

CONFIDENTIALITY AND SECURITY AGREEMENT

By and between:

The Company, (*this is the place to identify the company*) Hereinafter referred to as the PROVIDER

And:

The CHILEAN NAVY represented by **THE DIRECTORATE FOR SUPPLY**, duly authorized to act for the purpose hereof, hereinafter referred to as **CHILEAN NAVY**,

Referred to herein separately as a "PARTY" and together as the "PARTIES"

- a) WHEREAS the PROVIDER wish to be registered in the Special Registry of Suppliers of the Chilean Armed Forces,
- b) WHEREAS, as a PROVIDER for the CHILEAN NAVY, it may become desirable or necessary for the PARTIES hereto to disclose to each other certain technical, financial, commercial or any other information of a proprietary or confidential nature,
- c) WHEREAS the PARTIES hereto are willing to provide for the conditions of disclosure of such Classified Information and the rules governing the use and the protection thereof,
- d) NOW THEREFORE, in consideration of the mutual covenants herein contained, and intending to be legally bound, the Parties agree as follows:
 1. The PARTIES undertake that the provisions of this Agreement will be obligatory and duly observed by all the units and entities of each PARTY.
 2. The PROVIDER shall allow Chilean Navy security experts to visit its facilities, in order to inspect and perform the military security studies established by the Chilean Navy to safeguard the confidentiality of the classified information and goods.
 3. Each PARTY shall assume responsibility for the classified information and goods upon reception.
 4. The PARTIES are not authorized to disclose classified information or goods, as hereby agreed, to any third party without the prior consent of the originating PARTY.
 5. The PARTIES shall take the appropriate security measures, as required by the Chilean Navy, to prevent the disclosure of classified information or material to unauthorized individuals.

6. Access to classified information and goods shall be restricted solely to the individuals selected by the PARTIES and who have been duly authorized and given security clearance by the Project/Contract Manager, and whose access to such information is essential in order to fulfill their obligations.
7. The PARTIES undertakes not to release, in any way whatsoever, information concerning the work it will perform as established in the contract, without the prior consent of the Chilean Navy.
8. Classified information and goods, exchanged under this Agreement, are SECRET with regard to third parties and RESTRICTED with regard to the PARTIES, in order to ease the exchange of information and, at the same time, limit its distribution.
9. The communication of classified information and material between the PARTIES shall be conducted through agreed and secure channels, using the procedure defined by the Chilean Navy.
10. The PROVIDER shall authorize Chilean Navy security experts to perform operational inspections during contract execution.
11. The PARTIES shall ensure that its subcontractors observe the confidentiality obligations of this Agreement and shall be responsible for their reliability as if they were members of the organization.
12. Likewise, the PROVIDER declares that it is fully aware of all the legal provisions relating to the confidentiality of the work, which are intended to protect the national security of Chile, and undertakes to observe such provisions as well as to ensure that each and every member of its personnel observes and performs them diligently.
13. In the event that a leak of classified information or misplacement of classified-goods is detected by the PROVIDER, it shall notify the other Chilean Navy of the situation immediately and shall authorize Chilean Navy security experts in the place of the incident to conduct the necessary investigation and take the corresponding corrective measures.
14. Upon completion of the contract, the PROVIDER shall return all the classified information and classified-goods delivered by the Chilean Navy to perform the object of this agreement.
15. Any act of commission or omission which results in the direct or indirect breach or inobservance of the aforementioned provisions might be penalized according to the Chilean criminal legislation in force, as specified in the appendix N° 1 to this Annex. Such penalties shall not preclude any other agreed penalties.
16. The expression “classified information” includes, but is not limited to, written, oral, visual, computer or electronic information.
17. The word “classified-goods” refers to any document, product or substance, where the information is recorded or contained and shall cover its entirety, regardless of its

physical nature, including but not limited to: written communication, hardware, software, diskettes, equipment, machinery, appliances, devices, models, photographs, recordings, copies, maps, drawings, letters, as well as other products, substances or items from which information can be obtained.

Date, place: _____

BY THE PROVIDER

Name:
Position:
Date:
Signature:

BY THE CHILEAN NAVY

Name:
Position:
Date:
Signature:

APPENDIX 1

CRIMINAL REGULATIONS CONCERNING CLASSIFIED INFORMATION AND ITS DISCLOSURE (COURTESY TRANSLATION)

Below are the regulations that penalize the disclosure, provision or misuse of classified information, as well as any act of negligence or inobservance of the law that could result in the theft, disclosure or destruction of such documents, especially in the case of contracts that may jeopardize the national defense or the security of the Republic of Chile at risk. They are part of the Chilean Criminal Code and the Chilean Code of Military Justice which may be obtained from www.leychile.cl

1. - Chilean Criminal Code, Art. 146:

Any individual who opens or searches through the correspondence or documents of another person without his or her consent will be punished by imprisonment from 61 to 301 days, and if such individual discloses or misuses the secrets contained in them, by imprisonment from 541 days to 3 years.

2. - Chilean Code of Military Justice, Art. 255:

The penalty by imprisonment from 5 years and one day to 20 years will be applied to any person who, without committing the crime of treason, discloses or gives drawings, maps or documents sensitive to the national defense or security of the Republic of Chile, or part of them, to unauthorized individuals; or any person who provides or discloses data or news obtained from such drawings, maps or documents; provided that said person had been entrusted or had become acquainted with the information by reason of condition, occupation or governmental duty, or by reason of the duties that the individual performs or had performed previously.

3.- Chilean Code of Military Justice, Art. 256:

The penalty by imprisonment from 5 years and one day to 10 years will be applied to any person who unofficially obtains or becomes acquainted with the drawings, maps or documents in question.

4.- Chilean Code of Military Justice, Art. 257:

Any person who provides the drawings, maps or documents described in the articles above to an individual not entitled to become acquainted with them; and any person whose negligence or inobservance of the law or regulations causes the theft, disclosure or destruction of the aforementioned drawings, maps or documents will be punished by imprisonment for a period of time defined within a timeframe from three years and one day to five years and a timeframe from 5 years and one day to 10 years.

5.- Chilean Code of Military Justice, Art. 436:

Secret documents are defined as those containing information that directly affects the security of the State, the National Defense, the internal public order and/or the safety of people, including:

1. Documents relating to the staff, and the security and safety of the Chilean Armed Forces and/or Police Force (Carabineros de Chile) and their personnel;
2. Documents relating to any drawings or information of military and police facilities and the plans of operation or action of those institutions, along with any relevant details of any kind regarding this matter;
3. Concerning to firearms, parts and pieces of them, ammunition, explosives, chemical substances, and other goods referred in the law 17798 used by the armed forces or Chilean Police force, and
4. Those refer to equipment and military and police supplies.

BY THE PROVIDER

Name:
Position:
Date:
Signature:

BY THE CHILEAN NAVY

Name:
Position:
Date:
Signature: