



Leidos Innovations UK Ltd
Standard Terms and Conditions of Sale

1. DEFINITIONS

In these conditions:-

'Confidential Information' means non public information of a Company, a Group Company or a party that is identified as or would be reasonable understood to be confidential and/or proprietary. Confidential Information of the Company includes, all documents, all software provided to Customer, all algorithms, methods, techniques, codes and processes revealed or utilized therein. Confidential Information does not include information that (i) is already known to the Recipient without restrictions on disclosure to use prior to its disclosure; or (ii) is received by the Recipient without an obligation of confidence from a third party having a right to disclose it; or (iii) has been generated independently by the Recipient; or (iv) is in or enters into the public domain otherwise than by a breach of these terms and conditions or another undertaking; (v) was authorized for public disclosure in writing by the Disclosure.

'Company' means Leidos Innovations UK Ltd;

'Customer' means the other party to the contract;

'Discloser' means the party providing the Confidential Information hereunder;

'FCA' means Free Carrier (named place) as such expression is defined in INCOTERMS 2010 published by the International Chamber of Commerce;

'Group Company' means Leidos Innovations and any subsidiary (as defined in Section 736 of the Companies Act 1985) thereof;

'Products' means goods including Software supplied by the Company under a contract;

'Recipient' means the party receiving the confidential information hereunder.

'Services' means services supplied by the Company under a contract;

'Software' means all software material to be supplied by the Company under a contract including all copies supplied to or made by the Customer;

'Total Contract Price' means the aggregate price of all Products and/or Services to be supplied by the Company under a contract including Value Added Tax and all taxes, charges, levies or duties of any kind payable on the supply of the Products and/or Services and any delivery charges as set out in the quotation.

2. QUOTATION

A quotation by the Company is an invitation to the Customer. If the Customer wishes to proceed, it

must make a written offer using the same reference as on the quotation, within the validity period of the quotation. The Company may then accept such offer. Until it does so there is no contract. The Customer agrees that the quotation fully specifies its requirements for the Products and/or Services.

3. INCORPORATION AND PRECEDENCE

These conditions shall apply to the contract between the Company and the Customer, save for any modification in writing expressly agreed by the quotation, order or acceptance. These conditions shall prevail over any terms or conditions of the Customer and over any other document or statement, save as expressly agreed in writing by the quotation, order or acceptance.

4. PRICES

Unless otherwise expressly agreed in writing in the quotation, order or acceptance all prices are strictly net, and are for delivery to site in the mainland of the UK or FCA UK Port or Airport for any other destination. The Customer shall pay any delivery charges set out in the quotation.

5. TAXES

(a) UK Customers

For Contracts for supply within the UK all prices are exclusive of Value Added Tax which will be charged by the Company in addition at the rate prevailing at the date of invoice.

(b) Non-UK Customers

For Contracts for supply outside of the UK all prices are exclusive of all taxes, charges or levies of any kind whether payable on the supply of the Products and/or Services to destinations outside the UK or otherwise, and these are payable by the Customer in addition.

6. PRICE ADJUSTMENT

If following the date of acceptance of the order there is any change in rates of exchange, any imposition or alteration of governmental tax, levy or duty, or if the cost of supplying the Products and/or Services is increased by any other factor beyond the control of the Company, the Company reserves the right at any time prior to delivery to vary the price for the Products and/or Services.

7. PAYMENT

(a) UK Customers

Unless otherwise agreed in writing by the Company payment is to be made against the

Company's invoice and payment shall be in full, in cash without deduction or set off within 30 calendar days of the date of invoice. The Company may invoice the Customer at any time after delivery of the Products and/or Services whether or not the Customer has accepted delivery.

(b) Non-UK Customers

Unless otherwise agreed the order must be accompanied by a remittance or advice that an irrevocable Sterling Pounds Letter of Credit for the Total Contract Price has been established with, and confirmed by a major UK Clearing Bank in favour of the Company. This Letter of Credit shall have a validity equal to the full delivery period of the Products and/or Services plus one month and shall provide for part shipment and trans-shipment with the release of an advance payment and the balance of one hundred per cent of the value for each shipment against presentation of commercial invoices and, in the case of Products, a packing list and bill of lading or forwarding agent's receipt or airway bill as evidence of despatch of the Products.

