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ARTICLE 1- DEFINITIONS

Except where the context requires otherwise, the following definitions shall apply to the SUBCONTRACT, Appendices and other related documents and specifications, including drawings, technical details, reports and any other correspondence.

1.1 **"Approval / Approved"** shall mean approved by CONTRACTOR (Project Manager) in Writing. Approval shall in no way be construed as relieving SUBCONTRACTOR of any of its obligation, duties, responsibilities or liabilities.

1.2 **"Commencement Date"** shall mean the date for starting the Services and Works under the SUBCONTRACT, which will be instructed in writing by CONTRACTOR to SUBCONTRACTOR.

1.3 **"Company"** shall mean the companies including but not limited to POGC, IOOC, PPL.

1.4 **"Completion of Services and Works"** shall mean performing and rendering the **Services and Works** by SUBCONTRACTOR, strictly and substantially in accordance with the requirements of the this SUBCONTRACT Documents to the satisfaction of the CONTRACTOR.

1.5 **"CONTRACT"** shall mean the Contract mentioned in the Agreement.

1.6 **"CONTRACTOR"** shall mean Iranian Offshore Engineering and Construction Company (IOEC).

1.7 **N/A**

1.8 **"Day"** shall mean a calendar working day considering Iranian calendar. For the purpose of this SUBCONTRACT, Fridays shall be regarded as working day.

1.9 **"EFFECTIVE DATE"** shall mean the date of signing the SUBCONTRACT between CONTRACTOR and SUBCONTRACTOR.

1.10 **"Final Acceptance Certificate (FAC)"** shall mean a certificate, which shall be issued by CONTRACTOR after all Services and Works are satisfactorily cured, rectified or compensated any and all duties and obligations of SUBCONTRACTOR satisfactorily performed and all conditions precedent stipulated in this SUBCONTRACT for issuing "Final Acceptance Certificate" fulfilled.

1.11 **"SUBCONTRACTOR"** shall mean any legal entity who is the other party to SUBCONTRACT, undertaking to duly perform the Services and Works under this SUBCONTRACT to the satisfaction of CONTRACTOR.

1.12 **"CONTRACTOR / SUBCONTRACTOR Representative"** shall mean as is defined in Article 19.

1.13 **"Month, Year, Dates"** shall mean the months and years and dates in accordance with the Iranian calendar.

1.14 **"Party / Parties"** shall mean CONTRACTOR and SUBCONTRACTOR.

1.15 **"SUBCONTRACT Period"** shall mean the period for performing Services and Works as defined in Article 4.1.

1.16 **"Site"** shall mean the premise(s) and place(s) on, under, in, over, or through which any part of the WORKS under this SUBCONTRACT are to be executed or carried out and any other premise(s) or place(s) provided by the CONTRACTOR for the purpose of the SUBCONTRACT.

Significance of Expressions

At any time and unless expressly stated otherwise, when the following expressions and derivatives thereof appear in the SUB-CONTRACT, their connotations shall be extended or limited as set out here in below:

- "including", "included", "include", "such as", "comprising", "comprise" and the like shall deemed to be completed by the expression "but not limited to".

- "Require", "request", "submit", "answer", "notify", "instruct", "state", "inform", "agree" and the like shall be deemed to be completed by the expression "in writing".

- Applicable laws shall mean all laws, ordinances, rules, regulations, by laws, decrees, orders and the like whether of governmental or other authorities or agency having jurisdiction over the Parties, the WORK, PLANT, WORKSHOPS and WORKSITES, and which are or may become applicable.

- "Fault", "breach", "failure", "default", "deficiency", "defective" performance and the like shall be understood as any failure whatsoever to comply with SUB-CONTRACT/CONTRACT requirements, whether by act, omission, negligence, mis-performance, non-performance or late performance.

- "Days" or "months" shall mean consecutive "calendar days" or consecutive "calendar months", it being understood that all dates and time periods referred to in the SUBCONTRACT/CONTRACT DOCUMENTS relate to the Iranian calendar.

- Where the context so requires, words importing the singular shall also include the plural, and vice-versa.

ARTICLE 2- N/A

ARTICLE 3- Performance of the SERVICES and WORKS

3.1 All Services and Works as set in the Scope of Work (Appendix 1) and all requirements therein shall be performed by SUBCONTRACTOR during the activities to ensure that all activities of Project and any other activities related to Project scope of work, directly or indirectly, affect quality or quantity of Project operation are carried out in a planned and systematic manner based on guidelines of Approved Inspection & Test Plans and under permanent and effective surveillance of SUBCONTRACTOR.



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NOTE: The estimated volume of work specified in the contract documents is for reference purposes only and does not confer any rights upon the contractor. Accordingly, the employer reserves the full discretion to assign work to the contractor as deemed appropriate.

3.2 If SUBCONTRACTOR, after inspection of Project operation, approves the conformity of inspection's result with technical specification of the Project, then it shall issue approvals for activities, including but not limited to:

- W.P.S., W.P.Q.T. welders' qualification, for offshore/onshore works (if any).
- NDT equipment, NDT operators, for offshore/ onshore works (if any).
- Hydro test equipment, for offshore/onshore works.
- NDT reports, Coating reports, hydro-tests reports and the like, related to offshore/onshore works (if any).
- Materials certificates (submitted by CONTRACTOR) to be reviewed and stamped
- Tug and barge conditional survey
- Offshore operation inspection
- Project documents review and approval

3.3 Complying with all of required standards and qualifications or any other instruments or documentations that are wholly or in part related to or govern the activities of Project or related to tools, instruments, methods, consumables, labors and etc. used for the said Services, shall be effectively witnessed, reviewed and approved by SUBCONTRACTOR based on Inspection & Test Plans attached hereto and relevant Project specifications.

3.4 All of prepared reports, dossiers or documents in connection with carried out processes which are mentioned in this SUBCONTRACT or in Inspection & Test Plans are to be approved by SUBCONTRACTOR.

3.5 SUBCONTRACTOR shall be duly present in all, any and each places of inspection Sites and locations in compliance with duties and obligations undertaken by SUBCONTRACTOR under this SUBCONTRACT. Type of MWS inspection in each activity is mentioned in relevant Inspection & Test Plan as may be amended or completely changed time to time for any reason.

3.6 Daily, weekly and monthly reports of executed activities shall be submitted regularly to CONTRACTOR. In case of observation of any kind of problem, nonconformity deficiency, discrepancy, inconsistency, mal-performance and/or non-performance, an elaborated changed and rectified report accompanying all documentations shall be promptly prepared and submitted to CONTRACTOR in each case within 7 days.

3.7 At the end of the Project, SUBCONTRACTOR shall review and approve test packages and final dossier which is in connection with inspection of the Project operation, based on index which will be prepared by CONTRACTOR. Upon CONTRACTOR's request, SUBCONTRACTOR shall expedite collecting documentations required for final dossier. At each stage, request may be given to SUBCONTRACTOR to prepare and provide additional or reports or documents and SUBCONTRACTOR shall separately report progress, obstacles and delays.

3.8 It is acknowledged that SUBCONTRACTOR shall provide all required personnel and necessary equipments and materials to duly perform its duties and obligations to the satisfaction of CONTRACTOR in all places that the Services and Works shall be done at no additional cost to CONTRACTOR.

3.9 SUBCONTRACTOR shall perform any and all of its duties and obligations as and when required under this SUBCONTRACT or instructed by CONTRACTOR in accordance with the SUBCONTRACT requirements at the finest quality and to the satisfaction of CONTRACTOR.

