

CONFIDENTIAL

SCHEDULE D2**ORDERING INVOICING AND PAYMENT****Version History**

| Version No. | Date | Comments |
|-------------|----------|--|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1294d. |
| 9.0 | 13/01/14 | Applying changes as per CCN1349 and CCN1329a |
| 10.0 | 10/09/15 | Applying changes as per CCN1426 and moving all Schedules to v10.0 in accordance with CCN1506 |
| 11.0 | 31/03/16 | Moving all schedules to V11.0 in accordance with CCN1604 |
| 12.0 | 03/07/17 | Applying changes as per CCN1610 and moving all schedules to V12.0. |
| 13.0 | | Updating as per CCN1616b, CCN1643 and moving all Schedules to v13.0 |

CONFIDENTIAL

SCHEDULE D2

ORDERING INVOICING AND PAYMENT

1. PURPOSE

1.1 This Schedule sets out the procedures for:

1.1.1 the ordering of Call Off Services;

1.1.2 Not Used

1.1.3 the ordering of Work Packages;

1.1.4 the raising and issuing of invoices by Fujitsu Services; and

1.1.5 the payment of all invoices by Post Office.

2. ORDERING OF CALL OFF SERVICES

The ordering process and ordering points for each Call Off Service shall be as set out in Service Description for that Service.

3. Paragraph removed by CCN1616B

4. ORDERING OF WORK PACKAGES

4.1 All Work Packages and Work Package Elements must be ordered by means of one or more Work Orders.

4.2 A Work Order consists of:

4.2.1 the Agreed Form Commercial Terms signed by both Parties in accordance with this Schedule D2, being a single document comprising:

(a) agreed Commercial Terms; and

(b) an agreed description of the Work Package or Work Package Element which is the subject of the Work Order;

4.2.2 a Purchase Order issued by Post Office; and, where required,

4.2.3 a signed CCN in accordance with paragraph 4.6.

4.3 The description of a Work Package comprising only Professional Services may consist solely of a description of:

4.3.1 the number of man days of effort by grade;

4.3.2 the start and end dates required; and

4.3.3 the nature of the task enabling the appropriate skill set to be identified.

4.4 The Commercial Terms for a Work Package or Work Package Element shall specify:

CONFIDENTIAL

- 4.4.1 the terms and conditions, or in the case of Development Services, the set of Agreed Form Terms & Conditions which shall apply to that Work Package Element and any variations applicable to the Work Package or Work Package Element in question;
 - 4.4.2 any conditions to which the conclusion of the Work Order will be subject (for example, any dependencies on the Post Office, and any acceptance criteria);
 - 4.4.3 any estimated resources which will be required;
 - 4.4.4 the gross price of the Work Package or Work Package Element;
 - 4.4.5 where required, the number of the related CCN; and
 - 4.4.6 the offer expiry date (the "Expiry Date").
- 4.5 Where a Work Package is broken down into a number of constituent Work Package Elements, a master Agreed Form Commercial Terms may be agreed for the Work Package as a whole so that the Work Orders for its individual Work Package Elements may incorporate, or be made subject to, such master Agreed Form Commercial Terms by reference.
- 4.6 Where the carrying out of a Work Order would require an amendment to this Agreement, the related CCN must be agreed by the Parties and signed before the Work Order is placed.
- 5. **PROCESS FOR AGREEING WORK ORDERS, MAJOR CHANGES TO WORK ORDERS AND ADMINISTRATION**
- 5.1 The process for agreeing Work Orders set out in this Schedule D2 and, in relation to Development Services, also in Schedule B1.1:
 - 5.1.1 may be used, subject to paragraph 5.2, for ordering any goods and services as the Parties so agree; and
 - 5.1.2 shall be used for ordering the Development Services referred to in paragraph 3.1 of Schedule B1.1. Unless agreed otherwise by the Parties in the Commercial Relationship, the Work Ordering Procedure shall be the only method by which Development Services can be procured by Post Office from Fujitsu Services.
- 5.2 Work Orders shall not be used for:
 - 5.2.1 Operational Business Change (except for multiple Operational Business Changes that the Parties wish to undertake in a single exercise);
 - 5.2.2 work required in respect of subject information requests under the Data Protection Act 1998, as to which the provisions of paragraph 2.4.7 of Schedule A4 shall apply; or
 - 5.2.3 Paragraph removed by CCN1616b.
- 5.3 The processes set out in Schedule B1.1 and this Schedule D2 are subject to the governance arrangements set out in Schedule A2.
- 5.4 Requests for Work Packages, Agreed Form Commercial Terms and Purchase Orders shall be sent by Post Office to the address notified to it by Fujitsu Services in accordance with Clause 57 or as otherwise agreed by the Parties.