(c) Suspension

In the event that the Customer fails to make any payment on the due date to the Company under the contract or under any other contract between the Customer or any Group Company (including the Company), then without prejudice to any other remedy or right available to the Company, including the right of termination under clause 18, the Company shall be entitled to suspend any further deliveries or services to the Customer without liability to the Customer.

(d) Payment of Interest

Without prejudice to the Company's rights under clause 7(c) and 18(a), any sums not paid on the due date shall be subject to an interest charge at the rate of 4% per annum above the Base Rate of Barclays Bank Plc, from time to time compounded monthly on all amounts overdue until payment thereof, such to run from day to day and to accrue after as well as before any judgement.

8. SET OFF

In the event that the Customer has not paid any sum or sums which are due and payable to the Company, the Company shall have the right at its sole discretion to reduce the Customer's indebtedness by setting off against such indebtedness any sums due and payable to the Customer by any Group Company.

9. DELIVERY AND RISK

Whilst the Company will endeavour to meet any dates or times specified or requested for delivery and/or installation of the Products and for provision of Services all dates and times specified to the Customer for delivery and installation of the Products or the provision of Services are (unless the Company at the request of the Customer has specifically agreed in writing

that this sub-clause is not to apply) are estimates only and the Company shall not have any liability for delay or for any damages or losses sustained by the Customer as a result of such dates or times not being met. The Customer shall not be entitled to refuse to accept delivery of the Products or Services or treat the contract as terminated as a consequence of the Company's delay.

(b) The Company reserves the right to make deliveries in instalments. Delay or other default in relation to a particular instalment shall not relieve the Customer of the obligation to accept delivery of and pay for other instalments.

(c) In the case of sales within the UK mainland, delivery shall be deemed to take place (a) if the Products are to be collected, on delivery to the Customer or to the Customer's named carrier, (b) in all other cases on delivery to the Customer's premises or other specified delivery point in the UK mainland

(d) In the case of sales outside the UK mainland, delivery shall be FCA UK Port or Airport and delivery shall be deemed to have taken place on delivery to the Customer's named carrier.

(e) Risk in the goods shall pass to the Customer upon delivery, or if the Customer fails to take delivery, when the Company has tendered delivery.

(f) Delivery instructions where required (and, in the case of overseas sales the name and address of the Customer's nominated carrier) shall be provided by the Customer when placing its order. If no delivery instructions are specified the Company (without prejudice to its other rights) shall be entitled to deliver the Products to any address of the Customer known to the Company using any carrier. If the Customer or its carrier fails to give the Company adequate delivery instructions, then without prejudice to any other right or remedy of the Company:-

i) the cost of storing and insuring the Products shall be borne by the Customer; and

ii) if such failure to give adequate delivery instructions continues for more than ten (10) days the Customer shall be deemed wrongly to have repudiated the contract and the Company shall have the right to terminate the contract pursuant to clause 18 below.

(g) If the Customer or its carrier does not accept delivery, then without prejudice to any other right or remedy of the Company:-

i) the cost of storing and insuring the Products shall be borne by the Customer; and

ii) if such failure to accept delivery continues for more than ten (10) days the Customer shall be deemed wrongly to have repudiated the contract and the Company shall have the right to terminate the contract pursuant to clause 18 below.

10. DAMAGE OR LOSS

The Company will at its discretion either refund the cost, or replace, or repair free of charge any Products proved to the Company's satisfaction to have been lost or damaged in transit up to the moment of delivery provided that within three (3) days of receipt of the Products in the case of damage, or within ten (10) days of the invoice or advice note or equivalent notice whether oral or written in the case of loss, the Customer notifies both the carrier and the Company in writing of the nature and extent of the damage or loss. The Company accepts no liability for delay in transit. Unless the Products are checked on receipt the carrier's documentation should be endorsed "unexamined".

11. ACCEPTANCE

Unless otherwise agreed, acceptance of the Products shall take place at the Company's Works in accordance with the Company's standard test and acceptance procedure against test specifications provided by the Company. The Customer or representative of the Customer acceptable to the Company may attend the Company's Works for the acceptance tests, at the Customer's own cost. The acceptance tests shall be performed by the Company. Acceptance shall be deemed to have occurred upon successful completion of such tests and issue by the Company of a certificate to that effect.

