

THIS THIRD SUPPLEMENTAL AGREEMENT, being Change Control Note (CCN) No. 600 is made the 19th day of January, 2000.

BETWEEN:

- (1) **POST OFFICE COUNTERS LTD.**, whose registered office is at Gavrelle House, 2-14 Bunhill Row, London EC1Y 8HQ ("POCL"); and
- (1) **ICL PATHWAY LIMITED**, whose registered office is at 26 Finsbury Square, London EC2A 1DS (the "Contractor").

WHEREAS:

- (A) By a Codified Agreement between the parties dated 28th July, 1999 (the "Codified Agreement") POCL and the Contractor agreed to replace certain agreements relating to the design, development, integration and establishment by the Contractor of a computerised service infrastructure with a single agreement codifying the changes to the previous agreements.
- (A) By a Supplemental Agreement to the Codified Agreement dated 20th August, 1999 (the "First Supplemental Agreement") the parties agreed that CSR Acceptance had not been achieved at the end of the CSR Operational Trial Review Period.
- (A) By a Second Supplemental Agreement to the Codified Agreement dated 24th September, 1999 (the "Second Supplemental Agreement") the parties agreed that CSR Acceptance would be deemed to have been achieved and that the Contractor would remedy the Outstanding Faults.
- (A) By clause 6.1.1 of the Second Supplemental Agreement, POCL has a right to postpone the resumption of Roll-out from January, 2000 if any of the criteria in Parts A to C of Schedule 4 to the Second Supplemental Agreement shall not have been met by 24th November, 1999.
- (A) Both POCL and the Contractor acknowledge that at least one of those criteria was not met and accordingly that the right contained in clause 6.1.1 became exercisable.
- (A) In relation to those criteria relating to Helpdesk performance, further testing has been carried out since 24th November, 1999 as a result of which the parties have agreed that certain enhancements are required in the provision of the Horizon System Helpdesk Service.
- (A) This Third Supplemental Agreement, which is supplemental to the Codified Agreement and constitutes CCN No. 600 of the Codified Agreement, is to record the agreement which POCL and the Contractor have reached in relation to the exercise of the right contained in clause 6.1 of the Second Supplemental Agreement.

IT IS AGREED as follows:

1. Interpretation

In this Agreement:

- 1.1 words and expressions defined in the Codified Agreement dated 28th July, 1999 (the "Codified Agreement") or the Second Supplemental Agreement shall bear the same meanings when used in this Agreement (including its schedules);
- 1.2 "Monitoring Period" means the six week period commencing on Friday 3rd December, 1999 and ending on Thursday, 13th January, 2000; and
- 1.3 "bi-directional", in relation to a product type, means a product type in respect of which a Transaction may give rise to either a credit or debit for the purpose of a cash account.

2. Suspension of Roll-out

- 2.1 POCL agrees that it will not exercise the right to suspend Roll-out under clause 6.1 of the Second Supplemental Agreement.
- 2.2 Each of the Contractor and POCL shall comply with the obligations imposed upon it in relation to Help Desk improvements set out in Schedule 1 and shall co-operate with the other in the manner envisaged in that Schedule.
- 2.3 Subject to paragraph 2.4 below the Contractor and POCL shall continue to work together and to co-operate in the joint work programmes initiated in respect of:-
 - 2.3.1 the development of operational procedures to support the accounting integrity control over the TIP interface (such operational procedures being described in the current draft of the CCD entitled "TPS Reconciliation and Incident Management" (CS/PRO/111)); and
 - 2.3.2 to improve the end-to-end management of Reference Data over the Core System.
- 2.4 The obligation set out in paragraph 2.3 above shall terminate upon the signing of, and be superseded by:-
 - 2.4.1 in the case of sub-paragraph 2.3.1, the CCD referred to in that paragraph; and
 - 2.4.2 in the case of sub-paragraph 2.3.2, the CCD, currently in draft form, to be entitled "ICL Pathway/POCL Interface Agreement for Operational Business Change-Product".
- 2.5 POCL and the Contractor shall endeavour to agree and sign both of the CCD's referred to in paragraph 2.4 by 24th January, 2000 and an enhanced version of that referred to in sub-paragraph 2.4.2 by 31st March, 2000.

3. Amendment to the Second Supplemental Agreement

The Second Supplemental Agreement shall be amended in the manner set out in Schedule 2 to this Agreement.

4. Amendments to On-going Help Desk Service Levels

Paragraphs 4.3.2.7 to 4.3.2.9 (inclusive) of Schedule G10 to the Codified Agreement shall be replaced in the manner set out in Schedule 3 to this Agreement.

5. Enhanced Integrity Control

5.1 The Contractor hereby warrants to POCL that the Contractor's analysis of the effectiveness of:-

5.1.1 the Accounting Integrity Control Release design (reflected by the entries in the columns under the heading "AIC Detection" and corresponding notes in Schedule 4 to this Agreement);

5.1.2 the defensive measures referred to under the heading "Defences" in Schedule 4 to this Agreement (reflected by the entries in the columns under that heading and the corresponding notes); and

5.1.3 the "attribute checker" and appropriate authorisation processes referred to in paragraph 5.2.3 below

has been carried out by the Contractor with reasonable skill and care and that the Contractor has accurately reported all material results of such analysis to POCL.

