

| Type of Work | Guarantee Period |
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| In Service Support (including but not limited to planned refit / repair / upgrade / modifications) | Twelve (12) months |
| Post Design Services | One (1) year from acceptance of the deliverable |
| Spares | One (1) year from delivery |

- 30.2. The Authority will notify the Contractor in writing of any guarantee issues as soon as practicable, specifying the nature and extent of the guarantee issue, the date of its discovery and the location where the Authority requires the Contractor to undertake corrective action.
- 30.3. If during the guarantee period specified in Clause 30.1 above, any item or material or part thereof is found to be defective or show signs of weakness due to faulty materials or workmanship the Authority will have the right to either:
- 30.3.1. require the Contractor at his own expense to remove, repair and/or replace such defective materials and/or parts;
- 30.3.2. take such corrective action itself and to recover from the Contractor its expenses in so doing.
- 30.4. The Contractor shall be liable for all costs, expenses and liabilities incurred or suffered by the Authority as a consequence of the defects.
- 30.5. Notwithstanding anything contained in this Clause 30, the Contractor shall not be required to remedy or pay the cost of remedying any deficiency arising:
- 30.5.1. from fair wear and tear, or;
- 30.5.2. from negligence on the part of any person in the service of the Authority.
- 30.6. Where the Authority has supplied Government Furnished Equipment (GFE) the Contractor's guarantee shall only apply to the work undertaken by the Contractor to install the GFE in the Intercept and Escort Craft(s) and not to the GFE itself. For the avoidance of doubt nothing in this Clause 30.6 shall reduce or limit the Contractor's guarantee obligations under the remainder of this Clause 30.
- 30.7. The Contractor shall assign to the Authority all guarantees or warranties given by Sub-Contractors or suppliers of any of the materials or equipment supplied under this Contract which exceed the guarantee periods specified in Clause 30.1 above.
- 30.8. In the event of any rectification work being required during the guarantee period(s) specified at Clause 30.1 above, the guarantee period for the remedial work shall be the later of:
- 30.8.1. three (3) months from the date of completion of the remedial work; or
- 30.8.2. the end of the guarantee period.
- 30.9. The Contractor shall proceed with due diligence in all corrective action under this Clause 30.

- 30.10. The Contractor shall be responsible for all aspects of guarantee management including but not limited to:
- 30.10.1. progressing the rectification of all Defects,
 - 30.10.2. the management of Sub-Contract guarantees including the transfer of any rights in Sub-Contract guarantees to the Authority in accordance with Clause 30.7;
 - 30.10.3. the production and distribution of Defect status reports; and
 - 30.10.4. attendance at meetings with the Authority and/or Sub-Contractors to review Defects.
- 30.11. Save as provided for in Clause 30.5, the Contractor shall make any necessary repairs or replacements to rectify any Defects or damage to the Intercept and Escort Craft(es) caused as a direct consequence of such Defects. Such repairs and replacements shall be made at the Contractor's Premises (or at their nominated Sub-Contractor's premises) at the Contractor's cost and expense.
- 30.12. The Authority shall have the right to arrange for the rectification of any Defect, or damage to the Intercept and Escort Craft(s) caused as a direct consequence of a Defect, to be undertaken at a location of the Authority's choice and obtain any necessary replacement parts and materials where:
- 30.12.1. it is impractical to bring the Intercept and Escort Craft(s) to the Contractor's Premises or at the Sub-Contractor's premises where Intercept and Escort craft(s) build has been Sub-Contracted; or
 - 30.12.2. the Contractor cannot supply necessary replacement parts and materials without impairing or delaying the operation or working of the Intercept and Escort Craft(s); or
 - 30.12.3. the Contractor is in default of Clause 30.11.
- 30.13. In the event that the Authority proposes to rectify Defects at any premises other than the Contractor's Premises or at the Sub-Contractor's premises where Intercept and Escort Craft(s) build has been Sub-Contracted in accordance with Clause 30.12, the Authority shall notify the Contractor of the time and place proposed to rectify the Defect. The Contractor shall be given a reasonable opportunity to inspect the nature and extent of the Defect and promptly advise the Authority whether or not he accepts that the Defect is covered by the Guarantee but such advice to the Authority shall not be conclusive.
- 30.14. The Contractor shall pay the Authority the reasonable cost and expenses of rectifying a Defect in accordance with Clause 30.13 above which shall be:
- 30.14.1. set off against a payment; or
 - 30.14.2. paid within thirty (30) Calendar Days of receipt of a written demand for payment from the Authority where:
 - 30.14.2.1. all payments in accordance with the Contract have been made by the Authority; or
 - 30.14.2.2. the amount payable by the Contractor exceeds those sums which have been set off by the Authority in accordance with Clause 30.14.2.1 above.

- 30.15. At any time prior to rectification in accordance with Clause 30.12 above the Contractor shall be entitled to request that the Authority return any parts replaced to the Contractor. The Authority shall make reasonable endeavours to comply with the Contractors request and any parts returned shall be at the Contractor's cost.
- 30.16. In the event that any replaced parts returned to the Contractor in accordance with Clause 30.15 are the subject of a dispute under DEFCON 530 (Disputes), the Contractor shall make available the replaced parts for inspection by the Authority.