12. TITLE

Products other than Software

- (a) In no case shall title in any Products pass from the Company to the Customer before delivery.
- (a) Notwithstanding the passing of risk in any Products, full legal and beneficial ownership shall remain with the Company until the point of delivery.

Software

- (c) Subject to the terms and conditions hereof the Company grants to the Customer a personal non-transferable non-exclusive licence to use the Software in machine readable form in conjunction with the Products to be supplied to the Customer. Where the Customer is not the End User, the Customer shall contact the Company to arrange an appropriate End User licence.
- (d) The Customer shall make no copies of the Software.
- (e) The Customer may not modify or merge with other data or software, the Software or any part thereof.
- (f) The Customer shall not reverse assemble, modify or decompile the Software except to the extent permitted by and only in strict accordance with Section 296A of the Copyright Designs and Patents Act 1988 (as amended).
- (g) The Customer shall not acquire any title to ownership of the Software other than ownership of the physical media on which the Software resides. The Customer acknowledges that the Software may have been developed by a third

party software supplier named in the copyright notice(s) included with the Software and agrees that the third party shall be authorised to hold the Customer responsible for any copyright infringement or breach of the terms of clauses 12 (d), 12 (e), 12 (f) and 12 (g) by the Customer.

(h) The Company may revoke the licence granted to the Customer under clause 12(c) at any time if the Company terminates the Contract under clause 18 and/or if the Customer fails to comply with the conditions set out in clauses 12(d), 12(e), 12(f) and 12(g), whereupon the Customer shall cease all further use of the Software and shall at its sole cost immediately return the Software to the Company.

13. SPECIFICATIONS

(a) The Products will be supplied generally in accordance with the Company's specification. The Company's policy is one of continuous development and consequently the specifications may be revised from time to time. The Customer shall not be entitled to reject the Products or to make a claim in respect of failure of the Products to comply with any specification unless any departure from the specification is material in which case clauses 14(a) and 14(c) and 14(f) shall apply.

(b) Descriptions and illustrations contained in Company catalogues or user handbooks shall not form part of the contract.

(c) All specifications, drawings and technical descriptions submitted with or in connection with any quotation or acknowledgement of the Company are the Company's copyright. All such copyright material and all information and "know-how" wherever supplied shall at all times be treated by the Customer as confidential and shall not without the consent of the Company be used by the Customer except for the purposes of the contract and the operation of Products supplied thereunder, nor shall they without the prior written consent of the Company, be communicated to third parties save insofar as may be necessary for the purposes of the contract and the operation of the Product supplied. The obligations on the part of the Customer to keep information confidential shall cease upon the information becoming public knowledge, other than as a consequence of breach of obligation by the Customer.

14. WARRANTY

Hardware

(a) Any hardware Products which are found to the Company's satisfaction to be defective as a result of faulty design, manufacture or workmanship and/or materially departs from the specification in accordance with clause 13, will at the sole discretion of the Company either be replaced or repaired free of charge provided that:-

- i) the hardware Products (or samples thereof showing the alleged defects) are returned properly packed carriage paid to the Company's works in the UK at the

Customer's risk within twelve (12) months from delivery as defined; and

ii) the hardware Products have not been misused, mishandled, overloaded, amended, modified or repaired in any way by the Customer its employees, agents or sub-contractors, or used for any purpose other than that for which they were designed; and

iii) if the hardware Products have been manufactured to the Customer's drawing, design or specification the defects are not as a result of faulty drawing, design or specification supplied by the Customer; and

iv) if the hardware Products have been installed and/or commissioned by someone other than the Company or its employees, agents or sub-contractors the defects are not as a result of faulty installation and/or commissioning; and

v) the defect is not due to fair wear and tear, wilful damage, negligence, abnormal working conditions or failure to follow the Company's instructions; and

vi) all sums due in respect of the subject hardware Product have been paid.

(b) The Company may at its sole discretion and if so requested by the Customer, send the Company's personnel to repair or replace the hardware Products, provided that if on arrival at the Customer's site it appears that the alleged defects do not exist or are the result of any of the causes referred to in sub-clause 14 (a)(ii) to (v) inclusive hereof, then:-

i) the Company shall be under no obligation to carry out any repairs or replacement and shall be entitled to recover from the Customer all costs and expenses involved in sending such personnel to the Customer's site, at the Company's normal charging rates for such personnel; and

ii) if the Company agrees to carry out any repairs to the hardware Products it shall be entitled to charge the Customer for all such costs and expenses referred to in sub-clause 14 (b)(i) and all repair and replacement works, at the Company's normal charging rate for such personnel and list price for spare parts used.