5.2 In relation to the following incident types referred to in Schedule 4:-

5.2.1 in connection with that referred to in item B1 in the table at Schedule 4, the Contractor shall develop, successfully test, deploy, and provide POCL with adequate documentation of, processes designed to prevent recurrence of Cash Account Discrepancies which result from incorrect manual adjustment of data by the Contractor;

5.2.2 in connection with that referred to in items A15 and B2 in the table at Schedule 4, the Contractor shall:-

(A) 5.2.2.1 in respect of bi-directional product types capable of being transacted as at the date of this Agreement, develop, successfully test and deploy (in accordance with declared POCL business rules) software to prevent recurrence of Cash Account Discrepancies which result from incorrect treatment of the sign (+ or -) of data values at the Pathway to TIP interface; and

(B) 5.2.2.2 in respect of bi-directional product

types or methods of payment introduced after the date of this Agreement, establish processes (in accordance with the CRD entitled "Reference Data Change Catalogue" - CS/IFS/001) to ensure that the applicable software is enhanced to prevent incidents resulting from incorrect treatment of the sign (+ or -) of data values at the TIP interface for such new products or methods of payment; and

5.2.3 in connection with that referred to in item B5 in the table at Schedule 4, relating to reference data leading to the incorrect summarisation of products 196 and 197 in the cash account, the Contractor will co-operate with POCL and assist POCL to prevent recurrence of similar unintended effects of reference data changes by:-

- (C) (i) developing a diagnostic tool (the "attribute checker"), which will accurately predict the effect of applying all reference data changes;
- (D) (ii) assisting POCL to put in place appropriate authorisation processes; and
- (E) (iii) co-operating with POCL to define business rules and procedures for applying the attribute checker and authorisation processes referred to in sub-paragraphs 5.2.3(i) and (ii) above.

An initial version of the attribute checker which meets the above requirements will be deployed by 24th January, 2000 and it is intended that an enhanced version taking account of experience gained in live operations will be deployed by 31st March, 2000.

5.3 The Contractor shall from the date of this Agreement until the end of the TIP Integrity Checking Period make available to POCL promptly upon request appropriate experts to explain to POCL the Contractor's analysis of all root causes of Cash Account Discrepancies and the measures which the Contractor shall have implemented in order to prevent the recurrence of any Cash Account Discrepancies which would not have been detected by the Accounting Integrity Control Release.

6. Amendments to Schedule G01 to the Codified Agreement

Paragraph 3.6 of Schedule G01 to the Codified Agreement shall be replaced in the manner set out in Schedule 5 to this Agreement.

7. Miscellaneous

7.1 The Rectification Timetable shall be amended to the extent necessary to reflect the terms of this Agreement in respect of Acceptance Incidents 376 and 408.

7.2 Save as expressly amended by this Agreement, the provisions of the Codified Agreement and the Second Supplemental Agreement shall continue in full force unaffected by this Agreement.

IN WITNESS WHEREOF this Third Supplemental Agreement has been executed on behalf of the parties as follows:-

Schedule 1

Part A

Help Desk Improvements

The Contractor shall implement the following improvements to the services provided by the Help Desk in accordance with the timetable set out in Part B of this Schedule 1. POCL shall co-operate with the Contractor to enable the Contractor to comply with its obligations set out in this Schedule 1 and shall perform such obligations as are imposed on POCL in this Schedule 1. Certain terms used in this Schedule 1 are defined in paragraph 10 of this Part A.

8. Call Scripts

8.1 The Contractor and POCL agree that separate call scripts shall be introduced to be followed by Help Desk staff in relation to:-

- (a) out of hours stock units (for example Lottery and associated prize allocations); and
- (b) discrepancies and dealing with reversals and suspense accounts.

Drafts of such scripts shall be prepared by the Contractor and delivered to POCL. POCL shall promptly review them and provide any comments thereon to the Contractor. The Parties shall work together to agree such scripts, such agreement not to be withheld or delayed by either party.

8.2 The Contractor shall initiate and promote the further development of the scripts used for cash account calls. The Helpdesk Forum shall be used by the Contractor to present any changes which it proposes to make thereto and to allow POCL to present feedback on, and agree to, such proposed changes. The Contractor shall be responsible for ensuring that effective change control processes are used to make agreed changes to the scripts.

9. Further training

The Contractor shall undertake further training of Helpdesk staff and/or take appropriate action to ensure that such staff are acquainted with the areas of POCL's business set out at (a) to (c) below (to the extent that relevant information has been provided by POCL), and with the use of the Contractor's services to support such business areas:-

- (a) procedures relating to the use of the transaction log to identify errors;
- (b) procedures relating to transfers between stock units; and
- (c) circumstances in which a business rule needs to be invoked by the Network Business Support Centre.

In addition, the Contractor shall promptly develop procedures reasonably satisfactory to

POCL to ensure that, if new procedures or products (for example, Family Tax Credit) are introduced by POCL and information relating thereto is provided to the Contractor in a suitable form, the Help Desk has the means quickly to acquire knowledge of such new procedures or products.

10. Conformance to Scripts

The Contractor shall re-emphasise to Technical Support Analysts at the Help Desk the necessity to use the "first script" to identify both where the User is within the system and also the appropriate starting point to use in subsequent scripts. The Contractor shall ensure that all new Technical Support Analysts follow all Help Desk scripts. POCL will communicate to all its Outlets the rationale behind using scripts in Support Centres.

11. Proactive Improvement Process

The Contractor shall adopt a proactive improvement process for dealing with cash account calls, which may result in changes to scripts and/or improvements in the training programmes for Users and/or Technical Support Analysts. The Contractor shall keep POCL informed of the output of this process at meetings of the Helpdesk Forum, at which POCL shall inform the Contractor of any improvement opportunities identified from any audit of cash account calls carried out by POCL under paragraph 4.3.2.11 of Schedule G10 to the Codified Agreement.

12. Call Resolution Coding

The Contractor shall review its closure codes for cash account calls and POCL will assist in this exercise by informing the Contractor of its classification of cash account calls. The Contractor shall use this information to identify opportunities for improving its Help Desk service.

13. Interface Agreement

The parties shall establish an interface agreement to demarcate responsibilities between, and ensure that consistent procedures are used by, the Help Desk and the Network Business Support Centre and to reduce the number of calls being transferred inappropriately between Support Centres. The parties shall work together to reduce the number of such calls.

14. Helpdesk Forum

There shall be a forum known as the Helpdesk Forum consisting of representatives from the Help Desk, the Network Business Support Centre, the Contractor and POCL. The Helpdesk Forum shall meet on a monthly basis, the first meeting being scheduled to be held on 27th January, 2000, and shall report to the Horizon Service Review Forum. Its objectives will be defined by the parties and will include improvements to call scripts and reduction of the number of calls being transferred inappropriately between Support Centres. POCL shall use reasonable endeavours to provide the Help Desk with advance notice of changes to procedures to be included in forthcoming issues of "Counter News" and shall inform the Helpdesk Forum of the processes that

POCL has put in place so to do.

