



## GENERAL TERMS AND CONDITIONS FOR GOODS

---

### DEFINITIONS

“Contract” refers to any legally binding instrument or set of legally binding instruments entered into by FAO with a Contractor for the purchase of Goods and/or Services, including any changes and amendments thereto, to which the present General Terms and Conditions apply. Such legally binding instruments include, but are not limited to, contracts for Services (individually referred to as “Contract for Services”), purchase orders (“POs”), long term agreements (“LTAs”) and any other contractual instrument agreed upon by the Parties for the delivery of Services and/or Goods, including all documents, exhibits and attachments referenced therein.

“Contractor” refers to the party contracted by FAO for the purchase of Goods and/or Services, who shall have the sole and full responsibility for the performance of its obligations under the Contract.

“FAO” means the Food and Agriculture Organization of the United Nations.

“Goods” refers to all items ordered by FAO from the Contractor, including all technical requirements, or required to be supplied to FAO by the Contractor, under the Contract, or necessary for the performance of the Contract.

“Services” refers to all services and/or works ordered by FAO from the Contractor, including all technical requirements, or required to be supplied to FAO by the Contractor, under the Contract, whether or not in connection with any of the Goods, including the Contractor’s time, effort and/or expertise.

### ARTICLE 1 – LEGAL STATUS OF THE PARTIES AND REPRESENTATIONS

FAO and the Contractor shall also each be referred to as a “Party” hereunder, and:

- 1.1 Pursuant, *inter alia*, to the FAO Constitution and the Convention on the Privileges and Immunities of the Specialized Agencies, FAO has full juridical personality and enjoys such privileges and immunities as are necessary for the independent fulfillment of its purposes.
- 1.2 The Contractor shall have the legal status of an independent contractor vis-à-vis FAO, and it shall be fully responsible, in particular for the acts or omissions of its personnel agents, or other representatives and subcontractors. Nothing contained in or relating to the Contract shall be construed as establishing or creating between the Parties the relationship of employer and employee or of principal and agent. The officials, representatives, employees, and subcontractors of each of the Parties shall not be considered in any respect as being the employees or agents of the other Party.
- 1.3 The Contractor represents and warrants:
  - 1.3.1 The Contractor has full authority and power to enter into the Contract and to perform its obligations thereunder and the Contract constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms.
  - 1.3.2 All information provided by the Contractor to FAO under the Contract or in connection with the Contract, including during its registration as a vendor and throughout the bidding process and the execution of the Contract is true, correct, accurate and not misleading.
  - 1.3.3 No bankruptcy or receivership proceedings affecting the Contractor are pending, or, to the knowledge of the Contractor, threatened, and there is no judgment or pending legal action against the Contractor that could impair its operations in the foreseeable future. The Contractor is financially solvent and is able to perform its obligations in accordance with the terms and conditions of the Contract.

- 1.3.4 The Contractor will fulfil its obligations under the Contract with fullest regard to the interest of FAO and will refrain from any action which may adversely affect FAO.
- 1.3.5 The Contractor commits to respect FAO's principles, values and relevant policies. It shall observe responsible business practices, abide by the UN Supplier Code of Conduct<sup>1</sup> as may be amended from time to time and report to FAO any actual or potential deviation thereto that it may observe or be aware of.
- 1.3.6 The Contractor has disclosed to FAO whether it or any of its personnel, agents or other representatives or subcontractors has any prior interest or connection to the FAO project for which the Goods or Services are to be provided and whether it or any of its representatives or subcontractors has any prior or preexisting relationship with anyone working for or on behalf of FAO. Absence of disclosure shall mean that no such interest, connection or relationship exists.

## **ARTICLE 2 – ASSIGNMENT**

- 2.1 The Contractor may not assign, transfer, pledge or make any other disposition of the Contract, of any part of the Contract, or of any of the rights, claims or obligations under the Contract except as may be provided for in the Contract or with the prior written authorization of FAO. Any such unauthorized assignment, transfer, pledge or other disposition, or any attempt to do so, shall not be binding on FAO. Any assignment by the Contractor which is not authorized by FAO will be void and FAO reserves the right in such case, without prejudice to other rights or remedies, to terminate the Contract without liability effective upon the Contractor's receipt of notification of termination. Except as permitted with respect to any approved subcontractors, the Contractor shall not delegate any of its obligations under the Contract, except with the prior written consent of FAO. Any such unauthorized delegation, or attempt to do so, shall not be binding on FAO.
- 2.2 The Contractor agrees that FAO may, at its discretion, assign, transfer, pledge, or make other disposition of the Contract or any part hereof, or any of FAO's rights or obligations under the Contract upon written notification within a reasonable period of time either prior to or following such assignment, transfer, pledge or subcontracting arrangement.

## **ARTICLE 3 – SUBCONTRACTING**

- 3.1 In the event that the Contractor requires the services of subcontractors to perform any obligations under the Contract, and except as may be provided for in the Contract, the Contractor shall obtain the prior written approval of FAO. FAO shall be entitled, in its sole discretion, to review the qualifications of any subcontractors and to reject any proposed subcontractor that FAO reasonably considers is not qualified to perform obligations under the Contract. The approval by FAO of a subcontractor shall not relieve the Contractor of any of its obligations under the Contract. FAO shall have the right to require any subcontractor's removal from FAO premises without having to give any justification therefor. Any such rejection or request for removal shall not, in and of itself, entitle the Contractor to claim any delays in the performance, or to assert any excuses for the non-performance, of any of its obligations under the Contract, and the Contractor shall be solely responsible for all services and obligations performed by its subcontractors.
- 3.2 The requirements for, and terms of any subcontract shall be subject to, and shall be construed in a manner that is fully in accordance with all of the terms and conditions of the Contract, including these General Terms and Conditions. The Contractor shall include the essential terms set out in Article 25 in all subcontracting arrangements entered into under the Contract and shall require the same from subsequent

---

<sup>1</sup> The UN Supplier Code of Conduct is available at:  
[https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/unscc/conduct\\_english.pdf](https://www.un.org/Depts/ptd/sites/www.un.org.Depts.ptd/files/files/attachment/page/pdf/unscc/conduct_english.pdf).

subcontractors. Adherence and compliance of all subparties to the terms and conditions of the Contract, including these General Terms and Conditions, throughout the Contract shall remain the sole responsibility of the Contractor.

#### **ARTICLE 4 – DELAYS AND DEFAULTS**

- 4.1 If there should be any delay or default by the Contractor in the performance of the Contract or any part thereof, the Contractor shall notify FAO in writing giving the cause, such notification to reach FAO no later than ten (10) days after the date on which the delay or default is known by the Contractor.
- 4.2 If the Contractor is unable to obtain Goods or Services necessary for the performance of the Contract from its normal sources of supply, it shall remain liable for any delays or defaults when equivalent Goods or Services can be obtained from other sources acceptable to FAO in good time.
- 4.3 If the Contractor fails to make delivery of the Goods or to complete the Services within the time specified in the Contract, or within any extension that may be granted by FAO in its sole discretion, or to otherwise execute the Contract in accordance with the requirements of the Contract, FAO may, without any liability nor prejudice to any further rights it may have under the Contract and in particular under Article 16:
- 4.3.1 suspend for the duration stipulated in the notice of suspension or cancel the Contract or part thereof at any time and with immediate effect;
  - 4.3.2 obtain elsewhere upon such terms and conditions as may be deemed appropriate by FAO, replacement Goods or Services similar to those which the Contractor failed to provide;
  - 4.3.3 make a corresponding adjustment to the amounts due to the Contractor; provided, however, that the Contractor shall continue performance of the Contract to the extent not suspended or cancelled under the provisions of Article 4.3
- 4.4 The Contractor shall be liable for any excess costs or damages caused to FAO by a failure or delay on the part of the Contractor in the performance of its obligations under the Contract, except where such failure or delay is due to:
- 4.4.1 causes which are attributable to FAO;
  - 4.4.2 *Force Majeure*, as defined in Article 15.
- 4.5 If, in the event of the Contractor's default or delay, FAO is of the opinion that the determination of actual excess costs or damages, or any part thereof, incurred by FAO is not practicable, FAO may require the Contractor to pay, in lieu of or in addition to actual damages, as the case may be, the amount specified in, or to be calculated in accordance with, the relevant provision of the Contract, as fixed, agreed and liquidated damages, as provided in Article 5.9, for the duration of the delay or default.
- 4.6 FAO shall determine the effects of any delay or default particularly in regard to an adjustment of the amounts due to the Contractor and to excess costs or damages caused to FAO and its findings shall be binding, provided always that the Contractor shall have the right to avail itself of the provisions of Article 19.
- 4.7 FAO shall not be liable to pay interest on the amount(s) not paid to the Contractor within the payment schedule foreseen under the Contract, irrespective of the cause of such delay.

