

1. Place and Date of Contract (Cls. 2(a)(i), 42)	
2. Owners (state name and contact details)	3. Contractors (state name and contact details)
4. Vessel Description Name: IMO number: Type: Flag/Year built: / Classification Society:	5. Shipyard and place of delivery (Cl. 3(a)(i))
6. Engagement of Classification Society and other Regulatory Authorities (state party responsible for engagement and costs) (Cl. 2(d)) (a) Classification society: (b) Other Regulatory Authorities:	7. Contract Period
8. Delivery Date (Cl. 3)	9. Termination Date (Cl. 3(b))
10. Delayed Delivery Date Grace Period (Cl. 3(b))	11. Notices of Estimated Date of Delivery (Cl. 3(a)(iii))
12. Contractual Date of Redelivery (Cl. 2(a)(ii))	13. Sea Trials (state yes or no) (Cl. 24) No
14. Contract Price and Currency (Cls. 5, 32(d)(i)) (a) Price: (b) Currency:	15. Interest (state rate of interest) (Cl. 7)
16. Payment Amounts and Due Dates (Cls. 5, 6, 38(c)) 1st Instalment (see Cl. 6(a)(i)) 2nd Instalment and due date 3rd Instalment and due date 4th Instalment and due date Redelivery Instalment (see Cl. 6(a)(iv))	17. Contractors' Bank Account Details (Cl. 6(d)) Name: Address: Country: Phone: E-mail: Sort code: Account number: Account name: IBAN:

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<p>18. Late Redelivery (Cl. 11)</p> <p>(a) Number of days after which liquidated damages payable:</p> <p>(b) Contract Price reduction amount per day (state monetary amount or percentage of Contract Price):</p> <p>(c) Maximum Contract Price reduction amount (state monetary amount or percentage of Contract Price):</p> <p>(d) Number of days after which Owners may terminate:</p>	<p>19. Guarantees (Cl. 10)</p> <p>(a) Owners' guarantee</p> <p>(i) Number of days after signing Contract:</p> <p>(ii) Owners' Instalment or Performance Guarantee:</p> <p>(b) Contractors' guarantee</p> <p>(i) Number of days after signing Contract:</p>
<p>20. Owners' Guarantor (state name of bank or party as appropriate, and contact details) (Cl. 10(a))</p> <p>Name:</p> <p>Address:</p> <p>Country:</p> <p>Phone:</p> <p>E-mail:</p>	<p>21. Contractors' Guarantor (state name of bank or party as appropriate, and contact details) (Cl. 10(b))</p> <p>Name:</p> <p>Address:</p> <p>Country:</p> <p>Phone:</p> <p>E-mail:</p>
<p>22. Warranty Period (state number of months. If left blank 12 months shall apply) (Cl. 32(a), (g), (h))</p>	<p>23. Additional Warranty Period (state number of months. If left blank 6 months shall apply) (Cl. 32(f))</p>
<p>24. Owners' Representative (Cl. 19(a)(i))</p>	<p>25. Contractors' Representative (Cl. 19(b))</p>
<p>26. Contractors' Liability</p> <p>(a) Total Liability (Cl. 36)</p> <p>(b) Liability for Other Liquidated Damages (Cl. 12)</p>	<p>27. Suspension and Termination (Cl. 38)</p> <p>(a) Delays due to Force Majeure Events (state number of days):</p> <p>(b) Delays due to Permissible Delays (state number of days):</p> <p>(c) Aggregate delays (state number of days):</p>
<p>28. Owners' Termination Fee (state percentage of balance of Contract Price) (Cl. 38(f))</p>	<p>29. Effective Date of Contract (state conditions to be fulfilled) (Cl. 42)</p>
<p>30. State number of days within which conditions have to be satisfied (Cl. 42)</p>	<p>31. Law and Arbitration (choose law and arbitration venue. If alternative (g)(Other) is chosen, subclause 40(c) must be appropriately filled in or replaced, failing which alternative (a)(English law/London arbitration) shall apply) (Cl. 40(c))</p>
<p>32. Number of Additional Clauses</p>	<p>33. Number of Additional Annexes</p>

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This Contract consists of PART I including additional clauses, if any agreed and stated in Box 32, and PART II as well as any Annexes agreed and attached hereto and shall be performed subject to the conditions contained herein. In the event of a conflict of conditions the provisions of PART I shall prevail over those of PART II as well as any Annexes agreed and attached hereto to the extent of such conflict, but no further.

The Specification, Maker’s List, and/or Plans and Drawings hereafter approved by the Owners shall form part of this Contract, but in the event of conflict between the provisions of this Contract and the Specification, Maker’s List, and/or Plans and Drawings, the provisions of this Contract shall prevail. In the event of inconsistency between the Specification and Maker’s List, on the one hand, and the Plans and Drawings on the other, the Specification and Maker’s List shall prevail. In the case of inconsistency between any of the Plans and Drawings, the later in date shall prevail.

The party responsible for issuing the final execution version of this Contract warrants that it is an Authentic BIMCO Template procured from a properly authorised source and that all modifications to it are clearly visible. “Authentic BIMCO Template” means a BIMCO-approved standard contract in an editable electronic format.

Signature (Contractors)	Signature (Owners)
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DEFINITIONS

In this Contract:

“Affiliates” means a company, partnership, or other legal entity which controls, is controlled by, or is under common control with, a Party. For the purposes of this definition, the term “control” means the direct or indirect ownership of fifty per cent (50%) or more of the issued share capital or any kind of voting rights in a company, partnership, or legal entity, and “controls”, “controlled” and “under common control” shall be construed accordingly.

“Banking Day” means a day on which banks are open in the places stated in Box 2 and Box 3 and, where a remittance is in US dollars, in New York.

“Classification Society” means the classification society stated in Box 4 or as otherwise stated in the Specification.

“Contract” means this BIMCO Standard Conversion Contract consisting of Part I including additional Clauses, if any agreed, and Part II as well as any Annexes (including the Specification and Maker’s List) and Plans and Drawings attached hereto.

“Contract Price” means the amount stated in Box 14 as may be adjusted in accordance with the terms of this Contract.

“Contractors” means the company or companies stated in Box 3.

“Contractual Date of Redelivery” means the contractual date of redelivery stated in Box 12.

“Contractors’ Group” means:

- (i) Contractors; and
- (ii) Contractors’ Affiliates; and
- (iii) Subcontractors (of any tier) of any of the foregoing; and
- (iv) Suppliers of any of the foregoing; and
- (v) Employees of any of the foregoing

but always related to the Conversion Works.

“Conversion Works” means design, engineer, procure, equip, install, modify, construct, repair, commission, test, survey, and complete to the extent detailed in the Contract.

“Defects” means any deficiencies or defects in the Conversion Works, material and/or workmanship on the part of the Contractors’ Group.

“Delayed Delivery Date” means the date as stated in the notice given by the Owners under subclause 3(b) or, if a range of dates is stated, then the last date of the range.

“Delivery Date” means the agreed date for the delivery of the Vessel to the Contractor as stated in Box 8 or, if a range of dates is stated, then the last date of the range.

“Employees” means employees, directors, officers, servants, agents or invitees.

“Flag State” means the flag state stated in Box 4 or as otherwise stated in the Specification.

“Group” means the Contractors’ Group or the Owners’ Group, as the case may be.

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“Instalments” means the amounts payable in accordance with Box 16.

“In writing” means any method of legible communication.

“Maker’s List” means the list of suppliers for equipment, machinery and services approved by the Parties and stated in Annex B (Maker’s List).

“Owners” means the company or companies stated in Box 2.

“Owners’ Group” means:

- (i) Owners; and
- (ii) Owners’ Affiliates; and
- (iii) Contractors and subcontractors (of any tier) of any of the foregoing; and
- (iv) Suppliers of any of the foregoing; and
- (v) Employees of any of the foregoing

but always excluding Contractors’ Group and always related to the Conversion Works.

“Owners’ Supplies” means all of the items to be provided by the Owners in accordance with the Specification.

“Parties” means the Contractors and the Owners.

“Party” means the Contractors or the Owners, as the case may be.

“Permissible Delays” means delays to the Conversion Works and/or redelivery of the Vessel and which entitle the Contractors to extend the Redelivery Date in accordance with Clause 32 (Permissible Delays).

“Plans and Drawings” means the plans and drawings attached hereto or listed and/or described in the Contract or Specification.

“Redelivery Date” means the Contractual Date of Redelivery as may be adjusted in accordance with the terms of this Contract.

“Redelivery Instalment” means the instalment payable at redelivery calculated in accordance with Clause 6 (Payments).

“Regulatory Authorities” means the regulatory authorities whose rules and regulations must be complied with in carrying out and completing the Conversion Works and redelivery of the Vessel. Such bodies shall include the Flag State together with the other bodies listed in the Specification.

“Shipyard” means the place or places stated in Box 5 where the Conversion Works will be performed.

“Specification” means the technical details contained in Annex A (Specification).

“Subcontractor” means any person (not being an Employee of the Contractors), company or other legal entity with whom the Contractors have entered into a contract in relation to the Conversion Works.

“Vessel” means the vessel as described in Box 4 (including its machinery, equipment and appurtenances described in the Specification).

INTERPRETATION

Singular/Plural

In this Contract the singular includes the plural and vice versa as the context admits or requires.

Headings

The index and headings to the Clauses and Annexes to this Contract are for convenience only and will not affect its construction or interpretation.

Jointly and severally

In this Contract, all covenants, agreements, undertakings, indemnities, representations and warranties by more than one person are entered into, given or made by such persons jointly and severally.

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SECTION 1 – SCOPE OF WORK

1. Basis of Contract

It is mutually agreed between the Contractors and the Owners that:

- (a) the Contractors shall perform the Conversion Works and redeliver the Vessel to the Owners all in accordance with good international shipbuilding and marine engineering practice; and
- (b) the Owners shall deliver and take redelivery of the Vessel and pay the Contract Price in accordance with the terms of this Contract.

2. Classification, Rules and Regulations

- (a) The Conversion Works shall be performed in compliance with the applicable laws, rules, regulations and requirements of the Classification Society stated in Box 4, and the Regulatory Authorities:

(i) in force as of the date of this Contract stated in Box 1, or

(ii) if not in force as of the date of this Contract, which are ratified and promulgated on or before the date of this Contract and which will be compulsory for the Vessel on or before the Contractual Date of Redelivery stated in Box 12.

