

General Conditions

1. Interpretation – Unless a different meaning is reasonably required words phrases and expressions will have the meanings given them either below or as defined elsewhere in the Network Construction Contract (“the Contract”). In the event of any inconsistency between these General Conditions and any plan or other document which forms part of the Contract these General Conditions will prevail except to the extent that an alternative intention is expressly indicated. The expressions “You”, “Your” (whether capitalised or not), “Client” or “Cl” means you the entity named on the Project Form as the Client (whether you are a developer, a contractor of a developer (including a Utility Infrastructure Provider or “UIP”), a housing association, local authority or another entity). The expressions “we”, “our”, “ourselves”, “us” or “NWO” means the Network Operator named as a Party on the Project Form. Those expressions will have that meaning even where any document is signed by or on behalf of any affiliate of the Network Operator. “Upstream Network Operator” means any operator of a Network which is not named as a Party on the Project Form. “Network” means a gas or water pipeline or electricity line which is designed or installed so that either one or alternatively several buildings can be connected to it. Except to the extent agreed otherwise in the Contract in either case it includes any and all mains or service pipes, wires, cables, ducting and fittings (“Installation Materials”) and all meters, meter boxes, governors, telemetry (where necessary) and other ancillary plant and equipment (“Equipment”) constructed or to be constructed pursuant to the Contract. The expression “each of us” means you the Client and ourselves. In all those cases cognitive expressions will be interpreted accordingly. A “Related Person” of a Party is all and any of its Holding or Subsidiary companies as defined in the Companies Acts, any co-venturers, assignees and successors, all or any directors, officers, servants, or contractors (not being the other Party) of any of those, together with the Related Persons of any of those entities. “Reference Price” means the price that any gas transporter, electricity distributor, appointed water and/or sewerage undertaker or fibre network operator (any of which are upstream from the Network) charges for the activity or its nearest equivalent activity. Subject to the other provisions of the Contract a reference to the Contract or to any Statute, means the Contract as varied according to its provisions and the Statute as modified, varied, re-enacted, amended or consolidated. “Statute” is an Act of Parliament including Acts of the Scottish Parliament. It also includes any regulations, statutory orders or codes of practice made under it, any Ofgem/GEMA or Ofwat licence or authorisation conditions. It also includes any European Union directives or regulations. The headings are for convenience and do not affect interpretation. Unless the context requires a different meaning, words of inclusion are without limitation and any reference in the Contract to the plural includes the singular and vice versa.

2. Performance – Each Party must (and is entitled to perform) those Works indicated in the Contract as being its responsibility. Each must do so according to the timetable in the Programme of Works (if any). Without affecting its obligation to perform, each Party may procure performance through the use of contractors/UIPs. We may require you or any contractors of yours to demonstrate prior suitability according to the requirements in any of the Technical Standards Forms. Where the words “No. of additional Siteworks Units =” is mentioned this means that certain works will be performed by the Upstream Network Operator. Although the Network Operator may agree to assist in obtaining a quotation under that entity’s standard terms the Network Operator will not be a party to those arrangements and those works will not form part of the Contract. Where the performance of any Works by you or your contractor requires planning consent you warrant that these have been obtained before hand. You must send us any maps, items or certificates which we reasonably require. You will also provide us with a suitable storage compound and other temporary items or facilities (including water for testing). Where through no fault of the Network Operator, construction of buildings at a Project has been delayed by more than 180 days from the date the Project was accepted under the Project Acceptance Form, the Network Operator shall have the right, at any time after the delay, to rescind all or any part of the Contract without liability and the Client shall repay to the Network Operator on demand all if any Contribution to Works paid by the Network Operator or its representatives. This right shall only be effective if written notice is given to the Client by the Network Operator.

3. Access and Obstructions etc. – You must ensure that each Network Operator and any Upstream Network Operator together with our and their contractors are from time to time granted appropriate access within the Project. Access will be to perform the Contract and to enable our and their statutory rights or obligations to be carried out. You agree to ensure that any transfer in fee simple or any easements, servitudes or leases (all of which are referred to in this Contract as “wayleaves”) which we or they require from anyone, including yourself, who has or obtains any interest in any land which will contain part or all of the Network (a “land owner”) are granted free of charge upon request. You must also ensure that neither you nor your Related Persons nor any land owner damages, interferes with nor obstructs the construction, operation, maintenance or connection of any Network including so much of it as is completed at any time. You must make arrangements with such land owners (in a form satisfactory to us) which reflect all of the above obligations in this Clause. We will ensure that neither ourselves nor our Related Persons damage, interfere with nor obstruct the construction of those buildings which are shown on the Development Plan.

