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**ADDITIONAL CONDITIONS APPLICABLE TO PROJECT: HMG MLI- 704656450**

# **IFRS16 (INTERNATIONAL FINANCIAL REGULATION STANDARDS)**

1. IFRS 16 is the new accounting standard for leased, mandated by HM treasury across all government departments, including the Ministry of Defence (MOD), with effect from 1st April 2022.
2. The Contractor is to confirm if assets are explicitly or implicitly identified in the contract for use by the MOD or not. Where assets are identified, Contractor s are requested to provide in writing a list of assets, their location, and the extent of the control or right of use by the MOD.

# **FIREARM PROCUREMENT**

1. The Contract will be for the supply of firearms / firearms components to the Authority.
2. While it is not incumbent on the Authority to inform Contractor s of their legal obligations under the Firearms Act 1968 (as amended by the Firearms Acts 1988 and 1992) nor to verify that these obligations are complied with, the Authority does require that the Contractor hold any licenses, registrations, permits or other authorities ('Permits') relating to [firearms / firearms components], necessary legally to carry out the requirements of the Contract.
3. It shall be the responsibility of the Contractor to ensure that they hold any such permits and the submission of a tender for this Contract will be taken by the Authority to be a representation by the Contractor that they comply with this requirement.

# **CYBER SECURITY**

1. The Authority required the Contractor to maintain Cyber Essentials Certification in relation to this requirement for the duration of the contract in conjunction with DEFCON 658(Cyber)- DEFSTAN 05-138.

# **SAFETY**

1. The Contractor shall ensure that the Equipment is safe to operate and maintain and that the requirements stipulated in the contract for the safety of the Equipment are met in full.
2. In performing the contract, the Contractor shall comply with his statutory duties and obligations relating to safety and shall be responsible for ensuring that none of the contract requirements cause him to be in breach of any statutory duty or obligation relating to safety.
3. Following contract award, and during the life of contract if it appears that any specification or other contract conditions agreed between the Contractor and the Authority may render the Contractor in breach of any statutory duty or obligation relating to safety, the Contractor shall immediately bring this to the Authority’s attention.

# **FUTURE/ADDITIONAL PURCHASES**

1. The contractor hereby grants to the Authority the following irrevocable option to procure additional Weapon, accessories and spares as detailed in Schedule 20 Additional Buys in accordance with Terms and Conditions set out in the contract, it being agreed that the Authority has no obligation to procure any Future Purchases.
2. Should the Authority decide to exercise any of these options then it will do so by servicing a purchase order through CP&F stating the quantity, delivery date and price using the information within Schedule 16- Future Purchases applicable at the time the Purchase Order is raised which may be earlier pricing year than the date for delivery.
3. Schedule 20- Future/Additional Purchases provides the Authority Firm prices for 2 years and lead times for the quantities specified in the Schedule.
4. The contractor shall provide firm pricing for each pricing period as detailed in Schedule 20 at 3 months before the start of each pricing period.
5. The number of times the Authority may exercise purchase options during the life of the contract in accordance with clause 5(b) is not limited.
6. For the avoidance of doubt
   1. The authority has no obligation to exercise the above options.
   2. The Authority shall not be liable for any advance commitment that the contractor may enter in the pursuance of the options referred to.

## **AD-HOC TASKING.**

1. All Ad-Hoc tasks to be carried out under this contract will be authorised and conducted in accordance with this Condition and using **Schedule 22 – Ad-Hoc Tasking Form**.
2. In order to task the Contractor to undertake Ad-Hoc work, the Authority shall submit the Ad-Hoc Tasking Form in accordance with the Ad-Hoc Tasking Form Guidance Document detailed in **Schedule 22A** of this contract and utilising the Labour Rates contained in **Schedule 23.**