(c) Repaired or replaced hardware Products will be returned free of charge to destinations on the mainland of the UK or delivered FCA named UK Port or Airport for other destinations.

(d) In the case of Products not of the Company's manufacture, any warranty shall be limited to that given to the Company by the manufacturer thereof.

Software

(e) The Company does not warrant that the Software will be error free but does warrant that the Software will be free from errors, defects or malfunctions that have a material effect upon the working and functionality of a Product, by reference to the specification for a period of ninety (90) days from the date of delivery of the Software. Software which is found to the

Company's satisfaction to be so defective will, provided that all sums due in respect of such software have been paid and at the Company's discretion, either be repaired or replaced free of charge subject to the provisos set out in clause 14(a) (i)-(v) above and to clause 14(b) and 14(c) above (and for the purposes hereof reference to "hardware Products" therein shall mean "Software").

15. CONFIDENTIAL INFORMATION

The Recipient will not disclose to any third party, or make any use of the Disclosers Confidential Information. The Recipient will use at least the same standard of care to maintain the confidentiality of the Disclosures Confidential Information that it uses to maintain the confidentiality of its own Confidential Information, but in no event less than reasonable care. Customers obligation to maintain the confidentiality of the Software including all algorithms, methods, techniques, code and processes revealed therein, will survive in perpetuity.

16. LIABILITY

(a) The Customer acknowledges and agrees that:-

i) it is responsible for the operation of the Products and should ensure that they are used safely and that it should use, maintain, store and keep the Products in accordance with any instructions, user handbook or other form of guidance relating to them; and

ii) the price of the Products and/or Services is quoted and agreed commercially, and at arms length on the basis of the Company's potential liability as set out in these conditions, with the Customer having the opportunity to ask for a variation of these conditions with an appropriate adjustment to the price

iii) notwithstanding the Company's acceptance of liability as set out in clause 16(b) below, it would be prudent for the Customer to insure against all loss or damage the Customer may suffer as a result of the Company's acts or omissions whether negligent or not.

(b) Subject to Clause 16(c) below, the Company accepts liability to the Customer:-

i) where the Company's negligence in its performance of the contract causes death or personal injury;

ii) where the Company's negligence in its performance of the contract causes direct physical damage to or destruction of property, subject always to the limitations in Clauses 16(f) and 16(g); and

iii) arising out of any breach of the obligations as to title implied by The Sale of Goods Act 1979.

(c) The liability set out in Clause 16(b) above is not accepted by the Company on any contract to which Section 27(1) of the Unfair Contract Terms Act 1977 applies or which is an international supply contract as described in Section 26 of the Unfair Contract Terms Act 1977.

(d) The Customer is required to notify the Company of any claim under Clause 16(b) above as soon as reasonably possible.

(e) Except as provided in clauses 13 and 14 all terms, warranties or conditions, express or implied and whether arising directly or indirectly as to the description or condition or fitness for any purpose or satisfactory quality of the Products and/or as to the skill or care of the Company, its servants or agents relating to the provision of Services are excluded, and the Company shall not be liable to the Customer for any negligence of itself, its servants and agents howsoever arising.

(f) Under no circumstances (whatever the basis of any claim against the Company whether in contract, tort (including negligence) or otherwise) except as provided in clauses 16(b)(i) and 16(b)(iii), will the Company be liable for any loss of profit, business, contracts or revenues or for any consequential or indirect loss.

(g) Further and in any event, under no circumstances except as provided in clauses 16(b)(i) and 16(b)(iii) and whatever the basis of any claim against the Company (whether in contract, tort (including negligence) or otherwise) will the Company's liability, for any one claim or the total of all claims arising from any one act or default or from any single series of acts or defaults of the Company, its servants or agents, exceed in the aggregate the sum expressly agreed in writing in the quotation, order or acceptance, or (if there is no such agreement):-

- i) where the Total Contract Price is £200,000 or less, the greater of three times the Total Contract Price or £100,000; or
- ii) where the Total Contract Price exceeds £200,000, the greater of twice the Total Contract Price or £600,000 subject to a maximum of £1,500,000.

