NATO GENERAL TERMS AND CONDITIONS

PART I – CORE TERMS

I. General Provisions

1. Applicability of Terms and Conditions

These General Terms and Conditions (GTC) are applicable to Contracts placed by NATO unless the Contract specifically states otherwise.

For Framework Agreements, these GTC also apply to all related call-off instruments such as Delivery Orders or Task Orders.

2. Entire Agreement and Interpretation

Unless otherwise provided, the Contractor's terms and conditions do not apply to the Contract.

The Contract shall be interpreted as follows:

- Any reference to a statute or statutory provision includes any Amendment, modification, or re-enactment of that statute or provision.
- Any reference to a document includes any Amendments, variations or supplements.
- Headings are for convenience only and do not affect the interpretation of contractual terms.

The Contract is the complete agreement between the Parties on its subject matter. It replaces all prior proposals, negotiations, or discussions.

No Changes, Amendments, or exercises of Options in the Contract are valid unless agreed in writing between the Parties.

The Contractor shall act only on instructions that are duly issued and executed by a person expressly authorised by NATO.

The rights and obligations conferred to NATO under the Contract, including these GTC, extend to any Eligible Purchasers, where their existence is provided for in the Contract, and to the extent agreed by the Parties.

3. Privileges and Immunities

The Organisation, including its personnel, assets and facilities, enjoys immunity from jurisdiction and execution in accordance with the Ottawa Agreement or other applicable instruments governing the privileges and immunities of the Organisation.

Nothing contained in, or relating to, the Contract shall be deemed to constitute a waiver of, or affect in any way, the privileges and immunities enjoyed by the Organisation and its officials or as submitting the Organisation to any national court jurisdiction.

Eligible Purchasers may also benefit from privileges and immunities under their respective constituting instruments and/or applicable international agreements or national legislation. Nothing in the Contract shall be construed as a waiver of, or otherwise prejudice, such privileges and immunities, or affect their application.

4. Applicable Law

The relationship between the Parties shall be governed by the provisions of the Contract, and, with respect to issues not covered by the Contract, by the UNIDROIT Principles of International Commercial Contracts (2016).

5. Communications

Written communications, except those requiring registered mail, may be sent by email to the addresses in the Contract or any updated addresses provided by the Parties. An email is considered received on the date of transmittal, provided the sender does not receive a delivery failure notice.

6. Representations, Warranties, and Undertakings

The Contract is a legal, valid, and binding obligation.

The Contractor represents that it is duly organised and validly existing under the laws of its jurisdiction of incorporation, in good standing, and has the full power and authority to perform the Contract.

The Contractor represents that its entry into and performance of this Contract does not conflict with its articles of association, other agreements to which it is a party, or any applicable laws by which it is bound or affected.

The Contractor undertakes to obtain and maintain all licenses, permits, and authorisations necessary to perform this Contract (including those pertaining to export controls and work permits). The Contractor undertakes to be compliant with applicable national laws at no additional cost or delay to NATO. The Contractor shall make no claim for additional monies in respect of costs or delays associated with obtaining such licences/permits or complying with applicable laws.

The Contractor represents that it is not, and that none of its directors, officers, or beneficial owners are, designated on any sanctions list maintained by the United Nations, the European Union, or any NATO Member Nation. The Contractor shall promptly notify NATO if this status changes during the term of the Contract.

The Contractor undertakes to comply with all applicable export control laws and regulations, including any restrictions on the export, re-export, or transfer of goods, technology, software, or services that may apply to the Deliverables or to the performance of the Contract. The Contractor undertakes to implement and maintain adequate screening procedures to ensure that no Deliverable, payment, or benefit under the Contract is provided directly or indirectly to any sanctioned person, entity, or country.

The Contractor represents compliance with the obligations set out in the Code of Conduct and undertakes to remain so for the duration of the engagement and, where specified, beyond such duration.

The Contractor represents that the Contract shall be performed with due diligence and efficiency and in accordance with the terms and conditions of this Contract.

The Contractor represents that there are no actions, suits or proceedings or regulatory investigations pending or, to the Contractor’s knowledge, threatened against or affecting the Contractor before any court or administrative body or arbitration tribunal that might affect the Contractor’s ability to meet and carry out its obligations under this Contract.

The Contractor represents that all information provided by them is true, accurate, and complete in all material respects.

7. Contract Management

The Contractor shall manage the contract at no extra charge to NATO by: (a) promptly requesting any necessary information to perform or comply with its obligations under the Contract; (b) monitoring its financials and performance; and (c) proactively suggesting improvements or cost-savings.

8. Waiver

Failure or delay by either Party in exercising any right or remedy under this Contract shall not be deemed a waiver of that right or remedy, nor shall any action taken (or not taken) in respect of any breach be construed as acquiescence or affect that Party's rights in respect of any other or subsequent breach.

9. Severability

If one or more of the provisions of the Contract is found to be invalid, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected. The Parties shall use their best efforts to promptly negotiate in good faith a legally valid and enforceable replacement provision that, to the greatest extent possible, reflects the Parties' original intent.

10. Survival

Contract clauses which are intended by their nature to survive, shall survive the expiration or termination of the Contract. These include: Clause 3 (Privileges and Immunities), Clause 4 (Applicable Law), Clause 14 (Consortium), Clause 30 (Confidentiality and Disclosure), Clauses 34 and 35 (Personal Data Protection), Clause 36 and Part V Clause 6 (Indemnity), Clause 37 (Liability), Clause 43 (Arbitration), and Part IV (Code of Conduct).

II. Relationships between the Parties

11. Independent Status

The Parties are independent from each other. Neither Party, nor their officers, agents, employees, Subcontractors, or representatives, are employees or agents of the other. The Contract does not create a partnership, joint venture, franchise, agency, or employment relationship between the Parties.

The Contractor must not hold itself out as a representative of NATO.

12. Assignment

NATO may assign the Contract, in whole or in part, to another entity. In such case, NATO will notify the Contractor in writing.

The Contractor shall not assign, sub-let, transfer, encumber, charge, or otherwise dispose of, the Contract, including any rights or claims under it, including any claims against NATO, without NATO's prior written consent.

13. Contractor Restructuring

The Contractor must notify NATO in writing at least ninety (90) Days before any merger, acquisition, Change of Control, novation, or name change involving itself or a material Subcontractor. Such notification shall include the following: high-level description of the transaction (parties, timeline), any impact on the Contract, and any other relevant documents.

No novation is valid without a Contract Amendment.

The Contractor shall ensure no negative impact on performance of the Contract and immediately report any delays that may ensue with a mitigation plan.

NATO's disapproval of such restructuring, or the Contractor's failure to comply with this Clause, may constitute grounds for termination for convenience.

14. Consortium

Where the Contractor is a consortium, joint venture, or other unincorporated association of two or more entities (Consortium), the following applies:

- Each member of the Consortium is jointly and severally liable to NATO for performance of the Contract.
- The Consortium shall provide the agreement between the Consortium members to NATO, within the agreed time. This shall also apply to any modifications made thereafter.
- The Consortium shall appoint one member of the Consortium as the lead member. The lead member shall have full authority to represent, bind, and act for all Consortium Members in relation to the Contract, including for all communications and disputes, unless NATO agrees otherwise in writing. Appointing a lead member does not mean that any other members of the Consortium are subordinate to it.
- No change to the Consortium's composition, including the withdrawal, replacement, or addition of any member of the Consortium, is permitted without NATO's prior written consent. Any approved change does not limit or reduce the joint and several liability of the members of the Consortium towards NATO.
- Each member of the Consortium warrants that it has the power and authority to enter into the Contract and that it will perform its obligations in good faith, regardless of any arrangements between themselves.

15. Subcontracting

Unless expressly authorised in writing by NATO, the Contractor is not authorised to Subcontract any part of the Deliverables.

When subcontracting is authorised, the following provisions shall apply:

- The Contractor shall not place Subcontracts with entities from outside Participating Nations, without authorization in writing from NATO.
- Unless expressly authorised by NATO, the Contractor must not subcontract for the entire duration of the Contract more than fifty percent (50%) of the contract value. When the Contract is a Framework Agreement, this restriction applies to the whole Contract and not to individual call-off instruments (e.g., Task Orders, Delivery Orders).

- The Contractor remains solely responsible to NATO for the performance of the Contract, regardless of any subcontracting arrangement.
- The Contractor shall be responsible for the administration and performance of all Subcontracts including terms and conditions necessary to meet the requirements of the Contract in full.
- The Contractor shall ensure that all Subcontracts are consistent with this Contract, and shall include terms and conditions at least as protective as those provided herein, including all provisions necessary to comply with the Contract.
- The Contractor shall ensure that its Subcontractors are expressly bound by obligations, representations, and warranties no less onerous than those imposed on the Contractor.

III. Prices, Invoicing, and Payment

16. Fixed Prices

The prices specified in the Contract are firm and fixed. The prices apply in the agreed currency, including all costs and duties related to the fulfilment of obligations under the Contract.