- (b) The final decisions of the Classification Society or Regulatory Authorities as to whether the Conversion Works comply with their respective rules, regulations and requirements shall be binding on the Parties.
- (c) The Party stated in Box 6 shall obtain the Classification Society and Regulatory Authorities' approval of the Conversion Works and arrange for the Classification Society and Regulatory Authorities to carry out all surveys and/or tests and/or inspections that may be required in relation to the Conversion Works.
- (d) The Party stated in Box 6 shall be responsible for engaging and bearing the costs of engaging the Classification Society and Regulatory Authorities. All other costs incidental to and in respect of the obligations under subclauses (b) and (c) above shall be for the account of the party stated in Box 6.
- (e) The Party stated in Box 6 shall give the other Party, as soon as practicable, copies of all relevant correspondence relating to the Vessel to and from the Classification Society and the Regulatory Authorities, together with all plans approved by the Classification Society.
- (f) The Contractors shall obtain at their cost all other licenses, permits, and permissions required to carry out the Conversion Works.
- (g) The Parties shall cooperate and assist each other in obtaining the approvals, licences, permits and permissions referred to in subclauses (c) and (e) above.

3. Delivery

- (a) Delivery

(i) The Vessel shall be delivered to the Contractors on the Delivery Date stated in Box 8 at the place specified in Box 5.

(ii) The Vessel shall be delivered safely afloat and, unless otherwise agreed, gas free and/or inerted, free of cargo, slops, sludge, dirty ballast and/or any substances in the structure of the Vessel which may interfere with or be dangerous or harmful to health in the performance of the Conversion Works.

(iii) The Owners shall keep the Contractors informed of the Vessel's itinerary. Prior to delivery, the Owners shall serve the Contractors with notices of the Vessel's delivery as stated in Box 11.

(b) Delayed Delivery and Termination

If the Owners know or ought reasonably to know that they will be unable to deliver the Vessel by the Delivery Date stated in Box 8, they shall give notice in writing to the Contractors thereof as soon as reasonably practicable stating in such notice the date and time prior to the Termination Date stated in Box 9 by which they will be able to deliver the Vessel (“Delayed Delivery Date”).

(i) If the Delayed Delivery Date is on or before the expiry of the Delayed Delivery Date Grace Period stated in Box 10 and provided that the Vessel is delivered on or before the Delayed Delivery Date, the Contractors shall be obliged to accept delivery of the Vessel. The Redelivery Date shall, unless otherwise agreed between the Parties, be extended by the number of days that the Vessel was delivered after the Delivery Date and the Contractors shall not be entitled to claim any losses or expenses incurred or to terminate the Contract as a result of the delay in delivery and the extension of the Redelivery Date.

If the Vessel is not delivered on or before the Delayed Delivery Date, the Contractors shall (in accordance with subclause 38(b) (Contractors’ Termination)) be entitled to terminate this Contract by giving written notice to the Owners.

(ii) If the Delayed Delivery Date is after the expiry of the Delayed Delivery Date Grace Period stated in Box 10 but before the Termination Date stated in Box 9 and provided that the Vessel is delivered on or before the Delayed Delivery Date, the Contractors shall be obliged to accept delivery of the Vessel. If the Contractors consider that such delay in delivery constitutes a variation of the Contract under Clause 21 (Variations) then the Contractors shall commence or continue the Conversion Works and shall notify the Owners accordingly and proceed in accordance with Clause 21 (Variations).

(iii) If the Vessel is not delivered on or before the Termination Date stated in Box 9, the Contractors shall (in accordance with subclause 38(b) (Contractors’ Termination)) be entitled to terminate this Contract by giving written notice to the Owners.

4. Vessel Documentation

- (a) The Contractors shall be deemed to have satisfied themselves before entering into the Contract as to the nature and extent of the Conversion Works based on the documentation set out in Annex C (Vessel Documentation) and all other matters known to them which could affect progress or performance of the Conversion Works.
- (b) In addition to the documents referred to in Annex C (Vessel Documentation), the Owners shall without undue delay provide to the Contractors all documents and information affecting the Conversion Works which the Contractors reasonably require and request from the Owners to properly perform the Conversion Works.

SECTION 2 – FINANCIAL

5. Contract Price

The Contract Price shall be as stated in Box 14(a) as may be adjusted in accordance with the terms of this Contract.

The Contract Price and any other payments to be made to the Contractors under this Contract shall be paid in the currency stated in Box 14(b) and in accordance with the payment terms stated in Box 16 and Clause 6 (Payments).

6. Payments

(a) The Contract Price shall be paid by the Owners to the Contractors by Instalments, when due and payable in accordance with Box 16 and this Clause as follows:

(i) Unless otherwise stated in Box 16 the first Instalment shall be due and payable by the Owners five (5) Banking Days after the Contractors' Guarantee has been provided in accordance with subclause 10(b) (Guarantees – Contractors' Guarantee).

(ii) The Contractors shall give the Owners invoices for each Instalment under this Contract. With the exception of the first and Redelivery Instalment the Contractors shall give the Owners an invoice to cover the sum due to them not less than ten (10) Banking Days prior to the due date of each Instalment.

(iii) All Instalments other than the first and Redelivery Instalment shall be payable within five (5) Banking Days of the due date thereof.

(iv) The Redelivery Instalment shall be due and payable upon redelivery of the Vessel in accordance with Box 16 and Clause 27 (Redelivery).

All Instalments other than the Redelivery Instalment shall be paid as advances and not deposits.

(b) Payment for Variations and Other Items

(i) Unless the Parties agree otherwise the sums due or refundable under Clause 21 (Variations) and Clause 22 (Changes in Rules and Regulations) shall be added to or deducted from the Redelivery Instalment.

(ii) All expenses payable in accordance with Clause 19 (Owners' Representative, Assistants, Officers and Crew and Contractors' Representative) shall be paid together with the Redelivery Instalment.

(iii) Sums due for other items shall be paid within fifteen (15) Banking Days after receipt by the Owners of the Contractors' invoice.

(c) Payment of Liquidated Damages

Any amounts for liquidated damages under Clauses 11 (Liquidated Damages for Late Redelivery) and 12 (Other Liquidated Damages) shall be calculated and determined before redelivery and may at the Owners' sole discretion be deducted from the Redelivery Instalment.

(d) Payment Procedures

(i) If the date on which any payment is due in accordance with the provisions of this Contract does not fall on a Banking Day, payment shall be made on the next Banking Day.

(ii) Payment of sums due in accordance with the provisions of this Contract shall be made, in the case of payments to the Contractors, by electronic transfer to the Contractors' bank account stated in Box 17 and, in the case of

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payments to the Owners, by electronic transfer to such bank account as the Owners by notice to the Contractors nominates to receive payments on its behalf.

(iii) The cost of remitting payments shall be for the account of the payer.

(iv) Payments by either Party to the other under this Contract, and their receipt, shall not be deemed a waiver of any right or claim either Party may have against the other.

7. Interest

If either Party fails to pay any sum due in accordance with the terms of this Contract, the other Party shall have the right to charge interest from the date such sum has become due and payable at the rate stated in Box 15 on such outstanding sums.

8. Taxes, Duties, Stamps, Dues and Fees

- (a) The Contractors shall bear and pay all taxes, duties, stamps, dues and fees imposed in the place stated in Box 5 in connection with the execution and/or performance of this Contract, excluding any taxes, duties, stamps, dues and fees imposed in the place stated in Box 5 upon the Owners' Supplies which shall be for the Owners' cost and expense.
- (b) The Owners shall bear and pay all taxes, duties, stamps, dues and fees imposed outside the place stated in Box 5 in connection with the execution and/or performance of this Contract, except for taxes, duties, stamps, dues and fees imposed upon those items and services performed and/or procured by the Contractors for the Conversion Works.
- (c) If either Party pays any taxes, duties, stamps, dues and fees for which the other Party is responsible under this Clause, the other Party shall reimburse the paying Party within fifteen (15) Banking Days of receipt of notice to that effect, together with evidence of the amount paid.

9. Right to Set-off

Payment of sums due to the Contractors under this Contract shall be made without any discount, deduction, abatement, set-off, lien, claim, counterclaim or withholding of any nature, except in relation to the Redelivery Instalment as specifically provided in Clause 6 (Payments) and Clause 29 (Redelivery Instalment).

10. Guarantees

- (a) Owners' Instalment/Performance Guarantee

The Owners shall, within the number of days stated in Box 19(a)(i) after the signing of this Contract, deliver to the Contractors an irrevocable and unconditional guarantee issued by the party stated in Box 20 substantially in the form and substance set out in Annex D (Owners' Guarantee) as stated in Box 19(a)(ii), failing which the Contractors shall have the option to terminate this Contract in accordance with subclause 38(b)(iii) (Suspension and Termination – Contractors' Termination).

- (b) Contractors' Guarantee

The Contractors shall, within the number of days stated in Box 19(b)(i) after the signing of this Contract, provide the Owners with a Contractors' Guarantee issued by the party named in Box 21 substantially in the form and substance set out in Annex E (Contractors' Guarantee), failing which the Owners shall have the option to terminate this Contract in accordance with subclause 38(a)(i) (Suspension and Termination – Owners' Termination).

11. Liquidated Damages for Late Redelivery

If redelivery takes place more than the number of days stated in Box 18(a) after the Redelivery Date, then for

each day thereafter the Contractors shall be liable for the amount or percentage of the Contract Price stated in Box 18(b) per day as liquidated damages (and not by way of penalty) up to a maximum amount or percentage of the Contract Price stated in Box 18(c). If Box 18(c) is not filled in ten per cent (10%) of the Contract Price shall be the maximum amount. The remedies referred to in this Clause and Clause 38 (Suspension and Termination) shall be the Owners' sole and exclusive remedies against the Contractors in relation to the late redelivery of the Vessel.

If the delay exceeds the number of days stated in Box 18(d) the Owners shall have the option to terminate this Contract in accordance with subclause 38(a)(iii) (Suspension and Termination – Owners' Termination).

12. Other Liquidated Damages

The Contractors shall be liable for liquidated damages (and not by way of penalty) in respect of deficiencies in special technical requirements in accordance with Annex F (Special Technical Requirements) up to a maximum amount or percentage of the Contract Price stated in Box 26(b).

The remedies referred to in this Clause shall be the Owners' sole and exclusive remedies against the Contractors in relation to such deficiencies.

13. Title to the Vessel, Materials and Equipment

(a) Title to the Vessel

(i) Title to the Vessel shall remain at all times with the Owners.

(ii) Title to materials and equipment (except for propellers, tailshafts and heavy machinery parts) permanently removed during the Conversion Works shall be passed to the Contractors when removed from the Vessel.

(b) Title to the Materials and Equipment

Title to all materials and equipment intended for the Conversion Works whether unfinished or partly or wholly finished at the Shipyard shall be passed to the Owners when delivered to the Shipyard or incorporated into or fixed to the Vessel, whichever is the earlier.

(c) Liens

(i) Except as provided in this subclause (c), the Contractors shall not permit nor suffer any lien to be created on the Vessel or the Owners' Supplies as a consequence of their work or that of the Subcontractors.

(ii) The Contractors shall be entitled to exercise a possessory lien on the Vessel before redelivery for all sums due and payable by the Owners to the Contractors on or before redelivery.

SECTION 3 – PERFORMANCE OF CONVERSION WORKS

14. Subcontracting

The Contractors shall have the right to employ Subcontractors to perform any part of the Conversion Works. If a Subcontractor is listed in the Specification and/or Maker's List, the Contractors shall employ such Subcontractor.

Notwithstanding any subcontracting, the Contractors shall remain fully responsible for the due performance of such work as if undertaken by the Contractors at the Shipyard.

15. Design

(a) Basic Design

(i) The Owners shall at all times remain and be responsible for the basic design as set out in Annex A (Specification). The Contractors shall upon receipt promptly review the basic design provided by the Owners for the purpose of preparing the detailed design. If the Contractors become aware of any errors, omissions or discrepancies in the basic design the Contractors shall promptly give notice to the Owners of such errors, omissions or discrepancies.

(ii) If the Contractors consider that such errors, omissions or discrepancies are of a nature or extent that constitutes a variation under Clause 21 (Variations), the Contractors shall notify the Owners accordingly and proceed in accordance with Clause 21 (Variations).

(b) Detailed Design

The Contractors shall provide the detailed design as set out in Annex A (Specification). The Contractors warrant the accuracy of the detailed design and that it is in compliance with the Contract. The detailed design shall be provided to the Owners in accordance with Clause 16 (Approvals of Plans and Drawings).

16. Approvals of Plans and Drawings

The times and numbers specified in this Clause shall apply unless otherwise stated in the Specification.

(a) As soon as possible and not later than sixty (60) days after the effective date of the Contract (see Clause 42 (Effective Date of Contract)) the Contractors shall provide the Owners with proposed detailed conversion and testing schedules. The Owners shall comment on the schedules as soon as possible and at the latest within fourteen (14) days after receipt of the proposals. The Contractors shall thereafter prepare and issue in writing amended conversion and testing schedules incorporating the Owners' comments within fourteen (14) days thereafter.

(b) The Contractors shall despatch to the Owners a total of three (3) full sets of the Plans and Drawings for the Owners' approval and shall also submit such other technical information as the Owners may reasonably require, not less than thirty (30) days before any conversion works commence. The Contractors shall give notice to the Owners advising the date of despatch of the Plans and Drawings and the Owners shall give notice to the Contractors confirming receipt thereof. The Owners shall within fourteen (14) days of receipt send to the Contractors one (1) set of the Plans and Drawings with the Owners' approval or approval with comments, amendments or reservations.

In the event that the Owners need additional time to consider the Plans and Drawings submitted in accordance with this Clause, they shall request the same in writing of the Contractors whose agreement shall not be unreasonably withheld. In the event that the Owners' comments, amendments or reservations are unclear, unspecified or illegible, the Contractors may give notice requesting clarification. If the Owners fail to respond to the request to provide clarification within five (5) days of receipt of the Contractors' notice, the Contractors shall determine whether and to what extent it can adopt the comments, amendments or reservations.

If requested by the Owners in writing, the Plans and Drawings shall also be sent in an agreed electronic format.

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- (c) The Contractors shall take due note of the Owners' comments, amendments or reservations (if any) on Plans and Drawings submitted in accordance with this Clause and, if such comments, amendments or reservations are not of such a nature or extent as to constitute a variation under Clause 21 (Variations), then the Contractors shall commence or continue the conversion of the Vessel in accordance with the corrected or amended Plans and Drawings.
- (d) If the Contractors consider the comments, amendments or reservations to the Plans and Drawings are of a nature or extent that constitutes a variation under Clause 21 (Variations), the Contractors shall notify the Owners accordingly and proceed in accordance with Clause 21 (Variations).
- (e) In the event that the Owners fail to return any Plans and Drawings to the Contractors with approval or approval with comments, amendments or reservations, if any, within the time limit stated above, such Plans and Drawings shall be deemed to have been approved by the Owners.
- (f) The Owners' approval or deemed approval of any Plans and Drawings shall not affect the obligations of the Contractors to design, convert and deliver, or the obligations of the Owners to take redelivery of the Vessel and pay for the Conversion Works in accordance with the other provisions of this Contract; nor shall it diminish the Contractors' responsibility in respect of their obligations under this Contract; nor shall it constitute any acceptance by the Owners of any responsibility for any defect in the Conversion Works.

17. Owners' Supplies

(a) Owners

(i) The Owners shall, at their own risk, cost and expense, supply and deliver to the Contractors all of the Owners' Supplies. Such items shall be delivered at a warehouse or other storage facility at the Shipyard or as otherwise reasonably directed by the Contractors in a proper condition ready for installation by the Contractors or Subcontractors in or on the Vessel (hereinafter "Installation"), in accordance with the conversion and testing schedules in subclause 16(a) (Approvals of Plans and Drawings) or as may reasonably be required by the Contractors.

(ii) To assist Installation, the Owners shall provide the Contractors with the necessary documentation including specifications, plans, drawings, instruction books, manuals, test reports and certificates required to comply with all applicable rules and regulations. If so requested by the Contractors, the Owners shall, if reasonably possible and at no cost to the Contractors, arrange for the representatives of the manufacturers of the Owners' Supplies to assist the Contractors in Installation and/or to carry out the Installation of the Owners' Supplies by themselves or to make necessary adjustments at the Shipyard in accordance with the manufacturer's instructions, including commissioning.

(iii) If delay in delivery of any of the Owners' Supplies in accordance with subclause (a)(i) above exceeds five (5) days and will cause actual delay to the redelivery of the Vessel, the Contractors shall have the right to proceed with the conversion of the Vessel without Installation of the delayed items. The Owners shall accept and take redelivery of the Vessel so converted.

(b) Contractors

(i) The Contractors shall upon delivery in accordance with subclause (a)(i) promptly inspect and label the Owners' Supplies. Thereafter, the Contractors shall, at their own cost, expense and responsibility safely store and handle the Owners' Supplies and install them in or on the Vessel in accordance with the Specification, provided that the Contractors shall not be responsible for the quality, efficiency and/or performance of any of the Owners' Supplies.

(ii) The Owners' Supplies shall be at all times the property of the Owners but shall be at the Contractors' risk from the time of their delivery in accordance with subclause (a)(i), until the time of their redelivery to the Owners whether or not as part of the Vessel.

(iii) The Contractors may reject any and all of the Owners' Supplies when and if found on reasonable grounds to be unsuitable or in improper condition for Installation or not in compliance with the Classification Society or Regulatory Authorities' requirements.

18. Owners' Work

Subject to prior written agreement with the Contractors, whose consent shall not be unreasonably withheld, the Owners, or the Master and crew, or any subcontractor employed or engaged by the Owners, shall be permitted to carry out the Owners' own work on the Vessel, provided they comply at all times with the Contractors' safety, security and environmental rules. Any such work shall not interfere with or delay the Conversion Works.

19. Owners' Representative, Assistants, Officers and Crew and Contractors' Representative

(a) Owners' Representative, Assistants, Officers and Crew

(i) The supervision of the Conversion Works shall be carried out by the Owners' Representative as stated in Box 24 or such other persons as the Owners may from time to time appoint as Owners' Representative and notify to the Contractors in writing. The Owners' Representative may have a reasonable number of assistants and, as appropriate, officers and crew. Unless notified otherwise in writing, the Owners' Representative shall be present at the Shipyard throughout the Conversion Works and authorised to act on behalf of the Owners in respect of all matters relating to the Contract including, but not limited to, the approval of plans, drawings and calculations, agreeing variations and invoices and attending at and approving tests, trials and inspections relating to the Vessel at the Shipyard and/or premises of Subcontractors.

(ii) The Owners' Representative shall at all times provide reasonable assistance to facilitate timely and efficient completion of the Conversion Works.

(iii) The Contractors shall grant the Owners' Representative reasonable access to the Contractors' workshops whenever work on the Vessel or parts of the Vessel is being carried out and shall ensure such reasonable access to any other premises or site where work is being carried out in connection with the Vessel.

(iv) The Contractors shall, at their own expense, provide the Owners' Representative with office accommodation and facilities (including communication facilities) as the Owners may reasonably require, provided the Owners shall bear the costs of all communication expenses which shall be payable by the Owners on receipt of an invoice from the Contractors in accordance with subclause 6(b) (Payments – Payment for Variations and Other Items).

(v) The Contractors shall have the right to request the Owners to replace the Owners' Representative or any assistants but only if the Contractors show that they are carrying out their duties in an unreasonable manner detrimental to the proper progress of the Conversion Works, in which case the Owners shall make proper replacement as soon as possible.

(vi) The Contractors shall at the request of the Owners render reasonable assistance to the Owners in helping to provide suitable accommodation, obtain necessary visas, residence and work permits and any other administrative assistance as the case may be for the Owners' Representative, assistants and, as appropriate, officers and crew.

(b) Contractors' Representative

The Contractors' Representative shall be the person stated in Box 25 or such other persons as the Contractors may from time to time appoint as Contractors' Representative and notify to the Owners in writing. The Contractors' Representative shall be the primary point of contact with the Owners' Representative available throughout the Conversion Works. The Contractors' Representative shall be authorised to act on behalf of the Contractors in respect of all matters relating to the Contract including, but not limited to, the approval of plans, drawings and calculations, and agreeing variations and invoices.

20. HSSE (Health, Safety, Security and Environment)

The Parties shall comply with the health, safety, security and environmental policies, procedures and standards set out in Annex G (Health, Safety, Security and Environment) and all applicable HSSE regulations and orders of any governmental authority having jurisdiction over the Conversion Works.

21. Variations

(a) Contractors' variations

(i) The Contractors shall have the right to make minor variations to the Specification and/or plans if so required by virtue of changes to the Contractors' local conditions or facilities, the availability of materials and equipment, the introduction of improved methods or for any other reason of a similar nature provided that the Contractors shall first obtain the Owners' written approval, which shall not be unreasonably withheld or delayed.

Such variations shall satisfy the requirements of the Classification Society and the Regulatory Authorities and shall not relieve the Contractors from their obligation to otherwise redeliver the Vessel in accordance with this Contract. Any savings obtained shall be credited to the Owners and the Owners shall not be obliged to pay any extra for, or suffer any delay in redelivery or other adverse consequences of, such variations.

(ii) The Contractors shall have the right to request variations as provided for in subclauses 3(b)(ii) (Delivery – Delayed Delivery and Termination), 15(a)(ii) (Design – Basic Design), 16(d) (Approvals of Plans and Drawings). The Contractors shall request such variations in writing, giving sufficient particulars, documentation and details fully to describe the variations requested and a written proposal of the consequences of implementing such variations. These consequences may include changes in the Contract Price, Redelivery Date, or any other provisions of this Contract.

If the Owners do not accept the Contractors' request for a variation the matter shall be decided in accordance with Clause 40 (Dispute Resolution).

(b) Owners' variations:

(i) The Owners shall have the right at any time to request reasonable variations in the Specification and/or Plans and Drawings. The Owners shall request such variations in writing, giving sufficient particulars, documentation and details fully to describe the variations requested.

