless otherwise specified in the Contract. Unless otherwise stated in the Contract (including, but not limited to, in any “INCOTERM” or similar trade term), the entire risk of loss, damage to, or destruction of the goods shall be borne exclusively by the Contractor until physical delivery of the goods to IMO in accordance with the terms of the Contract. Delivery of the goods shall not be deemed in itself as constituting acceptance of the goods by IMO.

- 4.2 **PACKAGING OF THE GOODS:** The Contractor shall package the goods for delivery in accordance with the highest standards of export packaging for the type and quantities and modes of transport of the goods. The goods shall be packed and marked in a proper manner in accordance with the instructions stipulated in the Contract.
- 4.3 **TRANSPORTATION & FREIGHT:** Unless otherwise specified in the Contract (including, but not limited to, in any “INCOTERM” or similar trade term), the Contractor shall be solely liable for making all transport arrangements and for payment of freight and insurance costs for the shipment and delivery of the goods in accordance with the requirements of the Contract. The Contractor shall ensure that IMO receives all necessary transport documents in a timely manner so as to enable IMO to take delivery of the goods in accordance with the requirements of the Contract.
- 4.4 **WARRANTIES:** Unless otherwise specified in the Contract, in addition to and without limiting any other warranties, remedies or rights of IMO stated in or arising under the Contract, the Contractor warrants and represents that:
- 4.4.1 The goods, including all packaging and packing thereof, conform to the specifications of the Contract, are fit for the purposes for which such goods are ordinarily used and for any purposes expressly made known in writing in the Contract, and shall be of even quality, free from faults and defects in design, material, manufacturer and workmanship;
- 4.4.2 If the Contractor is not the original manufacturer of the goods, the Contractor shall provide IMO with the benefit of all manufacturers’ warranties in addition to any other warranties required to be provided under the Contract;
- 4.4.3 The goods are of the quality, quantity and description required by the Contract, including when subjected to conditions prevailing in the place of final destination;
- 4.4.4 The goods are free from any right of claim by any third-party, including claims of infringement of any intellectual property rights, including, but not limited to, patents, copyright and trade secrets;
- 4.4.5 The goods are new and unused;
- 4.4.6 All warranties will remain fully valid following any delivery of the goods and for a period of not less than one (1) year following acceptance of the goods by IMO in accordance with the Contract;
- 4.4.7 During any period in which the Contractor’s warranties are effective, upon notice by IMO that the goods do not conform to the requirements of the Contract, the Contractor shall promptly and at its own expense correct such non-conformities or, in case of its inability to do so, replace the defective goods with goods of the same or better quality or, at its own cost, remove the defective goods and fully reimburse IMO for the purchase price paid for the defective goods; and,
- 4.4.8 The Contractor shall remain responsive to the needs of IMO for any services that may be required in connection with any of the Contractor’s warranties under the Contract.
- 4.5 **ACCEPTANCE OF GOODS:** Under no circumstances shall IMO be required to accept any goods that do not conform to the specifications or requirements of the Contract. IMO may condition its acceptance of the goods upon the successful completion of acceptance tests as may be specified in the Contract or otherwise agreed in writing by the Parties. In no case shall IMO be obligated to accept any goods unless and until IMO has had a reasonable opportunity to inspect the goods following delivery. If the Contract specifies that IMO shall provide a written acceptance of the goods, the goods shall not be deemed accepted unless and until IMO in fact provides such written acceptance. In no case shall payment by IMO in and of itself constitute acceptance of the goods.
- 4.6 **REJECTION OF GOODS:** Notwithstanding any other rights of, or remedies available to IMO under the Contract, in case any of the goods are defective or otherwise do not conform to the specifications or other requirements of the Contract, IMO, at its sole option, may reject or refuse to accept the goods, and within thirty

(30) days following receipt of notice from IMO of such rejection or refusal to accept the goods, the Contractor shall, in sole option of IMO:

4.6.1 provide a full refund upon return of the goods, or a partial refund upon a return of a portion of the goods, by IMO; *or*,

4.6.2 repair the goods in a manner that would enable the goods to conform to the specifications or other requirements of the Contract; *or*,

4.6.3 replace the goods with goods of equal or better quality; *and*,

4.6.4 pay all costs relating to the repair or return of the defective goods as well as the costs relating to the storage of any such defective goods and for the delivery of any replacement goods to IMO.

