

BABCOCK DSG LIMITED

Contract No: IRM17/2342

**For: The Repair and Refurbishment of Husky
Emergency Door Opening Systems**

Between the Secretary of State for Defence of the United Kingdom of Great Britain and Northern Ireland * Team Name and address: Repair & Test (1) Babcock DSG Limited Building B15 MOD Donnington Telford TF2 8JT E-mail Address: [REDACTED] Telephone Number: [REDACTED]	And Contractor Name and address: Parker Hannifin Limited Tachbrook Park Drive Tachbrook Park Warwick Warwickshire CV34 6TU E-mail Address: [REDACTED] Telephone Number: [REDACTED] Facsimile Number:
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**Where the document refers to the Authority, this shall represent Babcock DSG who are acting as the Procurement Agent on behalf of the Authority.*

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45. The project specific DEFCONs and DEFCON SC Variants that apply to this Contract are:

DEFCON 532B (Edn 05/18) Protection of Personal Data
 DEFCON 601 SC2 (Edn 03/15) Redundant Material
 DEFCON 611 SC2 (Edn 02/16) Issued Property
 DEFCON 624 (SC2)(Edn 11/17) – Use of Asbestos
 DEFCON 630 SC2 (Edn 11/17) Framework Agreements
 DEFCON 637 (Edn 05/17) Defect Investigation and Liability
 DEFCON 658 SC2 (Edn 11/17) Cyber
 DEFCON 694 SC2 (Edn 11/17) Accounting for Property of the Authority
 DEFCON 812 (Edn 04/15) Single Source Open Book
 DEFCON 815 (Edn 04/15) Contract Pricing Statement – Single Source Non-qualifying Contracts

46. The special clauses that apply to this contract are;

- 46.1 Scope of Contract**
- 46.2 Authority to work**
- 46.3 Quality**
- 46.4 Responsibility of the Contractor**
- 46.5 Pricing**
- 46.6 Key Performance Indicators**
- 46.7 Warranty**
- 46.8 Turnaround Time**
- 46.9 Remedies In the event of failure to achieve turnaround time**
- 46.10 Surge**
- 46.11 Contract Novation**
- 46.12 Limitation of Contractor Liability**

47. The processes that apply to this Contract are:

- 47.1 Deficiencies/discrepancies and Damages Process for articles issued for repair/remanufacture**
- 47.2 Beyond Economical Repair Process**
- 47.3 Disposal process for redundant parts/materials etc**
- 47.4 Contract Change Process**
- 47.5 Payment and Invoicing Process**
- 47.6 Packaging and Labelling (excluding Contractor Deliverables containing munitions)**
- 47.7 Delivery Process**
- 47.8 Non-Conforming Deliveries**
- 47.9 Contract Status Report**

Schedules

Schedule 1 Definitions of Contract

Annex A to Schedule 1 Additional Definitions of Contract (i.a.w Clauses 45-47 – Additional Clauses)

Schedule 2 Schedule of Requirements for Contract No: IRM17/2342

Annex A to Schedule 2 - Statement of Work for Repair/Test

Annex B to Schedule 2 – Pricing Schedule

Schedule 3 Contract Data Sheet

Annex A to Schedule 3 DEFFORM 111 (ANNEX A TO SCHEDULE 3) – Addresses and other information

- Schedule 4** Contractor Change Control Procedure
- Schedule 5** Contractor's Commercially Sensitive Information Form (i.a.w Clause 13)
- Schedule 6** Hazardous Contractor Deliverables, Materials or Substances Supplied under the Contract: Data Requirements for Contract No: IRM17/2342
- Schedule 7** Timber and Wood Derived Products supplied under the Contract: Data Requirements for Contract No:
- Schedule 8** Acceptance Procedure (i.a.w Clause 29) for Contract No: IRM17/2342
- Schedule 9** Purchase Order Template (for information only)
- Schedule 10** Discrepancy Report (Sample – for information only)
- Schedule 11** Strip and Survey Report (Sample – for information only)
- Schedule 12** Application to dispose of BR/BER Equipment (Sample – for information only)
- Schedule 13** Contract Status Report (Sample –for information only)
- Schedule 14** Sample Agreement to novate a Contract (for information only)
- Schedule 15** Deliverable Quality Plan Evaluation Form (i.a.w Clause 26)
- Schedule 16** Logistic Commodities & Services Transformation Supplier Manual and FAQs

General Clauses

1. General

a. The defined terms in the Contract shall be as set out in **Schedule 1**.

b. The Contractor shall comply with all applicable Legislation, whether specifically referenced in this Contract or not.

c. The Contractor warrants and represents, that:

- (1) it has the full capacity and authority to enter into, and to exercise its rights and perform its obligations under, the Contract;
- (2) from the Effective Date of Contract and for so long as the Contract remains in force it shall give the Authority Notice of any litigation, arbitration (unless expressly prohibited from doing so in accordance with the terms of the arbitration), administrative or adjudication or mediation proceedings before any court, tribunal, arbitrator, administrator or adjudicator or mediator or relevant authority against itself or a Subcontractor which would adversely affect the Contractor's ability to perform its obligations under the Contract;
- (3) as at the Effective Date of Contract no proceedings or other steps have been taken and not discharged (nor, to the best of the knowledge of the Contractor, threatened) for its winding-up or dissolution or for the appointment of a receiver, administrative receiver, administrator, liquidator, trustee or similar officer in relation to any of its assets or revenues;
- (4) for so long as the Contract remains in force it shall give the Authority Notice of any proceedings or other steps that have been taken but not discharged (nor to the best of the knowledge of the Contractor, threatened) for its winding-up or dissolution or for the appointment of a receiver, administrator, liquidator, trustee or similar officer in relation to any of its assets or revenues.

d. Unless the context otherwise requires:

- (1) The singular includes the plural and vice versa, and the masculine includes the feminine and vice versa.
- (2) The words "include", "includes", "including" and "included" are to be construed as if they were immediately followed by the words "without limitation", except where explicitly stated otherwise.
- (3) The expression "person" means any individual, firm, body corporate, unincorporated association or partnership, government, state or agency of a state or joint venture.
- (4) References to any statute, enactment, order, regulation, or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation, or instrument as amended, supplemented, replaced or consolidated by any subsequent statute, enactment, order, regulation, or instrument.
- (5) The heading to any Contract provision shall not affect the interpretation of that provision.
- (6) Any decision, act or thing which the Authority is required or authorised to take or do under the Contract may be taken or done only by the person (or their nominated deputy) authorised in Schedule 3 (Contract Data Sheet) to take or do that decision, act, or thing on behalf of the Authority.
- (7) Unless excluded within the Clauses of the Contract or required by law, references to submission of documents in writing shall include electronic submission.

2. Duration of Contract

This Contract shall have a 5 year duration from the date of the completed DEFFORM 10 (as applicable), signed by the Contractor's delegated signatory, 12th April 2019 up to and including 11th April 2024 [60 months from the date of contract award] when it shall expire automatically unless; a) option year(s) are invoked or b) it is terminated in accordance with the provisions of the Contract, or c) otherwise lawfully terminated. It shall cover all activity detailed on the **Schedule of Requirements (Schedule 2)**, and any other authorised individual tasks, as may be required.

b) The Authority reserves the right to exercise 2 x 1 year options as follows:

Option Year 1: Year 6 of Contract if taken up
12 April 2024 to 11 April 2025

Option Year 2: Year 7 of Contract if taken up
12 April 2025 to 11 April 2026

c) After the Contract expires, only instructions relating to existing requirements and covering reduction, cancellation, changes of part numbers and similar alterations shall be issued. Orders covering new requirement or increase to existing requirements will not be issued or accepted after the expiration.

3. Entire Agreement

This Contract constitutes the entire agreement between the Parties relating to the subject matter of the Contract. The Contract supersedes, and neither Party has relied upon, any prior negotiations, representations and undertakings, whether written or oral, except that this clause shall not exclude liability in respect of any fraudulent misrepresentation.

4. Governing Law

a. Subject to **clause 4.d**, the Contract shall be considered as a contract made in England and subject to English Law.

b. Subject to **clause 4.d** and **40 (Dispute Resolution)** and without prejudice to the dispute resolution process set out therein, each Party submits and agrees to the exclusive jurisdiction of the Courts of England to resolve, and the laws of England to govern, any actions proceedings, controversy or claim of whatever nature arising out of or relating to the Contract or breach thereof.

c. Subject to **clause 4.d** any dispute arising out of or in connection with the Contract shall be determined within the English jurisdiction and to the exclusion of all other jurisdictions save that other jurisdictions may apply solely for the purpose of giving effect to this **clause 4** and for the enforcement of any judgment, order or award given under English jurisdiction.

d. If the Parties pursuant to the Contract agree that Scots Law should apply then the following amendments shall apply to the Contract:

(1) **Clause 4.a, 4.b and 4.c** shall be amended to read:

"a. The Contract shall be considered as a contract made in Scotland and subject to Scots Law.

*b. Subject to **clause 40 (Dispute Resolution)** and without prejudice to the dispute resolution process set out therein, each Party submits and agrees to the exclusive jurisdiction of the Courts of Scotland to resolve, and the laws of Scotland to govern, any actions, proceedings, controversy or claim of whatever nature arising out of or relating to the Contract or breach thereof.*

*c. Any dispute arising out of or in connection with the Contract shall be determined within the Scottish jurisdiction and to the exclusion of all other jurisdictions save that other jurisdictions may apply solely for the purpose of giving effect to this **clause 4***

and for the enforcement of any judgment, order or award given under Scottish jurisdiction.”

(2) **Clause 40.b** shall be amended to read:
*“In the event that the dispute or claim is not resolved pursuant to **clause 40.a** the dispute shall be referred to arbitration. Unless otherwise agreed in writing by the Parties, the arbitration and this **clause 40.b** shall be governed by the Arbitration (Scotland) Act 2010. The seat of the arbitration shall be Scotland. For the avoidance of doubt, for the purpose of arbitration the tribunal shall have the power to make provisional awards pursuant to Rule 53 of the Scottish Arbitration Rules, as set out in Schedule 1 to the Arbitration (Scotland) Act 2010.”*

e. Each Party warrants to each other that entry into the Contract does not, and the performance of the Contract will not, in any way violate or conflict with any provision of law, statute, rule, regulation, judgement, writ, injunction, decree or order applicable to it. Each Party also warrants that the Contract does not conflict with or result in a breach or termination of any provision of, or constitute a default under, any mortgage, contract or other liability, charge or encumbrance upon any of its properties or other assets.

f. Each Party agrees with each other Party that the provisions of this **clause 4** shall survive any termination of the Contract for any reason whatsoever and shall remain fully enforceable as between the Parties notwithstanding such a termination.

g. Where the Contractor's place of business is not in England or Wales (or Scotland where the Parties agree pursuant to this Contract that Scots Law should apply), the Contractor irrevocably appoints the solicitors or other persons in England and Wales (or Scotland where the Parties agree pursuant to the Contract that Scots Law should apply) detailed in **Schedule 3** (Contract Data Sheet) as its agents to accept on its behalf service of all process and other documents of whatever description to be served on the Contractor in connection with any litigation or arbitration within the English jurisdiction (or Scottish jurisdiction where the Parties agree pursuant to this Contract that Scots Law should apply) arising out of or relating to the Contract or any issue connected therewith.

5. Precedence

a. If there is any inconsistency between the different provisions of the Contract the inconsistency shall be resolved according to the following descending order of precedence:

- (1) **Clauses 1 - 44 (and 45 - 47 if included in this Contract)** of the Clauses of the Contract shall be given equal precedence with **Schedule 1 (Definitions of Contract)** and **Schedule 3 (Contract Data Sheet)**;
- (2) **Schedule 2 (Schedule of Requirements)** and **Schedule 8 (Acceptance Procedure)**;
- (3) the remaining Schedules; and
- (4) any other documents expressly referred to in the Contract.

b. If either Party becomes aware of any inconsistency within or between the documents referred to in **clause 5.a** such Party shall notify the other Party forthwith and the Parties will seek to resolve that inconsistency on the basis of the order of precedence set out in **clause 5.a**. Where the Parties fail to reach agreement, and if either Party considers the inconsistency to be material to its rights and obligations under the Contract, then the matter will be referred to the dispute resolution procedure in accordance with clause 40 (Dispute Resolution).

6. Amendments to Contract

a. Except as provided in clause 31 all amendments to this Contract shall be serially numbered, in writing, issued only by the Authority's Representative (Commercial), and agreed by both Parties.

b. Where the Authority or the Contractor wishes to introduce a change which is not minor or which is likely to involve a change to the Contract Price, the provisions of **Schedule 4 (Contract Change Control Procedure)** shall apply. The Contractor shall not carry out any work until any necessary change to the Contract Price has been agreed and a written amendment in accordance with clause 6.a above has been issued.

7. Variations to Specification

a. The Authority's Representative may, by Notice (following consultation with the Contractor as necessary), alter the Specification as from a date agreed by both Parties and to the extent specified by the Authority, provided that any such variations shall be limited to the extent that they do not alter the fit, form, function or characteristics of the Contractor Deliverables to be supplied under the Contract. The Contractor shall ensure that the Contractor Deliverables take account of any such variations. Such variations shall not require formal amendment of the Contract in accordance with the process set out in clause 6 (Amendments to Contract) and shall be implemented upon receipt, or at the date specified in the Authority's Notice, unless otherwise specified.

b. Any variations that cause a change to:

- (1) fit, form, function or characteristics of the Contractor Deliverables;
- (2) the cost;
- (3) Delivery Dates;
- (4) the period required for the production or completion; or
- (5) other work caused by the alteration,

shall be the subject to clause 6 (Amendments to Contract). Each amendment under clause 6 shall be classed as a formal change.

8. Authority Representatives

a. Any reference to the Authority in respect of:

- (1) the giving of consent;
- (2) the delivering of any Notices; or
- (3) the doing of any other thing that may reasonably be undertaken by an individual acting on behalf of the Authority,

shall be deemed to be references to the Authority's Representatives in accordance with this clause 8.

b. The Authority's Representatives detailed in **Schedule 3 (Contract Data Sheet)** (or their nominated deputy) shall have full authority to act on behalf of the Authority for all purposes of the Contract. Unless notified in writing before such act or instruction, the Contractor shall be entitled to treat any act of the Authority's Representatives which is authorised by the Contract as being expressly authorised by the Authority and the Contractor shall not be required to determine whether authority has in fact been given.

c. In the event of any change to the identity of the Authority's Representatives, the Authority shall provide written confirmation to the Contractor, and shall update **Schedule 3 (Contract Data Sheet)** in accordance with clause 6 (Amendments to Contract).

9. Severability

a. If any provision of the Contract is held to be invalid, illegal or unenforceable to any extent then:

- (1) such provision shall (to the extent that it is invalid, illegal or unenforceable) be given no effect and shall be deemed not to be included in the Contract but without invalidating any of the remaining provisions of the Contract; and
- (2) the Parties shall use all reasonable

endeavours to replace the invalid, illegal or unenforceable provision by a valid, legal and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid, illegal or unenforceable provision.

