

SCHEDULE 43

ESCALATION MECHANISM

- 1 The Contract Price will remain fixed until 1 October 2013.
- 2 From 1 October 2013, the Contract Price will escalate by reference to the following:
 - 2.1 the element of the Contract Price attributed to the Civils Works and the AD Works (both terms as defined under the Construction Contract) will be multiplied by W and the resultant value will be escalated by reference to any monthly percentage increase in the BCIS Blended Index; and
 - 2.2 the element of the Contract Price attributed to the M&E (Process Plant (Ecodeco)) Package (as defined under the Construction Contract) will be multiplied by W and the resultant value will be escalated by applying the following adjustment formula:

$$Z = (X-Y)/Y$$

where:

BCIS means the Building Cost Information Service (which forms part of the Royal Institution of Chartered Surveyors);

BCIS Blended Index means the application of the following indices in the percentages identified below:

- (a) BCIS index 2/27 (Building Series 2) (as to twenty per cent (20%));
- (b) BCIS index 3/17 (Building Series 3) (as to twenty three per cent (23%));
- (c) BCIS index 2/E2 (Specialist Engineering Series 2) (as to eighteen per cent (18%));
- (d) BCIS index 90/1 (Civil Engineering 1990 Series 3) (as to nine per cent (9%));
- (e) BCIS index 3/02 (Building Series 3) (as to five

per cent (5%));

- (f) BCIS index 90/4 (Civil Engineering 1990 Series 3); (as to four per cent (4%));
- (g) BCIS index 90/6 (Civil Engineering 1990 Series 3) (as to sixteen per cent (16%)); and
- (h) BCIS index 3/60 (Building Series 3) (as to five per cent (5%)),

each as published by BCIS and failing such publication or in the event of a fundamental change to either such index, such other index or indices as the Parties may agree, or such other adjustments to the index or indices as the Parties may agree (in each case with the intention of putting the Parties in no better no worse position than they would have been had the relevant index or indices not ceased to be published or the relevant fundamental change not been made) or, in the event that no such agreement is reached, as may be determined in accordance with the Dispute Resolution Procedure;

ISTAT Inflation Index means the *Indici nazionali dei prezzi al consumo per le famiglie di operai e impiegati Generale al netto dei tabacchi (a partire dal Febbraio 1992)* (being the National consumer price indices for the families of workers and employees, net General Tobacco (since February 1992)) with reference to the row titled *00ST: indice generale senza tabacchi* of *Indice dei prezzi al consumo per le famiglie di operai e impiegati - dati mensili (FOI - dal 2011)*, which can be found at <http://dati.istat.it/?lang=en> (click on "Prices", "Consumer prices", "Consumer price index for blue and white-collar worker households - monthly data (FOI - until 2011 onwards)", "National data (FOI – base 2010=100)", row "00ST: all items

excluded tobacco") and failing such publication or in the event of a fundamental change to such index, such other index as the Parties may agree, or such other adjustments to the index as the Parties may agree (in each case with the intention of putting the Parties in no better no worse position than they would have been had the index not ceased to be published or the relevant fundamental change not been made) or, in the event that no such agreement is reached, as may be determined in accordance with the Dispute Resolution Procedure;

W

means the result of dividing (i) by (ii) where:

(i) is sixty-four million two hundred and fifty-four thousand and twenty-five pounds (£64,254,025); and

(ii) is the sum of the elements of the Contract Price attributed to the Civils Works, the AD Works and M&E (Process Plant (Ecodeco)) Package (each term as defined under the Construction Contract),

and W shall never be greater than one (1)

X

means the average of the aggregate total of RPIX and the ISTAT Inflation Index as at the date works actually commence (after 1 October 2013);

Y

is the average of the aggregate total of RPIX and the ISTAT Inflation Index at 1 October 2013; and

Z

means the amount by which the element of the Contract Price attributable to the M&E (Process Plant (Ecodeco)) Package (as defined under the Construction Contract) will be escalated.