

## **GUARDCON**

CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS

340134	PARTI
1. Place and date of Contract	2. Date of commencement of Contract ( <u>Cl. 2</u> and <u>30</u> )
3. Owners (Cl. 1 and 14)  (i) Name:  (ii) Place of registered office:	4. Contractors (Cl. 1)  (i) Name:  (ii) Place of registered office:
5. Vessel (name and details) (or as per Instruction Notice) (Cl. 1) (i) Name: (ii) IMO Number: (iii) P&I Club:	6. Single or Multiple Transits (tick one option only) ( <u>O. 2</u> and <u>4</u> )  (i) Single Transit  (ii) Multiple Transits
7. Security Services (state which services apply) (Cl. 1 and 3)  Firearms (tick one option only): Yes  No  No	8. Geographical scope of operation ( <u>Cl. 4</u> )
9. Time and date of embarkation (or as per Instruction Notice)( <u>Cl. 1</u> and <u>3</u> )	10. Place of embarkation/disembarkation (or as per Instruction Notice) (Cl. 1 and 3)
Contractors' Permits (listing of national operating and trade control licences) (Cl. 10)	12. Contractors' insurance policy limits ( <u>Cl. 12</u> and <u>15</u> )
13. Daily Rate/Lump Sum ( <u>Cl. 13</u> and <u>18</u> ) (state currency and amount)	14. Mobilisation Fee ( <u>Cl. 1</u> and <u>13</u> ) (state currency and amount)
15. Contractors' Bank Details ( <u>Cl. 13</u> )	16. Standby Rate ( <u>Cl. 13</u> ) (state currency and amount)
	17. Cancellation Rates (Cl. 19) (state currency and amount)
18. Additional clauses, if any, covering special provisions	19. Dispute Resolution (state alternative <u>Cl. 24(a)</u> , <u>(b)</u> or <u>(c)</u> ; if (c) agreed, place of arbitration <u>must</u> be stated) ( <u>Cl. 24</u> )
20. Communication (state full style contact details for communicating with the Owners) (Cl. 26)	21. Communication (state full style contact details for communicating with the Contractors) (0, 6 and 26)

It is mutually agreed between the party stated in Box 3 and the party stated in Box 4 that this Contract consisting of PART I and any additional dauses, if agreed and stated in Box 18, and PART II as well as Annexes "A" (Security Equipment), "B" (Rules for the Use of Force), "C" (Instruction Notice), "D" (Individual Waiver), "E" (Schedule of Charges) and "F" (Standard Operating Procedures) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A", "B", "C", "D", "F" and "F" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners)	Signature(s) (Contractors)

## ANNEX A (SECURITY EQUIPMENT) BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

Note: List firearms and ammunition and, as applicable, non-lethal weapons and other security-related equipment to be provided by the Contractors.

# **WORKING COPY**

## ANNEX B (RULES FOR THE USE OF FORCE) BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

Note: Attach Rules for the Use of Force as agreed between Owners and Contractors.

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## ANNEX C (INSTRUCTION NOTICE) BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

## ANNEX D (INDIVIDUAL WAIVER) BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

### INDIVIDUAL WAIVER TO BE SIGNED BY SECURITY PERSONNEL PRIOR TO BOARDING VESSEL:

To: the Master of M.V.

In consideration of (i) the sum of USD10 (the receipt and adequacy of which I hereby acknowledge) and (ii) your allowing me to form part of the Security Personnel on board the MV flying the flag of (the "Vessel") and to make the Transit from to pursuant to the contract for the provision of security services using designated security equipment (the "Security Services") made on the BIMCO GUARDOON form dated between the owners and/or operators and/or managers of the Vessel as Owners and my employers as Contractors, I undertake to the Owners as follows:

- 1. This undertaking, and any non-contractual obligation arising out of this undertaking (including, without limitation, questions of the Owner's liability), is governed by English law. Any dispute arising out of this undertaking is to be decided by the English High Court to the exclusion of the courts or tribunals of any other jurisdiction.
- 2. I acknowledge and agree that, at all times throughout the duration of the Voyage and the performance of the Security Services, the Master shall have and retain ultimate responsibility for the safe navigation and overall command of the Vessel and that any decisions made by the Master shall be binding on me. I undertake to act upon the instructions of the Master at all times during the Transit. For the avoidance of doubt, nothing in this Clause shall compromise my right of self-defence in accordance with applicable national law.
- I confirm that I have read and understood the Rules for the Use of Force which have been agreed between the Owners and the Contractors
  to apply during the Transit. I undertake to perform the Security Services always in accordance with such Rules for the Use of Force and all
  relevant national laws.
- 4. I expressly undertake and agree on behalf of myself, my heirs, executors and assignees forever that the Vessel, its Master, officers and crew, its insurers, the Owners and their subsidiaries and/or affiliate companies, the registered owner of the Vessel (if not the Owners), and each of their respective directors, employees and agents and any persons permitted by the Master to travel on board the Vessel other than myself and my team (together, the "Owners' Group") shall be under no liability whatsoever to me (or to my heirs, executors and assignees) in respect of loss of life, illness, injury or loss of or damage to personal effects, luggage or other property, by reason of having allowed me on board the Vessel, even if the loss of life, illness, injury or loss of or damage to personal effects, luggage or other property is caused by the negligence of the Owners' Group. Accordingly, I expressly agree to assume any and all risks concerning my loss of life, illness, injury and loss of or damage to my personal effects or luggage or other property whilst on board the Vessel and during embarkation and disembarkation.
- 5. The Contractors have insured against the risks, losses and liabilities dealt with in this letter and that to the extent that I or my heirs, executors and assignees may have a claim arising from my deployment, that claim will be notified and made to the Contractors and not to you or any other member of the Owners' Group. I or my heirs, executors and assignees undertake to pay any and all expenses for medical treatment, maintenance, transportation, repatriation, burial and/or other expenses incurred by reason of my loss of life, illness or injury, whether or not caused by negligence of the Owners' Group. To the extent that any of Owners' Group are nevertheless held liable by any third party to pay any or all such expenses, I or my heirs, executors and assignees expressly undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Owners' Group for all such expenses.
- 6. I confirm that I and/or the Contractors have arranged appropriate insurance to cover my own personal injury or death compensation and associated medical costs, transportation, repatriation, burial and/or other costs and expenses incurred by reason of my loss of life, illness or injury.
- 7. I warrant my compliance with all quarantine, passport, weapons licensing and other regulations for all ports of call during the Transit and I undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Owners for all additional expenses which they may incur by reason of my non-compliance with this Clause 7, whether negligent or not, including but not limited to additional harbour, tonnage and light dues, tines and expenses arising out of delay or detention of the Vessel.
- 8. If any provision of this undertaking relating to claims for death or personal injury is found to be void or unenforceable, it is my intention and agreement that all other provisions of this undertaking shall remain in full force and effect unless the provisions which are invalid or unenforceable shall substantially affect the rights or obligations granted to, or undertaken by, me or any member of the Owners' Group relating to my death or personal injury. In such case I confirm my instruction and agreement to replace the invalid or unenforceable term with the following term:

"The provisions of the Athens Convention relating to the Carriage of Passengers and their Luggage by Sea done in Athens on 13 December 1974 (the "Athens Convention") excluding any Protocols thereto are hereby incorporated into the terms and conditions of this Waiver (but not any Protocols thereto) as if this Waiver were a Contract of Carriage to which the Athens Convention were applicable. For this purpose the person signing hereunder shall be deemed to be a "passenger" and the contemplated voyage and/or visit shall be deemed to be "international carriage" as defined in the Athens Convention. In the event of any inconsistency between the terms and conditions of this

Waiver and the terms of the Athens Convention, the terms of the Athens Convention shall prevail but without prejudice to the terms and conditions of this Waiver to the extent that they are not so inconsistent."

The undersigned further represents and warrants to have read and understood in full the above and has willingly and under no duress agreed to its terms.

Name: Address:

Domicile:

Phone:

Passport No:

Signature:

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### ANNEX E (SCHEDULE OF CHARGES)

## BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

SCHEDULE OF PORT EVIBARKATION AND DISEVIBARKATION CHARGES		
PORT	CHARGE	
18N, Red Sea:		
Fujairah:		
Muscat:	IG COPY	
Indian ports:		
Galle:		
Toliara:		
Durban:		
Other:		
Firearms Drop Off/ Pick Up Only (applicable at any port):		

## ANNEX F (STANDARD OPERATING PROCEDURES) BIMCO STANDARD CONTRACT FOR THE EMPLOYMENT OF SECURITY GUARDS ON VESSELS CODE NAME: GUARDCON

Note: If the Contractors have Standard Operating Procedures that apply to the provision of Security Services under this Contract, they should be attached to this Annex F.

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#### Interpretation

In this Contract:

#### Singular/Plural

The singular includes the plural and vice versa as the context admits or requires.

#### Headings

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The headings to the clauses and annexes to this Contract are for convenience only and shall not affect its construction or interpretation.

#### SECTION 1 - Basis of the Contract

## 1. Definitions In this Contract save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them:

- "BMP" means, at the date of this Contract, BMP4 (Best Management Practices for Protection Against Somalia Based Piracy) or such updated version as may have been introduced at the date of the Instruction Notice.
- 7 "Contractors" means the party identified in Box 4.
- 8 "Crew" means the Vessel's Master, officers and crew and any supernumeraries carried on board save for the Security Personnel.
- 10 "Disembarkation Point" means the place or places of disembarkation of Security Personnel stated in the Instruction Notice or Box 10.
- 12 "Embarkation Point" means the place or places of embarkation of Security Personnel stated in the Instruction Notice or Box 10.
- 14 "Embarkation Time" means the time and date stated in the Instruction Notice or Box 9.
- 15 "Firearms" means the firearms and ammunition listed in Annex A (Security Equipment).
- 16 "Flag State" means the State whose flag the Vessel is flying.
- "Instruction Notice" means a request for the provision of Security Services in the form set out in Annex C (Instruction Notice).
- 19 "Mobilisation Fee" means the fee stated in <u>Box 14</u> per Transit or as per <u>Annex E</u> (Schedule of Charges).
- 20 "MSCHOA" means the Maritime Security Centre (Horn of Africa).
- 21 "Owners" means the owners or disponent owners identified in Box 3.
- 22 "Permits" means, as the context requires, permits, certificates, licences, consents, authorisations, permissions, approvals and visas.
- 24 "Rules for the Use of Force" means the rules under which the Security Personnel shall act as set out in <u>Annex B</u>
  25 (Rules for the Use of Force) and in accordance with <u>Clause 8</u> (Master's Authority and Division of Responsibilities).
- 26 "Security Equipment" means the equipment listed in Annex A (Security Equipment), including the Firearms, if any.
- 27 "Security Personnel" means the personnel directly engaged or employed by the Contractors for the performance of the Security Services on board the Vessel.
- 29 "Security Services" means the services specified in <u>Box 7</u> and <u>Clause 3</u> (Security Services) and all other functions performed by the Contractors under the terms of this Contract.
- "Standard Operating Procedures" means the Contractors' standard operating procedures in accordance with which the Security Personnel will provide the Security Services as set out in Annex F (Standard Operating Procedures).
- "STCW" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 and 2010 and any amendment thereto or substitution thereof.