CONFIDENTIAL

- 5.5 Proposals for Work Packages and Agreed Form Commercial Terms shall be sent by Fujitsu Services to the Post Office Change Control Manager.
- 5.6 Fujitsu Services' authorised representative shall, subject to paragraph 5.7, within three weeks of receipt of a request for a Work Package from Post Office in accordance with paragraph 5.4 or where this is not possible, within such other reasonable timeframe as Fujitsu Services may notify the Post Office Change Control Manager, offer to carry out Work Packages on the Commercial Terms by signing a proposed Agreed Form Terms & Conditions in relation thereto and delivering it to the Post Office Change Control Manager, Finsbury Dials, 1st Floor, 20, Finsbury Street, London, EC2Y 9AQ. If a CCN is required, a copy of the completed CCN signed by Fujitsu Services shall accompany the proposed Agreed Form Commercial Terms. The offer may be taken up by Post Office in the manner described in paragraph 5.8 up to midnight on the Expiry Date.
- 5.7 In relation to any requests for a Work Package that involve software development received from Post Office in accordance with paragraph 5.4 that, in order to provide a detailed response, would require analysis to be undertaken by Fujitsu Services after 31 March 2010, Fujitsu Services' obligation under paragraph 5.6 shall be for its authorised representative to provide Post Office within three weeks of receipt of that Work Package request with a high level response indicating the charges that would be payable by Post Office to Fujitsu Services for providing a detailed response to the Work Package request. Such high level response shall set out:
- 5.7.1 the number of man days of effort required by grade;
 - 5.7.2 lead times, start and end dates for the work required; and
 - 5.7.3 the nature of the task envisaged, to enable the appropriate skill set to be identified.
- Following review of such high level response, Post Office shall, within a reasonable period, notify Fujitsu Services whether it wishes Fujitsu Services to respond to the request for Work Package on the terms proposed by Fujitsu Services (or such other terms as the Parties may agree) and if so shall authorise Fujitsu Services to produce a detailed response on those terms and otherwise in accordance with paragraph 5.6.
- 5.8 To place the Work Order for the Work Package on the basis of the Commercial Terms, Post Office Change Control Manager shall:
- 5.8.1 counter-sign the proposed Agreed Form Terms & Conditions;
 - 5.8.2 where a CCN is required, counter-sign the CCN;
 - 5.8.3 raise a Purchase Order in the amount of the gross price for the Work Package or Work Package Element and enter the Purchase Order number on to the signature sheet of the Agreed Form Terms & Conditions; and
 - 5.8.4 deliver them to Fujitsu Services at the address referred to in paragraph 5.4 before midnight on the Expiry Date.
- 5.9 If a Work Order is received after the Expiry Date, Fujitsu Services may return the Work Order to Post Office within five Working Days clearly marked "rejected", in which case it shall be of no effect. If not so returned, it shall be deemed accepted notwithstanding that it was received after the Expiry Date.
- 5.10 If following the placing of a Work Order one or other Party discovers that it involves changes to the Agreement such that a CCN should have been agreed beforehand, that Party shall notify the other immediately and the Commercial Leads shall discuss the matter as soon as possible. If the Parties are unable to agree a CCN or a restriction of scope of the Work Order to avoid the need for a CCN, the Work Order shall be

CONFIDENTIAL

suspended and the costs committed on the Work Order up to that date shall be apportioned between the Parties equally.

- 5.11 Except where some other basis of charging has been agreed in the relevant Commercial Terms, actual charges in relation to Work Orders in respect of Work Packages for Development Services shall be calculated in accordance with paragraph 8 of Schedule D1 on the basis of actual hours recorded.

