

**LICENCE 15/ RELATING TO THE USE AND REPRODUCTION OF  
TRANSPORT FOR LONDON'S DESIGNS AND/OR TRADEMARKS**

**This Licence is made on**                      **2015**

**B E T W E E N**

**Transport Trading Ltd** of 50 Victoria Street, London SW1H 0TL (hereinafter called "TTL") of the one part and the **Licensee** named in the schedule of the other part.

**RECITALS:**

- 1 Transport for London ("the Corporation") is the owner of the Intellectual Property Rights (as defined below) and has granted to TTL the right to grant licences thereunder to licensees
- 2 The Licensee wishes to use the Intellectual Property Rights in respect of the Products (defined below)
- 3 TTL has agreed to grant the Licensee a licence on the following terms

**IT IS NOW AGREED** as follows:-

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 In this Licence, the following definitions shall apply unless the context requires otherwise:-
  - 1.1.1 the "Artwork" includes but is not limited to black and white photo mechanical transfers (PMT's), four colour film, 5 x 4 transparencies and 35mm slides, the New Johnston typeface and digitised forms of the same, full particulars of which are set out in the schedule;
  - 1.1.2 the "Commencement Date" means the date specified in the schedule;
  - 1.1.3 the "Intellectual Property Rights" means the intellectual property rights to the extent owned by the Corporation in the Images, the New Johnston typeface and such other designs and logos which may be specified and agreed in writing by TTL from time to time;

- 1.1.4 the "Images" means those images stated in the schedule and ancillary use of the New Johnston typeface
  - 1.1.5 the "Licence" means this licence together with the schedule attached hereto and any documents referred to therein;
  - 1.1.6 the "Licence Fee" means the sum comprising a royalty payment and advance against royalties and charge for the use of the Artwork set out in the schedule.
  - 1.1.7 the "Permitted Manner" means use of the Images in accordance with the details specified in the schedule;
  - 1.1.8 the "Products" means the goods described in the schedule
  - 1.1.9 the "Territory or Territories" means the territory or territories named in the schedule;
  - 1.1.10 the "Term" shall mean the period of the duration of this Licence as set out in clause 4 hereof but subject to earlier termination in accordance with clause 9 hereof.
  - 1.1.11 "Year" means each period of twelve calendar months commencing on the Commencement Date or any anniversary thereof.
  - 1.2 The headings in this Licence are for convenience only and shall not affect their interpretation.
  - 1.3 Words denoting a singular number shall where appropriate include the plural and vice versa. Words denoting the masculine gender shall where appropriate include the feminine and vice versa.
- 2. RIGHTS GRANTED AND TERRITORY**
- 2.1 In consideration of the payment set out in clause 3 below TTL hereby grants to the Licensee the rights

- 2.1.1 to reproduce the Images on or in relation to the Products in the Permitted Manner; and
- 2.1.2 to distribute the Products in the Territory
- 2.2 The Licensee shall not make any representation or do any act which may be taken to indicate that it has any right, title, or interest in or to the ownership of any of the Intellectual Property Rights or the goodwill generated therein and acknowledges that the rights granted by Clause 2.1 are by way of licence only and do not confer upon the Licensee any right or interest in the Intellectual Property Rights other than as set out in this Licence. All goodwill derived from the use of the Intellectual Property Rights by the Licensee shall at all times accrue to the benefit of TfL. The Licensee shall, if requested by TfL at any time, execute and deliver to TfL (at TfL's expense) a confirmatory assignment of the goodwill derived from the use by the Licensee of the Intellectual Property Rights (or any part thereof).
- 2.3 This Licence is personal to the Licensee who shall not assign transfer or otherwise dispose of the rights granted by this Licence nor shall the Licensee sub-license or authorise any other person to exercise the rights hereby given or have the Products manufactured for the Licensee by any third party unless TTL has given prior written consent to such manufacture.
- 2.4 This Licence does not confer upon the Licensee sole and exclusive rights and TTL shall be at liberty to licence other parties to reproduce or use the Images and/or distribute products similar to the Products unless stated otherwise in the schedule.
- 2.5 The Licensee agrees (and shall ensure that this provision shall apply to any third party with whom it may contract in relation to the supply of the Products and the Licensee shall be liable to the Corporation in the event of a breach of this provision by such third party) that it shall not use or incorporate any part of the Products and/or the Artwork and/or any of the Intellectual Property Rights in

a company name or a trading name or use in any way that suggests a connection with the Corporation or in the course of trade other than in the Permitted Manner.