4.7 In the event that IMO elects to return any of the goods for the reasons specified in Article 4.6, above, IMO may procure the goods from another source. In addition to any other rights or remedies available to IMO under the Contract, including, but not limited to, the right to terminate the Contract, the Contractor shall be liable for any additional cost beyond the balance of the Contract price resulting from any such procurement, including, *inter alia*, the costs of engaging in such procurement, and IMO shall be entitled to compensation from the Contractor for any reasonable expenses incurred for preserving and storing the goods for the Contractor's account.

4.8 **TITLE:** The Contractor warrants and represents that the goods delivered under the Contract are unencumbered by any third party's title or other property rights, including, but not limited to, any liens or security interests. Unless otherwise expressly provided in the Contract, title in and to the goods shall pass from the Contractor to IMO upon delivery of the goods and their acceptance by IMO in accordance with the requirements of the Contract.

4.9 **EXPORT LICENSING:** The Contractor shall be responsible for obtaining any export license required with respect to the goods, products, or technologies, including software, sold, delivered, licensed or otherwise provided to IMO under the Contract. The Contractor shall procure any such export license in an expeditious manner. Subject to and without any waiver of the privileges and immunities of IMO, IMO shall lend the Contractor all reasonable assistance required for obtaining any such export license. Should any Governmental entity refuse, delay or hinder the Contractor's ability to obtain any such export license, the Contractor shall promptly consult with IMO to enable IMO to take appropriate measures to resolve the matter.

5. INDEMNIFICATION:

5.1 The Contractor shall indemnify, defend, and hold and save harmless, IMO, and its officials, agents and employees, from and against all suits, proceedings, claims, demands, losses and liability of any kind or nature brought by any third party against IMO, including, but not limited to, all litigation costs and expenses, attorney's fees, settlement payments and damages, based on, arising from, or relating to:

5.1.1 allegations or claims that the possession of or use by IMO of any patented device, any copyrighted material, or any other goods, property or services provided or licensed to IMO under the terms of the Contract, in whole or in part, separately or in a combination contemplated by the Contractor's published specifications therefor, or otherwise specifically approved by the Contractor, constitutes an infringement of any patent, copyright, trademark, or other intellectual property right of any third party; *or*,

5.1.2 any acts or omissions of the Contractor, or of any subcontractor or anyone directly or indirectly employed by them in the performance of the Contract, which give rise to legal liability to anyone not a party to the Contract, including, without limitation, claims and liability in the nature of a claim for workers' compensation.

5.2 The indemnity set forth in Article 5.1.1, above, shall not apply to:

5.2.1 A claim of infringement resulting from the Contractor's compliance with specific written instructions by IMO directing a change in the specifications for the goods, property, materials, equipment or supplies to be or used, or directing a manner of performance of the Contract or requiring the use of specifications not normally used by the Contractor; *or*

5.2.2 A claim of infringement resulting from additions to or changes in any goods, property, materials equipment, supplies or any components thereof furnished under the Contract if IMO or another party acting under the direction of IMO made such changes.

5.3 In addition to the indemnity obligations set forth in this Article 5, the Contractor shall be obligated, at its sole expense, to defend IMO and its officials, agents and employees, pursuant to this Article 5, regardless of whether

the suits, proceedings, claims and demands in question actually give rise to or otherwise result in any loss or liability.

5.4 IMO shall advise the Contractor about any such suits, proceedings, claims, demands, losses or liability within a reasonable period of time after having received actual notice thereof. The Contractor shall have sole control of the defense of any such suit, proceeding, claim or demand and of all negotiations in connection with the settlement or compromise thereof, except with respect to the assertion or defense of the privileges and immunities of IMO or any matter relating thereto, for which only IMO itself is authorized to assert and maintain. IMO shall have the right, at its own expense, to be represented in any such suit, proceeding, claim or demand by independent counsel of its own choosing.