- 5.12 Changes to the description of a Work Package or Work Package Element, the Commercial Terms or other documents in approved form that are the subject of or incorporated in a Work Order that do not involve:

- 5.12.1 a net increase to the relevant budget;
- 5.12.2 an overall extension of Release timescales; or
- 5.12.3 any significant increase to the risks assumed by Fujitsu Services or Post Office in the delivery or receipt of Services, prospective Services or the performance of work pursuant to a Work Order,

may be made in accordance with the Change Control Procedure.

- 5.13 The following provisions shall apply in relation to changes to the description of a Work Package or Work Package Element, the Commercial Terms or other documents in approved form that are the subject of or incorporated in a Work Order (the "Original Work Order") that cannot be made in accordance with paragraph 5.12:

- 5.13.1 the request by Post Office or proposal by Fujitsu Services for that change shall be dealt with in the same manner and in the same timescales as a request or proposal for Work Package, as described in paragraphs 5.1 to 5.9; and
- 5.13.2 the outcome of that request or proposal shall, if the change is approved by both Parties, be a new Work Order related to the Original Work Order.

6. FREQUENCY AND TIMING OF INVOICES

6.1 Schedule D1 Monthly Charges

- 6.1.1 Fujitsu Services shall raise invoices calendar monthly in arrear for the: Operational Charges; the pre-paid Development Charges set out in paragraph 10.1 of Schedule D1; the Charges for Fujitsu Services' members of the SIP set out in paragraph 11 of Schedule D1; the Gain Share payments set out in Annex G to Schedule D1; the Charges for Hardware set out in paragraph 15 of Schedule D1; and the Charges for DDS set out in Appendix 5 to Schedule I3 (Digital Development Services).
- 6.1.2 Additionally, Fujitsu Services shall raise invoices for the Charges set out in following paragraphs of Schedule D1 as they arise, calendar monthly in arrear: 3.1 (Charges for margin protection); 5.9 (Charges for CCN services); 7, other than paragraph 7.1 (Charges for Call Off Services); 12 (Charges for Transfer Services); and 13 (Charges for capacity additions).
- 6.1.3 For the purposes of this Schedule D2 each calendar month shall constitute an "Invoicing Period" and each Invoicing Period shall commence on the first (1st) day of the relevant calendar month and end on the last day of that calendar month.

6.2 Operational Business Change (Branch Change) Service

CONFIDENTIAL

Fujitsu Services shall raise invoices for the Charges for the Operational Business Change (Branch Change) Service under paragraph 7.1 of Schedule D1 quarterly in arrear.

6.3 Third Party Management Services

Unless the Parties agree otherwise in the relevant CCN, Fujitsu Services shall invoice calendar monthly in arrear for its Charges in respect of each addition to the Third Party Management Service introduced under the Change Control Procedure.

6.4 Work Orders

6.4.1 Fujitsu Services shall raise invoices for Work Orders in accordance with the charging mechanism and payment schedule set out in the applicable Commercial Terms.

6.4.2 In the event that the Commercial Terms do not contain this information:

- (a) payment for Work Orders where the Work Package or Work Package Element consists of the provision of Professional Services shall be made monthly as each month's work is completed;
- (b) payment for other Work Orders shall be made once the Work Package or Work Package Element has been completed and Post Office has confirmed in writing that all specified acceptance criteria have been satisfied; and
- (c) the payment terms set out in paragraph 10 shall apply to any such payment.

6.4.3 A Work Order (but not any CCN forming part of that Work Order) shall be deemed to be "closed";

- (a) when:
 - (i) the Work Package or Work Package Element which is the subject matter of that Work Order has been completed and, if acceptance criteria are specified in the Work Order, Post Office has confirmed in writing that all those criteria have been satisfied; or
 - (ii) Post Office terminates or cancels the Work Order (where it is entitled to do so); or
 - (iii) any specified period for carrying out the work in the Work Order expires; and
- (b) when Fujitsu Services has confirmed in writing that all invoices for that Work Order (which will be listed by Fujitsu Services) have been raised; and
- (c) when Post Office has confirmed in writing that none of those invoices are disputed.

6.4.4 Once a Work Order has been closed no further invoices may be raised for that Work Order. Invoices may continue to be raised for any Charges due to be paid in respect of any CCN forming part of a closed Work Order.