- 2.6 Provided always that during the Term the Licensee trades ethically, accepts international standards regarding child labour and safety and pays above the national living wage for their country as more specifically set out in the Ethical Sourcing Terms and Conditions of Contract at Appendix B or as may be notified by TTL from time to time. Any failure to comply with this clause will constitute a material breach which is incapable of remedy and the Licensee shall be entitled to terminate this Licence in accordance with clause 9.1.1.

### **3 PAYMENT**

The Licensee shall pay TTL a Licence fee as follows:-

- 3.1 The Licensee shall pay:-
  - 3.1.1 the charge for use of Artwork on the date hereof; and
  - 3.1.2 periodic royalty payments in arrears for each period (or part) ending 31 March, 30 June, 30 September and the last day of the Year. The payments shall be supported by a statement in the form attached as Appendix A together with any other particulars that TTL may reasonably require. Payments shall be made within thirty (30) days of the last day of each period.
- 3.2A The royalty shall be reviewed annually on each anniversary of the Commencement Date when the fixed royalty for the next year may be increased with effect from the review date. In the absence of agreement following review the amount of fixed royalty shall be increased by an amount equivalent to the increase in the published retail price index since the preceding anniversary of the Commencement Date.
- 3.2 The Licensee agrees to offer to TTL a discount of at least 5% on the Licensee's

lowest published trade or wholesale price after all available discounts should TTL wish to purchase the Products (or any of them) at any time during the Year.

- 3.3 Payments shall be made in sterling in cash or by a cheque or bankers draft drawn on a United Kingdom clearing bank.
- 3.4 All sums payable hereunder are exclusive of VAT which shall where appropriate be payable by the Licensee in addition.
- 3.5 In the event that any payment which has become due and payable hereunder is not paid within fourteen (14) days of its due date such payment shall bear interest at the rate of five per cent per annum above the then current base lending rate of HSBC plc from the date due until the date actually paid.

#### 4. DURATION

This Licence shall commence on the Commencement Date and shall continue for a period of **xxx years** subject to earlier termination in accordance with Clause 9 below.

#### 5. THE PRODUCTS

- 5.1 Prior to the commencement of any work, manufacture or distribution, the Licensee shall first submit to TTL for approval :-
- 5.1.1 full details including artwork, roughs, prototypes, pre-production and production samples, quality specifications and certification of country of origin of each of the Products; and
- 5.1.2 designs for the Products and of all printed materials using the Images for approval as to the manner and the context of the intended use of the Images provided that the Licensee shall remain responsible for compliance with all other requirements (including but not limited to statutory requirements) relating to labelling, packaging, advertising, marketing and other such matters;

and the Licensee shall not make use of any such details, designs, materials or samples unless and until they have been approved in writing by TTL.

- 5.2 All Products manufactured by the Licensee incorporating the Images shall comply with any specifications and/or standards of quality in relation to their manufacture, materials used, workmanship and design, packaging and storage as may be specified by TTL from time to time.
- 5.3 For the purpose of ensuring that the Licensee is complying with TTL's specifications and standards:-
- 5.3.1 the Licensee shall supply four (4) samples of each of the finished Products to TTL; and
- 5.3.2 the Licensee shall as reasonably requested by TTL, from time to time, supply to TTL at the Licensee's expense and in addition to the samples referred to in Clause 5.3.1 above, further samples from production runs of the Products for the purpose of inspecting and testing the same; and
- 5.3.3 TTL by its authorised representative may on reasonable notice and at its own expense visit the Licensee's premises (or any other premises where the Products are permitted to be manufactured) during normal business hours to inspect the method of manufacture of the Products, the materials used and the packaging or storage of the Product.
- 5.4 If the Products are not in TTL's opinion of the quality required by TTL, the Licensee shall on receipt of written notice from TTL forthwith withdraw the Products from production and sale by the Licensee which shall then either be corrected or destroyed.
- 5.5 As far as is practicable, the Licensee shall procure that subject to the requirements of the European Union the Products are manufactured in the United Kingdom.