10. Waiver

- a. No act or omission of either Party shall by itself amount to a waiver of any right or remedy unless expressly stated by that Party in writing. In particular, no reasonable delay in exercising any right or remedy shall by itself constitute a waiver of that right or remedy.
- b. No waiver in respect of any right or remedy shall operate as a waiver in respect of any other right or remedy.

11. Assignment of Contract

Neither Party shall be entitled to assign the Contract (or any part thereof) without the prior written consent of the other Party.

12. Third Party Rights

Notwithstanding anything to the contrary elsewhere in the Contract, no right is granted to any person who is not a Party to the Contract to enforce any term of the Contract in its own right and the Parties to the Contract declare that they have no intention to grant any such right.

13. Transparency

- a. Subject to **clause 13.b** but notwithstanding **clause 14** (Disclosure of Information), the Contractor understands that the Authority may publish the Transparency Information to the general public. The Contractor shall assist and cooperate with the Authority to enable the Authority to publish the Transparency Information.
- b. Before publishing the Transparency Information to the general public in accordance with **clause 13.a**, the Authority shall redact any Information that would be exempt from disclosure if it was the subject of a request for Information under the Freedom of Information Act 2000 or the Environmental Information Regulations 2004, and any Information which has been acknowledged by the Authority at **Schedule 5 – Contractor's Commercially Sensitive Information**.
- c. The Authority may consult with the Contractor before redacting any Information from the Transparency Information in accordance with **clause 13.b**. The Contractor acknowledges and accepts that its representations on redactions during consultation may not be determinative and that the decision whether to redact Information is a matter in which the Authority shall exercise its own discretion, subject always to the provisions of the Freedom of Information Act 2000 or the Environmental Information Regulations 2004.
- d. For the avoidance of doubt, nothing in this **clause 13** shall affect the Contractor's rights at law.

14. Disclosure of Information

- a. Subject to **clauses 14.d, 14.e, 14.h** and **clause 13** each Party:
 - (1) shall treat in confidence all Information it receives from the other;
 - (2) shall not disclose any of that Information to any third party without the prior written consent of the other Party, which consent shall not unreasonably be withheld, except that the Contractor may disclose Information in confidence, without prior consent, to such persons and to such extent as may be necessary for the performance of the Contract;
 - (3) shall not use any of that Information otherwise than for the purpose of the Contract; and
 - (4) shall not copy any of that Information except to the extent necessary for the purpose of exercising its rights of use and disclosure under the Contract.

- b. The Contractor shall take all reasonable precautions necessary to ensure that all Information disclosed to the Contractor by or on behalf of the Authority under or in connection with the Contract:
 - (1) is disclosed to its employees and Subcontractors, only to the extent necessary for the performance of the Contract; and
 - (2) is treated in confidence by them and not disclosed except with the prior written consent of the Authority or used otherwise than for the purpose of performing work or having work performed for the Authority under the Contract or any subcontract.

- c. The Contractor shall ensure that its employees are aware of the Contractor's arrangements for discharging the obligations at **clauses 14.a** and **14.b** before receiving Information and shall take such steps as may be reasonably practical to enforce such arrangements.

- d. **Clauses 14.a** and **14.b** shall not apply to any Information to the extent that either Party:
 - (1) exercises rights of use or disclosure granted otherwise than in consequence of, or under, the Contract;
 - (2) has the right to use or disclose the Information in accordance with other Clauses of the Contract; or
 - (3) can show:
 - (a) that the Information was or has become published or publicly available for use otherwise than in breach of any provision of the Contract or any other agreement between the Parties;
 - (b) that the Information was already known to it (without restrictions on disclosure or use) prior to receiving the Information under or in connection with the Contract;
 - (c) that the Information was received without restriction on further disclosure from a third party which lawfully acquired the Information without any restriction on disclosure; or
 - (d) from its records that the same Information was derived independently of that received under or in connection with the Contract;

provided that the relationship to any other Information is not revealed.

- e. Neither Party shall be in breach of this clause where it can show that any disclosure of Information was made solely and to the extent necessary to comply with a statutory, judicial or parliamentary obligation. Where such a disclosure is made, the Party making the disclosure shall ensure that the recipient of the Information is made aware of and asked to respect its confidentiality. Such disclosure shall in no way diminish the obligations of the Parties under this clause.
- f. The Authority may disclose the Information:
 - (1) on a confidential basis to any Central Government Body for any proper purpose of the Authority or of the relevant Central Government Body, which shall include: disclosure to the Cabinet Office and/or HM Treasury for the purpose of ensuring effective cross-Government procurement processes, including value for money and related purposes;
 - (1) to Parliament and Parliamentary Committees or if required by any Parliamentary reporting requirement;
 - (2) to the extent that the Authority (acting reasonably) deems disclosure necessary or appropriate in the course of carrying out its public functions;
 - (3) on a confidential basis to a professional adviser, consultant or other person engaged by any of the entities defined in **Schedule 1** (including benchmarking organisations) for any purpose relating to or connected with this Contract;
 - (4) on a confidential basis for the purpose of the exercise of its rights under the Contract; or

(5) on a confidential basis to a proposed body in connection with any assignment, novation or disposal of any of its rights, obligations or liabilities under the Contract;

and for the purposes of the foregoing, references to disclosure on a confidential basis shall mean disclosure subject to a confidentiality agreement or arrangement containing terms no less stringent than those placed on the Authority under this clause.

g. Before sharing any Information in accordance with **clause 14.f**, the Authority may redact the Information. Any decision to redact Information made by the Authority shall be final.

h. The Authority shall not be in breach of the Contract where disclosure of Information is made solely and to the extent necessary to comply with the Freedom of Information Act 2000 (the "Act") or the Environmental Information Regulations 2004 (the "Regulations"). To the extent permitted by the time for compliance under the Act or the Regulations, the Authority shall consult the Contractor where the Authority is considering the disclosure of Information under the Act or the Regulations and, in any event, shall provide prior notification to the Contractor of any decision to disclose the Information. The Contractor acknowledges and accepts that its representations on disclosure during consultation may not be determinative and that the decision whether to disclose Information in order to comply with the Act or the Regulations is a matter in which the Authority shall exercise its own discretion, subject always to the provisions of the Act or the Regulations.

i. Nothing in this clause shall affect the Parties' obligations of confidentiality where Information is disclosed orally in confidence.

15. Publicity and Communications with the Media

The Contractor shall not and shall ensure that any employee or Subcontractor shall not communicate with representatives of the press, television, radio or other media on any matter concerning the Contract unless the Authority has given its prior written consent.

16. Change of Control of Contractor

a. The Contractor shall notify the Representative of the Authority at the address detailed in **Box 1 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3)**, as soon as practicable, in writing, of any intended, planned or actual change in control of the Contractor, including any Sub-Contractors. The Contractor shall not be required to submit any notice which is unlawful or is in breach of either any pre-existing non-disclosure agreement, or any regulations governing the conduct of the Contractor in the UK, or other jurisdictions, where the Contractor may be subject to legal sanction arising from issuing such a notice.

b. Each notice of change of control shall be taken to apply to all contracts with the Authority. Notices shall be submitted to the Representative of the Authority as detailed in **Box 1 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3)**:

The Representative of the Authority shall consider the notice of change of control and advise the Contractor in writing of any concerns the Authority may have. Such concerns may include but are not limited to potential threats to national security, the ability of the Authority to comply with its statutory obligations or matters covered by the declarations made by the Contractor prior to Contract Award.

c. The Authority may terminate the Contract by giving written notice to the Contractor within six months of the Authority being notified in accordance with clause 16.a. The Authority shall act reasonably in exercising its right of termination under this clause.

d. If the Authority exercises its right to terminate in accordance with **clause 16.c** the Contractor shall be entitled to request the Authority to consider making a payment

representing any commitments, liabilities or expenditure incurred by the Contractor in connection with the Contract up to the point of termination. Such commitments, liabilities or expenditure shall be reasonably and properly chargeable by the Contractor, and shall otherwise represent an unavoidable loss by the Contractor by reason of the termination of the Contract. Any payment under this clause 16.d must be fully supported by documentary evidence. The decision whether to make such a payment shall be at the Authority's sole discretion.

e. Notification by the Contractor of any intended, planned or actual change of control shall not prejudice the existing rights of the Authority or the Contractor under the Contract nor create or imply any rights of either the Contractor or the Authority additional to the Authority's rights set out in this clause.

17. Environmental Requirements

The Contractor shall in all its operations to perform the Contract, adopt a sound proactive environmental approach that identifies, considers, and where possible, mitigates the environmental impacts of its supply chain. The Contractor shall provide evidence of so doing to the Authority on demand.

18. Contractor's Records

a. The Contractor shall maintain all records in connection with the Contract (expressly or otherwise), and without prejudice to **clause 14** (Disclosure of Information), make them available to be examined or copied, by or on behalf of the Authority, as the Authority may require. These records shall be retained for a period of at least six (6) years from:

- (1) the end of the Contract term;
- (2) termination of the Contract; or
- (3) the final payment

whichever occurs latest.

19. Notices

- a. A Notice served under the Contract shall be:
- (1) in writing in the English Language;
 - (2) authenticated by signature or such other method as may be agreed between the Parties;
 - (3) sent for the attention of the other Party's Representative, and to the address set out in **Schedule 3 (Contract Data Sheet)**;
 - (4) marked with the number of the Contract; and
 - (5) delivered by hand, prepaid post (or airmail), facsimile transmission or, if agreed in **Schedule 3 (Contract Data Sheet)**, by electronic mail.
- b. Notices shall be deemed to have been received:
- (1) if delivered by hand, on the day of delivery if it is a Business Day in the place of receipt, and otherwise on the first Business Day in the place of receipt following the day of delivery;
 - (2) if sent by prepaid post, on the fourth Business Day (or the tenth Business Day in the case of airmail) after the day of posting;
 - (3) if sent by facsimile or electronic means:
 - (a) if transmitted between 09:00 and 17:00 hours on a Business Day (recipient's time) on completion of receipt by the sender of verification of the transmission from the receiving instrument; or
 - (b) if transmitted at any other time, at 09:00 on the first Business Day (recipient's time) following the completion of receipt by the sender of verification of transmission from the receiving instrument.

20. Progress Monitoring, Meetings and Reports

- a. The Contractor shall attend progress meetings at the frequency or times (if any) specified in **Schedule 3 (Contract Data Sheet)** and shall ensure that its Representatives are suitably qualified to attend such meetings.
- b. The Contractor shall submit progress reports to the Authority's Representatives at the times and in the format (if any) specified in **Schedule 3 (Contract Data Sheet)**. The reports shall detail as a minimum:
- (1) performance/Delivery of the Contractor Deliverables;
 - (2) risks and opportunities;
 - (3) any other information specified in **Schedule 3 (Contract Data Sheet)**; and
 - (4) any other information reasonably requested by the Authority.

Supply of Contractor Deliverables

21. Supply of Contractor Deliverables and Quality Assurance

- a. The Contractor shall provide the Contractor Deliverables to the Authority, in accordance with the Schedule of Requirements and the Specification, and shall allocate sufficient resource to the provision of the Contractor Deliverables to enable it to comply with this obligation.
- b. The Contractor shall:
- (1) comply with any applicable quality assurance requirements specified in **Schedule 3 (Contract Data Sheet)** and **Clause 46.3** in providing the Contractor Deliverables; and
 - (2) discharge its obligations under the Contract with all due skill, care, diligence and operating practice by appropriately experienced, qualified and trained personnel.
- c. The provisions of **clause 21.b.** shall survive any performance, acceptance or payment pursuant to the Contract and shall extend to any remedial services provided by the Contractor.
- d. The Contractor shall:
- (1) observe, and ensure that the Contractor's Team observe, all health and safety rules and regulations and any other security requirements that apply at any of the Authority's premises;
 - (2) notify the Authority as soon as it becomes aware of any health and safety hazards or issues which arise in relation to the Contractor Deliverables; and
 - (3) before the date on which the Contractor Deliverables are to start, obtain, and at all times maintain, all necessary licences and consents in relation to the Contractor Deliverables.

22. Marking of Contractor Deliverables

- a. The Contractor shall ensure that each Contractor Deliverable is marked clearly and indelibly:
- (1) in accordance with the requirements specified in **Schedule 3 (Contract Data Sheet)**, or if no such requirement is specified, with the MOD stock reference number, NATO Stock Number (NSN) or alternative reference number specified in **Schedule 2 (Schedule of Requirements)**;
 - (2) where the Contractor Deliverable has a limited shelf life, the marking shall include: the expiry date / date of manufacture, expressed as specified in **Schedule 3 (Contract Data Sheet)**, or in the absence of such requirement they shall be marked as month (letters) and year (last two figures); and
 - (3) ensure that any marking method used does not have a detrimental effect on the strength, serviceability or corrosion resistance of the Contractor Deliverables.

- b. Where it is not possible to mark a Contractor Deliverable with the required particulars, these should be included on the package in which the Contractor Deliverable is packed, in accordance with **clause 23** (Packaging and Labelling (excluding Contractor Deliverables containing Munitions)).

23. Packaging and Labelling (excluding Contractor Deliverables containing Munitions)

This contract condition is not relevant to this Requirement, please refer to Contract clause 47.6

- a. Packaging responsibilities are as follows:
- (1) The Contractor shall be responsible for providing Packaging which fully complies with the requirements of the Contract.
 - (2) The Authority shall indicate in the Contract the standard or level of Packaging required for each Contractor Deliverable, including the PPQ. If a standard or level of Packaging (including the PPQ) is not indicated in the Contract, the Contractor shall request such instructions from the Authority before proceeding further.
 - (3) The Contractor shall ensure all relevant information necessary for the effective performance of the Contract is made available to all subcontractors.
 - (4) Where the Contractor or any of their subcontractors have concerns relating to the appropriateness of the Packaging design and or MPL prior to manufacture or supply of the Contractor Deliverables they shall feedback these concerns to the Contractor or Authority, as appropriate.
- b. The Contractor shall supply Commercial Packaging meeting the standards and requirements of **Def Stan 81-041 (Part 1)**. In addition the following requirements apply:
- (1) The Contractor shall provide Packaging which:
 - (a) will ensure that each Contractor Deliverable may be transported and delivered to the consignee named in the Contract in an undamaged and serviceable clause; and
 - (b) is labelled to enable the contents to be identified without need to breach the package; and
 - (c) is compliant with statutory requirements and this Clause.
 - (2) The Packaging used by the Contractor to supply identical or similar Contractor Deliverables to commercial customers or to the general public (i.e. point of sale packaging) will be acceptable, provided that it complies with the following criteria:
 - (a) reference in the Contract to a PPQ means the quantity of a Contractor Deliverable to be contained in an individual package, which has been selected as being the most suitable for issue(s) to the ultimate user;
 - (b) Robust Contractor Deliverables, which by their nature require minimal or no packaging for commercial deliveries, shall be regarded as "PPQ packages" and shall be marked in accordance with **Clauses 23.i to 23.l**. References to "PPQ packages" in subsequent text shall be taken to include Robust Contractor Deliverables; and
 - (c) for ease of handling, transportation and delivery, packages which contain identical Contractor Deliverables may be bulked and over-packed, in accordance with **clauses 23.i to 23.k**.
- c. The Contractor shall ascertain whether the Contractor Deliverables being supplied are, or contain, Dangerous Goods, and shall supply the Dangerous Goods in accordance with:
- (1) The Health and Safety At Work Act 1974 (as amended);
 - (2) The Classification Hazard Information and Packaging for Supply Regulations (CHIP4) 2009 (as amended);
 - (3) The REACH Regulations 2007 (as amended); and
 - (4) The Classification, Labelling and Packaging

Regulations (CLP) 2009 (as amended).

d. The Contractor shall package the Dangerous Goods as limited quantities, excepted quantities or similar derogations, for UK or worldwide shipment by all modes of transport in accordance with the regulations relating to the Dangerous Goods and:

- The Safety Of Lives At Sea Regulations (SOLAS) 1974 (as amended); and
- The Air Navigation Order.

e. As soon as possible, and in any event no later than one month before delivery is due, the Contractor shall provide a Safety Data Sheet in respect of each Dangerous Good in accordance with the REACH Regulations 2007 (as amended) and the Health and Safety At Work Act 1974 (as amended) and in accordance with **clause 24** (Supply of Hazardous Materials or Substances in Contractor Deliverables).

f. The Contractor shall comply with the requirements for the design of MLP which include **clauses 23.f and 23.g** as follows:

(1) Where there is a requirement to design UK or NATO MLP, the work shall be undertaken by an MPAS registered organisation, or one that although non-registered is able to demonstrate to the Authority that its quality systems and military package design expertise are of an equivalent standard.