15. Electronic Link between Support Centres

The parties shall investigate the findings from the recent feasibility study as to whether calls can be transferred electronically between Support Centres and shall consider whether to develop and implement an electronic link to enable this to occur.

16. Horizon Guide to Balancing

The Contractor shall review all cash account call scripts in use at the date of this Agreement and shall ensure that they are consistent with the guide produced by POCL (and provided to the Contractor prior to the date of this Agreement) called "Balancing with Horizon".

17. Interpretation

17.1 In this schedule 1:

"cash account calls" has the meaning ascribed thereto in paragraph 4.3.2.13 of Schedule G10 to the Codified Agreement;

"Support Centres" means the Help Desk and the Network Business Support Centre and "Support Centre" means either of them; and

"Helpdesk Forum" means the forum to be established pursuant to paragraph 7 of this Part A of Schedule 1.

17.2 In the timetable set out in Part B of this Schedule 1:-

"HSH" means the Help Desk;

"TSA" means a Technical Support Analyst, employed to provide Help Desk services on behalf of the Contractor;

"NBSC" means the Network Business Support Centre; and

"Interface Agreement" means the interface agreement referred to in paragraph 6 of this Part A of this Schedule 1.

Schedule 1**Part B****Timetable for Implementation
of Help Desk Improvements**

Part A Paragraph	Deliverable	By Date	Person Responsible
1.1	Pre work on new call scripts for lottery stock unit, reversals and suspense account.	11/01/00 Completed	HSH
1.1	Current processes and procedures for: I. Procedures surrounding the use of the transaction log to identify errors. II. Procedures surrounding the transfer between stock units. III. Where a business rule needs to be invoked by the NBSC.	11/01/00 Completed	HSH
1.1	New scripts completed and problem areas reviewed.	14/01/00 Completed	HSH/POCL/ Contractor
1.1	New documentation presented to TSA's.	17/01/00	HSH
1.1	New documentation introduced into live environment.	19&20/01/00	HSH
9	Scripts reviewed against Guide to Balancing	24/01/00	HSH/POCL
1.2	Helpdesk Forum Agenda to include Cash Account Script Amendments (pre work to draft amendments will take place prior to this by the Contractor). This will be an ongoing exercise.	27/01/00	Contractor

1.2	Change Control Processes for Cash Account scripts are introduced by the Helpdesk Forum but managed by the Contractor	27/01/00	Contractor
3	Contractor to reinforce use of initial scripts and instruct new TSA's to use the scripts for resolution	19/01/00	Contractor
3	POCL will communicate to the Network the rationale for using scripts within the Support Centres	28/02/00	POCL
4	Proactive Improvement Plans will be presented to the Helpdesk Forum when identified	27/01/00	Contractor
5	Contractor will review the cash account call closure codes against POCL classification	27/01/00	Contractor
5	Contractor will implement those new call classification codes which are agreed with POCL	28/02/00	Contractor
6	Contractor and POCL to have had an initial meeting to discuss the Interface Agreement	14/01/00	Contractor/ POCL
6	Draft Interface Agreement will be issued for review	19/01/00	Contractor
6	Follow-up workshop to discuss the draft Interface Agreement	27/01/00 (see note)	Contractor/P OCL
6	Interface Agreement finalised	28/02/00	Contractor/ POCL
7	Helpdesk Forum has been established; first meeting scheduled to take place. Future monthly meetings will be scheduled.	27/01/00	Contractor/ POCL
7	Terms of Reference and objectives to be agreed for the Helpdesk Forum.	28/02/00	Contractor/ POCL
8	A meeting to discuss the Feasibility Study Findings will be scheduled.	31/01/00	Contractor/P OCL

9	Contractor will review impact of Balancing Guide on the scripts and feedback to POCL	17/01/00	Contractor
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Note: this meeting is targeted for 27/1/2000 and the Parties shall use their reasonable endeavours to ensure that it takes place no later than 14/2/2000.

Schedule 2

Amendments to the Second Supplemental Agreement

18. In Clause 7.2(ii) of the Second Supplemental Agreement the word “discrepancy” shall be deleted and replaced by the words “Cash Account Discrepancy”.
19. New Clauses 7.6 and 7.7 shall be added to the Second Supplemental Agreement as follows:-
- “7.6 For the purposes of the criterion set out in paragraph (i) of Part D of Schedule 4 to this Agreement there shall be disregarded:-
- (i) any Cash Account Discrepancy which POCL agrees (such agreement not to be unreasonably withheld) would have been prevented by the application of those additional reference data controls (including the “attribute checker”) currently being jointly developed under the parties’ joint review of end to end reference data management which are (in POCL’s reasonable opinion) likely to be properly deployed prior to 24th January, 2000; and
 - (ii) any Cash Account Discrepancy caused by a “Not Data Error” (as defined in paragraph 3.6 of Schedule G01 to the Codified Agreement).
- 7.7 For the purposes of:-
- 7.7.1 the criterion set out in paragraph (i) of Part D of Schedule 4 to this Agreement; and
 - 7.7.2 establishing the duration of the TIP Integrity Checking Period
- there shall be disregarded:-
- (A) (i) any Cash Account Discrepancy resulting from the opening balance used by TIP being incorrect as a result of a Data Error whose incidence shall have already given rise to an earlier Cash Account Discrepancy; and
 - (ii) any Cash Account Discrepancy caused by a “Not Data Error” (as defined in paragraph 3.6 of Schedule G01 to the Codified Agreement.”
20. Part D of Schedule 4 to the Second Supplemental Agreement shall be amended as follows:-
- (i) at the beginning thereof the word “The” shall be deleted and replaced with the words “Subject to Clauses 7.6 and 7.7 of this Agreement, the”;
 - (ii) in paragraph (i) thereof, the reference to the period from 3rd October, 1999 until 14th January, 2000 shall be replaced by a reference to the period from 2nd December, 1999 until 12th January, 2000; and

- (iii) in paragraph (iii) thereof the words "after the date of this Agreement" shall be replaced with the words "during the period from 2nd December, 1999 until 12th January, 2000".