#### **ARTICLE 5 - PURCHASE OF GOODS**

To the extent that the Contract involves any purchase of goods, whether in whole or in part, and unless specifically stated otherwise in the Contract, the following conditions shall apply:

- 5.1 **DELIVERY OF GOODS:** The Contractor shall hand over or make available the Goods, and FAO shall receive the Goods, at the place for the delivery of the Goods and within the time for delivery of the Goods specified in the Contract. The Contractor shall provide to FAO such shipment documentation (including, without limitation, bills of lading, airway bills, and commercial invoices) as are specified in the Contract in the relevant Purchase Order or, otherwise, as are customarily utilized in the trade. All manuals, instructions, displays and any other information relevant to the Goods shall be in the English language unless otherwise specified in the Contract. Unless otherwise stated in the Contract (including, but not limited to, in any used “INCOTERM” or similar trade term), the entire risk of loss, damage to, or destruction of the Goods shall be borne exclusively by the Contractor until physical delivery of the Goods to FAO in accordance with the terms of the Contract. Delivery of the Goods shall not be deemed in itself as constituting acceptance of the Goods by FAO, which shall be further subject to Article 5.6 below.
- 5.2 **INSPECTION OF THE GOODS:** FAO reserves the right to inspect and test all Goods ordered under this Contract at any time and place. The Contractor, without additional charge, shall provide all facilities for inspection and all necessary support including, but not limited to, access to drawings and production data, to ensure that inspections can be performed in such a manner as not to unduly delay delivery.
- 5.2.1 In case of inspection prior to delivery, the Contractor shall promptly notify FAO when the Goods are ready for pre-delivery inspection. Such facilities and assistance shall be furnished to FAO or its designated inspection agents at no charge therefor. Neither an inspection carried out by representatives of FAO nor failure by FAO to inspect and accept or reject goods shall relieve the Contractor from responsibility for such Goods that are not in accordance with the Contract requirements, including warranties, or impose liabilities on FAO therefor.
- 5.2.2 Notwithstanding the above, the Contractor shall provide and maintain an inspection, quality, and process control system acceptable to FAO covering the Goods thereunder. Records of all inspection work by the Contractor shall be kept complete and available to FAO during the performance of this Contract and for 5 years after completion, if not otherwise specified in this Contract. Copies of all material certifications and test results will be submitted to FAO upon request.
- 5.3 **PACKAGING OF THE GOODS:** The Contractor shall package the Goods for delivery in accordance with the highest standards of export packaging for the type and quantities and modes of transport of the Goods. The Goods shall be packed and marked in a proper manner in accordance with the instructions stipulated in the Contract or, otherwise, as customarily done in the trade, and in accordance with any requirements imposed by applicable law or by the transporters and manufacturers of the goods. The packing, in particular, shall mark the Contract or Purchase Order number and any other identification information provided by FAO as well as such other information as is necessary for the correct handling and safe delivery of the Goods. Unless otherwise specified in the Contract, the Contractor shall have no right to any return of the packing materials.
- 5.4 **TRANSPORTATION & FREIGHT:** Unless otherwise specified in the Contract (including, but not limited to, in any used “INCOTERM” or similar trade term), the Contractor shall be solely liable for making all transport arrangements and for payment of freight and insurance costs for the shipment and delivery of the Goods in accordance with the requirements of the Contract. The Contractor shall ensure that FAO receives all necessary transport documents in a timely manner so as to enable FAO to take delivery of the Goods in accordance with the requirements of the Contract.
- 5.5 **WARRANTIES AND AFTER SALES SERVICE:** Unless otherwise specified in the Contract, in addition to and without limiting any other warranties, remedies or rights of FAO stated in or arising under the Contract, the Contractor warrants and represents that:
- 5.5.1 The Goods, including all packaging and packing thereof, conform to the specifications of the Contract, including any applicable standards provided for in the Contract or, if no applicable

standards are provided, the most recent authoritative standards issued by the relevant institution in the Goods' country of origin. The Goods are securely contained, packaged and marked in accordance with normal commercial standards of export packing for goods of this type and in a manner so as to protect the Goods while in storage or in transit to their ultimate destination. The Contractor further warrants that the Goods are fit for the purposes for which such goods are ordinarily used and for purposes expressly made known to the Contractor by FAO, are of current manufacture and are of even quality and free from defects in design, workmanship, material and manufacture;

- 5.5.2 If the Contractor is not the original manufacturer of the Goods, the Contractor shall provide FAO with the benefit of all manufacturers' warranties in addition to any other warranties required to be provided under the Contract;
  - 5.5.3 The Goods are of the quality, quantity and description required by the Contract, including when subjected to conditions prevailing in the place of final destination;
  - 5.5.4 The Goods are free from any right of claim by any third-party, including claims of infringement of any intellectual property rights, including, but not limited to, patents, copyright and trade secrets;
  - 5.5.5 The Goods are new and unused, unless procurement of used goods is approved in advance in writing by FAO;
  - 5.5.6 All such warranties for the Goods shall remain in effect for a period of one (1) year or for such other longer period that the Contractor normally provides for such goods or a longer period agreed upon in this Contract after the Goods are placed in use (the "Warranty Period");
  - 5.5.7 During any period in which the Contractor's warranties are effective, upon notice by FAO that the Goods do not conform to the requirements of the Contract, the Contractor shall promptly and at its own expense correct such non-conformities or, in case of its inability to do so, replace the defective Goods with goods of the same or better quality or, at its own cost, remove the defective Goods and fully reimburse FAO for the purchase price paid for the defective Goods. In the event the Contractor fails to repair or replace defective or non-conforming Goods within a reasonable time, FAO may replace or repair the Goods and charge or debit the Contractor for all costs connected therewith or, if such replacement or repair is not practicable, exercise its rights under Article 5.7 and/or Article 5.9; and,
  - 5.5.8 The Contractor shall remain responsive to the needs of FAO for any services that may be required in connection with any of the Contractor's warranties under the Contract.
  - 5.5.9 For Goods ordered, the Contractor shall provide or maintain a service organization reasonably constituted to handle requests from FAO or its Members or other ultimate beneficiaries for technical assistance on maintenance, service repairs, and overhaul of the Goods. If the presence of a local service agent has been requested by FAO and confirmed by the Contractor, its presence in the country becomes a condition of this Contract. The Contractor must inform FAO of any changes in its local service structure prior to delivery of the Goods.
- 5.6 **ACCEPTANCE OF GOODS:** Acceptance by FAO of the Goods shall occur upon complete and satisfactory performance of all obligations under the Contract. Under no circumstances shall FAO be required to accept any Goods that do not conform to the specifications or requirements of the Contract. FAO may condition its acceptance of the Goods upon the successful completion of specific tests as may be specified in the Contract or otherwise agreed in writing by the Parties. In no case shall FAO be obligated to accept any Goods unless and until FAO has had a reasonable opportunity to inspect the Goods following delivery and all required inspection reports satisfactory to FAO have been provided. If the Contract specifies that FAO shall provide a written acceptance of the Goods, the Goods shall not be

deemed accepted unless and until FAO in fact provides such written acceptance. In no case shall payment by FAO in and of itself constitute acceptance of the Goods.

5.7 **REJECTION OF GOODS:** In case of rejection by FAO of the Goods provided and subject to its agreement, a new review may be carried out by the representatives of both FAO and the Contractor, if promptly requested by the Contractor and before FAO exercises any legal remedies. The Contractor shall bear the expenses of such review. Notwithstanding any other rights of, or remedies available to FAO under the Contract, including those available under Article 4.3 and Article 5.9, in case any of the Goods are defective or otherwise do not conform to the specifications or other requirements of the Contract, FAO, at its sole option, may reject or refuse to accept the Goods, and within thirty (30) days following receipt of notice from FAO of such rejection or refusal to accept the Goods, the Contractor shall, at the sole option of FAO:

5.7.1 provide a full refund upon return of the Goods, or a partial refund upon a return of a portion of the Goods, by FAO; or,

5.7.2 repair the Goods in a manner that would enable the Goods to conform to the specifications or other requirements of the Contract; or,

5.7.3 replace the Goods with Goods of equal or better quality; and,

5.7.4 pay all costs relating to the repair, return or disposal of the defective Goods as well as the costs relating to the storage of any such defective Goods and for the delivery of any replacement Goods to FAO.

