



**Rolls-Royce**

**General Conditions of Purchase  
for R-R Submarines Sub-Contracts**

**R-RSUBS/GTC/2007 - Issue 1**

**September 2007**

# **General Conditions of Purchase R-R Submarines Sub-Contracts R-RSUBS/GTC/2007 - Issue 1**

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## GENERAL

This form specifies the conditions of contract applicable to any Order in which they are incorporated by reference and shall be deemed to be part of that Order.

The Supplier shall acknowledge this Order within seven days of receipt.

Unless otherwise agreed in writing these general conditions together with the relevant special conditions as defined in the Order represent the only conditions upon which Rolls-Royce is prepared to procure the Articles specified from the Supplier.

The Supplier shall take all necessary actions to fully inform himself and shall be deemed to have examined all information and data made available to him, the Order conditions, specifications and such schedules and drawings as are annexed to the Order, or referenced to therein.

### 1.1 Precedence

Should there be any conflict between any aspect of the documentation forming the contract then (where specified within the Order) the order of precedence shall be:

- a) The purchase order.
- b) Any Special Condition D as specified in the Order.
- c) Any Special Condition C as specified in the Order.
- d) Any Special Condition B as specified in the Order.
- e) Any Special Condition A as specified in the Order.
- f) These General Conditions.
- g) The DEFCONs/ standard conditions / applicable standards and any documents called up by these.
- h) The equipment specification.
- i) The Project Management Plan / Quality Plan / Risk Management Plan.
- j) SABRe.

## 2. DEFINITIONS

"Amendment"	means any alteration to the Order that has been confirmed as such in writing by Rolls-Royce to the Supplier.
"Articles"	means the products and/or services required to be supplied or provided under the Order.
"Budget Price"	means an indicative price, which is provided without commitment and is not capable of contractual acceptance.
"Firm Price"	means a price, agreed for the Articles or services, or both, which is not subject to variation.
"Fixed Price"	means a price agreed for the Articles or services, or both, that is subject to variation in accordance with the variation of price provisions of the Order.
"Limit of Liability"	means the value up to which the Supplier is legally entitled to claim.
"MoD"	means the UK Ministry of Defence
"Order"	means the Purchase Order placed upon the Supplier by Rolls-Royce.
"Rolls-Royce"	means the Rolls-Royce trading entity that has placed the Order on the Supplier.
"Secretary of State"	means the UK Secretary of State for Defence.
"Subcontractor"	means any subcontractor to the Supplier.
"Sub-Orders"	means any orders placed by the Supplier onto Subcontractors in support of the work he is due to perform under the Order.
"Supplier"	means the recipient of the Order from Rolls-Royce.
"The Authority"	means Rolls-Royce throughout the Order, except where specifically defined otherwise.

## 3. MISTAKES IN INFORMATION

The Supplier shall be responsible for and shall pay the extra cost, if any, occasioned by:

- a) Failure to inform himself fully: and
- b) Any discrepancies, errors or omissions in or arising from, or in consequence of, the drawings, specifications and procedures etc supplied by him, whether they have been approved by Rolls-Royce or not, provided that such discrepancies, errors or omissions be not due to inaccurate information or

particulars furnished in writing to the Supplier by Rolls-Royce.

## 4. CONFORMITY TO ORDER

- 4.1 The requirements of the Order shall not be modified without the prior authorisation of Rolls-Royce by a Rolls-Royce official Amendment to Order.
- 4.2 The Supplier, wishing to depart from the requirements of the Order, or any specification or document referred to in the Order, shall submit his proposals detailing the full effect on the Order to Rolls-Royce in writing for consideration.
- 4.3 The Supplier shall notify Rolls-Royce immediately of any circumstances which may affect the delivery date or price of the Order for consideration by Rolls-Royce.