Schedule 3

**Amendments to Paragraph 4.3 of
Schedule G10 to the Codified Agreement**

21. Paragraphs 4.3.2.7 to 4.3.2.9 of Schedule G10 to the Codified Agreement (as incorporated by paragraph 4 of Schedule 5 to the Second Supplemental Agreement) shall be deleted and replaced by the following:-

“4.3.2.7 All calls made to the Help Desk seeking advice and/or guidance relating to cash accounts shall be answered by first line Help Desk staff. Where calls need to be dealt with by staff with greater expertise the calls shall be transferred to an appropriate expert. In not less than 95% of cases such transfer shall occur immediately. In the remaining cases the caller shall be called back by an appropriate expert within 20 minutes of the conclusion of his original call to the Help Desk.

4.3.2.8 The Contractor shall use reasonable endeavours to ensure that all advice and guidance given by the Help Desk is adequate to ensure that each issue on which advice and/or guidance is sought is adequately resolved in a manner which does not hinder completion of the cash account and associated processes.

POCL may verify this performance by analysis of tape recordings of Help desk calls under the provisions of paragraph 4.3.2.11 below. The principles to be applied in this verification are set out in paragraph 4.3.2.13 of this Schedule G10.

No liquidated damages provision or termination threshold applies in relation to the service level described in this paragraph 4.3.2.8.

4.3.2.9 Approved call scripts shall be correctly followed by Help Desk staff in not less than 95% of cash account calls aggregated over all the Help Desk Weeks which end in that month, as measured by joint analysis by the Contractor and POCL of tape recordings of Help Desk calls. For the purposes of this paragraph 4.3.2.9:-

- (a) the principles to be applied in this measurement are set out in paragraph 4.3.2.13 of this Schedule G10;
- (b) the Contractor shall deliver all necessary tapes to POCL (recorded in the manner agreed with POCL) in respect of each Help Desk Week by no later than the Monday morning following the end of that Help Desk Week;
- (c) POCL shall review the recordings and report its findings to the Contractor within five working days following receipt of such tapes; and
- (d) when it is judged by POCL that the service level has been met

successfully in respect of a Help Desk Week the recordings will not be examined further (unless otherwise agreed between POCL and the Contractor) and the tapes may be recycled at the Contractor's discretion.

- 4.3.2.10 During the Monitoring Period the Contractor shall measure and report to POCL the Contractor's performance against the service levels contained in paragraph 4.3.2.1 of this Schedule G10 on a daily basis for Wednesday and Thursday in each Help Desk Week. The report for each of the first five Help Desk Weeks in the Monitoring Period shall be provided to POCL no later than the Monday following the end of that Help Desk Week. In respect of the sixth Help Desk Week the Contractor shall report to POCL the Contractor's performance for the period up to and including Wednesday of that week and deliver such report by 6 p.m. on Thursday 13th January, 2000.

Following the end of the Monitoring Period the Contractor shall at any time upon written request by POCL given not less than two days prior to the first Wednesday of any month, measure and include in the Contractor's monthly service review report to POCL for that month the Contractor's performance against the service levels contained in paragraph 4.3.2.1 of this Schedule G10 on a daily basis for Wednesday and Thursday in each Help Desk Week which ends in that month.

No separate liquidated damages provision or termination threshold applies to daily performances reported pursuant to this paragraph 4.3.2.10.

- 4.3.2.11 The Contractor shall with effect from 8th December, 1999 install and thenceforth at all times have available the necessary equipment to enable Help Desk calls to be recorded for the purposes of paragraphs 4.3.2.8 to 4.3.2.10 above. The Contractor shall, on not less than two days' written notice, implement recording of cash account calls at POCL's request for periodic audit purposes. POCL shall be given access to all such recordings as soon as reasonably practicable following its demand therefor at any time during normal working hours or any other time when the Help Desk service is operational.
- 4.3.2.12 To the extent that such notification is required by law, the Contractor shall be responsible for ensuring that Help Desk staff are properly notified that calls will be recorded and POCL shall be responsible for ensuring that Users (and others who call the Help Desk on POCL business) are properly so notified.

- 4.3.2.13 For the purposes of this Schedule:-

"Help Desk Week" shall mean each week commencing on the opening of business on a Friday and ending on the close of business on the following Thursday;

“Monitoring Period” shall mean the six week period commencing on Friday 3rd December, 1999 and ending on Thursday 13th January, 2000; and

“cash account calls” means calls to the Help Desk relating to cash accounts.

- 4.3.2.14 The sample sizes and sampling methodology for measuring compliance with approved scripts for cash account calls under paragraphs 4.3.2.8 and 4.3.2.9 of this Schedule G10 will be developed by POCL such that in the long term they would be expected to result in a “false failure rate” of 5% or less in each service level measurement period, and a “false success rate” of 10% or less in each service level measurement period.

These rates are defined in terms of the outcomes set out in the following table:

	Sample estimate of compliance rate less than 95%	Sample estimate of compliance rate greater than or equal to 95%
True compliance rate less than 95%	True failure	False success
True compliance rate greater than or equal to 95%	False failure	True success

The “false failure rate” is the expected number of false failure outcomes expressed as a proportion of the total of true and false failure outcomes.

The “false success rate” is the expected number of false success outcomes expressed as a proportion of the total of true and false success outcomes.

The method for selecting samples and determining sample sizes to achieve the above characteristics will be decided by POCL and recorded in a Contract Controlled Document. The Contractor will be entitled to review this to gain assurance that the methodology is in line with accepted practice in statistical sampling, and to require POCL to make changes if it is not. Any disagreements about appropriate statistical methodology will be resolved by reference to Chapter 7.13 (“Determining Sample Size to Control Type I and Type II Errors”) of the publication “Business Statistics for Management and Economics” by Wayne W. Daniel and James C. Terrell, 7th Edition, 1995.

