

Bond Dickinson

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Dated 21st July 2015

GRANT FRAMEWORK AGREEMENT

POST OFFICE LIMITED

and

NATIONAL FEDERATION OF SUB-POSTMASTERS

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THIS AGREEMENT dated

21st July

2015 is made BETWEEN:

- (1) POST OFFICE LIMITED incorporated and registered in England and Wales with company number 02154540 whose registered office is at Finsbury Dials 20, Finsbury Street, London, EC2Y 9AQ ("POL"); and
- (2) NATIONAL FEDERATION OF SUB-POSTMASTERS an unincorporated association whose head office is at Evelyn House, 22 Windlesham Gardens, Shoreham-by-Sea, West Sussex BN43 5AZ ("NFSP").

BACKGROUND:

- (A) NFSP, the unincorporated former trade union of the same name, intends to reconstitute itself and is in the process of organisational transition.
- (B) The aims of the new organisation are to: (i) build on its existing membership base of Sub-postmasters to develop a function that reflects and supports the wider range of Post Office Operators that will exist post the Network Transformation programme, (ii) develop its role to take account of the changes & challenges in the Post Office network of branches and (iii) introduce skills into its organisation.
- (C) POL has the right to manage and to ensure the efficient and effective delivery of services to its customers. The NFSP has the right to support and promote its members' interests.
- (D) To support this new organisation, POL agrees to provide certain grant funding to the NFSP on the terms and subject to the conditions set out below.
- (E) This Agreement sets out the framework for the fifteen (15) year grant arrangement. There are two (2) separate strands to the Grant (i) an annual grant payment in respect of the activities approved in the Annual Plan and (ii) project specific grant funding for certain Approved Projects.
- (F) All grant funding is subject to the approval of the Annual Plan or Project Proposal (as applicable) and all monies provided to the NFSP in accordance with this Agreement shall be held on trust for POL unless and until used by the NFSP in accordance with the Annual Plan or for delivery of an Approved Project (as applicable).

AGREED TERMS:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Agreement the following words and expressions shall have the following meanings unless otherwise stated:

"ADR notice"	has the meaning given in clause 31.4;
"Annual Grant Payment"	the payment calculated in accordance with Schedule 1;
"Annual Plan"	the annual plan to be provided by the NFSP in respect of each Financial Year pursuant to clause 4;
"Approved Project"	has the meaning given in clause 9.1;
"Availability Period"	has the meaning given in clause 9.4;
"Award Date"	has the meaning given in Schedule 3;
"BIS"	the Department for Business, Innovation & Skills or such successor department or organisation from time to time as shall be responsible for POL and postal policy;

"Bribery Act"	the Bribery Act 2010 and any subordinate legislation made under that Act from time to time together with any guidance or codes of practice issued by the relevant government department concerning the legislation;
"Business Day"	a day other than a Saturday or Sunday or other public holiday in England and Wales;
"Commencement Date"	1 April 2015;
"Community Branch Network"	POL's network of Post Office Branches that have been given community branch status due to the fact that there is no other convenience or confectionary, tobacco and news retail outlet within half a mile (as the crow flies) of such Post Office Branches and "Community Branch" shall be construed accordingly;
"Confidential Information"	all information and trade secrets relating to POL's business, the NFSP's business, Post Office Operators or Post Office customers which comes into the possession of the NFSP or POL (as applicable) pursuant to this Agreement, whether orally, or in documentary, electronic or other form or which is marked confidential;
"Data Processor"	has the meaning given in the DPA;
"Disputed Amount"	has the meaning given in clause 8.2;
"DPA"	the Data Protection Act 1998 and all other applicable laws and regulations from time to time in force that relate to the processing of personal data, data protection and privacy, including where applicable the guidance and codes of practice issued by the Information Commissioner;
"EA"	the Equality Act 2010;
"Event of Clawback"	has the meaning given in clause 17.2;
"Event of Termination"	has the meaning given in clause 17.6;
"Executive Council"	the executive council of the NFSP;
"Existing Members"	the members of the NFSP as at 1 May 2015;
"Financial Year"	the period starting on 1 April each year and ending on 31 March in the following year (with the first Financial Year being the period commencing on 1 April 2015 and expiring on 31 March 2016);
"FOIA"	the Freedom of Information Act 2000, and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;
"Force Majeure Event"	any event affecting the performance by a party of its obligations under this Agreement arising from acts, events, omissions or non-events beyond its reasonable control, including acts of God, riots, war, acts of terrorism, fire, flood, storm or earthquake and any disaster, but excluding any industrial

	dispute relating to the NFSP, the NFSP's Personnel or any other failure in the NFSP's supply chain;
"Grant"	the aggregate of the sums determined in accordance with clause 6 and clause 9 to be made available in each Financial Year by POL for the NFSP to access in accordance with this Agreement;
"Grant Committee"	the committee established in accordance with Schedule 2;
"Grant Period"	a period of fifteen (15) years from the Commencement Date;
"Individual Grant"	each individual allocation of grant monies for an Approved Project calculated in accordance with Schedule 3;
"Individual Grant Period"	the period for which an Individual Grant is awarded starting on the Award Date and ending on the Project Completion Date for such Individual Grant;
"Information"	has the meaning given under section 84 of FOIA;
"Intellectual Property"	all patents, copyrights, design rights, trade marks, goodwill, trade secrets, know-how, database rights, moral rights and other rights in the nature of intellectual property rights (whether registered or unregistered) and all applications for the same, anywhere in the world;
"Licensed Materials"	the branding, signage and other materials containing, depicting or bearing any POL Intellectual Property;
"Network Transformation programme"	POL's programme for the transformation of its network of Post Office Branches;
"NFSP Grant Manager"	the person nominated by the NFSP from time to time to manage, on a day to day basis, matters arising pursuant to this Agreement. The NFSP shall notify POL of the identity of the NFSP Grant Manager in writing;
"Payment Date"	the date any amount of the Annual Grant Payment is due and payable in accordance with this Agreement;
"Personal Data"	has the meaning given in the DPA;
"Personnel"	means: <ul style="list-style-type: none"> (i) in relation to the NFSP, any member of the Executive Council, officer, employee, member or volunteer of the NFSP involved from time to time in the activities contemplated by this Agreement or any consultant or contractor engaged by the NFSP from time to time in respect of the activities contemplated by this Agreement; and (ii) in relation to POL, any officer or employee of POL involved from time to time in the activities contemplated by this Agreement or any consultant or contractor engaged by POL from time to time in respect of the activities contemplated by this Agreement;

"Post Office Group"	the group of companies comprised of POL, its holding company, its subsidiaries and associated undertakings (if any) and any subsidiaries and associated undertakings of its holding company including any subsidiaries of those associated undertakings. The terms "holding company" and "subsidiary" shall have the meanings given to them in section 1159 of the Companies Act 2006;
"POL Grant Manager"	the person nominated by POL from time to time to manage, on a day to day basis, matters arising pursuant to this Agreement. POL shall notify the NFSP of the identity of the POL Grant Manager in writing;
"POL Intellectual Property"	all Intellectual Property in anything provided by or on behalf of POL in connection with this Agreement;
"Post Office Branch"	as defined by POL from time to time and currently designated as either being a main branch, a local branch, a Community Branch, an unconverted Post Office branch or an access point;
"Post Office Operator"	any third party with which POL holds a contract for the operation of a Post Office Branch;
"Project Completion Date"	has the meaning given in Schedule 3;
"Project Proposal"	has the meaning given in Schedule 3;
"Project Proposal Submission Date"	has the meaning given in Schedule 3;
"Quarter"	any 3 month period commencing on 1 January, 1 April, 1 July or 1 October in any year;
"Representative Organisation"	an organisation which: <ul style="list-style-type: none"> (i) represents at least 50% (fifty per cent) of each type of Post Office Operator operating each type of Post Office Branch as defined by POL from time to time and currently designated as being either a main branch, a local branch, a Community Branch, an unconverted Post Office Branch or an access point; and (ii) has used its best endeavours to seek to represent as many Post Office Operators which are multiples as possible ("multiples" to be as defined by POL from time to time); and
"Required Insurances"	has the meaning given in clause 29.1;
"Royal Mail Group Limited"	incorporated and registered in England and Wales with company number 04138203 whose registered office is at 100 Victoria Embankment, London, EC4Y 0HQ; and
"Review"	has the meaning given in clause 15.1.

