

## **HISTORICAL RECORD / HISTORIQUE**

### **NAMSO CHARTER / CHARTE DU NAMSO**

NAMSO Charter 2<sup>nd</sup> Revision [PO/2000/167, 30 August 2000] approved by the North Atlantic Council on 15 September 2000 (Action Sheet to PO/2000/167, 27 September 2000)  
2<sup>e</sup> révision de la Charte du NAMSO [PO/2000/167 du 30 août 2000] approuvée par le Conseil de l'Atlantique Nord le 15 septembre 2000 (Suite donnée au PO/2000/167 du 27 septembre 2000)

Amendment No. 1 [PO(2005)0066, 7 July 2005] approved by the NAC on 29 July 2005  
(Action Sheet to PO(2005)0066, 1 August 2005)  
Amendement n° 1 [PO(2005)0066, 7 juillet 2005] approuvé par le CAN le 29 juillet 2005  
(Suite donnée au PO(2005)0066 du 1<sup>er</sup> août 2005)

Amendment No. 2 [PO(2006)0077, 18 July 2006 & PO(2006)0077-COR1, 19 July 2006] approved by the NAC on 4 August 2006  
(Action Sheet to PO(2006)0077, 7 August 2006)  
Amendement n° 2 [PO(2006)0077 du 18 juillet 2006 & PO(2006)0077-COR1 du 19 juillet 2006] approuvé par le CAN le 4 août 2006  
(Suite donnée au PO(2006)0077 du 7 août 2006)

Amendment No. 3 [PO(2007)0083, 6 September 2007] approved by the NAC on 28 September 2007  
(Action Sheet to PO(2007)0083, 1 October 2007)  
Amendement n° 3 [PO(2007)0083 du 6 septembre 2007] approuvé par le CAN le 28 septembre 2007  
(Suite donnée au PO(2007)0083 du 1<sup>er</sup> octobre 2007)

Amendment No. 4 [PO(2009)0145, 27 October 2009] approved by the NAC on 4 November 2009  
(Action Sheet to PO(2009)0145, 4 November 2009)  
Amendement n° 4 [PO(2009)0145 du 27 octobre 2009] approuvé par le CAN le 4 novembre 2009  
(Suite donnée au PO(2009)0145 du 4 novembre 2009)

Amendment No. 5 [PO(2010)0055, 15 April 2010] approved by the NAC on 21 April 2010  
(Action Sheet to PO(2010)0055, 22 April 2010)  
Amendement n° 5 [PO(2010)0055 du 15 avril 2010] approuvé par le CAN le 21 avril 2010  
(Suite donnée au PO(2010)0055 du 22 avril 2010)

ORIGINAL: ENGLISH

Effective date:  
01 January 2010

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(New issue including  
Amendments 1 to 5)

## BOARD OF DIRECTORS

### CHARTER

#### OF THE NATO MAINTENANCE AND SUPPLY ORGANIZATION (NAMSO)

##### (NAMSO CHARTER)

### PREAMBLE

- Considering the Charter of the NATO Maintenance Supply Services System, as approved on 21 May, 1958 [References: C-M(58)78 and C-R(58)36];
- Considering the amendment to the Charter of 24 January, 1962, dealing with the integration of logistic support for advanced weapons in peace and war [References: C-M(62)2 and C-R(62)5];
- Considering the Regulations for NATO Production and Logistics Organizations, as approved on 17 May, 1962 [References: C-M(62)18 and C-R(62)26];
- Considering the North Atlantic Council's decision of 4 December, 1963 concerning the integration of logistic support of advanced weapons in peace and war and the organisation of NAMSO [References: C-M(63)121 and C-R(63)71];
- Considering the North Atlantic Council's decision of 4 November, 1964 approving the revised NAMSO Charter [References: C-M(64)77 and C-R(64)48], as amended by the decision taken on 11 July 1986 regarding the role of the Secretary General of the Permanent Court of Arbitration at the Hague [Reference: Corrigendum dated 10 November 1986 to Annex II of C-M(64)77];
- Considering the North Atlantic Council's decision of 18 March, 1968 concerning Articles 4 and 5 (mission of NAMSO and functions of the Agency) of the NAMSO Charter [References: RDC/68/80 and PO/68/145];
- Considering the North Atlantic Council's decision of 6 October, 1972 amending the NAMSO Charter to reflect a revision of a part of the North Atlantic Council Document on Security [Reference: C-M(72)44];
- Considering the North Atlantic Council's decision of 9 April, 1976 amending the NAMSO Charter to cover the exercise of the authority of the Board of Directors during a NATO Alert or War [Reference: PO/76/23];
- Considering the North Atlantic Council's decision of 15 September, 2000 approving a revision to update the NAMSO Charter, including inter alia a more concise mission statement and the delegated authority for the NAMSO Board of Directors to conclude memoranda of understanding with states participating in Partnership for Peace (PfP) [Reference: PO(2000)167];

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- Considering the North Atlantic Council's decision of 29 July, 2005 approving an amendment to the NAMSO Charter regarding the addition of seven new NAMSO member states, reference to new NATO security policy documents, and the letting of contracts in support of Trust Fund Policy initiatives in non-NATO nations [Reference: PO(2005)0066];
- Considering the North Atlantic Council's decision of 4 August 2006 approving an amendment to the NAMSO Charter to include the delegated authority for the NAMSO Board of Directors to conclude standard text memoranda of understanding with states participating in Mediterranean Dialogue [Reference: PO(2006)0077];
- Considering the North Atlantic Council's decision of 28 September 2007 approving an amendment to the NAMSO Charter regarding the addition of Iceland as a member state as of 1 June 2007 [Reference: PO(2007)0083];
- Considering the North Atlantic Council's decision of 4 November 2009 approving an amendment to the NAMSO Charter regarding the addition of Croatia as a member state as of 1 July 2009 [Reference: PO(2009)0145];
- Considering the North Atlantic Council's decision of 21 April 2010 approving an amendment to the NAMSO Charter regarding the addition of Albania as a member state as of 1 January 2010 [Reference: PO(2010)0055].