(a) The MPAS certification (for individual designers) and registration (for organisations) scheme details are available from:

DES SEOC SCP-SptEng-Pkg

MOD Abbey Wood

Bristol, BS34 8JH

Tel. +44(0)30679-35353

DESSEOCSCP-SptEng-PKq@mod.uk

(b) The MPAS Documentation is also available on the DStan website.

(2) MLP shall be designed to comply with the relevant requirements of **Def Stan 81-041**, and be capable of meeting the appropriate test requirements of **Def Stan 81-041 (Part 3)**. Packaging designs shall be prepared on a SPIS, in accordance with **Def Stan 81-041 (Part 4)**.

(3) The Contractor shall ensure a search of the SPIS index (the 'SPIN') is carried out to establish the SPIS status of each requirement.

(4) New designs shall not be made where there is an existing usable SPIS, or one that may be easily modified.

(5) Where there is a usable SFS, it shall be used in place of a SPIS design unless otherwise stated by the Contract. When an SFS is used or replaces a SPIS design, the Contractor shall upload this information on to SPIN in Adobe PDF.

(6) All SPIS, new or modified (and associated documentation), shall, on completion, be uploaded by the Contractor on to SPIN. The format shall be Adobe PDF.

(7) Where it is necessary to use an existing SPIS design, the Contractor shall ensure the Packaging manufacturer is a registered organisation in accordance with **clause 23.f(1)** above, or if un-registered, is compliant with MPAS ANNEX A Supplement (Code) M. The Contractor shall ensure, as far as possible, that the SPIS is up to date.

(8) The documents supplied under clause 23.f(6) shall be considered as a contract data requirement and be subject to the terms of **DEFCON 15** and **DEFCON 21**.

g. Unless otherwise stated in the Contract, one of the following procedures for the production of new or modified SPIS designs shall be applied:

(1) If the Contractor or their subcontractor is

the PDA they shall:

(a) On receipt of instructions received from the Authority's representative nominated in **Box 2 of DEFFORM 111 (ANNEX A TO SCHEDULE 3) at Annex A to Schedule 3 (Contract Data Sheet)**, prepare the required package design in accordance with **clause 23.f**.

(b) Where the Contractor or their subcontractor is registered they shall, on completion of any design work, provide the Authority with the following documents electronically:

i. a list of all SPIS which have been prepared or revised against the Contract; and

ii. a copy of all new / revised SPIS, complete with all continuation sheets and associated drawings, where applicable, to be uploaded onto SPIN.

(c) Where the PDA is not a registered organisation, then they shall obtain approval for their design from a registered organisation before proceeding, then follow **clause 23.g(1)(b)**.

(2) Where the Contractor or their subcontractor is not the PDA and is un-registered, they shall not produce, modify, or update SPIS designs. They shall obtain current SPIS design(s) from the Authority or a registered organisation before proceeding with manufacture of Packaging. To allow designs to be provided in ample time, they should apply for SPIS designs as soon as practicable.

(3) Where the Contractor or their subcontractor is un-registered and has been given authority to produce, modify, and update SPIS designs by the Contract, he shall obtain approval for their design from a registered organisation using before proceeding, then follow **clause 23.g(1)(b)**.

(4) Where the Contractor or their subcontractor is not a PDA but is registered, he shall follow **clauses 23.g(1)(a) and 23.g(1)(b)**.

h. If special jigs, tooling etc., are required for the production of MLP, the Contractor shall obtain written approval from the Commercial Officer before providing them. Any approval given will be subject to the terms of **DEFCON 23 (SC2)** or equivalent clause, as appropriate.

i. In addition to any marking required by international or national legislation or regulations, the following package labelling and marking requirements apply:

(1) If the Contract specifies UK or NATO MPL, labelling and marking of the packages shall be in accordance with **Def Stan 81-041 (Part 6)** and this Clause as follows:

(a) Labels giving the mass of the package, in kilograms, shall be placed such that they may be clearly seen when the items are stacked during storage.

(b) Each consignment package shall be marked with details as follows:

i. name and address of consignor;

ii. name and address of consignee (as stated in the Contract or order);

iii. destination where it differs from the consignee's address, normally either:

(i). delivery destination / address; or

(ii). transit destination, where delivery address is a point for aggregation / disaggregation and / or onward shipment elsewhere, e.g. railway station, where that mode of transport is used;

iv. the unique order identifiers and the Delivery Label.

- (i). If aggregated packages are used, their consignment marking and identification requirements are stated at **clause 23.1.**
- (2) If the Contract specifies Commercial Packaging, an external surface of each PPQ package and each consignment package, if it contains identical PPQ packages, shall be marked, using details of the Contractor Deliverables as shown in the Contract schedule, to state the following:
- (a) description of the Contractor Deliverable;
 - (b) the full thirteen digit NATO Stock Number (NSN);
 - (c) the PPQ;
 - (d) maker's part / catalogue, serial and / or batch number, as appropriate;
 - (e) the Contract and order number when applicable;
 - (f) the words "Trade Package" in bold lettering, marked in BLUE in respect of trade packages, and BLACK in respect of export trade packages;
 - (g) shelf life of item where applicable;
 - (h) for rubber items or items containing rubber, the quarter and year of vulcanisation or manufacture of the rubber product or component (marked in accordance with **Def Stan 81-041**);
 - (i) any statutory hazard markings and any handling markings, including the mass of any package which exceeds 3kg gross; and
 - (j) any additional markings specified in the Contract.
- j. Bar code marking shall be applied to the external surface of each consignment package and to each PPQ package contained therein. The default symbology shall be as specified in **Def Stan 81-041 (Part 6)**. As a minimum the following information shall be marked on packages:
- (1) the full 13-digit NSN;
 - (2) denomination of quantity (D of Q);
 - (3) actual quantity (quantity in package);
 - (4) manufacturer's serial number and / or batch number, if one has been allocated; and
 - (5) the unique order identifier as stated on the Purchase Order.
- k. Requirements for positioning bar codes in relation to related text, as well as positioning on package etc., are defined in **Def Stan 81-041 (Part 6)**. If size of the bar code does not allow a label to be directly attached, then a tag may be used. Any difficulties over size or positioning of barcode markings shall initially be referred to the organisation nominated in **Box 2 of DEFFORM 111 (ANNEX A TO SCHEDULE 3) at Annex A to Schedule 3 (Contract Data Sheet)**.
- l. The requirements for the consignment of aggregated packages are as follows:
- (1) With the exception of packages containing Dangerous Goods, over-packing for delivery to the consignee shown in the Contract may be used by the consignor to aggregate a number of packages to different Packaging levels, provided that the package contains Contractor Deliverables of only one NSN or class group. Over-packing shall be in the cheapest commercial form consistent with ease of handling and protection of over-packed items.
 - (2) Two adjacent sides of the outer container shall be clearly marked to show the following:
 - (a) class group number;
 - (b) name and address of consignor;
 - (c) name and address of consignee (as stated on the Contract or Order);
 - (d) destination if it differs from the consignee's address, normally either:
 - i. delivery destination / address; or
 - ii. transit destination, if the delivery address is a point of aggregation / disaggregation and / or onward shipment e.g. railway station, where that mode of transport is used;
 - (e) where applicable, the reference number of the delivery note relating to the contents. The consignee's copy of each delivery note shall be placed in the case / container. If the Contractor Deliverables listed in the delivery note are packed in several cases, the consignee's copy shall be placed in the first case and a separate list detailing the contents shall be prepared for each case after the first and placed in the case to which it relates. Each case is to be numbered to indicate both the number of the case and the total number of cases concerned e.g. 1/3, 2/3, 3/3;
 - (f) the shipping label; and
 - (g) any statutory hazard markings and any handling markings.
- m. Authorisation of the Contractor to undertake Packaging design, or to use a packaging design, that was not part of the original requirement under the Contract, shall be considered as an alteration to the specification in accordance with **clause 7 (Variations to Specification)**.
- n. The Contractor shall ensure that timber and wood-containing products supplied under the Contract comply with the provisions of **clause 25 (Timber and Wood-Derived Products)** and **Annex I and Annex II of the International Standards for Phytosanitary Measures, "Guidelines for Regulating Wood Packaging Material in International Trade", Publication No 15 (ISPM 15)**.
- o. All Packaging shall meet the requirements of the **Packaging (Essential Requirements) Regulations 2003** (as amended) where applicable.
- p. In any design work the Contractor shall comply with the **Producer Responsibility Obligations (Packaging Waste) Regulations 2007** (as amended) or equivalent legislation. Evidence of compliance shall be a contractor record in accordance with **clause 18 (Contractor's Records)**.
- q. This Clause is concerned with the supply of Packaging suitable to protect and ease handling, transport and storage of specified items. Where there is a failure of suitable Packaging (a design failure), or Packaging fails and this is attributed to the Packaging supplier, then the supplier shall be liable for the cost of replacing the Packaging.
- r. Liability for other losses resulting from Packaging failure or resulting from damage to Packaging, (such as damage to the packaged item etc.), shall be specified elsewhere in the Contract.
- s. General requirements for service Packaging, including details of UK and NATO MLP and Commercial Packaging descriptions, are contained in **Def Stan 81-041 (Part 1) "Packaging of Defence Materiel"**. Def Stans, NATO Standardisation Agreements (STANAGs), and further information are available from the DStan internet site at: <https://www.dstan.mod.uk/>
- t. Unless specifically stated otherwise in the invitation to tender or the Contract, reference to any standard including Def Stans or STANAGs in any invitation to tender or Contract document means the edition and all amendments extant at the date of such tender or Contract.
- u. In the event of conflict between the Contract and **Def Stan 81-041**, the Contract shall take precedence.
- ## 24. Supply of Hazardous Materials or Substances in Contractor Deliverables
- a. The Contractor shall provide to the Authority:
- (1) for each hazardous material or substance supplied, a Safety Data Sheet (SDS) in accordance with the extant Chemicals (Hazard Information and Packaging for Supply) Regulations (CHIP) and / or

the Classification, Labelling and Packaging (CLP) Regulation 1272/2008 (whichever is applicable), and
(2) for each Contractor Deliverable containing hazardous materials or substances, safety information as required by the Health and Safety at Work, etc Act 1974, at the time of supply.

Nothing in this Clause shall reduce or limit any statutory duty or legal obligation of the Authority or the Contractor.

b. If the Contractor Deliverable contains hazardous materials or substances, or is a substance falling within the scope of the REACH Regulation (EC) No 1907/2006:

- (1) the Contractor shall provide to the Authority an SDS for the substance in accordance with the Regulation. If the Contractor becomes aware of new information which may affect the risk management measures or new information on the hazard, the Contractor shall update the SDS and forward it to the Authority and to the address listed in clause 24.h below, and
- (2) the Authority, if it becomes aware of new information regarding the hazardous properties of the substance, or any other information that might call into question the appropriateness of the risk management measures identified in the SDS supplied, shall report this information in writing to the Contractor.

c. If the Contractor is required, under, or in connection with the contract, to supply Contractor Deliverables or components of Contractor Deliverables that, in the course of their use, maintenance, disposal, or in the event of an accident, may release hazardous materials or substances, they shall provide to the Authority a list of those hazardous materials or substances, and for each hazardous material or substance listed, provide an SDS.

d. The Contractor shall provide to the Authority a completed **Schedule 6 (Hazardous Contractor Deliverables, Materials or Substances Supplied under the Contract: Data Requirements)** in accordance with **Schedule 3 (Contract Data Sheet)**.

e. If the Contractor Deliverables, materials or substances are ordnance, munitions or explosives, in addition to the requirements of CHIP and / or the CLP Regulation 1272/2008 (whichever is applicable) and REACH the Contractor shall comply with hazard reporting requirements of **DEF STAN 07-085 Design Requirements for Weapons and Associated Systems**.

f. If the Contractor Deliverables, materials or substances are or contain or embody a radioactive substance as defined in the Ionising Radiation Regulations SI 1999/3232, the Contractor shall additionally provide details of:

- (1) activity;
- (2) the substance and form (including any isotope);

g. If the Contractor Deliverables, materials or substances have magnetic properties, the Contractor shall additionally provide details of the magnetic flux density at a defined distance, for the clause in which it is packed.

h. Any SDS to be provided in accordance with this Clause, including any related information to be supplied in compliance with the Contractor's statutory duties under **Clause 24.a**, any information arising from the provisions of **Clauses 24.e, 24.f and 24.g** and the completed **Schedule 6**, shall be sent directly to the Authority's Representative (Commercial) as soon as practicable, and no later than one (1) month prior to the Contract delivery date, unless otherwise stated in **Schedule 3 (Contract Data Sheet)**. In addition, so that the safety information can reach users without delay, a copy shall be sent preferably as an email with attachment(s) in Adobe PDF or MS WORD format, or, if only hardcopy is available, to the addresses below:

- (3) Hard copies to be sent to:
Hazardous Stores Information System (HSIS)
Defence Safety Authority (DSA)

Movement Transport Safety Regulator (MTSR)
Hazel Building Level 1, #H019
MOD Abbey Wood (North)
Bristol, BS34 8QW
(4) Emails to be sent to:
DSA-DLSR-MovTpt-DGHSIS@mod.uk

i. Failure by the Contractor to comply with the requirements of this Clause shall be grounds for rejecting the affected Contractor Deliverables. Any withholding of information concerning hazardous Contractor Deliverables, materials or substances shall be regarded as a material breach of Contract under **Clause 43 (Material Breach)** for which the Authority reserves the right to require the Contractor to rectify the breach immediately at no additional cost to the Authority or to terminate the Contract in accordance with **Clause 43**.