- 35 "Team Leader" means a member of the Security Personnel designated by the Contractors as team leader and identified to the Owners.
- "Transit" means any voyage under this Contract or for which an Instruction Notice has been issued by the Ownersfor the provision of the Security Services.
- 39 "UKMTO" means the UK Maritime Trade Operations office in Dubai.
- 40 "Vessel" means the vessel or vessels details of which are set out in Box 5 or in the Instruction Notice.

#### 2. Commencement, Appointment and Duration

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- (a) With effect from the date stated in <u>Box 2</u> for the commencement of the Contract the Owners hereby appoint the Contractors and the Contractors hereby agree to provide Security Services to the Vessel.
- (b) If for a Single Transit as stated in Box 6(i), this Contract shall terminate upon disembarkation of the Security Personnel and the Security Equipment, unless earlier terminated in accordance with Clause 19 (Cancellation and Termination). If for Multiple Transits as stated in Box 6(ii), this Contract shall have an initial term of twelve (12) months from the date stated in Box 2 and thereafter shall continue in force until terminated by either party giving not less than thirty (30) days' notice to the other party (whereupon this Contract shall terminate, unless a Transit is then underway in which case this Contract shall terminate upon disembarkation of the Security Personnel and the Security Equipment), unless earlier terminated in accordance with Clause 19 (Cancellation and Termination).
- (c) This Contract is not an exclusive appointment of the Contractors and if used for Multiple Transits the Owners do not guarantee a minimum number of Transits per year.

## Security Services The Contractors shall provide the Owners with Security Personnel for a Transit comprising of a minimum of a four

56 (4) man team consisting of one (1) Team Leader and three (3) or more Security Personnel and who shall undertake 57 the following:

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72 73 **SECTION 2 – Security Services** 

- (a) embark the Vessel at the Embarkation Point at the Embarkation Time and accompany the Vessel to the Disembarkation Point;
- (b) protect and defend the Vessel during Transit against any actual, perceived or threatened acts of piracy and/or violent robbery and/or capture/seizure. Such means shall include the use of Security Equipment, where appropriate and always in accordance with the Rules for the Use of Force, relevant national laws and Standard Operating Procedures (as may be provided by the Contractors to the Owners); and
- (c) act, during the Transit, upon the lawful instructions of the Master.

### 4. Engagement of Security Services

If this Contract is for Multiple Transits according to Box 6(ii), the Owners shall notify the Contractors of their requirement for Security Services by issuing an Instruction Notice. The Contractors shall be obliged to provide Security Services for Transits only within the geographical scope of operation stated in Box 8 and provided such Instruction Notice is not issued less than seventy-two (72) hours prior the Embarkation Time.

#### 5. Change of Specification of Security Services

If either party reasonably considers changes are required to the specification of the Security Services to conform to any applicable law or regulatory requirement that may be brought in or enacted from time to time, that party shall implement such changes provided that nothing in this Clause shall require the Owners to agree fewer Security Personnel or higher fees under this Contract.

74	SECT	TION 3	- Obligations and Responsibilities
75 76 77	6.	(a) T	ractors' Obligations and Responsibilities he Contractors undertake to provide the Security Services using all reasonable skill and care and their insibilities shall include the following (and other responsibilities as may be agreed):
78 79		(i)	providing general guidance to the Crew and also carrying out such drills, training and preparations for the Transit as the Contractors may recommend to the Master and the Master may agree;
80 81		(ii)	advising and/or assisting with the hardening of the Vessel in accordance with Owners' instructions and, where applicable, in accordance with the guidance of BMP;
82		(iii)	monitoring suspicious vessels or craft during the Transit;
83		(iv)	advising the Master on security-related routeing issues;
84 85		(v)	assisting the Master in liaising with UKMTO and MSCHOA and other authorities as appropriate and in accordance with the procedures set out in the BMP;
86		(vi)	providing post-Transit reports to the Owners;
87		(vii)	ensuring that at no time the Crew are permitted to handle the Firearms;
88 89		(viii)	providing and maintaining the resources to perform the Security Services in accordance with the terms of this Contract;
90 91 92		(ix)	establishing and maintaining an operational point of contact available twenty-four (24) hours a day prior to and during the deployment of the Security Personnel to deal with operational issues and queries arising out of the performance of the Security Services, whose contact details are as stated in <a href="Box 21">Box 21</a> ; and
93		(x)	arranging transportation from the Vessel, at their cost, of sick or injured Security Personnel.
94 95			ne Contractors shall provide suitably qualified, trained and experienced Security Personnel for the Vessel as red by the Owners and undertake that:
96		(i)	each of the Security Personnel has:
97 98 99 100 101 102			(1) passed a medical examination with a qualified doctor certifying that they are fit for the duties for which they are engaged and are in possession of valid medical certificates (ENG1 Medical or equivalent) issued in accordance with Flag State requirements or such higher standard of medical examination as may be agreed with the Owners. In the absence of any applicable Flag State requirements the medical certificate shall be valid at the time the respective Security Personnel member arrives on board the Vessel and shall be maintained for the duration of their service on board the Vessel;
103			(2) relevant STCW and, where applicable, BMP training;
104 105			(3) relevant experience and suitable training in the use and carriage of the Firearms, if any, and the other Security Equipment and all necessary personal handling licences and certificates;
106			(4) a valid passport, appropriate visas, and a yellow fever card;
107			(5) no criminal convictions that would ordinarily preclude them from applying for and/or holding a firearms
108			certificate or equivalent from their country of origin and on request they shall produce substantiating
109			evidence of such checks/certificates;
110			(6) prior military or law enforcement service or other service acceptable to the Owners;
111			(7) not been discharged for any disciplinary reasons from military, law enforcement or other service;
112			(8) a command of the common working language between members of the Security Personnel and the
113			Master, and has a command of the English language; in each case of a standard to enable him to perform
114			his duties safely; and