POCL will carry out the initial analysis of the tapes (which will be provided by the Contractor) and will document findings in relation to which calls are and are not compliant with the relevant scripts.

The Contractor will review and agree these findings, or provide a factual statement of any cases where it takes a different view of the compliance. In the event of any disagreement as to compliance, the matter at issue shall be dealt with in accordance with Clause 807 of the Codified Agreement.

To the extent that the method involves more than one stage of sampling, POCL may decide to deem the service level to have been achieved on the basis of the first stage sample, notwithstanding that that sample estimate may show a compliance level below 95%.

Once sufficient samples have been analysed to comply with the requirements for probabilities of errors as above, then either party may request a full analysis of all calls in the relevant period (rather than a sample). In that case, the results based on the full analysis will be used in place of the sample estimates and in the event of any disagreement as to compliance, the matter at issue shall be dealt with in accordance with Clause 807 of the Codified Agreement.

The reasonable additional costs of both parties will be borne by the party requesting such a full analysis."

Schedule 4**Error Matrix**

Incident					Defences (See note(6))			AIC Detection (See note (7))					
Pathway Incident No.	TIP Incident Number	Incident Types	Incident Classification	SEE NOTE	Root cause fix (in place or intended)	Preventative code	Harvester record rejection	By daily checks at counter	Reported daily by Harvester	By daily checks at Host	By weekly checks at counter	By weekly checks at host	By weekly Receipts not equal to Payments check
Part A		Incidents as listed in TIP Incident Status Report as at 20th Oct 1999											
A1	821	Deleted stock unit ("SU")	C			Y	Y	Y	Y	Y			
A2	846	SU double roll	A			Y					Y		Y
A3	855	Missing mode – Reversal	C		Y		Y	Y	Y	Y			
A4	856	New SU	D		Y						Y		Y
A5	857	SU Name with blank first character	D			Y					Y		Y
A6	858	Missing timestamp	C		Y	Y	Y	Y	Y	Y			
A7	866	Product deleted with current transactions	D		Y	Y					Y		Y
A8	869	Missing mode - OBCS suspend	C		Y		Y	Y	Y	Y			

[illegible]

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NOTES

General – Interpretation of the above matrix

The columns headed 'Incident' define the incidents which the Defences and AIC Detection are designed to address.

Each of the TIP Incident Numbers refers to the incident number given to the first occurrence of the incident of that type.

The columns headed 'Defences' summarise the defences which have (or will be) put in place to deal with the relevant incidents. In some cases it will be seen that there is more than one category of defence. These are additive layers of system resilience, and should be interpreted as follows:

If there is a root cause fix, then defensive code, if also present, would not be exercised unless either the root cause fix was found in some circumstances to be ineffective or another hitherto undiscovered root cause caused the same symptom. Taking for example A6, the cause of the missing timestamp underlying the reported incident has been fixed, and so the second defence (the repair of the defective record by the harvester) is inactive, but would be activated by some new "bug" which also caused a missing timestamp.

The harvester rejection is described as a defence because it prevents defective records reaching TIP. If there is either a root cause fix or defensive code executed at the desk top then the harvester will not reject the record, as records reaching the harvester will be correct. The harvester would reject the record if the fix failed (and indeed for most transaction errors did originally reject the records, which was how the error was detected by TIP).

The columns headed 'AIC detection' set out the reaction the AIC would have made to the various categories of reported errors had it been active at the time. Where these errors have been either fixed or defended against the AIC will of course not now have anything to detect. The third defence, harvester rejection, itself causes AIC detection, as quite apart from anything else which the AIC may have detected it will now also detect that a record which was present at the counter has not reached the host.

Specific – bracketed numbers in table refer

1. This bug resulted in transactions not being generated. The transactions which were in the message store were correctly brought to account.
2. The underlying incident is now understood and can be reproduced. The error does not occur in the CSR+ code and work continues to understand how to resolve the issue in the current code.
3. This incident type may result in a failure of the service level referred to in paragraph 3.1 of Schedule G10 but is not a Data Error as the relevant data are rejected at the TIP interface.
4. Root cause was a migration error. The reported error is the secondary effect of the centrally introduced migration correction not being harvested to TIP, although the cash

account was corrected as requested by POCL.

5. Root cause was incomplete definition of signage agreed between Pathway and TIP, now complete.
6. "Defences" - definitions of terms used as column headings.

The intended purpose of each of the defensive measures referred to in the column headings is described in the definitions below.

Root cause fix means a software fix applied to rectify the cause of the incidents reported by TIP in the relevant categories.

Preventative Code means code added to the Horizon software either to detect and prevent an inappropriate user action (such as deletion of an active stock unit) which would have adverse system consequences, or to detect a system error (such as a null cash account id) and prevent the effects of that error propagating through the system.

Harvester Record Rejection refers to the action taken by the software agent which harvests records to be sent to TIP when it detects a record as being in error. In this circumstance the agent refuses to harvest the record, instead reporting it for investigation and/or correction.

7. AIC Detection - definition of terms used as column headings:

The checks performed by each part of the AIC software will be as defined in PI/DES/002, which was re-issued at v0.8 on 22/12/99. This adds to v0.7 a new section 4.6.5, which describes the test performed by the host AIC software to detect and report on instances when the cash account payments table total does not equal the cash account receipts table total.

Daily checks at the counter refers to the error reporting performed daily by the counter software (by writing error messages in the message store for central recovery and reporting) as distinct from the daily production of control totals for subsequent use either by the host or by the weekly counter AIC processes. This reporting is described in PI/DES/002, particularly within sections 3.2, 4.1.3, and 4.3.4 .

Reported by the Harvester refers to the daily error reporting by the harvester agent, for those outlets where an End of Day marker is present, when records are found which cannot be harvested for onwards transmission to TIP because they fail validation checks. This reporting is described in PI/DES/002, particularly within sections 4.4.1, and 4.3.4.

Daily checks at the Host refers to reporting of errors detected when the host AIC software checks the data harvested for each outlet with the counter generated control totals placed in the message store for this purpose. This reporting is described in PI/DES/002, particularly within sections 3.1 and 4.5.1.