25. Timber and Wood-Derived Products

a. All Timber and Wood-Derived Products supplied by the Contractor under the Contract:

- (1) shall comply with the Contract Specification; and
- (2) must originate either:
 - (a) from a Legal and Sustainable source; or
 - (b) from a FLEGT-licensed or equivalent source.

b. In addition to the requirements of **clause 25.a**, all Timber and Wood-Derived Products supplied by the Contractor under the Contract shall originate from a forest source where management of the forest has full regard for:

- (1) identification, documentation and respect of legal, customary and traditional tenure and use rights related to the forest;
- (2) mechanisms for resolving grievances and disputes including those relating to tenure and use rights, to forest management practices and to work clauses; and
- (3) safeguarding the basic labour rights and health and safety of forest workers.

c. If requested by the Authority, the Contractor shall provide to the Authority Evidence that the Timber and Wood-Derived Products supplied to the Authority under the Contract comply with the requirements of **clause 25.a or 25.b or both**.

d. The Authority reserves the right at any time during the execution of the Contract and for a period of five (5) years from final Delivery under the Contract to require the Contractor to produce the Evidence required for the Authority's inspection within fourteen (14) days of the Authority's request.

e. If the Contractor has already provided the Authority with the Evidence required under **clause 25.c**, the Contractor may satisfy these requirements by giving details of the previous notification and confirming the Evidence remains valid and satisfies the provisions of **clauses 25.a or 25.b or both**.

f. The Contractor shall maintain records of all Timber and Wood-Derived Products delivered to and accepted by the Authority, in accordance with **clause 18 (Contractor's Records)**.

g. Notwithstanding **clause 25.c**, if exceptional circumstances render it strictly impractical for the Contractor to record Evidence of proof of timber origin for previously used Recycled Timber, the Contractor shall support the use of this Recycled Timber with:

- (1) a record tracing the Recycled Timber to its previous end use as a standalone object or as part of a structure; and
- (2) an explanation of the circumstances that rendered it impractical to record Evidence of proof of timber origin.

h. The Authority reserves the right to decide, except where in the Authority's opinion the timber supplied is

incidental to the requirement and from a low risk source, whether the Evidence submitted to it demonstrates compliance with **clause 25.a or 25.b**, or both. In the event that the Authority is not satisfied, the Contractor shall commission and meet the costs of an Independent Verification and resulting report that will:

- (1) verify the forest source of the timber or wood; and
- (2) assess whether the source meets the relevant criteria of **clause 25.b**.

i. The statistical reporting requirement at **clause 25.j** applies to all Timber and Wood-Derived Products delivered under the Contract. The Authority reserves the right to amend the requirement for statistical reporting, in the event that the UK Government changes the requirement for reporting compliance with the Government Timber Procurement Policy. Amendments to the statistical reporting requirement will be made in accordance with clause 6 (Amendments to Contract).

j. The Contractor shall provide to the Authority, a completed **Schedule 7 (Timber and Wood-Derived Products Supplied under the Contract: Data Requirements)**, the data or Information the Authority requires in respect of Timber and Wood-Derived Products delivered to the Authority under the Contract, or in respect of each Order in the case of a Framework Agreement, or at such other frequency as stated in the Contract. The Contractor shall send all completed **Schedule 7s (Timber and Wood-Derived Products Supplied under the Contract: Data Requirements)**, including Nil Returns where appropriate, to the Authority's Representative (Commercial).

k. The **Schedule 7 (Timber and Wood-Derived Products Supplied under the Contract: Data Requirements)** may be amended by the Authority from time to time, in accordance with **clause 6 (Amendments to Contract)**.

l. The Contractor shall obtain any wood, other than processed wood, used in Packaging from:

- (1) companies that have a full registered status under the Forestry Commission and Timber Packaging and Pallet Confederation's UK Wood Packaging Material Marking Programme (more detailed information can be accessed at www.forestry.gov.uk) and all such wood shall be treated for the elimination of raw wood pests and marked in accordance with that Programme; or
- (2) sources supplying wood treated and marked so as to conform to Annex I and Annex II of the International Standard for Phytosanitary Measures, "Guidelines for Regulating Wood Packaging Material in International Trade", Publication No 15 published by the Food and Agricultural Organisation of the United Nations (ISPM15) (more detailed information can be accessed at www.fao.org).

26. Certificate of Conformity

a. Where required in **Schedule 3 (Contract Data Sheet)** the Contractor shall provide a Certificate of Conformity (CofC) in accordance with **Schedule 2 (Schedule of Requirements)** and any applicable Quality Plan. One copy of the CofC shall be sent to the Authority's Representative (Commercial) upon Delivery, and one copy shall be provided to the Consignee upon Delivery.

b. The Contractor shall consider the CofC to be a record in accordance with **clause 18 (Contractor's Records)**.

c. The Information provided on the CofC shall include:

- (1) Contractor's name and address;
- (2) Contractor unique CofC number;
- (3) Contract number and where applicable Contract amendment number;
- (4) details of any approved concessions;

- (5) acquirer name and organisation;
- (6) Delivery address;
- (7) Contract Item Number from **Schedule 2 (Schedule of Requirements)**;
- (8) description of Contractor Deliverable, including part number, specification and configuration status;
- (9) identification marks, batch and serial numbers in accordance with the Specification;
- (10) quantities;
- (11) a signed and dated statement by the Contractor that the Contractor Deliverables comply with the requirements of the Contract and approved concessions.

Exceptions or additions to the above are to be documented.

d. Where **Schedule 2 (Schedule of Requirements)** and any applicable Quality Plan require demonstration of traceability and design provenance through the supply chain the Contractor shall include in any relevant subcontract the requirement for the Information called for at **clause 26.c**. The Contractor shall ensure that this Information is available to the Authority through the supply chain upon request in accordance with **clause 18 (Contractor Records)**.

27. Access to Contractor's Premises

a. The Contractor shall provide to the Authority's Representatives following reasonable Notice, relevant accommodation/facilities, at no direct cost to the Authority, and all reasonable access to its premises for the purpose of monitoring the Contractor's progress and quality standards in performing the Contract.

b. As far as reasonably practical, the Contractor shall ensure that the provisions of **clause 1** are included in their subcontracts with those suppliers identified in the Contract. The Authority, through the Contractor, shall arrange access to such subcontractors.

28. Delivery / Collection

a. Title and risk in the Contractor Deliverables shall only pass from the Contractor to the Authority:

- (1) on the Delivery of the Contractor Deliverables by the Contractor to the Consignee in accordance with **clause Error! Reference source not found.**; or
- (2) on the Collection of the Contractor Deliverables from the Consignor by the Authority once they have been made available for Collection by the Contractor in accordance with **clause Error! Reference source not found.**

b. Delivery shall be in accordance with the procedure defined at **Clause 47.7**

c. Collection (if applicable) to be confirmed in Schedule 3 Contract Data Sheet or be alternative arrangements with the Authority Representative detailed at **Box 2 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3) (Annex A to Schedule 3.)**

29. Acceptance

a. Acceptance of the Contractor Deliverables shall occur in accordance with any acceptance procedure specified in **Schedule 8 (Acceptance Procedure)**. If no acceptance procedure is so specified acceptance shall occur when either:

- (1) the Authority does any act in relation to the Contractor Deliverable which is inconsistent with the Contractor's ownership; or
- (2) the time limit in which to reject the Contractor Deliverables defined in **clause Error! Reference source not found.** has elapsed.

30. Rejection

a. If any of the Contractor Deliverables Delivered to the Authority do not conform to the Specification or any other

terms of this Contract, then (without limiting any other right or remedy that the Authority may have) the Authority may reject the Contractor Deliverables (in whole or in part). The Authority shall return these Contractor Deliverables to the Contractor at the Contractor's risk and cost.

b. Rejection of any of the Contractor Deliverables under **clause 30.a** shall take place by the time limit for rejection specified in **Schedule 3** (Contract Data Sheet), or if no such period is specified **within thirty (30) Business Days**.

31. Diversion Orders

a. The Authority shall notify the Contractor at the earliest practicable opportunity if it becomes aware that a Contractor Deliverable is likely to be subject to a Diversion Order.

b. The Authority may issue a Diversion Order for the urgent delivery of the Contractor Deliverables identified in it. These Contractor Deliverables are to be delivered by the Contractor using the quickest means available as agreed by the Authority.

c. The Authority reserves the right to cancel the Diversion Order.

d. If the terms of the Diversion Order are unclear, the Contractor shall immediately contact the Representative of the Authority who issued it for clarification and/or further instruction.

e. If the Diversion Order increases the quantity of Contractor Deliverables beyond the scope of the Contract, it is to be returned immediately to the Authority's Commercial Officer with an appropriate explanation.

f. The Contractor shall be entitled to reasonable additional delivery and packaging costs incurred in complying with the Diversion Order or cancellation. Claims are to be submitted by the Contractor to the Authority's Commercial Officer together with applicable receipts and agreed as an amendment to the Contract in accordance with clause 6 (Amendments to Contract). The Contractor shall comply with the requirements of the Diversion Order upon receipt of the Diversion Order.

32. Self-to-Self Delivery

Where it is stated in **Schedule 3 (Contract Data Sheet)** that any Contractor Deliverable is to be delivered by the Contractor to its own premises, or to those of a Subcontractor ('self-to-self delivery'), the risk in such a Contractor Deliverable shall remain vested in the Contractor until such time as it is handed over to the Authority.

Licences and Intellectual Property

33. Import and Export Licences

a. If, in the performance of the Contract, the Contractor needs to import into the UK or export out of the UK anything not supplied by or on behalf of the Authority and for which a UK import or export licence is required, the responsibility for applying for the licence shall rest with the Contractor. The Authority shall provide the Contractor with sufficient information, certification, documentation and other reasonable assistance in obtaining any necessary UK import or export licence.

b. When an export licence or import licence or authorisation either singularly or in combination is required from a foreign government for the performance of the Contract, the Contractor shall as soon as reasonably practicable consult with the Authority on the licence requirements. Where the Contractor is the applicant for the licence or authorisation the Contractor shall:

- (1) ensure that when end use or end user restrictions, or both, apply to all or part of any Contractor Deliverable (which for the purposes of this Clause shall also include information, technical data and software), the Contractor, unless otherwise agreed with the Authority, shall identify in the

application:

- (a) the end user as: Her Britannic Majesty's Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter "HM Government"); and
- (b) the end use as: For the Purposes of HM Government; and

(2) include in the submission for the licence or authorisation a statement that "information on the status of processing this application may be shared with the Ministry of Defence of the United Kingdom".

c. If the Contractor or any subcontractor in the performance of the Contract needs to export materiel not previously supplied by or on behalf of the Authority for which an export licence or import licence or authorisation from a foreign government is required, the responsibility for instituting expeditious action to apply for and obtain the licence shall rest with the Contractor or that subcontractor. For the purposes of this Clause materiel shall mean information, technical data and items, including Contractor Deliverables, components of Contractor Deliverables and software.

d. Where the Contract performance requires the export of materiel for which a foreign export licence or import licence or authorisation is required, the Contractor shall include the dependencies for the export licence or import licence or authorisation application, grant and maintenance in the Contract risk register and in the risk management plan for the Contract, with appropriate review points. Where there is no requirement under the Contract for a risk management plan the Contractor shall submit this information to the Authority's representative.

e. During the term of the Contract and for a period of up to 2 years from completion of the Contract, the Authority may make a written request to the Contractor to seek a variation to the clauses to a foreign export licence or import licence or authorisation to enable the Authority to re-export or re-transfer a licensed or authorised item or licensed or authorised information from the UK to a non-licensed or unauthorised third party. If the Authority makes such a request it will consult with the Contractor before making a determination of whether the Authority or the Contractor is best placed in all the circumstance to make the request. Where, subsequent to such consultation the Authority notifies the Contractor that the Contractor is best placed to make such request:

- (1) the Contractor shall, or procure that the Contractor's subcontractor shall, expeditiously consider whether or not there is any reason why it should object to making the request and, where it has no objection, file an application to seek a variation of the applicable export licence or import licence or authorisation in accordance with the procedures of the licensing authority. Where the contractor has an objection, the Parties shall meet within five (5) working days to resolve the issue and should they fail the matter shall be escalated to an appropriate level within both Parties' organisations, to include their respective export licensing subject matter experts; and
- (2) the Authority shall provide sufficient information, certification, documentation and other reasonable assistance as may be necessary to support the application for the requested variation.

f. Where the Authority determines that it is best placed to make such request the Contractor shall provide sufficient information, certification, documentation and other reasonable assistance as may be necessary to support the Authority to make the application for the requested variation.

g. Where the Authority invokes **clause 33.e or 33.f** the Authority will pay the Contractor a fair and reasonable charge for this service based on the cost of providing it.

h. Where the Contractor subcontracts work under the

Contract, which is likely to be subject to foreign export control, import control or both the Contractor shall use reasonable endeavours to incorporate in each subcontract equivalent obligations to those set out in this **Clause**. Where it is not possible to include equivalent terms to those set out in this **Clause**, the Contractor shall report that fact and the circumstances to the Authority.

i. Without prejudice to HM Government's position on the validity of any claim by a foreign government to extra-territoriality, the Authority shall provide the Contractor with sufficient information, certification, documentation and other reasonable assistance to facilitate the granting of export licences or import licences or authorisations by a foreign Government in respect of the performance of the Contract.

j. The Authority shall provide such assistance as the Contractor may reasonably require in obtaining any UK export licences necessary for the performance of the Contract.

k. The Contractor shall use reasonable endeavours to identify whether any Contractor Deliverable is subject to:

- (1) a non-UK export licence, authorisation or exemption; or
- (2) any other related transfer or export control,

that imposes or will impose end use, end user or re-transfer or re-export restrictions, or restrictions on disclosure to individuals based upon their nationality. This does not include the Intellectual Property-specific restrictions of the type referred to in **clause 34 (Third Party Intellectual Property – Rights and Restrictions)**.

l. If at any time during the term of the Contract the Contractor becomes aware that all or any part of the Contractor Deliverables are subject to **Clause 33.k(1)** or **33.k(2)**, it shall notify the Authority of this as soon as reasonably practicable by providing details in the **DEFFORM 528** or other mutually agreed alternative format. Such notification shall be no later than thirty (30) days of knowledge of any affected Contractor Deliverable and in any event such notification shall be not less than thirty (30) days prior to delivery of the Contractor Deliverables.

m. If the information to be provided under **Clause 33.l** has been provided previously to the Authority by the Contractor under the Contract, the Contractor may satisfy these requirements by giving details of the previous notification and confirming they remain valid and satisfy the provisions of **Clause 33.l**.

n. During the term of the Contract, the Contractor shall notify the Authority as soon as reasonably practicable of any changes in the information notified previously under clauses **33.l** or **33.m** of which it becomes or is aware that would affect the Authority's ability to use, disclose, re-transfer or re-export an item or part of it as is referred to in those Clauses by issuing an updated **DEFFORM 528** to the Authority.