115 116			(9) a level of mental and physical fitness appropriate to the provision of the Security Services in the circumstances contemplated by this Contract;
117 118 119		(ii)	the Team Leader has prior experience of performing services equivalent to the Security Services on board a merchant vessel; and at least one member of the Security Personnel has been trained in first aid trauma treatment.
120		(c) Th	e Contractors shall:
121		(i)	provide and maintain insurance in accordance with <u>Clause 12</u> (Insurance Policies);
122 123 124 125		(ii)	be responsible for the management of the Security Personnel, for the payment of salaries and all other benefits and emoluments and/or all other payments whatsoever and for the provision of accident and medical expense insurance (in accordance with <a href="Clause 12">Clause 12</a> (Insurance Policies)) for the Security Personnel during the term of this Contract; and
126 127 128 129		(iii) (d) Co	provide the Security Equipment, compliant with all applicable rules and regulations, and maintained for the satisfactory provision of the Security Services on board the Vessel. The Security Equipment shall be securely transported to and from the Vessel at the Contractors' risk.
130 131 132		(i)	The Contractors shall not sub-contract any of their obligations hereunder without the prior written consent of the Owners. In the event of such permitted sub-contracting the Contractors shall remain fully liable for the due performance of their obligations under this Contract.
133 134 135		(ii)	Where the Contractors sub-contract personnel (or a company substantially all of whose shares are owned by an individual) who are not in the direct employment of the Contractors, the Contractors shall ensure that such sub-contracted personnel agree to be bound by all the terms and conditions of this Contract.
136 137	7.		ors' Obligations and Responsibilities Iwners' responsibilities shall consist of the following (and other responsibilities as may be agreed):
138		(a) pa	ying all sums due to the Contractors punctually in accordance with the terms of this Contract;
139		<b>(b)</b> pa	ying all usual voyage and Vessel expenses;
140		(c) su	pplying and paying for all materials required to harden the Vessel;
141 142 143 144		neces Contra	ssuring that the Contractors are provided with such access to the Vessel and other premises as may be sary for the provision of the Security Services and providing such information and materials as the actors may reasonably require to provide the Security Services (which the Owners shall use reasonable avours to ensure is accurate in all material respects);
145			ing responsible for informing all interested parties, including but not limited to Flag State, hull and machinery
146 147			writers, P&I underwriters, war risk underwriters and charterers, that the Vessel will be protected by a security and of any other relevant details, including whether the Security Personnel will be armed or unarmed;
148		(f) liais	sing with UKMTO and MSCHOA as appropriate and in accordance with the procedures set out in BMP;
149 150			roviding victualing and accommodation reasonably required for the Security Personnel at the Owners' se during the provision of the Security Services equivalent to that provided to the Vessel's officers;
151		<b>(h)</b> pro	oviding a secure location for the storage and safe-keeping of any Firearms on board;
152 153			viating the Vessel at their cost to the nearest port or place for the purposes of the disembarkation of sick or disecurity Personnel; and
154 155			suring that the Security Personnel are entered onto the Vessel's crew list as supernumeraries upon rkation and are given ship-board familiarisation training.

### SECTION 4 – Master's Authority, Division of Responsibilities and Hijacking

### 8. Master's Authority and Division of Responsibilities

- (a) The Master shall, at all times throughout the duration of this Contract and the performance of the Security Services, have and retain ultimate responsibility for the safe navigation and overall command of the Vessel. Any decisions made by the Master shall be binding and the Contractors undertake to instruct the Security Personnel accordingly.
- **(b)** In the event of any actual, perceived or threatened act of piracy and/or violent robbery and/or capture/seizure by third parties the Team Leader shall advise the Master or (in the Master's absence) the Officer of the Watch that he intends to invoke the Rules for the Use of Force.
- (c) Each of the Security Personnel shall always have the sole responsibility for any decision taken by him for the use of any force, including targeting and weapon discharge, always in accordance with the Rules for the Use of Force and applicable national law.
- (d) Nothing in this Contract shall be construed as a derogation of the Master's authority under SOLAS. Accordingly, the Master retains the authority to order the Security Personnel to cease firing under all circumstances. However, for the avoidance of doubt, nothing in this Clause shall compromise each of the Security Personnel's right of self-defence in accordance with applicable national law.

### 172 9. Hijacking

- The Contractors do not guarantee the safety of the Vessel or Crew during the provision of the Security Services. If the Vessel is hijacked:
- (a) The Contractors shall be entitled to be briefed by the Owners' Incident Management Team or other relevant person(s) in charge of the management of the hijacking incident. The Contractors shall be entitled to receive regular weekly reports as to the progress of the negotiations.
  - **(b)** The Contractors and Security Personnel shall not do anything to endanger the lives of the Crew and/or other persons permitted by the Master to travel on board the Vessel.
- (c) The Contractors shall be under no obligation to contribute to ransom payments to secure the release of the Vessel and Crew (whether or not the Security Personnel are on board the Vessel at the time of release).

## 10. Permits and Licences (a) The Owners shall obtain and maintain any and all Permits which may be required for the Vessel to carry the Security Personnel on board the Vessel and/or for the performance of the Security Services on board the Vessel

including the carriage and use of any Firearms and the other Security Equipment.

- **(b)** The Contractors shall obtain and maintain any and all Permits which may be required in order for the Contractors and the Security Personnel to undertake the Security Services using any Firearms and other Security Equipment. Such Permits shall include (as necessary) those required under the laws of:
  - (i) the country of incorporation and/or operation of the Contractors;
  - (ii) the country in which each of the Security Personnel takes his nationality; and
  - (iii) the countries of Embarkation Point/Disembarkation Point.

