

Defence Equipment & Support

Contract Number: 705929453 (TSSP/143)

**Instrumented Live Training Direct Fire Weapons Effect Simulator
(ILT-D) Support and Repair and Post Design Services**

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SCHEDULE OF REQUIREMENTS

	MINISTRY OF DEFENCE	
Name and Address of Contractor: SAAB AB SE 561 85 HUSKVARNA SWEDEN	SCHEDULE OF REQUIREMENTS FOR INSTRUMENTED LIVE TRAINING - DIRECT FIRE WEAPONS EFFECT SIMULATION (ILT-D) IN SERVICE SUPPORT CONTRACT SUPPORT, REPAIR AND POST DESIGN SERVICES	Contract Number: 705929453 (TSSP/143)
Issued with DEFFORM8	on 18/03/2024	

Table 1 – INITIAL CONTRACT DURATION

Item No	Description	Delivery Date	Note to Supplier	Firm Price £ (ex VAT) [Values redacted on commercial sensitivity grounds]	
CONTRACT YEARS 1-3 1 APRIL 2024 – 31 MARCH 2027					
1	Provision of Contractor Logistic Support to ILT-D equipment to meet the availability requirements detailed in the Statement of Requirements at the relevant Contract Annex for that customer. Including provision of software for the After Action Review Setup and Repair Generator. Provision of Maintenance of ILT-D equipment including all repairs as a result of normal operations to meet the availability requirements detailed in the Statement of Requirement at the relevant Contract Annex for that customer. To be paid in accordance with the Milestone Payment Plans at Annex C	Year 1: 1 Apr 2024 – 31 March 2025 Year 2: 1 Apr 2025 – 31 March 2026 Year 3: 1 Apr 2026 – 31 March 2027	FIRM PRICE in accordance with Condition 3.1.1 of the Terms and Conditions	Core	
				SCHINF	
				CTCRM	
				RMAS	

2	Carrying out of authorised repair on ILT-D equipment resulting from Wilful Damage, or replace lost Articles or Articles classified as Beyond Economic Repair due to Wilful Damage within the Limit of Liability detailed in Condition 2.1.4 of this Contract.	Years 1-3: 1 Apr 2023 – 31 March 2027	To be carried out in accordance with Condition 2.1.4 of the Terms and Conditions.		
3	Provision of additional services (including additional exercise events) in accordance with Condition 1.7 - Tasking Procedures for Additional Work.	Years 1-3: 1 Apr 2023 – 31 March 2027			
TOTAL COST – CONTRACT YEARS 1-3					

TABLE 2 – CONTRACT OPTION YEARS

Item No	Description	Delivery Date	Note to Supplier	Firm Price £ (ex VAT)	
CONTRACT YEARS 4 1 APRIL 2027 – 31 MARCH 2028					
4	Provision of Contractor Logistic Support to ILT-D equipment to meet the availability requirements detailed in the Statement of Requirements at the relevant Contract Annex for that customer. Including provision of software for the After Action Review Setup and Repair Generator.		FIXED PRICE in accordance with Condition 3.2.1 of the Terms and Conditions	Core	
				SCHINF	
				CTCRM	

	Provision of Maintenance of ILT-D equipment including all repairs as a result of normal operations to meet the availability requirements detailed in the Statement of Requirement at the relevant Contract Annex for that customer.	Year 4		RMAS	
	To be paid in accordance with the Milestone Payment Plans at Annex C				
5	Carrying out of authorised repair on ILT-D equipment resulting from Wilful Damage, or replace lost Articles or Articles classified as Beyond Economic Repair due to Wilful Damage within the Limit of Liability detailed in Condition 2.1.4 of this Contract.	Year 4	To be carried out in accordance with Condition 2.1.4 of the Terms and Conditions.	Core	
6	Provision of additional services (including additional exercise events) in accordance with Condition 1.7 - Tasking Procedures for Additional Work.	Year 4			Each Additional Task to be priced in accordance with Condition 1.7 – Tasking Procedures for Additional Work.
	TOTAL COST – CONTRACT YEAR 4				

CONTRACT YEARS 5					
1 APRIL 2028 – 31 MARCH 2029					
				Core	
	Provision of Contractor Logistic Support to ILT-D equipment to meet the availability requirements detailed in the Statement of Requirements at the relevant Contract Annex for that customer. Including provision of software for the After Action Review Setup and Repair Generator.			SCHINF	
7	Provision of Maintenance of ILT-D equipment including all repairs as a result of normal operations to meet the availability requirements detailed in the Statement of Requirement at the relevant Contract Annex for that customer.	Year 5	FIXED PRICE in accordance with Condition 3.2.1 of the Terms and Conditions	CTCRM	
	To be paid in accordance with the Milestone Payment Plans at Annex C			RMAS	
8	Carrying out of authorised repair on ILT-D equipment resulting from Wilful Damage, or replace lost Articles or Articles classified as Beyond Economic Repair due to Wilful Damage within the Limit of Liability detailed in Condition 2.1.4 of this Contract.	Year 5	To be carried out in accordance with Condition 2.1.4 of the Terms and Conditions.	Core	

9	Provision of additional services (including additional exercise events) in accordance with Condition 1.7 - Tasking Procedures for Additional Work.	Year 5		
	TOTAL COST – CONTRACT YEAR 5			

CONTRACT YEARS 6					
1 APRIL 2029 – 31 MARCH 2030					
10	Provision of Contractor Logistic Support to ILT-D equipment to meet the availability requirements detailed in the Statement of Requirements at the relevant Contract Annex for that customer. Including provision of software for the After Action Review Setup and Repair Generator.	Year 6	FIXED PRICE in accordance with Condition 3.2.1 of the Terms and Conditions	Core	
	SCHINF				
	CTCRM				
	RMAS				
	To be paid in accordance with the Milestone Payment Plans at Annex C				
11	Carrying out of authorised repair on ILT-D equipment resulting from Wilful Damage, or replace lost Articles or Articles classified as Beyond Economic Repair due to Wilful Damage within the Limit of Liability detailed in Condition 2.1.4 of this Contract.	Year 6	To be carried out in accordance with Condition 2.1.4 of the Terms and Conditions.	Core	
12	Provision of additional services (including additional exercise events) in accordance with Condition 1.7 - Tasking Procedures for Additional Work.	Year 6			Each Additional Task to be priced in accordance with Condition 1.7 – Tasking Procedures for Additional Work.
	TOTAL COST – CONTRACT YEAR 6				

TERMS AND CONDITIONS OF CONTRACT TSSP/143

1. GENERAL CONDITIONS AND DEFINITIONS

DEFCON76 (Edn. 11/22) – Contractor's Personnel at Government Establishments

For the purposes of this Contract, the Contractor's Limit of Liability under clause 3 of DEFCON 76 (Edn. 12/06) shall be limited to [Value redacted on commercial sensitivity grounds].

DEFCON117 (Edn. 07/21) – Supply of Information for NATO Codification and Defence Inventory Introduction

For the purposes of this Contract, the Contractor shall ensure NATO Codification is applied to new deliverables and modified GFE as listed in Annex H. Codification relating to legacy GFE from DFWES (TSSP/123) Contract will only apply in accordance with clause 1.7 (Tasking Procedures for Additional Work).

DEFCON501 (Edn 10/21) – Definitions and Interpretations

In addition to the Definitions provided under DEFCON 501 (Edn 11/17) the following Definitions shall apply to this Contract:

Contract Amendment means any amendment to the Contract, to be agreed by both Parties in adherence to DEFCON 503 (06/22).

Contract Year(s) means a duration spanning from 1 April to 31 March, sequentially numbered for the duration of the Contract. I.e. Contract Year 1 is 1 April 2024 to 31 March 2025, Contract Year 2 is 1 April 2025 to 31 March 2026 etc.

Duration means the time period defined in Condition 1.3 (Duration) of this Contract.

ILT-D Means Instrumented Live Training – Direct Fire Weapons Effect Simulation

ILT-D Equipment means all Articles provided by the Contractor and GFE listed in Annex H

Option Year(s) means those requirements detailed in Table 2 of the Schedule of Requirements to this Contract which may be enacted by the Authority in adherence to Condition 1.4 (Options) of this Contract.

Party means any one of the entities bound to the Terms and Conditions of this Contract.

Parties means the entities bound to the Terms and Conditions of this Contract.

Prime Contractor means the "Contractor", who has responsibility for performance of the Contract.

Sub-Contractor means any Sub-Contractor of the Contractor providing all or any part of the Articles or Services to the Authority under this Contract.

Task means any Authority requirement placed by the Authority with the Contractor through the Tasking Form at Annex F.

Tasking Form means the pro-forma document included in this Contract at Annex F.

Task Order means an approved Tasking Form authorised by the Authority in accordance with clause 1.7 for the provision of Articles or Services.

Wilful Damage is defined at Annex Q (Incident Sentencing Flow Chart).

DEFCON503 (Edn 06/22) – Formal Amendments to Contract
 DEFCON515 (Edn 06/21) – Bankruptcy and Insolvency
 DEFCON516 (Edn 04/12) – Equality
 DEFCON518 (Edn 02/17) – Transfer
 DEFCON520 (Edn 08/21) – Corrupt Gifts and Payments of Commission
 DEFCON526 (Edn 08/02) – Notices
 DEFCON527 (Edn 09/97) - Waiver
 DEFCON528 (Edn 07/21) – Import and Export Licenses
 DEFCON531 (Edn. 09/21) – Disclosure of Information
 DEFCON532B (Edn. 12/22) – Protection of Personal Data
 DEFCON537 (Edn 12/21) – Rights of Third Parties
 DEFCON538 (Edn. 06/02) – Severability
 DEFCON539 (Edn. 01/22) – Transparency
 DEFCON540 (Edn. 05/23) – Conflicts of Interest
 DEFCON550 (Edn 02/14) – Child Labour and Employment Law
 DEFCON565 (Edn 07/23) – Supply Chain Resilience and Risk Awareness
 DEFCON566 (Edn. 10/20) – Change of Control of Contractor
 DEFCON620 (Edn. 06/22) – Contract Change Control
 DEFCON646 (Edn. 10/98) – Law and Jurisdiction (Foreign Suppliers)
 DEFCON658 (Edn. 10/22) - Cyber

- For the purpose of this Contract, the Cyber Risk Assessment of this procurement is MODERATE as defined in DEFSTAN 05-138. The reference number is RAR- 630076185.

DEFCON660 (Edn. 12/15) – Official Sensitive Security Requirements
 DEFCON675 (Edn. 03/21) – Advertising Sub-Contracts (Defence and Security Public Contracts Regulations 2011 Only)
 DEFCON678 (Edn. 09/19) – SME Spend Data Collection
 DEFCON697 (Edn. 11/22) – Contractors on Deployed Operations (CONDO)
 - Where the Authority has a requirement for the Contractor, a subcontractor, or both, to Deploy to undertake a task at an Expected Work Location in a CONDO Applicable Area, the provisions of DEFCON 697 shall apply. DEFCON 697 shall become effective when such a task is included in the Contract.

1.1. Scope

1.1.1. The Contractor shall undertake all work required to meet the ILT-D requirement in accordance with these Terms and Conditions and all associated Annexes. All work completed by the Contractor shall be carried out to the reasonable satisfaction of the Authority's Project Manager (PM), as detailed in DEFFORM 111, in accordance with the Key Performance Indicators (KPI) detailed at Annex B.