5.5 In the event the use by IMO of any goods, property or services provided or licensed to IMO by the Contractor, in whole or in part, in any suit or proceeding, is for any reason enjoined, temporarily or permanently, or is found to infringe any patent, copyright, trademark or other intellectual property right, or in the event of a settlement, is enjoined, limited or otherwise interfered with, then the Contractor, at its sole cost and expense, shall, promptly, either:

5.5.1 procure for IMO the unrestricted right to continue using such goods or services provided to IMO;

5.5.2 replace or modify the goods or services provided to IMO, or part thereof, with the equivalent or better goods or services, or part thereof, that is non-infringing; *or*

5.5.3 refund to IMO the full price paid by IMO for the right to have or use such goods, property or services, or part thereof.

6. INSURANCE AND LIABILITY:

6.1 The Contractor shall pay IMO promptly for all loss, destruction, or damage to the property of IMO caused by the Contractor's personnel or by any of its subcontractors or anyone else directly or indirectly employed by the Contractor or any of its subcontractors in the performance of the Contract.

6.2 Unless otherwise provided in the Contract, prior to commencement of performance of any other obligations under the Contract, and subject to any limits set forth in the Contract, the Contractor shall take out and shall maintain for the entire term of the Contract, for any extension thereof, and for a period following any termination of the Contract reasonably adequate to deal with losses:

6.2.1 insurance against all risks in respect of its property and any equipment used for the performance of the Contract;

6.2.2 workers' compensation insurance, or its equivalent, or employer's liability insurance, or its equivalent, with respect to the Contractor's personnel sufficient to cover all claims for injury, death and disability, or any other benefits required to be paid by law, in connection with the performance of the Contract;

6.2.3 liability insurance in an adequate amount to cover all claims, including, but not limited to, claims for death and bodily injury, products and completed operations liability, loss of or damage to property, and personal and advertising injury, arising from or in connection with the Contractor's performance under the Contract, including, but not limited to, liability arising out of or in connection with the acts or omissions of the Contractor, its personnel, agents, or invitees, or the use, during the performance of the Contract, of any vehicles, boats, airplanes or other transportation vehicles and equipment, whether or not owned by the Contractor; *and,*

6.2.4 such other insurance as may be agreed upon in writing between IMO and the Contractor.

6.3 The Contractor's liability policies shall also cover subcontractors and all defense costs and shall contain a standard "cross liability" clause.

6.4 The Contractor acknowledges and agrees that IMO accepts no responsibility for providing life, health, accident, travel or any other insurance coverage which may be necessary or desirable in respect of any personnel performing services for the Contractor in connection with the Contract.

6.5 Except for the workers' compensation insurance or any self-insurance program maintained by the Contractor and approved by IMO, in its sole discretion, for purposes of fulfilling the Contractor's requirements for providing insurance under the Contract, the insurance policies required under the Contract shall:

6.5.1 name IMO as an additional insured under the liability policies, including, if required, as a separate endorsement under the policy;