- 5.6.1 If the Licensee shall wish to sub-contract the manufacture of any of the Products it shall so notify TTL and if the subcontractor shall be carrying out manufacture outside the European Union the Licensee shall require the subcontractor to give a legally enforceable undertaking not to sell or otherwise dispose of any of the Products or any other goods becoming the Artwork or any part thereof to any person firm or company other than the Licensee.
- 5.6.2 Licensee (if resident within the European Union) shall not actively solicit orders for the Products outside the Territory but shall not be prohibited from accepting any unsolicited orders for the Licensed Products which it may receive from any other country for the time being of the European Economic Area; but TTL gives no warranty that the sale of the Products outside the Territory will not infringe any third party rights of whatsoever nature.
- 5.7 The Licensee shall not enter into any agreement or contract with any third party whereby the Products are the subject of a retention of title provision.
- 5.8 The Licensee shall not dispose of the Products for less than 75% of the Licensee's first or (if higher) current published trade or wholesale price list without the prior written consent of TTL.
- 5.9 The Licensee shall keep separate detailed books and records of all sales of the Products to enable TTL to check the accuracy of the information contained in the statements rendered under Clause 3.1.2 and TTL shall be entitled at its expense to audit and/or inspect the said books and records by its authorised representative or representatives on reasonable notice during business hours and to take copies of or extracts from such books and records save that this right shall not be exercisable in respect of any statement if no inspection has been made within three (3) years of its being rendered to TTL. If any such audit or inspection shall reveal a deficit in any statement exceeding 5% of the correct

amount then the Licensee shall refund to TTL the cost of the audit or inspection.

- 5.10 The Licensee shall supply to TTL within sixty (60) days of the last day of each Year a certificate in writing by its auditors certifying the agreed price of the Products sold or otherwise disposed of by the Licensee in the previous Year, the numbers sold and the amount of royalty due. If such amount falls short of the minimum royalty set out in the schedule, or as agreed following annual review, the Licensee shall remit the balance to TTL with the certificate. The rendering of such certificate shall not preclude the right of inspection given to TTL.
- 5.11 TTL shall notify the Licensee of all modifications, amendments and/or updates to the Images and the Licensee undertakes to accept and incorporate such modifications, amendments and/or updates, within two (2) months of notification or at the next manufacturing run whichever is the sooner. The Licensee shall not deal in any way with Products incorporating the old Images after six (6) months of such notification.
- 5.12 The Licensee will use its best endeavours to promote and develop the sale of the Products in the Territory.
- 5.13 The Licensee shall immediately inform TTL if at any time the Licensee becomes aware of any defect or insufficiency in the information provided by TTL, or of any defect in any of the Products manufactured by the Licensee.
- 5.14 TTL may at any time notify the Licensee to stop selling any Products bearing the Artwork or any part thereof and the Licensee will have a 3 (three) month period in which to sell through all stocks of the Product bearing the said Artwork from the date such notification is given in writing by TTL.

## **6. THE ARTWORK**

- 6.1 Subject to payment of the Licence Fee as set out in clause 3 above, TTL will make the Artwork available to the Licensee.

- 6.2 The parties hereby acknowledge and agree that the Artwork remains the property of TTL at all times. The said Artwork shall be returned to TTL on the earliest of expiration or sooner termination of this Licence or upon notification being given by TTL under clause 5.14. The Licensee shall be liable for any loss of or damage to the Artwork howsoever caused.
- 6.3 The Artwork and the Images shall not be used for any purpose other than for reproduction on the Products in accordance with this Licence.
- 6.4 The Artwork shall not be altered in any way without TTL's previous written consent and the Licensee shall ensure that the reproduction thereof in the Publication shall be a true and exact replica of the Artwork.
- 6.5 The Licensee agrees that all artwork, graphics, layouts, slogans, names, titles or similar materials incorporating, or being used in association with, the Property which may be created by the Licensee or its subcontractors pursuant to this Agreement, provided TTL has given prior written consent to the appointment of subcontractors, shall become the sole property of TTL, including trademark and copyright rights, and the Licensee agrees on behalf of itself, its employees, its subcontractors and any other party with whom it may contract to create such material, to promptly execute any and all appropriate assignments and other documents in this regard.

## **7. INTELLECTUAL PROPERTY RIGHTS**

- 7.1 TTL warrants to the best of its knowledge that the Corporation is the proprietor of the Intellectual Property Rights and that it is not aware that any of the said rights or the use of any of them on or in relation to the Products and the Territory infringes the rights of any third party. Nevertheless TTL gives no warranty as to the validity or enforceability of the Intellectual Property Rights either in whole or in part.