5.8 In the event that FAO elects to return any of the Goods for the reasons specified in Article 5.7, FAO may procure the Goods from another source. In addition to any other rights or remedies available to FAO under the Contract, including, but not limited to, the right to terminate the Contract, the Contractor shall be liable for any additional cost beyond the balance of the Contract price resulting from any such procurement, including, *inter alia*, the costs of engaging in such procurement, and FAO shall be entitled to compensation from the Contractor for any reasonable expenses incurred for preserving and storing the Goods for the Contractor's account.

5.9 **DAMAGES FOR DELAY, NONCONFORMING GOODS, SHORTFALLS:** The Contractor recognizes that the Contract concerns delivery of Goods where "time is of the essence" and that failure to deliver the Goods by the scheduled date(s) or in accordance with the quantities and/or quality specified in this Contract may cause irreparable harm to FAO. Consequently, subject to Article 15, "Force Majeure", it is agreed that, at FAO's sole discretion, either actual damages or liquidated damages, when FAO determines that the calculation of actual excess costs or damages is not practicable, may be applied to reduce the consideration due under the Contract:

5.9.1 **LIQUIDATED DAMAGES FOR LATE DELIVERY:** If all or part of the Goods or Services are not delivered within the time period specified in the Contract, liquidated damages shall be equivalent to two point five percent (2.5%) of the total price of the Contract for each week of delay until actual delivery, up to a maximum deduction of ten percent (10%) of the total Contract price, as agreed liquidated damages, provided, however, that where delivery time was indicated in the tender documents as a criterion for award, agreed liquidated damages shall be equivalent to five percent (5%) of the total price of the Contract for each week of delay until actual delivery, up to a maximum deduction of twenty percent (20%) of the total Contract price. In all cases, if the delay is greater than five (5) weeks, FAO may unilaterally terminate this Contract without liability to FAO, in accordance with Article 16, "Termination"; and

5.9.2 **LIQUIDATED DAMAGES FOR NON-CONFORMING GOODS/SERVICES:** In the event of delivery of non-conforming Goods or Services, liquidated damages shall be equivalent to ten percent (10%) of the total contracted price of the Goods or Services deemed non-

conforming. Liquidated damages claimed by FAO will be deemed accepted by the Contractor if not contested in writing within thirty (30) days of receipt of payment from FAO. This remedy is without prejudice to any right or remedy that may be available to FAO, including termination, for the Contractor's non-performance or breach of any term or condition of the Contract.

## **ARTICLE 6 – TITLE**

- 6.1 The Contractor warrants and represents that the Goods and Services as the case may be, delivered under the Contract are unencumbered by any third party's title or other property rights, including, but not limited to, any liens or security interests. Unless otherwise expressly provided in the Contract, title in and to the Goods, and the Services as the case may be, shall pass from the Contractor to FAO upon delivery and acceptance by FAO in accordance with the requirements of the Contract.
- 6.2 The Contractor warrants and represents that no material developed by them under this Contract has been published elsewhere in its present form; that no material submitted by them to FAO infringes upon any third-party right, including but not limited to intellectual property rights and copyright; that such material contains no libelous or other unlawful content; that such material is factually correct and that the Contractor has obtained in writing the customary permission from the rightsholders whenever third-party material has been incorporated.
- 6.3 If any generative artificial intelligence ("AI") or AI-assisted technologies are used during the preparation of any material submitted to FAO, the Contractor warrants and represents that such use (i) aligns with internationally agreed frameworks for responsible AI and best practices as well as relevant FAO's guidance<sup>2</sup>, (ii) does not infringe any applicable laws and the specific terms and conditions of the AI tool, or third-party rights, including but not limited to intellectual property and copyright; or (iii) promote illegal or fraudulent activities; and that it has refrained from using such tool(s) in any way that may cause reputational risks for FAO. The Contractor shall keep records of the use of the tool(s) and disclose to FAO the name of the tool(s) used and the purpose for which it was used.

## **ARTICLE 7 – EXPORT LICENSING AND OTHER REQUIRED AUTHORIZATIONS**

The Contractor shall be solely responsible for obtaining any export license and other authorization required to execute the Contract, in particular with respect to the Goods, products, or technologies, including software, sold, delivered, licensed or otherwise provided to FAO under the Contract. The Contractor shall procure any such export license and any other required authorization in an expeditious manner. Should any governmental or local authority refuse, delay or hinder the Contractor's ability to obtain any such export license or other required authorization, the Contractor shall promptly consult with FAO. Subject to and without any waiver of the privileges and immunities of FAO, FAO shall lend the Contractor all reasonable assistance within its power as the Contractor may reasonably seek to resolve the matter. Any assistance that may be provided by FAO under this Article 7 shall not imply any transfer of responsibility to FAO of any of the Contractor's obligations nor limit or alter them in any manner.

## **ARTICLE 8 – INDEMNIFICATION**

- 8.1 The Contractor shall indemnify, defend, and hold and save harmless, FAO, and its officials, agents and employees, and any of its Member Nations, Associate Members or Member Organizations ("Members") or beneficiaries, from and against all suits, proceedings, claims, demands, losses and liability brought by any third party against FAO, including, but not limited to, all litigation costs and expenses, attorney's fees, settlement payments and damages, based on, arising from, or relating to:
- 8.1.1 allegations or claims that the possession of or use by FAO of any patented device, any copyrighted material, or any other goods, property or services provided or licensed to FAO

---

<sup>2</sup> FAO's guidance is available at: [Practical guidance on the use of Generative Artificial Intelligence for FAO official activities](#).

under the terms of the Contract, in whole or in part, separately or in a combination contemplated by the Contractor's published specifications therefor, or otherwise specifically approved by the Contractor, constitutes an infringement of any patent, copyright, trademark, or other intellectual property right of any third party; or,

- 8.1.2 any acts or omissions of the Contractor, or of any subcontractor or anyone directly or indirectly employed by them in the performance of the Contract, which give rise to legal liability to anyone not a party to the Contract, including, without limitation, claims and liability in the nature of a claim for workers' compensation.
- 8.2 FAO may, where in its opinion, the successful implementation of the Contract or the reputation of FAO, might be prejudiced, withhold or deduct from the payments due to the Contractor under the Contract such amounts as may be required to honour third party claims brought against the Contractor if these claims are connected with the Goods or Services to be provided under the Contract and if, after consultation with the Contractor, FAO is satisfied that such claims have been or may become the subject of a judgment, injunction or similar court order.
- 8.3 In addition to the indemnity obligations set forth in Article 8, the Contractor shall be obligated, at its sole expense, to defend FAO and its officials, agents and employees regardless of whether the suits, proceedings, claims and demands in question actually give rise to or otherwise result in any loss or liability.
- 8.4 FAO shall advise the Contractor about any such suits, proceedings, claims, demands, losses or liability within a reasonable period of time after having received actual notice thereof. The Contractor shall have sole control of the defense of any such suit, proceeding, claim or demand and of all negotiations in connection with the settlement or compromise thereof, except with respect to the assertion or defense of the privileges and immunities of FAO or any matter relating thereto, for which only FAO itself is authorized to assert and maintain. FAO shall have the right to be represented in any such suit, proceeding, claim or demand by its own legal office or counsel of its own choosing at its own expense.
- 8.5 In the event the use by FAO of any goods, property or services provided or licensed to FAO by the Contractor, in whole or in part, in any suit or proceeding, is for any reason enjoined, temporarily or permanently, or is found to infringe any patent, copyright, trademark or other intellectual property right, or in the event of a settlement, is enjoined, limited or otherwise interfered with, then the Contractor, at its sole cost and expense, shall, promptly, either:
  - 8.5.1 procure for FAO the unrestricted right to continue using such Goods or Services provided to FAO;
  - 8.5.2 replace or modify the Goods or Services provided to FAO, or part thereof, with the equivalent or better Goods or Services, or part thereof, that is non-infringing; or,
  - 8.5.3 refund to FAO the full price paid by FAO for the right to have or use such goods, property or services, or part thereof.
- 8.6 For the purposes of Article 8, the term "third party" shall be deemed to include, *inter alia*, officials, employees and other representatives of the United Nations, FAO, and other Specialized Agencies participating in the implementation of the Contract as well as any person or entity employed by the Contractor or otherwise performing services for, or supplying goods to, the Contractor.

## **ARTICLE 9 – INSURANCE AND LIABILITY**

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

- 9.2 Unless otherwise provided in the Contract, prior to commencement of performance of any other obligations under the Contract, and subject to any limits set forth in the Contract, the Contractor shall take out and shall maintain for the entire term of the Contract, for any extension thereof, and for a period following any termination of the Contract reasonably adequate to deal with losses:
- 9.2.1 insurance against all risks in respect of its property and any equipment used for the performance of the Contract;
  - 9.2.2 workers' compensation insurance, or its equivalent, or employer's liability insurance, or its equivalent, with respect to the Contractor's personnel sufficient to cover all claims for injury, death and disability, or any other benefits required to be paid by law, in connection with the performance of the Contract;
  - 9.2.3 liability insurance in an adequate amount to cover all claims for all types of damages, including, but not limited to, death and bodily injury, business operations, consequential damages products and completed operations liability, loss of or damage to property, and personal and advertising injury, arising from or in connection with the Contractor's performance under the Contract, including, but not limited to, liability arising out of or in connection with the acts or omissions of the Contractor, its personnel, agents, or invitees, or the use, during the performance of the Contract, of any vehicles, boats, airplanes or other transportation vehicles and equipment, whether or not owned by the Contractor; and,
  - 9.2.4 such other insurance as may be agreed upon in writing between FAO and the Contractor.
- 9.3 The Contractor's liability policies shall also cover any subcontractors, all legal costs and other related expenses, and shall contain a standard "cross liability" clause.
- 9.4 The Contractor acknowledges and agrees that FAO accepts no responsibility for providing life, health, accident, travel or any other insurance coverage which may be necessary or desirable in respect of any personnel performing services for the Contractor in connection with the Contract.
- 9.5 Except for the workers' compensation insurance or any self-insurance program maintained by the Contractor and approved by FAO, in its sole discretion, for purposes of fulfilling the Contractor's requirements for providing insurance under the Contract, the insurance policies required under the Contract shall:
- 9.5.1 name FAO as an additional insured under the liability policies, including, if required, as a separate endorsement under the policy or allow for any indemnity due to FAO as compensation under the liability policies to be paid directly to FAO by such liability insurer;
  - 9.5.2 include a waiver of subrogation of the Contractor's insurance carrier's rights against FAO;
  - 9.5.3 include a provision for response on a primary and non-contributing basis with respect to any other insurance that may be available to FAO.
- 9.6 The Contractor shall be responsible to fund all amounts within any policy deductible or retention.
- 9.7 Except for any self-insurance program maintained by the Contractor and approved by FAO for purposes of fulfilling the Contractor's requirements for maintaining insurance under the Contract, the Contractor shall maintain the insurance taken out under the Contract with reputable insurers that are in good financial standing and that are acceptable to FAO. Prior to the commencement of any obligations under the Contract, the Contractor shall provide FAO with evidence, in the form of certificate of insurance or such other form as FAO may reasonably require, that demonstrates that the Contractor has taken out insurance in accordance with the requirements of the Contract. FAO reserves the right, upon written notice to the Contractor, to obtain copies of any insurance policies or insurance program descriptions required to be

maintained by the Contractor under the Contract. The Contractor shall promptly notify FAO concerning any cancellation or material change of insurance coverage required under the Contract.

- 9.8 The Contractor acknowledges and agrees that neither the requirement for taking out and maintaining insurance as set forth in the Contract nor the amount of any such insurance, including, but not limited to, any deductible or retention relating thereto, shall in any way be construed as limiting the Contractor's liability arising under or relating to the Contract.

#### **ARTICLE 10 – ENCUMBRANCES AND LIENS**

The Contractor shall not cause or permit any lien, attachment or other encumbrance by any person to be placed on file or to remain on file in any public office or on file with FAO against any monies due to the Contractor or that may become due for any work done or against any goods supplied or materials furnished under the Contract, or by reason of any other claim or demand against the Contractor or FAO.

#### **ARTICLE 11 – EQUIPMENT FURNISHED BY FAO TO THE CONTRACTOR**

Title to any equipment and supplies that may be furnished by FAO to the Contractor for the performance of any obligations under the Contract shall rest with FAO, and any such equipment shall be returned to FAO at the conclusion of the Contract or when no longer needed by the Contractor. Such equipment, when returned to FAO, shall be in the same condition as when delivered to the Contractor, subject to normal wear and tear, and the Contractor shall be liable to compensate FAO for the actual costs of any loss of, damage to, or degradation of the equipment that is beyond normal wear and tear.

#### **ARTICLE 12 – COPYRIGHT, PATENTS AND OTHER PROPRIETARY RIGHTS**

- 12.1 Except as is otherwise expressly provided in writing in the Contract, FAO, pursuant to FAO's policy on intellectual property rights, shall be entitled to all intellectual property and other proprietary rights including, but not limited to, patents, copyrights, and trademarks, with regard to products, processes, inventions, ideas, know-how, or documents and other materials which the Contractor has developed for FAO under the Contract and which bear a direct relation to or are produced or prepared or collected in consequence of, or during the course of, the performance of the Contract. Other materials may include, but are not limited to, designs, drawings, specifications, reports, data, computer programs, and other technical information compiled or developed by the Contractor. The Contractor acknowledges and agrees that all such products, documents and other materials constitute works made for hire for FAO.

- 12.2 To the extent that any material submitted by the Contractor includes other materials for which the Contractor holds intellectual property rights:

12.2.1 that pre-existed the performance by the Contractor of its obligations under the Contract, or

12.2.2 that were developed independently of the performance of its obligations under the Contract

FAO does not and shall not claim any ownership interest thereto, and the Contractor grants to FAO an irrevocable perpetual worldwide license to use such material for the purposes of and in accordance with the requirements of the Contract.

- 12.3 At the request of FAO, the Contractor shall take all necessary steps, execute all necessary documents and generally assist in securing such proprietary rights and transferring or licensing them to FAO in compliance with the requirements of the applicable law and of the Contract.

- 12.4 Subject to the foregoing provisions, all tangible expressions of the products, documents and other materials referred to in Article 12.1, including maps, drawings, photographs, mosaics, plans, reports, estimates, recommendations, documents, and all other data compiled by or received by the Contractor under the Contract shall be made available for use or inspection by FAO at reasonable times and in

reasonable places, shall be treated as confidential, and shall be delivered only to FAO authorized officials, at the latest on completion of work under the Contract.

### **ARTICLE 13 – PUBLICITY, AND USE OF THE NAME, EMBLEM OR OFFICIAL SEAL OF FAO**

The Contractor shall not advertise or otherwise make public for purposes of commercial advantage or goodwill that it has a contractual relationship with FAO, nor shall the Contractor, in any manner whatsoever use the name, emblem or official seal of FAO, or any abbreviation of the name of FAO in connection with its business or otherwise unless authorized in writing by FAO.

### **ARTICLE 14 – CONFIDENTIALITY AND DATA PROTECTION**

All information and data compiled or developed by the Contractor or furnished or disclosed to the Contractor by FAO under the Contract (“Information”) shall be treated as confidential and safeguarded by the Contractor, its employees, agents, representatives and subcontractors. Unless otherwise authorized in writing by FAO, the Contractor shall use such Information only in the performance of the Contract. Upon completion or termination of the Contract, the Contractor shall return such Information to FAO.