3.10 SUBCONTRACTOR shall also provide any additional Services and Works as may be required by CONTRACTOR on the basis of the rates, requirements and all other conditions mentioned in the SUBCONTRACT.

3.11 Introduction of inspector(s)

A. CONTRACTOR calls the SUBCONTRACTOR for marine warranty survey services, 48 hours before the commencement of the operation. SUBCONTRACTOR shall introduce an experienced inspector(s) to the CONTRACTOR within 24 hours from the aforementioned call.

B. CONTRACTOR shall have the right to confirm or reject the introduced inspector(s) on his own discretion. If CONTRACTOR reject the inspector(s), SUBCONTRACTOR shall introduce the substituted inspector(s) within 24 hours from the rejection.

3.12 The inspector(s) shall be available 24 hours a day during the operation period.

ARTICLE 4-SUBCONTRACT PERIOD

4.1 This SUBCONTRACT is valid from the EFFECTIVE Date of the SUBCONTRACT until the date of issuance of Final Acceptance Certificate (FAC) by CONTRACTOR.

4.2 In the case that any and all duties and obligations of SUBCONTRACTOR completely and satisfactorily performed and all conditions precedent stipulated in this SUBCONTRACT for issuing "Final Acceptance Certificate" fulfilled, SUBCONTRACTOR shall provide CONTRACTOR with a detailed, comprehensive and supported with all its documentations report to acquire the CONTRACTOR Approval. If the report or rectified report (as requested by CONTRACTOR/COMPANY) Approved by CONTRACTOR and/or COMPANY, CONTRACTOR will issue the "Final Acceptance Certificate".



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ARTICLE 5- N/A

ARTICLE 6- SUBCONTRACT PRICE AND UNIT RATES

6.1 The Price and Unit Rates for carrying out the Services and Works in accordance with the SUBCONTRACT documents shall include, but not be limited to, labor, plant, equipment, maintenance supervision, facilities, materials, consumables, transportation, messing, accommodation, required insurances, all taxes, dues, etc. The SUBCONTRACT Price and Unit Rates are inclusive of the cost of as the minimum:

- A. All overheads
- B. Compliance with safety requirements and regulations
- C. All required Insurances under the SUBCONTRACT
- D. Taxes and social security payments inside and outside Iran, Custom duties and any other fees,
- E. Bank Expenses including Bank Guarantees and transfer charges and duties
- F. Costs of all personnel including project management, supervisory and technical crew different grades of Personnel separately, and also cost of, overheads, profits etc.
- G. **(N/A)** Costs of any avoidable down time in daily instructed Services and Works. It is understood that the costs of down times Requested by CONTRACTOR are included in the SUBCONTRACT Price and unit rates.

6.2 The SUBCONTRACT Price as well as all Unit Rates stated herein, shall remain firm, be all-inclusive and therefore not be subject to any revision or escalation whatsoever during the SUBCONTRACT even costs and expenses raised or circumstances changed, and shall include all SUBCONTRACTOR's charges, expenses, benefit, overhead, cost of mobilization/demobilization, personnel, statutory payment and all other costs of whatsoever nature applicable to the SUBCONTRACT and not specifically exempted in the SUBCONTRACT.

6.3 Notwithstanding the foregoing in the event that an item is not priced, it shall be deemed to be included in the sum named in the SUBCONTRACT and the cost of the same shall be deemed to be spread over and included in the Prices and Rates entered in this SUBCONTRACT.

6.4 Each item shall be priced separately, due allowance being made in the Unit Rate for all compliance with the SUBCONTRACT Documents.

6.5 The SUBCONTRACT Price as well as all Unit Rates shall be inclusive of all commissions or fees or charges, etc. payable to SUBCONTRACTOR'S Local Agent in/outside IRAN.

6.6 During execution of the Services and Works, the Unit Rates shall be used in full for increase/decrease in the quantity of the Services and Works.

ARTICLE 7- TERMS OF PAYMENT

Payment of the SUBCONTRACT Price will be made to SUBCONTRACTOR according to the following conditions:

7.1 At the end of each month, SUBCONTRACTOR shall make invoices in one original copy plus one copy for the Services performed and submits to CONTRACTOR for his verification and APPROVAL. SUBCONTRACTOR shall also submit the invoices corresponding to APPROVED VARIATION ORDERS for which the corresponding Services has been performed and APPROVED.

All invoices shall:

- a) Be in accordance with the sample invoice format of the Iranian National Tax Administration (INTA),
- b) Be submitted through the official system provided by INTA,
- c) Bear the reference 'SUBCONTRACT Number'
- d) Clearly indicate the part of the Services for which payment is requested,
- e) Be established in accordance with invoicing procedures under the SUBCONTRACT,
- f) Be supported by all necessary documents, such as Timesheets Approved by CONTRACTOR, to enable CONTRACTOR's review,
- e) Clearly designate bank references and account number,
- f) Be in the name of CONTRACATOR

7.2 Payments for undisputed invoices shall be made within 60 (sixty) days of receipt in CONTRACTOR's head office thereof. If any part of the invoice is contested and not APPROVED by CONTRACTOR, only the APPROVED amount shall be paid, and the unapproved parts of the invoice shall be returned to SUBCONTRACTOR within 21 days of receipt of the invoice. CONTRACTOR shall specify the reasons in writing for the disputed parts and after its settlement, SUBCONTRACTOR shall raise a revised invoice for the portion for which the dispute is resolved and CONTRACTOR will approve such a revised invoice and return to SUBCONTRACTOR.

7.3 None of such payments shall be construed as a waiver by CONTRACTOR of its rights under the SUBCONTRACT.

7.4 Any payments to SUBCONTRACTOR is subject to submission of valid Registration Code by SUBCONTRACTOR.

7.5 The payment schedule of Change order/Extra work shall be based on the monthly progress unless otherwise agreed by both parties.



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7.6 Reimbursable costs and expenses for extra works/service shall be invoiced monthly with original supporting documentation agreed by CONTRACTOR. All taxes, levies, SSO, costumes duties and other public and governmental charges required for the performance of extra SERVICES, shall be borne by SUBCONTRACTOR.

7.7 In the event that the SUBCONTRACTOR is registered in the Value Added Tax (VAT) system and its registration is valid, Value Added Tax shall be calculated in accordance with the prevailing laws of the country on the amounts of the invoices, which must be prepared in the format approved by the INTA, and shall be paid by the CONTRACTOR.

7.8 The submission of an audit certificate by the SUBCONTRACTOR, even in the event of any discrepancies between the accounts, shall be mandatory.

ARTICLE 8- N/A

ARTICLE 9- N/A

ARTICLE 10- LIQUIDATED DAMAGES (LD)

10.1 Notwithstanding the other provisions, terms and conditions of the SUBCONTRACT, In case it is proved that SUBCONTRACTOR fails to duly complete Services and Works as required by the SUBCONTRACT and the Time Schedule/duration requested by CONTRACTOR, such as failing to deliver any kind of report, it shall be liable to pay liquidated damages to CONTRACTOR equal to one percent of the SUBCONTRACT Price for each day of delay.

10.2 The maximum liquidated damages of the SUBCONTRACTOR under this SUBCONTRACT is 10% (ten percent) of the SUBCONTRACT Price. In case the LD goes beyond the said 10% limitation, CONTRACTOR shall be entitled to terminate the SUBCONTRACT.