Post Design Services Deliverables

- 30.17. Where in the opinion of the Authority the deliverables associated with PDS tasks are found to be inaccurate so as to be unfit for purpose, the Contractor shall rectify, at his own expense, any incorrect information or deliverables and the Authority will also have the right to recover from the Contractor any costs incurred by the Authority in implementing any corrective action associated with the incorrect information provided by the Contractor.

31. Sub-Contracts

- 31.1. No Sub-Contracting by the Contractor shall in any way extinguish, diminish or reduce the Contractor's obligations under the Contract and the Contractor shall be fully responsible for acts, errors, defaults, breaches, omissions or negligence of any Sub-Contractor.
- 31.2. The Contractor shall perform its obligations under and observe all the terms of any Sub-Contracts.
- 31.3. Nothing in this Contract shall prohibit or prevent any Sub-Contractor employed by the Contractor from being employed by the Authority at any establishments of the Authority.
- 31.4. Where the Contractor enters into a Sub-Contract with a supplier or contractor for the purpose of performing the Contract, he shall cause a term to be included in such Sub-Contract which requires payment to be made by the Contractor to the supplier or contractor within a specified period not exceeding thirty (30) Calendar Days from receipt of a valid invoice and the requirements for a valid invoice shall be defined by the Sub-Contract.
- 31.5. The Contractor shall not place any Sub-Contract or order involving the design or development of Articles required under this Contract without the prior approval of the Authority.
- 31.6. The Contractor shall not enter into any commitment in relation to the design or development of equipment until such time as the Contractor has entered into an agreement with the Authority in the form set out at Schedule 19 (Design Rights and Patents (Sub-Contractors Agreement – DEFFORM 177)). Wherever possible the request for approval should be accompanied by two copies of the agreement signed by the Sub-Contractor. If, in any case the Contractor is unable to comply with this Clause he shall report the matter to the Authority's Commercial Officer and await further instructions before placing the Sub-Contractor or order.
- 31.7. The Contractor shall retain, for a period of at least ten (10) years after Acceptance Off Contract of the final Intercept and Escort Craft under the Contract or Termination Date, a copy of the Sub-Contracts (or the relevant parts thereof) sufficient to demonstrate the Authority's rights with respect to Intellectual Property Rights and shall provide certified copies of such records to the Authority upon request.

- 31.8. The Authority shall have a right of direct access to any Sub Contractor for the purpose of monitoring the progress of work under the Contract, technical liaison and discussion with the Sub-Contractor provided that his presence at the site shall not hinder progress of the work. The Authority shall give prior notification to the Contractor of any proposed visits and the Contractor shall have a right to be present at any site visit by the Authority to a Sub Contractor. This right of direct access under this Clause shall also include the Authority's right to discuss, at any time, with Lloyd's Register or any relevant maritime and coastguard agency, or agency having similar jurisdiction, any aspects relating to the Contract.

Change of Sub-Contractors

- 31.9. The Contractor shall assign any guarantees or warranties provided by its Sub-Contractors to the Authority which exceed the Guarantee Period.
- 31.10. The Contractor shall employ the Sub-Contractors as set out in Schedule 21 (Makers List) and shall not, in respect of any equipment, machinery and services included in the Makers List:

31.10.1. terminate the employment of any Sub-Contractor; and/or

31.10.2. employ any other Sub-Contractor;

without the Authority's approval which shall not be unreasonably withheld.

32. Matters to be included in Sub-Contracts

- 32.1. The Contractor shall ensure that all Sub-Contracts shall at all times include:
- 32.1.1. provisions such that the Sub-Contract shall not be rescinded, or varied in such a way as to alter or extinguish any rights granted to the Authority without the prior written consent of the Authority;
 - 32.1.2. provisions that the Authority's rights referred to in this Clause 32, which are otherwise enforceable under the Contracts (Rights of Third Parties) Act 1999, are not rendered unenforceable; and
 - 32.1.3. a requirement that either party to the Sub-Contract may release to the Authority any of those parts of the Sub-Contract as are necessary to be sufficient to demonstrate compliance with the provisions of this Clause and that any such release shall not amount to a breach of any provision of confidentiality contained within the Sub-Contract.
 - 32.1.4. provisions enabling the Contractor to terminate the Sub-Contract (on similar terms to those which apply to any termination by the Authority of this Contract under the Terms and Conditions of the Contract) and shall terminate such Sub-Contract where reasonably directed by the Authority to do so.
 - 32.1.5. provisions enabling the Contractor to secure the dismissal of an employee of the Sub-Contractor, so as to enable implementation of any Authority requirement of the Contractor to secure such dismissal, due to a breach of DEFCON 520 (Corrupt Gifts and Payments of Omission) by that employee, include a provision enabling the Contractor to determine such Sub-Contracts in the event that the Authority exercises its rights under DEFCON 656B (Termination for Convenience – Over £5M) to terminate this Contract upon written notice;
 - 32.1.6. include the power to determine the Sub-Contract on substantially the same terms as those which apply to any termination of this Contract pursuant to DEFCON