- 14.1 The Contractor may disclose Information to the extent required by law, provided that, subject to and without any waiver of the privileges and immunities of FAO, the Contractor will give FAO sufficient prior notice of a request for the disclosure of Information in order to allow FAO to have a reasonable opportunity to take protective measures or such other action as may be appropriate before any such disclosure is made. In the event the Contractor is prohibited by law or by a competent governmental authority to give prior notice to FAO, the Contractor will i) reasonably notify FAO upon the expiration, termination, elimination, or modification of such prohibition; ii) inform the governmental authority that the Information is part of FAO’s archives and privileged in accordance with the privileges and immunities of FAO, and, iii) request that the governmental authority grant to FAO the opportunity to defend its position in relation to the confidentiality of the Information and to assert its privileges and immunities.
- 14.2 FAO reserves the right to publish or otherwise disclose or make public the Contractor’s name and address, any information regarding the Contract including descriptions of the Goods or Services provided under the Contract and the Contract value. FAO may also disclose Information to the extent as required pursuant to or consistent with the FAO Constitution or resolutions or regulations of the Conference of FAO or rules promulgated thereunder or as otherwise provided for in the Contract or donor agreement, or as may be appropriate in connection with ongoing or completed audits and investigations.
- 14.3 A Party shall not be precluded from disclosing Information that is obtained by that Party from a third party without restriction, is disclosed by the other Party to a third party without any obligation of confidentiality, is previously known by the Party who has received the Information, or at any time is developed by the Party completely independently of any disclosures hereunder.
- 14.4 These obligations and restrictions of confidentiality shall be effective during the term of the Contract, including any extension thereof, and, unless otherwise provided in the Contract, shall remain effective following any termination of the Contract.
- 14.5 To the extent that the Contractor is required to process any Confidential and/or Strictly Confidential Data on behalf of FAO in connection with the Contract, the Contractor will be required to comply with FAO’s Data Processing Appendix<sup>3</sup>. The Contractor will be required to protect and safeguard Confidential and/or Strictly Confidential Data in compliance with this Data Processing Appendix. For the purposes of this

---

<sup>3</sup> FAO’s Data Processing Appendix is available at:

[https://www.fao.org/fileadmin/user\\_upload/bodies/Progr\\_Comm/KEY\\_DOCUMENTS/250828\\_Data\\_Processing\\_Appendix\\_.pdf](https://www.fao.org/fileadmin/user_upload/bodies/Progr_Comm/KEY_DOCUMENTS/250828_Data_Processing_Appendix_.pdf)

Article 14.5, “Confidential and/or Strictly Confidential Data” is understood as defined in FAO’s Data Processing Appendix.

## **ARTICLE 15 – FORCE MAJEURE; OTHER CHANGES IN CONDITIONS**

- 15.1 In the event of and as soon as possible after the occurrence of any cause constituting *force majeure*, the affected Party shall give notice and full particulars in writing to the other Party, of such occurrence or cause if the affected Party is thereby rendered unable, wholly or in part, to perform its obligations and meet its responsibilities under the Contract. The affected Party shall also notify the other Party of any other changes in condition or the occurrence of any event which interferes or threatens to interfere with its performance of the Contract. Not more than fifteen (15) days following the provision of such notice of *force majeure* or other changes in condition or occurrence, the affected Party shall also submit a statement to the other Party of estimated expenditures that will likely be incurred for the duration of the change in condition or the event of force majeure. On receipt of the notice or notices required hereunder, the Party not affected by the occurrence of a cause constituting *force majeure* shall take such action as it reasonably considers to be appropriate or necessary in the circumstances, including the granting to the affected Party of a reasonable extension of time in which to perform any obligations under the Contract or termination under Article 16. The Contractor shall be liable for any damages resulting from lack of notice of the *force majeure* event.
- 15.2 If the Contractor is rendered unable, wholly or in part, by reason of *force majeure* to perform its obligations and meet its responsibilities under the Contract, FAO shall have the right to suspend or terminate the Contract on the same terms and conditions as are provided for in Article 16, except that the period of notice shall be seven (7) days instead of thirty (30) days. In any case, FAO shall be entitled to consider the Contractor permanently unable to perform its obligations under the Contract in case the Contractor is unable to perform its obligations, wholly or in part, by reason of *force majeure* for any period in excess of ninety (90) days.
- 15.3 *Force majeure* as used herein means any unforeseeable and irresistible act of nature, any act of war (whether declared or not), invasion, revolution, insurrection, terrorism, or any other acts of a similar nature or force, *provided that* such acts arise from causes beyond the control and without the fault or negligence of the Contractor (or on the part of its personnel, agents, other representatives, or authorized subcontractors), and proves insurmountable in spite of all due diligence. Defects in equipment, material or supplies, or delays in their availability (unless due to *force majeure*), labor disputes, strikes or financial difficulties shall not constitute an event of *force majeure*. Notwithstanding anything to the contrary herein in the Contract, the Contractor recognizes that the provision of Goods and Services may from time to time be performed under harsh or hostile conditions, including civil unrest and complex political contexts. Consequently, delays or failure to perform caused by events arising out of, or in connection with, such difficult conditions shall not, in and of itself, constitute *force majeure* under the Contract. The Contractor therefore acknowledges and agrees that, with respect to any obligations under the Contract that the Contractor must perform in areas in which FAO is engaged in, preparing to engage in, or disengaging from any humanitarian or similar operations, any delays or failure to perform such obligations arising from or relating to harsh conditions within such areas, or to any incidents of civil unrest occurring in such areas, shall not, in and of itself, constitute *force majeure* under the Contract.

## **ARTICLE 16 – TERMINATION**

- 16.1 Either Party may terminate the Contract for cause, in whole or in part, upon thirty (30) days’ notice, in writing, to the other Party. The initiation of conciliation or arbitral proceedings in accordance with Article 19, shall not be deemed to be a “cause” for or otherwise to be in itself a termination of the Contract.
- 16.2 For the purposes of Article 16, a “cause” includes, without being limited to:
- 16.2.1 unforeseen causes beyond the control of FAO as may be invoked by FAO;

- 16.2.2 any case, at any time, in which the mandate of FAO to perform the activities related to the Contract or the funding of FAO applicable to the Contract is suspended, curtailed or terminated, whether in whole or in part, as may be determined by FAO;
  - 16.2.3 repeated and/or serious noncompliance with laws and regulations related to social contribution, safety measures, pollution, prevention of injuries in the workplace;
  - 16.2.4 serious contractual breaches compromising the normal performance of the Services under the Contract;
  - 16.2.5 transfer to third parties, either directly or indirectly through an intermediary, of all or part of the rights and obligations pertaining to the Services under the Contract, except for subcontracts duly authorized by FAO;
  - 16.2.6 gross negligence;
  - 16.2.7 unjustified delay in the execution of the Services, so as to substantially prejudice the achievement of FAO's objectives under the Contract;
  - 16.2.8 default in the submission of the performance bond as required, if applicable.
- 16.3 In case of breach by the Contractor of an essential term as defined in Article 25, FAO may terminate the Contract with immediate effect upon notice to the Contractor. In addition, unless otherwise provided by the Contract, upon sixty (60) days' advance written notice to the Contractor, FAO may terminate the Contract without having to provide any justification therefor.
- 16.4 In the event of any termination of the Contract, upon receipt of notice of termination that has been issued by FAO, the Contractor shall, except as may be directed by FAO in the notice of termination or otherwise in writing:
- 16.4.1 take immediate steps to bring the performance of any obligations under the Contract to a close in a prompt and orderly manner, and in doing so, reduce expenses to a minimum;
  - 16.4.2 refrain from undertaking any further or additional commitments under the Contract as of and following the date of receipt of such notice;
  - 16.4.3 place no further subcontracts or orders for materials, services, or facilities, except as FAO and the Contractor agree in writing are necessary to complete any portion of the Contract that is not terminated;
  - 16.4.4 terminate all subcontracts or orders to the extent they relate to the portion of the Contract terminated;
  - 16.4.5 transfer title and deliver to FAO the fabricated or unfabricated parts, work in process, completed work, supplies, and other material produced or acquired for the portion of the Contract terminated;
  - 16.4.6 deliver all completed or partially completed plans, drawings, information, and other property that, if the Contract had been completed, would be required to be furnished to FAO thereunder;
  - 16.4.7 complete performance of the work not terminated; and,
  - 16.4.8 take any other action that may be necessary, or that FAO may direct in writing, for the minimization of losses and for the protection and preservation of any property, whether tangible or intangible, related to the Contract that is in the possession of the Contractor and in which FAO has or may be reasonably expected to acquire an interest.