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NAMSO BOARD OF DIRECTORS

DATES OF ACCESSION TO THE NATO MAINTENANCE AND SUPPLY ORGANISATION

• Denmark, France, Federal Republic of Germany, Greece, Italy, Netherlands, Norway, Portugal, Turkey, United Kingdom, United States	May 1958
• Luxembourg	October 1958
• Belgium	January 1959
• Canada	January 1975
• Spain	January 1985
• Czech Republic, Hungary	June 1999
• Poland	December 1999
• Slovenia	July 2004
• Lithuania	August 2004
• Slovakia	October 2004
• Bulgaria, Estonia, Latvia, Romania	January 2005
• Iceland	June 2007
• Croatia	July 2009
• Albania	January 2010

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**SECTION I: GENERAL PROVISIONS**

1. Definition

The NATO MAINTENANCE AND SUPPLY ORGANIZATION (hereinafter called "NAMSO") is a subsidiary body:

(a) created within the framework of the North Atlantic Treaty Organization (NATO) for the implementation of tasks arising out of that Treaty, and established by the North Atlantic Council pursuant to Article 9 of the North Atlantic Treaty and in conformity with the AGREEMENT ON THE STATUS OF THE NORTH ATLANTIC TREATY ORGANIZATION, NATIONAL REPRESENTATIVES AND INTERNATIONAL STAFF, signed in Ottawa on 20th September, 1951;

(b) to which the North Atlantic Council grants, within the framework of the North Atlantic Treaty Organization, the organizational, administrative and financial independence, hereunder defined; and,

(c) established with a view to meeting to the best advantage the collective requirements of Albania, Belgium, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, France, the Federal Republic of Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Turkey, the United Kingdom and the United States, in the field of logistics, under the conditions set forth in Section II below.

2. Modification and Dissolution Procedures

(a) Only the North Atlantic Council can dissolve NAMSO, amend or revoke this Charter.

(b) Requests for such action shall normally be submitted jointly by the states concerned to the North Atlantic Council through the Secretary General of NATO.

**SECTION II: MISSION**

3. Mission

(a) NAMSO's mission is to provide logistics support to NATO or to its member states individually or collectively.

(b) The objective of this mission is to maximize in times of peace, crisis and war the effectiveness of logistics support to armed forces of NATO states and to minimize costs.

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4. Basic Considerations

(a) In order to make the best use of resources and sustain common defence, the states consider it desirable to collectively solve the logistics problems of maintaining military equipment in operational condition.

(b) As the North Atlantic Council has recognized a collective responsibility between NATO and national authorities for logistic support in the context of multinational operations, NAMSO may provide logistics support to its member states and to groups of some or all of those states.

(c) To achieve the objective of maintaining the effectiveness of military forces at minimum cost, NAMSO shall normally operate through recourse to the NATO Maintenance and Supply Agency (hereinafter called "Agency"), working under multinational control exercised by the Board of Directors.

(d) The Agency will carry out, those functions of management which can be performed in common more effectively than can be achieved individually by member states. Inter alia, these shall include common procurement, supply, maintenance and repair activities.

(e) For each of the services requested and in order to maximise the effectiveness of the Agency, the states concerned shall endeavour to establish joint programmes wherever feasible.

5. Functions of the Agency

(a) In order to carry out the mission defined in Article 3 above and in compliance with the provision of Section VII below (Organization and Operation), the functions entrusted to the Agency may include, subject to approval by the Board of Directors:

(i) Supply Management

To collect and analyze spare parts resources and consumption data; to calculate future requirements, including "pipeline requirements"; to select and manage the stockage of those items that are too costly and so seldom required that individual national stocks are uneconomical; and to achieve an effective redistribution of unbalanced resources.

(ii) Maintenance Management

To collect and analyze data on the accumulation of repairable materiel; to calculate future maintenance and overhaul requirements, including "pipeline" as above; to determine and to set up profitable joint repair, maintenance and overhaul arrangements.

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(iii) Procurement

To maintain continuing knowledge of procurement sources; to compute requirements for common procurement; to calculate economical volumes of production; and to perform appropriate procurement action. While the principal objective of the Agency will be to obtain most favourable prices for goods and services, it will carry out planning, under the guidance of the Board of Directors, for the distribution of production balanced among states to the greatest practicable extent.

(iv) Technical Assistance

To arrange the exchange of technical information among states; to assist in the solution of problems of codification and identification; to ensure that the operations of national logistics systems and of NAMSO are consistent with one another to a maximum extent; to provide logistics training as requested; to facilitate cross-licensing between states; and to provide advice or instructions, as appropriate, on qualification and quality control services.