17. Taxes and Duties

NATO, by virtue of its status under Articles IX and X of the Ottawa Agreement and other international agreements, may be exempt from direct and indirect taxes on important transactions destined for its use and from customs duties.

The Contractor agrees to verify prior to issuance of any invoice whether in the nation where the tax would be due, NATO is exempt from tax at source or is entitled to claim reimbursement of tax.

Where the transaction is exempt from tax at source, the Contractor shall exclude the tax from the invoice.

Where the transaction is not exempt from tax at source, the Contractor shall cooperate with NATO to provide all necessary documentation to ensure NATO obtains the tax exemption.

18. Invoices and Payment

Invoices must be submitted to NATO in accordance with the terms set out in Part III (Invoicing and VAT).

NATO shall pay all undisputed invoiced amounts within thirty (30) Days of receipt of the correctly submitted invoice.

Payment will be made in the currency agreed in the Contract.

Invoices should only be submitted after Acceptance, or as the case may be, Provisional Acceptance, of the Deliverables.

Payments made by NATO shall not imply Acceptance by NATO of such items or the waiver of any warranties or requirements of the Contract.

Any fees charged by a bank in the receiving of an international payment for the Contractor, shall be borne solely by the Contractor and shall not be reflected on invoices nor charged to NATO.

NATO may adjust any payment to correct prior overpayments, underpayments, or amounts later found to be incorrectly billed. The Contractor shall refund any overpayment within thirty (30) Days of NATO's request. NATO will pay any additional monies within thirty (30) Days following review of the Contractor's invoice.

NATO shall be entitled to delay or withhold payment of any invoice, or part of it, disputed in good faith. The withheld amount shall be limited to that which is in dispute. Any exercise of this right shall not entitle the Contractor to delay or withhold the performance of the Contract. Once the dispute is resolved, NATO will pay the agreed amount within thirty (30) Days.

NATO reserves the right to set-off any invoiced amount with claims and unpaid sums it may have against the Contractor.

The Contractor shall be solely responsible for making payments to its Subcontractors.

IV. Contract Execution

19. Performance of the Contract

The Contract shall be performed with reasonable professional skill, care, and diligence to be expected of a competent professional performing similar services in similar circumstances for an international organisation and in accordance with internationally accepted professional standards and best practices.

20. Key Personnel

Where the Contract identifies Key Personnel by name or role, the Contractor shall ensure that such personnel are assigned to perform the Contract and shall not replace, remove, or reassign them without NATO's prior written consent.

If Key Personnel become unavailable for reasons beyond the Contractor's control (e.g. illness, resignation), the Contractor shall notify NATO immediately and propose a replacement with equivalent or superior qualifications and/or experience within ten (10) Days. The Contractor is responsible for all handover and training costs. NATO may approve or reject the replacement in its sole discretion.

The unauthorised removal or substitution of Key Personnel, as well as unavailability that is not promptly remedied by the Contractor through the provision of a replacement deemed suitable by the Organisation, constitutes a material breach of the Contract.

NATO may require the removal of any Key Personnel whose conduct or performance is detrimental to the Contract, and the Contractor shall comply promptly at no additional cost to NATO.

21. Participating Nations

Unless otherwise agreed in writing with NATO:

- The Contract shall only be performed by firms and/or individuals from NATO Participating Nations.
- All materials, equipment, and identifiable sub-assemblies shall be procured, manufactured, or assembled by firms from a NATO Participating Nation.

- This provision applies to any tier involved in the execution of the Contract. Upon request, the Contractor must provide a certificate of origin or similar evidence verifying compliance with this provision.

22. Warranty and Quality Assurance on Deliverables

The Contractor warrants that all Deliverables shall be new, merchantable, fit for purpose, conform to the Specifications of the Contract, free from Defects, and compliant with all laws, regulations, standards, and industry best practices. The Contractor shall maintain appropriate quality assurance processes to identify Defects and implement corrective actions.

During the warranty period, the Contractor shall, at its own risk and cost, repair, replace, or re-perform (as applicable) any Deliverable that is Defective or non-conforming. This obligation shall include all travel expenses, packing and transport charges incurred by the Contractor and/or its Subcontractors in connection with repair or replacement. If repair, replacement, or re-performance will not remedy the Defect or if remediation is not possible, NATO may seek a price reduction. Any repaired or replaced parts shall be provided with a new warranty period of the same duration starting from the date of repair or delivery.

The Contractor shall not be liable for Defects caused solely by NATO's misuse, negligence, or unauthorised modification of the Deliverables.

The warranty period shall be as specified in the Contract and shall commence upon Acceptance (including, where applicable, the period between Provisional Acceptance and Final Acceptance). Where a longer third-party or manufacturer warranty applies to any Deliverable, NATO may elect to benefit from such longer warranty; the Contractor shall provide all warranty documents and shall procure the transfer/assignment to NATO of such warranties to the extent permitted.

If Defects are remedied under the warranty, the warranty period shall be extended automatically by an equal period of time during which the affected Deliverable(s) (or part thereof) was unavailable to NATO for its intended use. For any Deliverable(s) (or part thereof) replaced, the warranty period shall recommence at the date of replacement. For any Deliverable(s) (or part thereof) repaired or modified, the warranty period shall be extended automatically by a period equal to the time during which the Deliverable(s) was unavailable for its intended use.

23. Artificial Intelligence

The Contractor may use artificial intelligence tools, including generative AI systems, (AI Tools) and may also design, develop, configure, train, such tools and integrate them and their output to perform its obligations under the Contract.

Any such use or development of AI Tools shall comply with applicable laws and obligations under the Contract, including but not limited to obligations regarding confidentiality, data protection, and performance and quality standards.

The Contractor shall not input, upload, prompt with, use for retrieval augmentation, label, or otherwise process NATO Confidential Information, Personal Data provided by NATO, or NATO Classified Information using any AI Tools unless: (a) NATO provides prior written authorisation for the specific AI Tool, purpose, data categories, and processing location(s); and (b) such information is not used to train, or improve any AI model.

The Contractor shall duly record and disclose to NATO whether and how AI Tools were used in connection with any Deliverable and which AI Tools/models were used.

The use or development of AI Tools shall not relieve the Contractor of its obligations under the Contract and the Contractor remains fully responsible for the accuracy, quality, safety, originality, and compliance of its Deliverables.

The Contractor's use and development of AI Tools to perform its obligations under the Contract shall comply with the NATO Principles on Responsible Use of AI in Defence (endorsed by NATO Defence Ministers, 22 October 2021) including by implementing risk-appropriate measures to address traceability, reliability, and levels of judgment and care.

The Contractor warrants that the use and development of AI Tools to perform its obligations under the Contract and the incorporation of AI-generated or AI-assisted outputs into Deliverables shall not infringe third-party Intellectual Property rights. The Contractor shall ensure that any third-party AI Tool terms (including open-source model licenses) do not conflict with the Contract (including confidentiality, security, and use rights), and shall not impose additional restrictions on NATO's use of the Deliverables beyond those expressly agreed in the Contract.

24. Ownership and Title

Ownership and title to all Deliverables shall pass to NATO upon Acceptance, irrespective of when or where NATO takes physical possession. Where the Contract provides for two-stage Acceptance (Provisional Acceptance and Final Acceptance), ownership and title shall pass to NATO upon Provisional Acceptance.

Risk in Supplies shall pass to NATO upon delivery at the destination specified in the Contract. Risk in Works and Services shall pass upon Acceptance (or, where applicable, Provisional Acceptance). Notwithstanding this, the Contractor will not be liable for loss of or Damage to the Deliverables to the extent caused by NATO's negligence or wilful misconduct.

25. Records and Audit

The Contractor shall create and maintain complete and accurate administrative, financial and technical records to demonstrate compliance with the Contract in a form and manner that permits audit and inspection by NATO. The Contractor shall preserve all records relating to the Contract, and enable audits by NATO, for a period of 10 (ten) years after termination or until all disputes are resolved, whichever is later, and shall ensure Subcontractors grant NATO substantially similar record-retention and audit/access rights (to the maximum extent practicable).

Upon written request, the Contractor shall provide NATO, including its external advisers and auditors, prompt access to, or copies of, all records and information reasonably related to the Contract and provide access to relevant personnel, facilities, locations, infrastructure, systems, applications, policies, processes, and reasonable assistance to support audits, inspections, investigations and interviews, including for verification of financial, security, contingency, and data protection compliance and investigation of any security breach or attempted breach, breach of contract or suspected breach or other forms of suspected wrongdoing.

NATO may conduct audits to verify the Contractor's compliance with the Contract. NATO will request only access that is reasonably necessary and proportionate, will provide reasonable

notice, aim to conduct audits during working hours with minimal disruption and normally conduct no more than one audit per year. However, where fraud, breach of law, a security incident is suspected or irregularities are found or reasonably suspected, NATO may initiate an audit or investigation at any time and without notice. All auditors and investigators shall be bound by the Contract's confidentiality terms or its equivalent.