1.2 Clause, Schedule and paragraph headings shall not affect the interpretation of this Agreement.

- 1.3 A "person" includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's legal and personal representatives, successors and permitted assigns.
- 1.4 The Schedules form part of this Agreement and shall have effect as if set out in full in the body of this Agreement and any reference to this Agreement includes the Schedules.
- 1.5 A reference to a statute or statutory provision is a reference to it as it is in force for the time being, taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.
- 1.6 A reference to a "company" shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.7 Words in the singular shall include the plural and vice versa.
- 1.8 A reference to one gender shall include a reference to the other genders.
- 1.9 Any obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- 1.10 A reference to a document is a reference to that document as varied or novated (in each case, other than in breach of the provisions of this Agreement) at any time.
- 1.11 References to clauses and Schedules are to the clauses and Schedules of this Agreement; references to paragraphs are to paragraphs of the relevant Schedule.

2. **PURPOSE**

- 2.1 In consideration of the NFSP providing members' benefits to Post Office Operators as agreed in each Annual Plan, and the NFSP undertaking certain Approved Projects, POL will provide grant funding to the NFSP on the terms and subject to the conditions of this Agreement.
- 2.2 The NFSP will comply with all conditions attached to such funding in accordance with this Agreement and will use all funding provided to it under this Agreement only for the purpose for which it was intended.

3. **COMMENCEMENT AND DURATION**

- 3.1 This Agreement shall be deemed to have taken effect on the Commencement Date and shall continue in force for the Grant Period, subject to earlier termination in accordance with its terms.
- 3.2 The NFSP warrants that it has all rights, power and authority to enter into this Agreement.

4. **PROVISION OF BENEFITS TO POST OFFICE OPERATORS**

- 4.1 From 1 October 2015, the NFSP shall provide free membership of the NFSP to all Post Office Operators who:
 - 4.1.1 enter into, or have previously entered into, contracts with POL for the operation of a main or local Post Office Branch (whether as a consequence of taking on a new Post Office Branch or converting an existing Post Office Branch to a new main or local model); or
 - 4.1.2 operate Community Branches and have applied for and received funding from POL to invest in their Community Branch.

The NFSP acknowledges that, notwithstanding this offer of free membership, a Post Office Operator has the right to refuse to accept membership of the NFSP and the NFSP agrees to accept any refusal by a Post Office Operator to accept this membership offer.

- 4.2 Prior to 1 April 2016, the NFSP will use reasonable endeavours to maintain its membership levels for Existing Members at 1 May 2015 membership levels and maintain its subscription rates for Existing Members at 1 May 2015 subscription rates (as a minimum).
- 4.3 From 1 April 2016, the NFSP shall provide free membership of the NFSP to all Post Office Operators. The NFSP acknowledges that, notwithstanding this offer of free membership, a Post Office Operator has the right to refuse to accept membership of the NFSP and the NFSP agrees to accept any refusal by a Post Office Operator to accept this membership offer.
- 4.4 When the NFSP introduces a system of free membership of the NFSP for some or all Post Office Operators then the NFSP shall:
 - 4.4.1 discuss such a process with POL in advance; and
 - 4.4.2 obtain POL's written consent, not to be unreasonably withheld or delayed, to the processes and procedures to be followed as part of the free membership process prior to their implementation.
- 4.5 The NFSP shall prepare an Annual Plan for each Financial Year which shall be in the format prescribed by POL from time to time and which shall specify the following in detail (as a minimum):
 - 4.5.1 the proposed activities for the NFSP including the benefits to be offered to Post Office Operators by the NFSP for such Financial Year;
 - 4.5.2 the objectives/key milestones for the Financial Year and the dates by which such objectives/key milestones shall be achieved for that Financial Year, such objectives/key milestones must be capable of being measured by POL;
 - 4.5.3 further details on what the Annual Grant Payment can and can't be used for;
 - 4.5.4 full details of the then current number of members of the NFSP separated by category of Post Office Branch operated by each member together with independent verification of such information from the NFSP's auditors; and
 - 4.5.5 high level details of proposed activities for the next four (4) Financial Years, broken down by each Financial Year.

The Annual Plan shall be forward looking and does not need to contain details of the historic activities of the NFSP.

- 4.6 Within a reasonable period after the date of this Agreement POL will provide the NFSP with a template (which may be amended by POL from time to time by notice to the NFSP) for the NFSP to use for each Annual Plan and the NFSP shall submit a draft Annual Plan for the first Financial Year (namely from 1 April 2015 to 31 March 2016) within 30 days of the provision of the Annual Plan template by POL. This draft Annual Plan will be subject to approval by POL in accordance with the process set out in this clause 4 prior to any Annual Grant Payments being made.
- 4.7 No later than three (3) months prior to the start of each Financial Year, the NFSP shall submit to POL a draft Annual Plan for the forthcoming Financial Year for approval by POL.
- 4.8 Within thirty (30) days of receipt of a draft Annual Plan, POL shall confirm whether or not it approves such draft Annual Plan.
- 4.9 Where POL confirms its approval of a draft Annual Plan in accordance with clause 4.8, the draft Annual Plan shall become the Annual Plan for that Financial Year.

- 4.10 Where POL confirms that it does not approve a draft Annual Plan, it shall provide comments on the draft Annual Plan. The NFSP shall submit to POL a revised draft Annual Plan, taking into account POL's comments, within ten (10) Business Days of receipt of POL's comments on the draft Annual Plan. Once approved by POL, the draft Annual Plan shall become the Annual Plan for that Financial Year.
- 4.11 Both parties shall use reasonable endeavours to support, facilitate and maximise the efficiency of the Grant Committee.

5. GENERAL CONDITIONS OF THE GRANT

For the avoidance of doubt it is hereby acknowledged that:

- 5.1 Both parties shall use reasonable endeavours to identify any issues which will or may create tension between the interests of POL and those of Post Office Operators and use reasonable endeavours to resolve any such issues.
- 5.2 For the avoidance of doubt, it is hereby acknowledged that the NFSP may (subject to clause 5.3 and any obligations of confidentiality which are contained in this Agreement, any other agreement between POL and the NFSP or elsewhere which contain obligations of confidentiality):
- 5.2.1 represent individual Post Office Operators;
 - 5.2.2 discuss and comment on POL's initiatives, policies or strategies with its membership;
 - 5.2.3 publicly comment on the same;
 - 5.2.4 state and explain its opinion on the same, even if not in support of POL; and
 - 5.2.5 lobby relevant stakeholders such as BIS and Royal Mail Group Limited on behalf of its members.
- 5.3 The NFSP shall not engage in the following activities or behaviours:
- 5.3.1 undertaking any public activity which may prevent POL from implementing any of its initiatives, policies or strategies;
 - 5.3.2 undertaking or inducing a third party to undertake media or political campaigns against POL;
 - 5.3.3 organising or inducing a third party to organise public demonstrations, protests or petitions against POL;
 - 5.3.4 organising or inducing a third party to organise boycotts of POL's business;
 - 5.3.5 funding or inducing any third party litigation against POL; and
 - 5.3.6 other activities or behaviour the effect of which may be materially detrimental to POL.
- 5.4 The NFSP shall remain a Representative Organisation throughout the Grant Period.
- 5.5 The NFSP shall not become a trade union during the Grant Period.
- 5.6 The NFSP shall not merge with a trade union or any other organisation during the Grant Period.
- 5.7 The NFSP shall (and shall use best endeavours to ensure that all Personnel of the NFSP shall):
- 5.7.1 not act dishonestly or negligently at any time and/or not act directly or indirectly to the detriment of any Annual Plan and/or any Approved Project; and

5.7.2 not take any action or engage in any commercial activities which brings, or is likely to bring, POL's name or reputation into disrepute.