(b) The functions described in sub-paragraphs (i) to (iv) of this Article may be broadened by specific decision of the Board of Directors in order to cover special management functions inter alia the demilitarization of weapon systems/arms/ammunition or to arrange for the Agency to stock a larger range of items than normal. This extension of functions will be limited to the case under consideration.

(c) Other functions necessary to carry out the mission of NAMSO in Article 3 may be entrusted to the Agency by specific decision of the Board of Directors.

6. Availability of the Services Provided by the Agency

(a) Any NAMSO member state may, as a matter of right, avail itself, totally or partially, of the services provided by the Agency and listed in Article 5 above; but the orders connected with these services will only be placed as desired by the state concerned in accordance with existing procedures.

(b) Any Organization created under Article 9 of the North Atlantic Treaty, if it so desires, may avail itself of the services provided by the Agency under conditions jointly agreed between the Board of Directors and the Organization concerned.

(c) In the performance of the mission defined in this section, the services of the Agency will be intended for the armed forces of NATO member states, except as specifically authorized by the North Atlantic Council, the latter forces retaining discretion as to the final recipient, provided property rights of member states and industry are respected. Services provided by member states to third parties shall not imply any commitment or any involvement whatsoever on the part of NAMSO towards such third parties without its consent.

(d) A state participating in Partnership for Peace (PfP) which has signed the memorandum of understanding with NAMSO, foreseen by Article 11 (c)(i) below, can access the services of the Agency in defined areas under the terms and conditions of specific written agreements, such as, sales agreements, service provision agreements or weapon system partnership agreements approved by the Board of Directors.

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**SECTION III: LEGAL STATUS**

7. Juridical Personality - Capacity

(a) NAMSO shall constitute an integral part of the North Atlantic Treaty Organization.

(b) It shall share in the international personality of NATO, as well as in the juridical personality possessed by NATO by virtue of Article 4 of the Ottawa Agreement. The juridical personality of NAMSO shall be intermingled with that of NATO and cannot be distinguished from it.

8. Privileges and Immunities

By virtue of the definitions contained in Article 1 (a) and 1 (c) of the Ottawa Agreement, all pertinent provisions of that Agreement shall effectively be applied to NAMSO under the conditions defined in Article 9 below.

9. Exercise of Rights

(a) The exercise by NAMSO of those rights and privileges, which it shall enjoy in accordance with Articles 7 and 8 above, shall be within the limits and subject to the terms and conditions specified in this Charter, taking into account the arrangements set out in sub-paragraph (b) below.

(b) Arrangements shall be concluded between the member state on whose territory NAMSO is set up and the other interested member states in order to specify, taking into account Article 3 of the Ottawa Agreement, the manner of implementation of the provisions of that Agreement. Such arrangements shall include any appropriate administrative provisions, in particular with respect to customs and fiscal matters, in connection with Articles 9 and 10 of the Ottawa Agreement. These arrangements shall be concluded with a view to facilitating the activities of NAMSO and to avoid harming the economy of the member states.

**SECTION IV: AGREEMENTS AND CONTRACTS**

10. In carrying out and within the scope of its mission, as defined in Section II above, NAMSO may:

(a) conclude agreements and contracts, and acquire and dispose of property in the name of NATO:

(b) conclude administrative agreements with other NATO bodies.

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11. However, advance approval in principle by the North Atlantic Council shall be given before NAMSO concludes:

- (a) any agreement or contract involving:
  - (i) a government not a member of NATO; or
  - (ii) an International Organization; (for the purpose of this Charter, a body established pursuant to Article 9 of the North Atlantic Treaty is not an International Organization);
- (b) any international agreement requiring parliamentary approval by a member state.
- (c) By delegation of the North Atlantic Council,
  - (i) the NAMSO Board of Directors is authorized to conclude memoranda of understanding on logistics support cooperation, subject to prior clearance by the NATO Office of Security, with states participating in Partnership for Peace<sup>1</sup>;
  - (ii) the NAMSO Board of Directors, without further delegation of approval authority to any other body, is authorized to conclude agreements with Mediterranean Dialogue (MD) countries on the purchase of defence materiel that is not available in NATO states for its customer nations' urgent operational requirements, as well as on cooperative logistic support activities related to Trust Fund projects where NAMSA is chosen as the executing agent, in accordance with the NAC Policy and stipulations<sup>2</sup>;
  - (iii) NAMSA may let contracts in nations that are not members of NATO for those initiatives under the NATO/PfP Trust Fund Policy for which NAMSA is the Executing Agent<sup>3</sup>.

12. The authority of NAMSO, as defined in Article 10 above, shall be exercised with due consideration of the requirements of Article 11 above, either by the Board of Directors or by the General Manager, as specified in Article 37 (d) below.

13. The provisions of Articles 11 and 12 above shall not prevent the Board of Directors from delegating to an individual the performance of the executive act of signing an agreement appropriately approved.

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<sup>1</sup> PO(INV)(98)34

<sup>2</sup> SG(2006)0222; C-M(2006)0091

<sup>3</sup> PO(2002)181, Annex 1, paragraph 6(d); PO(2005)0066

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**SECTION V: OWNERSHIP OF ASSETS**

14. General Provisions

(a) In implementation of Article 7 above, all assets acquired by NAMSO or, after special decision of the Board of Directors, by a member state of NAMSO on behalf of NAMSO and through joint financing, shall be acquired in the name, and as the property, of NATO.

