



## Annex 1 – Parental Guarantee

**In some cases, a Grant Funding Agreement will require a Parental Guarantee from the Grant Recipient’s Parent or Ultimate Parent Company as part of the Pre-Conditions specified in Paragraph 7 of the Grant Funding Agreement. This will specify which parent company is required to provide the guarantee.**

The undertaking and guarantee should be written on the guaranteeing parent company’s headed paper and accompanied by a certified copy of the Resolution of the Board of Directors from the guaranteeing parent (or the equivalent thereof) authorising the signatory to sign the document and a certificate from the Secretary of **[the parent company]** that the signature on the document is that of the person so authorised to sign.

Where the guaranteeing parent is incorporated outside England or Wales, the Secretary of State will also require a formal legal opinion from a lawyer duly qualified to practice law in **[country the parent is registered in.]** This may be the in-house lawyer of that parent however the undertaking and guarantee should impose upon that parent legally valid and binding obligations in accordance with its terms, enforceable against that parent under the laws of the country it is registered in, to the satisfaction of the Secretary of State.

The Parent Guarantee must be in the following form:

The Secretary of State for Energy Security and Net Zero  
Department for Energy Security and Net Zero  
1 Victoria Street  
London  
SW1H 0ET

[Date]

### **[Grant Recipient Name] [Grant Scheme Name] Assistance**

In consideration of the Secretary of State for Energy Security and Net Zero (the “Secretary of State”) being willing, at our request, to make **[Grant Recipient Name]** an offer of up to **[£X (amount in pounds)]** under the terms of the Grant Funding Agreement dated **[date of Final Grant Funding Agreement]** under reference **[ref]** *[Note: This should refer to the Final Grant Funding Agreement and the Guarantee should be dated the same date as the Final Grant Funding Agreement]* or under the terms of any letter relating to the same grant which varies or supersedes that letter (together the “Grant Funding Agreement”) **[Guaranteeing Parent Company Name]** hereby undertakes to provide sufficient funds to enable **[Grant Recipient Name]** to perform its obligations in accordance with the terms of the Grant Funding Agreement.

In this guarantee “Guaranteed Obligations” means all monies, debts and liabilities of any nature (whether actual or contingent) from time to time due, owing or incurred by or from **[Grant Recipient Name]** to the Secretary of State under or in connection with the Grant Funding Agreement.

**[Guaranteeing Parent Company Name]** guarantees to the Secretary of State that, whenever **[Grant Recipient Name]** does not pay any of the Guaranteed Obligations when due, to pay on demand the Guaranteed Obligations.

**[Guaranteeing Parent Company Name]** will make any payments under this guarantee in full, without any deduction or withholdings whatsoever.

Further, **[Guaranteeing Parent Company Name]** agrees that if any payments due from **[Grant Recipient Name]** are not recoverable from **[Guaranteeing Parent Company Name]** as guarantor or surety for **[Grant Recipient Name]** for any reason whatsoever those payments shall nevertheless be recoverable from **[Guaranteeing Parent Company Name]** as principal debtor and shall be payable by **[Guaranteeing Parent Company Name]** on demand.

**[Guaranteeing Parent Company Name]** as principal debtor and as a separate and independent obligation and liability agrees to indemnify and keep indemnified the Secretary of State in full and on demand from and against all and any losses, costs, claims, liabilities, damages, demands and expenses suffered or incurred by the Secretary of State arising out of, or in connection with, any failure of **[Grant Recipient Name]** to perform or discharge any of its obligations or liabilities in respect of the Guaranteed Obligations.

Any amounts due from **[Guaranteeing Parent Company Name]** shall carry interest at 1.5% above the base rate for the time being of the Bank of England from the date of demand to the date of payment.

The Secretary of State may claim under this guarantee at the same time as or after making demand of **[Grant Recipient Name]** or before, at the same time as, or after taking any action to claim under or enforce any other right, security or guarantee which it may hold from time to time in respect of the Guaranteed Obligations.