## 5. PROPRIETARY INFORMATION

All information, including designs, drawings and specifications, which Rolls-Royce has divulged or may divulge to the Supplier and any information relating to Rolls-Royce's business or products which may have come or may come into the possession of the Supplier in the course of carrying out this Order, shall be treated by the Supplier in confidence and shall not, without the prior written consent of Rolls-Royce be disclosed to any third parties, nor be used for any purposes other than for the execution of this Order.

## 6. SUB-ORDERS

- 6.1 The full extent of any proposed sub-contract work, including 'Make or Buy' plans and any subsequent amendments, other than material supply, shall be submitted to Rolls-Royce in the Supplier's tender or quotation or as otherwise agreed for acceptance prior to implementation. Sub-Orders shall be placed as a result of effective competitive tendering wherever practicable.
- 6.2 At the time of placing Sub-Orders, where requested by Rolls-Royce to do so, the Supplier will be required to provide 1 copy of the Sub-Orders to Rolls-Royce. The Supplier may also be required to provide a copy of Sub-Orders to meet the requirements of the Quality Assurance Representative nominated in the Order. The Sub-Orders shall contain the relevant engineering and contractual information, including, but not limited to, the following:-
  - a) The Rolls-Royce Order number.
  - b) The MoD Contract number (for all UK Government contracts).
  - c) All relevant contractual conditions, which apply to the Order, including the inspection rights of Rolls-Royce.
  - d) A delivery date which is in line with the Supplier's programme.
- 6.3 If in the execution of the Order, the Supplier needs to import or export materials for which a licence is required, the responsibility for applying for the licence and for the payment of any associated import or export duties shall rest with the Supplier.

## 7. SUPPLY OF PERSONNEL

Any personnel provided by the Supplier for the purposes of carrying out the work shall at all times be deemed to be in the employment of the Supplier. Any such personnel shall, whilst on Rolls-Royce premises, comply with standard conditions relating to work on Rolls-Royce premises, copies of which are available on request.

## 8. LIABILITY FOR INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS

- 8.1 Subject to the pre-existing rights of either party, or of any third party, the rights of all information, drawings and designs, technical and scientific data and manufacturing techniques or intellectual property of any kind arising from the work shall vest in and become the absolute property of Rolls-Royce. The Supplier shall not use the design information for any purpose other than that relating to the authorised work, without the prior written agreement of Rolls-Royce.

- On termination of the Order or at any other time with suitable notice, the Supplier shall transfer any design information generated, including work files and electronic data to Rolls-Royce. The supplier shall also consider options for knowledge capture and knowledge management and propose them to Rolls-Royce for agreement.
- 8.2 If any allegation should be made or any claim asserted against Rolls-Royce that the use or sale or other disposition of the Articles constitutes a violation or infringement of letters of patent, copyright, registered design, confidential information, intellectual property arising from the Order or inventions held by others the Supplier will indemnify Rolls-Royce against and hold Rolls-Royce harmless from any loss or damage of any nature or kind (including all costs and expenses) arising out of such allegation or claim at its own cost and expense, provided always that this indemnity shall be of no effect if the allegation or claim made is the direct result of the Supplier following express written design instructions furnished by Rolls-Royce.
9. **MODIFICATIONS**
- 9.1 Rolls-Royce reserves the right to introduce modifications to the design of the Articles during the life of the Order and such modifications shall be implemented by the Supplier only on receipt of and in accordance with formal amendments to the Order issued by Rolls-Royce.
- 9.2 Any variation in the agreed price or in the acceptance / delivery dates for the Articles arising from the introduction of such modifications shall be negotiated separately either before or immediately after the modification is introduced. Fair and reasonable price increases or reductions and delivery date amendments shall be negotiated for such modifications in accordance with the conditions of the Order.
10. **ADVERTISING**  
The Supplier shall not refer to Rolls-Royce's name, trade marks or products either publicly or to any third party in connection with any advertising, before or after completion or termination of the Order without the prior written permission of Rolls-Royce.
11. **TERMINATION OF ORDER FOR CONVENIENCE**  
Rolls-Royce shall have the right to terminate this Order in whole or in part at any time by giving the Supplier notice in writing, whereupon all work on this Order shall be discontinued and all goods or materials loaned or supplied to the Supplier shall be returned to Rolls-Royce. Rolls-Royce shall pay a fair and reasonable price for all work in progress at the time of the termination and the Supplier shall afford Rolls-Royce every assistance to ascertain the extent of such work in progress. However, Rolls-Royce shall not be liable to pay any costs in excess of the original price for the Order, or any amended price which may subsequently have been agreed, under any circumstances. Rolls-Royce shall not be liable for loss of anticipated profits or for any direct, indirect or consequential loss whatsoever and, in the event of termination, the Supplier shall submit a claim within 2 months of such termination after which time claims will only be met in exceptional circumstances.
12. **LAW**
- 12.1 The Orders shall be subject to and interpreted in accordance with the Laws of England.
- 12.2 Subject to Condition 27 and without prejudice to the dispute resolution process set out in that Condition, each party hereby irrevocably submits and agrees to the exclusive jurisdiction of the courts of England to resolve, and the laws of England to govern, any actions, proceedings, controversy or claim of whatever nature arising out of or relating to the Order or breach thereof.
13. **USE OF DOCUMENTS**  
It is a requirement of the Order that all drawings, data and information furnished to the Supplier by Rolls-Royce are only to be used for the purpose of the Order and shall not in any circumstances be divulged to any third party.