(b) However, all rights enjoyed by NATO in accordance with sub-paragraph (a) above shall be exercised by NAMSO or, on specific delegation from NAMSO, by a specified member state.

(c) Since the main mission of NAMSO is to re-sell part of its assets to member states, the conditions of sale should be defined in directives approved by the Board of Directors.

15. Assets Acquired from the Administrative Budget of the Agency

The allocation of any proceeds derived from the sale of assets acquired by NAMSO, in accordance with the administrative budget of the Agency, shall be decided upon by the Board of Directors. In the event of dissolution of NAMSO, the difference between the proceeds derived from the sale of such assets and any liabilities incurred by NAMSO shall be shared or borne by the member states of NAMSO in accordance with a formula to be established in advance by the Board of Directors.

16. Assets Acquired by Other Funds

Whenever assets are to be acquired on behalf of a Weapon System Partnership (reference Articles 33 to 35 below), or by a group of states, special financial arrangements shall be concluded by the interested states and shall specify, in accordance with this Charter, the methods of financing, managing, selling and disposing.

**SECTION VI: RESPONSIBILITY**

17. Responsibility for the activities of NAMSO, including any agreement or contract concluded in accordance with Section IV above, shall be borne by NATO. However, within NATO the member states of NAMSO shall jointly assume this responsibility vis-à-vis NATO and shall bear any resulting cost, either according to a formula to be specified by the Board of Directors, or, in the case of Weapon Systems Partnerships, under conditions in accordance with the provisions laid down in Articles 33 to 35 below.

18. Whenever it proves necessary to insert an arbitration clause in a contract concluded by NAMSO with a firm, in order to allow NAMSO to correctly fulfil the mission entrusted to it in the present Charter, this clause shall compulsorily be drawn up as set forth in Annex II to this Charter.

19. The North Atlantic Council will make provision, in accordance with Article 24 of the Ottawa Agreement, for appropriate modes of settlement of disputes of a private character, of an origin other than contractual.

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**SECTION VII: ORGANIZATION AND OPERATION**

**SUB-SECTION A. GENERAL**

20. NAMSO shall comprise:

(a) a Board of Directors, composed of a representative of each state which is a member of NAMSO; each such state shall have the right to one vote; and

(b) an executive body, referred to as "the Agency", composed of a General Manager and the organization under his command.

21. The Board of Directors may set up operational centres or depots so as to enable NAMSO to carry out its mission. The status of such operational centres or depots will be specified by the Board of Directors on a case-by-case basis.

22. A NATO state not a member of NAMSO may become a member thereof by unanimous affirmative vote of NAMSO member states existing at the time of application for membership. Accession of an additional member state shall be subject to such conditions of membership, consistent with this Charter, as the then existing member states of NAMSO and the prospective member state agree.

23. In the event a member state elects to withdraw from membership of NAMSO, the withdrawal of that state shall be subject to such conditions, consistent with this Charter, as the remaining NAMSO member states and the withdrawing state agree.

24. A government may communicate with NAMSO, either through its national delegation to NATO, or through its representative on the Board of Directors, who will keep his national delegation informed of the activities of that Board of Directors. Copies of all documents sent by NAMSO to the representative of a member state on the Board of Directors shall also be sent to the NATO delegation of such member state.

25. (a) The Board of Directors shall invite NATO Military Authorities to nominate a representative who may attend all Board of Directors' meetings as adviser and liaison officer. The relationship between NAMSO and the appropriate NATO Military Authorities, in times of crisis or war, shall be in accordance with the decisions taken by the North Atlantic Council applicable to the wartime status of NPLOs<sup>4</sup>.

(b) In view of the decision taken by the North Atlantic Council on 24 January, 1962, relating to the integration of logistics support for advanced weapons in peace and war, the Board of Directors will take steps to implement those provisions which concern NAMSO and which are contained in Annex I to this Charter.

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<sup>4</sup> NPLOs refers to NATO Production and Logistics Organizations

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(c) Special directives shall be issued by the Board of Directors and submitted to the North Atlantic Council for approval, concerning arrangements in peacetime for the wartime tasks of NAMSO, especially for the changeover from peacetime to wartime operation. These arrangements shall include the procedures in respect of the development of requirements and priorities, for creating a logistic posture which best equips the Alliance to respond effectively to an emergency.

**SUB-SECTION B. BOARD OF DIRECTORS**

26. Membership

(a) Each state shall communicate through the usual channels to the Secretary General of NATO and to the Chairman of the Board of Directors the names of its representative and any alternate representative(s) on the Board of Directors. It will provide in a timely fashion the necessary instructions to its representative on that Board of Directors.

(b) Each representative on the Board of Directors may be assisted by national experts, who may participate in the discussions at Board of Directors' meetings.

(c) The nomination as a staff member of the Agency of a person, who has served as a representative on the Board of Directors for any period during the three years preceding the nomination, should be made only in exceptional circumstances and, in any event, must be unanimously approved by the Board of Directors.

27. Chairman

(a) The Board of Directors shall elect its Chairman for one year. The Chairman may be re-elected.

(b) The Chairman shall have no task of national representation and he shall have no vote in the Board of Directors.