17. PATENT INDEMNITY

(a) Subject to clause 17(b) if the Customer is threatened with any action alleging that the Products in the form sold infringe any patent, copyright registered design, design right or other intellectual property rights then provided that the Customer promptly informs and fully co-operates with the Company and in cases where the Company so requests allows the Company to defend any action on the Customer's behalf and have the sole control of any and all negotiations for settlement, then the Company will indemnify the Customer against any award of damages and costs against the Customer arising from such action. Further, if such event occurs the Customer agrees that the Company shall have the option at its own expense either:-

- i) to modify the Products so that they do not infringe, or

- ii) to replace the Products with non-infringing goods, or

- iii) to procure for the Customer the right for the Customer to continue its use of the Products, or

- iv) to repurchase the Products from the Customer at the price paid by the Customer less depreciation.

(b) The Company shall have no liability in respect of claims for infringement or alleged infringement of third parties patent or other proprietary rights arising from the execution of the order in accordance with the Customer's designs plans or specification and the Customer shall indemnify the Company against all losses, damages, expenses, costs or other liability arising from such claims.

(c) The above indemnity is given by the Company in lieu of any or all other liabilities the Company might have in relation to any action against the Customer for infringement of patent or other proprietary rights and under no circumstances will the Company be liable for any contingent, consequential or any loss howsoever arising.

18. EXCUSABLE EVENTS

(a) Notwithstanding any other provision of the contract, the Company shall not be under any obligation and shall have no liability to the Customer if the Company is unable to perform the contract as a result of any cause beyond the control of the Company including without limitation, acts of God, war (whether declared or not), sabotage, riot, explosion, Government control, restrictions or prohibitions or any other Customer/Government act or omission whether local or national, fire, accident, earthquake, storm, flood, epidemic, drought, or other natural catastrophes, inability to obtain equipment, suitable raw materials, components, fuel, power or transportation, disputes with workmen, strikes or lockouts, shortage of labour.

(b) If the Company is unable to perform any of its obligations under the contract by reason of any of the causes referred to in sub-clause (a) of this clause then the Company shall forthwith notify the Customer of the estimated extent and duration of such inability, and any delivery programme so affected shall be extended by a period not less than the period for which such excusable event endures.

(c) In the event that the Company is unable to perform its obligations under the contract by reason of any of the causes referred to in sub-clause (a) of this clause for a period of 6 (six) months or more then the Company may at any time after the expiration of such 6 (six) month period meet with the Customer to discuss the future implementation of the contract. If the Company and the Customer are unable to agree upon a basis for future implementation within 30 days following such meeting, the Company shall be entitled to terminate the contract without liability.

19. TERMINATION

(a) Without prejudice to any other right and remedy available to the Company, and in particular the right to accept a wrongful repudiation and recover unliquidated damages, the Company shall have the right forthwith to by written notice to suspend and/or to terminate the contract in whole or in part:-

- i) if the Customer commits any breach of any of the terms of the contract; or
 - ii) if the Customer, being an individual, dies, or suffers an interim order (within the meaning of the Insolvency Act 1986) to be made against him, or enters into a voluntary arrangement with his creditors, or suffers the making of a statutory demand or the presentation of a petition for bankruptcy order, or if the Customer being a body corporate, enters into any liquidation or calls any meeting of its creditors, or has a receiver or receiver manager of all or any of its undertaking or assets appointed, or suffers the appointment or the presentation of a petition for the appointment of an administrator under the provisions of Part II of the Insolvency Act 1986, or is deemed by virtue of Section 123 of the Insolvency Act 1986 to be unable to pay its debts, or if any distress execution or other legal process is levied on or against any Products or property of the Company or the Customer, or against any premises where the same may be, or if the Customer suffers any analogous proceedings as referred to in this clause under foreign law or if the Customer permits any judgement against it to remain unsatisfied for 7 days; or
 - iii) if the Customer is in breach of any other contract entered into by the Customer with the Company or any Group Company; and such termination will be without prejudice to the Company's accrued rights including any rights to damages, but the Company shall be relieved of any further performance.
- (b) On termination in any case, the Customer shall immediately pay any sums due to the Company and redeliver to the Company all goods of which the Customer has not already become owner. For the avoidance of doubt the provisions of clause 9 (as to risk) and clause 12 (as to the Company's title and ancillary remedies and Software) and clause 15 (as to the limitation of the Company's liability) shall continue after termination.
- (c) In the case of termination under clause 18(a) by the Company following breach by the Customer, the Customer shall pay all the Company's costs and expenses, and the Company's loss consequent on such breach and termination being the Total Contract Price.
- (d) Upon termination by the Company, Customer will discontinue further use of the Software, and will promptly return to the Company or (at the Companies request) will destroy all copies of the Software, and will certify to the Company in writing, over the signature of a duly authorized