- 7.2 The Corporation shall pay all renewal fees necessary to maintain the registration of any Intellectual Property Rights which are registered during the term of this Licence.
- 7.3 The Licensee undertakes not to do or permit to be done any act which would or might jeopardise or invalidate any registration of the Intellectual Property Rights nor to do any act which might assist or give rise to an application to remove from the register any of the Intellectual Property Rights or which might prejudice the right or title of the Corporation to any of the Intellectual Property Rights.
- 7.4 The Licensee will on request give to TTL or its authorised representative any information as to its use of the Intellectual Property Rights which TTL may require and will render any assistance reasonably required by TTL when maintaining the registrations of the registered Intellectual Property Rights.
- 7.5 The Licensee shall as soon as it becomes aware of an actual or possible infringement give to TTL in writing full particulars of any user or proposed user or any other person, firm or company using the trade name, trademark or get up of goods or their promotion or advertising which would or might amount to an infringement of TTL's Intellectual Property Rights or to passing off.
- 7.6 If the Licensee becomes aware that any other person, firm or company alleges that the Intellectual Property Rights are invalid or that use of the Intellectual Property Rights infringes any rights of any other party or the Intellectual Property Rights are otherwise attacked or attackable then the Licensee shall immediately give TTL full particulars in writing thereof and shall make no comment or admission to any third party in respect thereof.
- 7.7 TTL shall have the conduct of proceedings relating to the Intellectual Property Rights and shall in its sole discretion decide what action, if any, to take in respect of any infringement or alleged infringement of the Intellectual Property Rights or passing off or any

other claim or counterclaim brought or threatened in respect of use or registration of the Intellectual Property Rights.

7.8 The Licensee will at the request of TTL give full co-operation to TTL in any action, claim or proceedings brought or threatened in respect of the Intellectual Property Rights and TTL shall meet any reasonable expenses incurred by the Licensee to third parties in giving such assistance.

## 8. REGISTERED USER NUMBER

The Licensee shall print the registration details shown in the schedule on each Product.

## 9. TERMINATION

9.1 TTL may terminate this Licence without prejudice to its other remedies forthwith by notice in writing to the Licensee if the Licensee:

9.1.1 commits a persistent or material breach of this Licence which is incapable of remedy

9.1.2 commits a persistent or material breach of this Licence which is capable of remedy and the Licensee shall not have remedied the same within thirty (30) days of having been notified in writing specifying the breach and requiring it to be remedied; or

9.1.2 is unable to pay its debts or enters into compulsory or voluntary liquidation or compounds with or convenes a meeting of its creditors or has a receiver or manager or an administrator appointed over any or all of its assets or ceases for any reason to carry on business or takes or suffers any similar action which in the opinion of TTL giving notice means that the Licensee may be unable to pay its debts. or

9.1.3 if the Licensee is consistently late in paying royalties to TTL. For the purposes of this clause the Licensee shall be deemed to be consistently late if the Licensee has either:

- (a) failed for two (2) consecutive periods to render statements and pay royalties within the due time; or
- (b) failed in two (2) out of any four (4) consecutive quotes to render payments and to render royalties within the due time; or
- (c) is at any time more than two (2) months late in rendering a statement or paying any royalties due; or
- (d) failed to pay any balance of minimum royalty due with the auditors Certificate as provided in clause 5.9.

9.2 TTL may in addition to any other remedies available to it hereunder:-

9.2.1 terminate this Licence by written notice if the Licensee shall not have

(a) commenced in good faith within three (3) months of the Commencement Date; or

(b) if at any time thereafter in any calendar quarter during this Licence the Licensee continuously fails to manufacture, distribute and sell any of the Products in which case the Licence will terminate on the day specified in the notice

9.2.2 withdraw any Image from the schedule if the Licensee fails to use the withdrawn Image within three (3) months of the Commencement Date by the service of written notice upon the Licensee. The Licensee may not resume the use of the withdrawn Image without TTL's written consent.

9.3 Termination of this Licence for whatever reason shall not affect the accrued rights of either party arising in any way out of this Licence prior to the date of termination and in particular but without limitation the right to recover damages from the other.