5.8 The NFSP shall support POL and Post Office Operators in the rollout of the Network Transformation programme on both the current financial arrangements for Network Transformation and plan for Network Transformation through to complete conversion of the non-Community Branch Network by 2018 and shall work closely with POL to ensure that the objectives and requirements of the Network Transformation programme are effectively and positively communicated to current and future Post Office Operators.

5.9 The NFSP shall notify POL of any Event of Clawback or potential Event of Clawback (and the steps, if any, being taken to remedy it) promptly on becoming aware of its occurrence or potential occurrence.

5.10 The NFSP shall comply with all applicable laws.

6. ANNUAL GRANT FUNDING

6.1 Subject to clause 5 (General Conditions of the Grant), clause 7 (Specific Conditions in respect of the Annual Grant Payment) and clause 17 (Withholding, Suspending and Repayment of Grant), POL shall pay the NFSP the Annual Grant Payment each Financial Year calculated in accordance with Schedule 1 on the terms and subject to the conditions of this Agreement.

6.2 The NFSP shall use all money received from POL under clause 6.1 for the activities approved in accordance with the Annual Plan.

6.3 The NFSP shall use best endeavours to comply with the provisions of the Annual Plan including meeting each of the objectives/key milestones set out in the Annual Plan by the relevant date for such objective/key milestone as set out in the Annual Plan.

7. SPECIFIC CONDITIONS IN RESPECT OF THE ANNUAL GRANT PAYMENT

7.1 The NFSP may not request a drawdown in respect of the Annual Grant Payment until the NFSP has demonstrated to the reasonable satisfaction of POL the following:

7.1.1 that there is no change in the legal status of the NFSP; and

7.1.2 that the NFSP is a Representative Organisation.

7.2 POL's obligation to advance any Annual Grant Payment is subject to the further conditions precedent that on both the date of the drawdown request and the Payment Date:

7.2.1 the Warranties in clause 16 are true and correct;

7.2.2 no Event of Clawback or potential Event of Clawback is continuing;

7.2.3 no Event of Termination or potential Event of Termination is continuing;

7.2.4 the Annual Plan is approved by POL in accordance with clause 4;

7.2.5 the NFSP can demonstrate to POL's reasonable satisfaction that the NFSP is using reasonable endeavours to maintain (as a minimum):

(a) its membership levels for Existing Members as at 1 May 2015 membership levels; and

(b) its subscription rates for Existing Members at 1 May 2015 subscription rates until 1 October 2015 for those Post Office Operators who fall into the categories set out in

clause 4.1 above and all Post Office Operators from 1 April 2016 after which dates no subscriptions shall be due;

7.2.6 the NFSP can demonstrate to POL's reasonable satisfaction that it has offered free membership of the NFSP to:

(a) the Post Office Operators who fall into the categories set out in clause 4.1 above from 1 October 2015; and

(b) all Post Office Operators from 1 April 2016.

In the interim period, the subscription rates will remain at the rates as at 1 May 2015 (as a minimum).

8. ANNUAL GRANT PAYMENT PROVISIONS

8.1 Within twenty (20) Business Days of the date of signature of this Agreement and within twenty (20) Business Days of each anniversary of the Commencement Date, the NFSP shall submit to POL a report showing and evidencing to POL's reasonable satisfaction the amount of the Annual Grant Payment requested for that Financial Year.

8.2 Within twenty (20) Business Days of receipt of the report referred to in clause 8.1, POL shall confirm in writing to the NFSP whether or not it agrees with the value of the Annual Grant Payment determined by the NFSP and if such value is not agreed, the value of the disputed element of the Annual Grant Payment (the "Disputed Amount").

8.3 The NFSP shall submit drawdown requests for payment of the Annual Grant Payment in accordance with such procedure as shall be agreed between the parties from time to time.

8.4 All drawdown requests shall be directed to the POL Grant Manager.

8.5 Subject to clause 5 (General Conditions of the Grant), clause 7 (Specific Conditions in respect of the Annual Grant Payment) and clause 17 (Withholding, Suspending and Repayment of Grant), POL shall advance the Annual Grant Payment which has become payable within thirty (30) Business Days of receipt of an undisputed drawdown request from the NFSP.

8.6 Where POL disputes the calculation of the Annual Grant Payment, then a payment equal to the sum not in dispute shall be paid and the dispute as to the Disputed Amount shall be determined in accordance with clause 31 (Problem Escalation and Resolution).

8.7 Where it is determined that POL was not entitled to withhold any amount of the Disputed Amount, the NFSP shall, as soon as possible after determination of the dispute, issue to POL a drawdown request for the amount determined as owing by POL to the NFSP. POL shall pay such amount within twenty (20) Business Days of receipt of the drawdown request by POL.

8.8 POL may retain or set off any sums owed to it by the NFSP which have fallen due and payable against any sums due to the NFSP under this Agreement or any other agreement between POL and the NFSP.

9. PROJECT SPECIFIC GRANT FUNDING

9.1 In addition to the Annual Grant Payment, POL shall make available additional grant monies for use by the NFSP for certain projects approved in accordance with Schedule 3 (each an "Approved Project").

9.2 Subject to sufficient Project Proposals being submitted by the NFSP and being approved in accordance with Schedule 3, the amount of grant funding for such Approved Projects shall be no less than one million GB Pounds sterling (£1,000,000) for each Financial Year.

- 9.3 The NFSP shall submit Project Proposals to the Grant Committee for consideration in accordance with Schedule 3.
- 9.4 If any amount of the one million GB Pounds sterling (£1,000,000) referred to in clause 9.2 is not awarded for Approved Projects during a Financial Year, the unallocated amount will be rolled forward and made available during the next two (2) Financial Years (the "Availability Period"). Any amount left unallocated at the end of an Availability Period will be automatically cancelled.
- 9.5 The parties shall comply with the provisions of Schedule 2 in relation to the Grant Committee.

10. PAYMENT OF PROJECT SPECIFIC GRANT FUNDING

- 10.1 Subject to clause 5 (General Conditions of the Grant) and clause 17 (Withholding, Suspending and Repayment of Grant), POL shall pay the Individual Grant to the NFSP in accordance with the payment terms of each Approved Project.
- 10.2 No Individual Grant shall be paid unless and until POL is satisfied that such payment will be used for proper expenditure in the delivery of the Approved Project.
- 10.3 The amount of the Individual Grant shall not be increased in the event of any overspend by the NFSP in its delivery of the Approved Project.

11. PURPOSE AND USE OF INDIVIDUAL GRANT

- 11.1 The NFSP shall use the Individual Grant only for the delivery of an Approved Project and in accordance with the terms and conditions set out in this Agreement and in accordance with the budget set out in the Project Proposal. For the avoidance of doubt, the amount of the Individual Grant that the NFSP may spend on any item of expenditure listed in the Project Proposal shall not exceed the corresponding sum of money listed against that item of expenditure without the prior written agreement of POL.
- 11.2 The NFSP shall not spend any part of the Individual Grant on the delivery of an Approved Project after the expiry of the Individual Grant Period without the prior written approval of POL.
- 11.3 Should any part of the Individual Grant remain unspent at the end of the Individual Grant Period, the NFSP shall ensure that any unspent monies are returned to POL or, if agreed in writing by POL, the NFSP shall be entitled to retain the unspent monies to use for another Approved Project if agreed in writing by POL.
- 11.4 For the avoidance of doubt, any liabilities arising at the end of the Approved Project including any redundancy liabilities for staff employed by the NFSP to deliver the Approved Project are the responsibility of the NFSP. Such liabilities must be paid for by the NFSP unless such liabilities were specifically included in the costings in the Project Proposal for such Approved Project and the Grant Committee has confirmed its approval to the Individual Grant being used to fund such liabilities.