- 6.5.2 include a waiver of subrogation of the Contractor's insurance carrier's rights against IMO;
- 6.5.3 provide that IMO shall receive written notice from the Contractor's insurance carrier not less than thirty (30) days prior to any cancellation or material change of coverage; *and*,
- 6.5.4 include a provision for response on a primary and non-contributing basis with respect to any other insurance that may be available to IMO.
- 6.6 The Contractor shall be responsible to fund all amounts within any policy deductible or retention.
- 6.7 Except for any self-insurance program maintained by the Contractor and approved by IMO for purposes of fulfilling the Contractor's requirements for maintaining insurance under the Contract, the Contractor shall maintain the insurance taken out under the Contract with reputable insurers that are in good financial standing and that are acceptable to IMO. Prior to the commencement of any obligations under the Contract, the Contractor shall provide IMO with evidence, in the form of certificate of insurance or such other form as IMO may reasonably require, that demonstrates that the Contractor has taken out insurance in accordance with the requirements of the Contract. IMO reserves the right, upon written notice to the Contractor, to obtain copies of any insurance policies or insurance program descriptions required to be maintained by the Contractor under the Contract. Notwithstanding the provisions of Article 6.5.3, above, the Contractor shall promptly notify IMO concerning any cancellation or material change of insurance coverage required under the Contract.
- 6.8 The Contractor acknowledges and agrees that neither the requirement for taking out and maintaining insurance as set forth in the Contract nor the amount of any such insurance, including, but not limited to, any deductible or retention relating thereto, shall in any way be construed as limiting the Contractor's liability arising under or relating to the Contract.
7. **ENCUMBRANCES AND LIENS:** The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with IMO against any monies due to the Contractor or that may become due for any work done or against any goods supplied or materials furnished under the Contract, or by reason of any other claim or demand against the Contractor or IMO.
8. **EQUIPMENT FURNISHED BY IMO TO THE CONTRACTOR:** Title to any equipment and supplies that may be furnished by IMO to the Contractor for the performance of any obligations under the Contract shall rest with IMO, and any such equipment shall be returned to IMO at the conclusion of the Contract or when no longer needed by the Contractor. Such equipment, when returned to IMO, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear, and the Contractor shall be liable to compensate IMO for the actual costs of any loss of, damage to, or degradation of the equipment that is beyond normal wear and tear.
9. **COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS:**
- 9.1 Except as is otherwise expressly provided in writing in the Contract, IMOs shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for IMO under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Contract. The Contractor acknowledges and agrees that such products, documents and other materials constitute works made for hire for IMO.
- 9.2 To the extent that any such intellectual property or other proprietary rights consist of any intellectual property or other proprietary rights of the Contractor: (i) that pre-existed the performance by the Contractor of its obligations under the Contract, or (ii) that the Contractor may develop or acquire, or may have developed or acquired, independently of the performance of its obligations under the Contract, IMO does not and shall not claim any ownership interest thereto, and the Contractor grants to IMO a perpetual license to use such intellectual property or other proprietary right solely for the purposes of and in accordance with the requirements of the Contract.
- 9.3 At the request of IMO, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to IMO in compliance with the requirements of the applicable law and of the Contract.
- 9.4 Subject to the foregoing provisions, all maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents, and all other data compiled by or received by the Contractor under the Contract shall be the property of IMO, shall be made available for use or inspection by IMO at reasonable times and in reasonable places, shall be treated as confidential, and shall be delivered only to IMO authorized officials on

completion of work under the Contract.

10. **PUBLICITY, AND USE OF THE NAME, EMBLEM OR OFFICIAL SEAL OF THE IMO:** The Contractor shall not advertise or otherwise make public for purposes of commercial advantage or goodwill that it has a contractual relationship with IMO, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of IMO, or any abbreviation of the name of IMO in connection with its business or otherwise without the written permission of IMO.

11. **CONFIDENTIAL NATURE OF DOCUMENTS AND INFORMATION:** Information and data that is considered proprietary by either Party or that is delivered or disclosed by one Party (“Discloser”) to the other Party (“Recipient”) during the course of performance of the Contract, and that is designated as confidential (“Information”), shall be held in confidence by that Party and shall be handled as follows:

11.1 The Recipient shall:

11.1.1 use the same care and discretion to avoid disclosure, publication or dissemination of the Discloser’s Information as it uses with its own similar Information that it does not wish to disclose, publish or disseminate; *and,*

11.1.2 use the Discloser’s Information solely for the purpose for which it was disclosed.

11.2 Provided that the Recipient has a written agreement with the following persons or entities requiring them to treat the Information confidential in accordance with the Contract and this Article 11, the Recipient may disclose Information to:

11.2.1 any other party with the Discloser’s prior written consent; *and,*

11.2.2 the Recipient’s employees, officials, representatives and agents who have a need to know such Information for purposes of performing obligations under the Contract, and employees officials, representatives and agents of any legal entity that it controls, controls it, or with which it is under common control, who have a need to know such Information for purposes of performing obligations under the Contract, *provided that,* for these purposes a controlled legal entity means:

11.2.2.1 a corporate entity in which the Party owns or otherwise controls, whether directly or indirectly, over fifty percent (50%) of voting shares thereof; *or,*

11.2.2.2 any entity over which the Party exercises effective managerial control; *or,*

11.2.2.3 for IMO, a subsidiary organ or body of IMO established in accordance with the Convention on the International Maritime Organization.