1.2. Precedence

1.2.1. In the event of a conflict or inconsistency between these Terms and Conditions and other referenced documentation, the conflict or inconsistency shall be resolved according to the following descending order of precedence:

- 1.2.1.(a). Terms and Conditions of the Contract and DEFCONS
- 1.2.1.(b). Annex A (Statement of Requirement)
- 1.2.1.(c). All other associated Annexes of this Contract (Except Annex U – Statement of Work).
- 1.2.1.(d). Any other documents incorporated into this Contract by Reference
- 1.2.1.(e). Annex U (Statement of Work)

1.2.2. The Contractor is required to meet all requirements of the Contract, in total.

1.2.3. In the event of any internal conflict in any document, or any conflict between any documents within the same order of precedence, the Authority shall be entitled to give directions as to which part of the relevant document or which document (as the case may be) shall take precedence over which

other part or which other document (as the case may be). Any question of precedence shall be agreed with the Contractor; the results of that agreement being detailed within a Contract Amendment.

1.3. Duration

1.3.1. The Contract shall commence on 1 April 2024 and shall expire at midnight on 31 March 2027, unless extended under the terms of Condition 1.3.2.

1.3.2. The Authority has the unilateral irrevocable right to extend the Duration of the Contract by the Option Year periods specified in Condition 1.4 (Options).

1.3.3. The Contractor shall be required to fulfil their obligations under the Contract should a requirement extend beyond the Duration of the Contract.

1.4. Options

1.4.1. The Authority shall have the unilateral irrevocable right to extend the Contract by three (3) twelve (12) month periods known as the 'Option Years'. These Option Years are detailed in the Schedule of Requirements. The Authority shall have the right to invoke these Option Years individually, as three (3) individual twelve (12) month periods, as one collective thirty-six (36) month period, or any such combination of Option Years.

1.4.1.(a) Should the Authority require to enact any combination of Option Years, then the Authority shall invoke the Option(s) in writing to the Contractor, no less than 16 calendar weeks before the expiry date of the Contract.

1.4.2. Should the Authority require to enact any of the options detailed in Annex A Statement of Requirement to the Terms and Conditions, then the Authority shall raise a Tasking Authorisation Form in line with Condition 1.7.

1.4.3 The Terms and Conditions of this Contract shall apply to any Option Year(s) that are taken up by the Authority.

1.4.4. The Contractor shall provide a Parent Company Guarantee (DEFFORM 24), or bond given by a Bank (DEFFORM 24A) if requested by the Authority when enacting any Option Year(s).

1.4.5 The Authority will not be obliged to exercise the options.

1.5. Sustainable Procurement

1.5.1. The Contractor shall take all reasonable steps to procure the observance of the economic, social and environmental legislation defined in the Contract as related to the subject matter or 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.

1.5.2 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 any sub-Contractors engaged in performance of the Contract, the Contractor shall immediately notify the Authority at the address specified in the Contract. .

1.5.3. 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, may be regarded as a material breach of this Contract in accordance with the Condition 11 (Termination) of Contract.

1.5.4. The Contractor shall take all reasonable steps to ensure that all activities under this Contract shall comply with certified environmental management standard. As such ISO14001:2015 accreditation, or any such updated version, or equivalent accreditation must be maintained by the Contractor for the duration of the Contract.

1.6. Safety

1.6.1. Notwithstanding the provisions of DEFCON 76 (Contractor's Personnel at Government Establishments), the Parties shall execute all activities required by this Contract in accordance with statutory requirements in relation to Health and Safety.

1.6.2. As a minimum the Contractor shall conform to UK Safety Regulations.

1.6.3. The Contractor shall submit their ILT-D Safety and Environmental Management Plan (SEMP) to the Authority's PM one month after contract award and updated in line with the Statement of Requirement. The Contractor's safety and environmental manager shall have full responsibility and accountability for their Safety and Environmental requirements for the ILT-D programme and carry out Safety and Environmental requirements as defined in the Safety and Environmental Plan.

1.6.4. The Contractor shall maintain the ILT-D Part II Safety Case and Hazard Logs and attend the Project Safety and Environmental Committee meetings in accordance with Annex A (Statement of Requirement).

1.7. Tasking Procedures for Additional Work

1.7.1. Individual tasks required shall be initiated by the Authority's PM, through the Authority's Commercial Officer with the relevant level of delegation for the task.

1.7.2. When a requirement arises a sequentially numbered Tasking Form as detailed in Annex F (Tasking Form) shall be issued to the Contractor with Part 1 completed and approved by the Authority's PM and Authority's Commercial Officer with the relevant level of delegation for the task. If required by the Authority, the Contractor shall work with the Authority's Project Officer to assist with the development of Part A of the Tasking Form. Where the Additional Task relates to any design work the Tasking Form will have an associated DEFFORM 315 (Contract Data Requirement).

1.7.3. Within 20 business days (or as otherwise stated in the Tasking Form) from receipt of an appropriately approved Tasking Form or such other period agreed between the Parties, the Contractor shall forward their proposal for the work, which shall include a completion date. The Contractor shall also provide Firm Price (unless otherwise requested by the Authority) quotation for the work, in accordance with the provisions of the Single Source Contract Regulations (2014). The price quotation should be calculated using agreed rates listed at Annex G (Rates Cards) and Annex D (Equipment Usage – Volume Related Adjustment).

1.7.4. All Price quotations for Tasks shall be valid for a period of no less than 60 (sixty) calendar days from the date of quotation.

1.7.5. The Tasking Form shall be approved by the Authority's Commercial Officer for the task and when returned to the Contractor, detailing the agreed Firm Price, shall be taken as the Contractor's authority to proceed with the work detailed. Following completion of the task, the Contractor shall complete Part 4 of the Tasking Form to show that the work has been undertaken and forward this, together with the relevant evidence to the Authority's PM for approval.

1.7.6. After the Authority's PM has confirmed the work has been satisfactorily undertaken they shall make the relevant entries into the Authority's Contract, Purchasing and Finance (CP&F) payment system in order for the Contractor to claim payment. As per DEFCON 522 (Payment and Recovery of

Sums Due) payments for this Contract shall be made only through CP&F. Authorised Tasks will be formally added to Annex V (TAF Register) of the Contract when the next amendment to Contract is raised in accordance with DEFCON 801.

1.7.7. Any work undertaken on a Task, without prior approval from an Authority Commercial Officer is undertaken entirely at the Contractor's risk.

1.7.8. For any work undertaken on a Task agreed in line with Condition 1.7 which is then subsequently cancelled by the Authority; the Contractor shall be required to provide to the Authority a breakdown of costs expended in the preparation for this cancelled task. Allowable costs agreed by the Authority will be paid for cancelled tasks.

1.8. Travel and Subsistence

1.8.1. The Contractor shall have the right to claim relevant Travel and Subsistence costs when undertaking Tasks for the Authority under Condition 1.7. (Tasking Procedures for Additional Work). Costs for subsistence will be paid in line with the rates at Annex G for Years 1-3 and escalated in line with Clause 3.3 Variation of Price and Clause 3.4 Currency Clause in option years 4-6. Any such costs shall be subject to Authority approval through the terms detailed in Condition 1.7. (Tasking Procedures for Additional Work).

1.8.3. The limits for Travel and Subsistence shall remain unchanged throughout the duration of the contract, except where provided for by Table 4 of Annex G of this Contract.

1.9. NOT USED

1.9.1. NOT USED

1.10. Insurance

1.10.1. The Contractor shall procure and maintain at its own cost, all insurances it deems necessary to meet its legal obligations, and those that are in line with the Industry standard.

1.10.2. The Contractor shall, if requested by the Authority, provide evidence to the Authority's satisfaction to show that the insurances specified in Condition 1.10.1 are in force.

1.11. Contractor's Responsibility

1.11.1. For the purposes of this Contract and the work to be performed thereunder, the Contractor shall be designated as the Prime Contractor, and shall accordingly be wholly responsible to the Authority, subject to the provisions of the Contract, for the timely, economic and proper execution of the Contract as described in the Schedule of Requirements.

1.11.2. The Contractor shall ensure that the Terms and Conditions of this Contract are reflected in all sub-Contracts at whatever level to the extent necessary to enable the Contractor to meet their obligations to the Authority under the Contract.

1.11.3. Details of the sub-contractors for the Contract are to be provided in the Contractor's Supply Support Plan (as referenced in Annex A) that will be agreed upon before contract award.

1.11.4. Where the Contractor proposes to enter into a Sub-contract and/or to materially amend or terminate any existing Sub-contract which is a Critical Sub-contract, the Contractor shall inform the Authority in writing, which shall include sufficient details of the proposed Sub-contract, amendment or reasons for termination to enable the Authority to understand:

1.11.4.(a). the identity of the proposed Sub-contractor;

1.11.4.(b). the value of the proposed Sub-contract or amendment and the pricing mechanism on which such value is based;

- 1.11.4.(c). the proposed Sub-contractor's or existing Sub-contractor's current, complete and accurate cost and pricing data;
- 1.11.4.(d). a description of the supplies or services to be Sub-contracted;
- 1.11.4.(e). confirmation that the relevant provisions of this Contract have been flowed down into the proposed Sub-contract or amendment to an existing Sub-contract;
- 1.11.4.(f). the reasons for termination and the alternative arrangements proposed to be put in place by the Contractor in relation to the relevant activities;
- 1.11.4.(g). information to allow the Authority to assess any interest of national security or operational sovereignty.

1.11.5. The Authority shall have 10 (ten) business days from receipt of the information in Condition 1.11.4 to raise any concerns it may wish to raise about the proposed change in the Make or Buy Plan. Any concerns raised by the Authority shall be discussed between the Contractor and the Authority prior to any changes being made to the Make or Buy Plan. The Authority shall be entitled by notice in writing to instruct the Contractor not to make the change the Make or Buy Plan where the concerns over changes are as per Condition 1.11.4.(g).

1.11.6. The Make or Buy Plan shall only be amended in accordance with DEFCON 503 of the Contract.

1.11.7. Notwithstanding any official approval of, or expression of satisfaction with any drawings, specifications, schedules or any other relevant technical, administrative or other documents or data by the Authority, the Contractor shall be wholly responsible for the efficient and accurate functioning as required by the Contract of all Articles/Services supplied under it, and for ensuring that any design is wholly complete, accurate and meets the specifications of the Contract, such that Articles manufactured to such design shall similarly meet the technical specifications and other requirements of the Contract.

1.12. Publicity

1.12.1. 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.

1.13. Limitations on Liability

Definitions

1.13.1. In this Condition (1.13) the following words and expressions shall have the meanings given to them, except where the context requires a different meaning:

"Charges" means any of the charges for the provision of the Services, Contractor Deliverables and the performance of any of the Contractor's other obligations under this Contract, as determined in accordance with this Contract;

"Data Protection Legislation" means all applicable Law in force from time to time in the UK relating to the processing of personal data and privacy, including but not limited to:

- (1) UK GDPR;
- (2) DPA 2018; and
- (3) the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2003/2426) as amended, each to the extent that it relates to the processing of personal data and privacy;

"Default" means any breach of the obligations of the relevant Party (including fundamental breach or breach of a fundamental term) or any other default, act, omission, negligence or statement of the relevant Party, its employees, servants, agents or sub-contractors in connection with or in relation to the subject matter of this Contract and in respect of which such Party is liable to the other. In no event shall

a failure or delay in the delivery of an Authority responsibility or an activity to be carried out by the Authority or its representatives in accordance with the Contract be considered a Default;

'DPA 2018' means the Data Protection Act 2018;

"Law" means any applicable law, subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978, regulation, order, regulatory policy, mandatory guidance or code of practice judgment of a relevant court of law, or directives or requirements of any regulatory body, delegated or subordinate legislation or notice of any regulatory body;

"Service Credits" means the amount that the Contractor shall credit or pay to the Authority in the event of a failure by the Contractor to meet the agreed Service Levels as set out/referred to in Annex B – Key Performance Indicators.