o. For a period of up to 2 years from completion of the Contract and in response to a specific request by the Authority, the Contractor shall notify the Authority as soon as reasonably practicable of any changes in the information notified previously under **Clause 33.l** or **33.m** of which it becomes aware that would affect the Authority's ability to use, disclose, re-transfer or re-export an item or part of it as is referred to in those Clauses by issuing an updated **DEFFORM 528** to the Authority.

p. Where following receipt of materiel from a subcontractor or any of its other suppliers restrictions are notified to the Contractor by that subcontractor, supplier or other third party or are identified by the Contractor, the Contractor shall immediately inform the Authority by issuing an updated **DEFFORM 528**. Within 30 days of such notification, the Contractor shall propose to the Authority actions to mitigate the impact of such restrictions. Such proposals may include, where appropriate, mutually supported attempts to obtain removal or modification to the restrictions or to obtain appropriate authorisations from the relevant foreign government. The Authority shall notify the

contractor within [30] days of receipt of a proposal whether it is acceptable and where appropriate the Contract shall be modified in accordance with its terms to implement the proposal.

q. If the restrictions prevent the Contractor from performing its obligations under the Contract and have not been removed, modified or otherwise satisfactorily managed within a reasonable time, the Authority may at its absolute discretion elect to amend the contract in accordance with **clause 6** or **7** or as otherwise may be provided by the Contract, or to terminate the Contract. Except as set out in **clause 33.r**, in the event of termination in these circumstances termination shall be on fair and reasonable terms having regard to all the circumstances including payments already made and that would otherwise be due under the Contract, costs incurred by the Contractor and benefits received by the Authority. The Parties, acting in good faith, will use all reasonable endeavours to agree such fair and reasonable terms failing which either Party may refer the matter to dispute resolution in accordance with the provisions in the **Contract.33.r**, in the event of termination in these circumstances termination shall be on fair and reasonable terms having regard to all the circumstances including payments already made and that would otherwise be due under the Contract, costs incurred by the Contractor and benefits received by the Authority. The Parties, acting in good faith, will use all reasonable endeavours to agree such fair and reasonable terms failing which either Party may refer the matter to dispute resolution in accordance with the provisions in the Contract.

r. In the event that the restrictions notified to the Authority pursuant to **Clause 33.l** were known or ought reasonably have been known by the Contractor (but were not disclosed) at contract award or if restrictions notified to the Authority pursuant to **clauses 33.n** or **33.p** were known or ought reasonably to have been known by the Contractor at the date of submission of the most recent **DEFFORM 528** submitted to the Authority in accordance with **Clause 33.l**, termination under **Clause 33.t** will be in accordance with **clause 43 (Material Breach)** and the provisions of **clause 33.v** will not apply.

s. The Authority shall use reasonable endeavours to identify any export control restrictions applying to materiel to be provided to the Contractor as Government Furnished Assets (GFA). Where the Authority is to provide materiel necessary to enable the Contractor to perform the Contract or in respect of which the Services are to be provided, and that materiel is subject to a non-UK export licence, authorisation, exemption or other related transfer or export control as described in the provisions of **Clause 33.k**, the Authority shall provide a completed **DEFFORM 528** or will provide a new or updated **DEFFORM 528** to the Contractor within thirty (30) days of the date of knowledge and in any case not later than thirty (30) days prior to the delivery of such materiel to the Contractor.

t. In the event that the Authority becomes aware that the **DEFFORM 528** disclosure was incomplete or inaccurate or in the event additional such materiel is identified then the Authority shall provide, as soon as reasonably practicable a new or revised **DEFFORM 528**. In the event that the Authority becomes aware that a prior disclosure included in **DEFFORM 528** submitted to the Contractor was incomplete or inaccurate less than thirty (30) days prior to the delivery to the Contractor of any materiel to which the updated or new disclosure relates, the Parties will meet as soon as reasonably practicable to discuss how to mitigate the impact of the incomplete or inaccurate disclosure.

u. Where:

- (1) restrictions are advised by the Authority to the Contractor in a **DEFFORM 528** provided pursuant to **Clauses 33.s** or **33.t** or both; or
- (2) any of the information provided by the Authority in any **DEFFORM 528** proves to be

incorrect or inaccurate;
the Authority and the Contractor shall act promptly to mitigate the impact of such restrictions or incorrect or inaccurate information. Such mitigation shall include, where appropriate, mutually supported attempts to obtain removal or modification to the restrictions or to obtain appropriate authorisations from the relevant foreign government. If the restrictions or incorrect or inaccurate information adversely affect the ability of the Contractor to perform its obligations under the Contract, the matter shall be handled under the terms of **clause 6 (Amendments to Contract)** or **clause 7 (Variations to Specification)** or as may otherwise be provided by the Contract as appropriate and if no alternative solution satisfies the essential terms of the Contract and the restrictions have not been removed, modified or otherwise satisfactorily managed within a reasonable time the Authority may terminate the Contract. Termination under these circumstances will be under the terms of **clause 42 (Termination for Convenience)** and as referenced in the Contract.

v. Pending agreement of any amendment of the Contract as set out in **clause 33.q** or **33.u**, provided the Contractor takes such steps as are reasonable to mitigate the impact, the Contractor shall be relieved from its obligations to perform those elements of the Contract directly affected by the restrictions or provision of incorrect or incomplete information.

34. Third Party Intellectual Property – Rights and Restrictions

a. The Contractor and, where applicable any Subcontractor, shall promptly notify the Authority as soon as they become aware of:

- (1) any invention or design the subject of patent or registered Design Rights (or application thereof) owned by a third party which appears to be relevant to the performance of the Contract or to use by the Authority of anything required to be done or delivered under the Contract;
- (2) any restriction as to disclosure or use, or obligation to make payments in respect of any other intellectual property (including technical Information) required for the purposes of the Contract or subsequent use by the Authority of anything delivered under the Contract and, where appropriate, the notification shall include such Information as is required by **Section 2 of the Defence Contracts Act 1958**;
- (3) any allegation of infringement of intellectual property rights made against the Contractor and which pertains to the performance of the Contract or subsequent use by the Authority of anything required to be done or delivered under the Contract.

Clause 34.a does not apply in respect of Contractor Deliverables normally available from the Contractor as a Commercial Off The Shelf (COTS) item or service.

b. If the Information required under **clause 34.a** has been notified previously, the Contractor may meet its obligations by giving details of the previous notification.

c. For COTS Contractor Deliverables patents and registered designs in the UK, in respect of any question arising (by way of an allegation made to the Authority or Contractor, or otherwise) that the manufacture or provision under the Contract of Contractor Deliverables normally available from the Contractor as a COTS item or service is an infringement of a UK patent or registered design not owned or controlled by the Contractor or the Authority, the Contractor shall, subject to the agreement of the third party owning such patent or registered design, be given exclusive conduct of any and all negotiations for the settlement of any claim or the conduct of any litigation arising out of such

question. The Contractor shall indemnify the Authority, its officers, agents and employees against any liability and cost arising from such allegation. This clause shall not apply if:

- (1) the Authority has made or makes an admission of any sort relevant to such question;
- (2) the Authority has entered or enters into any discussions on such question with any third party without the prior written agreement of the Contractor;
- (3) the Authority has entered or enters into negotiations in respect of any relevant claim for compensation in respect of Crown Use under **Section 55 of the Patents Act 1977** or **Section 12 of the Registered Designs Act 1977**;
- (4) legal proceedings have been commenced against the Authority or the Contractor in respect of Crown Use, but only to the extent of such Crown Use that has been properly authorised.

d. The indemnity in **clause 34.c** does not extend to use by the Authority of anything supplied under the Contract where that use was not reasonably foreseeable at the time of the Contract.

e. In the event that the Authority has entered into negotiation in respect of a claim for compensation, or legal proceedings in respect of the Crown Use have commenced, the Authority shall forthwith authorise the Contractor for the purposes of performing the Contract (but not otherwise) to utilise a relevant invention or design in accordance with **Sections 55 and 56 of the Patents Act 1977** or **Section 12 of the Registered Designs Act 1949** and to use any model, document or information relating to any such invention or design which may be required for that purpose.

f. For all other Contractor Deliverables patents and registered designs in the UK, if a relevant invention or design has been notified to the Authority by the Contractor prior to the Effective Date of Contract, then unless it has been otherwise agreed, under the provisions of **Sections 55 and 56 of the Patents Act 1977** or **Section 12 of the Registered Designs Act 1949**, the Contractor is hereby authorised to utilise that invention or design, notwithstanding the fact that it is the subject of a UK Patent or UK Registered Design, for the purpose of performing the Contract.

g. If, under **clause 34.a**, a relevant invention or design is notified to the Authority by the Contractor after the Effective Date of Contract, then:

- (1) if the owner (or its exclusive licensee) takes or threatens in writing to take any relevant action against the Contractor, the Authority shall issue to the Contractor a written authorisation in accordance with the provisions of **Sections 55 and 56 of the Patents Act 1977** or **Section 12 of the Registered Designs Act 1949**, and
- (2) in any event, unless the Contractor and the Authority can agree an alternative course of action, the Authority shall not unreasonably delay the issue of a written authorisation in accordance with the provisions of **Sections 55 and 56 of the Patents Act 1977** or **Section 12 of the Registered Designs Act 1949**.

h. The Authority shall assume all liability and shall indemnify the Contractor, its officers, agents and employees against liability, including the Contractor's costs, as a result of infringement by the Contractor or their suppliers of any patent, utility model, registered design or like protection outside the United Kingdom in the performance of the Contract when such infringement arises from or is incurred by reason of the Contractor following any specification, statement of work or instruction in the Contract or using, keeping or disposing of any item given by the Authority for the purpose of the Contract in accordance with the Contract.

i. The Contractor shall assume all liability and shall indemnify the Authority, its officers, agents and employees against liability, including the Authority's costs, as a result of infringement by the Contractor or their suppliers of any

patent, utility model, registered design or like protection outside the UK in the performance of the Contract when such infringement arises from or is incurred otherwise than by reason of the Contractor following any specification, statement of work or instruction in the Contract or using, keeping or disposing of any item given by the Authority for the purpose of the Contract in accordance with the Contract.

j. The Contractor shall not be entitled to any reimbursement of any royalty, licence fee or similar expense incurred in respect of anything to be done under the Contract, where:

- (1) a relevant discharge has been given under **Section 2 of the Defence Contracts Act 1958**, or relevant authorisation in accordance with **Sections 55 or 57 of the Patents Act 1977**, **Section 12 of the Registered Designs Act 1949** or **Section 240 of the Copyright, Designs and Patents Act 1988** in respect of any intellectual property; or
- (2) any obligation to make payments for intellectual property has not been promptly notified to the Authority under **clause 34.a**.

k. Where authorisation is given by the Authority under **clause 34.e, 34.f or 34.g**, to the extent permitted by **Section 57 of the Patents Act 1977**, **Section 12 of the Registered Designs Act 1949** or **Section 240 of the Copyright, Designs and Patents Act 1988**, the Contractor shall also be:

- (1) released from payment whether by way of royalties, licence fees or similar expenses in respect of the Contractor's use of the relevant invention or design, or the use of any relevant model, document or information for the purpose of performing the Contract; and
- (2) authorised to use any model, document or information relating to any such invention or design which may be required for that purpose.

l. The Contractor shall assume all liability and indemnify the Authority and its officers, agents and employees against liability, including costs as a result of:

- (1) infringement or alleged infringement by the Contractor or their suppliers of any copyright, database right, Design Right or the like protection in any part of the world in respect of any item to be supplied under the Contract or otherwise in the performance of the Contract;
- (2) misuse of any confidential information, trade secret or the like by the Contractor in performing the Contract;
- (3) provision to the Authority of any Information or material which the Contractor does not have the right to provide for the purpose of the Contract.

m. The Authority shall assume all liability and indemnify the Contractor, its officers, agents and employees against liability, including costs as a result of:

- (1) infringement or alleged infringement by the Contractor or their suppliers of any copyright, database right, Design Right or the like protection in any part of the world in respect of any item provided by the Authority for the purpose of the Contract but only to the extent that the item is used for the purpose of the Contract;
- (2) alleged misuse of any confidential Information, trade secret or the like by the Contractor as a result of use of Information provided by the Authority for the purposes of the Contract, but only to the extent that Contractor's use of that Information is for the purposes intended when it was disclosed by the Authority.

n. The general authorisation and indemnity is:

- (1) **clauses 34.a – 34.m** represents the total liability of each Party to the other under the Contract in respect of any infringement or alleged infringement

of patent or other Intellectual Property Right (IPR) owned by a third party;

(2) neither Party shall be liable, one to the other, for any consequential loss or damage arising as a result, directly or indirectly, of a claim for infringement or alleged infringement of any patent or other IPR owned by a third party;

(3) a Party against whom a claim is made or action brought, shall promptly notify the other Party in writing if such claim or action appears to relate to an infringement which is the subject of an indemnity or authorisation given under this Clause by such other Party. The notification shall include particulars of the demands, damages and liabilities claimed or made of which the notifying Party has notice;

(4) the party benefiting from the indemnity or authorisation shall allow the other Party, at its own expense, to conduct any negotiations for the settlement of the same, and any litigation that may arise therefrom and shall provide such information as the other Party may reasonably require;

(5) following a notification under **clause 34.n(3)**, the Party notified shall advise the other Party in writing within thirty (30) Business Days whether or not it is assuming conduct of the negotiations or litigation. In that case the Party against whom a claim is made or action brought shall not make any statement which might be prejudicial to the settlement or defence of such a claim without the written consent of the other Party;

(6) the Party conducting negotiations for the settlement of a claim or any related litigation shall, if requested, keep the other Party fully informed of the conduct and progress of such negotiations.

o. If at any time a claim or allegation of infringement arises in respect of copyright, database right, Design Right or breach of confidence as a result of the provision of any Contractor Deliverable by the Contractor to the Authority, the Contractor may at its own expense replace the item with an item of equivalent functionality and performance so as to avoid infringement or breach. The Parties will co-operate with one another to mitigate any claim or damage which may arise from use of third party IPR.

p. Nothing in **clause 34** shall be taken as an authorisation or promise of an authorisation under **Section 240 of the Copyright, Designs and Patents Act 1988**.

Pricing and Payment

35. Contract Price

a. The Contractor shall provide the Contractor Deliverables to the Authority at the Contract Price. The Contract Price shall be a Firm Price unless otherwise stated in **Schedule 3 (Contract Data Sheet)**.

b. Subject to **clause 35.a** the Contract Price shall be inclusive of any UK custom and excise or other duty payable. The Contractor shall not make any claim for drawback of UK import duty on any part of the Contract Deliverables supplied which may be for shipment outside of the UK.