Weekly checks at the counter refers to the error reporting performed weekly by the

counter software (by writing error messages in the message store for central recovery and reporting) as distinct from the production of weekly control totals for subsequent use by the host AIC processes. These errors may be detected by comparison of the cash account to the control figures accumulated daily at the counter. This reporting occurs every day, for those outlets for which a cash account has been produced and is described in PI/DES/002, particularly within sections 3.2, 3.4, 4.1.2, 4.1.5, 4.2.3 and 4.3.5.

Weekly checks at the Host refers to reporting of errors detected when the host AIC software checks the cash account sub-file for an outlet with the counter generated control totals placed in the message store for this purpose. This reporting occurs every day, for those outlets for which a cash account has been produced and is described in PI/DES/002, particularly within sections 3.3 and 4.5.2.

Receipts not equal to Payments check refers to reporting of errors detected when the host AIC software checks the cash account sub-file for an outlet to ensure that the totals for the Payments table and the Receipts table contained within the sub-file are equal. This reporting is described in PI/DES/002, section 4.6.5.

8. Preventative code is being developed.
9. This will not cause errors in the POCL domain provided the corrected data is transmitted electronically within five working days of the occurrence of the error. In cases where a Manual Error Report is submitted within five working days of the occurrence of the error POCL will be able to use this to correct the following week's opening balance as well as the original error.

Schedule 5**Amendments to Paragraph 3.6 of Schedule G01**

22. The table contained at Schedule 4 to this Agreement shall be added as Annex 1 to Schedule G01 to the Codified Agreement.
23. Paragraph 3.6 of Schedule G01 to the Codified Agreement (as inserted by CCN 562) shall be deleted and replaced by the following:-

"3.6.1 Interpretation of Paragraph 3.6**3.6.1.1 For the purposes of this paragraph 3.6:-**

"Cash Account Error" means an electronic cash account presented by TMS at the TIP interface which is not an accurate record of the corresponding cash account which was irrevocably committed by the relevant User;

"Cash Account Period" means each period (normally of seven days ending on a Wednesday) to which POCL shall have allocated, or shall subsequently allocate, a Cash Account Period Number and of which it shall have informed, or shall inform, the Contractor through the Operational Business Change process;

"Contractor Inaccurate Cash Account" means an Inaccurate Cash Account caused primarily by:-

- (i) inaccurate Reference Data in the Contractor's Reference Data system (other than Reference Data supplied by POCL);
- (ii) an error in any Software; or
- (iii) a failure by the Contractor to apply Reference Data supplied by POCL correctly and in compliance with the CCD entitled "ICL Pathway/POCL Interface Agreement for Operational Business Change - Product" or, pending the signature thereof, the draft of that CCD dated 13/1/2000, version 2.9

where in any such case the effect of such inaccuracy or error was not capable of being corrected by the User before irrevocable commitment of the cash account in question by applying any work-around previously agreed between POCL and the Contractor for such purpose;

"Data Error" means:

- (i) an error (other than a Not Data Error) which results in an Inaccurate Cash Account (Data Error) or a Cash Account Error; or
- (ii) a Transaction Error which is not a Not Data Error;

"Data Error Counting Period" means

- (i) each Cash Account Period which is of a duration of seven days or less; and
- (ii) in respect of Cash Account Periods of greater than seven days duration, each proportion of any such Cash Account Period derived by dividing such Cash Account Period into two or more Data Error Counting Periods such that the first such Data Error Counting Period is between one and seven days' duration and each subsequent Data Error Counting Period during that Cash Account Period is exactly seven days in duration;

"Inaccurate Cash Account" means in respect of any Cash Account Period at any Outlet an electronic cash account which does not properly account for all Transactions input to the POCL Service Infrastructure by Users at that Outlet in that Cash Account Period;

"Inaccurate Cash Account (Data Error)" means an Inaccurate Cash Account which is not an Inaccurate Cash Account (Not Data Error);

"Inaccurate Cash Account (Not Data Error)" means an Inaccurate Cash Account which:-

- (i) is not a Contractor Inaccurate Cash Account; and
- (ii) is irrevocably committed by a User at the conclusion of the end of week process in respect of any Cash Account Period at the relevant Outlet notwithstanding that, prior to irrevocably committing such Inaccurate Cash Account, that User had been provided with a warning that receipts and payments did not match and that continuing might lead to an unbalanced cash account (or an equivalent warning);

"Manual Error Report" means in respect of any Data Error, a report from the Contractor to POCL describing that Data Error and specifying (in a format suitable for POCL to key into a POCL data input facility):-

- (i) in the case of a Data Error resulting in an Inaccurate Cash Account (Data Error) or a Cash Account Error, each of the line items in the relevant cash account which need to be replaced in order to correct the Data Error in question; and
- (ii) in the case of a Data Error which is a Transaction Error, the relevant Transaction record as it would have appeared but for the Data Error;

"Not Data Error" means any of the following:-

- (i) an error caused by invalid data input by Users in Outlets (other than the input of data which puts a previously balanced cash account into a state of imbalance);
- (ii) an error caused by the input of erroneous data by a User during migration of POCL Data to any Outlet (save where data migration tools have been provided by the Contractor to detect such error but such error is not detected despite proper use of those tools by the User in question);

- (iii) an error caused by Reference Data supplied by POCL which result in Transactions not being correctly taken into account in cash accounts where such Reference Data were correctly applied by the Contractor in compliance with the CCD entitled "ICL Pathway/POCL Interface Agreement for Operational Business Change-Product" or, pending the signature thereof, the draft of that CCD dated 13/1/2000, version 2.9;
- (iv) an Inaccurate Cash Account (Not Data Error); or
- (v) an error which is classified in Annex 1 to this Schedule G01 as an error of class "F" or "G", whether or not it falls within sub-paragraphs (i) to (iv) above.