## **PRICING**

1. All items specified in Schedule 2(Schedule of Requirements) to be firm priced till the completion of MLI of 2200 weapons.
2. **Schedule 13- Provision of Spares list** – All items specified in this Schedule to be Firm priced and the price to remain valid till the completion of MLI of 2200 weapons (expected to be completed by the end of FY 27-28).
3. **Schedule 17- HMG MLI BOM** – Items highlighted in Red to be firm priced and the price to remain valid till the completion of the delivery of the 2200 MLI weapons to the Authority. The contractor shall order the red items at the outset of the contract and for which delivery as a minimum shall meet the agreed program of work. Red items shall be embodied into the MLI weapon system for which payment will be made upon delivery of the MLI weapon System to the Authority.
4. **Schedule 16- HMG MLI Logbook price Menu** – all items and labour rates to be firm priced for three financial years and three months prior to the end of financial year the Contractor shall provide firm price for the next financial year.
5. Financial Year – 1st April till 31st March.

## **GOVERNMENT FURNISHED ASSETS**

1. Under the guidance laid down in Government furnished Assets, the Authority will provide the Contractor with HMG Weapons and GFE specified in Schedule 13- Provision of Spares List.
2. Items specified in Schedule 13(Provision of Spares List) are to be ordered by the contractor and for which Contractor shall be entitled to be paid a material cost upon self to self-delivery.
3. These items shall be vested in the Authority upon payment. However, they will be maintained and managed by the Contractor.
4. GFA will be managed by the Contractor in accordance with
5. DEFCON 601- Redundant Material,
6. DEFCON 611- Issued Property and
7. DEFCON 694- Accounting for the property of the Authority.

The standards and conditions provide an end-to-end view of the Authority’s requirements for the management of GFA in industry.

1. The contractor shall be responsible for providing and/or making available to themselves those requirements in terms of Government Furnished Equipment (GFE) which are specifically and clearly defined in Schedule 13 to the Contract. Any resulting transportation shall be the responsibility of the Contractor.
2. The Authority is responsible of providing to the contractor the HMG Weapons under disposal order and as outlined in Statement of Work (Schedule 11A).
3. The Authority shall have no liability to the Contractor if when the GFE is made available or offered to be made available on the agreed dates the Contractor fails to make use of them. Any additional costs from this failure will be the responsibility of the Contractor. The Authority shall accept no liability for cost increases to the agreed Firm Prices for Schedule 13- Provision of Spares List.
4. The Contractor shall be responsible for any loss or damage incurred to the items during transportation that has been arranged by the Contractor. In the event of a total loss or any damage to any item occurring during transport arranged by the Contractor, the Contractor shall be liable to replace, or repair said item(s). For the avoidance of doubt, total loss shall be defined as the item no longer being fit for purpose and can no longer be used by the Authority.
5. The Contractor shall return all purchased GFE to the Authority back that is unused within 3 months of the Contract expiry date.

## **REPAIRS**

1. **SUPPLY OF ARTICLES AND PARTS FOR USE IN REPAIR**
   1. All spares and replacement parts supplied by the Contractor shall be at least to the original equipment manufacturers current specification and are to be purchased from approved suppliers.
   2. Articles must not be removed from the premises to which they have been allocated without the prior approval of the Supply Chain Manager, except where it is necessary for the performance of sub-contracted work.
2. **BUILDS AND SPECIFICATION STANDARD**
3. The Contractor shall carry out the work specified in the Schedule of Requirements SOR (Schedule 2) in accordance with the Terms and Conditions of the Contract.
4. All Articles repaired shall be returned to the Authority configured in accordance with the Complete Equipment Schedule (CES) as contained within the **Equipment Breakdown Structure (EBS) at Schedule 12 and HML MLI BOM at Schedule 17.**