(c) The Chairman shall derive his authority from the Board of Directors. He must account to the Board of Directors for all actions which he may take in accordance with this Charter and the decisions taken by the Board of Directors.

28. Organization

(a) The Board of Directors shall establish its organization and internal rules in accordance with this Charter. It may set up a Permanent Secretariat to which the provisions of Article 39 below will apply.

(b) The Board of Directors shall meet regularly at such intervals as shall enable it to carry out effectively its responsibilities and as soon as possible in response to a specific request by any member state.

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(c) The Board of Directors, with due regard to Articles 24, 45 and 47 of this Charter, may restrict, as appropriate, the distribution of documents and material covering special technical information and proprietary rights, or other commercial or industrial matters of a confidential nature.

29. Committees

The Board of Directors may establish, as appropriate, committees of experts, comprising government representatives. It shall, in any case, establish a finance committee. These committees shall advise and assist the Board of Directors in carrying out its duties and shall submit to it their recommendations which the Board of Directors shall take into consideration when arriving at its decisions.

30. Decisions

(a) The Board of Directors shall reach its decisions on a simple majority basis. The principle of unanimity shall, however, apply to all decisions having financial implications, regarding questions of general policy or concerning the approval of staff selections at the A-5 level and above.

(b) Any member state which feels that a majority decision of the Board of Directors is not in keeping with its interests, or that such a decision may injure that state, may present such matters to the North Atlantic Council for resolution.

31. Authority

(a) The Board of Directors shall be solely responsible for:

(i) general policy decisions as well as the issue of directives to enable NAMSO to carry out its mission;

(ii) providing guidance for the operation and administration of the Agency;

(iii) the policy to be followed for placing procurement contracts for goods and services with firms located in a state not a member of NATO. Consequently, any contract with a firm located in a state not a member of NATO must be in conformity with the directives of the Board of Directors or be subject to explicit Board of Directors approval;

(iv) the organization of the Agency, the establishment of positions and the approval of selections of personnel of grade A-5 and above;

(v) budgetary and financial decisions;

(vi) exercising management control by comparison of the Agency's activities with applicable Board of Directors directives.

(b) The Board of Directors may delegate its powers of decision to the permanent committees referred to in Article 29 above, stating the limits of such delegations.

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32. Exercise of the Authority of the Board of Directors during a Crisis or War

(a) During a crisis or war the provisions of Articles 26-31 shall, in principle, remain applicable.

(b) If, during a crisis or war, a meeting of the Board of Directors cannot be convened, the authority of the Board of Directors shall be exercised by the General Manager after consultation with the Chairman.

(c) Decisions taken under the exceptional condition laid down in Article 32 (b) must have a character of absolute urgency with no possibility for them to be deferred. The validity of said decisions shall, insofar as possible, be temporary and subject to re-examination and ratification by the Board of Directors, for any possible extension in the future, as soon as a meeting of the Board of Directors can be convened.

(d) The Chairman of the Board of Directors is responsible for determining whether the condition of Article 32 (b) for a special exercise of the authority of the Board of Directors exists, and when it ceases to exist. He is also responsible for recording all decisions taken under the condition of Article 32 (b) and for distributing them to the member states to the extent possible.

(e) During a crisis or war the Chairman's term of office shall continue beyond the normal duration of its term (Article 27) until such time as a meeting of the Board of Directors can be convened.

(f) If the Chairman is not available to perform his functions as set forth in this Article and Article 34, they will be assumed by the General Manager.

**SUB-SECTION C. NAMSO WEAPON SYSTEMS PARTNERSHIPS**

33. Weapon Systems Partnerships may be established within NAMSO, subject to precise terms and conditions, on the initiative of certain member states wishing to organize in common the logistic support of a given weapon.

34. (a) The Board of Directors shall approve:

(i) the establishment of a Weapon System Partnership, or its linking with NAMSO;

(ii) any decision of principle taken within such a partnership;

before such measures are implemented within NAMSO.

(b) Reference the application of Article 34 (a)(ii) above, the approval of the Board of Directors shall not be necessary when the condition of Article 32 (b) prevails.

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(c) The Weapon System Partnership shall inform the Chairman of the Board of Directors of all its decisions which would normally have required approval by the Board of Directors. The Chairman shall distribute these decisions to all member states to the extent possible.

35. (a) The Weapon Systems Partnerships constitute an integral part of NAMSO and share in the juridical personality enjoyed by NAMSO under the terms of Article 7 above.

(b) However, a distinct part of the assets of NAMSO shall be earmarked for the sole support of a given weapon system. At the time of the constitution of a Weapon System Partnership, the participating states shall have concluded special financial arrangements specifying:

(i) methods for managing this part of the assets;

(ii) the rights and obligations of each participating state;

(iii) the financial terms and conditions for dissolving the Weapon System Partnership, or for the withdrawal from it of certain of its members.

**SUB-SECTION D. EXECUTIVE BODY (AGENCY)**

36. General Manager - Nomination

The General Manager shall be nominated by the Board of Directors, after consultation with the Secretary General of NATO; his contract shall be approved by the Board of Directors and submitted to the Secretary General of NATO for signature.