36. Payment and Recovery of Sums Due

a. The Contractor shall raise a commercial invoice per purchase order, except in the event that part delivery has been expressly permitted by the Authority when a commercial invoice shall be raised per delivery.

b. Each Commercial Invoice shall be in the name of **Babcock DSG Limited** (acting as agent for the Authority) and must include;

- (i) Contractor's name and contact details and registered number and registered address.
- (ii) VAT Registration number
- (iii) Date & Tax point date

- (iv) Invoice Number
- (v) Purchase Order Number
- (vi) Description of the Goods and/or Services; and
- (vii) Net and Gross VAT values
- (viii) All supporting documentation required under these clauses and as reasonably requested by the Authority

And submit via email to: I&RM-accounts payable@babcockinternational.com

The Authority is entitled to reject invoices which do not conform to these requirements.

c. The Authority (acting through its agent, Babcock DSG Limited) shall pay all valid and undisputed claims for payment submitted by the Contractor in accordance with clause 36.b on or before the day which is thirty (30) days after the later of;

- (i) the day upon which a valid request for payment is received by the Authority; and
- (ii) the date of completion of the part of the Contract to which the request for approval of payment relates.

d. The approval for payment of a valid and undisputed invoice by the Authority shall not be construed as acceptance by the Authority of the performance of the Contractor's obligations nor as a waiver of its rights and remedies under this Contract.

e. Without prejudice to any other right or remedy, the Authority reserves the right to set off any amount owing at any time from the Contractor to the Authority against any amount payable by the Authority to the Contractor under the Contract or under any other contract with the Authority, or with any other Government Department.

37. Value Added Tax

a. The Contract Price excludes any UK output Value Added Tax (VAT) and any similar EU (or non-EU) taxes chargeable on the supply of Contractor Deliverables by the Contractor to the Authority.

b. If the Contractor is required by UK VAT law to be registered for UK VAT (or has registered voluntarily) in respect of his business activities at the time of any supply, and the circumstances of any supply are such that the Contractor is liable to pay the tax due to HM Revenue and Customs (HMRC), the Authority shall pay to the Contractor in addition to the Contract Price (or any other sum due to the Contractor) a sum equal to the output VAT chargeable on the tax value of the supply of Contractor Deliverables, and all other payments under the Contract according to the law at the relevant tax point.

c. The Contractor is responsible for the determination of VAT liability. The Contractor shall consult its Client Relationship Manager or the HMRC Enquiries Desk (and not the Authority's Representative (Commercial)) in cases of doubt. The Contractor shall notify the Authority's Representative (Commercial) of the Authority's VAT liability under the Contract, and any changes to it, within twenty (20) Business Days of becoming aware the liability is other than at the standard rate of VAT. In the event of any doubt about the applicability of the tax in such cases, the Authority may require the Contractor to obtain, and pass to the Authority, a formal ruling from HMRC. The Contractor shall comply promptly with any such requirement. Where the Contractor obtains a ruling from HMRC, it shall supply a copy to the Authority within three (3) Business Days of receiving that ruling unless it proposes to challenge the ruling. Where the Contractor challenges the ruling it shall supply to the Authority a copy of any final decisions issued by HMRC on completion of the challenge within three (3) Business Days of receiving the decision.

d. Where supply of Contractor Deliverables comes within the scope of UK VAT, but the Contractor is not required by UK VAT law to be registered for UK VAT (and has not registered voluntarily), the Authority shall be responsible for assessing and paying over directly to HMRC any UK output

VAT due in respect of the Contractor Deliverables. The Contractor shall be responsible for ensuring it takes into account any changes in VAT law regarding registration.

e. Where Contractor Deliverables are deemed to be supplied to the Authority outside the UK, the Contractor may be required by the laws of the country where the supply takes place to register there for EU (or non-EU) turnover or similar tax. In that event, the Authority shall pay to the Contractor in addition to the Contract Price (and any other sum due to the Contractor under the Contract) a sum equal to the tax the Contractor is liable to pay to the tax authorities of the country in question in relation to the Contractor Deliverables within thirty (30) calendar days of a written request for payment of any such sum by the Contractor.

f. In relation to the Contractor Deliverables supplied under the Contract the Authority shall not be required to pay any sum in respect of the Contractor's input VAT (or similar EU or non-EU or both input taxes). However, these input taxes will be allowed where it is established that, despite the Contractor having taken all reasonable steps to recover them, it has not been possible to do so. Where there is any doubt that the Contractor has complied with this requirement the matter shall be resolved in accordance with clause 40 (Dispute Resolution).

g. Should HMRC decide that the Contractor has incorrectly determined the VAT liability, in accordance with **clause 37.b above**, the Authority will pay the VAT assessed by HMRC. In the event that HMRC so determines, the Contractor shall pay any interest charged on any assessment or penalties or both directly to HMRC. Such interest or penalties or both shall not be recoverable from the Authority under this Contract or any other contract. The Contractor shall supply the Authority with a copy of all correspondence between HMRC and the Contractor's advisors regarding the VAT assessment within three (3) Business Days of a written request from the Authority for such correspondence.

38. Debt Factoring

a. Subject to the Contractor obtaining the prior written consent of the Authority in accordance with **clause 11 (Assignment of Contract)**, the Contractor may assign to a third Party ("the Assignee") the right to receive payment of the Contract Price or any part thereof due to the Contractor under the Contract (including interest which the Authority incurred through late payment under **the Late Payment of Commercial Debts (Interest) Act 1998** ("the Act")). Any assignment of the right to receive payment of the Contract Price (or any part thereof) under this clause 38 shall be subject to:

- (1) reduction of any sums in respect of which the Authority exercises its right of recovery under **clause 38(e)**;
- (2) all related rights of the Authority under the Contract in relation to the recovery of sums due but unpaid; and
- (3) the Authority receiving notification under both **clauses 38.b and 38.c(2)**.

b. In the event that the Contractor obtains from the Authority the consent to assign the right to receive the Contract Price (or any part thereof) under clause 38.a, the Contractor shall notify the Authority in writing of the assignment and the date upon which the assignment becomes effective.

- c. The Contractor shall ensure that the Assignee:
 - (1) is made aware of the Authority's continuing rights under **clauses 38.a(1) and 38.a(2)**; and
 - (2) notifies the Authority of the Assignee's contact Information and bank account details to which the Authority shall make payment, subject to any reduction made by the Authority in accordance with **clauses 38.a(1) and 38.a(2)**.
- d. The provisions of **clause 36 (Payment and Recovery**

of Sums Due) shall continue to apply in all other respects after the assignment and shall not be amended without the prior approval of the Authority.

39. Subcontracting and Prompt Payment

a. Subcontracting any part of the Contract shall not relieve the Contractor of any of the Contractor's obligations, duties or liabilities under the Contract.

b. Where the Contractor enters into a Subcontract he shall cause a term to be included in such Subcontract:

- (1) providing that where the Subcontractor submits an invoice to the Contractor, the Contractor will consider and verify that invoice in a timely fashion;
- (2) providing that the Contractor shall pay the Subcontractor any sums due under such an invoice no later than a period of thirty (30) days from the date on which the Contractor has determined that the invoice is valid and undisputed;
- (3) providing that where the Contractor fails to comply with **clause 39.b(1)** above, and there is an undue delay in considering and verifying the invoice, that the invoice shall be regarded as valid and undisputed for the purposes of **clause 39.b(2)** after a reasonable time has passed; and
- (4) requiring the counterparty to that Subcontract to include in any Subcontract which it awards, provisions having the same effect as clauses **39.b(1) to 39.b(4)**.

Termination

40. Dispute Resolution

a. The Parties will attempt in good faith to resolve any dispute or claim arising out of or relating to the Contract through negotiations between the respective representatives of the Parties having authority to settle the matter, which attempts may include the use of any alternative dispute resolution procedure on which the Parties may agree.

b. In the event that the dispute or claim is not resolved pursuant to **clause 40.a** the dispute shall be referred to arbitration. Unless otherwise agreed in writing by the Parties, the arbitration and this **clause 40.b** shall be governed by the **Arbitration Act 1996**. For the purposes of the arbitration, the arbitrator shall have the power to make provisional awards pursuant to **Section 39 of the Arbitration Act 1996**.

c. For the avoidance of doubt, anything said, done or produced in or in relation to the arbitration process (including any awards) shall be confidential between the Parties, except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

41. Termination for Insolvency or Corrupt Gifts Insolvency:

a. The Authority may terminate the Contract, without paying compensation to the Contractor, by giving written Notice of such termination to the Contractor at any time after any of the following events:

Where the Contractor is an individual or a firm:

- (1) the application by the individual or, in the case of a firm constituted under English law, any partner of the firm to the court for an interim order pursuant to **Section 253 of the Insolvency Act 1986**; or
- (2) the court making an interim order pursuant to **Section 252 of the Insolvency Act 1986**; or
- (3) the individual, the firm or, in the case of a firm constituted under English law, any partner of the firm making a composition or a scheme of arrangement with his or its creditors; or
- (4) the presentation of a petition for

bankruptcy order against the individual or, in the case of a firm constituted under English law, any partner of the firm unless it is withdrawn within three (3)

Business Days from the date on which the Contractor is notified of the presentation; or

(5) the court making a bankruptcy order in respect of the individual or, in the case of a firm constituted under English law, any partner of the firm; or

(6) where the Contractor is either unable to pay his debts as they fall due or has no reasonable prospect of being able to pay debts which are not immediately payable. The Authority shall regard the Contractor as being unable to pay his debts if:

- (a) he has failed to comply with or to set aside a Statutory demand under **Section 268 of the Insolvency Act 1986** within twenty-one (21) days of service of the Statutory Demand on him; or
- (b) execution or other process to enforce a debt due under a judgement or order of the court has been returned unsatisfied in whole or in part.

(7) the presentation of a petition for sequestration in relation to the Contractor's estates unless it is withdrawn within three (3) Business Days from the date on which the Contractor is notified of the presentation; or

(8) the court making an award of sequestration in relation to the Contractor's estates.

Where the Contractor is a company registered in England:

- (9) the presentation of a petition for the appointment of an administrator; unless it is withdrawn within three (3) Business Days from the date on which the Contractor is notified of the presentation; or
- (10) the court making an administration order in relation to the company; or
- (11) the presentation of a petition for the winding-up of the company unless it is withdrawn within three (3) Business Days from the date on which the Contractor is notified of the presentation; or
- (12) the company passing a resolution that the company shall be wound-up; or
- (13) the court making an order that the company shall be wound-up; or
- (14) the appointment of a Receiver or manager or administrative Receiver.

Where the Contractor is a company registered other than in England, events occur or are carried out which, within the jurisdiction to which it is subject, are similar in nature or effect to those specified in **clauses 41.a(9) to 41.a(14)** inclusive above.

b. Such termination shall be without prejudice to and shall not affect any right of action or remedy which shall have accrued or shall accrue thereafter to the Authority and the Contractor.

Corrupt Gifts:

c. The Contractor shall not do, and warrants that in entering the Contract it has not done any of the following (hereafter referred to as 'prohibited acts'):

- (1) offer, promise or give to any Crown servant any gift or financial or other advantage of any kind as an inducement or reward;
 - (a) for doing or not doing (or for having done or not having done) any act in relation to the obtaining or execution of this or any other contract with the Crown; or
 - (b) for showing or not showing favour or disfavour to any person in relation to this or any other Contract with the Crown.
- (2) enter into this or any other Contract with

the Crown in connection with which commission has been paid or has been agreed to be paid by it or on its behalf, or to its knowledge, unless before the Contract is made particulars of any such commission and of the terms and clauses of any such agreement for the payment thereof have been disclosed in writing to the Authority.

d. If the Contractor, its employees, agents or any subcontractor (or anyone acting on its behalf or any of its or their employees) does any of the prohibited acts or commits any offence under the Bribery Act 2010 with or without the knowledge or authority of the Contractor in relation to this Contract or any other contract with the Crown, the Authority shall be entitled:

- (1) to terminate the Contract and recover from the Contractor the amount of any loss resulting from the termination;
- (2) to recover from the Contractor the amount or value of any such gift, consideration or commission; and
- (3) to recover from the Contractor any other loss sustained in consequence of any breach of this clause, where the Contract has not been terminated.

e. In exercising its rights or remedies under this clause, the Authority shall:

- (1) act in a reasonable and proportionate manner having regard to such matters as the gravity of, and the identity of the person performing, the prohibited act;
- (2) give all due consideration, where appropriate, to action other than termination of the Contract, including (without being limited to):
 - (a) requiring the Contractor to procure the termination of a subcontract where the prohibited act is that of a Subcontractor or anyone acting on its or their behalf;
 - (b) requiring the Contractor to procure the dismissal of an employee (whether its own or that of a Subcontractor or anyone acting on its behalf) where the prohibited act is that of such employee.

f. Recovery action taken against any person in Her Majesty's service shall be without prejudice to any recovery action taken against the Contractor pursuant to this Clause.

42. Termination for Convenience

a. The Authority shall have the right to terminate the Contract in whole or in part at any time by giving the Contractor at least twenty (20) business days written notice (or such other period as may be stated in **Schedule 3 (Contract Data Sheet)**). Upon expiry of the notice period the Contract, or relevant part thereof, shall terminate without prejudice to the rights of the parties already accrued up to the date of termination. Where only part of the Contract is being terminated, the Authority and the Contractor shall owe each other no further obligations in respect of the part of the Contract being terminated, but will continue to fulfil their respective obligations on all other parts of the Contract not being terminated.

b. Following the above notification the Authority shall be entitled to exercise any of the following rights in relation to the Contract (or part being terminated) to direct the Contractor to:

- (1) not start work on any element of the Contractor Deliverables not yet started;
- (2) complete in accordance with the Contract the provision of any element of the Contractor Deliverables;
- (3) as soon as may be reasonably practicable take such steps to ensure that the production rate of the Contractor Deliverables is reduced as quickly as possible;
- (4) terminate on the best possible terms any

subcontracts in support of the Contractor Deliverables that have not been completed, taking into account any direction given under **clauses 42.b(2) and 42.b(3)** of this clause.

c. Where this clause applies (and subject always to the Contractor's compliance with any direction given by the Authority under **clause 42.b**):

(1) The Authority shall take over from the Contractor at a fair and reasonable price all unused and undamaged materiel and any Contractor Deliverables in the course of manufacture that are:

- (a) in the possession of the Contractor at the date of termination; and
- (b) provided by or supplied to the Contractor for the performance of the Contract,

except such materiel and Contractor Deliverables in the course of manufacture as the Contractor shall, with the agreement of the Authority, choose to retain;

(2) the Contractor shall deliver to the Authority within an agreed period, or in absence of such agreement within a period as the Authority may specify, a list of:

- (a) all such unused and undamaged materiel; and
- (b) Contractor Deliverables in the course of manufacture,

that are liable to be taken over by, or previously belonging to the Authority, and shall deliver such materiel and Contractor Deliverables in accordance with the directions of the Authority;

(3) in respect of Services, the Authority shall pay the Contractor fair and reasonable prices for each Service performed, or partially performed, in accordance with the Contract.

d. The Authority shall (subject to **clause 42.e** below and to the Contractor's compliance with any direction given by the Authority in **clause 42.b** above) indemnify the Contractor against any commitments, liabilities or expenditure which would otherwise represent an unavoidable loss by the Contractor by reason of the termination of the Contract, subject to:

- (1) the Contractor taking all reasonable steps to mitigate such loss; and
- (2) the Contractor submitting a fully itemised and costed list of such loss, with supporting evidence, reasonably and actually incurred by the Contractor as a result of the termination of the Contract or relevant part.

e. The Authority's total liability under the provisions of this Clause shall be limited to the total price of the Contractor Deliverables payable under the contract (or relevant part), including any sums paid, due or becoming due to the Contractor at the date of termination.

f. The Contractor shall include in any subcontract over £250,000 which it may enter into for the purpose of the Contract, the right to terminate the subcontract under the terms of **clauses 42.a to 42.e** except that:

- (1) the name of the Contractor shall be substituted for the Authority except in **clause 42.c(1)**;
- (2) the notice period for termination shall be as specified in the subcontract, or if no period is specified twenty (20) business days; and
- (3) the Contractor's right to terminate the subcontract shall not be exercised unless the main Contract, or relevant part, has been terminated by the Authority in accordance with the provisions of this **clause 42**.

g. Claims for payment under this clause shall be submitted in accordance with the Authority's direction.

