

DATE

2023

- (1) NATIONAL GAS TRANSMISSION PLC
- (2) CADENT GAS LIMITED
- (3) NORTHERN GAS NETWORKS LIMITED
- (4) SCOTLAND GAS NETWORKS PLC
- (5) SOUTHERN GAS NETWORKS PLC
- (6) WALES & WEST UTILITIES LIMITED
- (7) ENCODAR LIMITED

JOINT GOVERNANCE ARRANGEMENTS AGREEMENT

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BETWEEN:

- (1) the Parties listed in Schedule 1; and
- (2) Encodar Limited, a company incorporated in England and Wales with registered number 13349459 whose registered office is at No 1 Colmore Square, Birmingham, West Midlands, United Kingdom, B4 6AA (**the Company**).

RECITALS

- (A) Each Party is a holder of a Transporter's Licence and is a Relevant Gas Transporter.
- (B) Pursuant to Standard Special Condition A12 (entitled "Joint Office Governance Arrangements") of the Transporter's Licence each Relevant Gas Transporter is required, together with the other Relevant Gas Transporters, to establish, operate and develop joint governance arrangements for:
 - (i) matters specified in the Transporter's Licence;
 - (ii) other matters to be undertaken by them on a common, joint or coordinated basis;
 - (iii) the promotion of efficiency in the implementation and administration of the network code of a Relevant Gas Transporter and/or the Uniform Network Code; and
 - (iv) such other matters as they may decide.
- (C) As at the Agreement Date, the Joint Governance Arrangements are implemented by way of the Existing JGAA.
- (D) The Parties are entering into this Agreement to provide for the further development of the Joint Governance Arrangements, and intend that this Agreement shall replace and supersede the Existing JGAA with effect from the Go-Live Date.
- (E) The Company has been established by the Parties to act as the Joint Office with effect from the Go-Live Date and the Parties have entered into a subscription agreement to give effect to establishing the Company.

IT IS AGREED

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Agreement:

Accession Agreement means an agreement of that name, in the form set out in Schedule 2.

Act means the Gas Act 1986 (as amended).

Additional Party has the meaning given in clause 2.1.1.

Affiliate in relation to a Party or the Company means any holding company or subsidiary company of that Party or any company which is a subsidiary company of the holding company of that Party and the expressions holding company and subsidiary shall have the meanings respectively given to them by section 1159 of the Companies Act 2006.

Aggregate Approved Expenditure has the meaning given in Paragraph B2 of Schedule 9.

Agreement means this agreement including the Recitals and the Schedules as amended, varied and restated from time to time.

Agreement Date means the date of this Agreement.

Approved Expenditure means the Expenditure approved by the Committee under Schedule 9.

Articles has the meaning given in clause 7.1.3.

Authority means the Gas and Electricity Markets Authority as established by Section 1 of the Utilities Act 2000.

Budget means an annual forecast of expenditure, prepared and revised in accordance with Clause 8.2).

Cadent Gas or CGL means Cadent Gas Limited, registered in England with number 10080864

Chair has the meaning given in clause 6.3.1.

Chief Executive has the meaning given in clause 7.2.1.

Central Data Services Provider (or CDSP) has the meaning given in the Uniform Network Code.

Code has the meaning given in the Uniform Network Code.

Code Administration Code of Practice has the meaning given in the Uniform Network Code.

Committee has the meaning given in clause 6.1.1.

Confidential Information means all information received or obtained by a Party or the Company as a result of entering into, implementing or performing this Agreement, except insofar that the information relates to the Code, the AS Agreement or the Offtake Arrangements Document (but without prejudice to the confidentiality provisions set out in those agreements).

DSC Committee has the meaning given in the Uniform Network Code.

Data Services Contract (or DSC) has the meaning given in the Uniform Network Code.

Distribution Network (or DN) has the meaning given in the Uniform Network Code.

Draft Statement of Expenses has the meaning given in Schedule 9.

Employer has the meaning given in Schedule 11.

Environmental Information Regulations the Environmental Information Regulations 2004 together with any guidance and/or codes of practice issues by the Information Commissioner or relevant government department in relation to such regulations;

Existing JGAA means the agreement entitled "Joint Governance Arrangements Agreement" to which each of the Parties are a party.

Expenditure means (i) costs and expenses incurred by or on behalf of the Company and (ii) costs and expenses (including Staff remuneration and costs under Schedule 10), incurred by or on behalf of a Party, in each case wholly and necessarily incurred by a Party in the performance of its obligations or exercise of its rights under this Agreement. Expenditure may

also include building up working capital reserves of the Company to the extent approved by the Committee.

Expenses Claim has the meaning given in Paragraph B1 of Schedule 9.

Expenses Period means any Quarter Period (or such other period as the Committee may agree from time to time, including the period from the Go-Live Date to the next following quarter day (being either 1st of January, April, July or October) where the Go-Live Date falls otherwise than on any such quarter day).

Final Statement of Expenses has the meaning given in Paragraph C of Schedule 9.

Go-Live Date means the last to occur of (1) the date on which the Authority has given its written consent (or is deemed to have consented) to this Agreement and/or amendments to the Existing JGAA by way of its replacement with this Agreement in accordance with, and in the manner set out in, Standard Special Condition A12(3) of each of the Parties' Transporter's Licences) and (2) the date agreed in writing by the Company and each of the Parties.

Individual Network Code has the meaning given in the Uniform Network Code.

Information means 'environmental information' under the Environmental Information Regulations.

Intellectual Property Rights means all intellectual property rights at any time protected by statute or common law anywhere in the world, whether legal or beneficial, including, but not limited to copyright.

Joint Governance Arrangements means the arrangements made between the Parties as described in Clause 5.1.

Joint IP has the meaning given in clause 10.1.2.

Joint Liability Provision has the meaning given in Schedule 5.

Joint Matters has the meaning given in Schedule 5.

Joint Modification Rules Matters has the meaning given in Schedule 4.

Joint Office (or **JO**) has the meaning given in clause 7.1.1.

Loss means any loss howsoever described or characterised and whenever and however arising (including loss of profit, loss of revenue, loss of use, loss of contract, loss of goodwill, and indirect and consequential loss, including economic loss), cost (including any cost of enforcement), expense, payment, liability (including tax liability), claim, demand, damage, proceedings, penalty, fine, fee, rates, levy, charge, royalty, interest, insurance premium, call, judgment, order or other sanction or amount payable and the amount by which any right or entitlement to an amount has been reduced as a result of the matter in question.

Modification Panel has the meaning given in the Modification Rules.

Modification Rules has the meaning given in the Uniform Network Code.

National Gas means National Gas Transmission plc (company number 2006000).

National Transmission System (or **NTS**) has the meaning given in the Uniform Network Code.

Network means a Distribution Network or the NTS as listed in Column 1 of Schedule 3.

Network Code Modification Procedures means the procedures in the Modification Rules for the modification of the Uniform Network Code and each Individual Network Code.

Network Ownership has the meaning given in clause 9.1.2.

Offtake Arrangements Document has the meaning given in the Uniform Network Code.

Panel Chair has the meaning given in clause 8.1.2.

Parties means the companies listed in Schedule 1, as amended pursuant to clause 2 (excluding for the avoidance of doubt the Company).

Payment on Account has the meaning given in clause 9.3.1.

Quarter Period means each period of three calendar months commencing on the 1st day of January, April, July and October.

Relevant Contract has the meaning given in Schedule 11.

Relevant Gas Transporter means a person holding a Transporter's Licence in which Standard Special Condition A12 is effective.

Representative means each representative appointed under clause 6.2.1 (and Schedule 3) and shall include any proxies.

Request for Information a request for Information or an apparent request under the Code of Practice on Access to Government Information or the Environmental Information Regulations.

Resource Plan means the resource plan established under clause 8.1.

REC means the Retail Energy Code as amended from time to time.

SEC means the Smart Energy Code as amended from time to time.

Secundee has the meaning given in Schedule 11.

Secondment has the meaning given in Schedule 11.

Secondment Terms means the secondment terms set out in Schedule 11.

Secretary has the meaning given in clause 7.3.1.

Staff means the Secundees and the directors, officers, employees, consultants, contractors and agents of the Company.

Staff Remuneration means all payments constituting the total remuneration of the Staff under this Agreement, including the costs set out in Schedule 10.

Transitional Period means the period commencing on the Agreement Date and ending immediately prior to the Go-Live Date.

Transporter's Licence means a licence granted under Section 7 of the Act.

UNC Committee has the meaning given in the Uniform Network Code.

Uniform Network Code means the uniform network code issued from time to time by the Parties in accordance with the terms of each of their Transporter's Licences.

Working Day means any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday within the meaning of the Banking and Financial Dealings Act 1971.

1.2 Interpretation

In this Agreement:

- (a) the list of contents and headings are for ease of reference only and shall not be taken into account in construing this Agreement;
- (b) references to this Agreement or any other document shall be construed as references to this Agreement or that other document, as amended, varied, novated supplemented or replaced from time to time;
- (c) unless otherwise stated, references to any recital, Clause, Paragraph or Schedule are to those contained in this Agreement and all Schedules and Annexes to this Agreement are an integral part of this Agreement;
- (d) the expression this Clause shall, unless followed by reference to a specific provision, be deemed to refer to the whole clause (not merely the sub-clause, paragraph or other provision) in which the expression occurs;
- (e) references to a Party are references to a party to this Agreement including that party's successors in title and assigns or transferees permitted in accordance with the terms of this Agreement;
- (f) references to a **person** (or to a word importing a person) shall be construed so as to include that person's successors in title and assigns or transferees; and references to a **person** shall also be construed as including an individual, firm, partnership, trust, joint venture, company corporate, body corporate, unincorporated body, association, organisation, any government, or state or any agency of a government or state, or any local or municipal authority or other governmental body (whether or not in each case having separate legal personality);
- (g) the words **include, including and in particular** shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words;
- (h) the words **other** and **otherwise** shall not be construed ejusdem generis with any foregoing words where a wider construction is possible;
- (i) **in writing** means any communication made by letter or fax or, where the Parties and the Company agree, electronic mail;
- (j) where a word or expression is defined, cognate words and expressions shall be construed accordingly;
- (k) references to **amendment** include changes, alteration and modification;

- (l) references to an **agreed form** of a document means the document initialled by the Parties and the Company;
- (m) references to **Standard Special Condition** are to a standard special condition of each Party's Transporter's Licence; and
- (n) references to a **contractor** includes a sub-contractor.

2. ACCESSION AND EXIT ARRANGEMENTS

2.1 Accession

- 2.1.1 The Parties and the Company shall admit any person who becomes a Relevant Gas Transporter after the Agreement Date (an **Additional Party**) as an additional party to this Agreement.
- 2.1.2 Each Party (other than Cadent Gas) and the Company hereby irrevocably authorises Cadent Gas to sign on its behalf and deliver an Accession Agreement with an Additional Party and undertakes not to withdraw, qualify or revoke such authority.
- 2.1.3 On execution of an Accession Agreement between Cadent Gas and an Additional Party, the Additional Party shall become a Party to this Agreement and shall, as soon as possible thereafter, notify the Authority of its accession to this Agreement.

2.2 Exit

- 2.2.1 A Party who ceases to be a Relevant Gas Transporter shall, with effect from that date, cease to be a Party without prejudice to the rights and obligations of it and each of the other Parties and the Company accrued up to that date, which shall continue to be enforceable.
- 2.2.2 This clause 2.2 is without prejudice to the provisions of clause 27 (the Company).

3. COMMENCEMENT, DURATION AND TERMINATION

3.1 Commencement and duration

- 3.1.1 Except as provided in clause 3.1.3, this Agreement shall be effective from the Agreement Date, and shall continue in force until Standard Special Condition A12 ceases to have effect in all of the Parties' Transporter's Licences or (if sooner) on such date as may be agreed in writing by the Company and each of Parties in circumstances where the Go-Live Date has not occurred within twelve (12) months of the Agreement Date.
- 3.1.2 This Agreement shall continue, unless terminated earlier in accordance with clause 3.1.1, for three (3) years (the "**Initial Term**"). The term of the agreement shall automatically extend at the end of the Initial Term until this Agreement terminates in accordance with clause 3.1.1.
- 3.1.3 The Parties acknowledge and agree that, for the Transitional Period, the provisions of the Existing JGAA shall continue to apply without amendment in accordance with its terms, and accordingly the provisions of clauses 4, 5, 6 and 7 and Schedules 3, 4, 5, 6 and 7 of this Agreement shall only apply on and from the Go-Live Date. In the event of any conflict or inconsistency between the remaining provisions of this Agreement and the Existing JGAA with respect to the Transitional Period, the latter shall prevail.
- 3.1.4 Notwithstanding clause 3.1.3, the Committee established under the Existing JGAA shall be deemed to be established under this Agreement for the purposes of approval of the Resource Plan and Budget pursuant to clause 8.