"Repaired Cash Account" means, in respect of any Inaccurate Cash Account or Cash Account Error, the relevant cash account as corrected by the Contractor;

"Repaired Transaction Data" means, in respect of any Transaction Error, the relevant record following correction of that Transaction Error;

"Transaction Error" means an error in one or more transaction data fields in the electronic record of a transaction presented by TMS at the TIP interface or a missing, duplicate or spurious additional Transaction record therein; and

3.6.1.2 For the purposes of this paragraph 3.6 a Data Error shall be treated as relating to a Data Error Counting Period if:-

- (i) it is a Transaction Error in a Transaction carried out during that Data Error Counting Period; or
- (ii) it is a Cash Account Error or Inaccurate Cash Account (Data Error) for the Cash Account Period (if any) which is co-terminus with that Data Error Counting Period.

3.6.1.3 For the purposes of the definitions of Cash Account Period and Data Error Counting Period a day shall mean a period of 24 hours ending at 8.00 p.m.

3.6.2 Classification of Incident Types

Each of the incident types listed in the table in Annex 1 to this Schedule G01 is classified in the column of that table headed "Incident Classification" by one of the following designations:-

- "A" = a Transaction Error which is also an Inaccurate Cash Account (Data Error);
- "B" = a Transaction Error which is also a Cash Account Error;
- "C" = a Transaction Error which is neither an Inaccurate Cash Account nor a Cash Account Error;

- “D” = an Inaccurate Cash Account (Data Error) which is not a Transaction Error;
- “E” = a Cash Account Error which is not a Transaction Error;
- “F” = a Not Data Error; and
- “G” = an incident which is treated by the parties as a Not Data Error.

3.6.3 Detection of Errors

The Contractor shall duly apply throughout the term of this Codified Agreement all of the defensive measures and checks described in the Annex to this Schedule G01 in order to detect Data Errors and Not Data Errors. Such defensive measures and checks will be applied with the frequency indicated in the said Annex. All Data Errors and Not Data Errors detected (by the Contractor or otherwise and whether or not by application of such defensive measures and checks) shall, subject to paragraph 3.6.4 below, be dealt with in accordance with the remaining sub-paragraphs of this paragraph 3.6.

3.6.4 Widespread Errors

3.6.4.1 As soon as the Contractor discovers, whether through calls received at the Help Desk or otherwise, that there are or are likely to be Data Errors or Not Data Errors affecting cash accounts at more than 100 Outlets in any one Cash Account Period then the Contractor shall immediately:-

- (a) notify POCL in accordance with procedures described in the CCD entitled “TPS Reconciliation and Incident Management” (CS/PRO/111); and
- (b) comply with those provisions of that CCD which shall be inserted by reference to this paragraph 3.6.4.

3.6.4.2 Upon the Contractor's giving notice in accordance with paragraph 3.6.4.1(a) the remaining provisions of this paragraph 3.6 (other than paragraphs 3.6.4.3 and 3.6.4.4 below) shall cease to apply in relation to such Data Errors and Not Data Errors.

3.6.4.3 Subject to paragraph 3.6.14 below, the Contractor shall promptly reimburse to POCL all costs reasonably incurred by POCL in correcting any Data Errors to which paragraph 3.6.4.1 applies.

3.6.4.4 POCL shall promptly reimburse to the Contractor all costs reasonably incurred by the Contractor in correcting any Not Data Errors to which paragraph 3.6.4.1 applies.

3.6.5 Data Errors discovered before transmission

- 3.6.5.1 Subject to paragraph 3.6.5.4 below, if the Contractor discovers a Transaction Error which is a Data Error prior to the relevant record being transmitted by the Contractor to POCL over the TIP interface, then the Contractor shall not transmit the relevant record but shall

retain it and:

- (a) correct the Transaction Error in the relevant record;
- (b) transmit the Repaired Transaction Data to POCL over the TIP interface; and
- (c) promptly issue a report to POCL in an agreed format containing an explanation of the correction made.

3.6.5.2 If the Contractor discovers any Data Error resulting in an Inaccurate Cash Account (Data Error) prior to the relevant record being transmitted by the Contractor to POCL over the TIP interface then, notwithstanding the presence of such error, the Contractor shall transmit the relevant record to POCL over the TIP interface and thereafter either:-

- (a) with POCL's agreement (such agreement not to be unreasonably withheld) promptly correct the Data Error in the relevant cash account, transmit the Repaired Cash Account over the TIP interface (without prejudice to paragraph 3.6.6.4 below) and issue a report to POCL containing an explanation of the correction made; or
- (b) promptly issue to POCL a Manual Error Report in respect of that Data Error.

3.6.5.3 Subject to paragraph 3.6.5.4 below, if the Contractor discovers any Cash Account Error resulting from a Data Error prior to the relevant record being transmitted by the Contractor to POCL over the TIP interface, then the Contractor shall not transmit the relevant record but shall retain it and:

- (a) correct the Data Error in the relevant cash account;
- (b) transmit the Repaired Cash Account to POCL over the TIP interface; and
- (c) promptly issue a report to POCL in an agreed format containing an explanation of the correction made.

3.6.5.4 The Contractor may, instead of retaining and repairing records in accordance with paragraphs 3.6.5.1 and/or 3.6.5.3 above, promptly issue to POCL Manual Error Reports for up to a total of 50 Data Errors relating to any Data Error Counting Period (or such higher limit as the parties may agree).