43. Material Breach

a. In addition to any other rights and remedies, the

Authority shall have the right to terminate the Contract (in whole or in part) with immediate effect by giving written Notice to the Contractor where the Contractor is in material breach of its obligations under the Contract.

b. Where the Authority has terminated the Contract under **clause 43.a** the Authority shall have the right to claim such damages as may have been sustained as a result of the Contractor's material breach of the Contract, including but not limited to any costs and expenses incurred by the Authority in:

- (1) carrying out any work that may be required to make the Contractor Deliverables comply with the Contract; or
- (2) obtaining the Contractor Deliverable in substitution from another supplier.

44. Consequences of Termination

The termination of the Contract, however arising, shall be without prejudice to the rights and duties of either Party accrued prior to termination. The Clauses that expressly or by implication have effect after termination shall continue to be enforceable even after termination.

Additional Clauses

45. The project specific DEFCONS and DEFCON SC variants that apply to this Contract are:

DEFCON 532B (Edn 05/18) Protection of Personal Data
 DEFCON 601 SC2 (Edn 03/15) Redundant Material
 DEFCON 611 SC2 (Edn 02/16) Issued Property
 DEFCON 624 (SC2)(Edn 11/17) – Use of Asbestos
 DEFCON 630 SC2 (Edn 11/17) Framework Agreements
 DEFCON 637 (Edn 05/17) Defect Investigation and Liability
 DEFCON 658 SC2 (Edn 11/17) Cyber
 DEFCON 694 SC2 (Edn 11/17) Accounting for Property of the Authority
 DEFCON 812 (Edn 04/15) Single Source Open Book
 DEFCON 815 (Edn 04/15) Contract Pricing Statement – Single Source Non-qualifying Contracts

46. THE SPECIAL CLAUSES THAT APPLY TO THIS CONTRACT ARE:

46.1 Scope of Contract

The Contract shall be for the **Repair and Refurbishment of Husky Emergency Door opening System** as detailed at **Table 1 at Schedule 2 Schedule of Requirement**. The full requirement is detailed at **Schedule 2 (SOR)** to the Contract and will be conducted, as required, and in accordance with the specifications detailed with the **Statement of Work – at Annex A to Schedule 2**.

46.2 Authority to work

a) A Purchase Order will be sent to the Company at the same time as Contractor Deliverables are fed in for repair/remanufacture. The Authority shall not be liable, in any way, for work undertaken by the Contractor without receipt of this Purchase Order (a sample of which is at **Schedule 9**) each of which shall bear a unique order number and Job No. e.g. PR/17***** (DIIN).

b) The Purchase order will be electronically sent to: [REDACTED]

c) To ensure that Purchase orders are sent to the correct location please can you identify a single mailbox location where all orders can be sent from Babcock DSG Ltd with your tender submission. In the event that this should change throughout the duration of the Contract, you must inform the Authority's Representative, detailed at **Box 1 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3)**, immediately.

d) The Contractor shall carry out work authorised under Items listed at Annex A to Schedule 2, as notified by the Authority, following the submission of a strip and survey report (detailed at **Schedule 11**).

e) Following receipt of the Contractor's Strip and Survey report the Authority will consider the recommendations and shall either;

- Authorise the Contractor to proceed.
- Advise that the work is NOT to proceed.

e) No work is to be undertaken by the Contractor until relevant form and associated costs have been sanctioned by the Repair Manager (as detailed at Box 2 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3)) as 'fair and reasonable' and authority is given to proceed.

46.3 Quality

a) All Articles and/or Services under the Contract shall be supplied/maintained in accordance with the Part Number, Long Item Description, current agreed Equipment Build Standard, and the Statement of Work detailed at **Annex A to Schedule 2**.

b) The Contractor shall immediately inform the Authority of any changes to their Quality Registration/ISO Accreditation, or the scope of activity of the same, that occur during the Contract Period (See **Clause 46.5 – Key Performance Indicators**).

AQAP 2105 Edition 2 – NATO Quality Requirements for a Deliverable Quality Plan
AQAP 2009 Edition 3

ISO 9001:2015 – Certification is mandatory

AQAP 2120 Edition 3 NATO Quality Assurance Requirements for Production – CoC Shall be provided in accordance with DEFCON 627

Def Stan 00-56 – Safety Management Requirements for Defence Material

Def Stan 05- 57 - Configuration Management of Defence Material

Def Stan 05-61 Part 1, Issue 6 – Quality Assurance Procedural Requirements – Concessions

Def Stan 05-61 Part 4, Issue 3 – Quality Assurance Procedural Requirements – Contractor Working Parties

Def Stan 05-061 – Part 9 – Quality Assurance Procedural Requirements – Independent Inspection Requirements for Safety Critical Items

Def Stan 05-99 – Managing Government Furnished Equipment.

Def Stan 05-135 – Avoidance of Counterfeit Material.

Def Stan 05-138 – Cyber Security for Defence Suppliers

Def Stan 81-041 – Packaging of Defence Material.

46.4 Responsibility of the Contractor

a) The Contractor shall be entirely responsible for undertaking the work under the Contract as defined in the Contract **Schedule of Requirements (Schedule 2)**.

b) The Contractor shall be responsible for achieving proper completion of the Contract in accordance with its terms and shall be responsible for;

- Planning, programming and progressing of the work, within its control, to the satisfaction of the Authority. This includes sub-contracts and appropriate documentation;
- Financial Management of the work, including financial control and monitoring of any sub-contracts;
- Providing the Authority with the information, on a continuing basis, so as to reasonably assure that work is proceeding to time, cost and performance.

c) If the Contractor fails to complete any part of the work, or supply any of the Articles, as required by this Contract, or to meet any of the acceptance criteria, at **Clause 29**, and such failure is not caused by undue delays by the Authority, it shall

be the responsibility of the Contractor to rectify that failure to the reasonable satisfaction of the Authority, at no additional cost.

d) The Authority reserves the right to refuse payment for alteration or changes made outside of the scope of the Contract, which have not been made in accordance with **Clause 6 – Amendments to Contract**, or the provisions of **Schedule 4 – Contract Change process**.

e) The Authority will not be bound to accept or pay for any Articles other than those authorised in accordance with the Contract. If the Contractor considers that any requirements made by the Authority are NOT in accordance with the Terms and Clauses of the Contract, they shall seek the agreement of the Authority's Representative as to the extent of the application of the requirements to that particular order. (See Clause 8 for definition of the Authority's Representative).

f) The Contractor shall provide an address, and email and telephone point of contact within the Tender Submission. Unless otherwise notified this shall become the Point of Contact for any resultant Contract.

46.5 Pricing

Pricing shall be for The Repair and Refurbishment of Husky Emergence Door Opening Systems and shall remain firm (non-variable) in accordance with Schedule 2. All prices shall be exclusive of Value Added Tax (levied at the Standard Rate). For further details refer to Clause 37.

46.6 Key Performance Indicators

The Contractor will be measured against the following KPIs:

KPI Area	Target	Comments
Delivery Performance	100% of articles repaired within the timescales agreed in the Delivery Plan	This will be reviewed at a frequency to be agreed with the Repair Manager following discussion with the Contractor
Delivery Performance	Report by exception the reasons for delivery plan timescale failure and advise of actions put in place to prevent reoccurrence. Must notify within one week of receipt of Contractor Deliverable if unable to meet turnaround time.	To be reviewed as above.
Contract Amendments	The Contractor shall complete and return the DEFFORM 10B to the contact named at Box 1 of the DEFFORM 111 (ANNEX A TO SCHEDULE 3) ¹	Compliance to be reviewed throughout the Contract, by the Authority, as required.
Progress of Articles	100% of Contract Status Report submissions to the Authority by the 23 rd Day of each month. As specified in Schedule 3 – Contract Data	Compliance to be reviewed, at monthly intervals, commencing one month

	Sheet. To be completed using the Babcock generated Contract Status report detailed at Schedule 13 .	from Contract Start Date.
Non-Conformances (Third Party Audit)	Advise immediately if any major non-conformances as a result of a Third Party Audit.	Compliance to be reviewed, throughout the Contract, by the Authority, as required.
Quality Registration	Advise immediately of any changes to Quality Registration/ISO Accreditation, or scope of the activity of either.	Compliance to be reviewed throughout the Contract, by the Authority, as required.
Warranty Repairs	100% of repaired Articles shall not require rectification under warranty within 12 months of repair.	Compliance to be reviewed, throughout the Contract, by the Authority, as required.
Minutes of Meetings	The Contractor will provide 100% of minutes for meetings, to the Authority, within 5 business days of the relevant Local Equipment/Commercial Review Meetings.	Compliance to be reviewed, throughout the Contract, by the Authority, as required.
Deliverable Quality Plan	Formally agree a Deliverable Quality Plan with the Authority's Nominated Quality Representative. A draft version has been requested at ITT stage.	Within 12 weeks of Contract Start Date.

46.7 Warranty

a) The Contractor shall provide a warranty, which should be no less than 12 (twelve) months on any Repair work and from the date of fitting to the vehicle and/or equipment, provided that the total aggregate warranty does not exceed 36 months from Delivery.

b) If, within 12 (twelve) months of the repair/remanufacture date, upon which a repaired/remanufactured Contractor Deliverable is deployed into service, it fails, develops any defect or is otherwise found to be unsatisfactory other than as a result of an act or omission of the Authority under this Contract, the cost of rectification, including all reasonable transport costs shall be borne by the Contractor.

c) Under no circumstances shall the Contractor or any Sub-Contractor's proceed with repair/remanufacture or any other action which would invalidate the current warranty of the

¹ All references to DEFFORM 111

equipment. If any such equipment is received which the Contractor recognises as being under warranty, the Contractor should inform the Authority immediately.

46.8 Turnaround Time

a) All repairs shall be conducted, within the timetable, as agreed with the Repair Manager (detailed at **Box 2 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3))**. The Timetable shall be agreed following the submission of a Strip Survey Report (**Schedule 11**). Turnaround Time is a figure in business days, and is the time from when a Contractor Deliverable and a Purchase Order (**Schedule 9**) is received at the Contractor's premises to when the Contractor Deliverables are packaged and Team Leidos has confirmed a delivery slot, or **Schedule 9** has been returned to the Repair/Technical Manager.

b) If the Contractor is unable to undertake the required task within the agreed turnaround times, the Contractor must notify the Authority within one week of receipt of the Contractor Deliverable with detailed reasons why they are unable to meet the turnaround time. The Authority shall have absolute discretion to extend the turnaround time.

c) If the Authority agrees to extend the turnaround time, they shall notify the Contractor of the varied turnaround time by updating **Schedule 13 – Contract Status Report** as soon as possible. Any variation shall be no longer than 25% of the original turnaround time.

d) the Contractor shall monitor performance of each repair against the turnaround time and shall provide a **Contract Status Report** (as per example at **Schedule 13**). This information is to be detailed on a monthly basis in accordance with, and in the format detailed at **Schedule 13** of the Contract. The Report shall be sent to the Authority's Procurement Representative AND the Repair/Technical Manager (**as identified at Box 1 & 2 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3))**.
(NB: This process is currently under review and will be superseded by a Baan System Generated Report and accompanying instructions in due course)

46.9 Remedies in the event of failure to achieve turnaround time.

a) Where the Contractor is late in delivering the Articles against the agreed delivery plan the Authority shall be entitled to claim 0.5% of the purchase price of those Articles that are so delayed for each full week of delay up to a maximum of 6% and where the Contractor has not supplied all Articles by the end of the twelfth week from the date of delivery as set out in the agreed delivery plan the Authority shall be entitled to serve notice of breach of this Contract pursuant to Clause 43 (Material Breach). In the event of late delivery by the Contractor the amounts set out in this clause represent a genuine pre-estimate of the loss caused to the Authority and will be the exclusive remedy available to the Authority for late delivery notwithstanding any subsequent termination of the Contract.

b) It is accepted that the agreed delivery plan is dependent upon repairable units being available at Warwick, special long lead spares to support the repair (where required) are also available and authority to commence the repair process (i.e. purchase order) has been received in a timely manner.

46.10 Surge

a) The Contractor shall have a surge capability to cope with times of tension, Transition to War (TTW), other operational needs and war.

b) The Authority will provide the Contractor with as much notice of surge requirements as possible. However, in particular circumstances, the notice period could be as little as 7 days. The Contractor shall maintain plans to meet future surge requirements.

46.11 Contract Novation

a) The Authority and Babcock DSG Limited (Company Number 09329025) (**Babcock**) entered into a Land Equipment Service Provision and Transformation Contract dated 31 March 2015 (the **SPC**) in respect of which certain services transfer, on a phased basis, from the Authority to Babcock.

b) The Contractor acknowledges and agrees that the Authority (in its sole discretion) may transfer its rights and obligations under this Contract to Babcock as part of the transfer of services under the SPC.

c) Following the receipt of a written notice by the Authority to the Contractor, the Contractor shall enter into the novation agreement set out at **Schedule 14 (the Novation Agreement)**.

d) Notwithstanding Clause a) above, the Contractor further agrees at the request of the Authority to enter into any further agreement or document and take any formal steps which are necessary or desirable at the time to give effect to these provisions and/or the Novation Agreement.

e) The Contractor shall disclose to Babcock such Confidential Information as may be required for the operation of the Contract. Where third-party consent is required before such Confidential Information can be disclosed, the Contractor shall use all reasonable endeavours to obtain such consent.