3.2 Termination

- 3.2.1 The termination of this Agreement (for whatever reason) shall be without prejudice to the rights and remedies of any Party that have accrued up to the date of termination (including the obligation to pay, and right to receive payment of, any amounts that have become payable under this Agreement).
- 3.2.2 Any termination of this Agreement (for whatever reason) shall not affect the coming into force or the continuance in force of any provision of this Agreement which is expressly or by implication intended to come into force or continue in force on or after such termination, including clauses 3.2.3, 11, 17, 18, 22 and 25.
- 3.2.3 Following termination of this Agreement the Parties shall cooperate to facilitate an orderly winding up of the Company and its business and affairs and in relation to such winding up the following shall be Expenditure for the purpose of this Agreement:
- (a) the costs and expenses of such winding up;
 - (b) subject to Schedule 10, any redundancy costs reasonably and properly incurred by the Parties as a result of such winding up; and any other costs and expenses reasonably and properly incurred the Parties as a result of contracts being cancelled or expenditure that cannot be cancelled in connection with this agreement.

3.3 Existing JGAA

- 3.3.1 The Parties agree that, effective from the Go-Live Date, this Agreement shall replace and supersede the Existing JGAA which, from such date, shall cease to have any force and effect but without prejudice to any rights and obligations of the Parties which have accrued on or before such date and the coming into force or the continuance in force of any of its provisions which is expressly or by implication intended to come into force or continue in force on or after such date.

4. INITIAL OBLIGATIONS

4.1 Uniform Network Code

- 4.1.1 Each Party now agrees to adopt, or has already adopted, the Uniform Network Code, and each Additional Party upon execution of an Accession Agreement agrees to adopt the Uniform Network Code.
- 4.1.2 The Parties shall procure that a copy of the Uniform Network Code (and any amendments made to it) is submitted by the Secretary to the Authority in the form (or forms) required by the Authority and in accordance with the requirements of each Party's Transporter's Licence.

5. JOINT GOVERNANCE ARRANGEMENTS

5.1 Responsibilities

- 5.1.1 Each Party agrees with each other Party to implement:
- (a) the Network Code Modification Procedures;
 - (b) the Joint Matters;
 - (c) the REC matters;
 - (d) the SEC matters; and
 - (e) the DSC Committee matters,
- in accordance with the further provisions of this Agreement.

- 5.1.2 The Parties agree that:
- (a) Schedule 4 shall apply to the Network Code Modification Procedures;
 - (b) Schedule 5 shall apply to the Joint Matters; and
 - (c) Schedule 6 shall apply to:
 - (i) the REC matters;
 - (ii) the SEC matters; and
 - (iii) the DSC Committee matters.

5.2 Implementation

- 5.2.1 For the purpose of the Joint Governance Arrangements, the Parties shall:
- (a) establish a committee of representatives in accordance with clause 6; and
 - (b) establish a joint office in accordance with clause 7.

5.3 Compliance with Licences

- 5.3.1 The Parties acknowledge that the ability of each Party to comply with the conditions of the Transporter's Licence applicable to this Agreement is, or may be, dependent on each of the other Parties complying with their obligations under this Agreement.
- 5.3.2 Within the scope of this Agreement, each Party undertakes not to cause (by its act or omission) any other Party to be in breach of its Transporter's Licence.
- 5.3.3 No Party shall be required under this Agreement to do, or refrain from doing, anything that will or is likely to result in breach by that Party of its Transporter's Licence and any provision of this Agreement which, after the Agreement Date, is in conflict with the Transporter's Licence shall be treated as an invalid provision to which clause 17 shall apply.
- 5.3.4 The Parties agree that the terms of this Agreement are such as are calculated to:
- (a) promote administrative efficiency in the matters to which this Agreement relates; and
 - (b) avoid undue discrimination or preference as between them.
- 5.3.5 The Parties acknowledge that the Company is performing its functions and activities on behalf of the Parties collectively, on a not-for-profit basis. Accordingly, to the extent permitted by law, the Parties accept that these functions and activities are provided or made available to the Parties without any representations or warranties of any kind, express or implied. To the fullest extent permitted by law, any warranties, representations, conditions and other term whether express or implied by statute, common law or otherwise are hereby excluded.
- 5.3.6 The Parties agree that, notwithstanding clause 16.4 (Rights and remedies cumulative), the sole and exclusive remedy for each Party in respect of a complaint regarding the non-performance, poor performance or delay by the Company in performing its functions and activities is to refer such complaint to the Dispute Resolution procedure at clause 21.

6. THE COMMITTEE

6.1 Establishment of the Committee

- 6.1.1 The Parties shall establish a permanent committee to undertake the functions set out in clause 6.4.1 (**Committee**).
- 6.1.2 The Committee shall comprise:
- (a) the Representatives; and
 - (b) the Chair, and shall be supported administratively by the Joint Office and the Secretary.
- 6.1.3 Notwithstanding the absence of the Chair or one or more Representative from the Committee from time to time the Committee shall continue to, and shall, carry out its functions under this Agreement and shall be capable of making valid decisions under clause 6.5.4.

6.2 **Representatives**

- 6.2.1 Subject to Clause 6.2.4, Representatives shall be appointed to the Committee in accordance with Schedule 3.
- 6.2.2 The appointing Party (or Parties) may remove and reappoint its (or their) Representative, and shall give notice to the other Parties of any such removal and reappointment.
- 6.2.3 It is expected that each Representative shall represent, and inform the Committee of, the views of the Party (or Parties) appointing it, in relation to the Joint Governance Arrangements.
- 6.2.4 Each Representative appointed under clause 6.2.1 shall be:
- (a) an employee or a contractor of a Party appointing it;
 - (b) suitably senior to act in the capacity of a representative of that Party (or Parties);
 - (c) automatically removed (including in its capacity as Chair) on the date that its appointing Party (or Parties) ceases to be a Party under clause 2.2, and shall not be appointed as a Staff member.
- 6.2.5 A Party (or Parties) appointing a Representative shall give notice to each of the other Parties of such appointment.
- 6.2.6 A Party (or, as the case may be, Parties) shall give each of the other Parties prior notice of its (or their) Representative ceasing to comply with clauses 6.2.4(a) and 6.2.4(b), and shall as soon as practicable thereafter appoint a replacement under clause 6.2.1.
- 6.2.7 All Representatives from time to time appointed to the Committee shall rank equally with each other in seniority for the purposes of this Agreement.
- 6.2.8 Representatives shall not be, and shall not be deemed to be, employees or contractors of the Committee or the Joint Office or the Parties jointly, and the Parties shall make their Representatives aware of this prior to appointing them under clause 6.2.1.
- 6.2.9 Representatives appointed under this Agreement shall not, merely as a result of that appointment, be considered to be representatives or members of the Modification Panel.

6.3 **Chair**

- 6.3.1 The Parties shall, in accordance with this Clause, appoint (and, as the case may be, reappoint) one of the Representatives to be chair of the Committee (**Chair**).
- 6.3.2 The following shall apply to the appointment of a Representative as Chair under clause 6.3.1:
- (a) the term of appointment shall be one (1) year (from the date of appointment);
 - (b) the entitlement shall rotate between the Representatives in the alphabetical order of their company names, commencing with the first appointment, and thereafter, either upon expiry of the existing Chair's term or when a vacancy arises; and
 - (c) if a vacancy arises (for whatever reason) during a term of the existing Chair's appointment, the Party who appointed the outgoing Chair may appoint a replacement Chair, for the remainder of that term of appointment.
- 6.3.3 For the duration that the Parties fail to appoint a new Chair under clause 6.3.1, the existing Chair shall continue to be Chair.
- 6.3.4 The Chair shall not have a second or casting vote at Committee meetings.
- 6.3.5 The Chair shall chair meetings of the Committee and shall have such other functions (if any) as the Committee may decide.

6.4 **Functions of the Committee**

- 6.4.1 Subject to clause 6.4.2, the functions of the Committee shall include:
- (a) the supervision and monitoring of the Joint Governance Arrangements;
 - (b) the supervision of the Joint Office and the Chief Executive;
 - (c) the preparation and development of the Resource Plan in accordance with clause 8.1;
 - (d) the preparation, revision and development of the Budget in accordance with clause 8.2;
 - (e) the review and approval of Expenditure; and
 - (f) any other functions that the Parties agree from time to time.
- 6.4.2 Except as otherwise provided in this Agreement:
- (a) the Committee; and
 - (b) any Representative (by virtue only of being a Representative), shall have no ability to determine any matter, no competence to discharge any function or to exercise any power, and no power or authority to bind any Party, other than by virtue of the effect of any decisions of the Committee in relation to matters within the scope of its functions.

6.5 **Meetings, Decisions and Processes of the Committee**

- 6.5.1 All necessary internal processes governing the conduct and functions of the Committee and the frequency and processes relating to its meetings shall be established, and from time to time, developed, by the Committee and circulated to the Parties.
- 6.5.2 Meetings of the Committee shall be held at least once in each calendar quarter. Any Party may, via its Representative, call a meeting of the Committee on not less than ten (10) Working Days' notice.

- 6.5.3 Meetings of the Committee shall:
- (a) provide a forum for discussion and dissemination of the views of the Parties; and
 - (b) subject to this clause 6, provide a forum for joint decision making of the Parties.
- 6.5.4 Decisions of the Committee shall be made by the affirmative vote of all Representatives present at a validly called meeting of the Committee at which at least three (3) Representatives are present (and references to the unanimous decision of the Committee shall be construed accordingly).
- 6.5.5 In respect of any matter in relation to which a unanimous decision is not reached by the Committee, unless the Committee decides to defer further consideration of that matter to a later meeting:
- (a) any Representative may (by notice to each other Party) and if it does so, each Representative shall, refer the matter to a director of the Party (or Parties, as the case may be) appointing it, for determination, in which case the nominated directors shall meet to consider the matter; and
 - (b) if a unanimous decision is not reached by those directors within ten (10) Working Days after such notice, any Party may refer the matter to the Authority under clause 21.
- 6.5.6 The Parties shall ensure that minutes of the Committee's meetings and records of its proceedings are kept and made available to each Representative and each Party.

7. **JOINT OFFICE**

7.1 **Composition**

- 7.1.1 On and from the Go-Live Date, the Parties shall establish through the Company a joint office (**Joint Office**).
- 7.1.2 The Company and the Committee shall from time to time agree the services to be provided by the Company and such services shall be recorded in writing.
- 7.1.3 The articles of association of the Company shall be in the form set out in Schedule 12 (as amended or replaced from time to time in accordance with the provisions of this Agreement and such articles of association) (**Articles**).
- 7.1.4 If there is any inconsistency between the provisions of this agreement and the Articles the provisions of this agreement shall prevail and each Party shall, when necessary, exercise all its voting rights and powers and rights in relation to the Company to amend, waive or suspend the conflicting provision of the articles of association to the extent necessary to remove such inconsistency.

7.2 **Chief Executive**

- 7.2.1 The Company shall appoint, and replace from time to time, a chief executive of the Joint Office (**Chief Executive**). The nominated Chief Executive shall be subject to the prior approval of the Committee.
- 7.2.2 The Chief Executive may be an employee of the Company or a Seconded as provided in clause 7.4.
- 7.2.3 Subject to clause 7.2.4, the Chief Executive:
- (a) shall have the authority and responsibility to undertake the functions delegated to them by the Company, without further approval of the Committee or the Parties;

(b) shall, together with the Staff of the Company, carry out the functions imposed on or delegated to them pursuant to this Agreement; and

(c) may, subject to Schedule 7, delegate the performance of their functions.

7.2.4 At any time, the Company may, in relation to any function which is delegated to the Chief Executive, withdraw from them the authority and responsibility to undertake that function.

7.2.5 The Chief Executive's authority and responsibility shall be subject to the limitations set out in Schedule 7, or as otherwise prescribed by the Company from time to time.

7.3 **Secretary**

7.3.1 In accordance with any rules that the Committee may determine:

(a) one of the Staff shall be appointed as the secretary (**Secretary**) of the Committee; and

(b) the Secretary may be removed and re-appointed.

7.3.2 For the duration that the Parties fail to appoint a new Secretary under clause 7.3.1, the existing Secretary shall, if that person is willing to act, continue to be Secretary.

7.4 **Secondees**

7.4.1 Joint Office personnel may be either directly employed by the Company or may be seconded to the Company by the Parties. In the case of secondment those people so seconded to the Company are referred to in this Agreement as Secondees. The Company shall only take on employees in accordance with the Resource Plan.

7.4.2 In the case of secondment, Secondees may be appointed to the Joint Office (and, as the case may be, removed) by a Party, by way of secondment and if so appointed then in accordance with:

(a) the Resource Plan; and

(b) the Secondment Terms.