10.3 SUBCONTRACTOR agrees within the limit stated herein, any liquidated damages as described in sub-Article 10.1, which is calculated by CONTRACTOR to be conclusive and deductible from the SUBCONTRACT Price.

10.4 None of the payments under this Article shall be deemed or construed as penalty.

ARTICLE 11- SUBCONTRACTOR'S AFFIRMATIONS

11.1 Upon signing the SUBCONTRACT, SUBCONTRACTOR affirms that it has fully considered, in its calculations, all expenses, risks and expected advantages or disadvantages related to this SUBCONTRACT in particular, carrying out all Services and Works, obligations and all expenses required for providing the Services and Works to the satisfaction of CONTRACTOR.

11.2 SUBCONTRACTOR acknowledges that it has thoroughly considered and studied and comprehensively understood all and any SUBCONTRACT requirements and is fully conversant with the purpose and contents thereof.

11.3 SUBCONTRACTOR affirms and warrants that it has fully considered all local and regional conditions which could affect the performance of the Services including but not limited to the nature of Works, equipment, marine, atmospheric and any other conditions which get involved SUBCONTRACTOR.

11.4 Notwithstanding anything else contained herein, SUBCONTRACTOR hereby waives any claims arising from lack of any sufficient knowledge of or uncertainty of local conditions and difficulties in the execution of the Services and Works, prevailing labor conditions and practices, the environmental, marine and geological conditions, the equipment, facilities and resources needed for the performance of the Services including accommodation, transportation, handling, telecommunication and storage conditions; and it shall not be relieved or excused from any obligation arising thereof and shall have no claim for extra payment thereby.

ARTICLE 12- SUBCONTRACTOR'S OBLIGATIONS

12.1 SUBCONTRACTOR shall immediately, after the Commencement Date, proceed with carrying out Services and Works in any, all and each places of inspection Sites and locations as may be changed by CONTRACTOR. SUBCONTRACTOR shall fully perform and carry out its responsibilities and obligations under the provisions of SUBCONTRACT at the finest quality and to the satisfaction of CONTRACTOR.

12.2 SUBCONTRACTOR shall perform Services and Works continuously during the SUBCONTRACT Period, and never stop providing the contractual services under this SUBCONTRACT under any circumstances.

NOTE 1: In the event that the SUBCONTRACTOR suspends the performance of its contractual obligations or refuses to provide the services, the CONTRACTOR may, at its sole discretion, proceed with the required work(s) either directly or through third parties. In such a case, the CONTRACTOR shall be entitled to recover the costs incurred for the work(s) performed, plus an additional 20% overhead.

NOTE 2: Should the SUBCONTRACTOR fail to introduce the inspector(s) in a timely manner in accordance with sub-Article 3.11 or in any way cause delays in the CONTRACTOR's works, the SUBCONTRACTOR shall be responsible for compensating the CONTRACTOR for all damages incurred by the CONTRACTOR as a result of such failure or causation.

12.3 SUBCONTRACTOR shall carry out the Services and Works in accordance with the Standards and Codes laid down in the SUBCONTRACT. In case of absence of any such Standards and Codes, SUBCONTRACTOR shall comply with internationally recognized Standards and Codes (American and/or European) to be determined by CONTRACTOR.

12.4 CONTRACTOR will submit to SUBCONTRACTOR, specifications, drawings and other technical documents required by SUBCONTRACTOR and are reasonably needed for its performance of Services and Works.



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12.5 SUBCONTRACTOR shall exercise all due and of quality skill, care and diligence in the performance of the Services and Works in accordance with best engineering practices. SUBCONTRACTOR shall at no cost to CONTRACTOR take any measures deemed to be necessary by CONTRACTOR, rectify or re-perform any Services and Works which CONTRACTOR determines as defective or insufficient within period specified by CONTRACTOR.

12.6 SUBCONTRACTOR shall satisfy itself as to the nature and Scope of Services and Works and the Conditions under which they will be performed. SUBCONTRACTOR shall check so far practicability of information supplied by CONTRACTOR and inform CONTRACTOR immediately if it appears that any part of such information is in any way deficient, inconsistent, inaccurate and/or insufficient.

12.7 SUBCONTRACTOR shall provide all medical and emergency services and any other services for its personnel on its own cost, expenses, responsibility and risk.

12.8 SUBCONTRACTOR shall comply with all other requirements mentioned hereunder in this SUBCONTRACT or to be required by CONTRACTOR, relating to HSE (Health, Security & Environment), QC (Quality Control) and other obligations in this regard.

12.9 SUBCONTRACTOR shall control and make sure that all monitoring and measuring equipment are calibrated and / or verified, have valid certificates or verification records, and identification tags in order to determine its calibration status.

12.10 Any payment to the SUBCONTRACTOR is contingent upon the submission of the following **Guarantees**:

A. Advance Payment Guarantee

(i) If an amount is considered as Advance Payment in the Subcontract Documents, should the SUBCONTRACTOR immediately after signing the SUBCONTRACT and before requesting the Advance Payment, prepare delivered to the CONTRACTOR, an Advance Payment Bank Guarantee accepted by the CONTRACTOR, in the amount of the total amount of Advance Payment stated in the Subcontract Documents.

(ii) The Advance Payment amount will be deducted proportionally from the invoices sent by the SUBCONTRACTOR.

(iii) Advance Payment Bank Guarantees shall be released to SUBCONTRACTOR after fully amortization of Advance Payment.

B. Performance Bank Guarantee

(i) SUBCONTRACTOR guarantees that the Services and Works are suitable for the intended functions and conform in every respect with specified requirements of the SUBCONTRACT.

(ii) In order to ensure timely, complete and good performance of the SUBCONTRACT terms and conditions by SUBCONTRACTOR under this SUBCONTRACT, SUBCONTRACTOR shall provide an acceptable Performance Bank Guarantee with the amount of 5% of SUBCONTRACT Price. Such Performance Bank Guarantee will be released to SUBCONTRACTOR after completion of the Services and Works.

(iii) Without prejudice to CONTRACTOR's other rights and remedies, CONTRACTOR shall have the right at any time, if SUBCONTRACTOR is in breach of this SUBCONTRACT, and is not able to perform its obligations under this SUBCONTRACT and when SUBCONTRACTOR has abandoned the Services and Works under this SUBCONTRACT, confiscate the above-mentioned guarantees or portions thereof as compensation for the loss, damage and expenses incurred CONTRACTOR, without any need to prove to SUBCONTRACTOR its reason for confiscation in advance.

(iv) In the event of any SUBCONTRACTOR failure in Services and Works, the Performance Guarantee shall be forfeited in favor of the CONTRACTOR, in addition to any Liquidated Damages, which may have accrued or remedy to which the CONTRACTOR is entitled to under the respective provisions of the SUBCONTRACT or at Law.

C. Good Performance Guarantee

(i) The SUBCONTRACTOR undertakes to fix the possible defects announced by the CONTRACTOR during the SUBCONTRACT Period.

(ii) In order to ensure timely, complete and good performance of the SUBCONTRACT terms and conditions by SUBCONTRACTOR under the SUBCONTRACT, shall CONTRACTOR deduct 10% (ten percent) from each SUBCONTRACTOR's invoice, as Good Performance Guarantee.

(iii) The Good Performance Guarantee return is subject to completion of the Services and Works and submission of the Final Release in the format acceptable to the CONTRACTOR by the SUBCONTRACTOR to CONTRACTOR and issuance of the Final Acceptance Certificate.