37. General Manager - Authority

In directing the operations of the Agency, the General Manager shall:

(a) implement the decisions of the Board of Directors and convert the policy established by the Board of Directors into operating policy;

(b) prepare plans for organization and operation and submit them for approval by the Board of Directors;

(c) prepare draft budgets and financial reports to the Board of Directors, in accordance with Articles 43 and 44 below;

(d) exercise the contract authority delegated to him by the Board of Directors; however, the Board of Directors:

(i) shall not delegate its authority to the General Manager to conclude contracts beyond the purview of routine management and business intercourse, except, after due review, on a case-by-case basis;

(ii) shall not authorise the General Manager to conclude international agreements.

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(e) attend all meetings of the Board of Directors unless otherwise decided, in special cases, by that Board of Directors; in no case shall he have the right to vote;

(f) engage the necessary personnel to fill positions within the approved establishment and submit in due time his selections for positions at and above the A-5 level to the Board of Directors for approval.

38. General Manager - Responsibility

The General Manager shall be directly responsible to the Board of Directors for the operation of the Agency, even in the case where he has delegated a portion of his authority to his staff. Consequently, the General Manager shall provide periodical reports to the Board of Directors on the operation of the Agency.

39. Personnel

The Agency shall comprise:

(a) Those categories of personnel who, by virtue of an appropriate agreement concluded in accordance with Article 17 of the Ottawa Agreement between the Secretary General of NATO and the governments concerned, constitute NATO International Personnel. Such personnel shall, in the absence of express decision of the North Atlantic Council to the contrary, be subject to the same staff rules as members of the NATO International Secretariat of corresponding grade, including those provisions relating to the Social Security System and the Provident fund. The Board of Directors shall ensure that the number of positions established with such categories shall be restricted to those requiring the concomitant privileges and immunities for their performance.

(b) Those personnel not having international status. The regulations governing such personnel shall be prescribed by the Board of Directors, in consultation with the Secretary General of NATO and in agreement with the host state.

40. Personnel Co-ordination

The Agency shall be represented on an Advisory Panel, established by the Secretary General of NATO for the purpose of consultation and co-ordination, in order to assist the relevant NATO office in establishing and keeping up to date the NATO Civilian Personnel Regulations.

41. Administrative Co-ordination

(a) NAMSO shall give the Secretary General of NATO all necessary information and assistance for the implementation of Article 37 (a) of the NPLO Regulations of C-M(62)18\*.

(b) NAMSO shall adhere to such standardized rules and regulations as the North Atlantic Council shall approve and designate as compulsory.

(c) Those standardized rules and regulations not designated as compulsory by the North Atlantic Council, as well as other International Staff Rules and Regulations appropriately promulgated, shall, nevertheless, not be unnecessarily deviated from by the Board of Directors.

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\* Superseded by C-M(2009)0079

**SUB-SECTION E. FINANCIAL MANAGEMENT**

42. General Provisions

(a) The financial management of NAMSO shall be separate and distinct from those of the International Staff, the other NATO Production and Logistics Organizations or other NATO bodies.

(b) The cost of NAMSO activities, covering both its administrative and operational functions, shall be borne by NAMSO member states and possibly by the NATO bodies or, when approved by the BOD, by governments of states that are not members of NATO or by International Organizations using its services.

(c) Regarding the administrative costs, NAMSO will be self-supporting, preferably by means of surcharges included in the prices of spare parts and services charged by the Agency, or possibly by any other appropriate means. Details of financing will be determined by the Board of Directors and, if necessary, in the form of directives.

(d) Regarding operational costs, their financing will be covered in accordance with Board of Directors' directives, due account being taken, as necessary, of the financial arrangements referred to in Article 35 (b) above. For each NAMSO programme, operational income and expenditure, including investments, will have to be balanced.

(e) NAMSO shall adopt a set of financial regulations, covering both administrative and operational activities, in conformity with the present Article and any regulations promulgated pursuant to Article 41 above.

(f) All funds of NAMSO, namely:

- (i) the income generated by the Agency's authorized activities;
- (ii) the funds otherwise made available to the Agency by its members;

shall be itemized in the administrative budget or operational budget of the Agency and in annual financial statements.

43. Budget

(a) The Agency's programme objective and operating plans, which in no way commit national finances, shall be translated into two annual budgets:

(i) an administrative budget, covering all expenses to be made for the internal functioning of the Agency and Secretariat as indicated in Article 28 (a), and

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(ii) an operational budget, showing financial plans made to cover inventory, procurement and maintenance expenses.

These two budgets shall indicate recurring costs as well as nonrecurring (capital) costs.

(b) The budgets of the Agency shall specify:

- (i) the ceilings of authorised expenses;
- (ii) the estimates for expenses which are not subject to ceilings;
- (iii) the sources from which these expenditures will be financed.

The Board of Directors shall ensure that commitments foreseen in the budgets will not exceed the funds mentioned in Article 42 (d) above.

(c) The draft budgets shall be prepared by the General Manager and shall be submitted by him to the Board of Directors for approval, at such date and accompanied by such explanations as directed by the Board of Directors. The General Manager shall also transmit a copy to the finance committee, who shall review them and make its recommendations to the Board of Directors.

(d) The General Manager shall operate in conformity with the budget. He shall not engage NAMSO beyond the funds mentioned in the budgets, nor shall he engage NAMSO by concluding contracts, the financing of which would require recourse to a special contribution by member states of NAMSO.