7.4.3 Secondees shall not be, and shall not be deemed to be, employees or contractors of the Joint Office, the Company or the Committee. The Parties shall ensure that their Secondees are aware of this prior to appointing them under clause 7.4.1.

7.5 **Role of the Joint Office**

7.5.1 The functions of the Joint Office shall include:

(a) the functions attributed to the Code Administrator in the Uniform Network Code Modification Procedures and the Code Administration Code of Practice;

(b) the functions relating to the implementation and administration of the Network Code Modification Procedures as set out in, or determined pursuant to, Schedule 4;

(c) the functions relating to the Joint Matters as set out in, or determined pursuant to, Schedule 5;

(d) the provision of facilities, resources and other support as may be required in the discharge of their functions by the Committee, the Modification Panel and the UNC Committee (including any sub-committee of the UNC Committee);

- (e) the provision of secretarial and administrative services in connection with meetings of the Committee, the Modification Panel and the UNC Committee (or any subcommittee of the UNC Committee);
- (f) the provision of a copy of this Agreement, from time to time, to the Authority;
- (g) the provision of a copy of, and any modification made to, the Uniform Network Code to the Authority and any other person in the manner required under each Party's Transporter's Licence;
- (h) the preparation and publishing of a summary of the Uniform Network Code; and
- (i) any other functions that the Committee agrees from time to time, under the direction and supervision of the Committee.

7.5.2 Except as expressly otherwise provided in this Agreement or as provided by law or regulatory requirements, the Company shall have no ability in relation to a Party to determine any matter, no competence to discharge any function or to exercise any power and no power or authority to bind any Party.

7.6 Processes of the Joint Office

7.6.1 The board of directors of the Company shall be responsible for the establishment and operations of the Company and in particular the conduct and obligations of the Joint Office on and from the Go-Live Date.

8. RESOURCES AND BUDGET

8.1 Resource Plan

8.1.1 In respect of each calendar year, a resource plan shall be prepared by the Company and delivered to the Committee by, unless agreed by the Committee, not later than 1st January of that calendar year:

- (a) in a form developed by the Company and approved by the Committee; and
- (b) which addresses the matters set out in clause 8.1.2 (the **Resource Plan**).

8.1.2 The Resource Plan:

- (a) shall include provision for:
 - (i) an independent Modification Panel chair (**Panel Chair**);
 - (ii) the manpower requirement for the Joint Office, including:
 - (aa) the aggregate number of Staff required;
 - (bb) the qualifications and/or experience of the Staff required; and
 - (cc) the number and type of Secondees to be provided by a Party (having regard to clause 8.3.1(a));
 - (iii) suitable facilities for business purposes, including:
 - (aa) secure office space to which controlled access is installed;
 - (bb) meeting rooms and conference facilities; and
 - (cc) secure file storage facilities;

- (iv) office equipment necessary for the Joint Office workplace, including telephones and other communication devices, computer workstations and office furniture;
 - (v) any applications developed for internal or external business purposes, including business software; and
 - (vi) the costs and expenses of the Company, including working capital reserves.
- (b) may provide for any item of resource to be provided by one, or more but not all, of the Parties only.
- 8.1.3 The Resource Plan shall be developed by the Committee, with assistance from the Chief Executive:
- (a) upon an Accession Agreement being executed pursuant to clause 2.1;
 - (b) upon a Party ceasing to become a Party under clause 2.2; and
 - (c) from time to time and at least quarterly as is necessary to ensure that the Joint Office is properly resourced and has access to sufficient resources to undertake its functions.

8.2 **Budget**

- 8.2.1 Not later than the Go-Live Date, a Budget shall be prepared by the Company and delivered to the Committee for agreement by the Committee. The Budget shall be in a form developed by the Company and approved by the Committee and shall set out:
- (a) the itemised maximum expenditure cap for each line item of resource to be provided;
 - (b) the itemised budget forecast expenditure for each line item of resource to be provided;
 - (c) the estimated aggregate funds required to implement the Resource Plan;
 - (d) the forecast costs and expenses of the Company including working capital reserves; and
 - (e) such other costs and expenses to be incurred or likely to be incurred by or on behalf of any of the Parties and the Company pursuant to this Agreement.
- 8.2.2 The Budget agreed under clause 8.2.1:
- (a) shall be revised annually by the Committee;
 - (b) shall be reviewed by the Committee every six (6) months; and
 - (c) may be developed and revised by the Committee from time to time.

8.3 **Provision by the Parties of Resources**

- 8.3.1 The Company shall, initially following its incorporation, be reliant upon the Parties to provide resources to the Company but the intention of the Company and the Parties is that the Company will establish its own resources and become less reliant upon resources provided by the Parties.
- 8.3.2 Without prejudice to clause 8.1.2(b), each Party:
- (a) may provide a reasonable proportion and range of Secondees required to be seconded to the Joint Office; and

(b) shall provide to the Joint Office the number and type of Staff identified to be provided by it (if any) in the Resource Plan.

8.3.3 Each Party shall provide to the Joint Office the other resources stipulated to be provided by it in the Resource Plan to the extent not established by the Company.

9. SHARING OF COSTS, EXPENSES ETC.

9.1 Funding obligation

9.1.1 Each Party (or Parties, as the case may be) appointing a representative shall bear the remuneration for its Representative(s).

9.1.2 Each Party shall be responsible for funding a proportion of the Aggregate Approved Expenditure equal to:

$$\frac{\text{Aggregate Approved Expenditure} \times \text{Network Ownership}}{\text{nine (9)}}$$

where: **Network Ownership** = number of Networks owned by that Party.

9.1.3 The allocation of funding between the Parties under clause 9.1.2 shall be reviewed from time to time on request by any Representative.

9.1.4 The Parties agree (for the avoidance of doubt) that, as at the Agreement Date, the Company has no income, other than from the Parties, all costs and expenses of the Company will be funded and reimbursed by the Parties (and in the proportions set out in clause 9.1.2).

9.2 Entitlement to recover

To the extent that a Party or the Company incurs Expenditure under this Agreement, its entitlement to recover that Expenditure from the other Parties shall be in accordance with this clause 9 and Schedule 9.

9.3 Payment and invoicing

9.3.1 The Company in relation to each Expenses Period shall send to each of the Parties not less than ten (10) Working Days before the commencement of that Expenses Period a statement setting out the Company's estimate of that Party's proportion (as set out in clause 9.1.2) of all Expenditure likely to be payable by the Company during that Expenses Period (excluding for the avoidance of doubt invoices from the Parties in respect of earlier Expenses Periods) (each sum payable by a Party under this clause being a **Payment on Account**).

9.3.2 The Company shall send an invoice (together with VAT) to each Party for the Payment on Account by no later than ten (10) Working Days before the commencement of that Expenses Period.

9.3.3 In respect of the third and each subsequent Expenses Period, the payment for any Expenses Period "n" shall be calculated in accordance with the following formula:

$NP_n = PoA_n - AE_{n-2}$

Where:

NP_n means the net payment due by a Party

(or
by the Company) in respect of Expenses Period n

PoA_n means the Payment on Account in respect of Expenses Period *n*.

AE_{n-2} means a Party's Approved Expenditure as set out in the Final Statement of Expenses in respect of Expenses Period *n-2*, as determined by the Committee under Schedule 9.

9.3.4 To the extent that:

- (a) AE_{n-2} is greater than PoA_n, then an amount equal to the difference shall be due and payable by the Company to that Party. A Party shall, in relation to each Expenses Period, send to the Company not less than ten (10) Working Days before the commencement of the next following Expenses Period an invoice for the payment.
- (b) AE_{n-2} is less than PoA_n, then an amount equal to the difference shall be due and payable by that Party. The Company shall, in relation to each Expenses Period, send to each of the Parties not less than ten (10) Working Days before the commencement of the next following Expenses Period an invoice for the payment.

9.3.5 Each Party shall pay any amount due under this Agreement to the Company within thirty (30) days of the amount being invoiced to it, save that the Company's invoice for the first Expenses Period shall be paid to the Company within fifteen (15) days of invoice. The Company shall pay any amount due under this agreement to a Party within the later of thirty (30) days of the amount being invoiced to it and the Company having sufficient funds (taking into account its obligations to pay costs and expenses to any person other than the Parties)

9.3.6 If any amount remains unpaid after the due date, the Company shall have the remedies set out in the Late Payment of Commercial Debts (Interest) Act 1998.

9.3.7 All payments due under this Agreement shall be made in pounds sterling, being the currency of the UK.

9.3.8 All payments by the Parties in respect of invoices of the Company shall be made without deduction, set off and counter claim. Payment of an invoice by a Party shall be without prejudice to the right of that Party to dispute such invoice and any dispute regarding invoices of the Company shall be resolved by the Parties and the Company in accordance with Schedule 9, Part C (Disputes) and clause 21 (Dispute Resolution).

9.3.9 Upon settlement or determination of a dispute raised under clause 9.3.8, any amount agreed or determined to be payable by the Party that withheld the amount (together with interest under clause 9.3.6) shall be paid by that Party within fourteen (14) days of such settlement or determination.

9.4 **Set-off**

9.4.1 For any sums payable under this Agreement the paying Party may first deduct any sums payable by the other Party, to it under this Agreement provided that it accompanies such payment with a statement of all reasonably necessary details of the set-off. This clause 9.4 does not apply to payments to the Company.

10. **INTELLECTUAL PROPERTY RIGHTS**

10.1 Save as expressly set out in this clause 10, nothing in this Agreement shall:

- (a) confer any Intellectual Property Rights on the Company, any Party, the Committee, the Representatives, the Panel Chair, the Joint Office or its Staff; or
- (b) assign any Intellectual Property Rights existing at the Agreement Date.

10.2 All Intellectual Property Rights (excluding any Intellectual Property Rights in any hardware or software) created by any of the Parties or the Company in pursuance of the Joint Governance Arrangements (**Joint IP**) shall be owned absolutely by the Company.

- 10.3 Each Party undertakes to the extent any Joint IP has been created by it, to procure, to the extent and where possible by law, unconditional and irrevocable waivers of any moral rights that exist in any country relating to such Joint IP.
- 10.4 Each Party shall execute any further documents and do all such acts as the other Parties may reasonably require to evidence, confirm or give full effect to clauses 10.2 and 10.3.
- 10.5 The Company hereby grants to each of the Parties a non-exclusive, royalty-free, licence to use the Joint IP in connection with the Joint Governance Arrangements (as amended, supplemented or replaced from time to time with the approval of the Authority) and the following provisions shall apply:
- (a) the licence granted to any Party shall automatically expire on the date that such Party shall cease to be a Relevant Gas Transporter;
 - (b) Each Party shall promptly notify the Company in writing giving full particulars if it becomes aware of any actual, suspected or threatened infringement of the Joint IP
 - (c) No Party may assign, transfer, mortgage, charge, sub-license, sub-contract, delegate, declare a trust over or deal in any other manner with any or all of its rights and obligations under this licence without the prior written consent of the Company.
- 10.6 Each Party shall ensure that in the performance of this Agreement it will not knowingly infringe and will not knowingly permit any infringement by its Representatives or Secondedees of any Intellectual Property Rights and, subject to a Party's total liability under clause 14.2, each Party (the "**Indemnifying Party**") shall indemnify each other Party and the Company (each an "**Indemnified Party**") from and against all actions, proceedings, Loss and damage whatsoever in any way arising as a result of or in connection with any alleged or actual infringement, of any third party's Intellectual Property Rights (an "**IPR Claim**").
- 10.7 **IP Indemnity and claims**
- 10.7.1 In the event of an IPR Claim, the Indemnified Party shall:
- (a) as soon as reasonably practicable, give written notice of the IPR Claim to the Indemnifying Party, specifying in reasonable detail the nature of the IPR Claim.
 - (b) allow the Indemnifying Party to conduct all negotiations and proceedings and will provide the Indemnifying Party with such reasonable assistance required by the Indemnifying Party, each at the Indemnifying Party's cost, regarding the IPR Claim; and
 - (c) not, without first consulting with the Indemnifying Party, make an admission relating to the IPR Claim.
- 10.7.2 The Indemnifying Party shall:
- (a) consider and defend the IPR Claim diligently using competent counsel and in such a way as not to bring the reputation of the other Parties or the Company into disrepute; and
 - (b) keep the other Parties and the Company reasonably informed of the progress of the IPR Claim and of any material developments in relation to the IPR Claim.
- 10.7.3 The Indemnifying Party shall not agree any compromise or settlement, or make any payment in relation to, an IPR Claim without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld or delayed.