(ii) The Contractors shall, as soon as possible after receipt of the written request for variations either:

- (1) notify the Owners that they decline to give a proposal for the requested variations or part thereof if, in the Contractors' reasonable judgement, such variations will adversely affect the Contractors' planning or programme in relation to the Contractors' other commitments; or
- (2) give the Owners a written reasonable proposal of the consequences of implementing such variations. These consequences may include changes in the Contract Price, Redelivery Date, or any other provisions of this Contract.

(iii) The Contractors shall use reasonable efforts to minimise the extra costs, delay or other negative impact on the Vessel's performance or other factors caused by the Owners' request.

(iv) On the basis of the Contractors' proposal the Owners may elect in writing to agree to the necessary amendments to this Contract, in which case the Contractors shall convert the Vessel in accordance with this Contract so amended.

(v) If the Owners do not accept the Contractors' notice as provided in subclause 16(d) (Approvals of Plans and Drawings) or if in the Owners' opinion the Contractors' proposal for variations under this Clause is unreasonable, the Owners may, by giving notice to the Contractors, order the Contractors to proceed with the requested

variations but the consequences of implementing such variations shall be decided in accordance with Clause 40 (Dispute Resolution).

(vi) If the Owners elect not to continue with the request for variations, the Owners shall notify the Contractors accordingly.

(vii) If the Owners do not respond within seven (7) days after receipt of the Contractors' notice in subclause (b)(ii)(2), the Owners shall be deemed to have withdrawn the request for variations.

22. Changes in Rules and Regulations

If, after the date of the Contract, there are any changes in applicable laws, rules, regulations or requirements (or their application) of the Classification Society or Regulatory Authorities, the following shall apply:

- (a) Upon receipt of notice of such changes either Party shall promptly notify the other Party thereof.
- (b) If such changes will be compulsory for the Vessel at the time of redelivery, the Contractors shall, unless the Owners at their sole discretion seek and obtain a waiver from the Classification Society or Regulatory Authorities (as appropriate), incorporate such changes into the conversion of the Vessel. The Parties shall endeavour to agree on such adjustments to the Contract Price, Redelivery Date or other Contract terms as are a direct consequence of the change in applicable laws, rules, regulations or requirements. If the Parties fail to agree on the adjustments, the Contractors shall proceed with the required changes and the matter shall be decided in accordance with Clause 40 (Dispute Resolution).
- (c) If such changes are not compulsory but the Owners require the changes to be incorporated, Clause 21 (Variations) shall apply.

23. Inspections, Tests and Trials

- (a) To enable the Owners' Representative and assistants to carry out their duties and inspect the work being done, the Owners' Representative and/or assistants shall have the right to inspect the Vessel throughout the period of the conversion of the Vessel and until its redelivery and acceptance.
- (b) The Owners' Representative and/or assistants shall have the right to attend all tests, trials and inspections, including those supervised by the Classification Society and Regulatory Authorities, on any parts of the Vessel whether or not installed. The Contractors shall give the Owners reasonable notice in advance of all such tests, trials and inspections to enable the Owners' Representative and/or assistants to attend.
- (c) For the purposes of attending inspections, tests and trials the Contractors shall, at any time during working hours or at any other time when work is being performed, provide the Owners' Representative and/or assistants with unimpeded access to the Shipyard, Vessel, workshops, and anywhere else where work is being carried out or items are being stored in connection with the Conversion Works. The Contractors shall use their best efforts to arrange similar access for inspection purposes to Subcontractors' premises during working hours or at any time when work is being performed.
- (d) If the Owners' Representative and/or assistants become aware of non-conformity of any aspect of the design, conversion, material or workmanship arising out of such tests, trials and inspections they shall notify the Contractors as soon as possible.
- (e) Neither the Owners' Representative's and/or assistants' inspection and/or attendance at any inspection, test or trial, nor the Owners' Representative's and/or assistants' failure to notify the Contractors of any non-conformity shall relieve the Contractors from their obligations under this Contract or be deemed to be or construed as a waiver of any objection to, or any acceptance of, faulty design, conversion, material and/or workmanship, or any admission that any materials or workmanship are of the standard required for due performance of this Contract.

24. Sea Trials

If agreed in Box 13, sea trials shall be carried out in accordance with Annex A (Specification).

25. Method of Acceptance or Rejection

- (a) If the Contractors consider that the Vessel conforms to the requirements of this Contract, the Contractors shall give the Owners notice of when redelivery will take place. Such notice shall state where and when the Vessel will be ready for redelivery, which will be at least fifteen (15) days after the notice is given. Within five (5) days after receipt of this notice, the Owners shall notify the Contractors in writing of its acceptance for redelivery or rejection of the Vessel.
- (b) If the results of any tests and trials demonstrate that the Conversion Works do not conform to the requirements of this Contract, or if the Owners reject the Vessel for other reasons which the Contractors accept as valid, the Contractors shall take all necessary steps to rectify such non-conformity. If necessary, the Contractors may require, at their own cost and expense the Owners to carry out further tests or trials in accordance with the Specification to ascertain that the Vessel complies with the terms of this Contract. Upon demonstration by the Contractors that the deficiencies have been corrected, the procedure set out in this Clause shall apply.
- (c) If the Owners give notice of rejection under (a) above or rejects the Vessel under (b) above, the Owners shall state in which respects the Conversion Works do not conform to the requirements of this Contract (hereinafter "Redelivery Defects").

26. Redelivery Defects

- (a) If the Redelivery Defects are of minor importance and do not affect Class or the operation of the Vessel in its intended trade and the Contractors are unable to rectify the matter within a reasonable time and in any event before the accrual of the Owners' right to terminate in accordance with Clause 38 (Suspension and Termination), the Contractors may nevertheless require the Owners to take and the Owners shall accept redelivery of the Vessel in which case:
 - (i) the Contractors shall remedy the Redelivery Defects at their own cost and expense as soon as possible and the Owners may retain from the Redelivery Instalment the reasonable costs of remedying such Redelivery Defects. The retained amount shall be paid by the Owners upon the Contractors remedying such Redelivery Defects; or
 - (ii) if the Parties agree, the Owners may deduct from the Redelivery Instalment the agreed costs of remedying such Redelivery Defects and the Contract Price shall be reduced accordingly.
- (b) If the Contractors dispute the rejection of the Vessel by the Owners, the dispute shall be resolved in accordance with Clause 40 (Dispute Resolution).

SECTION 4 – REDELIVERY**27. Redelivery**

Subject to Clauses 25 (Method of Acceptance or Rejection) and 26 (Redelivery Defects), the Vessel shall be redelivered to the Owners on or after the Redelivery Date at the Shipyard in a clean and orderly condition, ready for service, upon:

- (a) exchange and acceptance by the Parties of the Protocol of Redelivery and Acceptance (Annex I) signed by each Party acknowledging redelivery of the Vessel by the Contractors and acceptance thereof by the Owners; and
- (b) the provision by the Contractors of the other documents listed in Clause 28 (Documents on Redelivery); and
- (c) payment by the Owners of the Redelivery Instalment in accordance with Clause 29 (Redelivery Instalment).

28. Documents on Redelivery

Upon exchange of the Protocol of Redelivery and Acceptance the Contractors shall provide at no cost to the Owners the following documents relating to the Conversion Works:

- (a) Protocol of trials made in accordance with the Specification.
- (b) Plans and Drawings and any instruction manuals as detailed in the Specification.
- (c) All certificates as detailed in the Specification (unless stated to be provided by the Owners) which shall be issued without qualification.

If, however, the Classification certificate and/or other required certificates are not available at the time of redelivery, the Owners shall accept interim certificates provided that the Contractors, at their cost and expense, provide the Owners with final certificates as promptly as possible and in any event before expiry of the interim certificates. The Contractors shall ensure that:

- (i) such interim certificates shall enable the Vessel to trade and operate without restriction; and
- (ii) final certificates shall be provided as above.

If the Contractors fail to perform (i) and/or (ii) above, the Contractors shall compensate the Owners for any loss incurred as a consequence thereof.

- (d) Declaration of Warranty by the Contractors that the Vessel is free and clear of any liens, claims, charges, and other encumbrances arising out of the Conversion Works.
- (e) Commercial invoices covering Redelivery Instalment and variations.
- (f) Any other documents reasonably required by the Owners.

29. Redelivery Instalment

- (a) The Redelivery Instalment shall be adjusted in accordance with this Contract and notified by the Contractors to the Owners not later than five (5) Banking Days prior to the notified date for redelivery. The Redelivery Instalment, as adjusted, shall be paid to the Contractors upon the redelivery of the Vessel.
- (b) If the Owners do not agree the amount of the Redelivery Instalment as adjusted and notified by the Contractors, the Owners shall notify the Contractors within three (3) days. Thereafter, the Owners may take redelivery of the Vessel on payment of the Redelivery Instalment as adjusted (or such other amount as the Contractors may agree) but without prejudice to the Owners' rights and remedies under this Contract and the dispute shall be resolved in accordance with Clause 40 (Dispute Resolution).

30. Possession and Removal of the Vessel

- (a) The Owners shall take physical possession of the Vessel immediately upon redelivery in accordance with Clause 27 (Redelivery).
- (b) The Owners shall remove the Vessel from the Shipyard within five (5) days after redelivery in accordance with Clause 27 (Redelivery). If the Owners do not remove the Vessel within the said period, the Owners shall pay to the Contractors reasonable mooring charges for the Vessel. The Contractors shall also have the right to move the Vessel from the Shipyard to another safe place at its convenience at any time after the five (5) days' period has expired provided the Owners are notified accordingly.

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SECTION 5 – LEGAL

31. Permissible Delays

- (a) The Redelivery Date shall be extended if any of the following events cause actual delay to the redelivery of the Vessel:
- (i) Force Majeure Events
 - (1) acts of God;
 - (2) any government requisition, control, intervention, requirement or interference;
 - (3) threat or act of war, warlike operations, terrorism or the consequences thereof;
 - (4) riots, civil commotions, blockades or embargoes;
 - (5) epidemics;
 - (6) earthquakes, landslides, floods, tidal waves or extraordinary weather conditions;
 - (7) strikes, lockouts or other industrial action, but only if of a general nature and not limited solely to the Contractors' Group;
 - (8) fire, accident, explosion (whether in the Shipyard or elsewhere);
 - (9) any interruption to the supply of public utilities to the Contractors;
 - (10) any other cause of a similar nature to the above beyond the control of the Contractors' Group.
 - (ii) Other Events
 - (1) Late delivery of, or delivery of any defective, Owners' Supplies in accordance with subclause 17(a)(iii) (Owners' Supplies – Owners);
 - (2) Delays due to variations in accordance with subclause 21(b)(ii)(2) or (b)(v) (Variations – Owners' variations);
 - (3) Delays due to changes in rules and regulations in accordance with Clause 22 (Changes in Rules and Regulations);
 - (4) An actual or constructive total loss in accordance with subclause 37(e) (Insurances – Allocation of Insurance Proceeds);
 - (5) Suspension of work under subclause 38(c) (Suspension and Termination – Suspension of Work).
 - (iii) Provided that in respect of (i) and (ii) above:
 - (1) such events were not caused by the error, neglect, act or omission of the Contractors' Group; and
 - (2) were not, or could not reasonably have been, foreseen by the Contractors at the date of the Contract; and
 - (3) the Contractors shall have complied with subclause (b) hereunder; and
 - (4) the Contractors shall have made all reasonable efforts to avoid and minimise the effects such events have on the redelivery of the Vessel.