NOTE 1: Whenever the CONTRACTOR becomes entitled to receive any amount (including overheads, damages, or similar amounts) under the terms of the SUBCONTRACT, the said amount shall be included in the SUBCONTRACTOR's invoices. Furthermore, the CONTRACTOR may, if necessary, recover such amounts from any of the SUBCONTRACTOR's Guarantees or other receivables. In the event of insufficiency, the SUBCONTRACTOR shall be obligated to pay the difference.



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NOTE 2: The CONTRACTOR may, at any time it deems necessary, require the SUBCONTRACTOR to provide, at its own expense, additional or supplementary Guarantees acceptable to the CONTRACTOR to cover any increase in the SUBCONTRACT price or exchange rate fluctuations. Furthermore, in the event of an extension of the contract duration, the SUBCONTRACTOR shall be required to extend the validity of the Guarantees referred to in this clause proportionally and, upon the CONTRACTOR's request, shall provide the relevant documents to the CONTRACTOR.

12.11 Insurance

A. SUBCONTRACTOR is obliged to procure and extend the validity of the necessary insurance policies to cover his obligations in relation to the subject of the SUBCONTRACT and submitting them to the CONTRACTOR. SUBCONTRACTOR without limiting his obligations and responsibilities takes measures to provide insurance coverage(s) as follows:

- Liability insurance to cover any type of damage resulting in injury or death of the SUBCONTRACTOR's employees, the CONTRACTOR and the employees of subcontractors and other employees who have an accident in some way related to the work of the SUBCONTRACT and also third party liability insurance to cover liability arising from personal injury and/or death and/or loss of and/or damage to their property due to the execution of the SUBCONTRACT. In any case, even if SUBCONTRACTOR fails to procure the aforesaid insurance coverage(s), SUBCONTRACTOR shall indemnify CONTRACTOR from any claim in respect of work accidents.
- Liability insurance to cover the responsibility of the SUBCONTRACTOR in accordance with the NOTE to sub-Article 12.2. The SUBCONTRACTOR shall obtain the CONTRACTOR's confirmation of the provisions of the insurance contract in advance.

B. In all insurance policies, the name of the CONTRACTOR shall be mentioned as the co-insured, And Insurer's right of subrogation against any of the assureds and co-assureds shall be waived in the all insurance policies.

C. The cost of procuring and maintaining the insurance policies, including but not limited to the payment of the insurance premium and deductibles, is the responsibility of the SUBCONTRACTOR.

D. In case the SUBCONTRACTOR does not provide all or part of the mentioned insurance policies within the stipulated time, or does not extend the existing ones on time, the CONTRACTOR can (but is not obliged) proceed directly to procure or extend the insurance policies and debit the related costs plus an additional 30% (as the overhead) to the SUBCONTRACTOR's account.

E. Damages related to cases that should have been insured by the SUBCONTRACTOR are calculated by the CONTRACTOR and in case of failure to receive compensation or delay in receiving them will be deducted from the SUBCONTRACTOR's claims and guarantees.

F. In any case, the SUBCONTRACTOR is responsible for paying all the compensations, financial damages, and loss of life caused to his employees (whether compensation through the purchase of liability insurance or in any other way) and thus indemnifies and holds harmless the CONTRACTOR for all incidents and accidents which happen to the employees of the SUBCONTRACTOR for any reason and in any way during work or during working days and while commuting, and if according to the judgment of the competent authorities or for any other reason, the CONTRACTOR is required to pay compensation to the SUBCONTRACTOR's employees or third parties, all the paid amounts shall be withdrawn from the SUBCONTRACTOR's payable claims in favor of the CONTRACTOR and in case of termination of payments, the SUBCONTRACTOR is obliged to bear the cost.

G. In the event of an increase in the SUBCONTRACT price or an extension of the SUBCONTRACT Period, the SUBCONTRACTOR shall be obliged to increase the coverage limits or extend the validity of the insurance policies specified in the SUBCONTRACT. Furthermore, upon the CONTRACTOR's request, the SUBCONTRACTOR shall provide the relevant documents to the CONTRACTOR.

12.12 The SUBCONTRACTOR shall insure its employees, while they are employed under the present SUBCONTRACT, against accidents, illnesses, wage compensation, disability, retirement, and death in accordance with the relevant social security laws and regulations through the **Social Security Organization (SSO)**. All responsibilities in the aforementioned cases and any related costs shall be borne by the SUBCONTRACTOR. The SUBCONTRACTOR shall indemnify and hold the CONTRACTOR harmless from any claims in this regard.

NOTE: From each invoice submitted by the SUBCONTRACTOR, an amount equivalent to 5% of the invoice value shall be withheld. Additionally, from the final invoice, an amount shall be withheld such that the total amount withheld shall not be less than 16% of the total SUBCONTRACT Price. These amounts shall be retained as a deposit and shall be refunded upon the submission of the final social security clearance certificate.

ARTICLE 13- SUBCONTRACTOR'S PERSONNEL

13.1 SUBCONTRACTOR shall at its own cost and responsibility, makes arrangements with regard to employment of all SUBCONTRACTOR employees, and shall be responsible (inter alia) for the following:

- A. Administration, medical cares and services.



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- B. The provision of passports, visas, work permits, residence permits, Medical Certificates for Services at sea, Seaman's book and all other documents as may be required.
- C. The payment of salaries and personnel income taxes.
- D. The assurance that SUBCONTRACTOR's personnel are high quality well-experienced and comply with the policies of CONTRACTOR with regard to safety and health and other regulations. SUBCONTRACTOR shall, however, be responsible for the safety of its personnel.
- E. The replacement of SUBCONTRACTOR's personnel for whatsoever cause including upon the CONTRACTOR's request on its own costs and expenses.
- F. Compliance with provisions this SUBCONTRACT, any other related Standard, Code or Criteria for performing the Services and Works and Iranian laws and regulations.

13.2 SUBCONTRACTOR undertakes that its personnel for the performance of Services and Works are highly qualified, well-experienced and physically fit to perform the Services and Works.

13.3 SUBCONTRACTOR shall employ on the Services only such employees as are properly skilled and experienced in their respective callings. CONTRACTOR shall be entitled to object to and require SUBCONTRACTOR to remove forthwith on its costs and expenses any person who, in the opinion of CONTRACTOR, misconduct or is incompetent or negligent in the proper performance of its duties. Any person so removed shall be replaced without delay at SUBCONTRACTOR's expense by a competent substitute. SUBCONTRACTOR shall not remove any key personnel assigned to carry out Services and Works without CONTRACTOR's prior written consent.

13.4 All personnel assigned by SUBCONTRACTOR shall be equipped with all necessary and special tools and equipment, in a fully operational state, and materials necessary for performance of the Services and Works.

13.5 SUBCONTRACTOR shall provide CONTRACTOR its Organization Chart and Curriculum Vitae of its personnel to be assigned to the Services, for CONTRACTOR's review and Approval. In case of CONTRACTOR'S request SUBCONTRACTOR's personnel to be interviewed / assessed by CONTRACTOR, SUBCONTRACTOR's personnel shall be fulfilled the matter.

13.6 SUBCONTRACTOR shall indemnify and keep CONTRACTOR harmless with respect to any claims raised by its personnel in connection or arising out of this SUBCONTRACT.

ARTICLE 14- INDEPENDENT SUBCONTRACTOR

SUBCONTRACTOR's personnel will be considered at all times as employees of SUBCONTRACTOR and not of CONTRACTOR. SUBCONTRACTOR shall at all time retain the status of an independent SUBCONTRACTOR and the presence of SUBCONTRACTOR personnel at the location(s) of the Services and Works shall not relieve SUBCONTRACTOR from any of his obligations hereunder. In no event shall the relationship of the Parties be construed to be that of principal and agent or master and servant.