11.3 The Contractor may disclose Information to the extent required by law, *provided that,* subject to and without any waiver of the privileges and immunities of IMO, the Contractor will give IMO sufficient prior notice of a request for the disclosure of Information in order to allow IMO to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made.

11.4 In line with article 17, IMO may only disclose Information to the extent as required pursuant to the Convention on the International Maritime Organization, ICTS Information Security Management System Privacy Policy and ICTS Integrated Management System Management of external providers or pursuant to resolutions or regulations of its organs or rules promulgated thereunder.

11.5 The Recipient shall not be precluded from disclosing Information that is obtained by the Recipient from a third party without restriction, is disclosed by the Discloser to a third party without any obligation of confidentiality, is previously known by the Recipient, or at any time is developed by the Recipient completely independently of any disclosures hereunder.

11.6 These obligations and restrictions of confidentiality shall be effective during the term of the Contract, including any extension thereof, and, unless otherwise provided in the Contract, shall remain effective following any termination of the Contract.

12. **FORCE MAJEURE; OTHER CHANGES IN CONDITIONS:**

12.1 In the event of and as soon as possible after the occurrence of any cause constituting *force majeure*, the affected Party shall give notice and full particulars in writing to the other Party, of such occurrence or cause if the affected Party is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under the Contract. The affected Party shall also notify the other Party of any other changes in condition or the occurrence of any event which interferes or threatens to interfere with its performance of the Contract. Not more than fifteen (15) days following the provision of such notice of *force majeure* or other changes in condition or

occurrence, the affected Party shall also submit a statement to the other Party of estimated expenditures that will likely be incurred for the duration of the change in condition or occurrence or the event of *force majeure*. On receipt of the notice or notices required hereunder, the Party not affected by the occurrence of a cause constituting *force majeure* or changes in condition or occurrence shall take such action as it reasonably considers to be appropriate or necessary in the circumstances, including the granting to the affected Party of a reasonable extension of time in which to perform any obligations under the Contract.

12.2 If the Contractor is rendered unable, wholly or in part, by reason of *force majeure* to perform its obligations and meet its responsibilities under the Contract, IMO shall have the right to suspend or terminate the Contract on the same terms and conditions as are provided for in Article 13, "Termination," except that the period of notice shall be seven (7) days instead of thirty (30) days. In any case, IMO shall be entitled to consider the Contractor permanently unable to perform its obligations under the Contract in case the Contractor is unable to perform its obligations, wholly or in part, by reason of *force majeure* for any period in excess of ninety (90) days.

12.3 *Force majeure* as used herein means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, epidemic, pandemic or any other acts of a similar nature or force, *provided that* such acts arise from causes beyond the control and without the fault or negligence of the Contractor. The Contractor acknowledges and agrees that, with respect to any obligations under the Contract that the Contractor must perform in areas in which IMO is engaged in, preparing to engage in, or disengaging from any capacity building or similar activities, any delays or failure to perform such obligations arising from or relating to harsh conditions within such areas, or to any incidents of civil unrest occurring in such areas, shall not, in and of itself, constitute *force majeure* under the Contract.

13. TERMINATION:

13.1 Either Party may terminate the Contract for cause, in whole or in part, upon thirty (30) days' notice, in writing, to the other Party. The initiation of conciliation or arbitral proceedings in accordance with Article 16 "Settlement of Disputes," below, shall not be deemed to be a "cause" for or otherwise to be in itself a termination of the Contract.

13.2 IMO may terminate the Contract at any time by providing written notice to the Contractor in any case in which the mandate of IMO applicable to the performance of the Contract or the funding of IMO applicable to the Contract is curtailed or terminated, whether in whole or in part. In addition, unless otherwise provided by the Contract, upon sixty (60) day's advance written notice to the Contractor, IMO may terminate the Contract without having to provide any justification therefor.