SECTION 5 – Permits and Licences, Investigations and Claims

- (c) Details of Permits (as necessary) held by the Contractors for these purposes are set out in Box 1
- 194 (d) For the avoidance of doubt:

- (i) If the Owners have not obtained the required Permits in accordance with <u>Sub-clause (a)</u> above, the Owners shall indemnify the Contractors for any fines, penalties, losses, costs, legal fees and disbursements as a result of the Owners' failure to perform such obligations.
- (ii) If the Contractors have not obtained the required Permits in accordance with <u>Sub-clause (b)</u> above, the Contractors shall indemnify the Owners for any fines, penalties, losses, costs, legal fees and disbursements as a result of the Contractors' failure to perform such obligations.
- (e) Each party shall provide the other party with a copy of the required Permits upon request.

### 11. Investigations and Claims

- (a) Following any incident where a discharge of Firearms occurs, the Master and the Team Leader shall provide formal written records of the incident as may be required by applicable national law.
- **(b)** If an incident takes place which leads to an investigation by the Owners and/or Flag State and/or other authorised body, the Contractors shall cooperate in such an investigation.
- **(c)** Each party shall assist the other party in defending any third party claims arising out of the provision of the Security Services, in which case the reasonable costs of such assistance shall be borne by the defending party.

209	SEC	TION 6 – Ins	surance, Fees and Taxes
210	12.	Insurance	a Policies
211	12.		
212			ontractors shall at all times during the period of this Contract maintain insurances to cover their liabilities actual indemnities, including those under <u>Clause 15</u> (Liabilities and Indemnities), as follows:
213		(i) em	ployer's liability insurance covering the Contractors' liability to the Security Personnel;
214 215			mprehensive liability insurance including insuring the Contractors' liability to third parties for personal ury and death, property damage and other loss;
216		(iii) pro	ofessional indemnity insurance; and
217 218			rsonal accident insurance for each of the Security Personnel in a sum not less than United States Dollars bundred and fifty thousand (US\$250,000) per person.
219		The polici	es above shall provide the Contractor with cover for emergency medical expenses and repatriation costs.
220 221		The Contrabove ins	ractors shall ensure that the use of Firearms or Security Equipment whilst on board shall not invalidate the urances.
222		(b) These	insurances shall be placed with reputable insurers and in respect of the insurances listed in Sub-clauses
			i)(iii) shall have (i) policy limits not less than United States Dollars five million (US\$5,000,000) or as stated
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224			, whichever is the higher amount, and (ii) reasonable deductibles (by reference to market practice), which
225			es shall be for the account of the Contractors. The Contractors shall upon request furnish the Owners with
226 227			the cover notes which provide information to verify that the Contractors have complied with the insurance ents of this Contract.
228 229			wners confirm that the Vessel is entered with a P&I Club that is a member of the International Group of or another internationally reputable marine liability insurer.
230 231 232 233		they may	where shall be under no obligation to disclose the existence of any kidnap and ransom (K&R) insurance have placed. In any event, if there is K&R or similar insurance in place, the Contractors acknowledge that blicy may not respond in respect of the Security Personnel in circumstances where they are not on board el.
234 235			of the parties shall use reasonable endeavours to ensure that its underwriters waive their rights of on against the other party.
236 237 238		extended	rposes of this <u>Clause 12</u> (Insurance Policies) rights extended to the Owners and Contractors shall be to the Owners' Group and Contractors' Group respectively (as such expressions are defined in <u>Sub-5(a)(ii)</u> and <u>15(a)(ii)</u> ) of <u>Clause 15</u> (Liabilities and Indemnities)).
239	13.	Fees and	Expenses
240	10.		sideration of the Security Services, the Owners shall pay the Contractors the daily rate for all the Security
241			I or lump sum for the Transit in the currency and amount stated in Box 13 from the actual date and time of
			ion of the Security Personnel and the Security Equipment until the actual date and time of their
242 243		disembark	
			MADIANIA AADIA
244 245			owners shall pay the Contractors the Mobilisation Fee, if any, on the signing of this Contract for a Single of upon issuing the Instruction Notice in respect of Multiple Transits.
246		(c) The C	Contractors shall provide the Owners with invoices not more than thirty (30) days after Disembarkation
247 248		specifying	the fees due for the Security Services provided during the currency of any Instruction Notice or, as the be, this Contract.
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249			in respect of the Mobilisation Fee and any agreed advance payments, the Owners shall pay all invoices
250			them by the Contractors within twenty-one (21) days of the date of receipt of the invoice. If the Owners do
251			ithin twenty-one (21) days the Contractors shall have the right to issue a written notice of default and the
252			hall have a further seven (7) days in which to pay, failing which the Contractors shall have the right to
253		suspend	all or part of the Security Services and/or terminate this Contract in accordance with Clause 19

(e) The Owners shall make payment of each invoice by electronic transfer to the Contractors' bank account stated in  $\underline{\text{Box 15}}$ .

(Cancellation and Termination).

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- (f) If the Contractors provide an invoice to the Owners which is disputed, the Owners shall pay the Contractors the undisputed amount of such invoice on the due date and shall notify the Contractors in writing of any disputed amount as soon as practicable.
- **(g)** If the Owners require the Contractors to perform services additional to those set out herein, both parties will agree in writing, prior to such services being provided, on the nature of the additional services to be provided and the additional fees to be paid by the Owner.
- (h) If a daily rate is agreed and specified in <u>Box 13</u>, the rate shall be payable for each and every twenty-four (24) hour period and pro rata for each part day thereof that the Security Services are provided.
- (i) If the Owners require the Embarkation Time to be re-scheduled for any reason, the Owners shall notify the Contractors in writing and the Embarkation Time will be re-scheduled to the Owners' chosen time and date provided that:
- (i) where the Owners give such notice at least forty-eight (48) hours before the original Embarkation Time, no financial penalty or additional fees will be incurred by the Owners and the daily rate will be payable from the re-scheduled Embarkation Time;
- (ii) where the Owners give such notice less than forty-eight (48) hours before the original Embarkation Time, the daily rate will be payable from the original Embarkation Time.
- (j) The standby rate specified in <u>Box 16</u> is payable by the Owners to the Contractors for one period of twenty-four (24) hours after the date at which the Vessel arrives at the Disembarkation Point, in respect of demobilisation of the Security Personnel and Security Equipment.
- (k) If the Vessel is hijacked and the hijackers have control of the Vessel then all daily payments will be suspended and liability on the part of the Owners to pay the daily rate shall cease.
- (I) Save where a lump sum has been agreed, the Owners shall reimburse the Contractors for any additional costs, expenses and/or disbursements, including but not limited to transport and accommodation charges, incurred by the Contractors with the agreement of the Owners and accompanied by supporting documentation.