ARTICLE 15- INDEMNITIES AND LIABILITIES

15.1 SUBCONTRACTOR shall be responsible for and defend, indemnify and hold harmless CONTRACTOR from and against, any liability for sickness, injury or death of any of its employees and servants or any other person arising out of the Services and Works and against any loss or damage to any property of SUBCONTRACTOR and or its employees and servants and those of any other person - real or juridical- including CONTRACTOR and against all costs, claims and damages in respect thereof.

15.2 SUBCONTRACTOR defends, assumes full liability, indemnifies and holds CONTRACTOR harmless for any injuries to persons and any damages to property of third parties to the extent that such loss or damage is caused by SUBCONTRACTOR's employees, surveyors, agents or servants during the performance of the Services and Works.

15.3 Professional Liability:

SUBCONTRACTOR confirms that the Services and Works provided hereunder are suitable for the intended functions and conform in every respect with specified requirements and subject and purpose of the SUBCONTRACT/CONTRACT. In case any information or certificates provided by SUBCONTRACTOR, its servants or agents, in connection with the Services and Works, found to be incorrect or inflicts or causes any damages or loss including loss of use or profit to CONTRACTOR subject to the terms and conditions of the SUBCONTRACT, SUBCONTRACTOR's liability per the related claims to each specific service will be limited to total SUBCONTRACT Price. Liquidated damages are excluded from this limit. Further more it is being understood that any damage due to intentional actions is not subject to any limitation.

ARTICLE 16- CONTRACTOR'S OBLIGATIONS

16.1 CONTRACTOR will submit to SUBCONTRACTOR, specifications, drawings and other technical documents required by SUBCONTRACTOR and are reasonably needed for its performance of Services and Works.

16.2 CONTRACTOR shall co-operate with SUBCONTRACTOR (TPA) in a timely manner so as to enable the SUBCONTRACTOR to carry out his involvement connected with certification.

16.3 CONTRACTOR shall make available to SUBCONTRACTOR (TPA), all necessary information and allow the full inspection by TPA SUBCONTRACTOR's relevant CONSTRUCTION EQUIPMENT and WORKS.



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ARTICLE 17- CERTIFICATES / REPORTS

17.1 SUBCONTRACTOR shall submit all reviewed documents and reports of his activities as per scope of Services and Works under this SUBCONTRACT to CONTRACTOR according to the below schedule and within cut off date specified by CONTRACTOR:

- Daily / flash report within 1 working day
- Weekly / monthly report within 3 working days

17.2 SUBCONTRACTOR shall issue to CONTRACTOR and COMPANY monthly reports, within 1 working day, which describe:

- Progress made
- Condition of the vessels
- Any punch (if any)
- Outstanding matters
- Problems arising from the above

17.3 SUBCONTRACTOR shall issue to CONTRACTOR "Sail out certificate" for surveyed tug and barge combination, which will be used for project items, material, equipment and etc, within one day, once required survey done by SUBCONTRACTOR representative.

17.4 SUBCONTRACTOR shall also issue to CONTRACTOR a close-out report with similar content to that of the CONTRACTOR'S Close-out Report to COMPANY, but covering only the SUBCONTRACTOR'S Scope of Work.

In addition, faxed information shall be provided to CONTRACTOR of any significant problem areas.

ARTICLE 18- OWNERSHIP OF DOCUMENTS

The title and copyright to all drawings, reports, calculations, Certificates and other documents provided by SUBCONTRACTOR and prepared in connection with the Services and Works shall rest with CONTRACTOR.

ARTICLE 19- DESIGNATING PARTIES' REPRESENTATIVES

19.1 CONTRACTOR may elect and introduce in writing to SUBCONTRACTOR, his representative(s) from among real persons or legal entities for supervision of the Services and Works or any parts thereof. Any measures or inspections made by CONTRACTOR'S representatives shall not relieve SUBCONTRACTOR of any of his obligations unless otherwise approved in writing by CONTRACTOR.

19.2 SUBCONTRACTOR shall appoint and introduce in writing to CONTRACTOR, its representative who has the authority to commit the SUBCONTRACTOR to any course of action within the rights and obligations of the SUBCONTRACTOR under the SUBCONTRACT and shall be responsible for issuing to and receiving from CONTRACTOR all notices, information, instructions and decisions.

19.3 The SUBCONTRACTOR's representative is also responsible for coordinating and following up all internal departments of the SUBCONTRACTOR to achieve results.

ARTICLE 20- QUALITY ASSURANCE / QUALITY CONTROL

20.1 SUBCONTRACTOR shall adapt a Quality System to meet all the requirements of the ISO 9001-2008 Standard. The purpose of this comprehensive system is to ensure that each requirement of the SUBCONTRACT is met to the complete satisfaction of CONTRACTOR.

20.2 SUBCONTRACTOR shall take proper actions to eliminate the cause of nonconformities at its own cost and expenses which are reported and requested by CONTRACTOR through the audits and evaluations. All of corrective/preventive action reports and results shall be submitted to CONTRACTOR for review and Verification.

ARTICLE 21- HEALTH, SAFETY, ENVIRONMENT REQUIREMENTS

21.1 SUBCONTRACTOR shall, immediately after signing the SUBCONTRACT, request CONTRACTOR the HSE registration Code in order to prevent any delay in performance of the Services.

21.2 SUBCONTRACTOR shall create and maintain proper HSE management system including USUA and HSE award system. People have to be encouraged to report all unsafe conditions to HSE management system. At least 15 percentages of all employees shall participate in USUA system per month.

21.3 SUBCONTRACTOR shall apply to obtain CONTRACTOR'S HSE registration Code through applying for including but not limited to HSE registration of Work Equipment, Employees, rescue apparatuses, Work procedures, Supply means, Accommodations, communications and facilities.

21.4 Employee Registration: All SUBCONTRACTOR'S personnel engaged in the performance of the Scope of Services / Works to this SUBCONTRACT even through sub-subcontract must be competent. All must have a valid CONTRACTOR'S HSE Certificate along with Health certificate including vaccination and inoculation. SUBCONTRACTOR'S personnel shall realize their HSE duties regarding potential HSE risks in their work environment. Supervisors shall be knowledgeable in proper remedies, corrective actions and arrangements in place to control HSE hazards and accept HSE responsibilities during emergency. Only HSE registered personnel has permission to participate for performance of the Work.



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21.5 SUBCONTRACTOR is responsible to make corrective actions on reported unsafe conditions and to terminate anomaly at designated time. If SUBCONTRACTOR neglect requested HSE actions, CONTRACTOR'S HSE department can take over directly to remove/decline/ maintain HSE risks at cost of SUBCONTRACTOR with 20% overhead.

21.6 All Onboard Personnel shall have Medical certificate for service at sea and valid certificates on Offshore Survival Courses including but not limited to BOSIET (Basic Offshore Safety Induction & Emergency Training) and HUET (Helicopter Underwater Egress Training).

ARTICLE 22- VARIATION

22.1 Variation to Works

A. Only with a written order signed by CONTRACTOR's authorized signatories, CONTRACTOR shall have the right to order the SUBCONTRACTOR at any time when necessary, prior to expiry of the SUBCONTRACT Period, Variations up to plus/minus 25% of SUBCONTRACT Price at the same terms and rates. These Variations may include but not be limited to:

- (i) Increase or decrease the quantity of the Work; or
- (ii) Omit any part of the Work; or
- (iii) Change the character or quality or kind of any part of the Work; or
- (iv) Require additional work and services of any kind necessary for and in relation to the completion of the Work.