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- (b) The Contractors shall notify the Owners within ten (10) days of when the Contractors become aware of the occurrence of any event of delay on account of which the Contractors assert that they may have the right to claim an extension of the Redelivery Date. A failure to so notify shall bar the Contractors from claiming an extension to the Redelivery Date. The Contractors shall also advise the Owners in writing:
 - (i) within two (2) days of the ending of any event notified under this Clause that the event has ended; and
 - (ii) as soon as reasonably possible thereafter, the length of extension of the Redelivery Date claimed by the Contractors.

32. Contractors' Warranty

- (a) The Contractors shall guarantee the Conversion Works against any Defects which shall be considered as "Warranty Defects" if:
 - (i) they are discovered within the Warranty Period stated in Box 22 after redelivery of the Vessel in accordance with Clause 27 (Redelivery); and
 - (ii) notice describing the Defects is given to the Contractors as soon as reasonably possible after their discovery and latest fourteen (14) days after the expiry of the Warranty Period.
- (b) The Contractors shall make any necessary repairs or replacements to rectify any Warranty Defects and any damage to the Vessel caused as a direct and immediate consequence of such Warranty Defects. Such repairs and replacements shall be made at the Shipyard at the Contractors' cost and expense.
- (c) Notwithstanding subclause (b), the Owners shall have the right to arrange for the necessary repairs to rectify any Warranty Defects or damage to the Vessel caused as a direct and immediate consequence of such Warranty Defects to be made elsewhere or obtain any necessary replacement parts and materials:
 - (i) if it is impractical to bring the Vessel to the Shipyard; or
 - (ii) if the Contractors cannot supply necessary replacement parts and materials or complete the necessary repairs or replacements without impairing or delaying the operation or working of the Vessel.
- (d) In the event that the Owners arrange for the necessary repairs or replacements other than at the Shipyard, the Owners shall first, as soon as possible, give the Contractors notice of the time and place such repairs will be made. The Contractors shall have the right to inspect through their own representative the nature and extent of the Warranty Defects to be replaced or repaired. The Contractors shall, in such case, promptly advise the Owners in writing, after such examination has been completed, of its acceptance or rejection of such Warranty Defects.
 - (i) The Contractors shall pay the Owners in the currency stated in Box 14(b) the reasonable cost and expenses of such repairs or replacements.
 - (ii) Where applicable, the Owners shall return replaced parts to the Contractors at the Contractors' request and cost and expense provided the Contractors make such request at the time of the replacement. In the event that they are the subject of a dispute under Clause 40 (Dispute Resolution), the Contractors shall hold the replaced parts available for inspection by the Owners. Upon their replacement, the title to replaced parts shall revert to the Contractors.
- (e) In any case, the Vessel shall be taken to the Shipyard or other place at the Owners' cost and responsibility, ready in all respects for the repairs and replacements to be commenced.
- (f) The Contractors warrant repairs or replacements to the Vessel made under subclause (b) above for the Additional Warranty Period stated in Box 23 which shall commence from the date of completion of such repairs or replacements provided such work has been performed by the Contractors' Group. The Additional Warranty Period shall, however, not end on a date earlier than the end of the original Warranty Period for any such item.

- (g) Without prejudice to any other rights the Owners may have under this Contract, following the expiry of the Warranty Period or in the event that the Contractors are in breach of their obligation to rectify Warranty Defects in accordance with this Clause, the Contractors shall at the Owners' request assign (to the extent to which they may validly do so) to the Owners, or as the Owners may direct, the right, title and interest of the Contractors in and to all warranties given by the Subcontractors or suppliers of any of the materials or equipment used in the conversion of the Vessel.

33. Contractors' Exclusion Clauses

- (a) Liability for Delay or Defects Discovered Before or at the Time of Redelivery

Unless otherwise stated in this Contract, the Owners' sole remedy for delay in redelivery of the Vessel, or for Defects discovered before or at the time of such redelivery, are set out in Clauses 11 (Liquidated Damages for Late Redelivery), 12 (Other Liquidated Damages), 25 (Method of Acceptance or Rejection) and 26 (Redelivery Defects).

- (b) Liability for Defects Discovered after Redelivery

Except to the extent expressly provided in Clause 32 (Contractors' Warranty), the Contractors shall have no liability in contract, tort (including negligence), breach of statutory duty or otherwise for any Defect discovered after redelivery of the Vessel.

- (c) Liability for Third Party Replacement or Repair

The Contractors shall not be responsible for any Defects in any part of the Vessel which, subsequent to redelivery of the Vessel, have been replaced or in any way repaired by any contractor, other than the Contractors or their Subcontractors, or for any such Defects which have been caused in whole or part by omission or improper use or maintenance of the Vessel on the part of the Owners or by ordinary wear and tear.

- (d) Implied Terms

The guarantee contained in Clause 32 (Contractors' Warranty) replaces and excludes any other liability, guarantee, warranty and/or condition and/or innominate term imposed or implied by the law, customary, statutory or otherwise, by reason of the conversion.

34. Mutual Exclusion Clauses

- (a) Exclusions of Liability

Except as provided in Clauses 11 (Liquidated Damages for Late Redelivery) and 12 (Other Liquidated Damages), in no circumstances whatsoever shall either Party's liability to the other Party include any sum in respect of:

(i) loss of hire, loss of profit, loss of use or business, or any similar direct or indirect losses; or

(ii) any consequential or indirect loss whatsoever,

arising out of or in connection with the performance or non-performance of this Contract whether or not the same is due to any breach of contract, negligence, intention to cause such damage or loss, recklessness and with knowledge that such damage or loss would probably result, or any other fault on the part of either Party, or any member of their Group. The Owners shall indemnify and hold harmless the Contractors' Group from such losses suffered by the Owners' Group, and the Contractors shall indemnify and hold harmless the Owners' Group from such losses suffered by the Contractors' Group.

(b) Liability Following Termination

In the event of termination in accordance with the provisions of Clause 38 (Suspension and Termination), neither Party shall have any liability to the other whatsoever or howsoever arising, except as expressly provided in that Clause.

In the event, however, that a Party fails to perform the Contract, or unequivocally indicates its intention not to perform it, in a way which thereby permits the other Party to treat the Contract as at an end other than under the terms of the Contract, any such claim that the other Party may have shall not be limited or excluded by the terms of this Contract.

35. Liability and Indemnity

(a) Liability for Death and Personal Injury

Each Party accepts responsibility and liability for the death or personal injury of any member of its own Group, irrespective of the cause of death or personal injury, and whether or not caused by the negligence of the other Party, or any member of the other Party's Group.

(b) Liability for Damage to or Loss of Property

Except as provided in subclause 17(b)(ii) (Owners' Supplies – Contractors) and subclause (c) below, each Party accepts responsibility and liability for the damage to or loss of its property and the property belonging to its Group, irrespective of the cause of the damage to or loss of the property, and whether or not caused by the negligence of the other Party, or any member of the other Party's Group.

(c) Liability for Damage to or Loss of the Vessel and Conversion Works

From the time of delivery of the Vessel to the Contractors until the Vessel has been redelivered to the Owners, the Contractors accept responsibility and liability for the damage to or loss of the Vessel and Conversion Works, including all machinery, materials, parts, and equipment procured for the Conversion Works, provided that such damage to or loss is not caused by any act or omission of the Owners' Group.

(d) Indemnity

Each Party further agrees to indemnify and hold harmless the other Party's Group, as regards both liability and legal costs, in the event that a member of the indemnifying Party's Group pursues claims for (i) death or personal injury (ii) damage to or loss of property or (iii) damage to or loss of the Vessel and Conversion Works against anyone within the Party's Group who is not responsible for them under this Contract. The Party not responsible shall notify the other responsible Party of such claims. The Party who is responsible for claims under this Contract shall take over the conduct of the claims whether or not such claims are made against it or the other Party.

(e) Third Parties

(i) Each Party agrees to indemnify the other Party's Group against all claims made against the other Party's Group by a third party not within the Owners' Group or the Contractors' Group where such claims are caused, or to the extent that they are contributed to, by the negligence or intention to cause such damage or loss, or recklessness and with knowledge that such damage or loss would probably result, of someone within the indemnifying Party's Group.

(ii) The indemnifying Party shall bear the expense of investigations and defences of all claims against which the other Party is indemnified under subclause (e)(i) above and all legal proceedings arising therefrom including the legal costs of the indemnified Party.

36. Limitation

The Contractors' liability howsoever arising out of or in connection with this Contract (even in the event of negligence) shall be limited to the Contractors' Total Liability as stated in Box 26(a).

37. Insurances

(a) (i) The Contractors shall obtain and maintain in effect, with reputable insurers, the insurances and policy limits set out in Annex H (Insurances). Reasonable deductibles are acceptable and shall be for the account of the Contractors.

(ii) The Contractors shall upon the Owners' request cause insurers to waive subrogation rights against the Owners' Group, but only insofar as these relate to liabilities which are properly the responsibility of the Contractors under the terms of this Contract.

(b) The Contractors shall upon request provide the Owners with copies of certificates of insurance which provide sufficient information to verify that the Contractors have complied with the insurance requirements of this Contract.

(c) The Owners shall notify the Contractors of the value of any subsequent changes in the value of the Vessel and/or the Owners' Supplies for insurance purposes. Upon receipt of notice of change in value the Contractors shall amend the insured value for the Vessel and/or the Owners' Supplies accordingly. Any increased insurance premium shall be for the Owners' account.

(d) Owners' Insurances

(i) The Owners shall effect and maintain, at no cost to the Contractors, Protection and Indemnity Insurance, Hull and Machinery Insurance and War Risks Insurance providing full coverage for such loss and damage for which the Owners may be held liable to the Contractors under this Contract and shall, at the Contractors' request, make immediately available to the Contractors copies of insurance certificates and policies to provide evidence and details of the cover.

(ii) The Owners shall, upon the Contractors' request, cause insurers to waive subrogation rights against the Contractors' Group, but only insofar as these relate to liabilities which are properly the responsibility of the Owners under the terms of this Contract.