(e) Any authority to conclude contracts or make financial commitments, expenditures for which funds of future budgets are required, shall be separately cited in the budgets.

44. Financial Statements

(a) The General Manager shall submit annual balance sheets, profit and loss statements and detailed accounts indicating actual expenditures and income in terms of the items contained in both the administrative and operational budgets.

(b) In addition to these annual statements, other periodic statements shall be submitted by the Agency as directed by the Board of Directors.

(c) The Board of Directors shall approve the annual financial statements of the General Manager only after taking into account the report of the International Board of Auditors for NATO mentioned in Article 51 and the comments of the finance committee on both the statements and the report.

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**SUB-SECTION F. SECURITY**

45. (a) NAMSO will be bound by the general security rules set out in NATO Security Policy (C-M(2002)49, C-M(2002)50 and Supporting Directives, and all amendments thereto, and by such other security regulations approved by the North Atlantic Council as may apply;

(b) NAMSO shall:

(i) draw up the implementing security regulations for the Agency in compliance with the provisions of NATO security policy and supporting directives and supervise their enforcement;

(ii) in conjunction with the NSAs/DSAs<sup>5</sup> concerned and the NATO Office of Security, coordinate the implementation of NATO security policies and directives, both by potential contractors and by contractors, and deal with any security problems arising in any NATO project in which the Agency is engaged;

(iii) take action, as required, and in accordance with the provisions of NATO security policy and the NATO Security Committee Directive on Industrial Security<sup>6</sup>, in respect of the special arrangements for International Visits; and

(iv) be responsible for preparing Project Security Instructions (PSI) for the programmes NAMSA manages for approval by participating NSAs/DSAs.

**SUB-SECTION G. CO-ORDINATION AND CONTROL**

46 NAMSO shall be placed under the authority of the North Atlantic Council. The latter may at any time raise any matter relating to its organization or operation.

47. The Secretary General of NATO shall designate as liaison officer to NAMSO a member of his staff who shall have the right to attend all meetings of the Board of Directors. This officer shall not have the right to vote. He shall, inter alia, provide advice and recommendations regarding NATO administrative procedures and practices. The designated liaison officer shall have access to all NAMSO documents and shall provide the Organization with such NATO documents as are of interest to it and, for classified documents, on a "need-to-know" basis and with the prior approval of the originator.

48. This liaison officer may raise, orally or in writing, any matter which he deems appropriate.

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<sup>5</sup> National Security Authority/Designated Security Authority

<sup>6</sup> AC/35-D/2003, 17 June 2002 (Extract at Annex IV of Charter)

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49. Should the Secretary General of NATO regard any decision of the Board of Directors, communicated to him by his liaison officer, as contrary to the provisions of this Charter or of a nature to jeopardize the general interests of NATO, he shall so inform the Board of Directors and, if necessary, bring the matter to the notice of the North Atlantic Council for such action as it may wish to take.

50. Every year, the Board of Directors shall submit for examination to the North Atlantic Council, a report on the activities of the past year and a forecast of activities for the coming year.

51. The International Board of Auditors for NATO shall audit the accounts of the Agency under the conditions set forth in Annex III to this Charter.

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ANNEX I

**PROVISIONS FOR THE LOGISTIC SUPPORT FOR  
ADVANCED WEAPONS ASSIGNED TO SACEUR ARISING FROM  
THE APPLICATION OF DOCUMENT MC 86/2(REVISED) (FINAL DECISION) AND  
CORRIGENDUM 1**

1. The management by NAMSO of logistic support for advanced weapons assigned to SACEUR, although falling within the general framework of the provisions of this Charter, should nevertheless be subject to the additional provisions set out below.
2. In accordance with the principles enunciated in documents MC 86/2 (Revised) (Final Decision) and Corrigendum 1 and MC 53/2 (Revised) (Final), this Annex is intended to establish for each selected advanced weapon system a procedure which will permit SACEUR and NAMSO to assume the responsibilities specified below and the Agency to provide the logistic support required of it by member states.
3. For the logistic support of the selected advanced weapons, SACEUR, will, in time of peace, nominate to the Board of Directors, as their military adviser, a representative who will submit advice and recommendations to the Board of Directors, in accordance with 53/2 (Revised) (Final) on:
  - (a) the selection of advanced weapons for which logistic support is to be provided by the Agency;
  - (b) the stock level for each of these weapons;
  - (c) the number and location of depots;
  - (d) other measures which, in the opinion of SACEUR, are significant to the achievement of a peacetime logistic posture which best equips the Alliance to respond effectively to an emergency.

This does not in any way imply that SACEUR will have any directive authority over the Agency.

4. In time of peace, the Board of Directors and SACEUR will jointly establish and maintain the staff relationships necessary to assist the Agency to implement the decisions of the Board of Directors and to provide the joint familiarization required for transition to the wartime relationship. These staff relationships will not be used by SACEUR as a medium for his recommendations, which are to be conveyed as provided in paragraph 3 above.

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ANNEX I

5. In times of crisis or war SACEUR will be prepared to accept responsibility for the formulation of operational directives to the Agency. These directives will be in accordance with the decisions taken by the North Atlantic Council relevant to NATO Logistics and to the status of appropriate NATO civilian agencies in wartime. The procedure for the execution of these directives will be established by the Board of Directors jointly with SACEUR. These responsibilities, although planned for and anticipated in peacetime, are to be assumed by SACEUR only with the appropriate North Atlantic Council approval at the time of crisis or war.