Variations may include an increase or decrease in the quantity, character, kind or performance of the Work or any part thereof, as well as changes to the SUBCONTRACT schedule.

B. When CONTRACTOR orders variation work to be performed, SUBCONTRACTOR shall without undue delay submit an estimate to CONTRACTOR unless the Parties agree that it is unnecessary. The estimate shall contain:

- (i) A description of the variation work in question,
- (ii) A detailed schedule for the execution of the variation work showing the required resources and significant milestones,
- (iii) The effect on the SUBCONTRACT Price,
- (iv) The effect on the SUBCONTRACT time schedule
- (v) The effect on the personnel.

C. The Parties shall negotiate in good faith to agree on any impact of variations on SUBCONTRACT Price in the case in which the subject rates are not stated herein and/or time schedule. Should CONTRACTOR decide to proceed with such modifications and accepts such estimate of consequences, it shall issue to SUBCONTRACTOR a written "Variation Order" as specified in sub-Article 22.3 with a full description of the modifications and any mutually agreed adjustments to SUBCONTRACT Price, Work time schedule and/or expiration date of the SUBCONTRACT.

D. When laws and regulations in Islamic Republic of Iran, which are passed after the signature of the SUBCONTRACT necessitate variations to the Work or its performance, and this affects SUBCONTRACTOR's costs or his progress, either Party is entitled to require a variation of the compensation or SUBCONTRACT Schedule reflecting the effect of such laws and regulations.

E. A variation to the Work caused by circumstances for which SUBCONTRACTOR is responsible shall not entail any variations to the price or SUBCONTRACT schedule in favor of SUBCONTRACTOR.

F. The right stipulated in this ARTICLE is solely at the CONTRACTOR's discretion, including whether to exercise it or not, and to what extent, as specified herein.

22.2 Effects of a Variation to the Work

A. All SUBCONTRACTOR's obligations under the SUBCONTRACT also apply to variation work, unless otherwise agreed.

B. Unless otherwise agreed between the Parties, the payment for variation work shall be determined according to the following principles:

- (i) By using the applicable rates contained in the SUBCONTRACT or the respective Variation Orders (if applicable),
- (ii) If no directly comparable rates are stated in the SUBCONTRACT or the respective Variation Order, the remuneration shall be agreed between the Parties based upon the general price levels of similar work.

22.3 Issues of Variation Orders

A. All variations to the Work required in accordance with the provisions of sub-Article 22.1 shall be made by means of a Variation Order issued by CONTRACTOR.

B. A Variation Order shall be expressly identified as such and be issued on a prescribed form. It shall contain a complete description of the variation work, relevant Variation Order number and the schedule for its execution, together with the effects on the Price and SUBCONTRACT schedule so far as practicable.

C. On receipt of a Variation Order SUBCONTRACTOR shall implement it without undue delay, even if the effect of the Variation Order on the price, the SUBCONTRACT schedule and other provisions of the SUBCONTRACT has not yet been agreed.



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D. SUBCONTRACTOR acknowledges that he shall not be entitled for any claims for increases in the amount of the Work or services or costs, undertaken or to be undertaken related to errors, mistakes, omissions, non-conformities, or lack of accuracy, in undertaking his obligations under the Contract.

ARTICLE 23- ASSIGNMENT

23.1 SUBCONTRACTOR shall not assign the SUBCONTRACT or its rights, interests and/or obligations hereunder to anyone in any type, way, method whatsoever, without the prior written authorization of CONTRACTOR.

23.2 CONTRACTOR reserves the right, at any time, to assign all or any part of the SUBCONTRACT to his client or any of his affiliates or subsidiaries and SUBCONTRACTOR shall without delay execute a formal deed of assignment of the SUBCONTRACT on request of CONTRACTOR.

ARTICLE 24- FORCE MAJEURE

24.1 No party shall be liable or deemed to be in default for any failure to perform any duty or obligation hereunder if such failure results from event(s) or circumstance(s) beyond the reasonable control of such party, including acts of God, government action, fire, flood, earthquake, typhoon, insurrection, national emergencies, general strike, and any internationally acceptable acts of Force Majeure and he could not reasonably be expected to have taken the impediment into account at the time of the conclusion of the SUBCONTRACT or to have avoided or overcome it or its consequences. Nothing herein shall alter any obligation of the parties with respect of the portion of Services and Works and duties not affected by such Force Majeure conditions.

NOTE 1: Strikes shall be considered a Force Majeure event only if they are general strikes or, in the case of limited strikes, if they render the performance of the work impossible, even through alternative means such as engaging third parties.

NOTE 2: The SUBCONTRACTOR has signed this SUBCONTRACT with knowledge and awareness of the specific geographical and political situation of the Islamic Republic of Iran and confirms that any domestic or international war (whether declared or not) and current or future sanctions (whether financial, economic, technical, etc.) are not considered Force Majeure and the SUBCONTRACTOR has the ability to perform the SOW under the mentioned conditions.

24.2 The Party asserting Force Majeure shall in each instance give the other Party notice thereof not later than 5 (five) calendar days after beginning of each occurrence. Such notice shall include a brief description of the event or circumstances of Force Majeure, measures he have taken or to be take to mitigate the effect of Force Majeure or the length and effects of anticipated delay in performance of his obligations hereunder.

24.3 If the cumulative duration of any of Force Majeure exceeds three months, the parties shall meet and agree upon the most feasible measure to be taken.

ARTICLE 25- SUSPENSION OF SERVICES

25.1 During the SUBCONTRACT period, CONTRACTOR may temporarily suspend the execution of the Services and Works or any part thereof for such time or times; provided, however, that the total aggregate period of suspension shall not exceed three (3) months unless otherwise agreed in writing by the SUBCONTRACTOR. To this end CONTRACTOR shall send a written notice to SUBCONTRACTOR and SUBCONTRACTOR shall arrange for the care and perfection of the Services and Works performed or materials furnished up to the date of such suspension in a suitable manner and in accordance with the SUBCONTRACT.

25.2 SUBCONTRACTOR shall resume rendering Services and Works upon the end of postponement and shall deliver a notice of such resumption to CONTRACTOR 7 day in advance.

25.3 Notwithstanding any other provision of this SUBCONTRACT, no additional payment or compensation shall be made to the SUBCONTRACTOR for the period of suspension, and the SUBCONTRACTOR shall not be entitled to any claim for costs, losses, or damages arising from such suspension, except as otherwise expressly agreed in writing by the CONTRACTOR.

ARTICLE 26- TERMINATION OF SUBCONTRACT

26.1 CONTRACTOR may terminate the whole or part of SUBCONTRACT, by serving a ten (10) days termination notice to SUBCONTRACTOR, on the following grounds:

26.1.1 Notwithstanding what provided in sub-Article 10.1, delay by SUBCONTRACTOR, with exception of Force Majeure, in performing or completing Services and Works (including providing any deliverables or reports) beyond the SUBCONTRACT Time Schedule or other provisions of the SUBCONTRACT.

26.1.2 Suspension of Services and Works by SUBCONTRACTOR which is not attributable to CONTRACTOR or not approved by CONTRACTOR and without causes of Force Majeure.