12. GENERAL PROVISIONS IN RESPECT OF GRANT MONIES

- 12.1 The Grant shall be paid into a separate bank account in the name of the NFSP which must be an ordinary business bank account. All cheques from the bank account must be signed by at least two (2) individual representatives of the NFSP.
- 12.2 The NFSP shall not transfer any part of the Grant to bank accounts which are not ordinary business accounts within the clearing bank system, without the prior written consent of POL.
- 12.3 Any Grant paid to the NFSP shall be held by the NFSP on trust for POL unless and until used for proper expenditure in the delivery of the Annual Plan or an Approved Project (as applicable).
- 12.4 The NFSP shall promptly repay to POL any money incorrectly paid to it whether as a result of an administrative error or otherwise. This includes (without limitation) situations where either an

incorrect sum of money has been paid or where Grant monies have been paid in error before all conditions attaching to the Grant have been complied with by the NFSP.

- 12.5 Without prejudice to the generality of clauses 6.2 and 11.1, unless approved in writing by POL, the NFSP shall not use the Grant to:

- 12.5.1 make any payment to members of its Executive Council, officers or senior management team;
- 12.5.2 purchase buildings or land; or
- 12.5.3 pay for any expenditure commitments of the NFSP entered into before the Award Date of the Individual Grant or approval by POL of the Annual Plan.

- 12.6 The Grant shall be paid inclusive of any Value Added Tax (if applicable).

13. **MONITORING AND REPORTING**

- 13.1 The NFSP shall certify compliance with the Annual Plan and demonstrate how the Annual Grant Payment has been spent in accordance with the Annual Plan (and highlight any discrepancies).
- 13.2 The NFSP shall provide POL with a financial report and an operational report on its use of each Individual Grant for delivery of each Approved Project as a minimum every Quarter and in such format as POL may reasonably require. The NFSP shall provide POL with each report within three (3) months of the last day of the Quarter to which it relates.
- 13.3 The NFSP shall on request provide POL with such further information, explanations and documents as POL may reasonably require in order for it to establish that each Annual Grant Payment and/or each Individual Grant has been used properly in accordance with this Agreement.
- 13.4 The NFSP shall permit any person authorised by POL such reasonable access to its Personnel, agents, premises, facilities and records, for the purpose of discussing, monitoring and evaluating the NFSP's fulfilment of the conditions of this Agreement and shall, if so required, provide appropriate oral or written explanations from them.
- 13.5 The NFSP shall permit any person authorised by POL for that purpose to visit the NFSP once every Quarter to monitor the delivery of the Annual Plan and/or an Approved Project. Where, in its reasonable opinion, POL considers that additional visits are necessary to monitor the delivery of the Annual Plan and/or an Approved Project, it shall be entitled to authorise any person to make such visits on its behalf.
- 13.6 The NFSP shall provide POL with a final report on completion of each Individual Grant Period which shall confirm whether the Approved Project has been successfully and properly completed.

14. **ACCOUNTS AND RECORDS**

- 14.1 The Grant shall be shown in the NFSP's accounts as a restricted fund and shall not be included under general funds.
- 14.2 The NFSP shall keep separate, accurate and up-to-date accounts and records of the receipt and expenditure of the Annual Grant Payment and Individual Grant monies received by it.
- 14.3 The NFSP shall keep all invoices, receipts, and accounts and any other relevant documents relating to the expenditure of the Annual Grant Payment and/or the Individual Grant for a period of at least six (6) years following receipt of any Annual Grant Payment or Individual Grant monies to which they relate. POL shall have the right to review, at POL's reasonable request, the NFSP's accounts and records that relate to the expenditure of the Annual Grant Payment and/or Individual Grant and shall have the right to take copies of such accounts and records.

14.4 The NFSP shall provide POL with a copy of its annual accounts within six (6) months (or such lesser period as POL may reasonably require) of the end of the relevant Financial Year in respect of each year in which the Annual Grant Payment and/or Individual Grant is paid.

14.5 The NFSP shall comply and facilitate POL's compliance with all statutory requirements as regards accounts, audit or examination of accounts, annual reports and annual returns applicable to itself and POL.

15. REVIEW

15.1 Three (3) months prior to the end of each Financial Year the parties shall meet to review (the "Review") whether it can be reasonably demonstrated that:

15.1.1 the NFSP is a Representative Organisation;

15.1.2 the NFSP is meeting the objectives/key milestones of the Annual Plan (including a review of the information provided by the NFSP under clause 13);

15.1.3 the NFSP has not breached any of the terms of clause 5.3; and

15.1.4 such other matters as the parties consider necessary,

and such Review is to be completed by the end of that Financial Year.

15.2 The purpose of the Review shall be to plan and agree outcomes for the NFSP for the next Financial Year which will form part of the next Annual Plan and to agree any action required with respect to the current Financial Year in order to meet the obligations of the current Annual Plan.

15.3 Each Review shall be completed by each party signing a written Review record containing a summary of all the matters raised by either of the parties during the Review:

15.3.1 on which agreement has been reached or partly reached;

15.3.2 on which dispute has arisen or partly arisen, with a summary of the issues, prepared by either of the parties, showing the date or dates, not later than fourteen (14) days after the end of the Financial Year on which either party referred or intends to refer them to dispute resolution under clause 31 (Problem Escalation and Resolution), before or after the Review;

15.3.3 on which dispute has arisen or partly arisen, but which the parties have agreed to withdraw,

and if any or any part of a dispute which has arisen during the Review is not shown in the record of the Review or is not so referred to dispute resolution it shall be deemed to have been withdrawn.

15.4 The parties shall use all reasonable endeavours to expedite resolution of every dispute arising during the Review and referred to dispute resolution under clause 31 (Problem Escalation and Resolution), if possible before the end of the relevant Financial Year or as soon as practicable after completion of the Review.

16. WARRANTIES

16.1 The NFSP makes the representations and warranties in clauses 16.1.1 to 16.1.13 (inclusive) on the date of this Agreement:

16.1.1 that it is a recognised legal entity and that it has the power to own its assets and carry on its business as it is being conducted;

- 16.1.2 that the execution, delivery and performance of the obligations in this Agreement do not and will not contravene or conflict with the NFSP's constitutional documents, any other agreement or any law or regulation;
 - 16.1.3 that it has taken all necessary action and obtained all required authorisations to enable it to execute, deliver and perform its obligations under this Agreement;
 - 16.1.4 that all information provided to POL (in written or electronic format) in connection with this Agreement is, to the best of the NFSP's knowledge and belief at the time of such provision, complete, true and accurate in all material respects;
 - 16.1.5 that no Event of Clawback or potential Event of Clawback has occurred, is continuing or will occur when an Annual Grant Payment or Individual Grant is paid;
 - 16.1.6 that it has all necessary resources and expertise to deliver each Approved Project (assuming due receipt of the Individual Grant);
 - 16.1.7 that it has not committed, nor shall it commit, any offence under the Bribery Act;
 - 16.1.8 that it shall at all times comply with all relevant legislation and all applicable codes of practice and other similar codes or recommendations, and shall notify POL promptly of any significant departure from such legislation, codes or recommendations;
 - 16.1.9 that it shall comply with the requirements of the Health and Safety at Work etc. Act 1974 and any other acts, orders, regulations and codes of practice relating to health and safety, which may apply to the NFSP's Personnel and other persons working on an Approved Project;
 - 16.1.10 that it has and shall keep in place systems to deal with the prevention of fraud and/or administrative malfunction;
 - 16.1.11 that it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Annual Grant Payment and/or an Individual Grant;
 - 16.1.12 that it is not aware of anything in its own affairs, which it has not disclosed to POL, which might reasonably have influenced the decision of POL to make the Annual Grant Payment and/or an Individual Grant on the terms contained in this Agreement; and
 - 16.1.13 that since the date of its last accounts there has been no material change in its financial position or prospects.
- 16.2 The NFSP repeats the representations and warranties in this clause 16 on:
- 16.2.1 the date of submission of each drawdown request;
 - 16.2.2 each Payment Date;
 - 16.2.3 each Project Proposal Submission Date; and
 - 16.2.4 each Award Date.

17. **WITHHOLDING, SUSPENDING AND REPAYMENT OF GRANT**

- 17.1 POL's intention is that the Grant will be paid to the NFSP in full. However, without prejudice to POL's other rights and remedies, POL may at its discretion withhold or suspend payment of the Annual Grant Payment and/or an Individual Grant and/or require repayment of all or part of the Annual Grant Payment and/or an Individual Grant if there is an Event of Clawback.

17.2 Event of Clawback

"Event of Clawback" means any of the following events or circumstances:

- 17.2.1 the NFSP commits a breach of any of its obligations under clause 5 (General Conditions of the Grant) and/or clause 12 (General Provisions in respect of Grant Monies);
- 17.2.2 the NFSP commits a material breach of any of its obligations under clause 6.2 or 6.3 (Annual Grant Funding);
- 17.2.3 the NFSP uses any Individual Grant for purposes other than those for which they have been awarded;
- 17.2.4 the delivery of an Approved Project does not start within twenty (20) Business Days following the relevant Award Date and the NFSP has failed to provide POL with a reasonable explanation for the delay;
- 17.2.5 the NFSP provides POL with any materially misleading or inaccurate information;
- 17.2.6 the NFSP is otherwise in breach of its obligations under this Agreement; or
- 17.2.7 the NFSP induces Post Office Operators to breach the provisions of their contract with POL.

17.3 Notification

The NFSP shall promptly upon the NFSP becoming aware of its occurrence give written notice to POL:

- 17.3.1 of the occurrence and details of any Event of Clawback; and
- 17.3.2 of any event or circumstance which may, with the passage of time or otherwise, constitute or give rise to an Event of Clawback.

17.4 Action by POL

- 17.4.1 Subject to clause 17.4.2, on the occurrence of an Event of Clawback or within a reasonable time after POL becomes aware of the same (whether or not a notice has been given by the NFSP pursuant to clause 17.3) and while the same is subsisting, POL may serve notice of default on the NFSP requiring the NFSP to remedy the Event of Clawback referred to in such notice of default (if the same is continuing) within twenty (20) Business Days of such notice of default.
- 17.4.2 POL shall not be required to serve a notice of default on the NFSP where the Event of Clawback is incapable of remedy.

17.5 Failure to Remedy

Where the NFSP fails to remedy the Event of Clawback notified in a notice of default served under clause 17.4.1 before the expiry of the period referred to in clause 17.4.1 then such Event of Clawback shall be deemed to be an Event of Termination and POL may terminate this Agreement in its entirety by written notice to the NFSP with immediate effect.

17.6 Event of Termination

"Event of Termination" means any of the following events or circumstances:

- 17.6.1 an Event of Clawback which the NFSP fails to rectify in accordance with clause 17.5;

17.6.2 the NFSP commits a material breach of any of its obligations under clause 23 (Confidentiality);

17.6.3 an Event of Clawback which is incapable of remedy.

17.7 Notification

The NFSP shall promptly upon the NFSP becoming aware of its occurrence give written notice to POL:

17.7.1 of the occurrence and details of an Event of Termination; and

17.7.2 of any event or circumstance which may, with the passage of time or otherwise, constitute or give rise to an Event of Termination.

17.8 POL's Option to Terminate

On the occurrence of an Event of Termination or within a reasonable time after POL becomes aware of the same (whether or not a notice has been given by the NFSP pursuant to clause 17.7) and while the same is subsisting, POL may terminate this Agreement in its entirety by notice in writing to the NFSP having immediate effect.

18. CONSEQUENCES OF TERMINATION

18.1 Immediately upon the termination of this Agreement, the NFSP shall, subject to clause 18.4, stop using POL Intellectual Property and any signs and other display or advertising matter (including Licensed Materials) indicative of POL or of any association with POL and deliver up the Licensed Materials to POL.

18.2 The termination of this Agreement will not affect the coming into force or the continuation in force of any of its provisions which expressly or by implication are intended to come into force or continue in force on or after the termination (including, but not limited to, clause 23 (Confidentiality), clause 24 (Freedom of Information) and clause 25 (Data Protection).

18.3 The NFSP shall pay to POL within thirty (30) days of the date of termination of this Agreement an amount equal to:

18.3.1 the amount of Annual Grant previously paid to the NFSP for the Quarter in which this Agreement terminates on a pro rata basis for the unexpired period of the Quarter; and

18.3.2 the amount of any Individual Grant awarded prior to the date of termination but unspent by the NFSP at such date unless, in relation to any Individual Grant, POL notifies the NFSP in writing prior to the date of termination that such Individual Grant shall continue in force following termination.

18.4 Where POL notifies the NFSP in accordance with clause 18.3.2, the termination of this Agreement shall not affect the continuance in force of any such Individual Grant awarded prior to the date of termination.

18.5 The NFSP acknowledges that it shall not be entitled to receive any compensation or other sums in the event of the termination or suspension of this Agreement for any reason whatsoever.

19. FORCE MAJEURE

19.1 Subject to the remaining provisions of this clause 19, neither party to this Agreement shall be liable to the other for any delay or non-performance of its obligations under this Agreement to the extent that such delay or non-performance is due to a Force Majeure Event.

19.2 In the event that either party is delayed or prevented from performing its obligations under this Agreement by a Force Majeure Event, such party shall:

19.2.1 use all reasonable endeavours to mitigate the effects of such delay or prevention on the performance of its obligations under this Agreement; and

19.2.2 resume performance of its obligations as soon as reasonably possible after the removal of the cause of the delay or prevention.

19.3 A party cannot claim relief if the Force Majeure Event is attributable to that party's wilful act, neglect or failure to take reasonable precautions against the relevant Force Majeure Event.

20. LIMITATION OF LIABILITY

20.1 Subject to clause 20.3, POL accepts no liability for any consequences, whether direct or indirect, that may come about from the NFSP undertaking any activities in accordance with the Annual Plan, running an Approved Project, the use of the Grant or from withdrawal of the Grant. The NFSP shall indemnify and hold harmless POL, its employees, agents, officers or sub-contractors with respect to all claims, demands, actions, costs, expenses, losses, damages and all other liabilities arising from or incurred by reason of the actions and/or omissions of the NFSP in relation to the activities undertaken in accordance with the Annual Plan, an Approved Project, the non-fulfilment of obligations of the NFSP under this Agreement or its obligations to third parties.

20.2 Subject to clause 20.1 and clause 17 (Withholding, Suspending and Repayment of Grant), POL's liability under this Agreement is limited to the payment of the Grant.

20.3 Notwithstanding any other provision of this Agreement, neither party excludes or limits its liability for:

20.3.1 fraud;

20.3.2 death or personal injury caused by its negligence;

20.3.3 breach of any obligations implied by section 12 of the Sale of Goods Act 1979 or Section 2 of the Supply of Goods and Services Act 1982; or

20.3.4 any other liability which cannot lawfully be limited or excluded.

21. INTELLECTUAL PROPERTY LICENCE

Subject to the terms of this Agreement, POL grants to the NFSP a non-exclusive, non-transferable, revocable licence to use the Licensed Materials solely for purposes approved in the Annual Plan and/or an Approved Project.