13.3 In the event of any termination of the Contract, upon receipt of notice of termination that has been issued by IMO, the Contractor shall, except as may be directed by IMO in the notice of termination or otherwise in writing:

13.3.1 take immediate steps to bring the performance of any obligations under the Contract to a close in a prompt and orderly manner, and in doing so, reduce expenses to a minimum;

13.3.2 refrain from undertaking any further or additional commitments under the Contract as of and following the date of receipt of such notice;

13.3.3 place no further subcontracts or orders for materials, services, or facilities, except as IMO and the Contractor agree in writing are necessary to complete any portion of the Contract that is not terminated;

13.3.4 terminate all subcontracts or orders to the extent they relate to the portion of the Contract terminated;

13.3.5 transfer title and deliver to IMO the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the portion of the Contract terminated;

13.3.6 deliver all completed or partially completed plans, drawings, information, and other property that, if the Contract had been completed, would be required to be furnished to IMO thereunder;

13.3.7 complete performance of the work not terminated; *and*

13.3.8 take any other action that may be necessary, or that IMO may direct in writing, for the minimization of losses and for the protection and preservation of any property, whether tangible or intangible, related to the Contract that is in the possession of the Contractor and in which IMO has or may be reasonably expected to acquire an interest.

13.4 In the event of any termination of the Contract, IMO shall be entitled to obtain reasonable written accountings

from the Contractor concerning all obligations performed or pending in accordance with the Contract. In addition, IMO shall not be liable to pay the Contractor except for those goods delivered and services provided to IMO in accordance with the requirements of the Contract, but only if such goods or services were ordered, requested or otherwise provided prior to the Contractor's receipt of notice of termination from IMO or prior to the Contractor's tendering of notice of termination to IMO.

13.5 IMO may, without prejudice to any other right or remedy available to it, terminate the Contract forthwith in the event that:

13.5.1 the Contractor is adjudged bankrupt, or is liquidated, or becomes insolvent, or applies for a moratorium or stay on any payment or repayment obligations, or applies to be declared insolvent;

13.5.2 the Contractor is granted a moratorium or a stay, or is declared insolvent;

13.5.3 the Contractor makes an assignment for the benefit of one or more of its creditors;

13.5.4 a Receiver is appointed on account of the insolvency of the Contractor;

13.5.5 the Contractor offers a settlement in lieu of bankruptcy or receivership; *or*

13.5.6 IMO reasonably determines that the Contractor has become subject to a materially adverse change in its financial condition that threatens to substantially affect the ability of the Contractor to perform any of its obligations under the Contract.

13.6 Except as prohibited by law, the Contractor shall be bound to compensate IMO for all damages and costs, including, but not limited to, all costs incurred by IMO in any legal or non-legal proceedings, as a result of any of the events specified in Article 13.5, above, and resulting from or relating to a termination of the Contract, even if the Contractor is adjudged bankrupt, or is granted a moratorium or stay or is declared insolvent. The Contractor shall immediately inform the IMO of the occurrence of any of the events specified in Article 13.5, above, and shall provide IMO with any information pertinent thereto.

13.7 The provisions of this Article 13 are without prejudice to any other rights or remedies of IMO under the Contract or otherwise.

14. **NON-WAIVER OF RIGHTS:** The failure by either Party to exercise any rights available to it, whether under the Contract or otherwise, shall not be deemed for any purposes to constitute a waiver by the other Party of any such right or any remedy associated therewith, and shall not relieve the Parties of any of their obligations under the Contract.

15. **NON-EXCLUSIVITY:** Unless otherwise specified in the Contract, IMO shall have no obligation to purchase any minimum quantities of goods or services from the Contractor, and IMO shall have no limitation on its right to obtain goods or services of the same kind, quality and quantity described in the Contract, from any other source at any time.

16. **SETTLEMENT OF DISPUTES:**

16.1 **AMICABLE SETTLEMENT:** The Parties shall use their best efforts to amicably settle any dispute, controversy, or claim arising out of the Contract or the breach, termination, or invalidity thereof. Where the Parties wish to seek such an amicable settlement through conciliation, the conciliation shall take place in accordance with the Conciliation Rules then obtaining of the United Nations Commission on International Trade Law ("UNCITRAL"), or according to such other procedure as may be agreed between the Parties in writing.