## **WARRANTY**

1. **GENERAL**
   1. The Parts and Labour Warranty shall guarantee each Article against failure under the terms stated below, for 12 (Twelve) months. The period of Warranty for each Article shall commence from the date on which the Article is issued from MOD Donnington to the User Unit or 12 (twelve) months after the Contractor 's delivery of the Article to MOD Donnington whichever is the sooner. This Warranty is given to the Authority or its authorised representative, hereinafter referred to as the Authority. The Warranty provides full parts and labour coverage for design, workmanship, or material failure of any part of the Article supplied as original equipment.
   2. The Contractor undertakes that the Articles supplied against the Contract including all components supplied thereon by the Contractor as original equipment will be free from defect in design, materials and workmanship under normal use and service. The Contractor 's obligations under this Warranty being limited to repairing or replacing any component or assembly, which proves to be defective. The Warranty provides full parts and labour cover against failure of any part of the Article supplied as original equipment.
2. **EXCLUSIONS:**
   1. This Warranty shall not apply in respect of damage caused by:
      1. Any use or maintenance of the Article not in accordance with the instructions described in the Technical Manuals provided by the Contractor;
      2. Any use or maintenance of the Article performed by non-authorised personnel;
      3. War and peacekeeping operations resulting in battle damage;
      4. Operating the Article beyond the plated weight or authorised loading;
      5. Misuse or neglect; and
      6. Any alterations, modifications or attachments made to the Article without the Contractor's approval.
   2. The Contractor shall not be liable under this Warranty to carry out:
      1. Normal maintenance services, adjustments and the replacement of service items including, but not limited to, oils, filters and lubricants made in connection with such services;
      2. Repairs to remedy fair wear and tear to any component;
3. **APPLICABLE COUNTRIES** 
   1. The Parts and Labour Warranty applies worldwide.
4. **REPLACED PART WARRANTY**
   1. Should any component fail within the warranty period as a result of manufacturing or material defect, the Contractor shall undertake, at no cost to the Authority, to repair or replace the component free of charge.
   2. Any part replaced by the Contractor free of charge to the Authority under this Warranty, or any approved repairs, shall be guaranteed for the remaining warranty time, or 12 (twelve) months, whichever is the greater from the date that the replacement part is fitted in the Article.
   3. The Contractor accepts under the terms of this Warranty that the Authority may replace parts by items that are not supplied by the Contractor that are a FN approved design; however, the Contractor is solely responsible for the application design and will warrant that the parts are fit for use.
   4. Replaced parts, material and workmanship for parts not purchased through the Contractor are the sole responsibility of the Authority. The parts are common items that are to the same or equivalent technical specification as the original Contractor-supplied part and have been North Atlantic Treaty Organisation (NATO) codified as such.
5. **MAINTENANCE**
   1. Where the Authority carries out routine maintenance or servicing, this will not invalidate the Warranty provided that maintenance procedures comply with the Technical Manuals provided by the Contractor.
6. **WARRANTY LIABILITY**
   1. Liability under this Warranty is limited at the discretion of the Contractor to the replacement or repair free of charge of such parts that are judged to be defective under the terms of this Warranty provided:
      1. Such defects are repaired by the Contractor or by the Authority.
      2. Articles have been stored in accordance with the Contractor 's recommended maintenance procedures;
      3. All work is carried out in accordance with Technical Manuals provided by the Contractor and generally accepted engineering practices;
      4. Only Contractor approved parts have been used to repair and maintain the Article, except where common items have been fitted that are the same or equivalent technical specification as the original Contractor -supplied part and have been NATO codified as such;
      5. Any identity plate numbers, marks, warning, or operating labels have not been altered, displaced, or removed unless with the Contractor 's consent.
   2. The Contractor shall not be responsible for the quality of any work carried out in the Authority's workshop except the Contractor remains responsible for the quality of spares and the completeness of the Technical Manuals as supplied to the Authority.
   3. For warranty repairs carried out in the Authority's workshops replaced warranty parts become the property of the Contractor after a claim is accepted. Parts replaced by the Authority will be held for 90 (ninety) Business days for inspection by the Contractor, after which the Authority may dispose of these parts and the cost of such disposal will be charged to the Contractor.
7. **LIABILITY EXCLUSIONS**
   1. For the purposes of this Warranty, the following shall not be regarded as failures:
      1. Accidental damage;
      2. Battle damage;
      3. Damage caused by:
8. User negligence;
9. Misuse;
10. Unsatisfactory repairs or maintenance alterations by the Authority;
11. Applications outside the environment specified in the Systems Requirements Document (SRD) which change the performance or adversely affect the reliability of the Article.
12. Neglect
13. **GENERAL PROVISIONS**
    1. Any dispute hereunder shall be dealt with in accordance with DEFCON 530 (Dispute Resolution).
    2. This Warranty shall be governed by and construed in accordance with the laws of England.
    3. This Warranty shall be entirely without prejudice to the Authority's rights and remedies under the Contract or otherwise including (without limitation) rights and remedies relating to terms and conditions implied by law.