"Term" means the period commencing on 01 April 2024 and ending 31 March 2027 (unless extended as per Condition 1.4) or on earlier termination of this Contract.

'UK GDPR' means the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in UK law by the EU (Withdrawal) Act 2018 and the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019;

Unlimited Liabilities

1.13.2. Neither Party limits its liability for:

- 1.13.2.(a). death or personal; injury caused by its negligence, or that of its employees, agents or sub-contractors (as applicable);
- 1.13.2.(b). fraud or fraudulent misrepresentation by it or its employees;
- 1.13.2.(c). breach of any obligation as to title implied by section 12 of the Sale of Goods Act 1979 or section 2 of the Supply of Goods and Services Act 1982, or;
- 1.13.2.(d). any liability to the extent it cannot be limited or excluded by law.

1.13.3. The financial caps on liability set out in Clauses 1.13.4 and 1.13.5 below shall not apply to the following:

- 1.13.3.(a). for any indemnity given by the Contractor to the Authority under this Contract, including but not limited to:
 - 1.13.3.(a).i. the Contractor's indemnity in relation to DEFCON 91 (Intellectual Property in Software) and DEFCON 632 (Third Party IP - Rights and Restrictions);
 - 1.13.3.(a).ii. the Contractor's indemnity in relation to TUPE at Annex W;
- 1.13.3.(b). for any indemnity given by the Authority to the Contractor under this Contract, including but not limited to:
 - 1.13.3.(b).i. the Authority's indemnity under DEFCON 514A (Failure of Performance under Research and Development Contracts)
 - 1.13.3.(b).ii. the Authority's indemnity in relation to TUPE under Annex W;
- 1.13.3.(c). breach by the Contractor of DEFCON 532B and Data Protection Legislation; and
- 1.13.3.(d). to the extent it arises as a result of a Default by either Party, any fine or penalty incurred by the other Party pursuant to Law and any costs incurred by such other Party in defending any proceedings which result in such fine or penalty.
- 1.13.3.(e). For the avoidance of doubt any payments due from either of the Parties to the other in accordance with DEFCON 811 or the Defence Reform Act 2014 and/or

the Single Source Contract Regulations 2014, as amended from time to time, shall not be excluded or limited under the provisions of Clause 1.13.4 and/or 1.13.5 below.

Financial Limits

1.13.4 Subject to Clauses 1.13.2 and 1.13.3 and to the maximum extent permitted by law:

- 1.13.4.(a). throughout the Term the Contractor's total liability in respect of losses that are caused by Defaults of the Contractor shall in no event exceed:
 - 1.13.4.(a).i. in respect of DEFCON 76 [Values redacted on commercial sensitivity grounds]in aggregate;
 - 1.13.4.(a).ii. in respect of DEFCON 514 [Values redacted on commercial sensitivity grounds]in aggregate;
 - 1.13.4.(a).iii. in respect of DEFCON 611 [Values redacted on commercial sensitivity grounds]in aggregate; and
 - 1.13.4.(a).iv. in respect of DEFCON 612 [Values redacted on commercial sensitivity grounds]in aggregate;
- 1.13.4.(b). without limiting Clause 1.13.4.(a) and subject always to Clauses 1.13.2, 1.13.3 and 1.13.4.(c), the Contractor's total liability throughout the Term in respect of all other liabilities (but excluding any Service Credits paid or payable in accordance with Annex B) whether in contract, in tort (including negligence), arising under warranty, under statute or otherwise under or in connection with this Contract shall be [Values redacted on commercial sensitivity grounds] in aggregate;
- 1.13.4.(c). on the exercise of any and, where more than one, each option period or agreed extension to the Term, the limitation of the Contractor's total liability (in aggregate) set out in Clauses 1.13.4.(a) and 1.13.4.(b) above shall be fully replenished such that on and from each such exercise or extension of the Term, the Authority shall be able to claim up to the full value of the limitation set out in Clauses 1.13.4.(a) and 1.13.4.(b) of this Contract.

1.13.5 Subject to Clauses 1.13.2, 1.13.3 and 1.13.6, and to the maximum extent permitted by Law the Authority's total liability (in aggregate) whether in contract, in tort (including negligence), under warranty, under statute or otherwise under or in connection with this Contract shall in respect of all liabilities (taken together) be limited to the Charges paid by the Authority in the relevant Contract Year in respect of any and all claims in that Contract Year.

1.13.6 Clause 1.13.5 shall not exclude or limit the Contractor's right under this Contract to claim for the Charges.

Consequential Loss

1.13.7 Subject to Clauses 1.13.2, 1.13.3 and 1.13.8, neither Party shall be liable to the other Party or to any third party, whether in contract (including under any warranty), in tort (including negligence), under statute or otherwise for or in respect of:

- 1.13.7.(a). indirect loss or damage;
- 1.13.7.(b). special loss or damage;
- 1.13.7.(c). consequential loss or damage;
- 1.13.7.(d). loss of profits (whether direct or indirect);
- 1.13.7.(e). loss of turnover (whether direct or indirect);

1.13.7.(f). loss of business opportunities (whether direct or indirect); or

1.13.7.(g). damage to goodwill (whether direct or indirect),

even if that Party was aware of the possibility of such loss or damage to the other Party.

1.13.8 The provisions of Clause 1.13.7 shall not restrict the Authority's ability to recover any of the following losses incurred by the Authority to the extent that they arise as a result of a Default by the Contractor:

1.13.8.(a). any additional operational and administrative costs and expenses arising from the Contractor's Default, including any costs paid or payable by the Authority:

1.13.8.(a).i. to any third party;

1.13.8.(a).ii. for putting in place workarounds for the Contractor Deliverables and other deliverables that are reliant on the Contractor Deliverables; and

1.13.8.(a).iii. relating to time spent by or on behalf of the Authority in dealing with the consequences of the Default;

1.13.8.(b). any or all wasted expenditure and losses incurred by the Authority arising from the Contractor's Default, including wasted management time;

1.13.8.(c). the additional cost of procuring and maintaining in place transitional assistance and replacement deliverables for the remainder of the Term and any option period or agreed extension to the Term (including legal and other consultants' fees, reprocurement project costs, other expenses associated with such exercise and any increase in the fees for the replacement services over and above the Contract Price that would have been payable for the relevant Contractor Deliverables);

1.13.8.(d). any losses arising in connection with the loss, destruction, corruption, inaccuracy or degradation of Authority data, or other data or software, including, to the extent the Authority data, other data or software can be recovered or reconstituted, the fees, costs and expenses of reconstituting such Authority data, data or software;

1.13.8.(e). damage to the Authority's physical property and tangible assets, including damage under DEFCON 76 and 611;

1.13.8.(f). costs, expenses and charges arising from, or any damages, account of profits or other award made for, infringement of any third-party Intellectual Property Rights or breach of any obligations of confidence;

1.13.8.(g). any additional costs incurred by the Authority in relation to the Authority's contracts with a third party (including any compensation or interest paid to a third party by the Authority) as a result of the Default (including the extension or replacement of such contracts);

1.13.8.(h). any fine or penalty incurred by the Authority pursuant to Law and any costs incurred by the Authority in defending any proceedings which result in such fine or penalty; or

1.13.8.(i). any savings, discounts or price reductions during the Term and any option period or agreed extension to the Term committed to by the Contractor pursuant to this Contract.

Invalidity

1.13.9 If any limitation or provision contained or expressly referred to in this Condition 1.13 is held to be invalid under any Law, it will be deemed to be omitted to that extent, and if any Party becomes liable for loss or damage to which that limitation or provision applied, that liability will be subject to the remaining limitations and provisions set out in this Condition 1.13.

Third Party Claims or Losses

1.13.10 Without prejudice to any other rights or remedies the Authority may have under this Contract (including but not limited to any indemnity claim under DEFCONs 91 and 632 or at Law), the Authority

shall be entitled to make a claim under this Contract against the Contractor in respect of any losses incurred by the Authority which arise out of a claim made against the Authority by a third party under any contract with that third party provided that such third party claim:

1.13.10.(a). arises naturally and ordinarily as a result of the Contractor's failure to provide the Contractor Deliverables or failure to perform any of its obligations under this Contract; and

1.13.10.(b). is a type of claim or loss that would have been recoverable under this Contract if the third party were a party to this Contract (whether as the Authority or the Contractor), such claim to be construed as direct losses for the purpose of this Contract.

No Double Recovery

1.13.11 Neither Party shall be entitled to employ such rights and remedies available to it so as to seek to recover more than once in respect of the same loss, but the Authority shall be entitled to use (singly or together) such rights and remedies available to the Authority so as to recover the full extent of any recoverable losses suffered or incurred, including any remedies the Authority may have against any guarantor.

1.14. Security

1.14.1. Purpose:

1.14.1.(a). This Condition provides guidance for Contractors where classified material provided to or generated by the Contractor is graded UK OFFICIAL or UK OFFICIAL-SENSITIVE. Where the measures requested below cannot be achieved or are not fully understood, further advice should be sought from the UK Designated Security Authority (Email: COO-DSR-IIPCSy@mod.gov.uk).

1.14.2. Definitions:

1.14.2.(a). The term "Authority" for the purposes of this Condition means the HMG Contracting Authority.

1.14.2.(b). The term "Classified Material" for the purposes of this Condition means classified information and assets.

1.14.3. Security Grading:

1.14.3.(a). The SENSITIVE caveat is used to denote UK OFFICIAL material that is of a particular sensitivity and where there is a need to reinforce the 'need to know'. The Security Aspects Letter, issued by the Authority shall define the UK OFFICIAL-SENSITIVE material that is provided to the Contractor, or which is to be developed by it, under this Contract. The Contractor shall mark all UK OFFICIAL-SENSITIVE documents which it originates or copies during the Contract with the applicable security grading. The Contractor is not required to mark documents graded UK OFFICIAL unless they are transmitted overseas or generated by a Contractor based outside the UK in a third-party country.

1.14.4. Security Conditions:

1.14.4.(a). The Contractor shall take all reasonable steps to adhere to the provisions specified in the Contract or listed in this Annex. The Contractor shall make sure that all individuals employed on any work in connection with the Contract have notice that these provisions apply to them and shall continue so to apply after the completion or earlier termination of the Contract. The Authority must state the data retention periods to allow the Contractor to produce a data management policy. If you are a Contractor located in the UK your attention is also drawn to the provisions of the Official Secrets Acts 1911 to 1989 in general, and to the provisions of Section 2 of the Official Secrets Act 1911 (as amended by the Act of 1989) in particular.