NATO shall bear its external costs of conducting audit and investigative activities and the Contractor bears its internal support costs to support them. If an audit or investigation identifies material irregularities (including breach of law, security or data protection requirements, or overcharging by more than five percent (5%) of the relevant price component), NATO may recover from the Contractor NATO's reasonable audit and investigative costs, without prejudice to other rights or remedies.

The Contractor shall promptly notify NATO in writing if it becomes aware of any regulatory or independent audit, inspection, investigation or review that identifies a finding, non-compliance or deficiency that materially affects performance or the Contractor's obligations under the Contract.

26. Delays

Where the Contract specifies "Delivery" or "Milestone" Dates for the Deliverables, time is of the essence for those dates. If the Contractor fails to meet any Delivery or Milestone Date, the Contractor shall be in delay as of the first Day after that date, unless the delay is excused under Clause 28 (Force Majeure) or another express excusable-delay provision of the Contract. A non-excused delay may be treated by NATO as a Default under Clause 27 (Default).

If the Contractor anticipates, or encounters, difficulty in meeting any Delivery or Milestone Date, the Contractor shall immediately notify NATO in writing with full particulars, including: (i) the cause(s) and whether it is claimed as an excusable delay; (ii) mitigation steps taken / proposed and a remediation plan; (iii) schedule impact; and (iv) proposed revised timeline.

NATO may also by written notice identifying the delay or risk of delay require the Contractor to respond within ten (10) Days (or such longer period, as NATO specifies) with the information in the previous paragraph. Following assessment or the Contractor's written response, NATO may: (i) extend the Delivery or Milestone Date ; (ii) require mitigation measures; (iii) exercise the Step-In-Right under Part VI, Clause 4 (Step-in-Right); and/or (iv) by written notice, treat the non-excused delay as a Default under Clause 27 (Default) and exercise any remedies available for Default, including (where applicable) termination for default under Clause 40 (Termination for Default). Where NATO intends to treat the delay as a Default, NATO shall state this in the notice (or a subsequent written notice).

NATO is entitled to liquidated damages from the first Day after the Delivery Date or Milestone Date, for each Day of delay, liquidated damages of 0.1% (one tenth of per cent) of the price of the delayed Deliverables (or, where applicable, the price allocated to the relevant milestone), until the earliest of: (i) completion of the relevant (part of the) Deliverable(s) or (ii) termination of the Contract, in whole or in part, or (iii) the Step-In-Right by NATO under Part VIClause 4 (Step-in-Right). Liquidated damages under this Clause constitute the sole liquidated damages for delay and shall not accrue concurrently with liquidated damages under Clause 40 (Termination for Default) in respect of the same Deliverables and the same period.

Liquidated damages under this Clause shall not exceed 20% (twenty per cent) of the price of the specific delayed Delivery or Milestone. Aggregated liquidated damages under this Clause and Clause 40 (Termination for Default) shall not exceed 15% (fifteen per cent) of the total Contract value.

Where a delay persists beyond any extended date granted by NATO, or where NATO determines the delay constitutes a material breach, NATO may treat the delay as a Default under Clause 27 (Default) and exercise its rights accordingly.

27. Default

"Default" means a material breach, or a pattern of repeated breaches, of the Contractor's obligations under the Contract that (i) cannot be remedied; or (ii) has not been remedied; within the timeframe specified in the Contract or, if none is specified, within the reasonable period notified in writing by NATO. Force Majeure events under Clause 28 (Force Majeure) do not constitute Default.

The Contractor shall also be in Default in any of the following cases, deemed as non-curable Defaults:

- Gross negligence, wilful misconduct, fraud;
- Repeated breaches that provide NATO with reasonable and documented grounds to conclude that the Contractor lacks the professional capability or good faith to perform the Contract;
- A serious and material concern regarding the treatment of intellectual property, confidentiality or secrecy obligations (including regarding Classified Information, personal data provided by NATO, and confidential information as defined in Clause 30 (Confidentiality and Disclosure), where NATO has reasonable and documented grounds to conclude that the Contractor cannot adequately protect such assets and/or continued performance would jeopardise NATO's legitimate interests;
- Delays under Clause 26 (Delays), to the extent NATO has notified the Contractor that it is being treated as a case of Default;
- Transfer, assignment, subcontracting of the Contract, or part of it, in breach of the Contract;
- A breach of obligations in the NATO Code of Conduct in Part IV.

Where a Default is, in NATO's view, capable of remedy, NATO may issue a written notice to the Contractor identifying the Default and requiring the Contractor to respond within ten (10) Days (or such longer period as NATO specifies) with: (i) a remediation plan and timeline; (ii) steps being taken to mitigate consequences; and (iii) any circumstances that may be excusable (Default Notification).

A notice issued under Clause 26 (Delays) may constitute a Default Notification where it expressly identifies the delay as a Default (or states NATO's intention to treat it as a Default).

Based on the Contractor's response to the Default Notification NATO may thereafter (i) grant a reasonable timeframe to comply or cure; (ii) terminate the Contract for Default under Clause 40 (Termination for Default), or (iii) apply any other available remedy.

Where NATO determines that a Default cannot be remedied, NATO is not required to grant any reasonable timeframe to comply or cure.

Except where Default results in delays governed by Clause 26 (Delays), NATO is entitled to liquidated damages 0.1% (one tenth of per cent) per Day of the price of the affected Deliverables from the first Day after the date of Default until the earliest of: (i) full performance of the defaulted obligation; (ii) termination (in whole or in part); or (iii) Step-In-Right under Part VI Clause 4 (Step-in-Right). The Contractor shall pay 0.1% (one tenth of per cent) per Day of the price of the delayed or non-conforming Deliverables. No liquidated damages shall accrue under this Clause for any period and Deliverables for which liquidated damages accrue under Clause 26 (Delays).

Liquidated damages under this Clause shall not exceed 20% (twenty per cent) of the price of the specific delayed Delivery or Milestone. Aggregate liquidated damages under this Clause and Clause 26 (Delays) shall not exceed 15% (fifteen per cent) of the total Contract value. Liquidated damages shall accrue automatically and without notice, and are without prejudice to NATO's right to claim proven additional damages.

28. Force Majeure

Neither Party shall be liable for any default or delay in the performance of its obligations under the Contract if and to the extent that the Party demonstrates that performance is impossible and such default or delay is caused by an unforeseeable event beyond the reasonable control of the affected Party (Force Majeure Event). Force Majeure Events may include, by way of illustration and without limitation: acts of nature (including fire, flood, earthquake, hurricane, epidemic or other natural disaster), acts of war (whether declared or not), boycott, embargo, riots, civil disorders, terrorism, general labour actions (other than solely by employees of the Contractor or a Subcontractor), acts of public authorities which the Contractor could not reasonably have anticipated, or failure of telecommunications or utilities infrastructure which is not under control of the Contractor or its Subcontractor.

A Party seeking to rely on a Force Majeure Event must demonstrate that: (a) it is without fault in causing such default or delay; (b) the default or delay could not have been prevented by reasonable precautions and could not reasonably be circumvented through the use of alternate sources, workaround plans or other means; and (c) taking into consideration the nature and purpose of the Contract, in particular in the event of war, armed conflict, boycott, embargo and similar circumstances, the Party has made the necessary arrangements to avoid default or delay caused by such circumstances.

In case of a Force Majeure Event, the non-performing Party shall be excused from further performance of the affected obligations for as long as such circumstances prevail and such Party continues to use reasonable efforts to recommence performance without delay. The Party so delayed shall: (a) immediately notify the other Party and describe at a reasonable level of detail the circumstances causing such delay and the impact thereof; (b) keep the other Party informed on further developments; and (c) undertake its best efforts to eliminate and at least minimise the effects of a Force Majeure Event as soon as possible.

NATO will be entitled to withhold payment of any price related to (parts of) Deliverables that have not (yet) been supplied due to a Force Majeure Event.

If a Force Majeure Event continues to hinder or prevent a Party from properly or timely performing its obligations under the Contract for a period of sixty (60) Days, the other Party may immediately terminate the Contract entirely or partially by registered letter without recourse to legal proceedings. In case of such termination, the Contractor will refund any amounts prepaid by NATO related to (parts of) Deliverables that have not been supplied.

Circumstances that have an impact on the performance of a Subcontractor shall only be considered as Force Majeure Events for the Contractor if such circumstances constitute Force Majeure Event(s) for the Subcontractor itself.

The Contractor is not allowed to request any price revision based on changed circumstances (hardship) that are not considered circumstances of Force Majeure.

29. Close-out

Upon completion of activities under the Contract, the Contractor shall comply with any specified closeout procedures, to the extent applicable.

Failure by the Contractor to submit the required documentation or to comply with the closeout procedures within the specified time frame may result in delays of final payments.