**[Guaranteeing Parent Company Name]** shall accept a certificate or other document signed by the Secretary of State or on his/her behalf as conclusive evidence of amounts repayable by **[Grant Recipient Name]**

**[Guaranteeing Parent Company Name]** has not received any security from **[Grant Recipient Name]** for giving this guarantee and we shall not take any security for its liability under this guarantee for so long as any sums may become repayable under the Grant Funding Agreement without first obtaining written consent from the Secretary of State. If, in contravention of that undertaking, **[Guaranteeing Parent Company Name]** takes any security **[Guaranteeing Parent Company Name]** hold the security and all or any amounts realised by **[Guaranteeing Parent Company Name]** from it on trust for the Secretary of State.

**[Guaranteeing Parent Company Name]** undertakes not, without the Secretary of State's consent, to create or permit to subsist any encumbrance on any of its assets, undertaking or revenues, except for those approved by the Secretary of State and for liens arising by operation of law securing sums owed to trade creditors not more than 90 days overdue.

**[Guaranteeing Parent Company Name]** shall not take any steps to enforce any right or claim against **[Grant Recipient Name]** or any co-guarantor in respect of any monies paid by **[Guaranteeing Parent Company Name]** to the Secretary of State pursuant to this guarantee or any other liabilities between **[Grant Recipient Name]** and **[Guaranteeing Parent Company Name]** unless and until all of the Guaranteed Obligations owing to the Secretary of State (both actual and contingent) have been performed and discharged in full.

This guarantee is a continuing guarantee and will remain in force until the Guaranteed Obligations have been performed and discharged in full. **[Guaranteeing Parent Company Name]**'s liability under this guarantee will not be affected by: (a) any concession, time, indulgence or release granted by the Secretary of State to **[Grant Recipient Name]** or any other person, (b) the Secretary of State's failure to take, perfect, enforce or hold unimpaired any security, indemnity or guarantee taken for the Guaranteed Obligations (c) any payment or dealing or anything else (whether by or relating to **[Grant Recipient Name]** **[Guaranteeing Parent Company Name]** or any other person) which would, but for this paragraph, operate to discharge or reduce the Guaranteed Obligations or (d) any termination, amendment, variation, novation, replacement or supplement of or to any of the Guaranteed Obligations (including without limitation any change in the purpose of, any increase in or extension of, the Guaranteed Obligations).

This guarantee and any non-contractual obligations arising out of or in connection with it shall be governed by the laws of England. **[Guaranteeing Parent Company Name]** agrees that the courts of England will have jurisdiction to hear and settle any dispute which arises in connection with this guarantee, although this shall not limit the right of the Secretary of State to bring proceedings against **[Guaranteeing Parent Company Name]** in any other court of competent jurisdiction.

**[Guaranteeing Parent Company Name]** irrevocably agree only to bring proceedings in the courts of England. **[Guaranteeing Parent Company Name]** agrees in connection with proceedings in England that any writ, judgment or other notice of process shall be sufficiently and effectively served on **[Guaranteeing Parent Company Name]** if delivered to [please insert address for service in UK].

This guarantee shall be in addition to any other guarantee for the Guaranteed Obligations under the Grant Funding Agreement by **[Grant Recipient Name]** signed by **[Guaranteeing Parent Company Name]** that the Secretary of State may hold.

This guarantee shall remain in full force and effect even if **[Guaranteeing Parent Company Name]** or **[Grant Recipient Name]** have merged or amalgamated with

another company or if **[Guaranteeing Parent Company Name]** or **[Grant Recipient Name]** have changed their respective constitutional documents.

Any demand or other communication concerning this guarantee should be sent to **[Guaranteeing Parent Company Name]** at our registered office for the time being.

Signed: .....

Print name: .....

Company Director

for and on behalf of:

**[Guaranteeing Parent Company Name]**