9.4 On the termination of this Licence for whatever reason the Licensee shall immediately cease to make use of the Images and shall deliver up to TTL its total stock of the Products incorporating or utilising the Images. Without prejudice to all other right it may have TTL shall be entitled to:-

9.4.1 Enter forthwith and without notice any premises occupied by or under the control of the Licensee to repossess such aforementioned Products; or

9.4.2 A first option to purchase the Products in stock at cost price. TTL shall give notice in writing to the Licensee of its wish to take up the option within twenty eight (28) days of termination of this Licence and the Licensee shall be bound to accept.

9.5 In the event of termination of this Licence under Clause 9.1 and its sub-clauses, the Licensee shall deliver to TTL a statement showing stock held of the Products and the Licensee undertakes to hold such Products as Trustee for TTL and shall keep such Products stored separately and clearly identified as belonging to TTL.

## 10. COMMUNICATIONS

10.1 Any notice or other document to be given under this Licence shall be in writing and shall be deemed to have been duly given if delivered by hand or sent by registered post or international courier delivery or by telex, facsimile or other electronic media to a party at the address for service stated in the schedule or such other United Kingdom address as either party may from time to time designate by written notice to the other.

10.2 Any such notice or other document shall be deemed to have been received by the addressee two (2) working days following the date of dispatch if the notice or other document is sent by registered post in the case of a United Kingdom address, four (4) working days in the case of a courier delivery to a non-United Kingdom address or simultaneously with the delivery or transmission if delivered by hand or sent by facsimile or other electronic means.

## 11. JURISDICTION

This Licence shall be subject to and construed in accordance with English law and the parties hereto hereby submit to the jurisdiction of the English courts.

## 12. GENERAL

### 12.1 Accuracy of Information

Whilst TTL will use its best endeavours to ensure that the information given in maps is accurate at the time the Artwork is delivered to the Licensee, it does not hereby undertake that the service described in any maps will operate in accordance therewith or at all and it shall not be responsible for any loss damage or inconvenience which may arise as a result of the said information not accurately reflecting the operation of the service.

### 12.2 Confidentiality

The Licensee undertakes to keep confidential the terms of this Licence and all information (written or oral) concerning the business and affairs of TTL that it shall have obtained or received as a result of this Licence, save that which is:-

12.2.1 trivial or obvious; or

12.2.2 already in the possession of the Licensee other than as a result of a breach of this clause; or

12.2.3 already in the public domain other than as a result of a breach of this clause

and the Licensee further undertakes to take all steps as shall from time to time be necessary to ensure compliance by its employees, agents, contractors and sub-contractors with this clause.

### 12.3 Advertising

12.3.1 Any advertising of the Products shall be subject to the prior written approval of TTL.

12.3.2 The text of any press release or other communication made by the Licensee shall not be published by or in the media concerning the subject matter of this Licence without TTL's prior written approval.

### 12.4 Indemnity

12.4.1 The Licensee shall be liable for and will indemnify TTL (together with its officers,

servants and agents) against any and all liability including (but not limited to), losses, damages, costs, legal costs, professional and other expenses of any nature whatsoever incurred or suffered by TTL whether direct or consequential (including but without limitation any economic loss or other loss of profits, business or goodwill) arising out of any dispute or contractual tortious or other claims or proceedings brought against TTL by a third party claiming relief against TTL by reason of the manufacture, use or sale of any Products by the Licensee or the use by the Licensee of the Intellectual Property Rights except in so far as any claims may arise from:

- 12.4.2 any breach of this Licence by TTL;
- 12.4.3 any invalidity or defect in the title of TTL to the Intellectual Property Rights not caused by any act or default of the Licensee; or
- 12.4.4 from the instructions given to the Licensee by TTL provided such instructions have been properly carried out by the Licensee.

**12.5 Limitation of Liability**

The amount recoverable hereunder by the Licensee in any claim against TTL shall be limited to the amount of royalties previously paid by the Licensee hereunder together with the direct cost of manufacture of those Products then in stock or in course of manufacture and rendered unsaleable by reason of any invalidity or defect in title (as referred to in Clause 12.4.3) causing an infringement of the rights of any third party.

**12.6 Severability**

If any provision of this Licence is held by any court or competent authority to be void or unenforceable in whole or in part, the other provisions of this Licence and the remainder of the affected provisions shall continue to be valid. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provision by a valid provision the effect of which is the closest possible to the intended effect of the invalid or unenforceable provision.