26.1.3 Assignment of Services and Works to third parties without written Approval of CONTRACTOR.

26.1.4 SUBCONTRACTOR's bankruptcy or its financial inability to proceed with the Services and Works.

26.1.5 Dissolution of SUBCONTRACTOR.



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26.1.6 SUBCONTRACTOR's negligence in fulfillment of any of the obligations specified in SUBCONTRACT in accordance with the provision of this SUBCONTRACT and to the satisfaction of CONTRACTOR or failing to rectify it as acceptable to CONTRACTOR, within a period acceptable to CONTRACTOR.

26.2 In addition to sub-Article 26.1, CONTRACTOR may without cause give written notice to SUBCONTRACTOR to terminate SUBCONTRACT at any time and for his own convenience. In such event CONTRACTOR shall pay and SUBCONTRACTOR shall accept in settlement of all claims under SUBCONTRACT, such a mutually acceptable sum as shall reasonably compensate SUBCONTRACTOR for all Services and Works rendered/performed by it in the performance of SUBCONTRACT.

26.3 Should CONTRACTOR decide to terminate SUBCONTRACT for reasons set forth in the preceding sub-Article 26.1 hereof, it shall accordingly notify SUBCONTRACTOR, in writing, and is entitled to collect and forfeit the amount of the existing performance Guarantees without necessity of performing any judicial or administrative proceeding.

26.4 In case of termination of SUBCONTRACT, in addition to the above-mentioned rights, all SUBCONTRACTOR's titles and rights on the Services and Works, paid for by CONTRACTOR automatically rest in CONTRACTOR.

26.5 In case of termination of the SUBCONTRACT under any of the circumstances mentioned in this Article, SUBCONTRACTOR shall submit to CONTRACTOR, at its own cost, the well-documented Closed-Out Report in sufficient details up to the date of the termination of the SUBCONTRACT within 10 days after receiving the notification for termination of the SUBCONTRACT. SUBCONTRACTOR shall also submit all information, reports, results of studies and researches, dossiers, etc. gained in duration of the performance of the SUBCONTRACT to CONTRACTOR. Any Final account settlement with SUBCONTRACTOR shall be subject to CONTRACTOR's Approval of receiving those Reports and Close-Out Report.

ARTICLE 27- NO-WAIVER

None of the terms and conditions of the SUBCONTRACT shall be considered to be waived by either the CONTRACTOR or SUBCONTRACTOR unless a waiver is given in writing by one Party to the other. No failure on the part of either Party to enforce any of the terms and conditions of the SUBCONTRACT shall constitute a waiver of such terms.

ARTICLE 28- PATENT RIGHTS & INFRINGEMENTS

SUBCONTRACTOR warrants and guarantees that the Services and Works it will provide not to infringe any patent owned or controlled by others and agrees to defend, indemnify and hold harmless CONTRACTOR, and its affiliates against any action, litigation, claim or demand, costs or expenses, arising from or incurred by reason of any such infringement or alleged infringement or any letters, patent, trademarks or name, copyright, or other protected rights, foreign or domestic, resulting from the use of the Services and Works. In the event of any claim being made or action brought against SUBCONTRACTOR or its affiliates in respect of any such matters as aforesaid, SUBCONTRACTOR shall, at his own expense, conduct all negotiations for the settlement of the same, or any litigation that may arise there from.

ARTICLE 29- GOVERNING LAW AND SETTLEMENT OF DISPUTES

Governing law of this SUBCONTRACT shall be the laws of Iran; and all claims and disputes arising from or in relation with this SUBCONTRACT, including but not limited to, its conclusion, validity, termination or breach, interpretation or application, shall be settled according to the present ARTICLE provisions. Parties' rights to recourse to applicable courts are strictly subject to abiding by the following agreed order and covenants:

29.1 Parties shall endeavor to settle their disputes with utmost good faith and by peaceful means (negotiation and or correspondence), within a maximum 30 (thirty) working days upon written notice of each Party's request.

29.2 If Parties fail to settle their disputes in accordance with the above-mentioned procedure, then the dispute(s) shall be referred to the Expert Committee for review. Each Party shall nominate its representative(s) within maximum 15 (fifteen) working days from receiving the written request of the other Party. The Expert Committee shall include at least one person from the legal department, one person from the financial department, and one person from the technical department of each Party, selected based on each Parties' discretion. This Committee shall endeavor with utmost good faith to settle the disputes within a maximum of 30 (thirty) working days from holding the first meeting. Determinations/decisions of the Expert Committee shall be referred to fully authorized managers of both Parties. If the result is affirmed by them through a written agreement of any form, it shall be binding for the Parties.

29.3 If one of the Parties fail to nominate their representative(s) to the Expert Committee in accordance with the above-mentioned provisions, or the Expert Committee is not held due to any reason, or cannot reach a concrete determination/ decision, notwithstanding any abovementioned contents in this article, only 90 (ninety) days after written notice of each Party's request (mentioned in paragraph 1) the Party(s) who wishes to pursue its claims or disputes, can refer them to Iranian Court in Tehran.

NOTE 1: SUBCONTRACTOR shall be bound to perform all its contractual duties and obligations during the process of dispute settlement, as expressed in this Appendix.

NOTE 2: Parties are bound to comply with all this Appendix order of precedence and provisions. However, It shall be emphasized that abiding by the present provisions, shall not limit CONTRACTOR from pursuing any provisional, interim



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or other measures (including but not limited to provisional injunctions or provisional measures), as may be necessary, at its discretion.

ARTICLE 30- NON-INTERVENTION LAW

SUBCONTRACTOR shall not breach the provisions of "Non-intervention law" of government employees dated 22/10/1337 (Iranian calendar). In case any such intervention is encountered, it shall be construed as breach of SUBCONTRACT by SUBCONTRACTOR. In this case; CONTRACTOR is entitled to terminate the SUBCONTRACT without paying any SUBCONTRACT Price, and SUBCONTRACTOR shall pay all costs and expenses which CONTRACTOR might incur including costs and expenses for negotiating and concluding Inspection Agreement by any other SUBCONTRACTOR and loss of profit.

ARTICLE 31- CONFIDENTIALITY

SUBCONTRACTOR undertakes not to use nor disclose to any third Party, any technical information or data furnished by SUBCONTRACTOR or provided by CONTRACTOR in connection with Services and Works.

ARTICLE 32- ANTI-CORRUPTION REQUIREMENTS

32.1 Definitions:

In this Clause, the following words, expressions, and derivatives thereof shall have the meanings hereby assigned to them:

"Corruption", "Acts of Corruption" or "Corrupt Practices" means any offer to pay, promise, grant, relaxation on, request, solicitation or acceptance of undue payment or granting of other financial or non-financial concession/privilege related to the SUBCONTRACT and beyond:

- The scope of the SUBCONTRACT and its provisions,
- The bidding documents,
- The auction documents,
- The Applicable Law,
- Customary industry practice, and
- Ethical standards,

as the case maybe, in order to abuse, or exploit, during the course of conclusion of the SUBCONTRACT, operation of its terms and conditions or its Final Account Settlement) or in order to induce a person to do or omit to do any act in violation of his or her lawful duty or to secure any improper advantage, or otherwise to do or refrain from doing something that would violate the laws applicable to the activities under the SUBCONTRACT.

