

For the purposes of construing the warranties in this Clause 1 references to the Sub-Contract Supply shall include any part of the Sub-Contract Supply. Each warranty shall be construed as a separate warranty and shall not be limited by reference to, or reference from, the terms of any other warranty or any other term of the Sub-Contract.

2. The Sub-Contractor shall, save in so far as he is delayed by any event in respect of which the Contractor is granted an extension of time under the Main Contract for completion of the Supply:
 - (a) Execute and complete the Sub-Contract Supply in accordance with the provisions of the Sub-Contract; and
 - (b) ensure that the Contractor shall not become entitled to any extension of time for completion of the Supply or to claim any additional payment under the Main Contract due to any failure or delay by the Sub-Contractor.
3. The Sub-Contractor shall from time to time supply the Company and the Contractor with such information as either may reasonably require.
4. To the extent that the intellectual property rights in any and all Documents have not already vested in the Company or the Contractor, the Sub-Contractor hereby grants to the Company an irrevocable, non-exclusive, non-terminable, royalty-free licence to copy and make full use of any and all Documents and all amendments and additions to them and any works, designs or inventions of the Sub-Contractor incorporated or referred to in them for the following purposes:
 - (a) understanding the Supply;
 - (b) operating, maintaining, repairing, modifying, altering, enhancing, re-figuring, correcting, replacing, re-procuring and re-tendering the Supply;
 - (c) extending, interfacing with, integrating with, connecting into and adjusting the Supply;
 - (d) enabling the Company to carry out the operation, maintenance repair, renewal and enhancement of the Underground Network (as such capitalised terms are defined in the Main Contract);
 - (e) executing and completing the Supply; and

- (f) enabling the Company to perform its functions and duties as Infrastructure Manager and Operator of the Underground Network (as such capitalised terms are defined in the Main Contract)

provided always that the Contractor shall not be liable for the consequences of any use of the Documents as aforesaid for any other purpose. Such licence shall carry the right to grant sub-licences and shall be transferable to third parties without the prior consent of the Sub-Contractor.

For the purposes of this Clause, the term "**Documents**" shall mean documents, items of information, data, reports, drawings, specifications, plans, software, designs, inventions and any other materials provided by or on behalf of the Sub-Contractor in connection with the Sub-Contract (whether in existence or to be made).

5. The Sub-Contractor agrees:

- (a) on request at any time to give the Company or any persons authorised by the Company access to the material referred to in Clause 4 and at the Company's expense to provide copies of any such material; and
- (b) at the Sub-Contractor's expense to provide the Company with a set of all such material on completion of the Sub-Contract Supply.

6. The parties hereby agree that:

- (a) this Agreement shall be personal to the Sub-Contractor;
- (b) the Company may assign the benefit of this Agreement to any third party;
- (c) the rights and remedies contained in this Agreement are cumulative and shall not exclude any other right or remedy available to either party in law or equity.

7. The Sub-Contractor warrants and undertakes to the Company that he has maintained and will continue to maintain all insurances required to be maintained pursuant to the terms of the Sub-Contract and that, insofar as he is responsible for the design of the Sub-Contract Supply, he has professional indemnity insurance with a limit of indemnity of not less than *two million pounds (£2,000,000)* in respect of each and

every claim which may be made against the Sub-Contractor in respect of the Sub-Contract Supply. The Sub-Contractor shall maintain such professional indemnity insurance for a period of 12 years from completion of the Supply provided such insurance remains available at commercially reasonable rates and shall notify the Company forthwith if such insurance ceases to be so available. When deciding whether such insurances are available at commercially reasonable rates, no account shall be taken of any increase in the premium or imposition of terms which arise as a result of the Sub-Contractor's insurance claims record.

8. If any dispute of any kind whatsoever arises between the parties in connection with this Agreement or the Sub-Contract Supply which raises issues which are in opinion of the Company the same as or substantially the same as issues raised in a related dispute (the "**Related Dispute**") between the Company and the Contractor and such Related Dispute has already been referred to a conciliator or arbitrator appointed under the provisions to that effect contained in the Main Contract, then the Sub-Contractor hereby agrees that the Company may at his discretion by giving notice in writing to the Sub-Contractor refer the dispute arising out of this Agreement or the Sub-Contract Supply to the adjudicator, conciliator, arbitrator or other party (the "**Appointed Party**") appointed to determine the Related Dispute. In this event the Appointed Party shall have power to give such directions for the determination of the dispute and the Related Dispute as he may think fit and to make such awards as may be necessary in the same way as if the procedure of the High Court as to joining one or more defendants or joint co-defendants or third parties was available to the parties and to him.