- 16.5 In the event of any termination of the Contract, FAO shall be entitled to obtain reasonable written accountings from the Contractor concerning all obligations performed or pending in accordance with the Contract. In addition, FAO shall not be liable to pay the Contractor except for those Goods delivered and Services provided to FAO in accordance with the requirements of the Contract, but only if such Goods and/or Services were ordered, requested or otherwise provided prior to the Contractor's receipt of notice of termination from FAO or prior to the Contractor's tendering of notice of termination to FAO.
- 16.6 The Contractor shall immediately report any change in its legal status or control to FAO. FAO may, without prejudice to any other right or remedy available to it, terminate the Contract with immediate effect upon notice to the Contractor in the event that:
- 16.6.1 the Contractor is adjudged bankrupt, or is liquidated, or becomes insolvent, or applies for a moratorium or stay on any payment or repayment obligations, or applies to be declared insolvent;
  - 16.6.2 the Contractor is granted a moratorium or a stay, or is declared insolvent;
  - 16.6.3 the Contractor makes an assignment for the benefit of one or more of its creditors;
  - 16.6.4 a Receiver is appointed on account of the insolvency of the Contractor;
  - 16.6.5 the Contractor offers a settlement in lieu of bankruptcy or receivership; or,
  - 16.6.6 FAO reasonably determines that the Contractor has become subject to a materially adverse change in its financial condition that threatens to substantially affect the ability of the Contractor to perform any of its obligations under the Contract.
- 16.7 Except as prohibited by law, the Contractor shall be bound to compensate FAO for all damages and costs, including, but not limited to, all costs incurred by FAO in any legal or non-legal proceedings, as a result of any of the events specified in Article 16.6 and resulting from or relating to a termination of the Contract, even if the Contractor is adjudged bankrupt, or is granted a moratorium or stay or is declared insolvent. The Contractor shall immediately inform FAO of the occurrence of any of the events specified in Article 16.6 and shall provide FAO with any information pertinent thereto.
- 16.8 FAO may, at its sole discretion and at its sole choice, as an alternative to termination pursuant to Article 16.1, 16.3 or 16.6, elect to suspend the Contract, in whole or in part as may be determined by FAO, and for a period deemed appropriate by FAO, by providing written notice to the Contractor specifying the grounds for suspension and the effective date. During the suspension, FAO shall have the right to lift the suspension, extend it, or proceed with termination in accordance with the relevant provisions of Article 16.
- 16.9 The provisions of Article 16 are without prejudice to any other rights or remedies of FAO under the Contract or otherwise.

#### **ARTICLE 17 – NON-WAIVER OF RIGHTS**

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

#### **ARTICLE 18 – NON-EXCLUSIVITY**

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

#### **ARTICLE 19 – SETTLEMENT OF DISPUTES**

- 19.1 The Parties shall use their best efforts to settle amicably any dispute concerning the interpretation and the execution of the Contract. If the dispute cannot be settled amicably within a period of three (3) months from the date of request for amicable settlement, the dispute may, at the request of either Party, be submitted for conciliation not later than twelve (12) months after the expiry or the termination of the Contract. There shall be one (1) conciliator. Should the Parties fail to reach agreement on the name of a sole conciliator, each Party shall appoint one conciliator. The conciliation shall be carried out in accordance with the Conciliation Rules of the United Nations Commission on International Trade Law (“UNCITRAL”), as at present in force. Commencement of conciliation under this provision is subject to Article 24.
- 19.2 Not later than ninety (90) days after the termination of the conciliation proceedings (in accordance with article 15 of the UNCITRAL Conciliation Rules) or the rejection by either Party (in accordance with article 2 of the UNCITRAL Conciliation Rules) to conciliate, the dispute, if still unresolved, may, at the request of either Party, be settled by arbitration in accordance with the UNCITRAL Arbitration Rules, as at present in force. The Parties agree that, for the purposes of article 2(4) of the UNCITRAL Conciliation Rules and irrespective of any time-limit indicated in the invitation to conciliate, the Party receiving the invitation will have at least sixty (60) days from the date of receipt of said invitation to respond. Arbitrations under this provision shall be administered by the International Bureau of the Permanent Court of Arbitration. Except as the Parties otherwise agree, the number of arbitrators shall be three (3).
- 19.3 The conciliation and the arbitration proceedings as set out in Article 19.1 and 19.2 shall be conducted in any of the six (6) official languages of FAO (Arabic, Chinese, English, French, Spanish and Russian) in which the Contract is drafted. In cases in which the language of the Contract is not an official language of FAO, the proceedings shall be conducted in English. Unless the Parties otherwise agree, the seat of conciliation and arbitration shall be Rome, the Italian Republic.
- 19.4 Decisions of the arbitral tribunal shall be final and binding to the Parties as the final adjudication of the dispute. The arbitral tribunal shall have no authority to award punitive damages or, unless otherwise expressly provided in the Contract, to award interest, in which case such interest shall not be in excess of the United States Federal Reserve Bank of New York’s Secured Overnight Financing Rate (“SOFR”) then prevailing, or 4.5%, whichever is lower, and any such interest shall be simple interest only.

## **ARTICLE 20 – PRIVILEGES AND IMMUNITIES AND APPLICABLE LAW**

- 20.1 Nothing contained in or relating to the Contract shall be deemed a waiver, express or implied, of the privileges and immunities of FAO, nor as conferring any privileges or immunities of FAO on the Contractor or its employees, nor as acceptance by FAO of the jurisdiction of the courts of any country or of any other national or local fora, over disputes arising out of the Contract.
- 20.2 Notwithstanding any specific provision herein, the Contract and any dispute arising therefrom shall be governed by general principles of law to the exclusion of any single national system of law. General principles of law shall be deemed to include the UNIDROIT Principles of International Commercial Contracts 2016.

## **ARTICLE 21 – TAX EXEMPTION**

- 21.1 FAO, as a United Nations Specialized Agency, enjoys a special tax status in its Member Nations and Associate Member Nations. FAO is, as a general rule, exempt from all direct taxes, custom duties and the like, except charges for public utility services. The Contractor will consult with FAO so as to avoid the imposition of such charges with respect to the Contract and the Goods and Services supplied hereunder. As regards excise duties and other taxes imposed on the sale of goods (e.g. VAT), the Contractor agrees to verify, in consultation with FAO whether in the country where the VAT would be payable, FAO’s exemption from such VAT is at the source or if a reimbursement claim mechanism

applies. In the event any governmental authority refuses to recognize the tax exemption of FAO, the Contractor shall immediately consult with FAO to determine a mutually acceptable procedure.

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

## **ARTICLE 22 – MODIFICATIONS**

- 22.1 No modification of or change in the terms of the Contract shall be valid or enforceable against FAO unless it is in writing and signed by a duly authorized representative of FAO.
- 22.2 Any modification of the Contract shall be effected by an amendment to the Contract to be mutually agreed between the Parties.
- 22.3 Without prejudice to Articles 22.1 and 22.2, FAO may at any time by written instruction make changes within the general scope of the Contract and the Contractor shall implement such changes in a timely manner. If any such change causes an increase or decrease in the quantities of Goods and/or Services or the time required for performance of the Contract, an equitable adjustment shall be made by FAO in the order price or delivery schedule, or both.
- 22.4 Any claim by the Contractor regarding the adjustment under Article 22.3 must be asserted within ten (10) days from the date of receipt by the Contractor of the notification of change; provided, however, that FAO may, at its sole discretion, receive and act upon any such claim asserted at any time prior to final payment under the Contract. A dispute arising from failure to agree to the adjustment shall be subject to the provisions of Article 19. However, nothing in this Article 22.4 shall relieve the Contractor from its obligation to proceed with the performance of the Contract as changed.
- 22.5 Any modification of these General Terms and Conditions mutually agreed between the Parties shall be set out in an Annex to the Contract, which shall form an integral part thereof.

## **ARTICLE 23 – AUDITS AND INVESTIGATIONS**

- 23.1 Each invoice paid by FAO shall be subject to a post-payment audit or review by auditors, whether internal or external, of FAO or by other authorized and qualified agents of FAO at any time during the term of the Contract and for a period of five (5) years following the expiration or prior termination of the Contract. FAO shall be entitled to a refund from the Contractor for any amounts shown by such audits or reviews to have been paid by FAO other than in accordance with the terms and conditions of the Contract.
- 23.2 The Contractor acknowledges and agrees that, from time to time, FAO may conduct investigations relating to any aspect of the Contract or the award thereof, the obligations performed under the Contract, and the operations of the Contractor generally relating to performance of the Contract. The right of FAO to conduct an investigation and the Contractor's obligation to comply with such an investigation shall survive the expiration or prior termination of the Contract.
- 23.3 The Contractor shall provide its full and timely cooperation with any such inspections, post-payment audits or reviews, as well as any investigations. Such cooperation shall include, but shall not be limited to, the Contractor's obligation to make available its personnel and any relevant documentation for such purposes at reasonable times and on reasonable conditions and to grant to FAO access to the Contractor's premises at reasonable times and on reasonable conditions in connection with such access to the

Contractor's personnel and relevant documentation. The Contractor shall require its personnel, subcontractors and agents, including, but not limited to, the Contractor's attorneys, accountants or other advisers, to reasonably cooperate with any inspections, post-payment audits or reviews as well as any investigations carried out by FAO hereunder. The Contractor shall retain copies for a period of no less than five (5) years, or any longer period as may be required by FAO, following the expiration or prior termination of the Contract of all documentation related to the award and performance thereof.