22. LICENSED MATERIALS

22.1 The NFSP shall:

22.1.1 only use the Licensed Materials in connection with the activities approved in the Annual Plan and/or an Approved Project. POL may remove or withdraw from the NFSP any materials or other things whatsoever which are not Licensed Materials or are not being used in accordance with this Agreement;

22.1.2 not reproduce any Licensed Materials or any POL Intellectual Property, unless expressly authorised in writing by POL;

22.1.3 not use any Licensed Materials in any way that is liable to mislead the public or which would otherwise be detrimental to or inconsistent with the good name, goodwill, reputation or image of POL;

- 22.1.4 not use any Licensed Materials in conjunction with any other marks or names without the prior written consent of POL;
- 22.1.5 on request by POL, promptly deliver up to POL or, at POL's discretion, destroy, all Licensed Materials or any specified Licensed Materials;
- 22.1.6 not seek to register as a trade mark or as a business name or corporate name or any domain name, any mark or name the same as or which includes or may be confused with any POL Intellectual Property or any other trade mark or name owned or used by POL or Post Office Group;
- 22.1.7 not make any representation or do any act which may be taken to indicate that the NFSP has any right, title or interest in or to the ownership or use of the POL Intellectual Property other than as conferred by this Agreement;
- 22.1.8 not challenge the validity of any POL Intellectual Property or the title of POL or any other member of the Post Office Group to the POL Intellectual Property; and
- 22.1.9 when requested, give to POL all reasonable assistance in obtaining registrations of POL's rights in any trade marks or other Intellectual Property.
- 22.2 The NFSP shall not use the Trade Marks or the POL Intellectual Property except:
 - 22.2.1 as part of the Licensed Materials; and
 - 22.2.2 where the NFSP has obtained the specific prior written consent of POL in respect of the proposed use of the Trade Marks in respect of activities approved in the Annual Plan (including on any website operated by the NFSP) and/or an Approved Project.
- 22.3 No warranty express or implied is given by POL with respect to the POL Intellectual Property or its validity.
- 22.4 The NFSP has no right to sub-licence or assign the Licensed Materials or any POL Intellectual Property, without the express prior written consent of POL.
- 22.5 The NFSP must promptly notify POL of any infringement, threatened infringement, passing-off or misuse of POL Intellectual Property. POL will conduct any claim or action and the NFSP must provide such assistance in any action POL may take as POL reasonably requires. No other action should be taken by the NFSP.

23. CONFIDENTIALITY

- 23.1 Subject to POL's rights set out in clauses 23.3 and 24 (Freedom of Information), neither party shall make public statements about this Agreement and/or the relationship established by this Agreement without the prior written agreement of the other party.
- 23.2 Subject to POL's rights set out in clauses 23.3 and 24 (Freedom of Information), the parties shall keep confidential the contents of this Agreement. The parties shall also keep confidential all Confidential Information obtained in the course of this Agreement and shall not disclose such information to any person (except where necessary for the purposes of this Agreement to its own Personnel), but this clause 23.2 shall not extend to information which:
 - 23.2.1 was rightfully in the possession of the relevant party before the Commencement Date and in respect of which that party is not subject to any other obligation of confidentiality to the other party;
 - 23.2.2 is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this clause 23.2); or

23.2.3 is required to be disclosed by law or any governmental or regulatory body.

23.3 Each party shall ensure that its Personnel are aware of and comply with this clause 23.3. POL shall not be liable for loss or damage for disclosing any Information belonging to the NFSP in accordance with the FOIA and/or the Environmental Information Regulations 2004 (SI 2004/3391) provided POL has used its reasonable endeavours, where permitted to do so by law, to notify the matter to the NFSP prior to disclosure.

23.4 All Confidential Information in any format must be returned by the NFSP to POL or by POL to the NFSP (as applicable) on request or must be securely disposed of in accordance with instructions issued by the other party.

24. **FREEDOM OF INFORMATION**

The NFSP acknowledges that POL is subject to the requirements of the FOIA and the Environmental Information Regulations 2004 (SI 2004/3391) together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation and shall assist and co-operate with POL (at the NFSP's expense) to enable POL to comply with these information disclosure requirements.

25. **DATA PROTECTION**

25.1 The NFSP shall (and shall procure that any of its Personnel involved in the provision of this Agreement shall) comply with any notification requirements under the DPA and the NFSP shall duly observe all of its obligations under the DPA, which arise in connection with this Agreement.

25.2 Notwithstanding the general obligation in clause 25.1, where the NFSP is processing Personal Data as a Data Processor for POL, the NFSP shall ensure that it has in place appropriate technical and contractual measures to ensure the security of the Personal Data (and to guard against unauthorised or unlawful processing of the Personal Data and against accidental loss or destruction of, or damage to, the Personal Data), as required under the Seventh Data Protection Principle in Schedule 1 to the DPA and:

25.2.1 provide POL with such information as POL may reasonably require to satisfy itself that the NFSP is complying with its obligations under the DPA;

25.2.2 promptly notify POL of any breach of the security measures required to be put in place pursuant to this clause 25.2; and

25.2.3 ensure it does not knowingly or negligently do or omit to do anything which places POL in breach of POL's obligations under the DPA.

25.3 The provisions of this clause shall apply during the continuance of this Agreement and indefinitely after its expiry or termination.

26. **AUDIT**

The NFSP shall provide to POL all information, documents, records and the like in the possession of, or available to, the NFSP as may be reasonably requested by POL for any purpose in connection with this Agreement including, but not limited to, for the purposes of complying with any audit requirements of any regulatory body and for ensuring compliance by the NFSP with its obligations under this Agreement.

27. **EQUALITY ACT 2010**

27.1 The NFSP shall not, and shall take all reasonable steps to ensure that its Personnel shall not, breach the requirements of the EA in respect of the activities carried out by the NFSP pursuant to this Agreement.

27.2 The NFSP shall be solely responsible on its own behalf and on behalf of POL, for ensuring that the manner in which the NFSP provides benefits to members under the terms of this Agreement,

at all times comply with the requirements of the EA and failure to comply with the EA will constitute a material breach of this Agreement.

- 27.3 In order for the NFSP to monitor its own compliance with the requirements of the EA and demonstrate compliance to POL, the NFSP shall:

- 27.3.1 carry out regular self-audits to assess compliance with the EA (at its own cost); and
- 27.3.2 provide a copy of the latest self-audit report to POL within fourteen (14) days of receiving a request from POL and be prepared to discuss it with POL if required; and
- 27.3.3 in any case, if the audit report shows that the requirements of the EA are not being met then the NFSP shall immediately inform POL in writing; and shall comply with any instructions issued by POL as a result until compliance with its obligations under the EA has been achieved.

- 27.4 The NFSP shall co-operate fully with any and all monitoring and audit activities undertaken by or on behalf of POL in order to assess compliance by the NFSP with the EA.

- 27.5 If such monitoring or audit activity shows that the requirements of the EA are not being met then the NFSP shall comply with any instructions issued by POL as a result until compliance with its obligations under the EA has been achieved.

28. HUMAN RIGHTS

- 28.1 The NFSP shall (and shall use its reasonable endeavours to procure that its Personnel) at all times comply with the provisions of the Human Rights Act 1998 in the performance of this Agreement as if the NFSP were a public body (as defined in the Human Rights Act 1998).
- 28.2 The NFSP shall undertake, or refrain from undertaking, such acts as POL requests so as to enable POL to comply with its obligations under the Human Rights Act 1998.