1.14.5 Protection of UK OFFICIAL and UK OFFICIAL-SENSITIVE Classified Material:

- 1.14.5.(a). The Contractor shall protect UK OFFICIAL and UK OFFICIAL-SENSITIVE material provided to or generated by it in accordance with the requirements detailed in this Security Condition and any other conditions that may be specified by the Authority. The Contractor shall take all reasonable steps to prevent the loss or compromise of classified material whether accidentally or from deliberate or opportunist attack.
- 1.14.5.(b). Once the Contract has been awarded, where Contractors are required to store or process UK MOD classified information electronically, they are required to comply with the accreditation requirements specified in ISNs, Defence Condition 658 and Defence Standard 05-138. Details can be found at the links below:
- <https://www.gov.uk/government/publications/industry-security-notices-isns>.
- <http://dstan.gateway.isg-r.r.mil.uk/standards/defstans/05/138/000002000.pdf>
- <https://www.gov.uk/government/publications/defence-condition-658-cyber-flow-down>
- 1.14.5.(c). All UK classified material including documents, media and other assets must be physically secured to prevent unauthorised access. When not in use UK classified material shall be handled with care to prevent loss or inappropriate access. As a minimum UK OFFICIAL-SENSITIVE material shall be stored under lock and key and shall be placed in a lockable room, cabinets, drawers or safe and the keys/combinations shall be controlled.
- 1.14.5.(d). Disclosure of UK classified material must be strictly controlled in accordance with the "need to know" principle. Except with the written consent of the Authority, the Contractor shall not disclose the Contract or any provision thereof to any person other than to a person directly employed by the Contractor or sub-Contractor.
- 1.14.5.(e). Except with the consent in writing of the Authority the Contractor shall not make use of the Contract or any classified material issued or provided by or on behalf of the Authority otherwise than for the purpose of the Contract, and, same as provided for in paragraph 8 above, the Contractor shall not make use of any article or part thereof similar to the articles for any other purpose.
- 1.14.5.(f). Subject to any intellectual property rights of third parties, nothing in this Security Condition shall restrict the Contractor from using any specifications, plans, drawings and other documents generated outside of this Contract.
- 1.14.5.(g). Any samples, patterns, specifications, plans, drawings or any other documents issued by or on behalf of the Authority for the purposes of the Contract remain the property of the Authority and must be returned on completion of the Contract or, if directed by the Authority, destroyed in accordance with 1.14.12.(c).

1.14.6. Access:

- 1.14.6.(a). Access to UK classified material shall be confined to those individuals who have a "need-to-know", have been made aware of the requirement to protect the material and whose access is essential for the purpose of their duties.
- 1.14.6.(b). The Contractor shall ensure that all individuals requiring access to UK OFFICIAL-SENSITIVE material have undergone basic recruitment checks. This should include establishing proof of identity; confirming that they satisfy all legal requirements for employment by the Contractor; and verification of their

employment record. Criminal record checks should also be undertaken where permissible under national/local laws and regulations. This is in keeping with the core principles set out in the UK Government (HMG) Baseline Personnel Security Standard (BPSS) which can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/714002/HMG_Baseline_Personnel_Security_Standard_-_May_2018.pdf

1.14.7. Hard Copy Distribution:

- 1.14.7.(a). UK OFFICIAL and UK OFFICIAL-SENSITIVE documents may be distributed internally and externally of Contractor premises. To maintain confidentiality, integrity and availability, distribution is to be controlled such that access to documents is only by authorised personnel. They may be sent by ordinary post in a single envelope. The words UK OFFICIAL or UK OFFICIAL-SENSITIVE must not appear on the envelope. The envelope must bear a stamp or marking that clearly indicates the full address of the office from which it was sent. Commercial Couriers may be used.
- 1.14.7.(b). Advice on the distribution of UK OFFICIAL-SENSITIVE documents abroad or any other general advice including the distribution of UK OFFICIAL-SENSITIVE shall be sought from the Authority.

1.14.8. Electronic Communication and Telephony and Facsimilie Services:

- 1.14.8.(a). UK OFFICIAL information may be emailed unencrypted over the internet. UK OFFICIAL-SENSITIVE information shall normally only be transmitted over the internet encrypted using either a National Cyber Security Centre (NCSC) Commercial Product Assurance (CPA) cryptographic product or a UK MOD approved cryptographic technique such as Transmission Layer Security (TLS). In the case of TLS both the sender and recipient organisations must have TLS enabled. Details of the required TLS implementation are available at:

<https://www.ncsc.gov.uk/guidance/tls-external-facing-services>

Details of the CPA scheme are available at:

<https://www.ncsc.gov.uk/scheme/commercial-product-assurance-cpa>

- 1.14.8.(b). Exceptionally, in urgent cases UK OFFICIAL-SENSITIVE information may be emailed unencrypted over the internet where there is a strong business need to do so, but only with the prior approval of the Authority. However, it shall only be sent when it is known that the recipient has been made aware of and can comply with the requirements of these Security Conditions and subject to any explicit limitations that the Authority require. Such limitations including any regarding publication, further circulation or other handling instructions shall be clearly identified in the email sent with the information.
- 1.14.8.(c). UK OFFICIAL information may be discussed on fixed and mobile telephones with persons located both within the country of the Contractor and overseas. UK OFFICIAL-SENSITIVE information may be discussed on fixed and mobile telephones only where there is a strong business need to do so.
- 1.14.8.(d). UK OFFICIAL information may be faxed to recipients located both within the country of the Contractor and overseas, however UK OFFICIAL-SENSITIVE information may be transmitted only where there is a strong business case to do so and only with the prior approval of the Authority.

1.14.9. Use of Information Systems:

- 1.14.9.(a). The detailed functions that must be provided by an IT system to satisfy the minimum requirements cannot all be described here in specific detail; it is for

the implementers to identify possible means of attack and ensure proportionate security mitigations are applied to prevent a successful attack.

- 1.14.9.(b). The Contractor should ensure 10 Steps to Cyber Security (Link below) is applied in a proportionate manner for each IT and communications system storing, processing or generating UK OFFICIAL or UK OFFICIAL-SENSITIVE information. The Contractor should ensure competent personnel apply 10 Steps to Cyber Security.

<https://www.ncsc.gov.uk/guidance/10-steps-cyber-security>

- 1.14.9.(c). As a general rule, any communication path between an unauthorised user and the data can be used to carry out an attack on the system or be used to compromise or ex-filtrate data.

- 1.14.9.(d). Within the framework of the 10 Steps to Cyber Security, the following describes the minimum security requirements for processing and accessing UK OFFICIAL-SENSITIVE information on IT systems.

1.14.9.(d).i. Access. Physical access to all hardware elements of the IT system is to be strictly controlled. The principle of “least privilege” will be applied to System Administrators. Users of the IT System (Administrators) should not conduct ‘standard’ User functions using their privileged accounts.

1.14.9.(d).ii Identification and Authentication (ID&A). All systems are to have the following functionality:

- Up-to-date lists of authorised users.
- Positive identification of all users at the start of each processing session.

1.14.9.(d).iii. Passwords. Passwords are part of most ID&A security measures. Passwords are to be “strong” using an appropriate method to achieve this, e.g. including numeric and “special” characters (if permitted by the system) as well as alphabetic characters.

1.14.9.(d).iv. Internal Access Control. All systems are to have internal Access Controls to prevent unauthorised users from accessing or modifying the data.

1.14.9.(d).v. Data Transmission. Unless the Authority authorises otherwise, UK OFFICIAL-SENSITIVE information may only be transmitted or accessed electronically (e.g. point to point computer links) via a public network like the Internet, using a CPA product or equivalent as described in 1.14.8.(a) above.

1.14.9.(d).vi. Security Accounting and Audit. Security relevant events fall into two categories, namely legitimate events and violations.

- The following events shall always be recorded:
 - All log on attempts whether successful or failed,
 - Log off (including time out where applicable),
 - The creation, deletion or alteration of access rights and privileges,
 - The creation, deletion or alteration of passwords.
- For each of the events listed above, the following information is to be recorded:
 - Type of event,
 - User ID,

- Date & Time,
- Device ID.

The accounting records are to have a facility to provide the System Manager with a hard copy of all or selected activity. There also must be a facility for the records to be printed in an easily readable form. All security records are to be inaccessible to users without a need to know. If the operating system is unable to provide this then the equipment must be protected by physical means when not in use i.e. locked away or the hard drive removed and locked away.

1.14.9.(d).vii. Integrity & Availability. The following supporting measures are to be implemented:

- Provide general protection against normally foreseeable accidents/mishaps and known recurrent problems (e.g. viruses and power supply variations),
- Defined Business Contingency Plan
- Data backup with local storage
- Anti-Virus Software (Implementation, with updates, of an acceptable industry standard Anti-virus software)
- Operating systems, applications and firmware should be supported,
- Patching of Operating Systems and Applications used are to be in line with the manufacturers recommended schedule. If patches cannot be applied an understanding of the resulting risk will be documented.

1.14.9.(d).viii. Logon Banners. Wherever possible, a “Logon Banner” will be provided to summarise the requirements for access to a system which may be needed to institute legal action in case of any breach occurring. A suggested format for the text (depending on national legal requirements) could be:

“Unauthorised access to this computer system may constitute a criminal offence”

1.14.9.(d).ix. Unattended Terminals. Users are to be automatically logged off the system if their terminals have been inactive for some predetermined period of time, or systems must activate a password protected screen saver after 15 minutes of inactivity, to prevent an attacker making use of an unattended terminal.

1.14.9.(d).x. Internet Connections. Computer systems must not be connected direct to the Internet or “un-trusted” systems unless protected by a firewall (a software based personal firewall is the minimum but risk assessment and management must be used to identify whether this is sufficient).

1.14.9.(d).xi. Disposal. Before IT storage media (e.g. disks) are disposed of, an erasure product must be used to overwrite the data. This is a more thorough process than deletion of files, which does not remove the data.

1.14.10. Laptops

- 1.14.10.(a). Laptops holding any UK OFFICIAL-SENSITIVE information shall be encrypted using a CPA product or equivalent as described in 1.14.8.(a) above.
- 1.14.10.(b). Unencrypted laptops and drives containing personal data are not to be taken outside of secure sites . For the avoidance of doubt the term “drives” includes

all removable, recordable media e.g. memory sticks, compact flash, recordable optical media (CDs and DVDs), floppy discs and external hard drives.

- 1.14.10.(c). Any token, touch memory device or password(s) associated with the encryption package is to be kept separate from the machine whenever the machine is not in use, left unattended or in transit.
- 1.14.10.(d). Portable CIS devices holding the Authorities' data are not to be left unattended in any public location. They are not to be left unattended in any motor vehicles either in view or in the boot or luggage compartment at any time. When the vehicle is being driven the CIS is to be secured out of sight in the glove compartment, boot or luggage compartment as appropriate to deter opportunist theft.

1.14.11. Loss and Incident Reporting

- 1.14.11.(a). The Contractor shall immediately report any loss or otherwise compromise of any Defence Related Classified Material to the Authority. The term Defence Related Classified Material includes MOD Identifiable Information (MODDI) (as defined in ISN2016/05) and any information or asset that has been given a security classification by the UK MOD. The term also includes classified information and assets held by UK Defence Contractors which are owned by a third party e.g. NATO or a another country for which the UK MOD is responsible.
- 1.14.11.(b). In addition any loss or otherwise compromise of Defence Related Classified Material is to be immediately reported to the UK MOD Defence Industry Warning, Advice and Reporting Point (WARP). This will assist the UK MOD in formulating a formal information security reporting process and the management of any associated risks, impact analysis and upward reporting to the UK MOD's Chief Information Officer (CIO) and, as appropriate, the Contractor concerned. The UK MOD Defence Industry WARP will also advise the Contractor what further action is required to be undertaken.