16.2 **ARBITRATION:** Any dispute, controversy, or claim between the Parties arising out of the Contract or the breach, termination, or invalidity thereof, unless settled amicably under Article 16.1, above, within sixty (60) days after receipt by one Party of the other Party's written request for such amicable settlement, shall be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules then obtaining. The decisions of the arbitral tribunal shall be based on general principles of international commercial law. The arbitral tribunal shall be empowered to order the return or destruction of goods or any property, whether tangible or intangible, or of any confidential information provided under the Contract, order the termination of the Contract, or order that any other protective measures be taken with respect to the goods, services or any other property, whether tangible or intangible, or of any confidential information provided under the Contract, as appropriate, all in accordance with the authority of the arbitral tribunal pursuant to Article 26 ("Interim measures") and Article 34 ("Form and effect of the award") of the UNCITRAL Arbitration Rules. The arbitral tribunal shall have no authority to award punitive damages. In addition, unless otherwise expressly provided in the Contract, the arbitral tribunal shall have no authority to award interest in excess of the London Inter-Bank Offered Rate ("LIBOR") then prevailing, and any such interest shall be simple interest only. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such dispute, controversy, or claim. The place of arbitration shall be London, United Kingdom.

17. **PRIVILEGES AND IMMUNITIES:** IMO is an international intergovernmental organization that is subject to international law and, therefore, not subject to a national legislation. As a United Nations Specialized Agency, IMO enjoys the Privileges and Immunities awarded in the Convention on the Privileges and Immunities of the Specialized Agencies of 1947, including the immunity of legal process and the immunity of execution. Nothing in or relating to the Contract shall be deemed a waiver, express or implied, of any of the privileges and immunities of IMO, including its subsidiary organs and bodies-

18. **TAX EXEMPTION:**

18.1 Article III, Section 9, of the Convention on the Privileges and Immunities of the Specialized Agencies provides, *inter alia*, that IMO, including its subsidiary organs and bodies, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use. In the event any governmental authority refuses to recognize the exemptions of IMO from such taxes, restrictions, duties, or charges, the Contractor shall immediately consult with IMO to determine a mutually acceptable procedure.

18.2 The Contractor authorizes IMO to deduct from the Contractor's invoices any amount representing such taxes, duties or charges, unless the Contractor has consulted with IMO before the payment thereof and IMO has, in each instance, specifically authorized the Contractor to pay such taxes, duties, or charges under written protest. In that event, the Contractor shall provide IMO with written evidence that payment of such taxes, duties or charges has been made and appropriately authorized, and IMO shall reimburse the Contractor for any such taxes, duties, or charges so authorized by IMO and paid by the Contractor under written protest.

19. **MODIFICATIONS:**

19.1 Only the Director, Administrative Division, or such other contracting authority as IMO has made known to the Contractor in writing, possesses the authority to agree on behalf of IMO to any modification of or change in the Contract, to a waiver of any of its provisions or to any additional contractual relationship of any kind with the Contractor. Accordingly, no modification or change in the Contract shall be valid and enforceable against IMO unless provided by a valid written amendment to the Contract signed by the Contractor and the Director, Administrative Division or such other contracting authority.

19.2 If the Contract shall be extended for additional periods in accordance with the terms and conditions of the Contract, the terms and conditions applicable to any such extended term of the Contract shall be the same terms and conditions as set forth in the Contract, unless the Parties shall have agreed otherwise pursuant to a valid amendment concluded in accordance with Article 19.1 above.

19.3 The terms or conditions of any supplemental undertakings, licenses, or other forms of agreement concerning any goods or services provided under the Contract shall not be valid and enforceable against IMO nor in any way shall constitute an agreement by IMO thereto unless any such undertakings, licenses or other forms are the subject of a valid amendment concluded in accordance with Article 19.1, above.

20. **AUDITS AND INVESTIGATIONS:**

20.1 Each invoice paid by IMO shall be subject to a post-payment audit by auditors, whether internal or external, of IMO or by other authorized and qualified agents of IMO at any time during the term of the Contract and for a period of three (3) years following the expiration or prior termination of the Contract. IMO shall be entitled to a refund from the Contractor for any amounts shown by such audits to have been paid by IMO other than in accordance with the terms and conditions of the Contract.