V. Information and Affiliation

30. Confidentiality and Disclosure

Each Party retains exclusive ownership of its Confidential Information, unless otherwise agreed. Parties must treat the other's Confidential Information as confidential, only using it for Contract performance, and may not disclose it to third parties without prior written consent, except in legal proceedings or for NATO to report to internal NATO stakeholders.

Any disclosure of Confidential Information is permitted only on a "need-to-know" basis to employees, Contractors, consultants, or Subcontractors who are subject to written confidentiality obligations.

If legally compelled to disclose, a Party must (to the extent permitted by law) promptly notify the other Party and coordinate with it in good faith regarding the disclosure, including giving reasonable assistance to seek confidential treatment or protective measures. The disclosing Party shall limit any disclosure to the minimum required by law and use reasonable efforts to ensure the disclosed information is treated confidentially. Upon request or contract termination, or as requested by the owner of the information, each Party must return or destroy all Confidential Information and certify such return or destruction in writing.

This Clause survives contract termination until NATO provides written release or for 5 (five) years after contract close-out if no release is issued, unless NATO extends such timeframe in writing to safeguard the interest of NATO.

This Clause does not replace obligations relating to NATO Classified Information which may be included in the Contract.

31. NATO Affiliation, Logos, and Emblems

The Contractor must not issue any press release, public statement, advertisement, or other public communication, on any media or platform, that refers to the Contract or to any Deliverables provided under it, without NATO's prior written consent. NATO may approve, require changes to, or reject any proposed disclosure. NATO's consent applies to both the timing and the content of the disclosure.

The Contractor must not use NATO's logos or emblems without NATO's prior written authorisation. The Contractor must request authorisation at least seven (7) Days before the intended publication and must fully describe the proposed use, including the publication or platform and any mock-ups showing the intended visuals and text.

If authorisation is granted, the Contractor must use the logos and emblems strictly in accordance with NATO's branding guidelines (available upon request) and must not alter the logos' design, colours, or proportions.

The Contractor must obtain NATO's prior approval before listing NATO as a customer or making any referral or reference to NATO. The Contractor acknowledges that NATO does not endorse the Contractor's products or services.

Any breach of this Clause may result in termination of the Contract at NATO's sole discretion. Any authorisation granted under this Clause shall expire on the earlier of (a) the date specified in the authorisation, or (b) the expiry or termination of the Contract. Upon expiry or termination, the Contractor shall promptly return or securely destroy all materials bearing NATO's logos or emblems and certify such return or destruction in writing. The Contractor shall provide reasonable assistance to NATO in the event of any third-party infringement of NATO's logos, emblems, or branding arising in connection to the Contract.

VI. Intellectual Property

32. Foreground Intellectual Property

NATO owns all Foreground IP. The Contract price includes the full transfer of any rights in such Foreground IP. The Contractor may not use, reproduce, or disclose the Deliverables or the Foreground IP, for any other purpose beyond the obligations of the Contract, without NATO's prior written consent.

33. Background or Pre-Existing Intellectual Property

The Contractor retains ownership on the Contractor's Background or Pre-Existing IP. The Contractor grants NATO a perpetual, irrevocable, royalty-free, and worldwide license to use, modify, and sub-license the Contractor's Background or Pre-Existing IP embedded in or necessary to use the Deliverables.

VII. Personal Data Protection

34. Data Protection Obligations

Capitalized terms used in this Clause and not otherwise defined in this Contract shall have the meanings given to them in the NATO Personal Data Protection Framework Policy (ON(2024)0019), available at: https://www.nato.int/content/dam/nato/webready/documents/publications-and-reports/20240901_NATO-personal-data-protection-f.pdf (for the purpose of this Clause, the "Policy").

The Contractor represents, warrants, and undertakes that any Personal Data provided by NATO to the Contractor shall be processed in accordance with the Policy which shall be deemed to apply to the Contractor mutatis mutandis; and/or the applicable laws and regulations applicable to the Contractor, in so far as it provides at least an equivalent level of protection as the Policy and the terms of this Clause.

The Contractor shall not disclose, transmit, or otherwise transfer Personal Data provided by NATO to any third party without the prior written and express consent of NATO, including for analytical or commercial purposes.

Any limitations by the Contractor to the exercise of Data Subjects' rights in relation to Personal Data provided by NATO to the Contractor, or the application of the principle of Transparency, must be expressly agreed upon in writing by both Parties, and only in exceptional and justifiable cases consistent with the Policy.

The Contractor acknowledges that NATO Records, which may include Personal Data provided by NATO to the Contractor, remain the property of NATO and are subject to the provisions of Articles VI and VII of the Ottawa Agreement.

The Parties acknowledge that, with respect to Personal Data relating to their respective contact persons, representatives, officers, or employees exchanged for the purposes of the negotiation, conclusion, and administrative management of this Contract, each Party shall act as an independent Personal Data Controller. Each Party shall remain solely responsible for ensuring the lawfulness of the Personal Data it shares with the other Party and for any consequences arising from non-compliance and/or violation of applicable personal data protection obligations.

35. Data Protection Obligations

Where the Contractor processes Personal Data in the performance of this Contract on behalf of NATO (the "NATO Personal Data), such processing shall be carried out in compliance with the Policy and solely under NATO's authority and direction, in accordance with this Clause and any documented instructions issued by NATO from time to time. In particular, the Contractor warrants and undertakes to, cumulatively:

- Process NATO Personal Data solely to the extent necessary to achieve the objectives of this Contract. No NATO Personal Data may be used for marketing, profiling, survey, analytical, or commercial purposes or for any other purpose not expressly authorised in writing by NATO.
- Implement and maintain appropriate technical and organisational measures to ensure a level of security appropriate to the risks arising from the Processing, including measures to protect the confidentiality, integrity, and availability of NATO Personal Data.
- Ensure that access to NATO Personal Data is limited to personnel strictly necessary for the performance of this Contract, that such personnel are bound by confidentiality obligations, and that they receive appropriate data protection awareness or training.
- Collaborate fully and at all times with NATO in ensuring compliance with the Policy, including in relation to transparency obligations, the exercise of Data Subject rights, security requirements, risk assessments, and the management of Personal Data breaches.
- Inform NATO, without undue delay and in any event within 24 hours of becoming aware thereof, of any actual or suspected Personal Data breaches and work in good faith with NATO to mitigate risks and impacts on the data subjects and on NATO.
- Ensure that NATO retains exclusive control over the NATO Personal Data, including with respect to its rectification, retention and disposition, including where such data is processed or stored within a cloud-based solution, whether through a tenant or any equivalent environment made available to NATO. Upon termination or expiry of the Contract, the Contractor shall, at NATO's option and in accordance with NATO's

documented instructions, return, securely delete, or otherwise dispose of all NATO Personal Data and certify completion thereof.

- Ensure that any authorised sub processor is bound by written obligations consistent with this Clause and the Policy. The Contractor shall remain fully responsible for the acts and omissions of any authorised sub processor.

VIII. Risk Allocation

36. Indemnity

The Contractor shall defend, indemnify and hold NATO and its officers, agents and employees harmless against all claims, demands, actions, liabilities, losses, damages, costs, and expenses (including reasonable legal fees and other costs of defence) arising out of, relating to, or resulting from:

- The delivery of the Deliverables under the Contract and/or any breach of the Contract by the Contractor.
- Any claim made against NATO by the Contractor's (or its Subcontractors) personnel, agents, representatives, or Subcontractors (including their personal representatives) in respect of personal injury or death of such persons or loss of, destruction of, or Damage to their property.

The Contractor shall consult with NATO regarding the handling of any claim or action under this Clause and shall not, without prior consultation and without the concurrence of NATO, settle or compromise any such claim or action.

In the event of an accident resulting in loss, Damage, injury or death arising from negligence or wilful intent of officers, agents and employees of NATO for which the risk has been assumed by the Contractor, the Contractor shall give NATO the opportunity to be involved in any investigation into the cause of the accident.

37. Liability

To the fullest extent permitted, NATO shall not be liable for any loss, Damage, cost, expense, claim, or liability of any kind whatsoever, or for any indirect, incidental, consequential, special, exemplary or punitive damages, including loss of profits, loss of revenue, loss of goodwill, or loss of anticipated savings, arising out of or in connection with the Contract, except to the extent of the amounts payable under the Contract.

The Contractor is solely responsible for the acts and omissions of its employees, agents and Subcontractors. NATO is only liable for claims arising due to its own gross negligence or wilful misconduct.

38. Insurance

The Contractor shall maintain the necessary insurances to perform the obligations under the Contract. Upon request, the Contractor must provide to NATO with copy of insurance certificates or full policy copies giving details of cover and confirming receipt for the current year's premium in respect of each required insurance. If the Contractor fails to insure, NATO may buy coverage at the Contractor's expense.

39. Remedies

NATO's remedies are cumulative and in addition to any others available under the Contract. The Contractor has no right to unilaterally terminate, or suspend performance of, the Contract, and shall not be entitled to invoke hardship.