14. **ACCESS AND FACILITIES FOR SURVEILLANCE AND PROGRESS**
- 14.1 Access is to be granted to representatives of Rolls-Royce and of their customer(s) to the works of the Supplier or those of his Subcontractors for the purpose of surveillance of manufacturing and testing operations and the auditing of his management systems against the required standard or to evaluate the progress being made on the equipment. Facilities are also to be provided to hold progress meetings on the Supplier's or his Subcontractor's premises should these be required at reasonable intervals.
- 14.2 The Supplier shall provide at no additional direct cost to Rolls-Royce, such reasonable accommodation for representatives of Rolls-Royce, as Rolls-Royce may require. Such representatives may include technical costs, Quality Assurance Representatives, professional accountancy and Equipment Accounting Officers of Rolls-Royce. All accommodation provided shall be adequately furnished, lighted, heated and ventilated and shall include suitable cloak-room and telephone facilities.
- 14.3 Where surveillance is carried out by Rolls-Royce in accordance with this Condition 14, this shall not in any way relieve the Supplier of his obligations under the Order.
15. **VESTING**
- 15.1 Subject to the following provisions of this Condition -
- a) Each Article as it is constructed together with its component parts and equipment so far as incorporated therein, and
- b) All materials and other things whatsoever which the Supplier shall acquire or allocate for incorporation in any of the Articles,
- shall vest in and become the absolute property of Rolls-Royce, as from the time the construction of the Article begins or the materials or things are so acquired or allocated and shall thenceforth be in the possession of the Supplier for the sole purpose of completing the Articles and delivering them when completed as directed by Rolls-Royce, and shall not be within the ownership, control or disposition of the Supplier.
- 15.2 Neither the Supplier, nor a Subcontractor, nor any other person shall have a lien on any Article, materials or things which have vested in Rolls-Royce under Clause 15.1 of this Condition for any sum due to the Supplier, Subcontractor or other person, and the Supplier shall take all such steps as may be reasonably necessary to ensure that the title of Rolls-Royce, and the exclusion of any such lien, are brought to the notice of all Sub-contractors and other persons dealing with any such Articles, materials or things.
- 15.3 Without prejudice to the vesting of all such Articles, materials and things as aforesaid in accordance with the provisions of Clause 15.1 of this Condition, the Supplier shall secure that as from the time when the construction of any such Article begins, or as soon thereafter as is practicable and that as from the time when any such materials or things are so acquired, or allocated, such a mark shall be placed thereon or attached thereto where possible, or where this is not possible, such a notice shall be displayed and record made in the books of the Supplier as may be necessary for the purpose of ensuring that all such Articles, materials or things as aforesaid are readily identifiable as being the property of Rolls-Royce, and if any direction is given by Rolls-Royce to the Supplier as to the steps to be taken to ensure that any such Article, materials or things shall be readily identifiable as being the property of Rolls-Royce, the Supplier shall comply with that direction.
- 15.4 In the event of the rejection of any Article or of any materials or things, the Article material or things so rejected shall forthwith re-vest in the Supplier.