4. Technical Standards, Warranties and Design – You warrant that any Works you are required to perform (including any Equipment and/or Installation Materials you provide and which are intended to be part of the Network) meet the applicable Technical Standards. To the extent expressly incorporated these Standards will include the designs and/or standards required by the Upstream Network Operator. Where Technical Standards have not been issued or do not apply (in whole or in part) you must carry out those Works to the standard of a reasonable and prudent operator (as defined in Clause 9) and in accordance with all relevant Statutes, industry standards and codes of practice. Where you the Client provides Equipment and/or Installation Materials pursuant to the Contract the Equipment and Installation Materials Warranty in Part C of the Technical Standards Form applies. You agree to be bound by those obligations. Alternatively you may satisfy this requirement by ensuring that your suppliers, manufacturers, distributors or other contractors (each a “Supplier”) enter into those obligations directly with ourselves. You agree that the benefit of Part C will inure to whichever entity acquires ownership as described below. Subject to other provisions of the Contract, the Client will be deemed to have designed any Network constructed as a result of or pursuant to the Contract. Where the designs or standards of the Network Operator or Upstream Network Operator have been incorporated into the Contract you agree that they will be deemed to have designed so much of the Network to which the designs or standards relate.

5. Ownership and Operation of the Network – Where a Network has been or is being installed by any person as a result of or pursuant to the Contract you will not at any time own or claim the right to own or operate it or any part of it. Without affecting the NWO’s obligation to make any payment for the same, the Network (or so much of it as is installed at any one time) will at all times instead legally and beneficially belong exclusively to the Network Operator. Where the Network or any part does not already belong to the NWO, ownership will pass to it in the manner and at the times specified under any adoption agreement (“Adoption Agreement”) which either the Network Operator or its affiliate has with the original owner and which has been disclosed to you before you signed the Project Form. Ownership will pass free of any lien, encumbrance or defect in title. You must ensure that any sale of land within the Project is subject to whichever of the above ownership arrangements apply. Part 1 of the Project Form requires the Client to ensure that all buildings to be connected to the NWO’s Network are actually connected. Where a land sale takes place, and unless the NWO requires otherwise, the Client agrees to pass on that obligation to any future land owner. The Client agrees to take all those steps (at its own cost) required of it by the NWO to give effect to this clause. Unless agreed otherwise the Contract is not an agreement for the supply of gas, electricity or water. For the Gas Network the Network Operator covenants that an emergency services contract at the time of commissioning is provided.

6. Liability – Except for the obligation of a Party to pay any sum or indemnity expressly due under or arising in

connection with the Contract (including under any Price Policy) neither Party will be liable to the other for any Excluded Loss suffered or incurred by the other Party. Each Party will indemnify and hold the other harmless from and against any and all Excluded Loss which is suffered or incurred by the Party so indemnifying (the "Indemnifying Party") and/or any of the Indemnifying Party's Related Persons. Excluded Loss is any loss of use, revenue, or property sale or increased cost of working or any indirect or special loss however caused, arising out of or in connection with the Contract. This applies whether or not such loss was foreseeable at the date of the Contract. It applies irrespective of whether such loss was caused by delict, negligence or any other tortious act or omission or by breach of the Contract. To the maximum extent allowed by law any liabilities and/or obligations of the Network Operator (after it begins to operate the Network) will be governed by Statute and will not be affected by the Contract.

7. Information and Confidentiality – You must provide us with any information we reasonably ask for from time to time so that the Contract can be performed. Details of the Contract or any prior negotiations must be kept confidential by you even if any part of the Contract is rescinded or otherwise terminated. This obligation does not apply to the extent that any are or come into the public domain other than through breach of the Contract except where specified otherwise. Provided they are not a direct competitor of ours or of any of our Related Persons, disclosure may be made to your Holding or Subsidiary Company's professional advisers, consultants, contractors and to the extent properly needed to perform the Contract, to sell any buildings in the Project or to any person to the extent required by law. Such disclosure must be to the minimum level needed for the purpose for which it is disclosed and must make the recipient subject to the same restrictions.