(e) Allocation of Insurance Proceeds

(i) In the event that the Vessel is at any time prior to or at redelivery damaged by any insured cause and provided such damage does not constitute an actual or constructive total loss of the Vessel, the Contractors shall make good such damage and shall apply any amounts recovered under the insurance referred to in subclause (a)(i) to the costs of any repair or replacement, including repair or replacement of lost or damaged Owners' Supplies. Such damage shall be made good so that the Conversion Works comply with this Contract and all repairs shall be carried out in compliance with the requirements of the Classification Society and Regulatory Authorities as appropriate without qualification.

(ii) Should the Vessel become an actual or constructive total loss from any insured cause, unless the Parties agree otherwise, the Contractors shall be paid the difference between the value of the Conversion Works performed up to the date of the loss less any amounts already paid by the Owners to the Contractors under the Contract from the insurance proceeds under subclause (a)(i) above. The balance of such insurance proceeds shall be paid to the Owners.

Once all payments have been made by the Contractors to the Owners in accordance with subclause (e)(ii) above, this Contract shall be deemed terminated and all future rights and obligations of each of the Parties to the other shall cease and such payments shall be without prejudice to any other liabilities that may have accrued under the contract or otherwise prior to the date of such termination.

38. Suspension and Termination

(a) Owners' Termination

The Owners shall have the right to terminate this Contract immediately upon giving notice to the Contractors in the event that:

- (i) the Contractors are in breach of subclause 10(b) (Guarantees – Contractors' Guarantee); or
- (ii) the redelivery of the Vessel is delayed by more than the number of days stated in Box 27(a) due to events that fall within subclause 31(a)(i) (Permissible Delays – Force Majeure Events); or
- (iii) the redelivery of the Vessel is delayed by more than the number of days stated in Box 27(b) due to events which do not fall within subclause 31(a)(i) (Permissible Delays – Force Majeure Events) or 31(a)(ii) (Permissible Delays – Other Events); or
- (iv) the aggregate of delays to the redelivery of the Vessel in (ii) and (iii) above is more than the number of days stated in Box 27(c).

The Contractors may at any time after the right to terminate has occurred give notice requesting that the Owners either agree to a new redelivery date or terminate this Contract. Such new redelivery date shall be a reasonable estimate by the Contractors of the date when the Vessel will be ready for redelivery. Within five (5) days of the Contractors' request, the Owners shall notify the Contractors of their decision. If the Owners do not terminate this Contract within such period then:

- (i) the new redelivery date shall be deemed to be the Redelivery Date; and
- (ii) the accrued liquidated damages for late redelivery under Clause 11 (Liquidated Damages for Late Redelivery) shall remain payable and shall continue to accrue, subject to the maximum amount referred to in Clause 11.

Notwithstanding subclause 31(a)(i) (Permissible Delays – Force Majeure Events) and subclauses 38(a)(ii), (iii), or (iv) but subject to subclause 31(a)(ii) (Permissible Delays – Other Events), if the Vessel is not delivered by that deemed Redelivery Date, the Owners shall have the right to terminate this Contract. The Contractors' right to request the Owners to agree a new redelivery date shall operate on each and every occasion the events stated in subclauses 38(a)(ii), (iii), and (iv) give rise to the Owners' option to terminate.

(b) Contractors' Termination

The Contractors shall have the right to terminate this Contract immediately upon giving notice to the Owners in the event that:

- (i) the Owners fail to pay any sums due and payable under this Contract for a period of five (5) Banking Days provided that the Contractors thereafter give the Owners at least five (5) Banking Days' notice of their intention to terminate under this Clause, and within that period the Owners fail to remedy the breach and provided that notice of termination is given before the Owners pay the outstanding sums due; or
- (ii) the Vessel is not delivered on or before the Delayed Delivery Date or the date stated in Box 9 in accordance with subclauses 3(b)(i) or (iii); or
- (iii) the Owners are in breach of subclause 10(a) (Guarantees – Owners' Instalment/Performance Guarantee).

(c) Suspension of Work

Without prejudice to subclause (b) above, the Contractors shall have the right to suspend work under this Contract if the Owners fail to pay any instalment stated in Box 16 when due and payable for a period of five (5) Banking Days until payment of such outstanding sums.

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(d) Deemed Insolvency

A Party shall be deemed insolvent if proceedings are commenced against that Party for winding up, dissolution or reorganisation (otherwise than for the purpose of amalgamation or reconstruction), liquidation, the appointment of a receiver, trustee or similar officer, bankruptcy, suspension of payments or similar events.

A Party shall have the right to suspend performance of its obligations under this Contract and to terminate this Contract immediately upon giving notice if the other Party is deemed insolvent in accordance with this Clause. If a Party suspends performance this shall not prevent it from terminating at a later time.

(e) Effect of Owners' Termination

On termination by the Owners, they shall pay the Contractors the value of the Conversion Works performed up to the date of termination. However, the Owners may set-off against such payment (i) any sums payable under Clause 11 (Liquidated Damages for Late Redelivery), and (ii) any losses and/or claims not otherwise excluded which they have suffered by reason of the termination. To the extent that (i) and (ii) exceed the Contractors' Total Liability, the Owners shall be discharged from their obligation to pay an equivalent sum out of any unpaid part of the Contract Price. Thereafter, notwithstanding the provisions of subclause 13(c)(ii) (Title to the Vessel and the Conversion Works – Liens), the Owners shall remove the Vessel and the Owners' Supplies from the Shipyard as soon as reasonably practicable with the necessary assistance from the Contractors.

(f) Effect of Contractors' Termination

On termination by the Contractors, they shall be entitled to be paid the value of the Conversion Works performed up to the date of termination, together with (i) any losses they have suffered, or liability to Subcontractors and others they have incurred, by reason of the termination except as otherwise excluded, and (ii), pending payment of (i), their reasonable costs of accommodating the Vessel, and (iii), the percentage of the balance of the Contract Price as stated in Box 28. Once the Owners have paid the sums due as above the Contractors shall redeliver the Vessel and the Owners' Supplies and the Owners shall have an obligation to remove the Vessel and the Owners' Supplies from the Shipyard as soon as reasonably practicable with the necessary assistance from the Contractors.

39. Copyrights, Trademarks and Patents

(a) Where they are owned and supplied by a Party, that Party shall retain all copyright, trademark, patent or similar rights (hereinafter called "Intellectual Property Rights") with respect to the Specification, Plans and Drawings, technical descriptions, calculations, test results and other data, and information and documents concerning the design and conversion of the Vessel. The other Party undertakes not to disclose the same or disclose any information contained therein to any third parties without the prior written consent of the first Party, except where it is necessary for usual operation, repair and maintenance of the Vessel and to subsequent owners.

(b) Each Party shall ensure that any manufacture and/or supply according to specifications, drawings, models or other instructions supplied by it shall not infringe any Intellectual Property Rights of third parties. Should claims nevertheless be made against the other Party in respect of Intellectual Property Rights arising out of or in any way related to the performance of the Contract, the first Party shall keep the other Party indemnified against the cost of such claims, including any legal costs in connection therewith.

(c) For the purpose of this subclause (c), "Information" means technical information relating to the Vessel designated by one Party as confidential, except information which corresponds in substance to information which:

(i) was developed by and in possession of the other Party prior to first receipt from the first Party; and/or

(ii) at the date hereof or hereafter, through no wrongful act or failure to act on the part of the other Party, enters the public domain.

Where it is necessary during the performance of this Contract for the first Party to make information available to the other Party, the other Party shall hold all such Information in confidence and not disclose it to any third

parties or use it for any purpose other than as provided herein without the prior written consent of the first Party, which shall not be unreasonably withheld.

40. Dispute Resolution

(a) Classification Society/Regulatory Authorities

Any dispute concerning the Vessel's compliance or non-compliance with the rules, regulations and requirements of the Classification Society or other Regulatory Authorities shall be referred to the Classification Society or other Regulatory Authorities, as the case may be, the final decision of which shall be final and binding upon the Parties hereto. All other disputes shall be referred to expert determination or arbitration in accordance with subclauses (b) and (c).

(b) Expert Determination

Unless subclauses (a) or (c) applies, in the event that a dispute arises under this Contract either Party may require by notice in writing to the other Party that such dispute be referred to an independent third party (an "Expert") as the Parties jointly nominate in writing, subject to the following procedure:

(i) if the Parties fail to nominate an Expert within seven (7) days of the date of the notice referred to in this subclause (b), the dispute shall be resolved in accordance with subclause (c) (BIMCO Law and Arbitration Clause 2020) below;

(ii) the Expert shall act as an expert and not as an arbitrator and its decision shall be final and binding upon the Parties;

(iii) the Expert's determination shall be conducted in accordance with the following rules:

- (1) the Parties may make written representations within seven (7) days of the Expert's appointment and shall copy in full such written representations to the other Party within such time period;
- (2) the Parties shall have a further seven (7) days to make written comments on each other's representations and shall copy in full such written comments to the other Party within such time period;
- (3) the Expert may call for such other documents and written evidence from the Parties as the Expert may reasonably require and the Parties shall provide such documents and written evidence within the period specified by the Expert. The Parties shall copy, in full, such documents and written evidence to the other Party within such time period provided that if either Party claims any such information is confidential to it then, provided in the reasonable opinion of the Expert that Party has properly claimed the same as confidential, the Expert shall not disclose the same to the other Party or to any third party;
- (4) the Expert shall decide whether or not to take oral representations from or on behalf of either Party, but if the Expert does so it shall give the other Party the opportunity to be present;
- (5) the Expert shall have regard to all representations and evidence before it when making its decision, which shall be in writing, and give full reasons for its decision; and
- (6) the Expert shall use all reasonable endeavours to publish its decision within twenty-eight (28) days of its appointment.

(iv) Unless the Parties agree otherwise, each Party shall bear its own costs of a reference to the Expert, and fees and expenses of the Expert shall be borne equally between the Parties.

(c) BIMCO Law and Arbitration Clause 2020

The Parties have been given a choice of law and arbitration alternatives in Box 31 and this is the clause that shall apply.

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(i) This Contract shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Contract shall be referred exclusively to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause. The seat of arbitration shall be London even where any hearing takes place in another jurisdiction.

(ii) The reference shall be to three (3) arbitrators unless the Parties agree otherwise.

(iii) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms.

(iv) In cases where neither the claim nor any counterclaim exceeds the sum of USD 100,000 (or such other sum as the Parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure.

In cases where the claim or any counterclaim exceeds the sum agreed for the LMAA Small Claims Procedure and neither the claim nor any counterclaim exceeds the sum of USD 400,000 (or such other sum as the Parties may agree) the Parties may agree that the arbitration shall be conducted in accordance with the LMAA Intermediate Claims Procedure.

(v) The terms and procedures referred to in subclauses (c)(iii) and (c)(iv) above shall be those current at the time when the arbitration proceedings are commenced.

