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**PARENT COMPANY GUARANTEE**

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This Agreement is made between

(1) [**company name]** ([company number]) whose registered office is at [registered office] (“the Guarantor”) and

(2) [ company name ] [ company number ] whose registered office is at [ ] (“the Employer”)

**WHEREAS**

(A) By an agreement in writing dated [ date ] (“the Contract”) and made between the Employer and [company name] ([company number]) whose registered office is at [registered office] (“the Contractor”) the Contractor agreed to [ design or complete the design of and to ] construct [ give details ]

(B) The Guarantor being the parent company of the Contractor has agreed to guarantee the due performance by the Contractor of its obligations under the Contract

(C) The Guarantor and the Employer have agreed that the maximum liability of the Guarantor under and in connection with this Agreement shall not exceed the sum of £ *[the contract sum in the Contract]* (“the Maximum Amount”)

**IT IS HEREBY AGREED** in consideration of the Employer entering into the Contract as follows:-

1. **Promise to pay**

If the Contractor in any respect fails to observe and perform any of its obligations or duties to the Employer under or in connection with the Contract, or if the Contractor fails to pay any debt, damages, interest or costs due from the Contractor to the Employer under or in connection with the Contract, or if the employment of the Contractor under the Contract shall be determined by operation of the contract or notice given under [Section 8.5 of the SBCC Conditions (2016 Edition)] incorporated in the Contract, then the Guarantor shall pay the Employer all losses, damages, costs and expenses incurred by the Employer by reason of such failure or non-payment or termination and shall upon written demand itself pay to the Employer the amount of such debt, damages interest and costs up to the Maximum Amount in accordance with the provisions of this Agreement.

2. **Amendments to Contract**

The Contract may be modified, amended or supplemented in any manner whatsoever without the consent of the Guarantor, and no such modification, amendment or supplement shall release or impair the liability of the Guarantor under this Agreement, which shall extend to the duties, obligations and liabilities of the Contractor under the Contract as so modified, amended or supplemented. No invalidity in the Contract or its avoidance or termination shall affect or impair the liability of the Guarantor under this Agreement. No waiver or concession or allowance of time or compromise or forbearance given to or made with the Contractor shall release, affect or impair the liability of the Guarantor under this Agreement, and terms of this Agreement shall apply to the terms of such compromise as they apply to the Contract.

3. **Extraneous Rights**

The Employer shall not be required to pursue any remedy against the Contractor before proceeding against the Guarantor under this Agreement.

4. **Insolvency of the Contractor**

The liquidation or receivership or insolvency of the Contractor shall not affect or reduce the liability of the Guarantor under this Agreement.

5. **Limit of Liability**

5.1 The Employer shall be entitled to recover no more under this Agreement in respect of any matter than the Employer would be entitled to recover from the Contractor in respect of that matter.

5.2 Notwithstanding anything to the contrary contained in this Agreement, the Guarantor shall have no greater liability to the Employer under this Agreement than the Contractor has to the Employer under the Contract. Further the Guarantor shall have available to it in any claim and/or action or proceedings by the Employer under or in connection with this Agreement the same defences set offs and/or counterclaims as are or would be available to the Contractor in any claim and/or action or proceedings by the Employer under or in connection with the Contract.

5.3 The Guarantor shall be released and discharged from its obligations under the Agreement on the issue of the Certificate of Practical Completion under the Contract save in respect of any claims notified before such date to it by the Employer.

6. **Performance by Guarantor**

Without prejudice to the generality of Clause 1, if the Employer determines the employment of the Contractor under the provisions of the Contract the Guarantor may, at its option regardless of the existence of any dispute between the Employer and the Contractor, forthwith perform and observe or cause to be performed and observed, the obligations of the Contractor under the Contract to the extent that and subject to the terms as the Contractor would, but for the determination of its employment, have been liable to perform.

7. **Assignation**

The Employer may not without the consent of the Guarantor assign or charge the benefit of this Agreement to any person.

8. **Service of Notice**

Any notice or demand to be served under this Agreement must be in writing and must be served by hand or registered post or 'signed for' delivery, and in the case of a corporation must be served at its registered office for the time being. In any other case notice may be served at any address for the time being of the person to be served. Service shall take effect, if given by hand, on the date of delivery. If given by post, it shall take effect two days after posting, excluding Saturdays, Sundays and statutory holidays.

9. **Governing Law**

The law of this Agreement is English law and the English courts shall have jurisdiction with regard to all matters arising from it.

10. **The Contract (Rights of Third Parties) Act 1999**

A person who is not a party to this Agreement shall have no right under The Contract (Rights of Third Parties) Act 1999to enforce any of its terms.

11. **Definitions and interpretation**

In this Agreement “person” includes any firm and any entity having legal capacity. The definitions given in the recitals to this Agreement apply to this Agreement. Clause headings do not form part of this Agreement.

**IN WITNESS WHEREOF** this Agreement on this and the preceding [XX] pages is executed as follows:-

Subscribed for and on behalf of the **Guarantor:**

at on ………………..day of ……………..2021 as follows:-

 (Director/Authorised Signatory)

 (Full name of Director/Authorised Signatory)

 (Director/Authorised Signatory/Witness)

 (Full name of Director/Authorised Signatory/ Witness)

 (Address of Witness, if applicable)

Subscribed for and on behalf of the **Employer:**

at on ………………..day of ……………..2021 as follows:-

 (Director/Authorised Signatory)

 (Full name of Director/Authorised Signatory)

 (Director/Authorised Signatory/Witness)

 (Full name of Director/Authorised Signatory/ Witness)

 (Address of Witness, if applicable)