11. **CONFIDENTIALITY**

11.1 **Duty of Confidentiality**

- 11.1.1 Save as provided by clause 11.2 each Party and the Company shall keep confidential and not disclose to any person any Confidential Information without the prior written consent of each other Party and the Company.
- 11.1.2 For the purposes of this clause 11, references to a **person** shall be construed as including an individual, firm, partnership, trust, joint venture, corporate body, unincorporated body, association, organisation or any governmental body (whether or not in each case having separate legal personality).

11.2 Permitted disclosures

- 11.2.1 A Party or the Company (the **Disclosing Party**) may disclose Confidential Information acquired by it under this Agreement without the prior written consent of each other Party if such disclosure is made:
- (a) for the purposes of this Agreement, to an officer, employee or servant (including any Representative or staff member) or Affiliate of the Disclosing Party;
 - (b) for the purposes of this Agreement, to the Panel Chair;
 - (c) for the purposes of this Agreement, to a professional adviser, contractor, consultant or agent of the Disclosing Party;
 - (d) to the extent that the Confidential Information has become publicly available or generally known to the public at the time of such disclosure otherwise than as a result of a breach of this clause 11; or
 - (e) when required to do so by law or by or pursuant to the rules or any order or decision of the Authority or any English or Scottish court, tribunal or agency of competent jurisdiction, and in any such case, in accordance with the requirement in clause 11.3.
- 11.2.2 A Disclosing Party shall ensure that the person to whom the Confidential Information is disclosed is aware of the Disclosing Party's obligations under clause 11.2.1 and does not use or disclose the Confidential Information other than as permitted by the Disclosing Party under clause 11.2.1 above.

11.3 Terms of permitted disclosure

Confidential Information shall not be used by any Party for any purpose other than the performance of this Agreement.

11.4 EIRs

- 11.4.1 The Parties acknowledge that each of the other Parties and the Company is subject to the requirements of the Environmental Information Regulations and shall assist and cooperate with each other to enable the other Party and the Company to comply with its Information disclosure obligations.
- 11.4.2 Each Party shall:
- (a) provide all necessary assistance and cooperation as reasonably requested by the other Party or the Company (the "**Requesting Party**") to enable the Requesting Party to comply with its obligations under the Environmental Information Regulations;
 - (b) provide the Requesting Party with a copy of all Information held on behalf of the Requesting Party which is requested in a Request For Information and which is in its possession or control in the form that the Requesting Party requires within five (5) Working Days (or such other period as the Requesting Party may reasonably specify) of the Requesting Party's request for such Information; and

- (c) not respond directly to a Request For Information addressed to the Requesting Party unless authorised in writing to do so by the Requesting Party.

11.4.3 Each Party acknowledges that the Requesting Party may be required under the EIRs to disclose Information (including Confidential Information) without consulting or obtaining consent from the other Parties. The Requesting Party shall take reasonable steps to notify the other Parties of a Request For Information (in accordance with the Secretary of State's section 45 Code of Practice on the Discharge of the Functions of Public Authorities under Part 1 of the FOIA) to the extent that it is permissible and reasonably practical for it to do so but (notwithstanding any other provision in this Agreement) the Requesting Party shall be responsible for determining in its absolute discretion whether any Confidential Information and/or any other information is exempt from disclosure in accordance with the Environmental Information Regulations.

11.5 Management Information

11.5.1 The Joint Office shall, during the term of this Agreement and for a period of seven years following the termination of this Agreement, maintain or cause to be maintained the following documents and records (**Records**):

- (a) invoices, VAT receipts and any supporting financial information; and
- (b) any other documents or records agreed between the Company and the Parties from time to time.

11.5.2 The Joint Office shall retain and maintain the Records:

- (a) in accordance with the requirements of good industry practice;
- (b) in complete and accurate form;
- (c) in chronological order; and
- (d) in a form that is capable of audit.

11.5.3 The Joint Office shall make the Records available for inspection to a Party on request, subject to the Party giving reasonable notice.

12. NO PARTNERSHIP

Nothing in this Agreement, and no action taken under this Agreement, shall create a partnership or establish a relationship of principal and agent between any of the Parties and/or the Company or otherwise authorise any Party or the Company to bind any other Party or the Company for any purpose.

13. CHANGES

13.1 This Agreement may only be amended:

- (a) with the prior written consent of each Party and the Company; and
- (b) with the Authority's consent (or deemed consent) in accordance with, and in the manner set out in, Standard Special Condition A12(3).

13.2 The Parties shall review this Agreement from time to time and in any event annually to decide at the next meeting of the Committee whether or not any changes are required to be made to this Agreement.

13.3 Upon:

- (a) a Party ceasing to become a Party to this Agreement; or
- (b) an Additional Party becoming a Party to this Agreement,

the details of the Parties in Schedule 1 shall be deemed to have been amended accordingly to reflect that cessation or accession event (as the case may be).

14. **LIABILITY AND INDEMNITY**

- 14.1 Subject to clause 14.2, no Party (nor any of its Representatives or staff) shall in any circumstances whatsoever and whether in contract, tort (including negligence and breach of statutory duty), statute, or otherwise howsoever be liable to any other Party (“**Claimant Party**”) for any Loss under or in connection with this Agreement, unless it causes, by breach of its obligations under this Agreement, the Claimant Party to be in breach of its Transporter’s Licence.
- 14.2 Subject to clause 14.5, each Party’s total liability to each other Party under or in connection with this Agreement whether in contract, tort (including negligence and breach of statutory duty), statute, or otherwise howsoever in any one calendar year shall not exceed £0.5million (half a million pounds sterling).
- 14.3 A Party’s total liability to the Company under this Agreement whether in contract, tort (including negligence and breach of statutory duty), statute, or otherwise howsoever shall be unlimited for any Loss relating to, or arising from that Party’s breach under or in connection with this Agreement whether in contract, non-contractual liability (including negligence and breach of statutory duty), statute, or otherwise howsoever and to the extent permitted by law, such Party shall indemnify and hold the Company harmless for any such Loss.
- 14.4 In no event will any Party be held jointly and/or severally liable for any actions of any other Party or all of the other Parties.
- 14.5 Subject to clause 14.6, the Company (and any of its Representatives or Staff) shall not in any circumstances whatsoever and whether in contract, tort (including negligence and breach of statutory duty), statute, or otherwise howsoever be liable to any Party in respect of any and all Loss arising under or in connection with this Agreement.
- 14.6 Notwithstanding any other provision in this Agreement, nothing in this Agreement shall exclude or limit the liability of any Party or the Company for:
 - (a) death or personal injury resulting from its negligence or the negligence of any of its representatives; or
 - (b) fraud or fraudulent misrepresentation by it or its employees; or
 - (c) breach of any obligation that may not be exclude or limited by law.

15. **VAT**

- 15.1 Unless otherwise stated, all amounts payable under this Agreement are exclusive of Value Added Tax or any similar tax or duties which shall be payable in addition at the rate (if any) from time to time properly chargeable.

16. **REMEDIES AND WAIVERS**

16.1 **No waiver or discharge**

- 16.1.1 No default by any Party or the Company in the performance of or compliance with any provision of this Agreement shall be waived or discharged except with the express written consent of each other Party and the Company. A waiver by a Party or the Company of a default by another Party (or the Company) will not prevent the first Party (or the Company) from subsequently requiring compliance with the waived obligation.

16.2 Saving for future waivers

16.2.1 No waiver by any Party or the Company of any default by another in the performance of or compliance with any of the provisions of this Agreement shall operate or be construed as a waiver of any other or further default whether of a like or different character.

16.3 Failure to exercise etc. not a waiver

16.3.1 No failure to exercise, nor delay or omission by any Party or the Company in exercising, any right, power or remedy conferred on it under this Agreement or provided by law shall except with the express written consent of that Party or the Company:

- (a) affect that right, power or remedy; or
- (b) operate as a waiver of it.

16.3.2 No single or partial exercise by any Party or the Company of any right, power or remedy shall prevent any further exercise of that right, power or remedy or the exercise of any other right, power or remedy.

16.4 Rights and remedies cumulative

16.4.1 The rights, powers and remedies conferred on the Parties and the Company by this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law or otherwise.

17. INVALIDITY

17.1 Effect of invalidity

17.1.1 If at any time any provision of this Agreement is found by any court or administrative body of competent jurisdiction to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect.

17.2 Modifications

17.2.1 If any provision of this Agreement is so found to be invalid, illegal or unenforceable but would be valid, legal or enforceable if some part of the provision were deleted, the provision in question shall apply with such modifications as may be necessary to make it valid, legal or enforceable.

17.3 Substitutions

17.3.1 The Parties and the Company agree, in the circumstances referred to in clause 17.1 and provided that clause 17.2 does not apply, to attempt to substitute for any invalid, illegal or unenforceable provision a valid, legal or enforceable provision which achieves to the greatest extent possible the same effect as would have been achieved by the invalid, illegal or unenforceable provision. The obligations of the Parties under any invalid, illegal or unenforceable provision of this Agreement shall be suspended whilst an attempt at such substitution is made.

18. THIRD PARTY RIGHTS

The Parties and the Company do not intend that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a Party.

19. ASSIGNMENT, TRANSFER AND AGENCY

- 19.1 Except as permitted by this clause 19, neither the Company nor any Party may assign, charge or otherwise encumber, create any trust over or deal in any other manner with this Agreement or any right, benefit or interest under it, or transfer any of its obligations under it.
- 19.2 A Party may assign or transfer the whole or any part of this Agreement or any right, benefit, interest or obligation under this Agreement to any person:
- (a) to which that Party has transferred part or all of its Transporter's Licence under Section 8AA of the Act; and
 - (b) who is a Relevant Gas Transporter;
 - (c) provided that the provisions of this clause 19.2 are without prejudice to clause 27 of this Agreement.
- 19.3 A Party may sub-contract all or any of its obligations under this Agreement provided that it shall be liable for the acts, defaults and negligence of its sub-contractor and personnel or agents of such sub-contractor as fully as if they were the acts, defaults or neglects of that Party.
- 19.4 Nothing in this Agreement shall prevent or restrict a Party from appointing another person to be the agent of the Party for the purposes of this Agreement and where a Party wishes to appoint an agent it shall give notice to each other Party specifying the identity of the proposed agent, the purposes in respect of which the agent is to be appointed and the date from which the appointment is to take effect.
- 19.5 Where a Party terminates the appointment of an agent it shall give notice to each other Party specifying the date from which the termination is to take effect.

20. **ENTIRE AGREEMENT**

20.1 **Entire Agreement**

- 20.1.1 This Agreement sets out the entire agreement between the Parties and the Company with respect to the subject matter contained in this Agreement.
- 20.1.2 No other term, express or implied, and no usage, custom or course of dealing forms part of or affects this Agreement.

20.2 **Representations and reliance**

- 20.2.1 The only claim, right or remedy available to a Party or the Company in respect of a representation expressly set out in this Agreement shall be damages for breach of contract.
- 20.2.2 Each Party and the Company agrees and acknowledges that in entering into this Agreement it does not rely on any representation not expressly set out in this Agreement of any nature made to it by any person (whether a Party, the Company or not). Each Party and the Company irrevocably waives all claims, rights and remedies in relation to any such representations made to it before entering into this Agreement.
- 20.2.3 This clause 20 does not exclude or restrict any liability or remedy for fraudulent misrepresentation or fraudulent concealment.

21. **DISPUTE RESOLUTION**

21.1 **Initial resolution**

- 21.1.1 Without prejudice to clause 6.5.5, if the Committee (acting through the Representatives), notwithstanding the use of reasonable endeavours to do so, is unable to resolve amicably a difference or dispute arising out of or in connection with this Agreement within thirty (30) days of such difference or dispute arising, then any

Party to that dispute may require such matter be referred to a director of each Party (or Parties, as the case may be) appointing a Representative for determination, in which case the Parties shall ensure that their nominated directors meet to seek to resolve the dispute or difference.

21.2 Referral to the Authority

21.2.1 The following may be referred by a Party to the Authority for determination:

- (a) any difference or dispute for which a Party is not satisfied with the outcome of a decision under clause 21.1; and
- (b) any matter which falls to be referred to the Authority under clause 6.5.5.

21.2.2 For the purposes of clause 21.2.1, any question arising as to whether a dispute or difference is one which falls within the jurisdiction of the Authority shall be determined by the Authority.

22. JURISDICTION

22.1 The Parties and the Company irrevocably agree that the English courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement.

22.2 Each Party and the Company irrevocably waives any objection to the English courts, whether on the grounds of venue, or on the grounds that the forum is not appropriate.

22.3 Any Party and the Company which is not a company incorporated under the Companies Act 1985 or 2006 shall provide to the other Parties an address in England or Wales for service of process on its behalf in any proceedings.

23. COUNTERPARTS

23.1 This Agreement may be executed in any number of counterparts, and by the Parties and the Company on separate counterparts. Each counterpart shall constitute an original of this Agreement, but together the counterparts shall constitute one document.