16. **DELIVERY**
- 16.1 Delivery of the Articles shall occur when they are handed over to Rolls-Royce, or the agent of Rolls-Royce at the time or times and at the place or places and in the manner specified in the Order.
- 16.2 When handing over the Articles in accordance with this Condition, the Supplier shall:-
- Ensure that the Articles are properly packed and secured as may be stipulated in the Order (where not specified in the Order this will be to a recognised commercial standard) and
  - Comply with any additional instructions which from time to time Rolls-Royce may give with regard to the transportation of the Articles, provided that any extra cost reasonably and necessarily incurred in so doing shall be borne by Rolls-Royce as an addition to the Order price.
- 16.3 Unless the Order specifically otherwise provides, and subject to the provisions of Condition No 15 when applicable, the risk in the Articles passes from the Supplier to Rolls-Royce upon delivery in accordance with Clause 16.1 of this Condition.
17. **DEFAULT**
- 17.1 Should the Articles or any portion thereof not be delivered within the time or times specified in the Order, Rolls-Royce may without prejudice to any other remedies, by notice to the Supplier determine the Order either as respects the Articles which have not been delivered in accordance with the Order at the time of such determination, or as respects all the Articles to which the Order relates other than those delivered in accordance with the Order before that time.
- 17.2 Where Rolls-Royce has determined the Order under Clause 17.1 hereof and without prejudice as aforesaid Rolls-Royce may replace all or any of the Articles as respects which the Order is so determined by purchasing or manufacturing other Articles of the same or similar description, or by allocating other Articles of the same or similar description in the possession or control of Rolls-Royce to the purposes for which the Articles replaced are required and there shall be recoverable from the Supplier the amount by which the aggregate of the cost of purchasing and of manufacturing articles in this way and of the value of any Articles allocated as aforesaid exceeds the amount which would have been payable to the Supplier in respect of all the Articles so replaced if they had been delivered in accordance with the Order.
18. **BANKRUPTCY**
- Rolls-Royce may at any time by notice in writing summarily determine the Order without compensation to the Supplier in any of the following events:-
- If the Supplier, being an individual, or, where the Supplier is a firm, any partner in that firm, shall at any time become bankrupt, or shall have a receiving order or administration order made against him, or shall make any composition or arrangement with or for the benefit of his creditors, or shall make any conveyance or assignment for the benefit of his creditors, or shall purport to do so, or if in Scotland he shall become insolvent or not our bankrupt, or any application shall be made under any bankruptcy act for the time being in force for sequestration of his estate, or a trust deed shall be granted by him for behalf of his creditors; or
  - Other than for the purpose of amalgamation or reconstruction, if the Supplier, being a company, shall pass a resolution, or the Court shall make an order, that the company shall be wound up, or if a receiver or manager on behalf of a creditor shall be appointed, or if circumstances shall arise which entitle the Court or a creditor to appoint a receiver or manager or which entitle the Court to make a winding-up order;
  - If anything analogous to the foregoing under the relevant jurisdiction occurs:
- Provided always that such determination shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue thereafter to Rolls-Royce.
19. **RENDERING OF BILLS**
- Unless otherwise stated in the Order, invoices should be submitted only when all of the Articles ordered have been supplied and should be presented strictly in accordance with the requirements of the Order. Each Order must be separately invoiced.
20. **RECOVERY OF SUMS DUE**
- Whenever under the Order any sum of money shall be recoverable from or payable by the Supplier, the same may be deducted from any sum then due, or which at any time thereafter may become due, to the Supplier under the Order or under any other Order with Rolls-Royce.
21. **PROGRESS REPORTS**
- The Supplier shall render such reports as to the progress of the Order and in such form and at such frequency as may reasonably be called for by Rolls-Royce. The submission and acceptance of these reports shall not prejudice the rights of Rolls-Royce under Condition No 17 (Default).
22. **ISSUES OF ROLLS-ROYCE PROPERTY**
- All property required from Rolls-Royce by the Supplier to fulfil the requirements of the Order shall be agreed with Rolls-Royce before the Order is placed.
- 22.1 All property issued in connection with the Order (hereinafter called 'Issued Property') shall remain the property of Rolls-Royce whether paid for by or charged against the Supplier or not, and shall be used in the execution of the Order and for no other purpose whatsoever, without the prior approval in writing of Rolls-Royce. If requested, Rolls-Royce will notify the Supplier, within a reasonable time, of the current value of Issued Property.
- 22.2
- Upon receipt of Issued Property the Supplier shall subject it to:
    - A reasonable visual inspection, and
    - Such additional inspection and testing as may be necessary and practicable to check that the Issued Property is not defective or deficient for the purpose for which it has been provided and as can reasonably be carried out within the under-mentioned period:-  
and shall notify Rolls-Royce within 14 days of receipt, or such longer period as may be specified in the Order, of any defects or deficiencies thereby discovered; provided that items issued in a 'preserved, identified and packaged' condition shall not be unpacked earlier than is necessary and for such items the said 14 days or longer period shall count from the date on which packages are opened.
  - Where the Supplier cannot reasonably carry out the additional inspection and testing within the prescribed period as required by paragraph a) of Clause 22.2 of this Condition, whether after receipt or unpacking as the case may be, he shall inform Rolls-Royce promptly of the position and shall carry out such inspection and testing as soon as is practicable thereafter and shall notify Rolls-Royce within 7 days of completion of such inspection and testing of any defects or deficiencies thereby discovered.
- 22.3 The Supplier shall be responsible for the safe custody and subject to Clause 22.4 of this Condition, due return of Issued Property, whether or not incorporated in the Articles, and shall be responsible for all loss thereof or damage thereto from whatever cause (except as provided below) until re-delivered in accordance with Rolls-Royce's instructions. For the purposes of this Condition, defects or deficiencies notified to Rolls-Royce in accordance with Clause 22.2 of this Condition or deterioration in Issued Property resulting from its normal and proper use in the

