



### Fair Payment Charter

The Commercial Directors Forum (CDF) has been established to promote, support and influence commercial policy in the rail industry by encouraging collaborative working amongst Commercial Directors throughout the supply chain.

Members of the CDF hereby agree to actively support, promote and apply the principles of this Fair Payment Charter in their delivery of rail capital works; namely that;

- Companies throughout the supply chain have the right to 'Fair Payment' – that is to receive prompt, predictable and correct payment when due.
- Standard terms and associated administrative practices of payment are such that they could readily be considered "fair".
- Deliberate deferral, late payment or unjustifiable withholding of payment is ethically unacceptable.
- 'Fair Payment' will apply equally between the client and lead contractor and throughout the supply chain.
- 'Correct payment' should reflect the works properly carried out and products & services duly supplied, including acknowledged additions, all being in accordance with the contract.
- Any withholding of payment due to defects, non-delivery or the absence of proof will be proportionate and demonstrably justified.
- Client arrangements for retention will be replicated via matching terms throughout the supply chain where practicable.
- To promote consistent, effective and equitable cash flow for companies throughout the rail supply chain, contracts will provide for regular payments and in general;
  - o Main contracts will have payment periods not exceeding 21 days from the valuation date.
  - o Subcontractor's & suppliers' payment will not to be dependant on the pay date of a main contract.
  - o Subcontracts will have payment periods not exceeding 28 days from the same valuation date.
  - o Authors of Sub-subcontracts will be invited to include similarly short payment periods where appropriate.
  - o To minimise payment delays, the client and all supply chain members will agree payment procedures at the outset of their contracts.
  - o Ideally payment will be through electronic BACS transfer and will apply throughout the supply chain.
- The signatories will introduce standard terms as necessary to support the aspired payment regime.

The signatories agree that this Charter is not intended to be legally binding or used in construing any specific contractual commitment.

**Signed for and on behalf of Network Rail**

**David McLoughlin**  
Finance and Commercial Director, Investment Projects  
11<sup>th</sup> November 2011

Jeremy Candfield  
Director General  
RIA

Kelvin Holder  
Commercial Director  
Amey

Mark Hitchin  
Commercial Director  
Atkins

Robert Forbes  
Commercial Director  
Babcock

Nigel Roberts  
Commercial Director  
Balfour Beatty Civil  
Engineering

David Holmes  
Commercial Director  
Cantillion Construction

Nigel Claxton  
Managing Director  
Colas Rail

William Wilson  
Commercial Director  
Invensys

David Evans  
Commercial Manager  
BAM Nuttall

Paul Gratton  
Finance Director  
C. Spencer

Andy Dixon  
Commercial Director  
Costain

Andrew English  
Commercial Director  
Skanska

Keith Rudd  
Director  
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Martin Pickup  
Commercial Director  
URS Scott Wilson

Mark Hayton  
Commercial Contracts  
Director  
Thales

Niall McCreanor  
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Clive Stentiford  
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