IX. Termination

40. Termination for Default

Where a Default under Clause 27 occurs**,** NATO may terminate the Contract, in whole or in part, by issuing a written Notice of Termination for Default.

The notification and cure process set out in Clause 27 (Default) shall apply prior to termination, except where NATO has determined that the Default is incapable of remedy, in which case termination may be immediate.

The following events shall also constitute Default for the purposes of this Clause, and NATO may terminate immediately without a prior cure period:

- The Contractor files, or has filed against it, any petition in bankruptcy;
- The Contractor becomes insolvent or is unable to pay its debts as they fall due;
- The Contractor makes a general assignment for the benefit of its creditors; or
- The Contractor commences or is subject to proceedings for its winding-up or dissolution.

If, following a Notice of Termination for Default, it is determined that no Default existed, the termination shall be deemed a Termination for Convenience and the Parties' rights and obligations shall be determined accordingly. If the Parties agree to continue performance, the Contract shall be equitably adjusted to compensate for the effects of the termination notice.

41. Termination for Convenience

NATO may, at its sole discretion and without cause, terminate the Contract, in whole or in part, by providing the Contractor with a written Notice of Termination for Convenience, at least thirty (30) Days prior to the effective date of termination communicated to the Contractor.

The Notice of Termination for Convenience shall be sent by registered mail, courier, or email to the address communicated by the Contractor. It shall take effect on the earlier of: (a) actual date of receipt evidenced by proof of delivery; or (b) the date of email transmittal. Where the notice is sent by more than one method, the earliest date prevails. The "effective date of termination" is the expiry date of the notice period taking effect from the date of receipt of the Notice of Termination as evidenced by its proof of delivery.

42. Consequences of Termination for Default, or Convenience

Upon receipt of a Notice of Termination (in whole or in part), the Contractor shall:

- Stop or reduce work immediately on the terminated portion of the Contract, including work under any Subcontracts, except to the extent necessary to perform any unterminated portion.
- Continue performance of any unterminated portion of the Contract.
- Terminate relevant Subcontracts and, as directed by NATO, assign to NATO all right, title and interest in terminated orders and Subcontracts; upon such assignment, NATO

shall confirm in writing its assumption of the relevant obligations and release the Contractor from further liability in respect of those obligations.

- Deliver completed or partially completed Deliverables and/or Manufacturing Materials as directed by NATO.
- Take all actions necessary, or as NATO directs, for Preservation.
- Preserve and make available all books, records, and documents relating to the terminated work for three (3) years after final settlement.
- Return or, at NATO's election, securely destroy all NATO-Furnished property; NATO Confidential Information; and all materials bearing NATO's logos or emblems and certify such return or destruction in writing.
- Remove Contractor property from NATO sites as soon as practicable, unless NATO requests otherwise.

Payment for Accepted Deliverables

Payment for Deliverables delivered to and accepted by NATO prior to the effective date of termination shall be at the Contract price, regardless of termination type.

Payment for Manufacturing Materials and Preservation

Termination for Convenience: NATO shall pay, if applicable, for (i) Manufacturing Materials delivered to and accepted by NATO, and (ii) reasonable, documented Preservation costs as directed by NATO. The amount shall be agreed by the Parties, or failing agreement, determined in accordance with the Contract's pricing provisions.

Termination for Default: NATO has no obligation to pay for Manufacturing Materials or work-in-process not delivered to and/or not accepted by NATO, unless otherwise arranged by NATO. In that case, payment shall be the lesser of: (i) the Contract price allocable to such materials; or (ii) the Contractor's reasonable, documented costs. Any amounts otherwise payable may be withheld and/or set off to the extent necessary to protect NATO against any loss, including excess re-procurement costs, damages, liens, or claims. Reasonable, documented Preservation costs directed by NATO shall be payable subject to the same withholding and set-off rights

Any liquidated damages accrued under Clause 26 (Delays) or Clause 27 (Default) up to and including the effective date of termination shall survive termination and be set off against any amounts otherwise payable to the Contractor under this Clause.

NATO may withhold from amounts otherwise due such sums as are reasonably necessary to protect against outstanding liens or claims. NATO shall release any withheld amounts promptly upon resolution of the relevant lien or claim, and in any event within 180 (one-hundred-and-eighty) Days of the effective date of termination unless proceedings remain ongoing.

Where NATO requires a termination settlement proposal, the Contractor shall submit it within 60 (sixty) Days of the effective date of termination (or such longer period as NATO agrees in writing). The proposal may include, to the extent applicable and duly justified:

- Work performed up to and including the effective date, accepted by NATO;

- Reasonable, verifiable costs actually incurred up to the effective date; and
- Reasonable, verifiable costs relating to non-cancellable orders and obligations proven not otherwise recoverable.

If the Parties cannot agree on the amount payable, either Party may refer the matter to dispute resolution under Clause 43 (Arbitration).

The total payment to the Contractor shall not exceed the Contract price, minus previous payments and the value of undelivered Deliverables. No amount shall be due for loss of anticipated profits, revenue, or goodwill.

Termination of the Contract, for any reason, shall not affect any rights or obligations that had already accrued prior to the effective date, nor the continued operation of any provisions that by their nature survive termination, including confidentiality, intellectual property, audit rights, liability, and dispute resolution.

X. Dispute Resolution

43. Arbitration

Any dispute arising out of or relating to the Contract, or the validity, interpretation, breach, termination thereof, which are not settled amicably shall be settled by arbitration in accordance with the PCA Arbitration Rules 2012, subject to the following paragraphs.

The number of arbitrators shall be 1 (one) or 3 (three). In the absence of an agreement on the number of arbitrators, Article 7 of the 2012 PCA Arbitration Rules shall apply. Arbitrators shall be of the nationality of a NATO Member Nation. In cases where the tribunal is comprised of three arbitrators, the third arbitrator will be of a nationality different from the nationality of the other two arbitrators.

Conduct of the arbitral proceedings and the provision of evidence is subject to the rules of security in force within NATO, where applicable. Although each Party has the liberty of choosing their legal representatives and expert witnesses, the Parties acknowledge that the rules of security within NATO may prohibit the communication of NATO information, including Classified Information, in particular to individuals who do not hold the nationality of a NATO Member Nation.

The arbitration proceedings shall be conducted in English or French. Any document submitted by the Parties in a language other than the language of the arbitration proceedings shall be accompanied by a translation into the language of the arbitration proceedings.

The arbitration proceedings and award, but not the existence of the arbitration, shall be private and confidential, except with the consent of all parties, or to the extent that disclosure is required of a Party: by legal duty (including where that duty arises from NATO's internal legal order); to protect or pursue a legal right; or in relation to legal proceedings before a court or other competent authority.

The place of arbitration (seat) shall be located within the territory of a NATO Member Nation, as agreed between the Parties or determined by the arbitral tribunal. For deliberations, the arbitrators may meet at any place of their choice, provided that it is within the territory of a NATO Member Nation. The hearings shall take place at a venue agreed between the Parties or determined by the arbitral tribunal located within the territory of a NATO Member Nation. If

the circumstances so require, or if the Parties agree, the Tribunal may decide to hold hearings by video conference.

In resolving the dispute in accordance with Clause 4 (Applicable Law), the arbitral tribunal shall have appropriate regard to the rules of the Organisation and to the general principles governing the law of international Organisations.

Without prejudice to any other remedies available under the applicable Law and Arbitration Rules, 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.

The arbitral tribunal shall have no authority to award punitive or moral damages.

Unless otherwise expressly provided in the Contract, the arbitral tribunal shall have no authority to award interest in excess of the applicable central bank policy rate (i.e., (i) for EUR, the European Central Bank deposit facility rate; (ii) for USD, the U.S. Federal Reserve target range midpoint for the federal funds rate; and (iii) for GBP, the Bank of England Bank Rate), in each case as in effect on the date the interest begins to accrue, plus [X] percentage points. Any such interest shall be simple interest only.

Nothing in this provision, or in any contract of which it forms a part, shall be interpreted as a waiver of any privileges or immunities accorded to any Party hereto with respect to any procedure before the court or tribunal of any State, including any court or tribunal of the place of arbitration, including but not limited to any procedure that relates to the validity, interpretation or application of the arbitration agreement, requests for interim relief, requests of measures concerning the arbitration procedure, or applications for the recognition, the setting aside or the enforcement of an award or to any measure of execution or detention of property.

Pending final decision of a dispute, the Contractor shall proceed diligently with the performance of the Contract, unless otherwise instructed by NATO.

— End of Part I —

PART II – DEFINITIONS

Defined terms have the meaning set forth in this Clause when capitalized in the Contract and may be read in singular or plural as the context requires:

"**Acceptance**" means the act by which NATO recognizes in writing that the Deliverables delivered or made available meet the conditions of the Contract. Where stated in the Contract, Acceptance may occur as (a) single-stage Acceptance or (b) two-stage Acceptance (Provisional Acceptance and Final Acceptance).