#### **ARTICLE 24 – LIMITATION ON ACTIONS**

- 24.1 Except with respect to any indemnification obligations in Article 8 or as are otherwise set forth in the Contract, any conciliation proceedings in accordance with Article 19, arising out of the Contract must be commenced within twelve (12) months after the cause of action has accrued.
- 24.2 The Parties further acknowledge and agree that, for these purposes, a cause of action shall accrue when the breach actually occurs, or, in the case of latent defects, when the injured Party knew or should have known all of the essential elements of the cause of action, or in the case of a breach of warranty, when tender of delivery is made, except that, if a warranty extends to future performance of the Goods or any process or system and the discovery of the breach consequently must await the time when such goods or other process or system is ready to perform in accordance with the requirements of the Contract, the cause of action accrues when such time of future performance actually begins.

#### **ARTICLE 25 – ESSENTIAL TERMS**

- 25.1 The Contractor acknowledges and agrees that each of the provisions in Articles 26 to 36 hereof constitutes an essential term of the Contract and that any breach of any of these provisions shall entitle FAO to terminate the Contract or any other contract with FAO with immediate effect upon notice to the Contractor in accordance with Article 16.3, without any liability for termination charges or any other liability of any kind, and to recover all losses, financial or otherwise, suffered by FAO as a result of such breaches. Any such breach shall also entitle FAO to exclude the Contractor from participating in any ongoing or future tenders and/or entering into any future contractual or collaborative relationships with FAO. FAO shall be entitled to report any violation of such provisions to FAO's governing bodies, other UN agencies, and/or donors. The provisions of this Article 25 are without prejudice to any other rights or remedies of FAO under the Contract, including Article 35.
- 25.2 The Contractor will inform the Office of the Inspector General (OIG) of FAO as soon as it becomes aware of any suspicions, incidents, complaints, or reports of any conduct that is in breach of the provisions of Article 26 to 34. All communications to OIG in this regard shall be submitted to [investigations-hotline@fao.org](mailto:investigations-hotline@fao.org) or otherwise through channels established at <https://www.fao.org/contact-us/report-misconduct/en>. Upon request from FAO, the Contractor agrees to provide further available information and documentation in respect of any allegations, including the outcome of any investigation carried out by the Contractor and any corrective action taken thereafter. Any such information and documentation will be treated by FAO with utmost discretion.

#### **ARTICLE 26 – SOURCE OF INSTRUCTIONS**

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

#### **ARTICLE 27 – OFFICIALS NOT TO BENEFIT**

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

#### **ARTICLE 28 – OBSERVANCE OF THE LAW**

The Contractor shall comply with all laws, ordinances, rules, and regulations bearing upon the performance of its obligations under the Contract. The Contractor shall promptly correct any violations thereof and shall keep FAO informed of any conflict or problem arising in relation to national authorities. In addition, the Contractor shall maintain compliance with all obligations relating to its registration as a qualified vendor of goods or services to FAO, as such obligations are set forth in FAO vendor registration procedures.

#### **ARTICLE 29 - STANDARDS OF LABOR, FORCED LABOR AND HUMAN TRAFFICKING**

- 29.1 The Contractor shall comply with all applicable laws concerning terms of employment and conditions of work, and any collective agreements to which it is party.
- 29.2 The Contractor shall not restrict its personnel from freely organizing or associating and shall provide for equal opportunity and treatment in respect of employment without discrimination on grounds of race, color, gender or gender identity, sexual orientation, religion, political opinion, national origin, legal status, economic status, social origin or disability status. The Contractor shall take all appropriate measures to ensure that workplaces are safe and without risk to health, including with respect to chemical, physical and biological substances and agents under the Contractor’s control. The Contractor shall promote “fair labour recruitment” in its supply chain, as defined in the ILO General Principles and Operational Guidelines for Fair Recruitment<sup>4</sup>.
- 29.3 The Contractor shall not engage, directly or indirectly, including in its supply chain and operations, in Forced Labour. “Forced Labour” means, exacting work or service from any person under the threat of a penalty, indebtedness, or for which the person has not otherwise offered personal services voluntarily.
- 29.4 The Contractor shall not engage, directly or indirectly, including in its supply chain and operations, in Trafficking in Persons. “Trafficking in Persons” means, recruiting, transporting, transferring, harbouring or receiving persons by threat or use of force or other forms of coercion, abduction, fraud, deception, or abuse of power.
- 29.5 Whenever the Contractor becomes aware that Forced Labour or Trafficking in Persons is or is likely occurring in the Contractor’s operations, including in its supply chain, the Contractor shall, as soon as reasonably practicable, notify FAO and take all reasonable action to address or remove these occurrences, including where relevant, by addressing any practices of other entities in its supply chain.
- 29.6 The Contractor represents and warrants that neither it, its parent entities (if any), nor any of the Contractor’s subsidiary or affiliated entities (if any) is engaged in any practice inconsistent with the rights set forth in the Convention on the Rights of the Child, including article 32 thereof, which *inter alia*, requires that a child shall be protected from performing any work that is likely to be hazardous or to interfere with the child’s education, or to be harmful to the child’s health or physical, mental, spiritual, moral or social development.

#### **ARTICLE 30 - MINES**

---

<sup>4</sup> The General Principles and Operational Guidelines For Fair Recruitment issued by the International Labour Organization are available at:  
[https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed\\_protect/%40protrav/%40migrant/documents/publication/wcms\\_703485.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40ed_protect/%40protrav/%40migrant/documents/publication/wcms_703485.pdf).

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

#### **ARTICLE 31 - ENVIRONMENTAL AND SOCIAL STANDARDS**

The Contractor agrees to operate under the Contract in a manner consistent with FAO's Environment and Social Standards as defined in FAO's *Framework for Environmental and Social Management (FESM)*<sup>5</sup> at all times and warrants that it is not and shall not be engaged in any of the activities listed in Annex 1 thereof.

#### **ARTICLE 32 - SEXUAL EXPLOITATION, SEXUAL ABUSE AND SEXUAL HARASSMENT**

- 32.1 For the purpose of Article 32, these terms are defined as follows. "Sexual abuse" means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions. "Sexual exploitation" means any actual or attempted abuse of a position of vulnerability, differential power, or trust for sexual purposes, including, but not limited to, profiting monetarily, socially, or politically from the sexual exploitation of another. Sexual exploitation and abuse may be perpetrated against direct programme beneficiaries or communities by employees of the entity implementing activities or services on behalf of FAO. Sexual activity with any person less than eighteen years of age, regardless of any laws relating to consent, shall constitute the sexual exploitation and sexual abuse of such person. "Sexual harassment" means any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment. Sexual harassment may occur in the workplace or in connection with work. Sexual exploitation, abuse and harassment are all forms of sexual misconduct. The Contractor warrants that it has zero tolerance for all forms of sexual misconduct and acknowledges that sexual harassment, sexual exploitation and sexual abuse violate human rights and are incompatible with the core values of the United Nations system.
- 32.2 The Contractor must maintain appropriate standards applicable to all employees prohibiting all types of sexual misconduct, and ensure that such standards also govern the conduct of any other persons engaged and controlled by the Contractor to perform any services under the Contract, including any entities engaged as subcontractors.
- 32.3 The Contractor shall take all reasonable and adequate measures to prevent sexual harassment by its employees and personnel.
- 32.4 The Contractor shall take all reasonable and adequate steps to prevent sexual exploitation and sexual abuse of any direct beneficiary of the FAO projects or programmes receiving the Goods and Services provided under the Contract, or of anyone in the host communities, by its employees or any other persons engaged and controlled by the Contractor to perform any services under the Contract and respond appropriately when reports concerning such conduct arises. This includes ensuring the application of a victim/survivor-centered approach in any aspects involving victims/survivors of sexual exploitation and abuse.
- 32.5 The Contractor shall refrain from, and shall take all reasonable and appropriate measures to prohibit and prevent its employees or other persons engaged and controlled by it from exchanging any money, goods, services, or other things of value, for sexual favours (including hiring prostitutes) or activities with, or from engaging in any sexual activities that are exploitive or degrading to any beneficiary of the FAO projects or programmes receiving the Goods or Services provided under the Contract, or to any persons related to such beneficiaries, or anyone in the host communities.