24. NOTICES

24.1 Service

24.1.1 Subject to clause 24.3, any notice or other communication to be given under this Agreement shall be in writing and shall be delivered by hand or sent by prepaid first class post, and shall be addressed to the Party at its registered office (marked for the attention of its Representative) for the time being or to such other address as a Party may have previously notified to the other Parties in writing as being its address for such purpose.

24.1.2 A notice to be given to the Committee under this Agreement shall also be served on each of the Representatives.

24.2 Receipt

24.2.1 For the purpose of clause 24.1.1, any notice or communication delivered by hand shall be deemed to have been received at the time of delivery, any notice or communication sent by post shall be deemed to have been received on the second Working Day (for inland mail) after the date of posting.

24.3 Electronic communication

24.3.1 Any notice or communication to be given under this Agreement may be made by electronic mail or other electronic means, if the Party (or the Company) to whom the

communication is sent (the **Receiving Party**) and the Party (or the Company) from whom the communication originates (the **Sending Party**):

- (a) notify each other of the address to which such electronic mail and/or any other information required to enable the sending and receipt of information by that means; and
- (b) notify each other of any change to their address or any other such information supplied by them.

24.3.2 Any electronic communication made between a Sending Party and a Receiving Party will be effective only when actually received by the Receiving Party in readable form.

25. **GOVERNING LAW**

This Agreement shall be governed by and construed in accordance with English law.

26. **DATA PROTECTION**

26.1 In this clause, the following definitions shall apply:

Applicable Laws means (for so long as and to the extent that they apply to the Company) the law of the European Union, the law of any member state of the European Union and/or Domestic UK Law; and **Domestic UK Law** means the UK Data Protection Legislation and any other law that applies in the UK.

Contact Data means the information listed as such in the table at clause 26.8.

Controller, Processor, Data Subject, Personal Data, Personal Data Breach, processing and appropriate technical and organisational measures: as defined in the Data Protection Legislation.

Data Protection Legislation: the UK Data Protection Legislation and any other European Union legislation relating to personal data and all other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of Personal Data (including, without limitation, the privacy of electronic communications); and the guidance and codes of practice issued by the relevant data protection or supervisory authority and applicable to a party.

Shared Personal Data: the personal data to be shared between the parties listed as such in the table at clause 26.8.

UK Data Protection Legislation: all applicable data protection and privacy legislation in force from time to time in the UK including the General Data Protection Regulation ((EU) 2016/679); the Data Protection Act 2018; the Privacy and Electronic Communications Directive 2002/58/EC (as updated by Directive 2009/136/EC) and the Privacy and Electronic Communications Regulations 2003 (SI 2003/2426) as amended.

26.2 Each of the Parties and the Company shall comply with all applicable requirements of the Data Protection Legislation. This clause 26.2 is in addition to, and does not relieve, remove or replace, a Party's obligations or rights under the Data Protection Legislation.

Contact Data

26.3 The Parties and the Company each acknowledge and agree that they may need to process Contact Data (in their respective capacities as controllers) in order to (as appropriate):

- (a) administer this Agreement;
- (b) provide the code administration services to the Parties;

- (c) compile, dispatch and manage payments relating to this Agreement;
- (d) manage the Agreement and resolve any disputes relating to it;
- (e) respond and/or raise general queries relating to this Agreement; and
- (f) comply with their respective regulatory obligations.

26.4 Each Party and the Company shall act as a Controller in respect of the Processing of the Personal Data on its own behalf and each Party shall be a Controller of the Personal Data acting individually and in common, as a Controller of:

- (a) its own Contact Data for internal business and administration purposes; and
- (b) the other Party's Contact Data in order to administer the Agreement.

26.5 Each Party and the Company shall process such Contact Data for the purposes set out in clause 26.3 above in accordance with their respective privacy policies.

26.6 The Parties and the Company acknowledge that they may be required to share Contact Data with other relevant parties, within or outside of the country of origin, in order to carry out the activities listed in clause 26.3, and in doing so each Party and the Company will ensure that the sharing and use of this Contact Data complies with applicable Data Protection Laws.

Shared Personal Data

26.7 Without prejudice to the generality of clause 26.2, each of the Parties shall:

- (a) ensure that it has all necessary notices and consents in place to enable lawful transfer of the Shared Personal Data to the Company and/or lawful collection of the Personal Data by the Company on behalf of the Party for the duration and purposes of this Agreement;
- (b) give full information to any Data Subject whose Personal Data may be processed under this agreement of the nature such Processing.

26.8 The subject matter and nature of the Processing under this Agreement are set out below:

Duration of the processing: For so long as the Company continues to provide its functions and activities to a Party.			
Category/ies of data subjects	Type of personal data	Yes / No	Permissible Use and Territory
Contact Data - Special category data	Information concerning special categories of data	No	N/A
Contact Data – personal data	Names Email address Telephone number Name of Business Occupation / Role twitter handle (optional) Postal Address	Yes	UK mainland only Use of the personal data by the Supplier is solely for the purposes of providing the functions and activities of the Company or for regulatory purposes.
Shared Personal Data Seconded employee – personal data	Names (employee, family member) Postal address (employee, family member) Date of birth (employee, family member) Email addresses (employee, family member), national insurance number, gender, occupation, ethnicity, religion.	Yes	For employee management purposes, including diversity monitoring purposes.

- 26.9 Without prejudice to the generality of clause 26.2, if the Parties (or any of them) acting as a Controller or as joint Controllers (as the case may be), appoint the Company as a Processor, the Company shall, in relation to any Personal Data processed in connection with the performance by the Company of its obligations under this Agreement:
- 26.1.2 process that Personal Data only on the documented written instructions of the Parties unless the Company is required by Applicable Laws to otherwise process that Personal Data. Where the Company is relying on Applicable Laws as the basis for processing Personal Data, the Company shall promptly notify the Controller of this before performing the processing required by the Applicable Laws unless those Applicable Laws prohibit the Company from so notifying the Controller;
 - 26.1.3 ensure that all personnel who have access to and/or process Personal Data are obliged to keep the Personal Data confidential;
 - 26.1.4 ensure that it has in place appropriate technical and organisational measures, reviewed and approved by the Controller, to protect against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, Personal Data, appropriate to the harm that might result from the unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the data to be protected, having regard to the state of technological development and the cost of implementing any measures (those measures may include, where appropriate, pseudonymising and encrypting Personal Data, ensuring confidentiality, integrity, availability and resilience of its systems and services, ensuring that availability of and access to Personal Data can be restored in a timely manner after an incident, and regularly assessing and evaluating the effectiveness of the technical and organisational measures adopted by it);
 - 26.1.5 not transfer any Personal Data outside of the European Economic Area;
 - 26.1.6 assist the Controller, at the Controller's cost, in responding to any request from a Data Subject and in ensuring compliance with its obligations under the Data Protection Legislation with respect to security, breach notifications, impact assessments and consultations with supervisory authorities or regulators;
 - 26.1.7 notify the Controller without undue delay on becoming aware of a Personal Data Breach;
 - 26.1.8 at the written direction of the Controller, delete or return Personal Data and copies thereof to the Controller on termination of the agreement unless required by Applicable Law to store the Personal Data; and
 - 26.1.9 maintain complete and accurate records and information to demonstrate its compliance with this clause 26 and allow for audits by the Controller or the Controller's designated auditor and immediately inform the Controller if, in the opinion of the Company, an instruction infringes the Data Protection Legislation.
- 26.10 The Controller consents to the Company appointing the following party/ies as a third-party processor of Personal Data under this Agreement:

Identity of third party processor	Purpose
Cadent Gas Ltd	Providing back-office IT, finance and payroll services to the Company.

The Company confirms that it has entered or (as the case may be) will enter with the third-party processor into a written agreement substantially on that third party's standard terms of business or incorporating terms which are substantially similar to those set out in this clause 26 and in either case which the Supplier undertakes reflect and will continue to reflect the requirements of the Data Protection Legislation. As between the Controller and the Company, the Company

shall remain fully liable for all acts or omissions of any third-party processor appointed by it pursuant to this clause 26.10.

- 26.11 Each of the Parties shall indemnify the Company against all Loss suffered or incurred by the Company arising out of or in connection with the breach of the UK Data Protection Legislation by the Party, its employees or agents (a “**DP Claim**”), provided that the Company gives to the Party prompt notice of such DP Claim, full information about the circumstances giving rise to it, reasonable assistance in dealing with the DP Claim and sole authority to manage, defend and/or settle it.

27. **THE COMPANY**

The Parties agree and acknowledge that:

- 27.1 the Company is being established to act as the Joint Office from the Go-Live Date, and the Parties entered into a subscription agreement to give effect to establishing the Company;
- 27.2 each Party shall subscribe or acquire one (1) share in the share capital of the Company for each Network that is owned by that Party;
- 27.3 each Party shall be entitled to appoint such number of directors of the Company as is equal to the number of Representatives that they are entitled to appoint to the Committee (but without prejudice to the appointment of alternate directors in accordance with the Articles).
- 27.4 if at any time (and for so long as) a Party ceases to be the owner of a Network:
- 27.4.1 all shares owned by that Party shall cease to confer on the registered holder thereof the right to exercise any right to vote, to appoint (or revoke) directors or to participate in distributions of the Company; and
- 27.4.2 the Company may redeem such shares at nominal value;
- 27.5 no shares in the Company shall be allotted or issued to any person who is not then a Party to this agreement having entered into an Accession Agreement;
- 27.6 no Party shall transfer or otherwise dispose of or give any person any right in or over any shares in the capital of the Company except in accordance with the provisions of the articles of association of the Company;
- 27.7 each Party shall exercise all its voting rights and other powers of control lawfully available to it to procure that the provisions of this Agreement in so far as they relate to the Company are observed by the Company and given full force and effect.
- 27.8 The principles outlined in clauses 27.3 to 27.7 are set out in more detail in the Articles. The Articles may only be amended with the prior written consent of each Party and the Company.

28. **BRIBERY ACT AND MODERN SLAVERY ACT**

Each Party shall, and shall procure that its subcontractors, subsidiaries, directors, officers or (to the best of its knowledge or belief having made due and careful enquiry) agents and employees shall:

- 28.1 comply with all anti-bribery and corruption legislation in force from time to time (including but not limited to the Bribery Act 2010);
- 28.2 not engage in any transaction, trade or business, whether for its own benefit or for the benefit of another person, which is in direct or indirect breach of any economic sanctions laws or regulations or in a country or territory that is, or whose government is, the subject of sanctions; and

28.3 comply with all Applicable Laws, rules and codes in relation to slavery, servitude and forced or compulsory labour and human trafficking (together “**Modern Slavery**”) including but not limited to the Modern Slavery Act 2015.

Signed by the Parties or their duly authorised representatives

Signed by **Nick Hooper**

duly authorised for and

on behalf of

National Gas Transmission plc

Signed by **Howard Forster**

duly authorised for and

on behalf of

Cadent Gas Limited

Signed by **Mark Horsley**

duly authorised for and

on behalf of

Northern Gas Networks Limited

Signed by **Nicholas Robin Salmon**

duly authorised for and

on behalf of

Scotland Gas Networks plc

Signed by **Nicholas Robin Salmon**

duly authorised for and

on behalf of

Southern Gas Networks plc

Signed by **Neil Henson**

duly authorised for and

on behalf of

Wales & West Utilities Limited

Signed by **Stuart John Easterbrook**

duly authorised for and

on behalf of

Encodar Limited

SCHEDULE 1 – PARTIES

- Party Name: National Gas Transmission plc
- Company details: National Gas Transmission plc, registered in England with number 2006000 whose registered office is at National Grid House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA a corporation organised and existing under the laws of England.
- Party Name: Cadent Gas Limited
- Company details: Cadent Gas Limited, registered in England with number 10080864 whose registered office is at Pilot Way, Ansty, Coventry, United Kingdom, CV7 9JU a corporation organised and existing under the laws of England.
- Party Name: Northern Gas Networks Limited
- Company details: Northern Gas Networks Limited registered in England with number 5167070 whose registered office is at 1100 Century Way, Colton, Leeds LS15 8TU a corporation organised and existing under the laws of England.
- Party Name: Scotland Gas Networks plc
- Company details: Scotland Gas Networks plc registered in Scotland with number SC264065 whose registered office is at Axis House, 5 Lonehead Drive, Newbridge, Edinburgh EH28 8TG a corporation organised and existing under the laws of Scotland.
- Party Name: Southern Gas Networks plc
- Company details: Southern Gas Networks plc registered in England with number 05167021 whose registered office is at St Lawrence House, Station Approach, Horley RH6 9HJ a corporation organised and existing under the laws of England.
- Party Name: Wales & West Utilities Limited
- Company details: Wales & West Utilities Limited registered in England with number 5046791 whose registered office is at Wales & West House, Spooner Close, Celtic Springs, Coedkernew, Newport NP10 8FZ a corporation organised and existing under the laws of England.