"**Amendment**" means any written instrument executed by duly authorised representatives of the Parties that modifies, supplements, or restates any term or condition of the Contract. Unless the Contract expressly provides otherwise, an Amendment becomes effective only upon signature by both Parties.

"**Change of Control**" means the change in (a) the direct or indirect ownership of the majority of the equity rights in the Contractor or Subcontractor, (b) the majority of the voting rights in the Contractor or Subcontractor, (c) the right to appoint or remove the majority of the Contractor's or Subcontractor's directors, or (d) otherwise the right to ultimately direct and conduct the Contractor's or Subcontractor's business.

"**Classified Contract**" means any contract issued by a NATO Civil or Military Body or a NATO Nation in support of a NATO funded or administered programme/project that will require access to, or generate, NATO Classified Information.

"**Classified Information**" or "**NATO Classified Information**" means

"Information" means knowledge that can be communicated in any form;

"Classified" Information means Information or Material determined to require protection against unauthorised disclosure which has been so designated by security classification;

"Material" includes documents and also any item of machinery or equipment or weapons either manufactured or in the process of manufacture;

"Document" means any recorded information regardless of its physical form or characteristics, including, without limitation, written or printed matter, data processing cards and tapes, maps, charts, photographs, paintings, drawings, engravings, sketches, working notes and papers, carbon copies and ink ribbons, or reproductions by any means or process, and sound, voice, magnetic or electronic or optical or video recordings in any form, and portable ADP equipment with resident computer storage media, and removable computer storage media.

"**Clause**" means a provision of the GTC.

"**Code of Conduct**" means the NATO Code of Conduct [Document identifier] available at [URL], and included as Part IV of the GTC.

"**Conflict of Interest Mitigation Plan**" is a document that NATO may require the Contractor to provide in case of an existing or potential situation of conflict of interest. The plan may include the measures the Contractor will take to identify, avoid, mitigate, or neutralize any existing or potential conflict of interest, including the reporting and escalation procedures to be followed. The plan shall be subject to NATO's review and approval, such approval not to be unreasonably withheld.

"**Confidential Information**" means all material, data and information, tangible or intangible, whether in written, graphic, verbal or electronic form, developed by or disclosed or made available by or on behalf of one Party (Disclosing Party) to the other Party (Receiving

Party), its officers, agents and employees under the Contract, and that is commonly considered as being confidential, whether or not marked as such. Confidential Information includes the terms of the Contract, business information or financial information, processes, commercial and strategic information, technical data or Specifications, drawings. Confidential Information does not include information already known to the receiving party and is not subject to confidentiality obligations; information in the public domain; information received from a third party without restrictions; or information independently developed. Information is not deemed public simply because parts of it are generally known.

"**Contract**" means the agreement concluded between NATO and the Contractor signed by both contracting Parties and the GTC. Annexes and/ or appendices form an integral part of the Contract.

"**Contractor**" means the physical or juridical person that has signed the Contract with NATO and is a Party thereto. For the purposes of the Code of Conduct and any related compliance obligations under the Contract, references to the Contractor shall include the Contractor's successors in interest, affiliates, officers, directors, employees, agents, representatives, Subcontractors, suppliers, consultants, and any other persons acting for or on behalf of the Contractor, or in any similar capacity, to the extent involved in the procurement process, the performance of the Contract, or any activity connected with the Contract.

"**Contractor Background or Pre-existing IP**" means any Intellectual Property or rights therein owned by the Contractor or any Subcontractor or licensed by a third party to the Contractor or a Subcontractor which is not created in the course of or as the result of activities undertaken for any purpose contemplated by the Contract, and which is needed for the performance of the Contract or for the exploitation of Foreground IP or derivatives thereof, or needed for the legitimate use of any Deliverable by NATO, the Contractor or any third party.

"**Damage**" means any harm, loss or injury, including bodily injury or death; loss or descruction or physical damage to property, financial or economic lossl costs and expenses; administrative or criminal fines or penalities, all to the extent compensable or indemnifiable under the applicable law.

"**Day**" means a calendar day.

"**Defect**" means any condition or characteristic in any Deliverables delivered by the Contractor under the Contract that is not in compliance with the Specifications of the Contract, or that otherwise produces erroneous results or is unfit for the purposes stated in the Contract. A Defect may occur as a Defect in workmanship or in materials.

"**Deliverable**" means any output, work product, result or item that the Contractor is required to provide or make available to NATO under the Contract, whether tangible or intangible, and whether arising from Services, Supplies and/or Works. Deliverables include (as applicable) supplies and materials, software (including source and object code), documentation, reports, data, drawings, designs, configurations, training materials, and any other items identified in the Contract. Deliverables may be provided in stages and include interim, draft and final deliverables.

"**Delivery Date**" means the date of delivery of a substantial part of the Deliverables, marked by the delivery or submission to Acceptance, as the case may be, as specified in the Contract.

"**Delivery Order**" means a delivery order issued by NATO to the Contractor to provide Supplies under the terms of a previously agreed Framework Agreement, specifying the quantity, price, and delivery term.

"**Eligible Purchaser**" means the entities identified in the Contract which (a) is permitted to procure Deliverables under the Contract; and (b) becomes a Party to the Contract for purposes of the rights and obligations expressly assumed in that instrument and/or in the applicable order by executing a written joinder or by signing a call-off document of the Contract (e.g., Task Order, Delivery Order) that expressly states that the signing entity accedes to and is bound by the Contract. NATO Bodies and NATO Member Nations may be Eligible Purchasers.

"**Foreground IP**" means any Intellectual Property created by the Contractor or any Subcontractor of the Contractor in the course of or as the result of activities undertaken for any purpose contemplated by the Contract.

"**Framework Agreement**" means a contract vehicle establishing the overarching terms and conditions governing the placement of Task Orders, Delivery Orders and/or other call-off instruments by NATO and/or Eligible Purchasers. A Framework Agreement may set pricing, ordering procedures, and general obligations, and no obligation to order any minimum quantity is created unless expressly stated. Binding obligations with respect to specific quantities, Deliverables, delivery dates, and prices arise upon issuance and Acceptance/signature (as applicable under the Contract) of a Task Order, Delivery Order, or other call-off instrument under the Framework Agreement.

"**Intellectual Property**" or "**IP**" means any intellectual property or rights therein of any qualification irrespective of their stage of development or finalization, including but not limited to patents, trademarks,, designs, and models, whether registered or not and any applications for the same, copyright (including on computer software), moral rights, rights in databases, sui generis rights, geographical indications, domain names, business secrets, know-how, confidential information, and rights in records (whether or not stored on computer) such as technical data and documents, and all similar or equivalent rights or forms of protection worldwide.

"**Manufacturing Materials**" means raw materials, components, parts, subassemblies, tools, dies, jigs, fixtures, plans, drawings, information, software, data, and work-in-process specifically produced or acquired for performance of the Contract or, as the case may be, the terminated portion..

"**Milestone Date**" means the planned or contractual due date for the completion of a substantial part of a Deliverable as specified in the Contract.

"**NATO**" or the "**Organisation**" means the North Atlantic Treaty Organisation represented by the Secretary General. NATO is the legal entity that awards and administers the Contract on behalf of NATO and any Eligible Purchasers and stands as one of the Parties.

"**NATO Body**" means a civilian body or military headquarters and other organisations established pursuant to the North Atlantic Treaty, subject to the provisions of either the 1951 Ottawa Agreement or the 1952 Paris Protocol.

"**NATO Member Nation**" means a member nation of NATO.

"**Option**" means the contractual right for NATO to order additional Deliverables from the Contractor.

"**Ottawa Agreement**" agreement on the status of the North Atlantic Treaty Organisation, National Representatives and International Staff, signed on 20 September 1951, in Ottawa,

Canada.

"**Participating Nation**" means a nation that participates in financing the Contract. Unless otherwise provided, Participating Nations are only NATO Member Nations.

"**Party**" or "**Parties**" means one Party or one of the Parties to the Contract, i.e., NATO, the Contractor, and any Eligible Purchaser that has become bound by this Contract.

"**Preservation**" means actions directed by NATO to protect and preserve property in which NATO has, or may acquire, an interest.

"**Preservation Costs**" means reasonable, documented costs incurred to perform Preservation, to the extent directed by NATO.

"**NATO Background IP**" means any IP owned by NATO or licensed from a third party to NATO which has been developed by, assigned to or licensed to NATO prior to the Effective Date of Contract or later, but not as a part of the scope of the Contract.

"**Services**" means all tasks, duties, or activities to be performed by the Contractor under the Contract, involving labour, expertise, consultancy, training, or other professional assistance.

"**Service Level**" means the specificed level of performance level that the Contractor is required to deliver under the Contract, measured against specified performance indicators and subject to contractual remedies if not achieved..

"**Specifications**" means the technical and performance requirements, including service levels and delivery processes of the Deliverables set forth by NATO and, as the case may be, their scope, timeline, governance, and methodology.