UK MOD Defence Industry WARP Contact Details

Email: DefenceWARP@mod.gov.uk (OFFICIAL with no NTK restrictions)

RLI Email: defencewarp@modnet.r.mil.uk (MULTIUSER)

Telephone (Office hours): +44 (0) 30 6770 2185

Mail: Defence Industry WARP, DE&S PSyA Office

MOD Abbey Wood, NH2 Poplar-1 #2004, Bristol, BS34 8JH

- 1.14.11.(c). Reporting instructions for any security incidents involving Defence Related Classified Material can be found in the Incident Reporting Industry Security Notice at:

<https://www.gov.uk/government/publications/industry-security-notices-isns>

1.14.12. Sub-Contracts

- 1.14.12.(a). Where the Contractor wishes to sub-contract any elements of a Contract to sub-Contractors within its own country or to Contractors located in the UK such sub-contracts will be notified to the Contracting Authority. The Contractor shall ensure that these Security Conditions are incorporated within the sub-contract document.
- 1.14.12.(b). The prior approval of the Authority shall be obtained should the Contractor wish to sub-contract any UK OFFICIAL-SENSITIVE elements of the Contract to a sub-Contractor facility located in another (third party) country. The first page of

Annex A (MOD Form 1686 (F1686) of ISN 2022/08 is to be used for seeking such approval. The MOD Form 1686 can be found at:

ISN_2022-
08_Subcontracting_or_Collaborating_on_Classified_MOD_Programmes.pdf
(publishing.service.gov.uk)

- 1.14.12.(c). If the sub-contract is approved, the Contractor shall flow down the Security Conditions in line with paragraph 32 above to the sub-Contractor. Contractors located overseas may seek further advice and/or assistance from the Authority with regards the completion of F1686.

1.14.13. Physical Destruction

- 1.14.13.(a). As soon as no longer required, UK OFFICIAL and UK OFFICIAL-SENSITIVE material shall be destroyed in such a way as to make reconstitution very difficult or impossible, for example, by burning, shredding or tearing into small pieces. Advice shall be sought from the Authority when the classified material cannot be destroyed or, unless already authorised by the Authority, when its retention is considered by the Contractor to be necessary or desirable. Unwanted UK OFFICIAL-SENSITIVE classified material which cannot be destroyed in such a way shall be returned to the Authority.

1.14.14. Private Venture Activities

- 1.14.14.(a). Private Venture (PV) funded (i.e., non-MOD funded) defence related projects and technology fall within one of the following three categories:

1.14.14.(a).i. Variants. Variants of standard defence equipment under research, development or in production, e.g., aircraft, military vehicles or ships, etc. with non-standard equipment or fitments, offered to meet special customer requirements or to avoid security or commercial difficulties associated with the sale of an item in-Service with UK Armed Forces;

1.14.14.(a).ii. Derivatives. Equipment for military or civil use that is not based on standard Service designs but is dependent upon expertise or technology acquired in the course of defence contracts;

1.14.14.(a).iii. Freelance. Equipment of defence importance that is in no way based on information gained from defence contracts;

- 1.14.14.(b). UK Contractors shall ensure that any PV activity that falls into one of the above categories has been formally security graded by the MOD Directorate of Security and Resilience. Please see PV guidance on the following website further information:

<https://www.gov.uk/government/publications/private-venture-pv-grading-and-exhibition-clearance-information-sheets>

1.14.15. Publicity Material

- 1.14.15.(a). Contractors wishing to release any publicity material or display assets that arises from a Contract to which these Security Conditions apply must seek the prior approval of the Authority. Publicity material includes open publication in the Contractor's publicity literature or website or through the media; displays at exhibitions in any country; lectures or symposia; scientific or technical papers, or any other occasion where members of the general public may have access to the information even if organised or sponsored by the UK Government.

- 1.14.15.(b). For UK Contractors where the exhibition assets relate to multiple Delivery Teams or for Private Venture defence related material where there is no defined Delivery Team, the Contractor shall request clearance for exhibition from the

Directorate of Security and Resilience when it concerns Defence Related Material. See the MOD Exhibition Guidance on the following website for further information:

<https://www.gov.uk/government/publications/private-venture-pv-grading-and-exhibition-clearance-information-sheets>

1.14.16. Export Sales / Promotions

- 1.14.16.(a). The MOD Form 680 (F680) security procedure enables HMG to control when, how, and if defence related classified material is released by UK Contractors to foreign entities for the purposes of promotion or sales of equipment or services. Before undertaking any targeted promotion or demonstration or entering into any contractual commitments involving the sale or release of defence equipment, information or technology classified UK OFFICIAL-SENSITIVE or above to a foreign entity, a UK Contractor shall obtain F680 approval from the Export Control Joint Unit (ECJU) MOD Team. This includes assets classified UK OFFICIAL-SENSITIVE or above either developed to meet a UK MOD requirement or Private Venture (PV) equipment, as formally advised in a Security Aspects Letter (SAL) issued by the relevant Contracting Authority, or PV Security Grading issued by the MOD Directorate of Security and Resilience. Guidance regarding the F680 procedure issued by ECJU can be found at:

<https://www.gov.uk/government/publications/ministry-of-defence-form-680-procedure-guidance>

- 1.14.16.(b). If a Contractor has received an approval to sub-contract, under an MOD Form 1686 (F1686), for development/production of parts of an equipment, that approval also permits the production of additional quantities for supply to an export customer, when the Contractor has MOD Form 680 approval for supply of the complete equipment, as long as:

1.14.16.(b).i. they are identical, except for component obsolescence, to items produced under the UK programme that the approval to subcontract relates to; and

1.14.16.(b).ii. no additional OFFICIAL-SENSITIVE or above material is required to be released to the overseas subcontractor.

1.14.17. Interpretation / Guidance

- 1.14.17.(a). Advice regarding the interpretation of the above requirements should be sought from the Authority.
- 1.14.17.(b). Further requirements, advice and guidance for the protection of UK classified material at the level of UK OFFICIAL and UK OFFICIAL-SENSITIVE may be found in Industry Security Notices at:

<https://www.gov.uk/government/publications/industry-security-notices-isns>

1.14.18. Audit

- 1.14.18.(a). Where considered necessary by the Authority the Contractor shall provide evidence of compliance with this Security Condition and/or permit the inspection of the Contractor's processes and facilities by representatives of the Contractor's National/Designated Security Authorities or the Authority to ensure compliance with these requirements.

1.15 Warranty

The warranty clause as applied to ILT-D can be found at Annex AA.

2. SPECIFICATIONS, PLANS, ETC.

DEFCON68 (Edn. 10/22) – Supply of Data for Hazardous Articles, Materials and Substances
DEFCON129 (Edn. 02/22) – Packaging (For Articles other than Munitions)
DEFCON129J (Edn. 18/11/16) – The Use of the Electronic Business Delivery Form
DEFCON601 (Edn. 04/14) – Redundant Material
DEFCON602A (Edn. 04/23) – Quality Assurance (With Deliverable Quality Plan)
DEFCON606 (Edn. 07/21) – Change and Configuration Control Procedure
DEFCON607 (Edn. 05/08) – Radio Transmissions
DEFCON608 (Edn. 07/21) – Access and Facilities to be Provided by the Contractor
DEFCON624 (Edn. 08/22) – Use of Asbestos
DEFCON627 (Edn. 11/21) – Quality Assurance – Requirement for Certificate of Conformity
DEFCON637 (Edn. 05/17) – Defect Investigation and Liability
DEFCON644 (Edn. 07/18) – Marking of Articles
DEFCON671 (Edn. 10/22) – Plastic Packaging Tax

2.1. Contractor Logistic Support (CLS)

2.1.1. The Contractor shall provide Contractor Logistics Support (CLS) as detailed in Annex A to the Contract. The CLS includes but is not limited to the following services:

- 2.1.1.(a). Repair and maintenance of the ILT-D capability
- 2.1.1.(b). Exercise management and support
- 2.1.1.(c). Configuration Management
- 2.1.1.(d). Provision of a technical support service
- 2.1.1.(e). Provision of Post Design Services (PDS).
- 2.1.1.(f). Obsolescence Management (including disposal requirements)
- 2.1.1.(g). Exit and Disposal Management

2.1.2. Availability

- 2.1.2.(a). The Contractor shall ensure that availability of the ILT-D Equipment meets the requirements of the Contract. The Availability requirement is specified in Annex B (Key Performance Indicators).

2.1.3. Repair

- 2.1.3.(a). The Contractor shall at their own cost, excluding any Authority liability in accordance with 2.1.4, repair or replace all defective ILT-D Equipment returned to them and reported to them on an Incident Report (IR) form in accordance with the process outlined in Annex A to the Contract (Statement of Requirement). All defective ILT-D Equipment shall be repaired, replaced and managed as to not affect Equipment availability, unless otherwise agreed by the Authority.
- 2.1.3.(b). Where repairs cannot be completed by using serviceable or repairable parts recovered from ILT-D Equipment classified as Beyond Economic Repair (BER), the Contractor shall supply all materiel necessary for the repair of the ILT-D Equipment.
- 2.1.3.(c). If ILT-D Equipment is either lost or BER, the Contractor shall proceed to replace the ILT-D Equipment with a new Article, to the equivalent specification.

2.1.4. Liability for cost of repairs or replacement of ILT-D Equipment due to wilful damage caused by the Authority,

- 2.1.4.(a). In determining where liability for costs rests, for repairs, or replacement of ILT-D Equipment where wilful damage by the Authority is suspected, or where ILT-D Equipment is lost, the Contractor shall follow the Sentencing Flow Chart at Annex Q and adhere to the liability guidelines.
- 2.1.4.(b). Contractor's Liability for costs associated with the replacement or repair of an individual ILT-D Equipment item which has been damaged wilfully or lost by the Authority, shall be limited to the sums detailed below:

Period	Replacement (Per item)	Repair (Per Item)
Year 1	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]
Year 2	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]
Year 3	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]
Year 4	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]
Year 5	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]
Year 6	[Values redacted on commercial sensitivity grounds]	[Values redacted on commercial sensitivity grounds]

- 2.1.4.(c). For clarity, Batteries and Personal Detection Device (PDD) straps qualify as Authority liability regardless of limits listed in the above table.
- 2.1.4.(d). The Authority will remain liable for costs of ILT-D equipment repairs or replacements that exceeds the limits as detailed in the table above. Subject to prior authorisation from the Authority's PM, the Contractor shall proceed to repair or replace ILT-D Equipment at the Authority's expense, but must not exceed [Values redacted on commercial sensitivity grounds] (ex VAT) as a total aggregated cost per Contract Year.
- 2.1.4.(e). For the duration of the Contract and any further period necessary to comply with the Defence Reform Act (DRA) 2014 the Contractor has an obligation to keep records of the amount claimed under Condition 2.1.4(d) and declare the amount claimed at the Quarterly Progress Meetings (QPM). If at any time the Contractor considers that completion of the work to repair or replace ILT-D Equipment either lost or BER to wilful damage cannot be completed within the limit referenced to in the previous condition or the limit is close to being reached, shall immediately inform the Authority's Commercial Manager in writing. If it is agreed that the limit should be increased, then an amendment to the Contract will be issued in accordance with the provisions of DEFCON503 (Formal Amendments to Contract).
- 2.1.4.(f). The financial values detailed in Conditions 2.1.4 (d) shall apply only to the 'Core' requirement. For the 'SCHINF' and 'CTCRM' requirements the Contractor shall liaise directly with the Authority's representative for these customers upon each suspected incidence of wilful damage to determine the action to be taken. These customers shall address equipment repairs or replacements during QPM to agree a package of work with the Contractor; which will be facilitated via the TAF process outlined in Condition 1.7.

2.2. Quality Requirements

2.2.1. The Contractor shall be responsible for adhering to the standards detailed in Annex A (Statement of Requirement) and for adhering to the requirements of any updated versions of the specified standards throughout the duration of this Contract. The Authority regularly updates these standards and the Contractor shall monitor these standards for any updated versions and ensure compliance.

2.2.2. All references to the Quality Assurance Representative in documents which form part of this Contract shall be read as referring to the Authority specified in Box 7 of DEFFORM111.

2.3. Documentation

2.3.1. Notwithstanding any requirement for reports elsewhere in the Contract, for the Duration of the Contract the Contractor shall maintain a full set of up-to-date user guides, operator manuals (incl. preventive maintenance) and table of contents that identifies Line Replacement Unit's (LRU's) on system level for the Article covered by this Contract. All such documentation/data shall be delivered to the Authority within 12 working weeks from any written request to do so.