## **DELIVERY PROECSS FOR DELIVERIES TO LCS MANAGED DEPOTS**

1. The Contractor shall ( or procure that any of its subcontractors shall) comply with the requirements set out in the Logistics Commodities Services Transformation Authority Managed Material Contractor Manual ( Version 2- LDOC/CMO/V2.0 dated 28 June 2019) issued by the Authority and published on the Authority’s Knowledge in Defence (KID) System ( as amended from time to time)(the “LCST Contractor Manual”) in respect of all Articles/goods) which are:
   1. Supplied by the Contractor or any of its subcontractors under this contract and
   2. Which are rare to delivered to depots which are managed and/ or operated by Leidos Europe Ltd or its subcontractors pursuant to the Logistics Commodities and Services (Transformation) contract (Contract No LCST/0001 “LCS(T) Managed Depots”.

## **MODERN SLAVERY**

1. shall not use, nor allow its subcontractors to use, forced, bonded or involuntary prison labour.
2. shall not require any Contractor employees or the employees of any subcontractors to lodge deposits or identity papers with their employer and shall be free to leave their employer after reasonable notice.
3. warrants and represents that it has not been convicted of any slavery or human trafficking offences anywhere around the world.
4. warrants that to the best of its knowledge it is not currently under investigation, inquiry, or enforcement proceedings in relation to any allegation of slavery or human trafficking offences anywhere around the world.
5. shall make reasonable enquiries to ensure that its officers, employees, and subcontractors have not been convicted of slavery or human trafficking offences anywhere around the world.
6. shall have and maintain throughout the Term its own policies and procedures to ensure its compliance with the Modern Slavery Act 2015 and include in its contracts with its subcontractor’s anti-slavery and human trafficking provisions.
7. shall implement due diligence procedures to ensure that there is no slavery or human trafficking in any part of its supply chain performing obligations under the Contract.
8. shall prepare and deliver to the Authority, an annual slavery and human trafficking report setting out the steps it has taken to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its business. *Guidance - a statement under Section 54 of the Modern Slavery Act 2015 would be sufficient for the required annual slavery and human trafficking report required by Clause (h).*
9. Shall respond promptly to all slavery and trafficking due diligence questionnaires issued to it by the Authority from time to time and shall ensure that its responses to all such questionnaires are complete and accurate;
10. shall not use, or allow its employees or subcontractors to use, physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation of its employees or sub-contractor.
11. shall not use, or allow its sub-contractors to use, child or slave labour.
12. shall report the discovery or suspicion of any slavery, trafficking, forced labour, child labour, involuntary prison labour or labour rights abuses by it or its subcontractors to the Authority and Modern Slavery Helpline and relevant national or local law enforcement agencies.
13. if the Contractor is in Default under the above Clauses (a) to (l) the Authority may by notice:
    1. require the Contractor to remove from performance of the contract any subcontractor, Contractor employees or other persons associated with it whose acts or omissions have caused the default or
    2. immediately terminate the contract.

## **INSURANCE**

1. The contractor must hold the minimum level of insurance required by law for the duration of the contract.
2. In the United Kingdom the current statutory insurances are Employers Liability Insurance and Motor Third Party Liability Insurance.
3. Where a Contractor seeks to limit their financial liability under Head of Loss DEFCON 76 – Contractor’s Personnel at Government Establishments the contractor must confirm the existence of, scope and level of any relevant Public Liability insurance, Products Liability Insurance and / or Property Damage Insurance held by the contractor.
4. Where the contractor intends to mitigate against the risks associated with the Heads of Loss, the contractor must provide details of any insurance provisions they intend to use.