**12.7 Waivers**

Any waiver by either party of a breach or default of any of the provisions of this Licence by the other party shall not be construed as a waiver of any succeeding breach of the same or other provisions nor shall any delay or omission on the part of either party to exercise or avail itself of any right power or privilege that it has or may have hereunder operate as a waiver of any breach or default by the other party.

**12.8 Entire Agreement**

This Licence contains the entire agreement between the parties with respect to its subject matter, supersedes all previous licences and understandings between the parties, and may not be modified except by an instrument in writing signed by the duly authorised representatives of the parties.

**IN WITNESS** of which the parties have caused this Licence to be signed by their respective authorised signatories the day and year first above written



**THE SCHEDULE TO LICENCE NUMBER 15/  
relating to the use and reproduction of  
Transport for London's designs and/or trade marks**

The Licensee:		
Registration Details:	© TfL Reg'd User No 15/	
Commencement Date:		
Duration:		
Products:		
Images:		
Territory or Territories:	Production in:  Distribution:	
Licence Fee: comprising <b>£ +VAT</b> advance on royalties, payable on signature of Agreement.	Royalty: % of the wholesale distribution price of all Products sold.	Charge for use of Artwork: <b>N/A</b>
<p>Artwork Details:</p> <p>All artwork must be designed using Transport for London's official Underground Logos, Map and Font. All artwork must be approved by the IP Development Department at TfL.</p>		
<p>Requirements relating to Quality and Position:</p> <ol style="list-style-type: none"> <li>1. The finished Product shall be produced on good quality materials so that its distribution shall not reflect adversely upon TfL or its designs or Trade Marks.</li> <li>2. Under no circumstances shall any Trade Marks or other Intellectual Property Rights owned by [TfL or] TfL be used by the Licensee (or any recipient of the Products) as a company name or trading name or other than as set out in the Agreement.</li> </ol>		

<p>TTL's address for service is at:</p> <p>Brand Licensing Manager Intellectual Property Development Transport for London Windsor House 42-50 Victoria Street London SW1H 0TL</p>	<p>The Licensee's address for service is at:</p>
<p>Appendix A - Periodic Royalty Report</p>	

Signature.....	Signature.....
Signed for and on behalf of <b>TRANSPORT TRADING LTD</b>	Signed for and on behalf of <b>THE LICENSEE</b>
Name <i>(please print)</i> .....	Name <i>(please print)</i> .....
Position.....	Position.....
in the presence of.....	in the presence of.....

# APPENDIX A



Transport for London

## Royalty Report Intellectual Property Development

Windsor House  
42-50 Victoria Street  
London SW1H 0TL  
tel 020 7126 3088  
email saskiaboersm@tfl.gov.uk

<b>* Period</b>	
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Licensee .....

Address .....

..... tel ..... fax .....

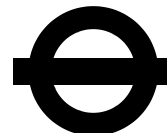
Contact ..... Date .....

Product description	No. of Units sold	£ Total sales	% Royalty	£ Royalty due
<b>APPENDIX A Clause 3.1.2</b>				
sub-total				
VAT				
Less pre-paid royalties if any				
<b>TOTAL</b>				

**Your licence may be terminated if you do not submit royalty statements and payment on time**

Please send Cheques to:  
  
Brand Licensing Manager  
IP Development  
Transport for London  
Windsor House  
42-50 Victoria Street  
London SW1H 0TL

**\* London's Transport Museum royalty periods: 1st Jan-31 Mar; 1st Apr-30 Jun; 1st Jul-30 Sep; 1st Oct-31 Dec**  
Please make cheques payable to Transport Trading Limited