representative of the Customer, that it has done so.

(e) All obligations relating to non-use and non-disclosure of Confidential Information, indemnity, limitation of liability, and other such terms with by their nature survive termination, will survive termination.

20. IMPORT AND EXPORT CONSENTS

(a) Where applicable the Company shall endeavour to obtain an export licence and all other necessary consents to enable the Products to be exported from the UK. A pre-requisite for the issue of an export licence is receipt of an End User Certificate which shall be supplied to the Company in a timely manner. It is the responsibility of the Customer to provide this End User Certificate to the Company.

(b) In the event that the Company is unable to obtain an export licence or visas or consents for personnel required to provide Services outside the UK, the Company shall not be held liable for its failure to perform the contract. The Customer shall be responsible for obtaining all consents necessary for the import of the Products to the country of its destination, and if required any visas or consents required for the entry of the personnel into the country of destination.

21. INSTALLATION, COMMISSIONING AND SUPPORT

If the Services required by the Customer are special services such as installation, commissioning, training development or management services, any additional terms of the Company applicable to such Services shall be as specified in the quotation, order or acceptance except that in the event of any conflict these conditions shall prevail.

22. ENTIRE AGREEMENT AND AMENDMENTS

These conditions, the order and acceptance supersede all previous conditions, understandings, commitments, agreements or representations whatsoever whether oral or written relating to the subject matter hereof. The Customer acknowledges and agrees that save as expressly set out in these conditions, the Company will not have any liability for any untrue statement or representation made by it or on its behalf (whether or not negligently) upon which the Customer relied in entering into the contract unless such untrue statement or representation was made fraudulently. The contract shall not be varied except by written agreement signed by the Company and the Customer.

23. ASSIGNMENT

The Customer shall not assign, pledge, charge or deal in or makeover in any way the benefit of the contract without the prior written consent of the Company.

24. WAIVER

No waiver by the Company of any breach of any provision of the contract shall be held to be a waiver of any other or subsequent breach and the

failure of the Company to enforce any provision shall not be deemed a waiver of any right subsequently to enforce any provision.

25. GOVERNING LAW

The contract shall be governed construed and shall take effect in accordance with the laws of England, and shall be subject to the exclusive jurisdiction of the English Courts to which the Customer and the Company by agreement irrevocably submit.

26. HEADINGS

The headings of these conditions shall not be deemed to be part hereof or be taken into consideration in the interpretation or construction hereof of the contract.

27. SEVERABILITY

If any of the words or provisions of these conditions shall be deemed to be invalid, illegal or unenforceable for any reason, then the contract shall be read as if the invalid, illegal or unenforceable words or provisions had to that extent been deleted and the validity of the remaining provisions shall not be affected.

28. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person who is not a party to any contract incorporating these conditions shall have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of that contract.

29. ANTI-BRIBERY

In performance of a contract that incorporates these conditions, the Customer agrees to comply with applicable laws and regulations relating to anti-corruption, including, without limitation, (i) the UK Bribery Act 2010 irrespective of the place of performance, (ii) The Foreign Corrupt Practices Act of 1977, as amended, 15 U.S.C. §§ 78dd-1, et seq. ("FCPA"), and (iii) laws and regulations implementing the Organisation for Economic Cooperation and Development's Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the U.N. Convention Against Corruption, in Customer's country or any country where performance of a contract will occur and to not make or permit to be made or knowingly allow a third party to make any improper payments, or to perform any unlawful act. Compliance with the requirements of this clause is a material requirement of a contract.