2.4. Independent Safety Auditors, Advisors and Assessors

2.4.1. The Contractor shall provide access to all relevant records, including Sub-Contractor records, for Contract purposes; to enable the MOD appointed Independent Safety Auditor to carry out safety audits and other assessment activities to meet MOD safety requirements.

2.5. Project Plans

2.5.1. The Contractor shall deliver Project Plans as specified within the Statement of Requirement and Annex L – Contract Data Requirements and Contract Deliverables.

2.5.2. When requested by the authority's PM, the Contractor shall provide additional plans as specified the requirement provided at that time. The plans will be priced separately and may include, but shall not be limited to, the following:

- 2.5.2.(a). Safety Case
- 2.5.2.(b). Management Plan
- 2.5.2.(c). Reliability Plan
- 2.5.2.(d). Security Plan

3. PRICE

DEFCON654 (Edn. 10/98) – Government Reciprocal Audit Arrangements

DEFCON800 (Edn. 12/14) – Qualifying Defence Contracts

DEFCON801 (Edn. 12/14) – Amendments to QDC

DEFCON802 (Edn. 12/14) – QDC: Open Book on Sub-Contracts that are not a QDC

DEFCON804 (Edn. 03/15) – QDC: Confidentiality of Single Source Contracts Regulation Information

3.1. Initial Contract Duration - Contract Years 1–3 - Pricing

3.1.1. The price for Contract Years 1-3 as detailed in Table 1 of the Schedule of Requirements is Firm and shall not be subject to any variation. This price shall be subject to the rules and regulations of the Single Source Contract Regulations (2014).

3.1.2 For Years 1, 2 and 3 the Contract Profit Rate that shall apply to the Contract shall be 9.8997% which is based on zero incentive adjustment.

3.1.3 PDS tasking placed for Years 1-3 shall attract a Contract Profit Rate agreed in accordance with Single Source Contract Regulations.

3.2. Option Years - Contract Years 4–6 - Pricing

3.2.1. The options for Contract Years 4-6, detailed in Table 2 of the Schedule of Requirements, shall be Fixed and, if invoked by the Authority, shall be subject to indexation in accordance with Condition 3.3 (Variation of Price) of this Contract and Currency adjustment as Condition 3.4. Other than this indexation the price shall not be subject to variation. This price shall be subject to the rules and regulations of the Single Source Contract Regulations (2014).

3.3. Variation of Price

3.3.1. For those payments for provision of a service alongside support and software which are subject to indexation the below calculation shall be utilised.

$$V = P \left(a + b * \frac{O_i}{O_o} + c * \frac{N_i}{N_o} \right) - P$$

Where:

V represents the variation of price

P represents the Fixed Price at base conditions (Year 1 of the Contract)

a represents the proportion of P that is non-variable (0)

b represents the proportion of P that is variable 1st Index [Redacted on commercial sensitivity grounds]

c represents the proportion of P that is variable 2nd Index [Redacted on commercial sensitivity grounds]

O_i: The average of the Output price index in the 12 months prior to the payment date period (1st Index)

O_o: The average of the Output price index in the 12 months prior to the base date period (1st Index)

N_i: The average of the Output price index in the 12 months prior to the payment date period (2nd Index)

N_o: The average of the Output price index in the 12 months prior to the base date period (2nd Index)

For the purposes of this Contract the following indices shall be utilised:

[Redacted on commercial sensitivity grounds]

Where the above formula is to be applied where only one Index is relevant, the relevant value 'a' or 'b' will be increased to 1 and the other reduced to 0.

As an example, for labour rates the value of b would be increased to 1, and c reduced to 0 removing it from the calculation.

- 3.3.1.(a). The Indexes referred to in this Condition 3.3.1, [Redacted on commercial sensitivity grounds] Office of National Statistics (ONS) website [Redacted on commercial sensitivity grounds] shall be taken from [Redacted on commercial sensitivity grounds]:
- 3.3.1.(b). Indices published on ONS with a 'B' or 'F' marker, or a suppressed value, in the last 3 years are not valid for Variation of Price clauses and shall not be used. Where the price index has an " marker or suppression applied to it during the term of the Contract, the Authority and the Contractor shall agree an appropriate replacement index or indices. The replacement index or indices shall cover, to the maximum extent possible, the same economic activities as the original index or indices.
- 3.3.1.(c). In the event that any material changes are made to the indices (e.g. a revised statistical base date) during the period of the contract and before final adjustment of the final contract price, then the re-basing methodology outlined by the Office for National Statistics (ONS, the series providers) to match the original index to the new series shall be applied.
- 3.3.1.(d). In the event the agreed index or indices cease to be published (e.g. because of a change in the Standard Industrial Classification) the Authority and the Contractor shall agree an appropriate replacement index or indices, which shall cover to the maximum extent possible the same economic activities as the original index or indices. The methodology outlined by the Office for National Statistics used for rebasing indices (as in Condition 3.3.1c above) shall then be applied.
- 3.3.1.(e). Notwithstanding the above, any extant index agreed in the Contract shall continue to be used as long as it is available and subject to ONS revisions policy. Payments calculated using the extant index during its currency shall not be amended retrospectively as a result of any change to the index or indices.
- 3.3.1.(f). The Contractor shall notify the Authority of any significant changes in the purchasing / manufacturing plan on the basis of which these provisions were drawn up and agreed, or of any other factor having a material bearing on the operation of these provisions such as to cause a significant divergence from their intended purpose, in order that both parties may consider whether any change in this provision would be appropriate.
- 3.3.1.(g). Prices shall be adjusted taking into account the effect of the above formula as soon as possible after publication of the relevant indices or at a later date if so agreed between the Authority and the Contractor. Where an index value is subsequently amended, the Authority and the Contractor shall agree a fair and reasonable adjustment to the price, as necessary.
- 3.3.1.(h). Claims under this Condition shall be submitted to the Bill Paying Branch, certified to the effect that the "requirements of this Condition 3.3.1 have been met.

3.4. Currency Adjustment

- 3.4.1 For each year of this Contract the following Firm Exchange Rates shall apply:

Period	Forex Rate (SEK / 1 GBP)
Year 1	[Values redacted on commercial sensitivity grounds]
Year 2	[Values redacted on commercial sensitivity grounds]
Year 3	[Values redacted on commercial sensitivity grounds]
Year 4	Subject to Clause 3.4.2 below
Year 5	Subject to Clause 3.4.2 below
Year 6	Subject to Clause 3.4.2 below

3.4.2 The Fixed Prices for the option years as detailed in the Schedule of Requirements Table 2 will be adjusted for Currency Fluctuation as detailed in ANNEX AB before Indexation is calculated in accordance with Condition 3.3.

3.5. Service Credits

3.5.1. Any costs incurred on work in respect of which Performance Reductions are applied under the Conditions of Annex B (Key Performance Indicators) shall not be treated as actual costs for the purposes of the Single Source Contract Regulations 2014 Regulation 17.6(e).

3.6. Volume Related Adjustments (VRA)

3.6.1. The prices paid for activities to support ILT-D events are based upon Expected Equipment Usage (EEU) as detailed in Annex D of the Contract. The Contractor will monitor and report on the Actual Equipment Usage (AEU) and the likely forecast Volume Related Adjustment (VRA) calculated in accordance with Annex D on a monthly basis. If it becomes apparent that the AEU for any equipment type will exceed or be less than the EEU quantity detailed in ANNEX D of the Contract in any Contract Year, the Contractor shall inform the Authority in writing as soon as possible for review.

Provision of Additional Support Days/ Volume Related Increase (VRI)

3.6.2 In the event that Authority or Contractor forecast that AEU is likely to be greater than EEU, the Authority reserve the right to adjust EEU at any time up to Maximum Days listed in Annex D. The additional Support Days will be priced in accordance with firm rates listed in Annex D and issued as a contract amendment or TAF. The contract amendment offer shall include an offer of new bounding for equipment usage and proposed changes to Milestone Payment Plan. The Contractor shall not unreasonably withhold their acceptance of the offer. Any increase beyond Maximum Days specified in Annex D will be processed in accordance with DEFCON 620 (Contract Change Control Procedure). If VRI is contracted via TAF, the procedures listed in Condition 1.7 apply.

3.6.4 For clarity, any work undertaken that exceeds the EEU, without prior approval from an Authority Commercial Officer is undertaken entirely at the Contractor's risk.

Volume Related Reduction (VRR)

3.6.3 At the end of each Contract Year if the Actual Equipment Usage (AEU) is less than Expected Equipment Usage (EEU), the Volume Related Reduction (VRR) will be calculated in accordance with Annex D and a corresponding reduction to the Contract Prices will be made.

3.7. Incentive Payment

3.7.1 The Contractor shall attract an adjustment to the payment against ILT-D Events (Exercises or training events), to incentivise an enhanced level of performance above and beyond what is required by the Contract.

3.7.2 The Notice Periods are specified in Annex A to TSSP/143 – Statement of Requirement and are defined as the difference between:

- 3.7.2.(a). The written confirmation of a required Change from LWC-Ops_SIM-LIVE-SO2; and
 - 3.7.2.(b). The first day of ILT-D equipment issue to training audience.
- 3.7.3. The Contractor can attract an incentive adjustment upon delivery of enhanced performance if an exercise is delivered successfully and both of the following conditions are met:
- 3.7.3.(a). A new exercise is added, or a minimum of two out of the following three parameters change in relation to an exercise:
 - 3.7.3.(a).i. start or finish date of the exercise (period of time the trainees are exercising);
 - 3.7.3.(a).ii. location (a change of location within the same training area is not considered a change);
 - 3.7.3.(a).iii. scale (an increase in a sub-unit, or equivalent to 90 - 120 trainees).
- AND
- 3.7.3.(b). A change occurs with a notice period of:
 - 3.7.3.(b).i. less than [Redacted on commercial sensitivity grounds] days shall attract [Redacted on commercial sensitivity grounds] uplift to the baseline profit rate; or
 - 3.7.3.(b).ii. between [Redacted on commercial sensitivity grounds] and [Redacted on commercial sensitivity grounds] days shall attract a [Redacted on commercial sensitivity grounds] uplift to the baseline profit rate.
- 3.7.4 A cancelled exercise is not considered a Change.
- 3.7.5 The incentive adjustment shall only be paid if:
- 3.7.5.(a). A written record of the change required from LWC-Ops_SIM-LIVE-SO2 as evidence of the actual notice period is provided. The burden of proof on demonstrating that changes have been made rests with the Contractor.
 - 3.7.5.(b). The Contractor meets the Availability of 95% as per Annex B to TSSP/143 – Key Performance Indicators in the month the exercise occurs.
- 3.7.6. The incentive adjustment shall be measured and calculated monthly but paid Quarterly, following sentencing during the QPM.
- 3.7.7. The Incentive Adjustment
- 3.7.7.(a). Percentage uplift applies to one month only;
 - 3.7.7.(b). Is mutually exclusive (the Contractor shall only earn one of: a [Redacted on commercial sensitivity grounds] or a [Redacted on commercial sensitivity grounds] increase, with maximum [Redacted on commercial sensitivity grounds] uplift in aggregate a month);
 - 3.7.7.(c). Applies to the milestone payment value of the core Contract only and is not inclusive of any of the sub-units (Catterick School of Infantry; Commando Training Centre, Royal Marines; and Sandhurst).
- 3.7.8. A high-level view of the Incentive Claim process can be seen in the below flow chart:

[Redacted on commercial sensitivity grounds]

3.8. Spares

- 3.8.1 The Authority shall receive a discount of [Redacted on commercial sensitivity grounds] off all ILT-D items from the SAAB AB Annual Spare parts price list. The contractor shall provide an Annual Spare Parts price list as specified in Annex L.