20.2 IMO may conduct investigations relating to any aspect of the Contract or the award thereof, the obligations performed under the Contract, and the operations of the Contractor generally relating to performance of the Contract at any time during the term of the Contract and for a period of three (3) years following the expiration or prior termination of the Contract.

20.3 The Contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or investigations. Such cooperation shall include, but shall not be limited to, the Contractor's obligation to make available its personnel and any relevant documentation for such purposes at reasonable times and on reasonable conditions and to grant to IMO access to the Contractor's premises at reasonable times and on reasonable conditions in connection with such access to the Contractor's personnel and relevant documentation. The Contractor shall require its agents, including, but not limited to, the Contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or investigations carried out by IMO hereunder.

21. **LIMITATION ON ACTIONS:**

21.1 Except with respect to any indemnification obligations in Article 5, above, or as are otherwise set forth in the Contract, any arbitral proceedings in accordance with Article 16.2, above, arising out of the Contract must be commenced within three years after the cause of action has accrued.

21.2 The Parties further acknowledge and agree that, for these purposes, a cause of action shall accrue when the breach actually occurs, or, in the case of latent defects, when the injured Party knew or should have known all of the essential elements of the cause of action, or in the case of a breach of warranty, when tender of delivery is made, except that, if a warranty extends to future performance of the goods or any process or system and the discovery of the breach consequently must await the time when such goods or other process or system is ready to perform in accordance with the requirements of the Contract, the cause of action accrues when such time of future performance actually begins.

22. **ESSENTIAL TERMS:** The Contractor acknowledges and agrees that each of the provisions in Articles 23 to 28 hereof constitutes an essential term of the Contract and that any breach of any of these provisions shall entitle IMO to terminate the Contract or any other contract with IMO immediately upon notice to the Contractor, without any liability for termination charges or any other liability of any kind.

23. **SOURCE OF INSTRUCTIONS:** The Contractor shall neither seek nor accept instructions from any authority external to IMO in connection with the performance of its obligations under the Contract. Should any authority external to IMO seek to impose any instructions concerning or restrictions on the Contractor's performance under the Contract, the Contractor shall promptly notify IMO and provide all reasonable assistance required by IMO. The Contractor shall not take any action in respect of the performance of its obligations under the Contract that may adversely affect the interests of IMO, and the Contractor shall perform its obligations under the Contract with the fullest regard to the interests of IMO.

24. **OFFICIALS NOT TO BENEFIT:** The Contractor warrants that it has not and shall not offer to any representative, official, employee, or other agent of IMO any direct or indirect benefit arising from or related to the performance of the Contract or of any other contract with IMO or the award thereof or for any other purpose intended to gain an advantage for the Contractor.

25. **OBSERVANCE OF THE LAW:** The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the Contract.

26. **CHILD LABOR:** The Contractor represents and warrants that neither it, its parent entities (if any), nor any of the Contractor's subsidiary or affiliated entities (if any) is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including Article 32 thereof, which, *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development.

27. **MINES:** The Contractor represents and warrants that neither it, its parent entities (if any), nor any of the Contractor's subsidiaries or affiliated entities (if any) is engaged in the sale or manufacture of anti-personnel mines or components utilized in the manufacture of anti-personnel mines.

28. **SEXUAL EXPLOITATION:**

28.1 The Contractor shall take all appropriate measures to prevent sexual exploitation or abuse of anyone by its employees or any other persons engaged and controlled by the Contractor to perform any services under the Contract. For these purposes, sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and abuse of such person. In addition, the Contractor shall refrain from, and shall take all reasonable and appropriate measures to prohibit its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favors or activities, or from engaging any sexual activities that are exploitive or degrading to any person.

28.2 IMO shall not apply the foregoing standard relating to age in any case in which the Contractor's personnel or any other person who may be engaged by the Contractor to perform any services under the Contract is married to the person less than the age of eighteen years with whom sexual activity has occurred and in which such marriage is recognized as valid under the laws of the country of citizenship of such Contractor's personnel or such other person who may be engaged by the Contractor to perform any services under the Contract.