SCHEDULE 2 – FORM OF ACCESSION AGREEMENT

THIS ACCESSION AGREEMENT is made on [] **Between**

- (1) National Gas Transmission plc (**National Gas**) a company registered under number 2006000 whose principal office is at National Grid House, Warwick Technology Park, Gallows Hill, Warwick CV34 6DA on its own behalf and on behalf of all the other parties to the Joint Governance Arrangement Agreement dated [] made between National Gas and the other Parties named therein, as amended and supplemented up to the date of this accession agreement (the **JGAA**); and
- (2) [].

Background

- (A) Under Clause 2.1 of the JGAA, the Parties agreed to admit any person who becomes a Relevant Gas Transporter after the date of signature of the JGAA as an additional party to the JGAA.
- (B) The Applicant is a Relevant Gas Transporter and now wishes to be admitted as an Additional Party to the JGAA.
- (C) National Gas is authorised under the JGAA to sign, on behalf of the Parties to the JGAA, this Accession Agreement with the Applicant.

It is agreed

1. In this Accession Agreement, words and expression defined in or for the purposes of the JGAA and not otherwise defined in this Accession Agreement shall have the meanings ascribed to them under the JGAA. Any capitalised terms used, but not defined, in this Accession Agreement or the JGAA shall have the meaning given to them in the Uniform Network Code.
2. National Gas (acting on its own behalf and pursuant to clause 2.1 of the JGAA on behalf of each of the other Parties to the JGAA) hereby admits the Applicant as an Additional Party to the JGAA on the terms and conditions of this Accession Agreement.
3. The Applicant hereby accepts its admission as a Party to the JGAA and undertakes with National Gas (acting on its own behalf and pursuant to clause 2.1 of the JGAA on behalf of each of the other Parties to the JGAA) to perform and to be bound by the JGAA as a Party as from the date of this Accession Agreement.
4. For all purposes in connection with the JGAA, with effect from the date of this Accession Agreement, the Applicant shall be treated as a signatory and a Party to the JGAA.
5. National Gas and the Applicant shall each, from time to time on being reasonably required to do so by the other and at the cost of the other, now or at any time in the future, do or procure the doing of all such acts and/or execute or procure the execution of all such documents in a form satisfactory to the other as the other may consider necessary for giving full effect to this Accession Agreement and securing to the other the full benefit of the rights, powers and remedies conferred upon the other in this Accession Agreement.
6. Each of the provisions of this Accession Agreement is severable. If any such provision is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, the legality, validity or enforceability in that jurisdiction of the remaining provisions of this Accession Agreement shall not in any way be affected or impaired as a result.

6. National Gas and the Additional Party do not intend that any term of this Accession Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to this Accession Agreement.
7. This Accession Agreement shall be governed by and construed in all respects in accordance with English law and it is irrevocably agreed that the courts of England are to have exclusive jurisdiction to settle any claim or matter arising in relation to this Accession Agreement.
8. This Accession Agreement may be executed in any number of counterparts and by National Gas and the Additional Party on separate counterparts. Each counterpart shall constitute an original of this Agreement, but together the counterparts shall constitute one document.

Signed by the parties to this Accession Agreement or their duly authorised representatives

Signed by []**)
duly authorised for)
and on behalf of)
National Gas Transmission plc)

Signed by []**)
duly authorised for)
and on behalf of)
[Applicant])

SCHEDULE 3 – REPRESENTATIVES

A. Entitlement to appoint Representatives

1. The Party (or if there is more than one Party, the Parties) who is (or are) the owner(s) for the time being of the Networks identified in Column 1 of the table below may appoint to the Committee the number of representatives stated in Column 2 of the table below:

Column 1 - Networks	Column 2 - Number of Representatives
NTS	One (1)
North of England	One (1)
Scotland and South of England	One (1)
Wales and West	One (1)
Eastern England, West Midlands, London, North West	One (1)

SCHEDULE 4 – NETWORK CODE MODIFICATION PROCEDURES

A. General

1. The provisions of this Schedule are the arrangements required to be made by the Parties for the administration of the Network Code Modification Procedures, pursuant to Standard Special Conditions A11 and A12(4) and A12(1)(a)(i) and the Code Administration Code of Practice.
2. The Parties agree that:
 - (a) each Representative may nominate one (1) of the five (5) representatives to be appointed (or as the case may be reappointed) by the transporters as transporters' representatives on the Modification Panel;
 - (b) For so long as the Parties remain responsible under the UNC for the appointment of the Panel Chair, the Representatives will propose to the Authority an individual to be, and undertake the role of, Panel Chair pursuant to the Modification Rules. If the Authority does not approve the Representatives' proposal, the Representatives will propose an alternative individual to be, and undertake the role of, Panel Chair pursuant to the Modification Rules; A Panel Chair shall be appointed in accordance with the document entitled "Appointment Process for an Independent Panel Chair" as published on the website of the Joint Office of Gas Transporters.
 - (d) the Joint Office Chief Executive will undertake the role of deputy chair of the Modification Panel pursuant to the Modification Rules;
 - (e) the Secretary (with the support of the Staff) shall be, and undertake the role of, the secretary to the Modification Panel pursuant to the Modification Rules;
 - (f) a decision as to the disapplication of the Modification Rules pursuant to paragraph 12.7 of the Modification Rules shall be made on a case by case basis by the Committee; and
 - (g) they shall jointly seek the consent of the Authority under Standard Special Condition A11(13)(b) for any proposed modification to the Uniform Network Code.
3. The Parties agree that the following functions arising pursuant to the Network Code Modification Procedures shall be delegated by the Committee to the Chief Executive:
 - (a) subject to clauses 7.2.4 and 7.2.5, and except as provided in Paragraph A2 above, the administration and implementation of the Joint Modification Rules Matters;
 - (b) preparation, publication (where required) and issue of such document pursuant to the Modification Rules as the Committee notifies to the Chief Executive, from time to time;
 - (c) procuring the provision of necessary legal resources pursuant to the processes agreed by the Committee; and
 - (d) determining when to seek a View from the Authority, and administering the process required for any such application to the Authority, under paragraph 12.8 of the Modification Rules.

B. Development of process

1. The Chief Executive shall develop (and from time to time review and revise), for approval by the Committee, a process for the implementation and administration of the Network Code

Modification Procedures and the Joint Modification Rules Matters as is consistent with the Modification Rules.

C. Implementation of process

1. The processes developed under Paragraph B1 shall be implemented and administered by the Joint Office.

D. Definitions

1. In this Schedule 4, the following definitions have the meaning given in the Uniform Network Code:
 - (a) Modification Rules;
 - (b) Modification Panel; and
 - (c) View.
2. In this Schedule 4, **Joint Modification Rules Matters** means those matters under the Modification Rules which are, or are required to be, undertaken by the Parties on a joint basis.

SCHEDULE 5 – UNIFORM NETWORK CODE JOINT MATTERS

1. GENERAL

1.1 Introduction

1.1.1 The provisions of this Schedule 5 are the arrangements made by the Parties pursuant to Standard Special Condition A12(1)(a)(iii).

1.1.2 In this Schedule:

(a) **Joint Matters** means matters which the Code provides to be implemented by the Parties on a common, joint or collective basis; and

(b) **TPD** means Transportation Principal Document,

and unless otherwise defined in this Agreement, capitalised terms shall have the meaning given to them in the Code.

1.1.3 The Parties shall implement the Joint Matters (and the Committee shall take any decisions in respect of Joint Matters) in such manner as will ensure compliance by the Parties with the provisions of the Code and the requirements of their respective Transporter's Licence, and (so far as consistent therewith) in accordance with the further provisions of this Schedule 5.

1.2 Categorisation of Joint Matters

1.2.1 The Parties agree that Joint Matters can be considered as falling into the following categories (**Categories**), which are not intended to be mutually exclusive, of provisions of the Code (in each case, to the extent to which the Code provides for a common, joint or collective basis of implementation):

Category	Description of Matter
Administrative	Provisions of an administrative nature (including for the notification or publication of things determined by the Parties pursuant to other provisions)
Code Documents	Provisions for the preparation and publication of documents referred to in (and having effect for the purposes of) the Uniform Network Code, whether of a technical or other nature
Demand Estimation	Provisions related to short-term demand modelling under TPD Section H5
Liability Sharing	Requirements to determine and pay amounts to Users pursuant to Compensation Rules, or for Users to pay comparable amounts to the Parties
Invoicing	Provisions of TPD Section S relating to invoicing
Audit	Requirements related to the appointment of auditors in connection with Compensation Rules
Authority approvals / disapprovals	Provisions of the TPD under which the Transporters jointly apply to the Authority for approval or disapproval (as the case may be) under Standard Special Condition A11(18)

Agency Functions of the CDSP	Provisions relating to matters which the CDSP will perform as a Joint Matter
Modification Rules	Provisions of the Modification Rules
Offtake Arrangements	Provisions (if any) of the Offtake Arrangements Document under which the Parties are to act together
Miscellaneous	Provisions of the Code which do not fall into any of the above categories

1.2.2 The Chief Executive shall prepare, keep under review and from time to time revise, with the approval of the Committee, a statement of all Joint Matters (by reference to the relevant provisions of the Code), allocating each such matter to one of the above Categories on the most appropriate basis.

1.2.3 The allocation of Joint Matters to Categories shall be consistent with the Code, the DSC and the further provisions of this Schedule 5.

2. IMPLEMENTATION OF JOINT MATTERS

2.1 General

2.1.1 Unless the Parties otherwise decide, the implementation of Joint Matters within each Category shall be as provided in this Paragraph 2.

2.1.2 Where the implementation of any Joint Matter requires any contract or other commitment to be made with or to a third party (not including, for the avoidance of doubt, the CDSP or any User):

- (a) any of the Parties may (and the Chief Executive may designate one of the Parties which shall) enter into such contract or make such commitment on behalf of the Parties, subject to the prior consent of the Committee and any conditions it may impose as to the scope or value of that contract or commitment;
- (b) such Party shall perform and exercise its rights under such contract or commitment in accordance with (and so as to give effect to) the further provisions of this Paragraph 2;
- (c) the terms of such contract or commitment shall be such as are determined in accordance with the further provisions of this Paragraph 2;
- (d) the costs incurred by any Party or Parties pursuant to such contract or commitment shall be treated as (and allocated between the Parties as) Expenditure in accordance with Clause 9 and Schedule 9; and
- (e) the Parties shall bear, and each Party shall indemnify the Party entering into such contract or commitment in respect of, any liability incurred under or in connection with such contract or commitment, in the proportions in which Aggregate Approved Expenditure is allocated between the Parties in accordance with Clause 9 and Schedule 9.

2.1.3 Where:

- (a) a Joint Matter is not within a Category which (in accordance with Paragraph 2.5) is to be implemented in accordance with the DSC; but

- (b) the implementation of such Joint Matter requires any notice to be given to the CDSP and/or and other procedure or other step to be implemented or taken under the DSC, the Chief Executive shall secure that such notice is given or (as the case may be) such step or procedure initiated.

2.2 Administrative Joint Matters

Joint Matters within the Administrative Category shall be implemented by the Joint Office.

2.3 Uniform Network Code Documents

- 2.3.1 The preparation of documents within the Code Documents Category, and the revision from time to time of such documents, shall be a matter for (and decided by) the Committee, which may delegate such matter to (or obtain advice from) such technical or other experts as it shall decide.
- 2.3.2 Any Party may propose a revision to such a document by notice to each other Party, copied to the Secretary, setting out the proposed revision and the rationale for the proposal; and the Secretary shall ensure that the proposal is placed on the agenda for a meeting of the Committee.
- 2.3.3 Requirements for consultation in respect of, and the publication of, any such document shall be administered by the Joint Office.

2.4 Liability Sharing

Paragraph 3 shall apply in respect of Joint Matters within the Liability Sharing Category.

2.5 Joint Matters to be dealt with under the DSC

- 2.5.1 Joint Matters falling within any of the following Categories are implemented pursuant to and in accordance with the DSC:
 - (a) Invoicing; and
 - (b) Agency Functions of the CDSP.

2.6 Audit Provisions

- 2.6.1 The selection and appointment of persons pursuant to provisions within the Audit Category shall be a matter for (and decided by) the Committee.
- 2.6.2 The administration of the appointment of such persons (and the giving of any Code Communications in connection therewith) shall be implemented by the Joint Office.
- 2.6.3 For the avoidance of doubt the Audit Category will not include any provision for the appointment of a person which is a matter within the Agency Functions of the CDSP Category.