46.12. Limitation of Contractor Liability

46.12.1 Subject to Clause 46.12.2 the Contractor's liability to the Authority in connection with this Contract:-

under Condition 43.b; and

under Clause 8 of DEFCON 611

shall not exceed £1,000,000.00 (one million pounds) per incident

46.12.2. Nothing in this Contract shall operate to limit or exclude the Contractor's liability:

a. for:

- i. any liquidated damages (to the extent expressly provided for under this Contract);
- ii. any amount(s) which the Authority is entitled to claim, retain or withhold in relation to the Contractor's failure to perform or under-perform its obligations under this Contract, including service credits or other deductions (to the extent expressly provided for under this Contract);
- iii. any interest payable in relation to the late payment of any sum due and payable by the Contractor to the Authority under this Contract;
- iv. any amount payable by the Contractor to the Authority in relation to TUPE or pensions to the extent expressly provided for under this Contract;

b. in relation to any matter governed by Clause 46.12.1 where any applicable limitation of liability forming part of that provision has been agreed by the Authority in reliance on information (including in relation to insurance) submitted by or on behalf of the Contractor prior to contract award, such information being inaccurate or untrue;

c. under Condition 34;

d. for death or personal injury caused by the Contractor's negligence or the negligence of any of its personnel, agents, consultants or sub-contractors;

e. for fraud, fraudulent misrepresentation, wilful misconduct or negligence;

f. in relation to the termination of this Contract on the basis of abandonment by the Contractor;

g. for breach of the terms implied by Section 2 of the Supply of Goods and Services Act 1982; or

h. for any other liability which cannot be limited or excluded under general (including statute and common) law.

46.12.3. The rights of the Authority under this Contract are in addition to, and not exclusive of, any rights or remedies provided by general (including statute and common) law.

47. THE PROCESSES THAT APPLY TO THIS CONTRACT ARE:

47.1 Deficiencies/Discrepancies and Damages in Articles issued for Repair/Remanufacture

a) The equipment issued for repair is to be checked on receipt for damage and correct nomenclature. Where there appears to be transit damage or deficiencies e.g. major components missing, or incorrect equipment, the Contractor shall, in the first instance, contact the Repair Manager who will decide on an appropriate course of action.

b) Following confirmation from the Repair Manager on the appropriate course of the action, the Contractor is to complete (**Discrepancy Report – Schedule 10**) which should then be sent to:

- One Copy to MAC Branch Donnington - DESLCSLS-LogMACDRTeam@mod.uk
- One Copy to the Babcock DSG Repair Manager

47.2 BER Process

a) When the Contractor considers the Contractor Deliverables to be Beyond Economical Repair (BER) he shall immediately advise the Repair Manager (as identified in **Box 2 of DEFFORM 111 (ANNEX A TO SCHEDULE 3)**) of his findings on an Application for Disposal of BER Form DSD-OP-FO-84, a sample of which is at **Schedule 12**.

b) BER is defined as when the repair/remanufacturing cost exceeds 80% of the replacement cost of the Contractor Deliverable. If approved, the Repair Manager shall issue an (AF G1043) which shall detail the disposal instructions.

c) All Contractor Deliverables subject to BER investigation shall be placed in quarantine by the Contractor and retained as such until further instructions are given by the Repair Manager. The Authority reserves the right to inspect/audit BER stock holdings at the Contractor's premises at any time throughout the duration of the Contract.

d) No work shall be carried out on any Contractor Deliverable which, after superficial examination, is considered to be BER.

e) Where the Repair Manager considers that a Contractor Deliverable is BER, the Contractor may be instructed to dismantle the Contractor Deliverable if serviceable or repairable parts can be recovered and such action is economical. Details of any parts recovered are to be brought on charge in the Contractor's Embodiment Loan account where repairable parts are to be segregated and accounted for separately.

f) Serviceable and repairable parts recovered shall be used as far as possible in the repair/remanufacture of other Contractor Deliverables issued under the Contract, subject to the prior approval of the Authority (Commercial) to a fair and reasonable price being agreed for the Contractor's purchase of such parts.

g) In the event that a Contractor Deliverable is considered BER and the Babcock DSG Repair Manager's decision is to proceed with remanufacture/repair, the Contractor shall be paid a 'fair and reasonable' price agreed, with the Technical Manager, for all work properly undertaken.

47.3 Disposal of redundant parts/Materials etc

a) All parts, materials etc. arising from the Contractor Deliverables issued to the Contractor for repair, whether serviceable or not, shall remain the property of the Authority, and any such parts, materials etc, not used in the repair of the Contractor Deliverables shall be disposed of as follows:

- i. Serviceable and economically repairable parts shall be dealt with in accordance with the instructions of the Authority.
- ii. All unserviceable parts, materials etc. certified by the Repair Manager as workshop salvage shall be disposed of by the Contractor on the Authority's behalf on fair and reasonable terms.
- iii. Where required by the Repair Manager, such parts, materials etc. shall be dismantled and disposed of under his supervision so as to preclude the possibility of re-sale in their existing form.
- iv. Unless other arrangements have been agreed with the Authority, a list of the unserviceable parts, materials etc. disposed of under **sub-clause 1** above countersigned by the Repair Manager, shall be furnished to the Procurement Branch together with a statement of the proceeds.

b) If there are no occurrences of unserviceable parts, materials etc., the Contractor shall, on the conclusion of the Contract furnish a certificate to that effect, countersigned by the Repair Manager, to the Procurement Branch.

47.4 Schedule 4 – Contract Change Process

In accordance with Clause 6.b of Amendments to Contract, any reasonable changes to Contractor Deliverables must adhere to the process detailed at Schedule 4.

47.5 Payment and Invoicing Process:

The process is detailed in full at Clause 36.

47.6 Packaging and Labelling (excluding Contractor Deliverables containing Munitions)

a. Packaging responsibilities are as follows:

(1) The Contractor shall be responsible for providing Packaging which fully complies with the requirements of the Contract.

(1a) The delivery of items into the Defence Fulfilment Centre (DFC) shall be compliant to the Logistic Commodities and Services Transformation (LCST) Supplier Manual Version LDOC/CMO/V1 dated 21 March 18 at Schedule 17.

****Please note that unless otherwise instructed, Barcode Labelling shall be in accordance with Issue 9 of Def Stan 81-041 Part 6**

(2) The Authority shall indicate in the Contract the standard or level of Packaging required for each Contractor Deliverable, including the PPQ. If a standard or level of Packaging (including the PPQ) is not indicated in the Contract, the Contractor shall request such instructions from the Authority before proceeding further.

(3) The Contractor shall ensure all relevant information necessary for the effective performance of the Contract is made available to all subcontractors.

(4) Where the Contractor or any of their subcontractors have concerns relating to the appropriateness of the Packaging design and or MPL prior to manufacture or supply of the Contractor Deliverables they shall use DEFFORM 129B to feed these concerns back to the Contractor or Authority, as appropriate

b. The Contractor shall provide Packaging which is compliant with statutory requirements

- c. The Contractor shall ascertain whether the Contractor Deliverables being supplied are, or contain, Dangerous Goods, and shall supply the Dangerous Goods in accordance with:
- (1) The Health and Safety At Work Act 1974 (as amended);
 - (2) The Classification Hazard Information and Packaging for Supply Regulations (CHIP4) 2009 (as amended);
 - (3) The REACH Regulations 2007 (as amended); and
 - (4) The Classification, Labelling and Packaging Regulations (CLP) 2009 (as amended).
- d. The Contractor shall package the Dangerous Goods as limited quantities, excepted quantities or similar derogations, for UK or worldwide shipment by all modes of transport in accordance with the regulations relating to the Dangerous Goods and:
- The Safety Of Lives At Sea Regulations (SOLAS) 1974 (as amended); and
 - The Air Navigation Order.
- e. As soon as possible, and in any event no later than one month before delivery is due, the Contractor shall provide a Safety Data Sheet in respect of each Dangerous Good in accordance with the REACH Regulations 2007 (as amended) and the Health and Safety At Work Act 1974 (as amended) and in accordance with Clause 24 (Supply of Hazardous Materials or Substances in Contractor Deliverables).
- f. The Contractor shall comply with the requirements for the design of MLP which include clauses 23.f and 23.g as follows:
- (1) Where there is a requirement to design UK or NATO MLP, the work shall be undertaken by an MPAS registered organisation, or one that although non-registered is able to demonstrate to the Authority that its quality systems and military package design expertise are of an equivalent standard.
 - (a) The MPAS certification (for individual designers) and registration (for organisations) scheme details are available from:
DES SEOC SCP-SptEng-Pkg
MOD Abbey Wood
Bristol, BS34 8JH
Tel. +44(0)30679-35353
DESSEOCSCP-SptEng-PK@mod.uk
 - (b) The MPAS Documentation is also available on the DStan website.
 - (2) MLP shall be designed to comply with the relevant requirements of Def Stan 81-041, and be capable of meeting the appropriate test requirements of Def Stan 81-041 (Part 3). Packaging designs shall be prepared on a SPIS, in accordance with Def Stan 81-041 (Part 4).
 - (3) The Contractor shall ensure a search of the SPIS index (the 'SPIN') is carried out to establish the SPIS status of each requirement (using DEFFORM 129a 'Application for Packaging Designs or their Status').
 - (4) New designs shall not be made where there is an existing usable SPIS, or one that may be easily modified.
 - (5) Where there is a usable SFS, it shall be used in place of a SPIS design unless otherwise stated by the Contract. When an SFS is used or replaces a SPIS design, the Contractor shall upload this information on to SPIN in Adobe PDF.
- (6) All SPIS, new or modified (and associated documentation), shall, on completion, be uploaded by the Contractor on to SPIN. The format shall be Adobe PDF.
- (7) Where it is necessary to use an existing SPIS design, the Contractor shall ensure the Packaging manufacturer is a registered organisation in accordance with clause 23.f(1) above, or if un-registered, is compliant with MPAS ANNEX A Supplement (Code) M. The Contractor shall ensure, as far as possible, that the SPIS is up to date.
- (8) The documents supplied under clause 23.f(6) shall be considered as a contract data requirement and be subject to the terms of DEFFCON 15 and DEFFCON 21.
- g. Unless otherwise stated in the Contract, one of the following procedures for the production of new or modified SPIS designs shall be applied:
- (1) If the Contractor or their subcontractor is the PDA they shall:
 - (a) On receipt of instructions received from the Authority's representative nominated in Box 2 of DEFFORM 111 at Annex A to Schedule 3 (Contract Data Sheet), prepare the required package design in accordance with clause 23.f.
 - (b) Where the Contractor or their subcontractor is registered they shall, on completion of any design work, provide the Authority with the following documents electronically:
 - i. a list of all SPIS which have been prepared or revised against the Contract; and
 - ii. a copy of all new / revised SPIS, complete with all continuation sheets and associated drawings, where applicable, to be uploaded onto SPIN.
 - (c) Where the PDA is not a registered organisation, then they shall obtain approval for their design from a registered organisation before proceeding, then follow clause 23.g(1)(b).
 - (2) Where the Contractor or their subcontractor is not the PDA and is un-registered, they shall not produce, modify, or update SPIS designs. They shall obtain current SPIS design(s) from the Authority or a registered organisation before proceeding with manufacture of Packaging. To allow designs to be provided in ample time, they should apply for SPIS designs as soon as practicable.
 - (3) Where the Contractor or their subcontractor is un-registered and has been given authority to produce, modify, and update SPIS designs by the Contract, he shall obtain approval for their design from a registered organisation using DEFFORM 129a before proceeding, then follow clause 23.g(1)(b).
 - (4) Where the Contractor or their subcontractor is not a PDA but is registered, he shall follow clauses 23.g(1)(a) and 23.g(1)(b).
- h. If special jigs, tooling etc., are required for the production of MLP, the Contractor shall obtain written approval from the Commercial Officer before providing them. Any approval given will be subject to the terms of DEFFCON 23 (SC2) or equivalent Clause, as appropriate.
- i. The Contractor shall ensure that timber and wood-containing products supplied under the Contract comply with the provisions of Clause 25 (Timber and Wood-Derived Products) and Annex I and

Annex II of the International Standards for Phytosanitary Measures, "Guidelines for Regulating Wood Packaging Material in International Trade", Publication No 15 (ISPM 15).

- j. All Packaging shall meet the requirements of the Packaging (Essential Requirements) Regulations 2003 (as amended) where applicable.
- k. In any design work the Contractor shall comply with the Producer Responsibility Obligations (Packaging Waste) Regulations 2007 (as amended) or equivalent legislation. Evidence of compliance shall be a contractor record in accordance with Clause 18 (Contractor's Records).
- l. This Clause is concerned with the supply of Packaging suitable to protect and ease handling, transport and storage of specified items. Where there is a failure of suitable Packaging (a design failure), or Packaging fails and this is attributed to the Packaging supplier, then the supplier shall be liable for the cost of replacing the Packaging.
- m. Liability for other losses resulting from Packaging failure or resulting from damage to Packaging, (such as damage to the packaged item etc.), shall be specified elsewhere in the Contract.
- n. General requirements for service Packaging, including details of UK and NATO MLP and Commercial Packaging descriptions, are contained in Def Stan 81-041 (Part 1) "Packaging of Defence Materiel". Def Stans, NATO Standardisation Agreements (STANAGs), and further information are available from the DStan internet site at: <https://www.dstan.mod.uk/>
- o. Unless specifically stated otherwise in the invitation to tender or the Contract, reference to any standard including Def Stans or STANAGs in any invitation to tender or Contract document means the edition and all amendments extant at the date of such tender or Contract.
- p. In the event of conflict between the Contract and Def Stan 81-041, the Contract shall take precedence.

47.7 Delivery Process

All Contract Deliverables shall be shipped in accordance with the requirements of the Logistic Commodities and Services Transformation (LCST) Supplier Manual Version LDOC/CMO/V1 dated 21 March 18 at Schedule 17.

****Please note that unless otherwise instructed, Barcode Labelling shall be in accordance with Issue 9 of Def Stan 81-041 Part 6**

47.8 Non-Conforming Deliveries

a) The Contractor is advised that it is now policy to quarantine and reject any consignments that do not conform to the requirements of the Contract. Should any consignments be deemed as non-conforming, the Authority shall notify the Contractor as to the reason(s) for non-conformance.

b) In accordance with **Clause 30 - Rejection**, it shall be the responsibility of the Contractor to rectify the problem on site at Leidos or arrange for the items to be collected and rectified at the contractor's premises at no cost to the Authority.

c) The list attached details the reasons upon which a consignment may be rejected. It is advised however that in certain circumstances the Authority may consider it impractical for the Contractor to undertake any rectification due to geographical location, nature of the non-conformance and/or urgency of need, in these situations the Authority may

request Team Leidos to undertake the rectification action but will pass on any associated costs to the Contractor as necessary.

Reasons for Non Conformance

Incorrect DMC/NSN
 Incorrect Description
 Part/Batch Nos Incorrect
 Incorrect PPQ
 Incorrect D of Q
 Packaging Level incorrect
 No Bar Code Labelling
 Insufficient/No Test Certificates
 Damaged in Transit
 Incorrectly Labelled
 Incorrect Matcon
 No Logo (ISPM 15) Fail
 Mixed NSN
 Non Codified Item
 No Engineering Record Card
 No Labelling
 No Paperwork
 No weight Label
 Inadequate Shelf Life / Date of Manufacture (DOM)

47.9 Contract Status Report

All Contract Status Report submissions shall be submitted to the Authority on a monthly basis. A copy of a Contract Status Report is detailed at **Schedule 13**. Please note that this is to be automatically generated and issued by the Authority.

Further instructions can be obtained via the Repair Manager detailed at **Box 2 of the most recently issued DEFFORM 111 (ANNEX A TO SCHEDULE 3)**.