29. INSURANCE

- 29.1 The NFSP shall at its own cost effect and maintain with a reputable insurance company a policy or policies of insurance providing an adequate level of cover (the "Required Insurances") in respect of all risks which may be incurred by the NFSP, arising out of the NFSP's performance of this Agreement, including death or personal injury, loss of or damage to property or any other loss.
- 29.2 The NFSP shall give POL, on request, copies of all insurance policies referred to in this clause 29 or a broker's verification of insurance to demonstrate that the Required Insurances are in place, together with receipts or other evidence of payment of the latest premiums due under those policies.
- 29.3 If, for whatever reason, the NFSP fails to give effect to and maintain the Required Insurances, POL may make alternative arrangements to protect its interests and may recover the costs of such arrangements from the NFSP.
- 29.4 The terms of any insurance or the amount of cover shall not relieve the NFSP of any liabilities under this Agreement.

30. ASSIGNMENT

The NFSP shall not transfer, assign, charge, sub-contract or otherwise deal with this Agreement without the prior written consent of POL or except as contemplated as part of the Annual Plan or an Approved Project, transfer or pay to any other person any part of the Annual Grant Payment or Individual Grant (as applicable).

31. PROBLEM ESCALATION AND RESOLUTION**31.1 First Instance**

Any question or difference which may arise concerning the construction, meaning, effect or operation of this Agreement or any matter arising out of or in connection with this Agreement shall in the first instance be referred to the POL Grant Manager and the NFSP Grant Manager, who shall meet to seek to resolve the issue as soon as reasonably practicable.

31.2 Failure to Resolve at First Instance

31.2.1 If the matter is not resolved at the meeting of the POL Grant Manager and the NFSP Grant Manager, or if no meeting takes place within two (2) weeks of being referred to the POL Grant Manager and the NFSP Grant Manager, the matter shall be referred to the next level of management in accordance with clause 31.3 (Hierarchy) who must meet within ten (10) Business Days or such other period as the parties may agree to attempt to resolve the matter.

31.2.2 If the matter is not resolved at that meeting, the escalation shall continue with the same maximum time interval through one or more levels of management.

31.2.3 The parties shall use reasonable endeavours to complete process as quickly as possible.

31.3 Hierarchy

The levels of escalation for the purposes of this clause 31 (Problem Escalation and Resolution) are:

Level	POL	NFSP
First	POL Grant Manager	NFSP Grant Manager
Second	Head of Agents' Development and Remuneration	General Secretary
Third	Group People Director	Executive Council

If any of the above is unable to attend a meeting, a substitute may attend provided that the substitute has the same authority and is authorised to settle the unresolved matter. Where any of the job titles referred to in this clause 31.3 change and/or are replaced following the Commencement Date, the nearest equivalent job title shall be deemed to apply of the purposes of this clause 31.3.

31.4 Mediation

If the matter is not resolved after escalation to the third level under clause 31.3 (Hierarchy), the parties will attempt to settle it by mediation in accordance with the CEDR Model Mediation Procedure (www.cedr.com/about_us/modeldocs/). To initiate the mediation, either party must give notice in writing ("ADR notice") to the other party requesting a mediation. A copy of the request should be sent to CEDR Solve. The mediation will start not later than thirty (30) days after the date of the ADR notice.

31.5 Initiation of Proceedings

Neither party may terminate this Agreement in reliance on, or initiate any court proceedings in respect of, any matter until it has attempted to settle the dispute by mediation and either the

mediation has terminated or the other party has failed to participate in the mediation provided that the right to issue proceedings (including for interim remedies) is not prejudiced by a delay.

32. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the parties with respect to its subject matter. No representations or agreements, oral or otherwise, between the parties not included within this Agreement shall be of any force or effect.

33. NOTICES

33.1 Unless otherwise specified in this Agreement, any notice to be given in respect of this Agreement shall be in writing and may be delivered personally by hand or posted by pre-paid Special Delivery post addressed to POL or the NFSP as appropriate at:

33.1.1 in the case of POL, Finsbury Dials 20, Finsbury Street, London, EC2Y 9AQ;

33.1.2 in the case of the NFSP, Evelyn House, 22 Windlesham Gardens, Shoreham-by-Sea, West Sussex BN43 5AZ,

or such other address as the relevant party may have notified to the other in writing.

33.2 Notices shall be deemed to have been received immediately if delivered personally by hand or at 9am on the second Business Day after posting in accordance with clause 33.1.

34. VARIATION

An amendment to this Agreement is ineffective unless it is in writing, expressly purports to amend this Agreement and is executed by both parties as a deed.

35. CHOICE OF LAW AND JURISDICTION

This Agreement shall be governed and construed according to the law of England and the parties agree to submit to the exclusive jurisdiction of the English Courts.

36. MISCELLANEOUS

36.1 If any provision of this Agreement is invalid, illegal or incapable of being enforced by reason of any rule of law or public policy, that provision shall be severed; all other provisions of this Agreement shall remain in full force and effect.

36.2 No failure or delay by POL in requiring performance by the NFSP of any provision of this Agreement shall in any way affect the right of POL to enforce such provision. The waiver by POL of any breach of any term of this Agreement shall not be taken or held to be a waiver of any further breach of the same or any other term.

36.3 The rights and remedies provided by this Agreement are cumulative and (except as otherwise provided in this Agreement) are not exclusive of any rights or remedies provided by law.

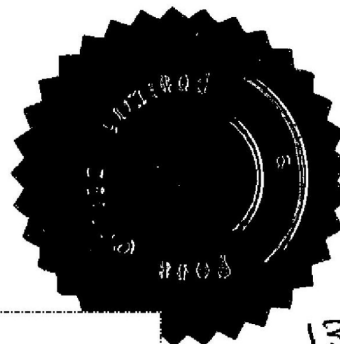
36.4 If any one or more of the terms of this Agreement is held to be invalid or unenforceable by a Court of competent jurisdiction but would be valid if part of the wording was deleted then the term(s) shall apply with the minimum modifications necessary to make them valid and effective. It is intended and understood by the parties that any invalidity or unenforceability will not affect the application of the remaining obligations in this Agreement.

36.5 Nothing in this Agreement shall be construed as constituting a partnership between the parties or as constituting either party as the agent of the other for any purpose whatsoever except as specified by the terms of this Agreement.

- 36.6 No term of this Agreement is intended to confer a benefit on, or to be enforceable by, any person who is not a party to this Agreement.
- 36.7 This Agreement shall be executed as a deed and may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Agreement, but all the counterparts shall together constitute the same agreement.
- 36.8 This Agreement shall not be binding until it has been executed and delivered by all parties to it.

THIS AGREEMENT has been entered into as a deed on the date stated at the beginning of it.

Executed as a Deed by the affixing)
of the COMMON SEAL of)
Post Office Limited)
in the presence of:)
a person authorised by)
Post Office Limited)
to act for that purpose)



GRO

Executed as a Deed by)
The National Federation of Sub-postmasters)

GRO

George Ritchie Thomson

General Secretary

GRO

Witness signature

Witness name..... NILESH JOSHI.....

Witness address.....

GRO

Witness occupation... POSTMASTER.....

GRO

Paul Christopher Haines

Member of the Executive Council

Witness signature. **GRO**

Witness name. J. Loft

Witness address. **GRO**

GRO

Witness occupation. Counber Clerk

GRO

GRO

Ian Christopher Park

Member of the Executive Council

Witness signature. **GRO**

Witness name. NILESH JOSHI

Witness address. **GRO**

Witness occupation. POSTMASTER

GRO

James Arthur Nott

Chair of NFSP Trustees

GRO

Witness signature..