"**Statement of Work**" means a document that is part of the Contract and contains requirements or Specifications.

"**Subcontract**" means an agreement made by the Contractor with any third party in order to fulfil any part of the obligations under the Contract.

"**Subcontractor**" means a person or legal entity acting directly or indirectly under Subcontract to the Contractor in performance of the Contract.

"**Supplies**" means any and all items to be delivered or provided under the terms of the Contract, including but not limited to tangible, and intangible goods; products; equipment; specially manufactured goods; software; raw materials; components; intermediate assemblies; parts; end products; documentation; data; infrastructure; reports; and all results, or related goods produced or provided in connection with the Contract, excluding Works. Supplies also include any resources or outputs movable at the time they are identified for sale under the Contract, excluding money used as payment..

"**Task Order**" means an order issued by NATO to the Contractor to provide Services under the terms of a previously agreed Framework Agreement, specifying the quantity, price, and Delivery Date.

"**Third-Party IP**" means any IP owned by a third party not being NATO or the Contractor or its Subcontractor, which is needed or useful for the performance of the Contract or for the exploitation of Foreground IP or for the legitimate use of any Deliverable by NATO, the Contractor or any third party. This includes, for example, third party software, including open-source software.

"**Works**" means all construction, installation, assembly, demolition, repair, refurbishment, alteration, expansion, restoration, or related physical operations to be performed or

completed by the Contractor pursuant to the Contract, including the creation, improvement, or modification of immovable property, infrastructure, structures, buildings, systems, machinery, or other fixed or permanent installations required under the scope of the Contract. Works include any related site preparation, excavation, land improvement, and other physical activities necessary to achieve contractual completion of the output to be carried out by the Contractor pursuant to the Contract.

— End of Part II —

PART III – INVOICING AND VAT

Following Acceptance, all invoices shall be submitted via e-mail at AccountsPayable.Mailbox@HQ.NATO.INT

Invoicing address (for reference only):

Accounts Payable, OFC

NATO International Staff

Avenue Léopold III

1110 Bruxelles

All Invoices shall include the following:

- Name and address of the Contractor as in the business register;
- Unique invoice date and invoice number (the invoice date should be as close as possible to the date of submission);
- The Contract or Delivery Order or Task Order or Purchase Order number;
- Currency of the Contract;
- Description, quantity, unit of measure, unit price, and extended price of delivered Deliverables;
- The unit, extended, and total prices;
- Contractor's bank registry name, address, and bank account number relevant for international wire transfer;
- Name (where practicable), title, phone number, and mailing address of person to notify in the event of a Defective invoice;
- VAT identification number;
- The appropriate VAT information as required by Clause 17 (Taxes and Duties);
- The following statement: "This invoice is certified as true and correct, and the delivery of the above-described items has been duly carried out and the payment therefore has not been received"; and
- Any other information or documentation required by the contract (e.g., evidence of shipment or of work confirmation, written NATO Acceptance).

If NATO receives an incorrect or incomplete invoice or lacks required documentation, the Contractor shall be notified. The invoice will be placed on hold to allow the Contractor to provide correct invoice or the missing element(s).

No interest shall accrue during the hold period.

If the Contractor resolves the deficiency within seven (7) Days, the payment timeline resumes from the date of receipt of the correct invoice and/or missing elements.

If the deficiency is not resolved within seven (7) Days, NATO may reject the invoice. The Contractor must then resubmit a new, corrected invoice to restart the payment process.

— End of Part III —

PART IV – NATO CODE OF CONDUCT FOR CONTRACTORS

— End of Part IV —

PART V – INTELLECTUAL PROPERTY

1. NATO Background IP

NATO grants the Contractor a non-exclusive, royalty-free license to use NATO Background IP only to perform the Contract. The Contractor shall not use it for any other purpose and shall not do anything that conflicts with or harms NATO's ownership. NATO gives no warranty on the validity of NATO Background IP.

2. Contractor Background IP

Unless the Contract states otherwise, ownership of Contractor Background IP remains with the Contractor. The Contractor grants NATO a worldwide, non-exclusive, royalty-free and irrevocable license for the full term of protection to use, and to authorise others to use, Contractor Background IP as needed for:

- The exploitation of the Foreground IP; and
- The normal, effective and future use of the Deliverables (including compatibility, integration and security needs), for NATO purposes.

This license covers all forms of use and exploitation (in any medium and format, now known or later developed), including reproduce, distribute, adapt, modify, translate and create derivative works, but excludes commercialization unless agreed in writing. The Contract price includes all fees for this license.

The Contractor shall keep NATO informed of material updates or modifications to Contractor Background IP that are necessary or useful for the intended operation and use of the Foreground IP and the Deliverables, and shall make those updates available to the extent needed for that purpose.

3. Foreground IP Including Results Created for NATO

All Foreground IP is owned exclusively and worldwide by NATO, to the fullest extent permitted by law. Foreground IP includes all results and materials created or produced specifically for NATO under the Contract (including technical data, Specifications, software source and object code, databases/datasets, documentation, designs, processes, tests, training materials, reports and drawings), and any derivative works created in performance—excluding Contractor Background IP and Third-Party IP unless the Contract expressly states otherwise.

NATO acquires Foreground IP automatically upon Acceptance. The Contract price includes all fees and costs for this transfer.

The Contractor warrants that the Foreground IP will be free of liens and encumbrances, and that the Contractor has irrevocable arrangements with its personnel, officers, agents, employees, consultants and Subcontractors to secure these rights for NATO.

To the extent permitted by law, the Contractor shall transfer or procure waiver of moral rights (or equivalent rights). Where moral rights cannot be transferred or waived, the Contractor shall procure an enforceable undertaking not to assert them against NATO or their authorised users.

The Contractor shall use Foreground IP only to perform the Contract and shall, on request, provide reasonable assistance and documents needed to perfect, register, maintain or enforce

NATO's rights. NATO may file and prosecute patents or design registrations or other protection measures at its own expense, and the Contractor shall provide reasonable support.

4. Third-Party IPR

If any Third-Party IP is used or required to deliver the Contract, it shall be provided at no additional cost and the Contractor shall obtain for NATO a worldwide, non-exclusive, royalty-free and irrevocable license to use it, and authorise others to use it, to exploit the Foreground IP and to enable the normal, effective and future use of the Deliverables (including compatibility and security requirements), for NATO purposes.

The Contractor shall not use Third-Party IP to perform the Contract without NATO's prior written approval where that Third-Party IP is subject to a license or other restrictions. The Contractor shall disclose in advance any material restrictions on NATO's use.

If, after award, the Contractor becomes aware of any Third-Party IP it is using, or believes it is needed for performance, it shall promptly notify NATO in writing identifying it and confirming compliance with this Clause. Any such Third-Party IP remains subject to NATO's prior written approval.

5. Subcontractor IP Flow-down

Where a Subcontract involves creating or contributing to IP, the Contractor shall ensure the Subcontractor grants rights consistent with this Part V so NATO receives the IP rights agreed under the Contract. The Contractor shall flow down the substance of this Part V to relevant Subcontracts and remains responsible for compliance.

6. Indemnity for Infringement

The Contractor shall defend, indemnify and hold harmless NATO and its officers, agents and employees against any third-party claim that the Deliverables or their manufacture, import/export, delivery, performance, use or disposal infringe IP rights in any country. This includes all damages, awards, settlement sums, costs and expenses including reasonable legal fees incurred by or awarded against NATO, including claims involving end users/beneficiaries.

If an infringement claim creates a reasonable risk that NATO's normal use will be stopped or materially impaired, the Contractor shall, at no cost to NATO and without undue delay, either (a) replace or modify the affected item so it is non-infringing, or (b) obtain the necessary licenses to allow continued use and performance, and take any other measures needed to keep NATO protected.

The Contractor shall promptly notify NATO of any actual or threatened infringement claim it becomes aware of that relates to the Contract.

The indemnity does not apply to: (i) patents/copyrights withheld from issue by government order including for security reasons; (ii) infringement caused solely by NATO's specific written instructions, unless the Contractor knew or should have known they would cause infringement; or (iii) infringement caused by NATO modifications made without the Contractor's prior written consent.

If the Contractor requests, NATO shall not independently settle an infringement claim, provided the Contractor is acting reasonably and in good faith.

The Contractor shall compensate NATO for any damage caused by interruption or discontinuation of normal use due to an infringement claim. This is without prejudice to any other rights or remedies under the Contract or by law.

NATO may extend its rights under this Clause to NATO Bodies and NATO Member Nations.

— End of Part V —

PART VI – COMPLEX DELIVERABLES

1. NATO-Furnished Property and Services

NATO shall provide the Contractor with the property and services specified in the Contract for the performance of the Contract (NATO-Furnished Property). Except for those items or services specifically stated in the Contract, the Contractor shall furnish everything required to perform the Contract.