---

<sup>5</sup> FAO's Framework for Environmental and Social Management is available at:  
<https://openknowledge.fao.org/server/api/core/bitstreams/ec26b74f-4470-4e40-a7c6-aa07d7e96f6f/content>.

- 32.6 When the Contractor becomes aware of suspicions or complaints of sexual harassment, sexual exploitation or sexual abuse, the Contractor will take swift and appropriate action to stop harm occurring and investigate in a manner consistent with a victim/survivor-centered approach. The Contractor will maintain a suitable internal mechanism for complete, confidential, safe and comprehensive reporting of any sexual wrongdoing by victims/survivors, witnesses or other individuals. In cases of sexual exploitation or sexual abuse, the Contractor will inform FAO of the suspicions or complaints in accordance with paragraph 25, for which FAO reserves the right to investigate pursuant to Article 23.
- 32.7 In case of misconduct, the Contractor shall take disciplinary and/or corrective action, as appropriate.
- 32.8 FAO may, at any time, carry out reviews, evaluations or other oversight measures to verify the Contractor's zero tolerance for sexual harassment, sexual exploitation and abuse in accordance with agreed terms. The Contractor agrees to fully cooperate with any such reasonable requests by FAO and shall take all reasonable steps to ensure that its personnel, agents, subcontractors, or affiliates fully cooperate with any FAO investigation therein.

### **ARTICLE 33 – UN SECURITY COUNCIL SANCTIONS AND INTERNATIONAL SECURITY**

- 33.1 As a United Nations Specialized Agency, FAO follows and operates in accordance with applicable UN Security Council sanctions and other measures promulgated by the UN Security Council (UNSC) pursuant to its mandate under Chapter VII of the UN Charter.
- 33.2 The Contractor warrants, for the entire duration of the Contract, that neither it, nor its affiliates or agents, is or shall be involved or associated with, and that none of the funds received from FAO under the Contract shall be used directly or indirectly to provide support to, individuals or entities subject of UNSC sanctions and appearing in the UNSC Consolidated List as may be amended from time to time<sup>6</sup>. Should such a situation occur, the Contractor shall promptly inform FAO.
- 33.3 The Contractor shall require the same warranty from all subparties engaged under the Contract.

### **ARTICLE 34 – MONEY LAUNDERING AND FINANCING OF TERRORISM**

- 34.1 FAO will not tolerate the diversion of the resources entrusted to it through money laundering or terrorist financing, and will not be associated with nor contract entities that engage in such diversion of resources.
- 34.2 The Contractor represents and warrants that neither it, nor its affiliates or agents, has or shall, at any time, engage in money laundering, including by converting, transferring, acquiring, possessing or using property with the knowledge (or where knowledge may be reasonably presumed) that such property is derived from criminal activity or from an act of participation in such activity, including, but not limited to, concealing or disguising the true nature, source, location, disposition, movement, or rights with respect to, or ownership of, such property or aiding, abetting or facilitating such acts.
- 34.3 Consistent with Article 33.2, the Contractor represents and warrants to FAO that neither it, nor its affiliates or agents, has or shall, at any time, engage in terrorist financing by providing or collecting resources, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, to benefit individuals and entities subject to UNSC and appearing on the UNSC Consolidated List.
- 34.4 The Contractor shall establish and maintain a robust internal system designed to detect and report any suspicious transactions or activities that could potentially be associated with money laundering or terrorist financing and shall conduct appropriate due diligence on all subparties engaged under the Contract to ensure continued compliance with the undertakings provided under Article 34.

---

<sup>6</sup> The Consolidated United Nations Security Council Sanctions List is available at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list#composition%20list>.

34.5 The Contractor shall ensure that the restrictions contained in Article 34 are reflected in its agreements with any subparties which are in any way involved in the implementation of any activity under the Contract.

#### **ARTICLE 35 – VENDOR MISCONDUCT AND UNETHICAL PRACTICE**

35.1 The Contractor shall observe the highest standard of ethics and warrants that it has not and will not engage, during the selection process and throughout the negotiation and execution of the Contract, in conduct proscribed under FAO’s vendor sanctions policy (as defined herein under “Sanctionable Actions”).

35.2 At the time of the conclusion of the Contract, the Contractor should not be suspended, debarred, or otherwise identified as ineligible due to vendor misconduct or unethical practice, as may have been determined by any UN System entity that is a participant in the United Nations General Marketplace (UNGM), including FAO, and as may be reflected in the UNGM Ineligibility List<sup>7</sup>, including through a cross-debarment arrangement. The Contractor warrants that it shall immediately inform FAO in case of any such occurrence at any time during the term of the Contract. FAO, at its sole discretion, may decide to terminate the Contract or any contract with the Contractor should this occur.

35.3 FAO, without prejudice to any other rights or remedies it may possess, may terminate the Contract immediately if the Contractor, in the judgement of FAO, has engaged in misconduct or unethical practice constituting Sanctionable Actions during the selection process or in negotiating or executing the Contract. FAO may also impose vendor sanctions, as per FAO’s applicable vendor sanctions procedures<sup>8</sup> (as may be amended from time to time, and request full or partial restitution of sums previously paid by FAO under the Contract. Consistent with Article 14.2, FAO may share relevant information in this regard with other Intergovernmental Organizations, including UN entities.

35.4 For the purpose of Article 35, the following practices constitute “Sanctionable Actions: “corrupt practice”, which means the offering, giving, receiving or soliciting, directly or indirectly, of anything of value whether tangible or intangible, to improperly influence the actions of another party; “fraudulent practice”, which means any act or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation; “collusive practice”, which is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; “coercive practice”, which means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; “unethical practice”, which means any act or omission contrary to the conflict of interest, gifts and hospitality or post-employment FAO policies (<https://www.un.org/Depts/ptd/about-us/un-supplier-code-conduct/>), as well as to any provisions or other published requirements of doing business with FAO, including the UN Supplier Code of Conduct; and “obstructive practice”, which means an act or omission by a party that may prevent or hinder an investigation by the Office of the Inspector General of FAO.

#### **ARTICLE 36 – DISCLOSURE OF INELIGIBILITY UNDER NON-UNSC SANCTIONS OR OTHERWISE NOT RECORDED IN UNGM**

36.1 The Contractor represents and warrants that it disclosed to FAO, during the procurement process and prior to the conclusion of the Contract, i) any measure or temporary measure by which itself, or any of its affiliates or agents, was sanctioned, suspended, debarred, or otherwise identified as ineligible due to vendor misconduct or unethical practice imposed either by a UN System entity but which is not covered by Article 35.2 or by any intergovernmental entity which is not a participant in UNGM, including through

---

<sup>7</sup> The UNGM Ineligibility List incorporates the [World Bank’s Listing of Ineligible Firms and Individuals](#), which includes cross-debarred firms and individuals.

<sup>8</sup> FAO’s vendor sanctions procedures are available at: [https://www.fao.org/fileadmin/user\\_upload/procurement/docs/FAO\\_Vendors\\_Sanctions\\_Policy\\_-\\_Procedures.pdf](https://www.fao.org/fileadmin/user_upload/procurement/docs/FAO_Vendors_Sanctions_Policy_-_Procedures.pdf).

cross-debarment, at any time during the three years prior to the conclusion of the Contract, and ii) any sanction of the same nature as the UNSC Sanctions imposed by any government or national public entity which itself, or any of its affiliates or agents was the subject of, at any time during the three years prior to the conclusion of the Contract.

36.2 The Contractor shall immediately inform FAO should any sanction or measure referred to in Article 36.1 be issued at any time throughout the Contract.

36.3 The Contractor recognizes that a breach of this provision shall entitle FAO to terminate its Contract with the Contractor, and that material misrepresentations on its status constitute a fraudulent practice. Irrespective of the Contractor's compliance with its disclosure obligations under Article 36, ineligibility of the Contractor pursuant to the measures covered by Article 36 entitles FAO, at its sole discretion and upon its own review and determination, to exercise its rights under Article 35, *mutatis mutandis*.

### **ARTICLE 37– NOTICES AND COMMUNICATIONS**

All notices and other communications made pursuant to the Contract shall be made in writing, in English, or the language of the Contract, and shall be deemed to be validly given if delivered in person, by confirmed email transmission, by registered mail or by fax to the other Party at the contact details of the concerned Party as indicated in the Contract.

### **ARTICLE 38 – SURVIVAL**

The provisions of the Contract that are intended by their nature to survive its expiration or prior termination shall continue to apply.