(vi) Any and all notices and communications in relation to any arbitration proceedings under this subclause (c), including commencement notices and appointment of arbitrators, shall be treated as effectively served from the date and time the e-mail was sent if sent by e-mail to the e-mail addresses below:

Owners:

E-mail address(es) for receipt of notices and communications on behalf of the Owners:

Contractors:

E-mail address(es) for receipt of notices and communications on behalf of the Contractors:

Either Party shall be entitled to change and/or add to the e-mail addresses above by sending notice of change to the other Party at the above address (or, if previously amended by notice, the relevant amended addresses).

Nothing in this Clause shall prevent any notice and communication in relation to any arbitration proceedings in connection with this Contract being served by other effective means.

SECTION 6 – SUNDRY**41. Notices**

All notices, requests and other communications required or permitted by any clause of this Contract, except for notices given under subclause 40(c) (BIMCO Law and Arbitration Clause 2020), shall be given in writing and shall be sufficiently given or transmitted if delivered by hand, e-mail, express courier service or registered mail and addressed if to the Owners as stated in Box 2 or such other address or e-mail address as the Owners may hereafter designate in writing and if to the Contractors as stated in Box 3 or such other address or e-mail address as the Contractors may hereafter designate in writing. Any such communication shall be deemed to have been given on the date of actual receipt by the Party to which it is addressed.

42. Effective Date of Contract

- (a) This Contract shall become effective when the conditions stated in Box 29 have been satisfied. If no conditions are stated in Box 29 then the effective date of the Contract shall be the date stated in Box 1. The Parties shall immediately notify each other when the conditions stated in Box 29 relevant to that Party have been satisfied.
- (b) If any of the conditions referred to above have not been satisfied within the number of days stated in Box 30 after the date of this Contract stated in Box 1, this Contract shall be deemed null and void and both Parties shall immediately be relieved of any obligations or liabilities to the other Party under this Contract.

43. Assignment

- (a) Contractors' assignment

The Contractors shall have the right to assign the benefits of this Contract to the Contractors' financiers for the purpose of securing the Contractors' financing.

- (b) Owners' assignment

- (i) The Owners shall have the right to assign the benefits of this Contract to the Owners' financiers for the purpose of securing the Owners' financing.

- (ii) The Owners shall have the right, subject to the Contractors' consent which shall not be unreasonably withheld, to assign, transfer or novate this Contract to any other third party.

44. Severance

If by reason of any enactment or judgment any provision of this Contract shall be deemed or held to be illegal, void or unenforceable in whole or in part, all other provisions of this Contract shall be unaffected thereby and shall remain in full force and effect.

45. Entire Agreement

This Contract constitutes the entire agreement between the Parties and no promise, undertaking, representation, warranty or statement by either Party prior to the date of this Contract stated in Box 1 shall affect this Contract. Any modification of this Contract shall not be of any effect unless in writing signed by or on behalf of the Parties.

46. Third Party Rights

Unless expressly identified in this Contract, no third parties shall have the right to enforce any term of this Contract.

47. Sanctions Clause

- (a) For the purposes of this Clause:

“Sanctioned Activity” means any activity, service, carriage, trade or voyage subject to sanctions imposed by a Sanctioning Authority.

“Sanctioning Authority” means the United Nations, European Union, United Kingdom, United States of America or any other applicable competent authority or government.

“Sanctioned Party” means any persons, entities, bodies, or vessels designated by a Sanctioning Authority.

- (b) At the date of this Contract and throughout its duration, the Owners warrant that they, the Owners’ Group and the Vessel are not a Sanctioned Party and/or that the performance of this Contract does not involve a Sanctioned Activity and the Contractors warrant that they and the Contractors’ Group are not a Sanctioned Party and/or that the performance of this Contract does not involve a Sanctioned Activity.
- (c) If at any time either Party is in breach of subclause (b) above then the Party not in breach may terminate and/or claim damages resulting from the breach.
- (d) If in compliance with this Clause anything is done or not done it shall be considered as due fulfilment of this Contract.

48. Anti-corruption

- (a) The Parties agree that in connection with the performance of this Contract they shall each:

(i) comply at all times with all applicable anti-corruption legislation and have procedures in place that are, to the best of their knowledge and belief, designed to prevent the commission of any offence under such legislation by any member of their organisation or by any person providing services for them or on their behalf; and

(ii) make and keep books, records, and accounts which in reasonable detail accurately and fairly reflect the transactions in connection with this Contract.

- (b) If a demand for payment, goods or any other thing of value (“Demand”) is made to either Party by any official, any contractor or subcontractor engaged by or acting on behalf of either Party or any other person not employed by either Party and it appears that meeting such Demand would breach any applicable anti-corruption legislation, then the Party receiving the Demand shall notify the other Party as soon as practicable and the Parties shall cooperate in taking reasonable steps to resist the Demand.

- (c) 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.

- (d) Without prejudice to any of its other rights under this Contract, either Party may terminate this Contract without incurring any liability to the other Party if:

(i) at any time the other Party or any member of its organisation has committed a breach of any applicable anti-corruption legislation in connection with this Contract; and

(ii) such breach causes the non-breaching Party to be in breach of any applicable anti-corruption legislation.

Any such right to terminate must be exercised without undue delay.

- (e) Each Party represents and warrants that in connection with the negotiation of this Contract neither it nor any member of its organisation has committed any breach of applicable anti-corruption legislation. Breach of this subclause (e) shall entitle the other Party to terminate the Contract without incurring any liability to the other.

ANNEX A (SPECIFICATION)

Sample copy

ANNEX B (MAKER'S LIST)

Sample copy

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ANNEX C (VESSEL DOCUMENTATION)

Sample copy

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ANNEX D (OWNERS' GUARANTEE)

OWNERS' IRREVOCABLE LETTER OF GUARANTEE FOR THE INSTALMENTS

To:

1. In this Guarantee, the following terms have the following meanings:

“Contract” means the contract dated _____ made between the Owners and you for the conversion of the Vessel.

“Contractual Interest” means the sum payable on an Instalment at the rate of interest prescribed by the Contract as applicable to any part of any Instalment which the Owners are obliged to pay under the terms of the Contract calculated from such date as is prescribed by the Contract to the date of your receipt of the payment.

“Demand” means a written demand for payment under this Guarantee made by one of your officers accompanied by (a) a copy of the written demand made by you to the Owners for payment of the amount guaranteed by this Guarantee, and (b) a statement from you made by one of your officers confirming that the sums demanded by you are due and owing, and all served in accordance with Clause 10 below.

“Instalment” means the amount of each of the _____ payments in respect of the contract price under the Contract (to the extent that it has not been paid) which is made on, before or after the date of this Guarantee to you by the Owners.

“Maximum Liability” means the aggregate amount of the Instalments under the Contract which shall not exceed plus Contractual Interest.

“Owners” means

“Vessel” means

2. (a)* In consideration of you entering into the Contract, agreeing to convert the Vessel in accordance with the terms of the Contract, and agreeing to accept this Guarantee pursuant to the Contract, at the request of the Owners we irrevocably and unconditionally guarantee (but as primary obligor and not by way of secondary liability only) that in the event that the Owners fail punctually to pay to you any Instalment we shall, upon receipt by us from you of a Demand, pay to you or to your order upon the expiry of thirty (30) days from receipt of such Demand the sum demanded by you by way of the payment of any Instalment plus Contractual Interest provided that our total liability shall not exceed the Maximum Liability.

This Guarantee shall become effective in the amount corresponding to the amount of each Instalment with effect from the date when it becomes due to you under the Contract together with Contractual Interest, if any.

(b)* In consideration of you entering into the Contract, agreeing to convert the Vessel in accordance with the terms of the Contract, and agreeing to accept this Guarantee pursuant to the Contract, at the request of the Owners we irrevocably and unconditionally guarantee (but as primary obligor and not by way of secondary liability only) performance by the Owners of all its liabilities and responsibilities under the Contract, including but not limited to due and punctual payment of any Instalment, and we shall, upon receipt by us from you of a Demand, pay to you or to your order, upon the expiry of thirty (30) days from receipt of such Demand the sum demanded by you by way of the payment of the sum demanded plus Contractual Interest provided that our total liability shall not exceed the Maximum Liability.

* Subclauses (a) and (b) are alternatives. Delete whichever does not apply.

3. This Guarantee is an independent on-demand guarantee and not a secondary liability guarantee. It shall not in any event be affected by any indulgence or delay allowed to the Owners nor by any amendment to, or variation of, or supplement to the Contract, whether as to time or otherwise that may be agreed between you and the Owners nor by any circumstances that would otherwise discharge our liability as guarantor.

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4. Subject to Clause 5 below, this Guarantee shall remain in force until the first to occur of (a) due redelivery of the Vessel to, and acceptance of the Vessel by, the Owners under the Contract; (b) the payment to you by the Owners or by us of all sums secured by this Guarantee; and (c) the Owners' valid and lawful cancellation and/or rescission of the Contract pursuant to the terms of the Contract (the "Validity Period"); provided that the Demand must be made no later than the end of the Validity Period. However, notwithstanding the foregoing, if within twenty-eight (28) days of our receipt of a Demand we receive a written notice from you or the Owners that your claim for payment of the sums referred to in the Demand has been disputed and that such dispute will be resolved in accordance with the Contract (a "Notice of Dispute"), the Validity Period shall be extended until thirty (30) days after the dispute has been finally determined in accordance with Clause 5 below.
5. Notwithstanding the other terms of this Guarantee, if within twenty-eight (28) days of our receipt of a Demand we receive a Notice of Dispute from you or from the Owners, then (a) we shall not be obliged to make any payment to you under this Guarantee until thirty (30) days after the dispute has been finally determined or in the event of an appeal from an arbitration award, until thirty (30) days after delivery of the final unappealable judgment; or in the event that the court remits the matter to the arbitrator, until thirty (30) days after the publication of the revised final award or in the event of an appeal from the award, until thirty (30) days after delivery of the final unappealable judgment; and (b) our liability under this Guarantee shall be to pay to you, upon receipt by us from you of a further demand accompanied by a copy of the award or as the case may be a copy of the judgment, the amount finally awarded, or adjudged by the court, to be due to you under the Contract as guaranteed hereby provided that our total liability shall not exceed the Maximum Liability.
6. All payments to be made under this Guarantee shall be made without any set off or counterclaim and without deduction or withholding for or on account of any taxes, duties or charges whatsoever unless we are compelled by law to deduct or withhold the same in which case we shall make the minimum deduction or withholding permitted and will pay such additional amounts as may be necessary in order that the amount received by you after such deductions or withholdings shall be equal to the amount which would have been received had no such deduction or withholding been made.
7. All payments to be made under this Guarantee shall be made in freely transferable .
8. Notwithstanding any provision in the Contract, any of your rights under this Guarantee shall be freely assignable by you (a) to your financiers for the purpose of securing the financing for the conversion of the Vessel under the Contract without our prior consent, or (b) to any other assignee with our prior written consent which shall not be unreasonably withheld. Upon assignment, all references in this Guarantee to "you" shall be read as references to the assignee or subsequent assignees.
9. (a)* Law and Arbitration Clause
 - (i) This Guarantee shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Guarantee shall be referred exclusively to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this clause. The seat of arbitration shall be London even where any hearing takes place in another jurisdiction.
 - (ii) The reference shall be to three (3) arbitrators unless the Parties agree otherwise.
 - (iii) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms.
 - (iv) The terms and procedures referred to in subclause (iii) above shall be those current at the time when the arbitration proceedings are commenced.
 - (v) Any and all notices and communications in relation to any arbitration proceedings under this Clause, including commencement notices and appointment of arbitrators, shall be treated as effectively served from the date and time the e-mail was sent by e-mail to the e-mail addresses below:

Name of party to this Guarantee:

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E-mail address(es) for receipt of notices and communications on behalf of the above party:

Name of other party to this Guarantee:

E-mail address(es) for receipt of notices and communications on behalf of the above party:

Either party shall be entitled to change and/or add to the e-mail addresses above by sending notice of change to the other party at the above address (or, if previously amended by notice, the relevant amended addresses).