#### 14. Taxes

- (a) Subject to <u>Sub-clause (d)</u>, the Owners shall be responsible for the payment of all taxes, duties, levies, charges and contributions (and any interest or penalties thereon) imposed by law on the Owners' property or personnel (including, without limitation, the Vessel and Crew), whether or not they are calculated by reference to the wages, salaries, benefits or expenses and other remuneration paid directly or indirectly to persons engaged or employed by the Owners.
- **(b)** The Contractors shall be responsible for the payment of all taxes, duties, levies, charges and contributions (and any interest or penalties thereon) imposed by law on the Contractors' equipment or personnel (including, without limitation, the Security Equipment and the Security Personnel), whether or not they are calculated by reference to the wages, salaries, benefits or expenses and other remuneration paid directly or indirectly to persons engaged or employed by the Contractors.
- **(c)** Where any taxable supply for VAT (or equivalent indirect sales tax) purposes is made under the Contract by the Contractors to the Owners, the Owners shall, on receipt of a valid VAT invoice from the Contractors, pay to the Contractors such additional amounts in respect of VAT as are chargeable on the supply of the Security Services at the same time as payment is due for the supply of the Security Services.
- (d) Withholding taxes shall be for the Contractors' account. Any amounts paid by the Owners to the Contractors hereunder shall be net of any withholding taxes required to be deducted from such amounts by relevant taxation authorities, in which case the Owners shall supply the Contractors with a certificate from the relevant taxation authorities that such withholding taxes have been paid. The Owners shall take reasonable steps to make all relevant information and documentation available to the Contractors to enable them to reduce or eliminate any withholding taxes demanded by any taxation authority, or in recovering such withholding taxes.

#### **SECTION 7 – Legal and Liabilities**

### 15. Liabilities and Indemnities

- (a) Definitions For the purpose of this Clause:
- (i) "Owners' Group" means the Owners, the registered owner of the Vessel (if not the Owners), and each of their subsidiaries and/or affiliate companies, employees, directors, officers, agents and insurers, the Crew, and any persons permitted by the Master to travel on board the Vessel (save for the Security Personnel).
  - (ii) "Contractors' Group" means the Contractors and their subsidiaries and/or affiliate companies, employees, sub-contracted personnel (including, without limitation, the Security Personnel), directors, officers, agents and insurers.
  - (b) Knock for Knock

### (i) Owners

The Owners' Group shall not be responsible for loss of or damage caused to or sustained by the property of the Contractors' Group (whether on board the Vessel or not) or incur any liability in respect of personal injury, illness or death of any individual member of the Contractors' Group (whether on board the Vessel or not) arising out of or in any way connected with the performance of this Contract, even if such loss, damage, injury or death is caused wholly or partially by (i) the act, neglect or default of the Owners' Group and/or (ii) the unseaworthiness of the Vessel. The Contractors expressly agree and undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Owners' Group from and against any and all claims, demands, liabilities or causes of action of any kind or character, made by or available to any person or party, for injury to, illness or death of any of the Contractors' Group, or for damage to or loss of property (except cargo) owned by or in the possession of, the Contractors' Group.

#### (ii) Contractors

The Contractors' Group shall not be responsible for loss of or damage caused to or sustained by the property of the Owners' Group (including, without limitation, the Vessel) or incur any liability in respect of personal injury, illness or death of any individual member of the Owners' Group (whether on board the Vessel or not) arising out of or in any way connected with the performance of this Contract, even if such loss, damage, injury or death is caused wholly or partially by the act, neglect or default of the Contractors' Group. The Owners expressly agree and undertake to hold harmless, defend, indemnify and waive all rights of recourse against the Contractors' Group from and against any and all claims, demands, liabilities or causes of action of any kind or character, made by or available to any person or party, for injury to, illness or death of any of the Owners' Group, or for damage to or loss of property (except cargo, unless owned by Owners' Group) owned by or in the possession of, the Owners' Group.

### (c) Third party liability

- (i) The Contractors expressly agree to hold harmless, defend, indemnify and waive all rights of recourse against the Owners' Group from and against any and all claims, demands, liabilities, costs or causes of action of any kind, made by or available to any third party (including, without limitation, governmental authorities) arising out of any unlawful and/or negligent act or omission by the Contractors' Group in the performance of this Contract save to the extent of the Owners' own negligence.
- (ii) The Owners expressly agree to hold harmless, defend, indemnify and waive all rights of recourse against the Contractors' Group from and against any and all claims, demands, liabilities, costs or causes of action of any kind, made by or available to any third party (including, without limitation, governmental authorities) arising out of any unlawful and/or negligent act or omission by the Owners' Group in the performance of this Contract save to the extent of the Contractors' own negligence.
- (iii) Notwithstanding any other Clause of this Contract save for Sub-clause (d) below, the Owners' Group shall be indemnified by the Contractors for all claims, liabilities, losses, liabilities to Crew and third parties (including costs, expenses and fines) whatsoever and howsoever arising out of or in connection with the accidental and/or negligent discharge of any Firearms by the Security Personnel.
- (iv) Each party shall give notice to the other party as soon as practicable of any circumstances of which they become aware during the period of the Contract which may give rise to a loss or a claim against the other party. The party from whom the indemnity is being sought shall cooperate fully with the other party and shall have the right, subject to the other party's agreement, to take over the claim including defending and settling, as appropriate, any liability for which the indemnifying party would be liable to indemnify the other party.