- execution of the Order shall not be deemed to be loss or damage (except in so far as the deterioration is contributed to by any misuse, lack of care or want of maintenance by the Supplier).
- 22.4 Instructions for the return or disposal of defective or deficient Issued Property shall be issued by Rolls-Royce and such property shall not be at the risk of the Supplier once it has been delivered in accordance with Rolls-Royce's Instructions.
- 22.5 Neither the Supplier, nor any Subcontractor, nor any other person, shall have a lien on Issued Property, whether paid for by or charged against the Supplier or not, for any sum due to the Supplier, Subcontractor or other person, and the Supplier shall take all such steps as may be reasonably necessary to ensure that the title of Rolls-Royce, and the exclusion of any such lien, are brought to the notice of all Subcontractors and other persons dealing with any Issued Property.
23. **TRANSFER AND SUB-LETTING**  
The Supplier shall not give, bargain, sell, assign, sub-let (except as is customary in the trade), or otherwise dispose of the Order or any part thereof or the benefit or advantage of the Order or any part thereof without the previous consent in writing of Rolls-Royce.
24. **LOSS OR DAMAGE TO THE ARTICLES**  
The Supplier is responsible for the Articles and any materials equipment or fittings or things acquired or allocated by him for incorporation therein until delivery has been effected in accordance with Condition No 16 and shall make good any loss of or damage to the Articles or any such materials equipment fittings or things however occasioned which may occur before such delivery.
25. **ACCEPTANCE**  
Acceptance of an Article shall take place when Rolls-Royce confirms acceptance of the Article in accordance with the procedure specified in the Order, or if none is so specified then Rolls-Royce shall be deemed to have accepted an Article without prejudice to any other remedies, when and as soon as any of the following events has occurred:-  
a) Rolls-Royce has taken the Article into use.  
b) Rolls-Royce has not exercised its right of rejection of the Article under Condition No 26 within any period specified for that purpose in the Order.  
c) There being no period for exercising the right of rejection specified in the Order a reasonable time, all the circumstances having been taken into account, has elapsed since delivery of the Article was effect in accordance with Condition No 16.
26. **REJECTION**  
Rolls-Royce reserves the right to reject any Articles which are faulty or do not conform to the standards or description specified. Rolls-Royce may return such rejected Articles to the Supplier at the latter's sole risk and expense.
27. **ARBITRATION (ENGLISH LAW)**  
27.1 The parties will attempt in good faith to resolve any dispute or claim through negotiations. This may include the use of any Alternative Dispute Resolution (ADR) procedure on which the parties may agree. In the event that the dispute is not resolved by negotiation, the dispute shall be referred to arbitration which, unless otherwise agreed in writing, shall be governed by the provisions of the Arbitration Act 1996.  
27.2 The party initiating the arbitration shall give a written Notice of Arbitration to the other party. This will state that the dispute is referred to arbitration and the particulars of the Order in relation to which the dispute arises.
- 27.3 It is agreed that the arbitration process and anything said, done or produced in relation to it shall be confidential as between the parties and any persons necessary to the conduct of the proceedings.
28. **GUARANTEE**  
28.1 The Supplier guarantees the Articles against defects in design, materials equipment and workmanship for the period of 12 months from acceptance in accordance with Condition 25 unless otherwise stated in the Order.  
28.2 The Supplier shall at its own expense rework or otherwise make good any defect in the Articles and/or re-perform the work, as required by Rolls-Royce, and perform such tests as Rolls-Royce may require to ensure that such rework or making good complies with the requirements of the Order.  
28.3 The Supplier shall rectify any defects in the Articles within a reasonable time of being called upon to do so provided that if it fails to do so, or notifies Rolls-Royce that it is unable to do so Rolls-Royce may do so itself or authorise others to do the same and, in that event, the Supplier shall reimburse Rolls-Royce for all reasonable costs arising therefrom.  
28.4 Notwithstanding anything contained in Clause 28.1 the Supplier shall not be required to make good or pay the cost of making good any unfitness in the Articles arising from:  
a) Fair wear and tear;  
b) Faulty designs the use of which is specified in the Order and have been furnished by Rolls-Royce.  
28.5 Rolls-Royce shall have the right to assign the benefit of this guarantee to any third party.
29. **MONTREAL PROTOCOL**  
It is Rolls-Royce's environmental policy to have all of its business units certified to the Environmental Management Standard ISO 14001. Suppliers are therefore encouraged to obtain 3<sup>rd</sup> party approval to a recognised environmental management system standard e.g. ISO 14001, and shall be measured against this policy.  
In line with the above, certain materials are being phased out or subject to strict controls. To this end the Supplier shall ensure that any product, component or material to be supplied under this Order does not contain asbestos (chrysotile or amphibole asbestos), cadmium plating or poly chlorinated biphenyls (PCBs). In addition, the Supplier shall ensure that any ozone depleting substances to be supplied, incorporating or used in support of this Order will comply with the requirements of the Montreal Protocol.  
The Supplier must inform Rolls-Royce of any environmental prosecutions or enforcement notices in force or incurred through the duration of the Order.
30. **CHANGES IN LEGISLATION**  
30.1 In the event that any relevant nuclear legislation or externally issued nuclear regulatory requirement, or any law, statute, regulation or legislation applying to any part of the Order changes such that it affects the Supplier's ability to discharge his obligations under the Order, then the parties shall review those parts of the Order so affected to determine the impact, if any, on the Order and if so agree an equitable adjustment to the Order.  
30.2 The Supplier shall be responsible for managing the affects of any general change in law applying to any part of the Order.