4. INTELLECTUAL PROPERTY RIGHTS AND INFORMATION

DEFCON15 (Edn. 06/21) – Design Rights and Rights to Use Design Information

Note: See DEFFORM315 at Annex L (Applicable to re-designed elements of an article and to modifications, new articles, etc. whose development is funded under this contract).

For the avoidance of doubt, nothing in this contract shall affect the rights of use in IPR that the Authority has already secured and paid for under any prior Contract for DFWES / ILT-D.

DEFCON 14 (Edn. 11/22) – Inventions And Designs Crown Rights and Ownership of Patents And registered Designs

DEFCON16 (Edn. 06/21) – Repair and Maintenance Information

Note: see DEFFORM315 at Annex L

DEFCON21 (Edn. 06/21) – Retention of Records

Note: see DEFFORM315 at Annex L

DEFCON90 (Edn. 06/21) – Copyright

DEFCON91 (Edn. 06/21) – Intellectual Property in Software

Note: “Deliverable Software” under this Contract shall only apply to any authorised PDS task which results in a change to the existing software with all rights in pre-existing software as at the date of Contract remaining as is.

DEFCON126 (Edn. 06/21) – International Collaboration Clause

Note: (Applicable to re-designed elements of an article and to modifications, new articles etc. Whose development is funded under this contract) The period referred to in paras 2 and 3 of this condition shall be 10 years’

DEFCON632 (Edn. 11/21) – Third Party Intellectual Property – Rights and Restrictions

4.1. Commercial Exploitation

4.1.1. Where the Authority funds development or re-design (or part thereof) of an Article, or modification to an existing Article under the Contract that the Contractor wishes to commercially exploit, the Contractor shall enter into a Commercial Exploitation Agreement with the Authority in line with the template provided in Annex P.

4.1.2. The Contractor shall agree with the Authority the sum or sums which shall be paid to the Authority under the Contract before entering into a sale or any other type of agreement with a third party for the commercial exploitation of the Article referred to in Condition 4.1.1.

4.2. Sub Contracts

4.2.1. The Contractor shall not place any sub-contract or order involving the design or development of equipment required under the Contract without the prior written approval of the Commercial Manager.

4.2.2. The Contractor shall not enter into any commitment in relation to any aspect of the design and development of equipment until the Sub-Contractor has entered into an agreement with the Authority in the form set out in Annex K (DEFFORM 177 - Design Rights and Patent Agreements (Sub contractors)). 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 condition he shall report the matter in writing to the Commercial Manager and await further instruction before placing the sub-contract or order.

4.3. Authorisation By The Crown For Use Of Third Party Intellectual Property Rights

4.3.1. Notwithstanding any other provisions of the Contract and for the avoidance of doubt, award of the Contract by the Authority and placement of any contract task under it does not constitute an

authorisation by the Crown under Sections 55 and 56 of the Patents Act 1977 or Section 12 of the Registered Designs Act 1949. The Contractor acknowledges that any such authorisation by the Authority under its statutory powers must be expressly provided in writing, with reference to the acts authorised and the specific intellectual property involved.

4.4 DEFFORM 711

4.4.1 Where any of the conditions listed below (a to d) form part of the terms and conditions of the Contract or where other similar notification obligations exist, the Contractor warrants and confirms that all Intellectual Property Rights restrictions and associated export restrictions relating to the use or disclosure of the Contractor Deliverables that are notifiable under those conditions, or of which the Contractor is or should reasonably be aware as at the date of the Contract, are disclosed in DEFFORM 711 annexed to the Contract.

- a. DEFCON 15 - (including notification of any self-standing background Intellectual Property).
- b. DEFCON 90 - including copyright material supplied under clause 5.
- c. DEFCON 91 - limitations of Deliverable Software under clause 3b.
- d. DEFCON 632 - notifications under clause 1.

4.4.2. The Contractor shall promptly notify the Authority in writing if they become aware during the performance of the Contract of any required additions, inaccuracies or omissions in DEFFORM 711.

4.4.3. Any amendment to DEFFORM 711 shall be made in accordance with DEFCON 503

5. GOVERNMENT FURNISHED ASSETS AND LOANS

DEFCON611 (Edn. 12/22) – Issued Property

DEFCON694 (Edn. 07/21) - Accounting for the Property of the Authority

5.1. Government Furnished Equipment (GFE)

5.1.1. The Authority shall provide to the Contractor equipment items listed and specifically and clearly defined by description, quantity, date(s), loan period(s) and loan terms at Annex H. All such loan issues shall be recorded by the Contractor/Subcontractor in accordance with DEFCON 694. No other GFE or any other Government service shall be a dependency for the purposes of the fulfilment of the Contract.

5.1.2 In relation to the Tasking Procedures for Additional Work as at Clause 1.7 above, the Authority shall outline all GFE it considers relevant to the outlined requirement within Part 1 of the Tasking Form at Annex F. The Contractor shall, in Part 2, validate this GFE requirement and outline, where necessary, any additional GFE it requires for completion of the Task, alongside the timescales required for issue by the Authority. The Authority shall confirm its acceptance of both the GFE requirements and associated timescales for issue in return of the Part 3. Where the Authority is unable to confirm acceptance of either the GFE requirements or the timescales it shall notify the Contractor within 15 (fifteen) business days of receipt of the Part 2.

5.1.3. The Authority shall have no liability to the Contractor if, when GFE is made available or offered to be made available on the agreed dates, the Contractor fails to make use of it. In such circumstances the liability of the Authority shall cease with effect from the first time the GFE is made available or offered on the agreed dates.

5.1.4. The GFE register shall be made available to the Authority upon demand.

5.1.5. The Contractor shall maintain and update the GFE register, in order to plan and track the equipment, information, and property required and/or supplied as GFE. The Contractor shall also document any associated dependencies and risks on each GFE item requested. The Contractor shall deliver to the Authority within 10 (ten) business days of any significant changes, an updated version of the GFE Register.

5.1.6. The Contractor shall take reasonable measures to mitigate the consequences of any impact in the event that the Authority is unable to provide GFE due to unavailability or it cannot be supplied to the required timescales, in accordance with these Terms and Conditions and DEFSTAN 05-99 (Managing Government Furnished Equipment in Industry) Part 1 (or equivalent).

5.1.7 The Contractor will not be held liable for a failure to deliver their contracted services arising as a consequence of a failure by the Authority, for whatever reason, to supply GFE, provided the contractor has taken all reasonable steps to mitigate the impact of such a failure.

5.2. Government Furnished Facilities (GFF)

5.2.1. The contractor will not be held liable for a failure to deliver their contracted services arising as a consequence of a failure by the Authority, for whatever reason, to supply electricity, gas, and fuel for generators to support the GFF outlined in Annex H, provided the contractor has taken all reasonable steps to mitigate the impact of such a failure.

5.2.2. The Contractor shall be responsible for the soft facilities management of the interior of the GFF.

6. DELIVERY

DEFCON5J (Edn. 18/11/16) – Unique Identifiers

DEFCON113 (Edn. 02/17) – Diversion Orders

DEFCON507 (Edn. 07/21) – Delivery

DEFCON524 (Edn. 12/21) – Rejection

DEFCON524A (Edn 12/22) – Counterfeit Material

DEFCON525 (Edn. 10/98) – Acceptance

DEFCON612 (Edn. 06/21) – Loss or Damage to the Articles

DEFCON621B (Edn. 10/04) – Transport (if the Contractor is Responsible)

DEFCON637 (Edn (05/17) – Defect Investigation and Liability

DEFCON681 (Edn. 06/02) – Decoupling Clause – Subcontracting with the Crown

6.1. Acceptance

6.1.1. Acceptance of the Services and Contract Deliverables required by the Contract shall be confirmed by the Authority. This shall be confirmed each monthly period and following receipt and review of the Management Information (MI) in accordance with the Contract Terms and Conditions including Appendix 1 to Annex B and the Monthly KPI submissions. The Authority shall review the MI and Availability data within 4 business days from the receipt of MI and availability data from the Contractor.

6.2. Delivery

6.2.1. All Articles or Services provided under this Contract shall be delivered by the Contractor in accordance with the Conditions of this Contract, Contract Amendments and approved procedures provided by the Contractor and shall occur as defined in DEFCON 507.

7. PAYMENTS/RECEIPTS

DEFCON513 (Edn. 04/22) – Value Added Tax

DEFCON522 (Edn. 11/21) – Payment and Recovery of Sums Due

DEFCON534 (Edn. 06/21) – Subcontracting and Prompt Payment

DEFCON649 (Edn. 12/21) – Vesting

DEFCON670 (Edn. 02/17) – Tax Compliance

7.1. Payment

7.1.1. The amount to be paid by the Authority under this Contract shall be at the prices stated in the Schedule of Requirements or Annexes thereto and adjusted in accordance with Condition 3.6 VRA. All prices shall be Firm (unless otherwise requested by the Authority), in Pounds Sterling, inclusive of packaging, delivery and transportation where applicable, be exclusive of all taxes and duties and shall be net after discounts, unless otherwise stated in this Contract.

7.2. Milestone Payments for CLS, Maintenance and Core PDS

7.2.1. The Authority shall, subject to the following provisions of this Condition, make to the Contractor Milestone Payments as an advance against the Contract Price for the CLS, Maintenance and Core PDS requirements of the Schedule of Requirements in accordance with the Milestone Payments as set out in Annex C and Annex Q.

7.2.2. The Contractor shall be entitled to Milestone Payments against the Contract price at the amounts shown in Annex C when:

- 7.2.2.(a). Each Milestone Payment, when added to all previous Milestone Payments made in respect of the item, is equal to, or less than, the Contractor's cumulative recorded costs (including overheads and profit at the agreed rates) against the items by the end date of the period to which the Milestone Payment applies.
- 7.2.2.(b). The Contractor shall have rendered, complete performance of their contractual obligations under the items of the Schedule of Requirements against which the claim is being sought, during the period to which the Milestone Payment applies.
- 7.2.2.(c). Availability and Management Information shall be measured, as defined in Annex B (Key Performance Indicators) and as such the monthly Milestone Payments pertaining to CLS, Maintenance and Core PDS shall be reduced by the relevant amounts defined in Annex B, if they fall below the relevant performance thresholds detailed in Annex B.
- 7.2.2.(d). The Authority shall not be obliged to make a payment to the Contractor in respect of a Milestone Payment if the Contractor has failed to render complete performance of the Services or delivery of the Contract Deliverables in respect of the Item to which the claim relates.
- 7.2.2.(e). Under no circumstances shall the cumulative monthly Milestone Payments made under this Condition exceed the Contractor's cumulative recorded costs (including overhead and profit) for the appropriate item, prior to the final payment for that item being made.
- 7.2.2.(f). Where the Authority intends to reject or reduce any claim for a Milestone Payment that the Contractor may make, the Authority shall give to the Contractor written notice of their intention together with the Authority's reasons for the rejection.
- 7.2.2.(g). Save as hereby provided the entitlement of the Contractor to retain all Milestone Payments related to CLS, Maintenance and Core PDS, is conditional on complete performance of the Item number concerned. Where the Authority terminates the Contract otherwise than in accordance with DEFCON656B of the Contract, the Authority shall without prejudice to any other right/remedy of either party be entitled to recover in full all Milestone Payments against the contract prices for these items delivered before termination, except where articles/services have been delivered/rendered in accordance with the Contract.