Title to NATO-furnished property will remain with NATO. The Contractor shall maintain adequate property control records of NATO-Furnished property in accordance with industry practice and security regulations.

Unless otherwise provided in the Contract, the Contractor, upon delivery of any NATO-Furnished property, assumes the risk of, and shall be responsible for, any loss or damage thereof. This is at the exclusion only of reasonable wear and tear, and to the extent that NATO-Furnished property is consumed in the performance of the Contract.

The Contractor shall not modify any NATO-Furnished property without NATO's prior written approval or as directed by the terms of the Contract.

The Contractor shall defend, indemnify and hold NATO and its officers, agents and employees harmless against any and all claims, demands, actions, liabilities, losses, damages, costs, and expenses (including reasonable legal fees and other costs of defence) arising out of, relating to, or resulting from injury to persons or Damage to property, including property of the Contractor or third parties, caused by the Contractor's possession or use of NATO-Furnished property.

2. Changes

NATO may, at any time and in its sole discretion, issue a written change order (Change Order) directing the Contractor to make changes to the Deliverables including but not limited to changes in Specifications, drawings, quantities, delivery schedules, methods of performance, or any other aspect of the Contractor's obligations under this Agreement (Change).

The Parties recognise that Change is an inevitable part of delivering the Contract and that the value resulting from the Contract can be highly dependent on the ability to apply Changes in an evolving context. The Contractor will endeavour to accomplish any reasonably required Changes without or with minimal increase of the costs wherever this is reasonably practicable, and it will ensure that all Changes proposed by NATO are discussed and managed in a constructive manner.

If a Change Order increases or decreases the cost and/or the time required for performance, the Contractor shall, within ten (10) Days of receipt of the Change Order (or such other period agreed by NATO in writing), submit to NATO a written proposal for an equitable adjustment, supported by appropriate documentation.

No Change shall modify the Contract price, schedule, or any other term unless and until NATO approves the adjustment in writing and the Parties execute a written modification or other written instrument as specified by NATO. An approved Change shall prevail over the affected Contract provisions only to the extent of the Change.

Nothing in this Clause shall excuse the Contractor from proceeding with the Contract as changed, unless the required Change would be manifestly unreasonable.

3. Pricing of Changes and Amendments

The Contractor shall price any proposals for Changes and Amendments in accordance with any applicable pricing rules, as relevant.

Upon request of NATO, the Contractor shall provide cost information along with appropriate substantiation to justify the proposal. When the price proposal is based on adequate price competition, established catalogue or market price of commercial items sold in substantial quantities to the general public, or prices set by law or regulation, the Contractor shall be responsible for substantiation of such cases to the satisfaction of NATO.

If the Contractor cannot fully or adequately substantiate a price it proposed in accordance with this Clause, then such price shall be reduced accordingly and the Contract shall be modified in writing as may be necessary to reflect such price reduction.

4. Step-in-Right

If the Contractor is in Default under Part I Clause 27 (Default), NATO reserves the right to suspend or terminate the Contract in whole or in part and to have the Deliverables executed by a substituting contractor (Step-in-Right).

In case NATO exercises the Step-In-Right, the Contractor shall provide all reasonable assistance to NATO to enable them to effectively exercise such right. Furthermore, insofar as the Step-In-Right only affects part of the Contract, the Contractor will continue to perform its remaining obligations under the Contract.

NATO shall have the right to require indemnification for the difference between the Contract price and the price of the substituting contractor(s).

5. Stop Work Order

NATO may, at its sole discretion and at any time, issue a written notice to the Contractor to suspend all, or any part, of the Deliverables for a period of maximum ninety (90) Days after the Stop Work Order is delivered to the Contractor (Stop Work Order).

Upon receipt of such a Stop Work Order, the Contractor shall (i) cease the performance of the affected Deliverable(s); and (ii) take all reasonable steps to minimise costs during the suspension period.

Within a period of ninety (90) Days after a Stop Work Order is delivered to the Contractor, or within any extension agreed by the Parties, NATO shall either (a) cancel the Stop Work Order; or (b) terminate the work covered by such Stop Work Order as provided in Clause 41 (Termination for Convenience).

If a Stop Work Order issued under this Clause is cancelled, or if the period of the Stop Work Order or any extension thereof expires without NATO taking any action, the Contractor shall resume work.

An equitable adjustment to the delivery schedule, Contract price, or both shall be made through a written modification if: (i) a Stop Work Order increases the time or cost required for the Contractor’s performance; and (ii) the Contractor submits a reasonable claim for adjustment within thirty (30) Days after the stoppage ends. NATO may, at its discretion and in good faith, consider claims submitted later, provided they are made before final payment under the Contract.

If a Stop Work Order is not cancelled and the part of the Contract covered by such Stop Work Order is terminated for the convenience of NATO, the reasonable costs resulting from the Stop Work Order shall be allowed in arriving at the termination settlement in accordance with Clause 41(Termination for Convenience).

6. Inspection and Acceptance

The Contractor shall notify NATO in writing when Deliverables are ready for inspection. NATO shall inspect and/or test the Deliverables to verify conformity with the Contract.

Where the Contract provides for a single Acceptance stage: If the Deliverables conform to the Contract, NATO shall issue a statement of Acceptance. If non-conforming, the Contractor shall promptly remedy the situation by repairing, replacing, or re-performing the Deliverables at its sole risk and cost, after which the inspection procedure shall be repeated.

Where the Contract provides for two-stage Acceptance:

- Provisional Acceptance: NATO shall issue Provisional Acceptance if the Deliverables conform in all respects. If Defects do not materially affect functionality, NATO may issue Provisional Acceptance with reservations. Alternatively, NATO may reject the Deliverables by identifying the substantial non-conformities. The Contractor shall remedy any Defects or address the non-conformities by correcting or replacing the Deliverables within NATO's specified timeframe at its sole risk and cost prior to re-inspection.
- Final Acceptance: Unless otherwise specified in the Contract, the Parties shall repeat the inspection procedure in the time specified following Provisional Acceptance (Observation Period). NATO shall issue Final Acceptance if the Deliverables conform to the Contract, and the Contractor has fulfilled all obligations to date.

If repair, replacement, or re-performance fails to correct non-conformities at any stage, or if remediation is impossible, NATO remains entitled to an equitable price reduction or adequate consideration, without prejudice to any other available remedy.

7. Performance Guarantee

The Contract may require that, as security for the due and proper performance of its obligations under this Agreement, the Contractor shall provide a performance guarantee to NATO, in the form and within the delay as set out in the Contract (Performance Guarantee).

The Contract shall determine the amount of the Performance Guarantee.

The Performance Guarantee shall remain valid until Acceptance. If the Contract provides for provisional and final Acceptance, the Performance Guarantee shall remain valid until Final Acceptance.

NATO shall be entitled to call upon the Performance Guarantee, in whole or in part, without prejudice to any other rights or remedies, if the Contractor is in breach of the Contract.

If NATO calls upon the Performance Guarantee, whether in whole or in part, the Contractor shall, within ten (10) Days of such call, reinstate or increase the Performance Guarantee so that its total value is restored to the original amount, unless otherwise agreed in writing by NATO.

NATO shall release the Performance Guarantee within twenty (20) Days following Acceptance, or Final Acceptance, as the case may be, provided the Contractor has complied with all its obligations up to such date.

8. Transition and Exit Management

Upon expiry or termination of the Contract for any reason, or upon NATO's request at any time during the final six (6) months of the Contract term, the Contractor shall cooperate fully with NATO and any successor contractor to ensure an orderly transition of the Deliverables and related activities. Cooperation is subject, as applicable, to NATO's directions under the termination and Step-In-Right Clauses and to the extent not inconsistent with Clauses 40 and/or 41 (Termination for Default or Convenience).

The Contractor shall prepare and deliver to NATO a transition plan within thirty (30) Days of being notified of the impending transition, setting out the activities, timeline, and resources required to transfer knowledge, documentation, data, and operational responsibilities to NATO or a successor contractor.

The Contractor shall:

- Provide all reasonable assistance to NATO and any successor contractor, including briefings, knowledge transfer sessions, and access to relevant personnel;
- Deliver all documentation, data, reports, and records relating to the Deliverables in a format reasonably specified by NATO;
- Continue to perform any non-terminated portion of the Contract and/or provide transition services only to the extent directed in writing by NATO, during the transition period, unless otherwise directed by NATO;
- Not take any action that would impair or frustrate a smooth transition.

Any transition services requested by NATO after the effective date of termination shall be performed only if expressly authorised in writing by NATO. Transition services shall be provided at the rates and prices set out in the Contract. Where the Contract does not specify transition pricing, such services shall be provided at no additional cost to NATO to the extent they fall within the scope of the Contractor's existing obligations.

Nothing in this Clause creates a right to payment beyond what is expressly authorised by NATO in writing and determined in accordance with the Contract's pricing provisions and, where applicable, Clauses 40 and/or 41 (Termination for Default or Convenience).

— End of Part VI —