#### **(d)** Limitation of liability

Unless otherwise agreed, the liability of each party to the other for any loss, damage, liability or indemnity under this Contract shall be limited to United States Dollars five million (US\$5,000,000) or as stated in <a href="Box 12">Box 12</a>, whichever is the higher amount, without prejudice to the right of the Owners' Group to limit their liability under any applicable national law or international convention.

- (e) Neither the Owners nor the Contractors shall be liable to the other party for:
- (i) any loss of profit, loss of use or loss of production whatsoever and whether arising directly or indirectly from the performance or non-performance of this Contract, and whether or not the same is due to negligence or any other fault on the part of either party, their servants or agents; or
- (ii) any consequential loss or damage for any reason whatsoever, whether or not the same is due to any breach of contract, negligence or any other fault on the part of either party, their servants or agents.

### 16. Security Personnel Liability

None of the Security Personnel shall in any circumstances whatsoever be under any personal liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his part while acting in the course of or in connection with his employment and, without prejudice to the generality of the foregoing provisions in this Clause, every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Contractors or to which the Contractors are entitled hereunder shall also be available and shall extend to protect each of the Security Personnel acting as aforesaid and for the purpose of all the foregoing provisions of this Clause the Contractors are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be his servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Contract.

#### 17. Security Personnel – Waiver

The Contractors undertake to procure from each member of the Security Personnel, prior to their boarding the Vessel, individual waivers in substantively the form attached to this Contract in Annex D (Individual Waiver).

### 380 18. Delay

- (a) The Contractors shall use their best endeavours to avoid delays in embarkation and/or disembarkation of the Security Personnel and Security Equipment but shall not be responsible for the first twenty-four (24) hours of any delay, prior to the actual time and date of embarkation/disembarkation.
- **(b)** In the event of adverse weather conditions as a result of which the duration of the Security Services is extended, any additional time required for the completion of the Security Services will be payable at the daily rate stated in  $\frac{\text{Box } 13}{\text{Box } 13}$ .

### 19. Cancellation and Termination

(a) Pre-Transit cancellation

If an embarkation of Security Personnel and/or Security Equipment in respect of any Transit is delayed by more than twenty-four (24) hours for any reason whatsoever other than Owners' default, the Owners shall be entitled to cancel the Transit forthwith.

- If a Transit is cancelled by the Owners, other than by reason of delay above, the Owners shall pay to the Contractors:
- (i) on cancellation with less than seventy two (72) hours' notice, ten per cent (10%) of the fees for the estimated Transit period at the daily rate/lump sum (unless otherwise stated in Box 17) in addition to the Mobilisation Fee;
- (ii) on cancellation with less than forty-eight (48) hours' notice, thirty per cent (30%) of the fees for the estimated Transit period at the daily rate/lump sum (unless otherwise stated in Box 17) in addition to the Mobilisation Fee; or
- (iii) On cancellation with less than twenty-four (24) hours' notice, fifty per cent (50%) of the fees for the estimated Transit period at the daily rate/lump sum (unless otherwise stated in <a href="Box 17">Box 17</a>) in addition to the Mobilisation Fee.
- (b) Termination

404 The Owners may terminate this Contract forthwith at any time by written notice if the Flag State either (i) 405 withdraws or does not in the first instance agree in writing to permit and give the Flag State authorisation or licence necessary for the Security Services provided under this Contract. 406 407 (ii) The Contractors may terminate this Contract forthwith at any time by written notice if any undisputed sums remain unpaid under the terms of this Contract for seven (7) days after receipt by the Owners of the 408 409 Contractors' written notice of default in payment. Either party may terminate this Contract forthwith by giving notice in writing to the other if the other party: 410 (iii) (1) is in material breach of its obligations under this Contract and, save as provided for breach of payments 411 412 provided in <u>Sub-clause (b)(ii)</u> above, fails to remedy that breach (if remediable) within twenty-four (24) hours of receiving notice of such breach from the innocent party; or 413 414 (2) becomes bankrupt or insolvent, or has a receiving order made against it, or compound with its creditors, or being a corporation commences to be wound up (not being a members' voluntary winding up for the 415 416 purpose of amalgamation or reconstruction) or carries on its business under a receiver for the benefit of its creditors or any of them. Under any of these circumstances the other party shall be at liberty to 417 418 terminate this Contract forthwith by notice in writing to the party or to the receiver or liquidator or to any 419 person in whom this Contract may become vested. 420 (iv) Upon termination of this Contract: 421 (1) the Owners shall pay any and all sums then due and payable by the Owners under the terms of this Contract: and 422 423 (2) the Contractors shall discontinue performance of the Security Services and disembark the Security 424 Personnel and the Security Equipment from the Vessel as soon as reasonably practicable and safe to 425 do so and will otherwise comply with the Owners' reasonable instructions regarding such termination. 426 (c) <u>Clause 15</u> (Liabilities and Indemnities), <u>Clause 16</u> (Security Personnel Liability), <u>Clause 24</u> (Dispute Resolution) and Clause 27 (Confidentiality) shall survive the termination of this Contract. 427 428 (d) The right to terminate in this Clause is without prejudice to any other rights or remedies the party terminating the Contract may have in this Contract or by law. 429 430 20. **Compliance with Laws and Regulations** 431 Each of the Parties shall not do or permit to be done anything which might cause any breach or infringement of 432 national laws and international conventions including, without limitation, regulations of the Flag State and the places where the Vessel trades. 433 434 Health, Safety and Environmental Regulations 21. Whilst on board the Vessel, the Contractors and the Security Personnel shall comply with such of the Owners' 435 health and safety requirements as the Owners may have notified to the Security Personnel. 436 437 22. **Drug and Alcohol Policy** 438 The Security Personnel shall not bring or consume alcohol or drugs on board the Vessel. 439 23. The Contractors and the Security Personnel hereby waive their rights to claim any award for salvage performed on 440 the Vessel or life salvage. 441 442 24. **Dispute Resolution** (a) This Contract and any non-contractual obligations arising out of it shall be governed by and construed in 443 444 accordance with English law and any dispute arising out of or in connection with this Contract shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment 445 446 thereof save to the extent necessary to give effect to the provisions of this Clause. 447 The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms 448 current at the time when the arbitration proceedings are commenced. 449 The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator 450 and send notice of such appointment in writing to the other party requiring the other party to appoint its own 451 arbitrator within fourteen (14) calendar days of that notice and stating that it will appoint its arbitrator as sole 452 arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the fourteen (14) days specified. If the other party does not appoint its own arbitrator and give notice that it has done so within