9. (a) Neither the Sub-Contractor nor the Contractor shall exercise or seek to exercise any right which may be or become available to it to terminate or treat as terminated the Sub-Contract or discontinue or suspend the performance of any of its duties or obligations thereunder or treat the Sub-Contract as determined without first giving to the Contractor or the Sub-Contractor (as applicable) not less than 35 days prior written notice of its intention to do so, with a copy to the Company, specifying the Sub-Contractor's or Contractor's grounds for terminating or treating as terminated the Sub-Contract or discontinuing or suspending its performance thereof or treating the Sub-Contract as determined.

- (b) If the Main Contract is terminated for any reason, within 35 days of such termination the Company may give written notice to the Sub-Contractor and to the Contractor (a "**Step-in Notice**") that the Company or its appointee shall henceforth become the Contractor under the Sub-Contract in accordance with the terms of sub-clause (c) below.
- (c) With effect from the date of the service of any Step-in Notice:
- (i) the Company or its appointee shall be substituted in the Sub-Contract as the Contractor thereunder in place of the Contractor and references in the Sub-Contract to the Contractor shall be construed as references to the Company or its appointee;
 - (ii) the Sub-Contractor shall be bound to continue with the performance of its duties and obligations under the Sub-Contract and any exercise or purported exercise by the Sub-Contractor prior to the date of the Step-in Notice of any right to terminate or treat as terminated the Sub-Contract or to discontinue or suspend the performance of any of its duties or obligations thereunder or to treat the Sub-Contract as automatically determined shall be of no effect;
 - (iii) the Company shall become bound by the terms and conditions of the Sub-Contract in respect of all obligations and duties of the Contractor thereunder which fall to be performed after the date of the Step-in Notice and shall promptly thereafter make payment of any amounts properly due to the Sub-Contractor as at the date of the Step-in Notice and still outstanding; and
 - (iv) the Contractor shall be released from further performance of the duties and obligations of the Contractor under the Sub-Contract after the date of the Step-in Notice, but without prejudice to any rights and remedies of:
 - (1) the Sub-Contractor against the Contractor in respect of any matter or thing done or omitted to be done by the Contractor on or before the date of the Step-in Notice; and

- (2) the Contractor against the Sub-Contractor in respect of any matter or thing done or omitted to be done by the Sub-Contractor on or before the date of the Step-in Notice.
- (d) Notwithstanding anything contained in this Agreement and notwithstanding any payments which may be made by the Company to the Sub-Contractor, the Company shall not be under any obligation to the Sub-Contractor and the Sub-Contractor shall not be under any obligation to the Company unless the Company shall have served a Step-in Notice pursuant to Clause 9(b) above.
10. The Sub-Contractor's liabilities, duties and obligations hereunder shall be no greater and of no longer duration than the liabilities, duties and obligations which the Sub-Contractor owes to the Contractor under the Sub-Contract.
11. The Sub-Contractor further undertakes to indemnify the Company from and against the consequences of any breach by the Sub-Contractor of any of the warranties, covenants and undertakings contained in this Agreement.
12. The rights and benefits conferred upon the Company by this Agreement are in addition to any other rights and remedies that the Company may have against the Sub-Contractor including, without prejudice to the generality of the foregoing, any remedies in negligence.
13. Nothing contained in this Agreement shall in any way limit the obligations of the Contractor to the Company arising under the Main Contract or otherwise undertaken by the Contractor to the Company in relation to the Sub-Contract Supply.
14. No amendment to this Agreement shall be valid unless it is in writing and signed by all parties.
15. Any person who is not a party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.
16. This Agreement shall be governed by and construed in accordance with English law and shall be subject to the exclusive jurisdiction of the Courts of England and Wales.

Executed as deed by the parties and delivered on the date of this Agreement.

Executed as a deed by affixing the Common Seal of)
London Underground Limited)
in the presence of:-)

.....
[Authorised Signatory]

Executed as a Deed by [SUB-CONTRACTOR])
acting by)
) Authorised Signatory
and)
) Authorised Signatory

Executed as a Deed by [CONTRACTOR])
acting by)
) Authorised Signatory
and)
) Authorised Signatory