6. As regards financing, the operations for logistic support of advanced weapons will be laid down by the Board of Directors on a case-by-case basis. The Board of Directors will, however, have regard to any financial principles which might be established by the North Atlantic Council in respect of logistic support.

7. Subject to North Atlantic Council decisions to be taken regarding DSACEUR's responsibilities in relation to European Security and Defence Identity, SACEUR will advise NAMSO if any responsibilities outlined in this Annex are transferred to DSACEUR, in times of crisis or war, and NAMSO will respond accordingly to DSACEUR.

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ANNEX II

ARBITRATION CLAUSE

1. The party instituting the arbitration proceedings shall advise the other party by registered letter, with official notice of delivery, of his desire to have recourse to arbitration. Within a period of thirty days from the date of receipt of this letter, the parties shall jointly appoint an arbitrator. In the event of failure to appoint an arbitrator, the dispute or disputes shall be submitted to an Arbitration Tribunal consisting of three arbitrators, one being appointed by the Agency, another by the other contracting party, and the third, who shall act as President of the Tribunal, by these two arbitrators. Should one of the parties fail to appoint an arbitrator during the fifteen days following the expiration of the first period of thirty days, or should the two arbitrators be unable to agree on the choice of the third member of the Arbitration Tribunal, within thirty days following the expiration of the said first period, the appointment shall be made, within twenty-one days, at the request of the party instituting the proceedings, by the Secretary General of the Permanent Court of Arbitration at the Hague.
2. Regardless of the procedure concerning the appointment of this Arbitration Tribunal, the third arbitrator will have to be of a nationality different from the nationality of the other two members of the Tribunal.
3. Any arbitrator must be of the nationality of any one of the member states of NATO and shall be bound by the rules of security in force within NATO.
4. Any person appearing before the Arbitration Tribunal in the capacity of an expert witness shall, if he is of the nationality of one of the member states of NATO, be bound by the rules of security in force within NATO. If he is of another nationality, no NATO classified documents or information shall be communicated to him.
5. An arbitrator who, for any reason whatsoever, ceases to act as an arbitrator, shall be replaced under the procedure laid down in paragraph 1 above.
6. The Arbitration Tribunal will take its decision by a majority vote. It shall decide where it will meet and, unless it decides otherwise, shall follow the arbitration procedures of the International Chamber of Commerce in force at the date of the signature of the present contract.
7. The awards of the Arbitrator or of the Arbitration Tribunal shall be final and there shall be no right of appeal or recourse of any kind. These awards shall determine the apportionment of the arbitration expenses.

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ANNEX III

AUDIT OF ACCOUNTS

1. The International Board of Auditors for NATO, acting on behalf of the North Atlantic Council, shall audit the accounts of NAMSO. This audit shall cover all the accounts of NAMSO, operational as well as administrative. The operational budget shall be audited with a view to ascertaining that the operations of NAMSO have been implemented in a most economic manner and within the terms of the approved budget.
2. The report of the International Board of Auditors for NATO shall be submitted to the Board of Directors for decision; a copy of this report shall be addressed to the Secretary General of NATO for information. The Board of Directors shall transmit this report and its Annexes, together with its comments and decision, to the North Atlantic Council.
3. The common expenditures entailed by this audit system will be met by the NATO budget, under the conditions at present governing the audit of the accounts of the International Staff and the various Headquarters.
4. The provisions of the NATO Financial Regulations which relate to the duties of the International Board of Auditors for NATO and to the auditing of accounts shall, in principle, be applicable. However, the adjustments required to meet the special needs of NAMSO shall be jointly agreed by the International Board of Auditors for NATO and the Board of Directors.

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ANNEX IV

EXTRACT FROM APPENDIX 1 TO ANNEX TO AC/35-D/2003

NATO SECURITY COMMITTEE DIRECTIVE ON INDUSTRIAL SECURITY

**NATO OFFICE of SECURITY (NOS)**

3. The NOS shall:

(a) assist and give guidance in industrial security matters to NPLOs and such other NATO industrial projects as may be designated by the Council and supervise the implementation of NATO security policies and procedures in those organizations and projects;

(b) in agreement with the NSAs/DSAs<sup>7</sup> of member nations concerned, assist and give guidance to other NSAs/DSAs in the implementation of NATO security policies and procedures in connection with the activities of NPLOs;

(c) in agreement with the NSAs/DSAs of the member nations concerned, assist and give guidance on NATO security policies and procedures to facilities participating in the activities of NPLOs;

(d) make periodic inspections of the security arrangements for the protection of NATO classified information in NPLOs;

(e) with the agreement of the appropriate NSA make periodic examinations of the security arrangements for the protection of NATO classified information in the DSAs of the member nations responsible for the activities of NPLOs.

(f) with the agreement of the NSAs/DSAs concerned, make periodic examinations of the security arrangements in national facilities engaged in NATO classified industrial contracts administered by a NATO Project Management Agency/Office; and

(g) give guidance and advice, when requested by NSAs/DSAs, on matters of industrial security arising in all NATO-related projects.

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<sup>7</sup> Secretarial Note: NSA refers to National Security Authority; DSA refers to Designated Security Authority