the fourteen (14) days specified, the party referring a dispute to arbitration may, without the requirement of any

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further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by Contract.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of United States Dollars one hundred thousand (US\$100,000) (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

(b) This Contract and any non-contractual obligations arising out of it shall be governed by and construed in accordance with Title 9 of the United States Code and the substantive law (not including the choice of law rules) of the State of New York and any dispute arising out of or in connection with this Contract shall be referred to three persons at New York, one to be appointed by each of the parties hereto, and the third by the two so chosen; their decision or that of any two of them shall be final, and for the purposes of enforcing any award, judgment may be entered on an award by any court of competent jurisdiction. The proceedings shall be conducted in accordance with the rules of the Society of Maritime Arbitrators, Inc.

In cases where neither the claim nor any counterclaim exceeds the sum of United States Dollars one hundred thousand (US\$100,000) (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the Shortened Arbitration Procedure of the Society of Maritime Arbitrators, Inc. current at the time when the arbitration proceedings are commenced.

- **(c)** This Contract and any non-contractual obligations arising out of it shall be governed by and construed in accordance with the laws of the place mutually agreed by the parties and any dispute arising out of or in connection with this Contract shall be referred to arbitration at a mutually agreed place, subject to the procedures applicable there.
- (d) Notwithstanding <u>Sub-clauses (a)</u>, (b) or (c) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Contract.
- (i) In the case of a dispute in respect of which arbitration has been commenced under <u>Sub-clauses (a)</u>, <u>(b)</u> or <u>(c)</u> above, the following shall apply:
- (ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.
- (iii) The other party shall thereupon within fourteen (14) calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further fourteen (14) calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.
- (iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.
- (v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.
- (vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.
- (vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.
- (viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

(Note: The parties should be aware that the mediation process may not necessarily interrupt time limits.)

506 (e) If Box 19 in Part I is not appropriately filled in, Sub-clause (a) of this Clause shall apply.

Note: <u>Sub-clauses (a)</u>, <u>(b)</u> and <u>(c)</u> are alternatives; indicate alternative agreed in <u>Box 19</u>. <u>Sub-clause (d)</u> shall apply in all cases.

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#### 509 **SECTION 8 - General** 510 25. **Assignment** Neither of the parties shall assign any of their rights under this Contract without the prior written consent of the 511 512 other party, such consent not to be unreasonably withheld or delayed. 513 26. **Notices** 514 Any party giving notice under this Contract shall ensure that it is effectively given and such notice shall be treated as received during the recipients' office hours. If such notice is sent outside the recipients' office hours it shall be 515 516 treated as received during the recipients' next working day. For the purpose of giving notices the Owners' contact 517 details are stated in Box 20 and the Contractors' contact details are stated in Box 21. 27. Confidentiality 518 519 (a) Neither the Owners nor the Contractors shall disclose to third parties any confidential information relating to pre-520 contractual discussions and/or the terms and conditions of this Contract, except with the prior written consent of the other party, or to the extent required by law, or by a request of a Government or agency thereof. 521 522 (b) The parties shall take reasonable precautions to ensure that no unauthorised disclosure of confidential information takes place. 523 (c) If the Contractors or the Owners are uncertain as to whether information is confidential, the Contractors or the 524 525 Owners (as the case may be) shall consult with the other party. (d) Should the Contractors or the Owners be required by law to disclose confidential information, the disclosing 526 party will notify the other party and shall disclose only the minimum confidential information required to satisfy legal 527 528 requirements. 529 (e) Neither party shall comment upon nor discuss this Contract nor any incident related to it with the media without 530 the permission of the other party. (f) Information is not confidential for the purposes of this Clause if it was in the possession of the party prior to 531 532 receipt from the Owners or the Contractors; becomes publicly available other than as a result of a breach of this 533 Contract by one of the parties: or is lawfully received from a third party. (a) This Clause shall survive termination of this Contract. 534 535 28. **Third Party Rights** 536 Except to the extent provided in Clause 15 (Liabilities and Indemnities) and Cl. 16 (Security Personnel Liability), no third parties may enforce any term of this Contract. 537 538 29. Partial Validity 539 If any provision of this Contract is or becomes or is held by any arbitrator or other competent body to be illegal, 540 invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, 541 the provision shall be deemed to be deleted from this Contract to the extent of such illegality, invalidity or 542 543 unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby. 544 545 30. **Entire Contract** This Contract constitutes the entire Contract between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in $\frac{\text{Box 2}}{\text{Contract}}$ shall affect this Contract. Any modification of 546

this Contract shall not be of any effect unless in writing signed by or on behalf of the parties.

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