Schedule 10

Not used

Schedule 12

Contractor Performance

1. This Schedule sets out the performance measurement mechanisms and escalation process applied to the Framework Agreement and to Contracts made under it.
2. Service Level Indicators (SDIs) set out in Table 3 shall be used to monitor the performance of the Contractor in five key areas of performance critical to the successful delivery of this contract. The SDI's will be used to measure performance on a periodic basis and continued poor performance could result in the termination of the Framework Agreement in accordance with clause 16 of the Framework Agreement.
 - 2.1 Financial Deductions are not applied to SDI's.
 - 2.2 Liquidated Damages shall be applied for Line or Closures Incidents in accordance with Schedule 12A (Liquidated Damages)
3. The SDI's will be monitored at the intervals stated and at such other intervals as TfL deems necessary but at no greater frequency than one per period. The SDI assessment will be in accordance with the 'traffic light' system set out in Table 1. The Company has no obligation and may sometimes have a limited resource to make SDI assessments and therefore the Grey rating will be used for any element to which the Company Representative makes no assessment but this does not indicate that the Contractor's performance is good only that the Company Representative has no information to indicate otherwise:

Table 1

Green	Good Performance
Grey	No assessment Made
Amber	Acceptable performance
Red	Unacceptable performance

4. The elements of performance that will form the SDI's are defined as follows:

i)	Safety	To perform in a safe manner
ii)	Supply of Labour	To provide the required numbers meeting the required competency standards.
iii)	Productivity	To complete work in accordance with TF's' programme
iv)	Quality	To minimise the cost to TfL of poor quality
v)	Financial Accuracy	To submit accurate financial information in a timely manner.

The SDIs will be assessed and scored as follows:

i) Safety

Safety shall be measured by 1) Principal General Inspections and 2) Incident Data and other information sources.

Green = A Principal General inspection score of minimum 75% and no incident that has caused concern for which the contractor's labour are wholly or partly responsible.

Amber = A Principal General inspection score less than 75% and/or any incident(s) that has caused concern for which the contractor's labour are wholly or partly responsible.

Red = The occurrence of any serious incident(s) for which the contractor's labour is wholly or partly responsible or evidence of a trend of unacceptable performance irrespective of the nature of the incidents or Principal General inspection scores.

For the avoidance of doubt TfL will be the sole arbiter of the definition of incidents causing concern, serious incidents and safety trend patterns.

ii) Supply of Labour

Supply of Labour shall be measured by:-

- 1) Ability to resource the required numbers of labour and competencies consistent with the commitment offered in the contractor's tender submission,
- 2) Delivery of the required labour and competencies to the work-sites and
- 3) Consistency of labour (maintaining continuity of gang personnel). Collectively, 1) and 2) comprise the 'requirements of the Agreement'.

Green = The contractor supplies labour in accordance with the requirements of the Agreement and maintains continuity of gang personnel insofar as it is in its power to do so.

Amber = The Contractor occasionally has difficulty in resourcing in accordance with the Agreement and/or maintain continuity of gang personnel.

Red = The Contractor frequently has difficulty in resourcing in accordance with the Agreement and/or maintain continuity of gang personnel.

For the avoidance of doubt the word 'occasionally' shall mean once per week and the word 'frequently' shall mean in excess of once per week.

iii) Productivity

Productivity is a measure of the quality and work ethos of the personnel supplied by the contractor. It shall be measured as follows: EITHER 1) the contractor's labour making full use of productive working time in respect of services for the Company's Operations Directorate OR 2) the contractor's labour achieving the

agreed productive output in respect of services for the Company's' Projects Directorate.

Green = The contractor's labour maximise use of the available productive working hours (Operations) or completes all work in accordance with the agreed programme (Projects).

Amber = The contractor's labour occasionally fail to maximise use of the available productive working hours (Operations) or occasionally fail to complete all work in accordance with the agreed programme (Projects) for reasons for which the personnel are wholly or partly responsible.

Red = The contractor's labour frequently fail to maximise use of the available productive working hours (Operations) or frequently fail to complete all work in accordance with the agreed programme (Projects) for reasons for which the personnel are wholly or partly responsible.

For the avoidance of doubt the word 'occasionally' shall mean once per week and the word 'frequently' shall mean in excess of once per week. For the avoidance of doubt the words 'productive working time' means that the personnel do not leave the site more than thirty minutes prior to call back.

iv) **Quality**

Quality shall be measured by the 'cost of poor quality' to include but not be limited to 1) lost customer hours / engineering overruns, 2) failed welds and similar and 3) lost or damaged plant and similar. Collectively 2) and 3) comprise 'poor quality incidents'.

Green = There are no lost customer hours or engineering overrun costs for which the contractor's labour are wholly or partly responsible and the number of 'poor quality incidents' are not excessive.

Amber = There are no lost customer hours or engineering overrun costs for which the contractor's labour are wholly or partly responsible but the number of 'poor quality incidents' are sufficient to cause concern.