2.7 Authority Approval/Disapprovals

- 2.7.1 All applications to the Authority for a Condition A11(18) Approval or Condition A11(18) Disapproval (as the case may be) under the following sections of the Code shall be Joint Matters and shall be administered by the Joint Office:

Code Reference	
Defined Terms Listing	TPD Section Q4.2.6(e)
TD Part IIC1.2.1(c)	TPD Section Q4.3.1(e)
GT Section C2.7.4	TPD Section Q4.5.14
GT Section C2.8	TPD Section V9.1.2(c)
GT Section C2.8.1	TPD Section V9.1.3(a)
GT Section C2.8.1(b)	TPD Section V9.1.3(b)(ii)
GT Section C2.8.2(a)	TPD Section V9.2.1
GT Section C2.8.2(b)	TPD Section V9.3.1
GT Section C2.8.3(b)(ii)(1)	TPD Section V9.4.5(c)
GT Section C2.8.3(b)(ii)(2)	TPD Section V10.7.2(b)(ii)
GT Section C2.8.4	TPD Section V10.7.3(a)
GT Section C2.8.6	TPD Section V10.7.3(b)(ii)
GT Section C2.8.7	TPD Section V10.8.1
TPD Section B1.10	TPD Section V10.9
TPD Section D2.4.5	TPD Section Y1.3.2(j)
TPD Section F1.2.5(b)	TPD Section Y2.5.2(c)(ii)
TPD Section F4.5.3(a)(v)(2)	OAD Section A3.1.5(b)(ii)
TPD Section I1.5.2	OAD Section N3.3.1(d)
TPD Section I2.3.4(b)(ii)	OAD Section N8.5.2(b)
TPD Section J3.11.7(a)	EID Section A1.4.1
TPD Section J6.6.1	EID Section B1.6.1
TPD Section M5.3.3	IGTAD Section D2.1.3
TPD Section N3.1.8	IGTAD Section F7.5.2(b)

- 2.7.2 The Chief Executive shall keep under review and from time to time revise as appropriate, the list of sections of the Code in Paragraph 2.7.1.

2.8 Modification Rules

The administration of the Network Code Modification Procedures is provided for in Schedule 4.

2.9 Offtake Arrangements

The implementation of any Joint Matters under the Offtake Arrangements Document is provided for in the Offtake Arrangements Document.

2.10 Miscellaneous

2.10.1 In respect of any Joint Matters within the Miscellaneous Category, the Committee shall decide whether such matters shall be implemented:

- (a) by the Joint Office;
- (b) by decision of the Committee; or
- (c) otherwise,

and such matters shall be implemented accordingly.

3. LIABILITY SHARING

3.1 Uniform Network Code Provisions

3.1.1 In this Paragraph 3:

- (a) a **Joint Liability Provision** is a Compensation Rule (or other provision of the TPD) under which the Transporters collectively are liable to pay to or (as the case may be) entitled to receive any amount from a User or Users as a result of any failure (on the part of any Transporter(s) or User) to achieve a standard prescribed in the Code.

3.1.2 The **Liability Sharing Category** shall comprise all Joint Liability Provisions.

3.1.3 As at the Agreement Date the **Joint Liability Provisions** are as set out in the Annex to this Schedule 5.

3.2 Liability Sharing

3.2.1 The Parties agree that they will inter se be liable for or (as the case may be) entitled to amounts payable pursuant to the Joint Liability Provisions in accordance with the Liability Sharing Rules.

3.2.2 The **Liability Sharing Rules** are such revised rules as may from time to time be agreed by the Parties or as determined in accordance with Paragraph 3.2.3.

3.2.3 Where as a result of any modification of the Code:

- (a) there is or is to be any change in any of the Joint Liability Provisions as a result of which the allocation provided for in the Liability Sharing Rules is no longer appropriate; or
- (b) there is or is to be any new Joint Liability Provision,

the Committee shall decide upon an appropriate revision of or (as the case may be) addition to the Liability Sharing Rules, to provide for an allocation on the principles consistent with the principles reflected in the then current Liability Sharing Rules, and shall issue a revised version of Liability Sharing Rules which shall be effective from the effective date of the relevant Code Modification.

3.3 Implementation

3.3.1 The DSC provides for the implementation of:

- (a) the Joint Liability Provisions; and
- (b) Rules.

3.3.2 Each Transporter undertakes:

- (a) to provide to the CDSP such information as may be required in accordance with the DSC for such implementation under Paragraph 3.3.1; and
 - (b) to give such instructions to its Committee Representative(s) (as defined in the DSC) as are necessary to give effect to this Paragraph 3.
- 3.3.3 The Parties intend (as provided in the DSC) that the amounts for which they are liable to each User pursuant to Joint Liability Provisions in respect of any month will be credited to the User (by way of credit in respect of amounts payable by the User under an Invoice) in the proportions in which such amounts (or the aggregate of such amounts) are allocated between the Parties pursuant to the Liability Sharing Rules.
- 3.3.4 For the avoidance of doubt the obligations of the Parties between themselves (in relation to Joint Liability Provisions) shall be governed by this Paragraph 3 and not the DSC; and the Parties shall make any adjustment payments between themselves as may be necessary to give effect to this Paragraph 3 in the event of any failure in the implementation of this Paragraph 3 under the DSC.

APPENDIX (1) APPENDIX (TO SCHEDULE 5) – THE JOINT LIABILITY PROVISIONS AS AT THE AGREEMENT DATE

Code Reference	
Compensation Rule	Defined Terms Listing
	TD Part IIC4.2.3
	TD Part IIC4.3.3
	TPD Section G1.2.3
	TPD Section J3.11.8
	TPD Section V10.1.1(a)
	TPD Section V10.1.1(c)
	TPD Section V10.1.1(d)
	TPD Section V10.2.2
	TPD Section V10.2.3
	TPD Section V10.3.1
	TPD Section V10.3.2
	TPD Section V10.3.4
	TPD Section V10.3.5
	TPD Section V10.3.6
	TPD Section V10.3.6(a)
	TPD Section V10.4
	TPD Section V10.5(b)
Compensation Rules	TD Part IIC4
	TD Part IIC4.1.6
	TD Part IIC4.2.4
	TPD Section C1.6.5
	TPD Section G Annex G-2
	TPD Section G Annex G-2 paragraph 1.1.6
	TPD Section J3.5.10
	TPD Section M3.2.7
	TPD Section M7.2.5
	TPD Section V10.1.1(d)
	TPD Section V10.2.1
	TPD Section V10.2.2
	TPD Section V10.6.1
Liability	Defined Terms Listing
	TD Part IIC1.2.1(a)
	TD Part IIC1.2.1(b)
	TD Part IIC1.6.4(d)

	TD Part IIC1.7.13
	TD Part IIC2.1.12(d)
	TD Part IIC7.1.4(b)
	TD Part IIC3.3(a)
	TD Part IIC3.3(b)
	TD Part IIF1.5.4
	TD Part IIG2.2
	TD Part IV12.6.1
	TD Part IV12.6.2
	TD Part IV12.6.4
	Modification Rules 12.6.1
	Modification Rules 12.6.2
	Modification Rules 12.6.4
	Modification Rules 12.12.5
	GT Section B3.2.1
	GT Section B3.2.2
	GT Section C2.7
	GT Section C2.7.1
	GT Section C2.7.2
	GT Section C2.7.3
	GT Section C2.7.4
	GT Section D1.2.1(g)
	GT Section D3.7.2(b)
	GT Section D5.5.1(c)
	GT Section D Annex D-1 3.1.2
	TPD Section D2.1.5
	TPD Section E9.3.1(b)
	TPD Section E9.3.2
	TPD Section E9.3.2(a)
	TPD Section F1.4.7
	TPD Section G1.7.2(a)
	TPD Section G4.2.7(d)
	TPD Section G9.1.13
	TPD Section G Annex G-3 paragraph 1.1.3(b)
	TPD Section G Annex G-4 paragraph 3.3(a)
	TPD Section G Annex G-4 paragraph 3.3(b)
	TPD Section H5.2.8
	TPD Section I3.4.2

	TPD Section I3.6.4
	TPD Section J3.4.1(c)
	TPD Section J3.4.3
	TPD Section J3.6.1(a)
	TPD Section J3.7.5
	TPD Section J3.11.2(c)
	TPD Section J3.11.3(b)
	TPD Section J3.11.4(a)
	TPD Section J3.11.7(a)
	TPD Section J6.5.1(e)
	TPD Section J7.4
	TPD Section J7.4.3
	TPD Section K3.3.3
	TPD Section L4.3.4
	TPD Section M2.5.3(a)
	TPD Section M7.2.2
	TPD Section M7.2.3
	TPD Section M7.2.7
	TPD Section M7.2.7(a)
	TPD Section M7.2.7(b)
	TPD Section M7.2.7(c)
	TPD Section M7.2.7(d)
	TPD Section M7.2.8
	TPD Section M7.2.9
	TPD Section S1.1.7
	TPD Section S2.3.4
	TPD Section S2.3.5
	TPD Section S4.1.6
	TPD Section V3.2.1(c)
	TPD Section V4.3.10(b)
	TPD Section V8
	TPD Section V8.1
	TPD Section V8.1.1(a)
	TPD Section V8.1.1(a)(ii)
	TPD Section V8.1.1(b)(iii)
	TPD Section V8.1.3(a)
	TPD Section V8.1.3(b)
	TPD Section V8.1.5

	TPD Section V8.1.7
	TPD Section V8.2.5
	TPD Section V8.5
	TPD Section V8.5(a)
	TPD Section V8.5(b)
	TPD Section V9.3.2
	TPD Section V11.1.1
	TPD Section V16.2.3
	TPD Section V16.2.4
	TPD Section V16.3.4(b)
	TPD Section V16.4.1
	TPD Section X1.1.2
	TPD Section X1.2.7
	TPD Section X1.2.8
	TPD Section X1.3
	TPD Section X1.3.3
	TPD Section X1.3.4
	TPD Section X1.3.6
	TPD Section X1.3.8
	TPD Section X3.4.2
	EID Section A4.2.1(b)(ii)
	EID Section B1.6.8(c)
	EID Section C2.5.5
	IGTAD Section A3.4
	IGTAD Section E2.1.4
	IGTAD Section F1.1.1(d)
	IGTAD Section F6
	IGTAD Section F6.1
	IGTAD Section F6.1.1
	IGTAD Section F6.1.1(b)
	IGTAD Section F6.1.1(c)
	IGTAD Section F6.1.1(d)
	IGTAD Section F6.1.2
	IGTAD Section F6.1.3(a)
	IGTAD Section F6.1.3(b)
	IGTAD Section F6.1.4(d)
	IGTAD Section F6.1.5
	IGTAD Section F6.2.1

	IGTAD Section F6.3.3
Liabilities	TD Part IIA2.2
	TD Part IIA2.2(b)
	TD Part IIB6
	TD Part IIB6.1
	TD Part IIC6.12.5(b)
	TD Part IIF12.1.2
	TD Part III2.2
	TD Part III4.1
	GT Section B2.4.1
	GT Section B2.4.3
	GT Section B2.4.4
	GT Section B2.4.5
	GT Section B2.4.6
	TPD Section B8.11.5(b)
	TPD Section B8.2.1(b)
	TPD Section V8.2.5(b)(ii)
	TPD Section V13.4.1(a)
	OAD Section G3.6.5
	OAD Section N5.1.1(e)
	OAD Section N7.1.3(a)
	IGTAD Section F4.1.1(d)
	IGTAD Section F6.1.3(a)

SCHEDULE 6 - REC MATTERS, SEC MATTERS AND DSC COMMITTEE MATTERS

1. If no candidates are otherwise put forward for election to:-

- (a) any Sub-Committees of the REC Board (as defined in the REC); or
- (b) the Panel or the Change Board as Gas Network Party (as defined in the SEC),

then the Representatives will seek to ensure that candidates are put forward by the following Parties, and that they will nominate an alternative, as indicated in the table below:

Retail Energy Code (REC)					
Group	REC Change	REC Metering	REC Tech Panel	REC Issues Group	REC PAB
<i>Nomination Renewal dates as below</i>					
Starts:	Sept	Sept	Sept	Nov	Sept
2022/23	WWU	SGN	Cadent	WWU	NGN
2023/24	Cadent	NGN	WWU	NGN	SGN
2024/25	Cadent	NGN	WWU	SGN	WWU
2025/26	NGN	Cadent	SGN	NGN	Cadent
2026/27	NGN	Cadent	SGN	Cadent	NGN
2027/28	SGN	NGN	WWU	SGN	SGN
2028/29	SGN	NGN	WWU	Cadent	WWU

Please note that REC alternates are not listed.