8. Entire Agreement, Variation, Additional Payments – In relation to the Works the Contract represents the entire agreement between us and supersedes any previous correspondence or anything previously said, done, agreed or implied which adds to or conflicts with it. Purchase Order terms or invoice terms and conditions (however named) are excluded from the Contract. If made before the Contract becomes binding on each of us, any additional Special Requirements or any prior variations to either the Technical Standards Form or any other document which is intended to form part of the Contract will not be valid unless referred to on the signed Project Form or signed Continuation Form. The occurrence of or subsequent variation to any of the items referred to in our Price Policy will be a deemed variation and which will take effect for all Works to the extent not yet performed as at the date that the Price Policy was placed on our website (or the website of whichever of our affiliates we have nominated to administer the Contract). No variation of any other part of the Contract will be effective after it has become binding unless it is contained in a Variation Form. This must be countersigned except where provided for otherwise in the Contract. Such prior or subsequent variations will in any case be ineffective to vary the provisions dealing with Excluded Loss. The words "vary" and "variations" consist of any changes, occurrences, modifications, additions, deletions or replacements. The whole of this clause 8 is subject to the following provisions: In calculating the existence/level of the Asset Value / contribution (the "Price") from either Party the NWO has made assumptions about the income it expects to earn for particular activities. The activities are: connecting buildings and/or conveying any energy, signals or water or sewerage to, from or within the Project and (where covered by the Contract) providing, installing and operating any/all of the following: the meter, meter box and fittings. So as to maintain its assumed income for the Project the Parties agree that the NWO may increase or decrease the Price (a) if between the date of the Contract and the connection being made the regulator, GEMA or the relevant water regulator, changes the income allowable on any/all of the activities, or (b) the industry method for calculating consumption reduces the income, or if the total income for the Project is reduced owing to the publication of a Reference Price for an activity (or owing to any change to a Reference Price). In re-calculating the Asset Value/contribution we confirm that the investment criteria will remain unchanged and that the increase or decrease will only reflect the above mentioned changes in income. This paragraph will not affect the validity of the shortfall provisions in the Contract (if any).

9. Force Majeure – If either Party cannot comply with the Contract for any reason beyond their control ("Force

Majeure”) this will not be a breach of the Contract. This applies only if they have notified the other of the non-compliance as soon as reasonably possible and to the extent that they are acting and have acted as a reasonable and prudent operator at all material times. A reasonable and prudent operator is an entity acting in good faith, intending to perform its contractual obligations even if it is uneconomic to do so. The notifying Party must have and be exercising the skill and diligence to be expected of an entity involved in the general activities of that entity. The obligations of the notifying Party will be suspended until those circumstances have ceased. If those circumstances last more than 90 days the other Party may rescind the Contract but only for any outstanding Works which have been affected by the Force Majeure. A Party claiming the benefit of this Clause must, on request, provide a report containing all relevant information relating to the Force Majeure. This Clause will not apply to any obligation to pay money or send notices.

10. Statutory Notice – Where the connection of any premises in any part of a gas transporter’s licence area to its pipeline system requires the construction of a relevant main, the regulator may be able to grant a licence or extension of a licence under the current Gas Act to an entity other than the licensed transporter for that area and it may be possible to obtain competitive quotations.

11. Intellectual Property – Unless agreed otherwise in the Contract all trademarks, designs, registered designs, know-how, inventions, patents and valuable concepts (“Intellectual Property”) created in performing the Works either by the Client (or its contractors) or by or on behalf of the Network Operator will be deemed to belong to the entity having ownership of the Network as provided for in Clause 5. Where the Client owns any Intellectual Property this will pass to the NWO at the time that title to the Network or any part to which the Intellectual Property relates passes from the Client in accordance with that Clause. Subject to any prior rights, copyright on those documents which make up the Contract will belong exclusively to the NWO. The Client agrees to take all those steps (at its own cost) required of it by the NWO to give effect to this clause.