- 7.2.2.(h). Claims for payment shall be supported by a certificate, signed by the Contractor's authorised representative that the Milestone Payment sought is in accordance with the provisions of this Condition.
- 7.2.2.(i). The Authority reserves the right to verify the evidence called for in Condition 7.2.2.(a), 7.2.2.(g) and 7.2.2.(h), by examination of the Contractor's relevant books, accounts and other documents and records. The Contractor agrees that in the event that the Authority determines that the provisions of this Condition have not been complied with, and the advance against the Contract price sought for a particular period exceeds the Contractor's recorded costs, the advance sought shall be reduced accordingly.

7.3. Payment for TAFs

7.3.1. Payment for work undertaken for TAFs shall be made in accordance with Condition 1.7 of this Contract.

8. CONTRACT ADMINISTRATION

DEFCON604 (Edn. 06/14) – Progress Reports

For the purposes of this Contract, the frequency of reports shall be specified in Annex A.

DEFCON605 (Edn. 06/14) – Financial Reports

DEFCON609 (Edn. 07/21) – Contactor's Records

DEFCON625 (Edn. 06/21) – Co-operation on Expiry of Contract

DEFCON642 (Edn. 07/21) – Progress Meetings

DEFCON647 (Edn. 05/21) – Financial Management Information

8.1. Progress Meetings

8.1.1. Meetings and progress reports shall be convened / submitted in accordance with Appendix 1 to Annex B (Management Information).

8.2. Contract Reporting

8.2.1. The Contractor shall provide Quarterly Contract Reports (QCR) in line with the Single Source Contract Regulations 2014.

8.2.2. In accordance with the Defence Reform Act 2014 (DRA) and the Single Source Contract Regulations 2014 (SSCR) the Contractor shall be legally required to provide the following:

- 8.2.2.(a). a Contract Pricing Statement which the Contractor shall submit to DEFCARS one month post Contract award, for review by the Authority's Commercial Officer.
- 8.2.2.(b). a Contract Reporting Plan which the Contractor shall submit to the DEFCARS one month post Contract award, for review by the Authority's Commercial Officer.
- 8.2.2.(c). a Contract Notification Report which the Contractor shall submit to DEFCARS one month post Contract award, for review by the Authority's Commercial Officer.
- 8.2.2.(d). a QCR which the Contractor shall submit to DEFCARS within one month of the end of each calendar quarter, for review by the Authority's Commercial Officer.

- 8.2.2.(e). Interim Cost Reports which the Contractor shall submit to DEFCARS as a minimum once on the 31st March 2026 and once 12 months after the initial reporting date, for review by the Authority's Commercial Officer.
- 8.2.2.(f). a Contract Completion Report which the Contractor shall submit to DEFCARS within six months of the Contract completion date, for review by the Authority's delegated Commercial Officer.
- 8.2.2.(g). a Contract Costs Statement which the Contractor shall submit to DEFCARS within 12 months of the Contract completion date, for review by the Authority's delegated Commercial Officer.

8.2.5. The required Contract reports and their delivery dates are summarised in the table below:

<u>Contract Report</u>		<u>Report Delivery date</u>
Contract Initiation Report	Contract Pricing Statement	Submitted within 1 month of Contract Award
	Contract Notification Report	Submitted within 1 month post Contract Award
	Contract Reporting Plan	Submitted within 1 month post Contract Award
Quarterly Contract Report		Submitted within one month of the end of each calendar quarter
Interim Contract Report(s)		Submitted 31 st March 2026 and once 12 months after the initial reporting date
Contract Completion Report		Submitted within 6 months of the Contract completion date
Contract Costs Statement		Submitted within 12 months of the Contract completion date

8.3. Key Performance Indicators

8.3.1. Key Performance Indicators applicable to this Contract, and the relating performance management regime, rectification and termination processes are detailed at Annex B (Key Performance Indicators) of this Contract.

8.4. Rectification Plans

8.4.1. Should persistent poor performance occur under this Contract, then the Contractor shall be subject to the Conditions detailed in Annex B (Key Performance Indicators), Part 5 – Rectification and Termination. Persistent poor performance is defined within this Annex of the Contract.

8.5 Not Used

9. TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYMENT) REGULATIONS (TUPE)

9.1. The Contractor will provide to the Authority such information as the Authority may reasonably require in order to consider the application of the Transfer Regulations on the termination, partial termination or expiry of this Contract in accordance with the requirements detailed within Annex W to these Terms and Conditions.

10. TERMINATION

DEFCON514 (Edn. 08/15) – Material Breach

DEFCON530 (Edn. 12/14) – Dispute Resolution (English Law)

10.1. Force Majeure

10.1.1 The Contractor shall not be in breach of this Contract, nor liable for late or non-performance of any of its obligations under this Contract, if such delay or failure results from a 'Force Majeure Event'. For the purposes of this Contract, a Force Majeure Event is defined as one of the following:

- (a) acts of nature;
- (b) war;
- (c) hostilities;
- (d) fire at any of the Contractor's premises or those of its supplies.
- (e) terrorism
- (f) civil commotion

10.1.2. The Contractor shall immediately notify the Authority in writing on the occurrence of a Force Majeure Event, including details of the Force Majeure Event, its effect on the Contractor's obligations under this Contract, and the actions proposed to mitigate its effect.

10.1.3. The Contractor shall be entitled to request an appropriate extension of time for performing such obligations and such request for an extension shall not be reasonably withheld provided that the Contractor has always used all reasonable endeavours, both to mitigate the effects of the Force Majeure Event, and to facilitate the continued performance of its obligations under this Contract.

10.2. Alternative Dispute Resolution

10.2.1 The Parties shall agree to try to resolve any dispute arising under this Contract by discussion during the next available Progress Meeting required by Condition 8.1 (Progress Meetings) of this Contract. In the event that a meeting is not due within one month of a dispute arising, an ad hoc meeting shall be convened for the purposes of attempting to resolve the dispute.

10.2.2 In the event that the dispute remains unresolved, it shall be referred in writing to the Authority's Instrumented Live Training (ILT) Section Head and the Contractor's counterpart for consideration and thereafter in writing to the Authority's Training & Simulation Systems Portfolio (TSSP) Portfolio Leader and Senior Commercial Manager and the Contractor's counterparts for consideration and further resolution of the dispute.

10.2.3. If after referral to the Authority's TSSP Portfolio Leader and Senior Commercial manager the dispute remains unresolved, the dispute shall be referred to a mutually acceptable and independent third party for resolution in accordance with the provisions of DEFCON530. All costs associated with the appointment of a third party shall be shared equally between the Parties.

10.2.4 The parties will endeavour to resolve any dispute through the process described in 11.2.1, 11.2.2 and 11.2.3 within a ninety-day period from when the dispute was first notified in writing in accordance with 11.2.2 to or by the Authority.

11. EXIT MANAGEMENT ACTIVITIES

11.1 The Contractor shall provide the Exit Management Activities as required by the Contract including the Exit Management Plan. The Exit Management Plan shall be agreed by the Authority's PM within twelve weeks of First Formal Release.

11.2. Both the Authority and Contractor shall adhere to the Exit Management Plan which is to be provided by the Contractor as a Contract Deliverable in accordance with the Statement of Requirement (Annex A).

11.3 The Exit Management Activities to be carried out by the Contractor shall include reasonable assistance to the Authority to allow handover to a successor contractor where one has been appointed, including provision of necessary documentation to allow an effective handover. The necessary documentation shall be in accordance with the Exit Management Plan. All Exit Management Activities shall take place during the time period specified within the Exit Management Plan.

DEFFORM 111
(Edn 10/22)
Appendix A - Addresses and Other Information

1. Commercial Officer [Redacted due to commercial sensitivity] MOD Abbey Wood, Cedar 2b #4110 Bristol BS34 8JH Telephone: [Redacted due to commercial sensitivity] Email: [Redacted due to commercial sensitivity]	8. Public Accounting Authority 1. Returns under DEFCON 694 (or SC equivalent) should be sent to DBS Finance ADMT – Assets In Industry 1, Level 4 Piccadilly Gate, Store Street, Manchester, M1 2WD 44 (0) 161 233 5397 2. For all other enquiries contact DES Fin FA-AMET Policy, Level 4 Piccadilly Gate, Store Street, Manchester, M1 2WD 44 (0) 161 233 5394
2. Project Manager, Equipment Support Manager or PT Leader (from whom technical information is available) [Redacted due to commercial sensitivity] MOD Abbey Wood, Cedar 2b #2360 Bristol BS34 8JH Telephone: Email: [Redacted due to commercial sensitivity]	9. Consignment Instructions The items are to be consigned as follows:
3. Packaging Design Authority N/A (where no address is shown please contact the Project Team in Box 2)	10. Transport. The appropriate Ministry of Defence Transport Offices are: A. DSCOM. DE&S, DSCOM, MoD Abbey Wood, Cedar 3c, Mail Point 3351, BRISTOL BS34 8JH <u>Air Freight Centre</u> IMPORTS 030 679 81113 / 81114 Fax 0117 913 8943 EXPORTS 030 679 81113 / 81114 Fax 0117 913 8943 <u>Surface Freight Centre</u> IMPORTS 030 679 81129 / 81133 / 81138 Fax 0117 913 8946 EXPORTS 030 679 81129 / 81133 / 81138 Fax 0117 913 8946 B. JSCS JSCS Helpdesk Tel 01869 256052 (option 2, then option 3); JSCS Fax No 01869 256837 Users requiring an account to use the MOD Freight Collection Service should contact UKStratCom-DefSp-RAMP@mod.gov.uk in the first instance.
4. (a) Supply/Support Management Branch or Order Manager: Tel No: (b) U.I.N.	11The Invoice Paying Authority (see Note 1) Ministry of Defence 0151-242-2000 DBS Finance Walker House, Exchange Flags Fax: 0151-242-2809 Liverpool, L2 3YL Website is: https://www.gov.uk/government/organisations/ministry-of-defence/about/procurement#invoice-processing
5. Drawings/Specifications are available from	12. Forms and Documentation are available through *: Ministry of Defence, Forms and Pubs Commodity Management PO Box 2, Building C16, C Site Lower Arcott Bicester, OX25 1LP (Tel. 01869 256197 Fax: 01869 256824) Applications via fax or email: Leidos-FormsPublications@teamleidos.mod.uk
6. Intentionally Blank	12. Forms and Documentation are available through *: Ministry of Defence, Forms and Pubs Commodity Management PO Box 2, Building C16, C Site Lower Arcott Bicester, OX25 1LP (Tel. 01869 256197 Fax: 01869 256824) Applications via fax or email: Leidos-FormsPublications@teamleidos.mod.uk
7. Quality Assurance Representative: [Redacted due to commercial sensitivity] (DES LE STSP-PfMO-QA) AQAPS and DEF STANs are available from UK Defence Standardization, for access to the documents and details of the helpdesk visit http://dstan.uwh.diif.r.mil.uk/ [intranet] or https://www.dstan.mod.uk/ [extranet, registration needed].	NOTES 1. Many DEFCONs and DEFFORMs can also be obtained from the MOD Internet Website; https://www.aof.mod.uk/aofcontent/tactical/toolkit/index.htm 2. If the required forms or documentation are not available on the MOD Internet site requests should be submitted through the Commercial Officer named in Section 1.

Offer and Acceptance

[Contract 705929453 (TSSP/143) for the Provision of Instrumented Live Training Direct Fire Weapons Effect Simulator (ILT-D) Support and Repair and Post Design Services]

This Contract shall come into effect on the date of signature by both parties.

For and on behalf of the Contractor:

Name and Title	
Signature	
Date	

For and on behalf of the Secretary of State for Defence:

Name and Title	
Signature	
Date	