Nothing in this Clause shall prevent any notice and communication in relation to any arbitration proceedings in connection with this Guarantee being served by other effective means.

(b)* Law and Jurisdiction Clause

This Guarantee is governed by English law and we hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any legal proceedings concerning this Guarantee. We hereby authorise and nominate the following agent to accept service of any court proceedings on our behalf:

* Subclauses (a) and (b) are alternatives. Delete whichever does not apply.

10. Save as provided in Clause 9 above, any notice, claim or Demand, further demand or Notice of Dispute to be given or made by you under this Guarantee shall be served on us by hand, registered post, courier, e-mail or by SWIFT or equivalent, and if served by hand, registered post or courier, to (or such other address as we may notify to you in writing) or by e-mail to or if by SWIFT or equivalent at via your bank and shall be effective only upon actual receipt.
11. We hereby warrant that we are permitted by any relevant law to which we are subject (including, where relevant, the laws of the place or places of each of our incorporation, establishment, regulation, registration and residence) to:
 - (i) issue a guarantee in this form,
 - (ii) make payment under this Guarantee in a currency other than that of the place of (where relevant) each of our incorporation, establishment, regulation, registration and residence in case of a Demand for payment under this Guarantee, and
 - (iii) designate the place stated in paragraph 9 above as the forum and the place of jurisdiction to which we irrevocably submit.
12. We hereby warrant that we have obtained all necessary approvals and authorisations to issue and perform our obligations under this Guarantee.

Dated the day of

..... (signature)

for and on behalf of

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ANNEX E (CONTRACTORS' GUARANTEE)

IRREVOCABLE LETTER OF GUARANTEE FOR PERFORMANCE OF CONTRACTORS' OBLIGATIONS

To:

1. In this Guarantee, the following terms have the following meanings:

“Contract” means the contract dated _____ made between the Contractors and you for the conversion of the Vessel, as the same may be amended at any time.

“Contractors” means

“Demand” means a written demand for payment under this Guarantee made by one of your officers accompanied by (a) a copy of the written demand made by you to the Contractors for payment of the amount guaranteed by this Guarantee, and (b) a statement from you made by one of your officers confirming that the sums demanded by you are due and owing, and all served in accordance with Clause 10 below.

“Maximum Liability” means the Contractors’ total liability under the terms of the Contract.

“Vessel” means

2. In consideration of you entering into the Contract, agreeing to pay the contract price for the conversion of the Vessel in accordance with the terms of the Contract, and agreeing to accept this Guarantee pursuant to the Contract, at the request of the Contractors we irrevocably and unconditionally guarantee (but as primary obligor and not by way of secondary liability only) performance by the Contractors of all its liabilities and responsibilities under the Contract, and whenever the Contractor does not pay any amount when due under or in connection with the Contract we shall, upon receipt by us from you of Demand, pay to you or to your order upon the expiry of thirty (30) days from receipt of such Demand the sum demanded by you together with interest due under the Contract provided that our total liability shall not exceed the Contractors’ Maximum Liability.
3. This Guarantee is an independent on-demand guarantee and not a secondary liability guarantee. It shall not in any event be affected by any indulgence or delay allowed to the Contractors nor by any amendment to, or variation of, or supplement to the Contract, whether as to time or otherwise that may be agreed between you and the Contractors nor by any circumstances that would otherwise discharge our liability as guarantor.
4. Subject to Clause 5 below, this Guarantee shall remain in force until the first to occur of (a) the payment to you by the Contractors or by us of all sums secured by this Guarantee; and (c) the Contractors’ valid and lawful cancellation and/or rescission of the Contract pursuant to the terms of the Contract (the “Validity Period”); provided that the Demand must be made no later than the end of the Validity Period. However, notwithstanding the foregoing, if within twenty-eight (28) days of our receipt of a Demand we receive a written notice from you or the Contractors that your claim for payment of the sums referred to in the Demand has been disputed and that such dispute will be resolved in accordance with the Contract (a “Notice of Dispute”), the Validity Period shall be extended until thirty (30) days after the dispute has been finally determined in accordance with Clause 5 below.
5. Notwithstanding the other terms of this Guarantee, if within twenty-eight (28) days of our receipt of a Demand we receive a Notice of Dispute from you or from the Contractors, then (a) we shall not be obliged to make any payment to you under this Guarantee until thirty (30) days after the dispute has been finally determined or in the event of an appeal from an arbitration award, until thirty (30) days after delivery of the final unappealable judgment; or in the event that the court remits the matter to the arbitrator, until thirty (30) days after the publication of the revised final award or in the event of an appeal from the award, until thirty (30) days after delivery of the final unappealable judgment; and (b) our liability under this Guarantee shall be to pay to you, upon receipt by us from you of a further demand accompanied by a copy of the award or as the case may be a copy of the judgment, the amount finally awarded, or adjudged by the court, to be due to you under the Contract as guaranteed hereby provided that our total liability shall not exceed the Maximum Liability.

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6. All payments to be made under this Guarantee shall be made without any set off or counterclaim and without deduction or withholding for or on account of any taxes, duties or charges whatsoever unless we are compelled by law to deduct or withhold the same in which case we shall make the minimum deduction or withholding permitted and will pay such additional amounts as may be necessary in order that the amount received by you after such deductions or withholdings shall be equal to the amount which would have been received had no such deduction or withholding been made.
7. All payments to be made under this Guarantee shall be made in freely transferable .
8. Notwithstanding any provision in the Contract, any of your rights under this Guarantee shall be freely assignable by you (a) to your financiers for the purpose of securing the financing for the conversion of the Vessel under the Contract without our prior consent, or (b) to any other assignee with our prior written consent which shall not be unreasonably withheld. Upon assignment, all references in this Guarantee to “you” shall be read as references to the assignee or subsequent assignees.

9. (a)* Law and Arbitration Clause

(i) This Guarantee shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Guarantee shall be referred exclusively to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this clause. The seat of arbitration shall be London even where any hearing takes place in another jurisdiction.

(ii) The reference shall be to three (3) arbitrators unless the Parties agree otherwise.

(iii) The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms.

(iv) The terms and procedures referred to in subclause (iii) above shall be those current at the time when the arbitration proceedings are commenced.

(v) Any and all notices and communications in relation to any arbitration proceedings under this Clause, including commencement notices and appointment of arbitrators, shall be treated as effectively served from the date and time the e-mail was sent by e-mail to the e-mail addresses below:

Name of party to this Guarantee:

E-mail address(es) for receipt of notices and communications on behalf of the above party:

Name of other party to this Guarantee:

E-mail address(es) for receipt of notices and communications on behalf of the above party:

Either party shall be entitled to change and/or add to the e-mail addresses above by sending notice of change to the other party at the above address (or, if previously amended by notice, the relevant amended addresses).

Nothing in this Clause shall prevent any notice and communication in relation to any arbitration proceedings in connection with this Guarantee being served by other effective means.

(b)* Law and Jurisdiction Clause

This Guarantee is governed by English law and we hereby submit to the exclusive jurisdiction of the High Court of England and Wales in relation to any legal proceedings concerning this Guarantee. We hereby authorise and nominate the following agent to accept service of any court proceedings on our behalf:

10. Save as provided in Clause 9 above, any notice, claim or Demand, further demand or Notice of Dispute to be given or made by you under this Guarantee shall be served on us by hand, registered post, courier, e-mail or by SWIFT or equivalent, and if served by hand, registered post or courier, to (or such other address as

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we may notify to you in writing) or by e-mail to _____ or if by SWIFT or equivalent at _____ via your bank and shall be effective only upon actual receipt.

11. We hereby warrant that we are permitted by any relevant law to which we are subject (including, where relevant, the laws of the place or places of each of our incorporation, establishment, regulation, registration and residence) to:

(i) issue a guarantee in this form,

(ii) make payment under this Guarantee in a currency other than that of the place of (where relevant) each of our incorporation, establishment, regulation, registration and residence in case of a Demand for payment under this Guarantee, and

(iii) designate the place stated in paragraph 9 above as the forum and the place of jurisdiction to which we irrevocably submit.

12. We hereby warrant that we have obtained all necessary approvals and authorisations to issue and perform our obligations under this Guarantee.

Dated the day of

..... (signature)

for and on behalf of

Sample copy

ANNEX F (SPECIAL TECHNICAL REQUIREMENTS)

Sample copy

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ANNEX G - (HEALTH, SAFETY, SECURITY AND ENVIRONMENT)

Sample copy

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ANNEX H – (INSURANCES)

Insurance policies (as applicable) shall be obtained and maintained by the Contractors under Clause 37 (Insurances):

From the time of delivery of the Vessel to the Contractors until the Vessel has been redelivered to the Owners:

Builders' All Risks Insurance – The Owners shall upon request be named as co-insured. Coverage shall be on terms no less wide than Institute Clauses for Builders' Risk terms (1/6/88) including Institute War and Institute Strike Clauses with a limit of cover no less than:

From the commencement of the Conversion Works until the Vessel has been redelivered:

General Third Party Liability Insurance – Coverage shall be for:

Bodily Injury per person

Property Damage per occurrence

Workmen's Compensation and Employer's Liability Insurance for Employees – covering Contractors' employees and other persons for whom the Contractors are liable as employer under applicable law for statutory benefits as set out and required by local law in area of operation or area in which the Contractors may become legally obliged to pay benefits.

Such other insurances as may be agreed.

Sample copy

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ANNEX I – (PROTOCOL OF REDELIVERY AND ACCEPTANCE)

We, the Contractors

have today on _____ redelivered to

the Owners

the Vessel

at _____, at _____ hours local time under the terms of this Contract between the Owners and the Contractors
dated _____.

The Owners hereby accept redelivery of the Vessel and certify that the Vessel is redelivered in accordance with the terms of this Contract.

Signed today

For and on behalf of

For and on behalf of

Owners

Contractors

Sample copy