Witness name... *NILESH JOSHI*

Witness address.. **GRO**

GRO

Witness occupation... *POSTMASTER*

SCHEDULE 1 – CALCULATION OF ANNUAL GRANT PAYMENT

The Annual Grant Payment for the relevant Financial Year shall be calculated as follows:

- I. Subject to the requirements set out in clause 4 and any adjustments to timing/payments necessary to accommodate implementation of this Agreement part way through the first Financial Year, the Annual Grant Payment for the relevant Financial Year shall be calculated as follows.
- II. The Annual Grant Payment shall be £1,500,000 (one million five hundred thousand GB Pounds sterling) minus the total continuing membership subscription revenue received by the NFSP attributable to the relevant Financial Year.
- III. In addition, for the first Financial Year only, an additional Annual Grant Payment equal to 50% (fifty per cent) of the subscriptions collected by the NFSP for the first Financial Year, estimated based on subscriptions collected up to 31 December 2015, will be paid in the fourth Quarter of the first Financial Year. In Quarter 1 of the second Financial Year, this estimate will be compared with the actual subscriptions collected by the NFSP for the first Financial Year and any positive or negative balance will be deducted or added to the Annual Grant Payment in the second Financial Year.
- IV. The amount payable as the Annual Grant Payment in advance in relation to the first Quarter of the first Financial Year during the operation of this Agreement will need to be based on an estimate of the Quarterly total continuing membership subscription revenue for that first Quarter, and the parties agree that the estimate shall be £175,000 per Quarter. This means that the Annual Grant Payment for that first Quarter will be £200,000.
- V. The actual figures for the Quarterly total continuing membership subscription for the first Quarter of the first Financial Year, will not be known by the beginning of the second Quarter of the first Financial Year, so the same estimated figures shall apply, so that the relevant Annual Grant Payment for that second Quarter will be a second payment £200,000.
- VI. The actual figures for the Quarterly total continuing membership subscription for first Quarter of the first Financial Year should be known by the beginning of the third Quarter of the first Financial Year, so the relevant Annual Grant Payment for the third Quarter will be £200,000 minus or plus the amount that the actual Quarterly total continuing membership subscription revenue for the first Quarter exceeds, or is less than, the estimated figure for the first Quarter of £175,000.
- VII. The same method of calculation will be used for subsequent Quarters, so that, in each Quarter, there may be a balancing adjustment to the base Annual Grant Payment of £200,000, by reference to the known actual total continuing membership subscription revenue received two Quarters previously.

SCHEDULE 2 – GRANT COMMITTEE**1. GRANT COMMITTEE**

- 1.1 POL and the NFSP shall establish and maintain throughout the Grant Period a joint committee to oversee the administration and payment of the Grant (the "Grant Committee") which shall have the functions described below.
- 1.2 Each party will have the right to make reasonable objections to the other party's proposed members or the chairman but not so as to frustrate the rotation of the chairmanship.
- 1.3 Should POL and the NFSP agree that the best interests of this Agreement would be served by the removal of one or more members of the Grant Committee, they may so direct in writing and POL or the NFSP (as the case may be) will put forward to the other party the name of a substitute member of the Grant Committee.
- 1.4 The relevant person shall with the consent of the other party, such consent not to be unreasonably withheld or delayed, become a member of the Grant Committee as from the date of its next meeting.

2. FUNCTIONS

- 2.1 The functions of the Grant Committee shall be to:
 - 2.1.1 assist the parties in each Review undertaken in accordance with clause 15 (Review);
 - 2.1.2 review each Project Proposal submitted by the NFSP;
 - 2.1.3 award Individual Grants for Approved Projects;
 - 2.1.4 agree any terms attached to the award of an Individual Grant;
 - 2.1.5 monitor compliance by the NFSP with the terms of each Individual Grant awarded.
- 2.2 The Grant Committee shall closely monitor the delivery and success of each Approved Project throughout the Grant Period to ensure that the aims and objectives of the Approved Project are being met and that this Agreement is being adhered to.

3. ROLE

The role of the Grant Committee is to award Individual Grants for Approved Projects and to perform the functions set out in paragraph 2 above. Neither the Grant Committee itself, nor its members acting in that capacity, shall have any authority to vary any of the provisions of this Agreement or to make any decision binding on the parties (other than in relation to the award of Individual Grants).

4. REPRESENTATIVES

POL and the NFSP may appoint their representatives on the Grant Committee and remove those representatives and appoint replacements, by written notice delivered to the other at any time. A representative on the Grant Committee may appoint and remove an alternate in the same manner. If a representative is unavailable (and the other party's representative may rely on the alternate's statement that the representative is unavailable) his alternate shall have the same rights and powers as the representative.

5. PRACTICES AND PROCEDURES

Subject to the provisions of this Schedule, the members of the Grant Committee may adopt such procedures and practices for the conduct of the activities of the Grant Committee as they consider appropriate, from time to time, provided that the quorum for a meeting of the Grant Committee shall be four (4) (with at least two (2) members of POL and two (2) members of the NFSP present).

6. RECOMMENDATIONS AND DECISIONS

6.1 Subject to paragraph 6.2 below, recommendations and other decisions of the Grant Committee must have the affirmative vote of all those voting on the matter, which must include not less than two (2) representatives of POL and not less than two (2) representatives of the NFSP.

6.2 POL shall have a right of veto over any Project Proposal.

7. VOTING

Each member of the Grant Committee shall have one (1) vote.

8. CHAIRMAN

The chairman of the Grant Committee shall be nominated by POL and by the NFSP alternately every six (6) months during the Grant Period (commencing with POL). The chairman shall be in addition to each party's representatives on the Grant Committee. The chairman shall not have a vote.

9. FREQUENCY OF MEETINGS

The Grant Committee shall meet at least once every Quarter during the Grant Period.

10. CONVENING OF MEETINGS

Any member of the Grant Committee may convene a meeting of the Grant Committee at any time.

11. NOTICES OF MEETINGS

Not less than ten (10) Business Days' notice (identifying the agenda items to be discussed at the meeting) shall be given to convene a meeting of the Grant Committee, except that in emergencies, a meeting may be called at any time on such notice as may be reasonable in the circumstances.

12. ATTENDANCE AT MEETINGS

Meetings of the Grant Committee should normally involve the attendance (in person or by alternative) of representatives at the meeting. Where the representatives of the Grant Committee consider it appropriate (by affirmative vote of all those voting on the matter (which must include not less than one (1) representative of POL and one (1) representative of the NFSP)) meetings may also be held by telephone or another form of telecommunication by which each participant can hear and speak to all other participants at the same time.

13. MINUTES

Minutes of all decisions (including those made by telephone or other telecommunication form) and meetings of the Grant Committee shall be kept by POL and copies circulated promptly to the NFSP, normally within ten (10) Business Days of the making of the decision or the holding of the meeting. A full set of minutes shall be kept by POL and shall be open to inspection by the NFSP upon reasonable request.

SCHEDULE 3 – APPROVED PROJECTS**1. PROJECT PROPOSALS AND APPROVAL**

- 1.1 The NFSP shall submit a project proposal (in the template provided by POL (as amended by POL from time to time)) (a "Project Proposal") to the Grant Committee for consideration by the Grant Committee. The date of submission of a Project Proposal is the "Project Proposal Submission Date".
- 1.2 The Grant Committee shall consider each Project Proposal within 20 (twenty) Business Days of the Project Proposal Submission Date and shall confirm whether or not it approves the Project Proposal. The date upon which the Grant Committee approves a Project Proposal shall be the "Award Date".
- 1.3 Where the Grant Committee confirms its approval of the Project Proposal in accordance with paragraph 1.2, such project shall become an "Approved Project" for the purposes of this Agreement and the Grant Committee shall confirm the amount of the Individual Grant awarded for each Approved Project and also the payment terms.
- 1.4 Where the Grant Committee confirms that it does not approve the Project Proposal, it shall provide comments on the Project Proposal to the NFSP. The NFSP may submit to the Grant Committee a revised draft of the Project Proposal, taking into account the Grant Committee's comments, within 20 (twenty) Business Days of receipt of the Grant Committee's comments on the Project Proposal and the provisions of paragraph 1.3 shall apply.
- 1.5 The Grant Committee will confirm the completion date (the "Project Completion Date") for each Approved Project. The Individual Grant will run from the Award Date to the Project Completion Date for each Approved Project.