12. General – No delay by either Party in exercising any right under the Contract will operate as a waiver. These General Conditions may be revised from time to time for further Projects in the course of the Network Operator’s business. The Parties agree that the Contract is reasonable. If any part is held invalid by a court or body of competent jurisdiction however they will (in good faith) within a reasonable time agree changes as similar to the deleted parts as the law allows. All notices must be in writing to the latest address we have provided to each other and will be ineffective to vary the Contract. Any which relate to rescission, termination or liability must be sent to your registered office and, for ourselves, the registered office as shown in the Contract. All such notices will be deemed delivered at the time of delivery (if personally delivered), 3 days after posting (if posted), or the time of transmission (if faxed or e-mailed). Where contributions are due to the Client under the Contract any notice from the Client relating to the contributions must be accompanied by a valid invoice. Unless agreed otherwise in the Contract neither Party will assign the Contract or any benefit or interest arising from it without the prior written consent of the other Party. Both Parties agree that such consent will not be unreasonably withheld or unreasonably delayed. An assignment (or in Scotland an assignation) in whole or in part by ourselves to our Holding Company or a fellow Subsidiary of ours or to any other Network Operators or Upstream Network Operators will not require consent. Alternatively if we require on reasonable notice you must enter into a novation of the Contract (or any part) in favour of whichever Upstream Network Operator we nominate. The Contract will be construed in accordance with and governed by the law of England and Wales and the Parties submit to the jurisdiction of the Courts of England and Wales. If the Project is situated in Scotland Scottish Law (without regard to its conflict of laws principles) will apply and the Parties submit to the non-exclusive jurisdiction of the Scottish Courts.

13. Insolvency Event – The NWO may at its sole discretion terminate or suspend the Contract immediately by notice to the Client following the occurrence of an Insolvency Event in relation to the Client. An “Insolvency Event” is where (1) a proposal is made for a voluntary arrangement or other composition or arrangement with, or an assignment for the benefit of the Client’s creditors; (2) a shareholders’ meeting is convened for consideration of the winding up of the Client, a creditors’ meeting is convened under section 98 of the Insolvency Act 1986, a winding up petition is presented in respect of the Client, an application is made for the appointment of a provisional liquidator; (3) a receiver or similar officer is appointed in relation to all or any of the Client’s assets; (4) any step is taken by the Client or any other person to appoint an administrator, administrative receiver or liquidator; (5) the Client becomes insolvent as defined in S.123 of the Insolvency Act 1986 or a moratorium comes into force pursuant to Schedule A1 of that Act; (6) a proposal for a voluntary winding up for a partnerships is made (where applicable); (7) the Client is dissolved.

14. Effect of Termination – (1) Upon the termination, the NWO shall be entitled to:- (i) remove from the Project of any Equipment or Materials belonging to the NWO and its contractors and the Client shall permit entry for these purposes; (ii) prepare an account of all sums that are payable to the NWO by the Client in accordance with the terms of the Contract including:- (a) the total value of Works properly executed at the date of termination of the Contract; (b) any sums ascertained in respect of direct loss and/or expense (whether ascertained before or after the date of termination); (c) the costs of removal of materials and equipment under this Clause; (d) the cost of materials or goods (including but not limited to Installation Materials and Equipment) properly ordered for the Works for which the NWO has paid or is legally bound to pay; (e) any direct loss and/or damage caused to the NWO by the termination. (2) After taking into account amounts previously paid to the NWO under this Contract, the Client must pay to the NWO the amounts properly due in respect of an account prepared by the NWO within 28 days of its submission by the NWO to the Client (or vice versa).

15. Effect of Suspension – Upon the suspension of the Contract in accordance with Clause 13 above the NWO may, at its sole discretion following such suspension, choose to continue the Contract but subject to such additional terms as it may require including but not limited to assurances regarding payment of all sums due and which may become due under the Contract. Following suspension of the Contract in accordance with Clause 13 the NWO may at any time terminate the Contract at its sole discretion if any Insolvency Event is continuing.

16. Parent Company Guarantee – at any time whether before or after an Insolvency Event, if requested by the NWO, the Client shall procure the provision of a guarantee, by the Client's ultimate parent company or such other company as the NWO shall require in its absolute discretion, in a form prescribed by the NWO; the NWO shall not be required to commence any Works until the delivery of such a guarantee.

17. Equipment and Installation Material - The Client shall ensure that any Equipment or Installation Material owned by the NWO that has been delivered to the site by the NWO or by any third party on the instructions of the NWO is stored by the Client separately from all other equipment and materials owned by the Client or any third party in such a way that such Equipment and Installation Material remains readily identifiable as the NWO's property.