## **NATO CODIFICATION**

1. Notwithstanding DEFCON 117(Supply of Information for NATO Codification Purposes) the Contractor is wholly responsible for the NATO codification processes in providing the NATO Stock Numbers (NSNs) for the Line Items/Articles in the Schedule of Requirements (SOR) from the UK National Codification Bureau (UKNCB).
2. In addition, the Contractor is to note that without an NSN, deliveries of any SOR Items will not be accepted to any location under this Contract and the Authority shall not be responsible for any delays that are incurred as a result.

## **INTEGRATED LOGISTICS SUPPORT (ILS)**

1. The Contractor is required to provide updated versions of all the ILS documentation provided in accordance with **Schedule 2 – Schedule of Requirements** on an annual basis where any information contained within the document previously provided has changed.
2. All ILS will be conducted in accordance with the ILS Statement of Work (SOW) at Schedule 11B.
3. Where no changes have occurred to the information within the document, an updated document is not required to be delivered to the Authority.
4. All updates throughout the life of the contract are at Nil cost to the Authority.

## **CONFIGURATION CONTROL MANAGEMENT**

1. The Contractor shall manage Configuration Control in accordance with the SOW at 11B.

## **RUSSIAN AND BELARUSIAN PRODUCTS**

1. The Contractor shall, and shall procure that their Sub-contractors shall, notify the Authority in writing as soon as they become aware that:
   1. the Contractor Deliverables and / or Services contain any Russian / Belarussian products and / or services; or
   2. the Contractor or any part of the Contractor’s supply chain is linked to entities who are constituted or organised under the law of Russia or Belarus, or under the control (full or partial) of a Russian / Belarusian person or entity. Please note that this does not include companies:
      1. registered in the UK or in a country with which the UK has a relevant international agreement providing reciprocal rights of access in the relevant field of public procurement;
      2. and / or which have significant business operations in the UK or in a country with which the UK has a relevant international agreement providing reciprocal rights of access in the relevant field of public procurement.
2. The Contractor shall, and shall procure that their Sub-contractors shall, include in such notification (or as soon as reasonably practicable following the notification) full details of the Russian products, services and / or entities and shall provide all reasonable assistance to the Authority to understand the nature, scope and impact of any such products, services and / or entities on the provision of the Contract Deliverables and / or Services.
3. The Authority shall consider the notification and information provided by the Contractor and advise the Contractor in writing of any concerns the Authority may have and / or any action which the Authority will require the Contractor to take. The Contractor shall be required to submit a response to the concerns raised by the Authority, including any plans to mitigate those concerns, within 14 business days of receipt of the Authority’s written concerns, for the Authority’s consideration.
4. The Contractor shall include provisions equivalent to those set out in this clause in all relevant Sub-contracts.

## **SOCIAL VALUE**

1. Please Refer to Schedule 34.

## **SUSTAINABLE PROCUREMENT – LEGISLATIVE REQUIREMENTS**

1. The Contractor shall take all reasonable steps to procure the observance of the economic, social, and environmental legislation related to the subject matter of the execution of the contract by any servants, employees or agents of the Contractor and any sub-contractors engaged in the performance of the Contract.
2. If the Contractor becomes aware of any prosecution or proceedings, for criminal breaches of the economic, social and environmental legislation related to the subject matter or the execution of the Contract, against the Contractor, any servants, employees or agents of the Contractor and/or any sub-contractors engaged in the performance of the Contract, the Contractor shall immediately notify the Authority at the address specified in the Contract.

1. Any convictions during the period of the Contract for criminal breaches of the economic, social, and environmental legislation related to the subject matter or the execution of the Contract by the Contractor or any of the Contractor’s directors/partners or senior management who have powers of representation, decision, or control, shall be regarded as a Material Breach of this Contract.

# **INCENTIVISATION:**

1. The 2% optional incentivisation element of the single source profit rate shall not apply to this contract.
2. Where the Authority seeks expedited delivery or any other benefits, the 2% optional incentivisation element of the single source profit rate may apply to that particular order.