Smart Energy Code (SEC)				
Meets:	Every 2nd Friday		2nd to last Wednesday	
	Panel	Alternate	SECCB	Alternate
	Starts - Oct		Starts - Feb	
2022/23	NGN	Cadent	Cadent	SGN
2023/24	Cadent	WWU	Cadent	SGN
2024/25	Cadent	WWU	WWU	NGN
2025/26	WWU	SGN	WWU	NGN
2026/27	WWU	SGN	NGN	Cadent

2027/28	SGN	NGN	NGN	Cadent
2028/29	SGN	NGN	SGN	WWU

2. Any candidate elected as a Gas Network Party will be expected to represent the views of all Parties, and Representatives will ensure Members are made aware of this expectation.
3. The DNO representative to be appointed to a DSC Committee by each of the Larger DN Operators and the Smaller DN Operators shall be appointed by the following Parties:

	Larger DN Operator	Smaller DN Operator
Contract Management Committee	SGN	NGN
Change Management Committee	CGL	WWU

4. Changes to the process for the appointment of any DN candidate or representative under this Schedule 6 may be made by the unanimous decision of the Committee.

SCHEDULE 7 – CHIEF EXECUTIVE

A. General

1. This Schedule applies to the individual from time to time appointed by the Company to be the Chief Executive.

B. The authority and responsibility of the Chief Executive

1. Except as otherwise provided in this Agreement, the Chief Executive:
 - (a) shall manage the Joint Office and do anything that is requisite for the management and conduct of the Joint Office;
 - (b) shall engage with the Panel Chair and ensure he/she is appropriately equipped to deal with the role;
 - (c) may delegate (in writing) any of the functions imposed on, or delegated to, them pursuant to this Agreement to a member of Staff or employee of the Company whose position and authority is appropriate to such delegation;
 - (d) may, on behalf of the Parties and with their consent (received via the Committee), subject to Schedule 11, enter into and terminate Secondment contracts;
 - (e) shall not:
 - (i) secure any resource which is not authorised by the Committee pursuant to the Resource Plan;
 - (ii) incur any expenditure (whether or not on behalf of a Party or Parties) in the management of the Joint Office, except expenditure authorised by the Committee pursuant to the Budget;
 - (iii) enter into a Secondment contract otherwise than in accordance with Schedule 11; or
 - (iv) commence any litigation or arbitration on behalf of the Parties (or their Representatives).
2. The Chief Executive shall undertake their functions:
 - (a) in a manner best calculated to promote efficiency; and
 - (b) in compliance with the Transporter's Licence and all applicable legal requirements.

C. Removal of the Chief Executive

1. The removal of the Chief Executive by the Company shall be justified:
 - (a) if the Chief Executive has acted materially or persistently outside the scope of their authority and responsibility under this Agreement; or
 - (b) if the Chief Executive has failed to undertake their functions to the requisite standard
2. This paragraph is without prejudice to the terms and conditions of employment of the Chief Executive and is not intended to amend or replace those terms and conditions or to place any limitation or restriction of the rights of the Chief Executive, or he employer..

SCHEDULE 8 – NOT USED

SCHEDULE 9 – RECOVERY OF EXPENDITURE

A. General Principles

1. The Committee shall, in accordance with the principles and processes set out in this Schedule, be responsible for deciding, and may decide, whether or not to approve any Expenditure in whole or in part in respect of each Expenses Period.
2. The principles and processes set out in this Schedule seek to ensure that:
 - 2.1 each Party can recover its Expenditure under this Agreement;
 - 2.2 each Party shall neither gain nor lose by reason of its Expenditure under this agreement and
 - 2.3 the Company shall be reimbursed for all Expenditure incurred by the Company and shall not contribute to the Expenditure of the Parties.
3. Notwithstanding Paragraph A2 above, remuneration of Representatives shall be paid in accordance with clause 9.1.1.
4. Payments and liabilities of any of the Parties paid or payable by any of the Parties under any of the indemnities contained in this Agreement shall not comprise Expenditure.

B. Cost Sharing

1. The Company shall:
 - 1.1 submit an expenses claim to the Committee not later than thirty (30) days prior to the start of each Expenses Period; and
 - 1.2 each Party seeking to recover its Expenditure shall submit an expenses claim to the Committee within one (1) month of the end of each Expenses Period:
 - (a) setting out the details of its Expenditure (net of VAT) during that Expenses Period; and
 - (b) together with such reasonable supporting evidence as the Committee may require,
(each, an **Expenses Claim**).
2. On receipt of the Expenses Claims of the Parties and the Company, the Committee shall, within fourteen (14) days prepare and circulate to the Parties and the Company a statement setting out for the relevant Expenses Period its determination of:
 - (a) the budgeted expenditure under the Resource Plan;
 - (b) the Expenditure of each Party and the Company;
 - (c) the aggregate Expenditure of the Parties and the Company;
 - (d) Approved Expenditure for each Party;
 - (e) the Expenditure of the Company;
 - (f) the aggregate of the Approved Expenditure of the Parties in the previous Expenses Period and the projected Expenditure of the Company in the next following Expenses Period (**Aggregate Approved Expenditure**);
 - (g) taxes or duties chargeable, if any;

- (h) the amount of the Aggregate Approved Expenditure recoverable by each of the Parties and the Company;
- (i) the proportion of the Aggregate Approved Expenditure payable by each Party in accordance with clause 9.1.2 (before taking into account any Payment on Account to be made by each Party in respect of the next following Expenses Period);
- (j) the proportion of the Aggregate Approved Expenditure payable by each Party in accordance with Clause 9.1.2 less any Payment on Account to be made by that Party in respect of that Expenses Period, calculated in accordance with clause 9.3.
- (k) any other information the Committee, in its reasonable discretion, considers relevant,

(Draft Statement of Expenses)

- 3. Any Expenditure not set out in an Expenses Claim for the previous Expenses Period may be submitted in an Expenses Claim for the subsequent Expenses Period.

C. Disputes

- 1. If a Party, or the Company, disputes the Draft Statement of Expenses (or any part of it), it shall, within five (5) days of the date of the Draft Statement of Expenses notify the Committee with details of the dispute (a **Dispute Notification**) and, within a further seven (7) days, provide such supporting evidence as the Committee may reasonably require.
- 2. Within seven days of the notice period for disputes under Paragraph C1 expiring, the Committee shall:
 - (a) (where no Dispute Notice has been made) notify the Parties and the Company that the Draft Statement of Expenses is final; or
 - (b) (where one or more Dispute Notifications have been made) circulate to the Parties and the Company a revised statement of expenses which shall reflect the undisputed part of the Statement of Expenses only,

(Final Statement of Expenses).

- 3. The Committee shall consider all disputes under Paragraph C1 and shall make a determination, which shall be notified to the Parties and the Company within twenty-one (21) days of the notice period for disputes under Paragraph C1 expiring.
- 4. Determinations under Paragraph C3 shall be reflected in the next following Draft Statement of Expenses to be issued under Paragraph B2, and any Party, or the Company, that made a Dispute Notification may not make a Dispute Notification in respect of that part or parts of the Draft Statement of Expenses that were subject to the earlier dispute.
- 5. Nothing in this Part C shall permit a Party to withhold payment of an invoice by the Company.

D. Further Rules

- 1. The Committee may develop further rules on recovery of Expenditure as it considers reasonably necessary, save that such rules shall not be inconsistent with the general principles in Paragraph A.

SCHEDULE 10 – STAFF REMUNERATION AND RELATED COSTS

A Staff Remuneration

1. Without prejudice to any other payments constituting the remuneration of the Staff under this Agreement, Staff Remuneration shall include:
 - (a) Secondees' salaries under their Relevant Contracts;
 - (b) associated costs under Paragraph A1(a) above, including employers national insurance contributions and superannuation, if applicable;
 - (c) FRS17 pensions charges, if applicable;
 - (d) the value of Secondees' benefits under their Relevant Contracts (if any); and
 - (e) other costs as may be agreed by the Committee from time to time.

B Staff Costs

1. The costs of an Employer in making any Secondee redundant at the request of the Joint Office shall form Expenditure for the purpose of this agreement. The redundancy costs of a Secondee in any other circumstances shall not be Expenditure for the purpose of this agreement.
2. The costs and expenses of an Employer in relation to any disciplinary or grievance matters relating to a Secondee (whether or not at the instigation of the Joint Office) shall be borne entirely by the Employer and shall not be Expenditure for the purpose of this agreement.

SCHEDULE 11 – TERMS OF SECONDMENT

A. General

1. Joint Office personnel may be either directly employed by the Company or may be seconded to the Company by the Parties. In the case of secondment those people so seconded to the Company are referred to in this Agreement as Secondees.
2. This Schedule 11 sets out the terms of the secondment of Secondees to the Company.
3. In this Schedule 11 the following definitions apply:
 - 3.1 Relevant Contract means a contract of employment or, as the case may be, a contract for services between the Employer and a Secondee;
 - 3.2 Employer means the Party that seconds the Secondee to the Joint Office;
 - 3.3 Secondee means a person appointed under clause 7.4; and
 - 3.4 Secondment means secondment to the Company under the terms of this Schedule 11.

B. Initial Obligations

1. Prior to the commencement of any Secondment, the employer of the proposed Secondee (the Employer) shall establish in agreement with the Company (and thereafter notify the Committee by letter of):
 - 1.1 the commencement date of the Secondment;
 - 1.2 the duration of the Secondment; and
 - 1.3 the scope of services to be performed by the Secondee.
2. Prior to the commencement of the Secondment, the Employer shall provide confirmation to the Company that the Secondee has accepted the terms of Secondment set out in this Schedule 11.

C. Secondee's Obligations

3. During the course of the Secondment, the Secondee shall:
 - 3.1 be a party to a Relevant Contract with the Employer;
 - 3.2 not be contracted, employed, take employment or provide services elsewhere during the term of secondment where to do so would give rise to a conflict of interest with the Secondment;
 - 3.3 maintain the qualifications stipulated in the Resource Plan;
 - 3.4 comply with the Company's reasonable instructions; and
 - 3.5 act independently in the performance of its services to the Company and the Joint Office.

D. Employer's obligations

1. During the course of the Secondment, the Employer shall:
 - 1.1 account to the appropriate authorities for all sums payable under the Relevant Contract (or by reason of its termination) by way of income tax and employers' national insurance contributions;
 - 1.2 subject to Paragraph D1.3 below), comply with its obligations (express and implied) under the Relevant Contract;

- 1.3 ensure that the Relevant Contract is not inconsistent with this Agreement;
- 1.4 take no steps to encourage or induce the Seconded to contravene any lawful direction of the Committee relating to the manner of the provision of the services to the Company and the Joint Office; and
- 1.5 take no steps inconsistent with, or seek to influence, the Seconded's provision of services under the Secondment.

E. Termination of Secondment

- 1. The Secondment shall automatically terminate if at any time during the Secondment the Employer ceases to be a Party, or if the Seconded:
 - 1.1 is unable for any reason to perform their duties under the Secondment for one (1) consecutive month, or for thirty (30) Working Days in aggregate in any period of three (3) consecutive months;
 - 1.2 is or becomes of unsound mind or a patient for any purpose of any statute relating to mental health;
 - 1.3 is guilty of misconduct or commits any serious or persistent breach of any of their obligations under this Schedule 11; or
 - 1.4 is convicted of a criminal offence carrying a term of imprisonment (other than offences carrying only a fixed penalty under the Road Traffic Acts).
- 2. The Employer may terminate the Secondment for any reason by giving the lesser of:
 - 2.1 120 days' notice to the Company; or
 - 2.2 such period of notice:
 - 2.2.1 expiring on the date that a replacement Seconded is available to commence a Secondment; or
 - 2.2.2 as the Company may agree.
- 3. The Company may terminate the Secondment for any reason by giving the lesser of:
 - 3.1 one hundred and twenty (120) days' notice to the Employer; or
 - 3.2 such period of notice:
 - 3.2.1 expiring on the date that a replacement Seconded is available to commence a Secondment; or
 - 3.2.2 as the Employer may agree.

F. Secondment Fees

Staff Remuneration shall be paid in accordance with Clause 9.

G. Compliance with obligations

Each of the Parties shall take such reasonable steps as may be necessary so as to ensure that the Employer is able to comply with its obligations under the Relevant Contract (including any obligations relating to working time and holidays).

H. Grievance and Disciplinary Procedures

1. All matters relating to any grievances raised by the Seconded remain the exclusive responsibility of the Employer.
2. All matters relating to the discipline of the Seconded shall remain the exclusive responsibility of the Employer and shall be dealt with in accordance with the Employer's disciplinary procedures. If any of the other Parties, or if the Joint Office, raises any disciplinary matter relating to the Seconded with the Employer, the Employer shall deal with the matter promptly. Any action to be taken shall remain wholly within the Employer's discretion.

SCHEDULE 12 – ARTICLES OF ASSOCIATION OF THE COMPANY