3.6.6 Data Errors discovered after transmission

- 3.6.6.1 Where a Data Error shall not have been discovered before transmission of the relevant record to POCL over the TIP interface, but is subsequently discovered, the provisions of paragraphs 3.6.5.1 and 3.6.5.3 above shall not apply to such Data Error. Instead the Contractor shall either:
- (a) with POCL's agreement (such agreement not to be unreasonably withheld), correct the Transaction Error or, as the case may be, the Data Error in the relevant cash account, transmit the Repaired Transaction Data or (without prejudice to paragraph 3.6.6.4 below) Repaired Cash Account to POCL over the TIP interface and promptly issue a report to POCL containing an explanation of the correction made; or
 - (b) promptly issue to POCL a Manual Error Report in respect of that Data Error.
- 3.6.6.2 If the number of Data Errors which are discovered after the transmission of the relevant record exceeds twenty in any Data Error Counting Period the Contractor shall, in consultation with POCL, review the process introduced by the Accounting Integrity Control Release with a view to enhancing such process in order to detect the relevant Data Errors prior to transmission of the relevant records and to identify and correct root causes of such errors.
- 3.6.6.3 Any Data Error processed by the Contractor under paragraph 3.6.6.1(b) above which shall have been discovered after transmission but before the conclusion of the Data Error Counting Period to which it relates shall count towards the 50 per Data Error Counting Period limit under paragraph 3.6.5.4 above. However, where a Data Error is discovered after transmission and after the conclusion of the Data Error Counting Period to which it relates the Contractor shall be entitled, without thereby being in breach of paragraph 3.6.5.4 above, to submit a Manual Error Report in respect thereof in accordance with paragraph 3.6.6.1(b).
- 3.6.6.4 Where paragraph 3.6.5.2(a) or 3.6.6.1(a) above applies, the Contractor's obligation to transmit a Repaired Cash Account may be satisfied by transmitting such part of the Repaired Cash Account as is necessary to correct the Data Error concerned, provided that such transmission complies with the requirements of the CCD entitled "Pathway to TIP Application Interface Specification".

3.6.7 Not Data Errors

The Contractor shall, promptly following discovery of any Not Data Error, issue a report to POCL (in the same format as a Manual Error Report) containing a brief description of the Not Data Error to the extent that it can be identified and shall co-operate with POCL and, to the extent that is reasonable, assist POCL (a) to investigate and seek to

prevent the recurrence of such Not Data Error and (b) to prevent the production of Cash Accounts which are incorrect as a result of such Not Data Error.

General Provisions

- 3.6.8 The Contractor undertakes to use all reasonable endeavours, in accordance with the procedures defined in the CCD entitled "TPS Reconciliation and Incident Management" (CS/PRO/111), to notify POCL of the discovery of a Data Error or Not Data Error on the same day on which such Data Error or Not Data Error is discovered and shall in any event notify POCL thereof on the morning of the Working Day next following the date on which it is discovered.
- 3.6.9 The Contractor undertakes to use all reasonable endeavours to ensure that:
- 3.6.9.1 the delay between the occurrence of a Data Error (or in the case of a Data Error detected after the transmission of the relevant record, its detection) and (a) the issue of a Manual Error Report in respect thereof to POCL or (b) transmission of the Repaired Transaction Data or (without prejudice to paragraph 3.6.6.4) Repaired Cash Account to POCL over the TIP interface; or
- 3.6.9.2 the delay between discovery of a Not Data Error and the issue of a report to POCL in relation thereto under paragraph 3.6.7 above
- shall not in any such case exceed five working days.
- 3.6.10 Where any such delay as is referred to in paragraph 3.6.8 has exceeded, or the Contractor believes that it is likely to exceed, five days, the Contractor shall immediately notify POCL's Head of Service Management and shall procure that the Contractor's Customer Service Director (or, in his absence, his deputy) is made available to meet with POCL's Head of Service Management (or his delegate) to discuss the delay within two working Days of such notification.
- 3.6.11 Where the Contractor provides Manual Error Reports it shall provide a separate Manual Error Report for each Data Error discovered. For this purpose, where a single error in a cash account is manifested in more than one place in that cash account it shall be treated as a single Data Error, but two or more different errors in the same cash account shall be treated as different Data Errors, each requiring a separate Manual Error Report.
- 3.6.12 Where the Contractor is required to make an assumption in order to correct a Data Error and/or present Repaired Transaction Data or a Repaired Cash Account, the Contractor shall make such assumption and promptly inform POCL of the assumption made.
- 3.6.13 The Contractor shall pay to POCL within 30 days after the end of each month a sum to compensate POCL for its costs in dealing with Manual Error Reports for Data Errors as follows:

- 3.6.13.1 £150 per Manual Error Report relating to a Transaction Error discovered after transmission of the relevant record;
- 3.6.13.2 £100 per Manual Error Report relating to a Transaction Error discovered before transmission of the relevant record;
- 3.6.13.3 £100 per Manual Error Report relating to a Cash Account Error discovered; and
- 3.6.13.4 £100 per Manual Error Report relating to an Inaccurate Cash Account (Data Error)

in that month. Clause 802 of the Codified Agreement shall apply to such payments as though they were liquidated damages for failure to meet Service Levels.

- 3.6.14 For the purposes of calculating any sum which may be due to be paid to POCL under paragraphs 3.6.4.3 or 3.6.13 all Data Errors which shall have been corrected by the Contractor and the relevant Repaired Transaction Data or (without prejudice to paragraph 3.6.6.4) Repaired Cash Account transmitted to POCL over the TIP interface within five Working Days of such Data Error occurring shall be excluded and no payment shall be made to POCL in relation to such Data Errors.
- 3.6.15 For such period (if any) following discovery of any error or inaccuracy during which there is insufficient information for the Contractor to determine whether such error or inaccuracy constitutes, or gives rise to, a Data Error or a Not Data Error, such error or inaccuracy shall, for the purposes of any action to be taken under paragraphs 3.6.5 to 3.6.7 (inclusive) above but not otherwise, be treated as a Data Error.

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- 3. This Schedule 5 also modifies Acceptance Resolution Plan 376 (Reference CR/ACD/376 Version 0.9 Dated 23rd September, 1999); paragraph 5.3.3 thereof shall be amended as appropriate to be consistent with this Schedule to the intent that the procedures and obligations set out in this Schedule shall take precedence over, and replace, the procedures and obligations set out in numbered paragraphs 1 to 5 (inclusive) of the said paragraph 5.3.3.

Signed by

for and on behalf of
POST OFFICE
COUNTERS LTD. in the
presence of:-

Signed by

for and on behalf of
ICL PATHWAY LIMITED
in the presence of:-

DATED 19TH JANUARY, 2000

POST OFFICE COUNTERS LTD.

-AND-

ICL PATHWAY LIMITED

THIRD SUPPLEMENTAL AGREEMENT

Slaughter and May
35 Basinghall Street
London
EC2V 5DB
(JRT)