"Third Parties" means a third party under the effective influence or control of one of the Parties, including but not limited to:

- Client,
- any and all persons who- as a result of business, industrial or employment relation and the like- have been or will be involved (or play a role) in the process of entering into the SUBCONTRACT, its performance or its Final Account Settlement, and
- other person(s) who is/are in practice under the effective influence, or control, of one of the Parties, such as commercial agents, economic development experts, sales representatives, distributors, resellers, suppliers, subagents, subcontractors, contractors, franchisee recipients, brokers, supply-chain contractors, vendors, manufacturers, consultants, inspectors, insurers, lawyers, accountants or intermediaries or middlemen who acting on behalf of the Parties in relation with marketing, supply, SUBCONTRACT negotiation, permit/license obtainment, or any other areas or fields; safeguarding or protecting interests or benefits of one of the Parties.

32.2 Parties' Obligations and Rights

A-The Parties agree that in connection with the negotiation, signature, the performance and Final Account Settlement of this SUBCONTRACT, they represents and warrants that:

they shall comply at all times with all applicable anti-Corruption legislation and have procedures in place that are, to the best of its knowledge and belief, designed to prevent the commission of any offence under such legislation by any member of its organization or by any person providing services for it or on its behalf, they shall make and keep books, records, and accounts which in reasonable detail accurately and fairly reflect the transactions in connection with this SUBCONTRACT; and, neither Party nor any member of its organization has committed any breach of applicable anti-Corruption legislation.

B- If a demand for payment, goods or any other thing of value ("Demand") is made to CONTRACTOR by any official, any contractor or sub-contractor engaged by or acting on behalf of CONTRACTOR's Group or SUBCONTRACTOR's Group or any other person not employed by CONTRACTOR or SUBCONTRACTOR and it appears that meeting such Demand either would breach any applicable anti-Corruption legislation or would be deemed as an Act of Corruption, then CONTRACTOR shall notify SUBCONTRACTOR as soon as practicable and the Parties shall cooperate in taking reasonable steps to resist the Demand. If, despite taking reasonable steps, the Demand is not withdrawn, CONTRACTOR may issue a letter of protest, addressed or copied to SUBCONTRACTOR. If CONTRACTOR issues



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such a letter, then, in the absence of clear evidence to the contrary, it shall be deemed that any delay under the SUBCONTRACT is the result of resisting the Demand and (as applicable), SUBCONTRACTOR shall solely be liable for all such delays.

C- SUBCONTRACTOR undertakes that SUBCONTRACTOR has not committed- or performed- any Corruption, Acts of Corruption or Corrupt Practices (and further shall not commit- or perform- any Corruption, Acts of Corruption or Corrupt Practices) for the purpose of conclusion of the SUBCONTRACT, its execution or its Final Account Settlement, neither personally nor by Third Parties, and shall take all precautionary measures and reasonable actions to prevent the same.

D- SUBCONTRACTOR unconditionally admits to immediately provide CONTRACTOR with any information and/or document whatsoever related to the payment of any money (whether or not in cash) or granting concessions or privileges beyond the scope of the SUBCONTRACT on or before the signature date of the SUBCONTRACT. In case SUBCONTRACTOR receives such information and/or document after the execution date of the SUBCONTRACT, SUBCONTRACTOR shall so provide CONTRACTOR with the said information and/or document as soon as SUBCONTRACTOR himself becomes aware of the same or gain access thereto.

E- If either Party fails to comply with any applicable anti-Corruption legislation it shall defend and indemnify the other Party against any fine, penalty, liability, loss or damage and for any related costs (including, without limitation, court costs and legal fees) arising from such breach.

F- Parties undertake to train all Third Parties during the entire duration of the SUBCONTRACT, not to commit any Corruption, Acts of Corruption or Corrupt Practices and not to use them in any way as a means or conduit to commit- or perform- any Corruption, Acts of Corruption or Corrupt Practices. Parties further undertake to employ or engage Third Parties solely in accordance with customary industry practice and ethical standards and pay them adequate salary/wage and appropriate compensation package tailored to their qualifications and lawful services.

G- If CONTRACTOR - in the process of exercising its right of audit- finds that any of SUBCONTRACTOR' financial accounts, books, accounting documentations, records, ledgers or statements is not in order or gain access to, or finds, in any respect any documents substantiating violation (by SUBCONTRACTOR) of any of the foregoing commitment, obligation or provisions (described in the preceding Sections (A), (B), (C), (D), (E) & (F) herein above), then CONTRACTOR will notify SUBCONTRACTOR in writing of the same and shall have the right to require SUBCONTRACTOR:

- to remedy and take corrective actions at its own cost and liability within one week as of CONTRACTOR' such written notification, and
- To immediately provide CONTRACTOR with a detailed, documented report containing remedial, corrective actions taken by SUBCONTRACTOR and results therefrom.

H- In case:

- Any Corruption, Acts of Corruption or Corrupt Practices is disclosed, or
- SUBCONTRACTOR' financial accounts, books, accounting documentations, records, ledgers or statements are not in order, or
- At any time SUBCONTRACTOR's Group has committed a breach of any applicable anti-Corruption legislation in connection with this SUBCONTRACT, or
- a breach of any applicable anti-Corruption legislation in connection with this SUBCONTRACT committed by SUBCONTRACTOR's Group causes CONTRACTOR to be in breach of any applicable anti-Corruption legislation, or
- SUBCONTRACTOR violates any of the commitment, obligation or provision (described in the preceding Sections (A), (B), (C), (D), (E) & (F) herein above), or with respect to which CONTRACTOR is not satisfied with the remedial, corrective action taken by SUBCONTRACTOR (or no remedial, corrective action has been taken by SUBCONTRACTOR) or in case of any breach of Sections (A), (B), (C), (D), (E) & (F) herein above, then CONTRACTOR- without prejudice to any of its other rights under this SUBCONTRACT and without incurring any liability to SUBCONTRACTOR's Group - shall have the right to terminate the SUBCONTRACT, without needing for CONTRACTOR to give further notices, due to fundamental breach of the terms of the SUBCONTRACT and claim for damages based on Sub-Clause 26.1 hereof which shall be recovered from:
 - Any amount whatsoever due and payable (and/or to become due and payable) to SUBCONTRACTOR under the SUBCONTRACT,
 - Bank guarantees,
 - Good performance retention guarantee howsoever withheld by, or existing with, CONTRACTOR, and
 - if such recovering is not sufficient, CONTRACTOR shall in addition have the right to avail themselves of any other remedy, other way or means howsoever available for CONTRACTOR, in tort, under SUBCONTRACT or otherwise at law.

32.3 The directors of CONTRACTOR and their first-degree relatives, and the institutions and companies where the aforesaid persons are their managing directors or members of their board, or hold more than 1 of their share, may not enter into a contract with SUBCONTRACTOR in respect of the performance of SUBCONTRACT.



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ARTICLE 33-ENTIRETY OF SUBCONTRACT

This SUBCONTRACT together with all Appendices, exhibits and attachments thereto is a single SUBCONTRACT and any part of Articles therein shall not be used or interpreted individually. In case it is determined that one or more of the provisions of this SUBCONTRACT, in whole or in part, are not valid or contradict with the governing law, or are found not enforceable this shall not affect other Articles, provisions and implementation of the SUBCONTRACT.

ARTICLE 34- LANGUAGE

All correspondences, reports, information, literature, data, manuals, drawings, etc. required under the SUBCONTRACT shall be in English or Persian Language based on the CONTRACTOR's sole discretion. This includes all data, drawings and information produced by SUBCONTRACTORS.

ARTICLE 35- FINAL RELEASE

Upon close out of the SUBCONTRACT, SUBCONTRACTOR shall furnish CONTRACTOR with an indemnity and release from all claims arising under or by virtue of the SUBCONTRACT.