## APPENDIX B

### Ethical Sourcing Terms and Conditions

#### Ethical Sourcing Terms and Conditions of Contract

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1. TfL is committed to ensuring that workers employed in its supply chains throughout the world are treated fairly, humanely and equitably. In the course of complying with this Agreement, the Licensee shall comply with and shall procure that its sub-contractors (as applicable) comply with those principles of the Ethical Trading Initiative (ETI) Base Code as are detailed in Appendix 1 to this Agreement, or an equivalent code of conduct (the “Ethical Sourcing Principles”) in relation to the provision of the goods.
2. As at the commencement of this Agreement, or as soon as practicable following the commencement of this Agreement the Licensee shall be registered with an ethical supplier database, such as SEDEX (Supplier Ethical Data Exchange). The Licensee agrees that for the duration of this Agreement, it shall permit and enable TfL to have access to the information relating to the Licensee that subsists in such ethical supplier database.
3. During the course of this Agreement, TfL has the right to request the Licensee to carry out one or more audit using a reputable auditor to verify whether the Licensee is complying with the Ethical Sourcing Principles. The identity of the auditor is to be approved by TfL, such approval not to be unreasonably withheld or delayed. The costs of the audit shall be borne by TfL.
4. During the course of this Agreement, if TfL has reasonable cause to believe that the Licensee is not complying with any of the Ethical Sourcing Principles, then TfL shall notify the Licensee and the Parties shall agree an action plan with appropriate timeframes for compliance by the Licensee (the “Action Plan”), such Action Plan to be agreed by the Parties by no later than **three (3) months** from the date of TfL notifying the Licensee that remedial action is required or such other period as the Parties may otherwise agree in writing. The costs of the creation and implementation of the Action Plan shall be borne by the Licensee.
5. Following the agreement of the Action Plan, TfL reserves the right to conduct one or more audits, (either itself or via a third-party auditor approved by TfL) in relation to compliance by the Licensee with the Action Plan.
6. For the avoidance of doubt, the rights of audit contained in this clause shall include without limitation the right of TfL (or a TfL-approved auditor) acting reasonably to undertake physical inspections of relevant sites/factories, to conduct interviews with relevant personnel and to inspect relevant documents. The Licensee shall co-operate and shall procure that its sub-contractors (as applicable) co-operate with TfL in relation to all aspects of any audit.

## **Appendix B: The ETI Base Code**

### **1.1 EMPLOYMENT IS FREELY CHOSEN**

- 1.1.1 There is no forced, bonded or involuntary prison labour.
- 1.1.2 Workers are not required to lodge "deposits" or their identity papers with their employer and are free to leave their employer after reasonable notice.

### **1.3 WORKING CONDITIONS ARE SAFE AND HYGIENIC**

- 1.3.1 A safe and hygienic working environment shall be provided, bearing in mind the prevailing knowledge of the industry and of any specific hazards. Adequate steps shall be taken to prevent accidents and injury to health arising out of, associated with, or occurring in the course of work, by minimising, so far as is reasonably practicable, the causes of hazards inherent in the working environment.
- 1.3.2 Workers shall receive regular and recorded health and safety training, and such training shall be repeated for new or reassigned workers.
- 1.3.3 Access to clean toilet facilities and to potable water, and, if appropriate, sanitary facilities for food storage shall be provided.
- 1.3.4 Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.
- 1.3.5 The company observing the code shall assign responsibility for health and safety to a senior management representative.

### **1.4 CHILD LABOUR SHALL NOT BE USED**

- 1.4.1 There shall be no new recruitment of child labour.
- 1.4.2 Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child; "child" and "child labour" being defined in the Appendix A.
- 1.4.3 Children and young persons under 18 shall not be employed at night or in hazardous conditions.
- 1.4.4 These policies and procedures shall conform to the provisions of the relevant ILO standards.

### **1.5 LIVING WAGES ARE PAID**

- 1.5.1 Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher.

In any event wages should always be enough to meet basic needs and to provide some discretionary income.

1.5.2 All workers shall be provided with written and understandable Information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

1.5.3 Deductions from wages as a disciplinary measure shall not be permitted nor shall any deductions from wages not provided for by national law be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

## **1.6 WORKING HOURS ARE NOT EXCESSIVE**

1.6.1 Working hours comply with national laws and benchmark industry standards, whichever affords greater protection.

1.6.2 In any event, workers shall not on a regular basis be required to work in excess of 48 hours per week and shall be provided with at least one day off for every 7 day period on average. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.

## **1.7 NO DISCRIMINATION IS PRACTISED**

1.7.1 There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.

## **1.8 REGULAR EMPLOYMENT IS PROVIDED**

1.8.1 To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

1.8.2 Obligations to employees under labour or social security laws and regulations arising from the regular employment relationship shall not be avoided through the use of labour-only contracting, sub- contracting, or home-working arrangements, or through apprenticeship schemes where there is no real intent to impart skills or provide regular employment, nor shall any such obligations be avoided through the excessive use of fixed-term contracts of employment.

## **1.9 NO HARSH OR INHUMANE TREATMENT IS ALLOWED**

1.9.1 Physical abuse or discipline, the threat of physical abuse, sexual or other harassment and verbal abuse or other forms of intimidation shall be prohibited.