6.5 Paragraph removed by CCN1616b

CONFIDENTIAL

6.6 Other amounts

To the extent not otherwise provided for under paragraph 6, Fujitsu Services shall raise invoices for any Charges, reimbursement of costs and/or expenses and/or other amounts due under this Agreement in accordance with the relevant provisions of this Agreement. Payment in respect of the reimbursement of any costs and/or expenses incurred by Fujitsu Services (together with any margin thereon to which Fujitsu Services is entitled) shall be due once such costs and/or expenses have been incurred by Fujitsu Services and subject to paragraph 10.2.

6.7 Discrete invoices and Delivery Point

Fujitsu Services shall invoice separately for each of the above and deliver all invoices and credit notes as scanned documents electronically to:

POLContractManagement; **GRO** For the avoidance of doubt, paper copies will not be sent to Post Office Ltd.

6.8 Post Office Data Gateway (PODG) Client Connection Service

Fujitsu Services shall raise invoices for the Charges for the Post Office Data Gateway (PODG) Client Connection Service under paragraph 7.12 and 7.13 of Schedule D1 monthly in arrears.

7. **INVOICE DESIGN**

7.1 Fujitsu Services shall ensure that the invoice design conforms to the Customs and Excise requirements for VAT purposes.

7.2 The Charges on each invoice shall be exclusive of VAT and the VAT shown as a separate amount and the prevailing rate expressed in percentage terms. The total sum payable inclusive of VAT must also be shown.

7.3 Fujitsu Services shall include, as a minimum, the following information on each invoice submitted:

- 7.3.1 invoice date;
- 7.3.2 such Purchase Order number as may have been supplied by Post Office to Fujitsu Services;
- 7.3.3 Work Package number (if relevant);
- 7.3.4 Invoicing Period;
- 7.3.5 Fujitsu Services' address and reference number for ACT purposes;
- 7.3.6 Fujitsu Services' VAT number;
- 7.3.7 the Post Office invoice address;
- 7.3.8 the total charge per Service;
- 7.3.9 discounts for early invoice settlement; and

CONFIDENTIAL

7.3.10 other adjustments made.

- 7.4 Fujitsu Services shall separately identify the amount charged in respect of each individual Operational Charge in the Operational Charges Table in Annex B to Schedule D1 on each invoice raised and shall supply supporting information to explain all adjustments made in accordance with Schedule D1.

Fujitsu Services shall include on each invoice for Operational Business Change additional invoice details.

A summary will be issued to the Post Office Ltd Property Projects Central Admin Team each month to facilitate checking. Full supporting information will be supplied in spreadsheet form, showing at least the Change Control Number, BC, change type completed, the date that the change was completed, the number of counters affected, details of any additional charges, and the total cost of each individual change.

At the end of June, September, December and March, the summaries for the preceding three months will be amalgamated, and a total invoice value derived. A credit will then be applied to this invoice value, equivalent to 25% of the prepayment amounts applicable to that Financial Year detailed below:

Financial Year 2011/2012 £153692

Financial Year 2012/2013 £118140

Financial Year 2013/2014 £115291

Financial Year 2014/2015 £102014

Fujitsu Services will issue a quarterly invoice to Post Office Ltd that will be net of the 'credits' listed above. If the value of the credit exceeds the total invoice value for that period, then no invoice will be issued; the balance of the credit will be "lost", and not carried over into any subsequent charging period.

- 7.5 In order not to unnecessarily delay payment of invoices, Post Office Ltd will settle the due amount less any disputed entries or amounts

8. APPLICATION OF LIQUIDATED DAMAGES AND POST OFFICE ADDITIONAL COSTS

Payment of liquidated damages and Post Office Additional Costs shall be dealt with by the issue of credit notes (or, at Post Office's discretion, the payment of cash) in the manner set out in Clause 18.

9. FINAL YEAR RETENTION

- 9.1 For the penultimate and pre-penultimate invoices in the final three months of this Agreement, Fujitsu Services shall:

9.1.1 submit to Post Office documentation supporting 100% (one hundred percent) of the Charges payable in accordance with this Schedule; and

CONFIDENTIAL

- 9.1.2 submit to Post Office an invoice equal to 80% (eighty percent) of the Charges calculated in accordance with sub-paragraph 9.1.1 above (the balance of 20% being referred to in this paragraph 9 as a "Retention").
- 9.2 Post Office shall pay to Fujitsu Services the value of the invoice submitted in accordance with sub-paragraph 9.1.2 plus VAT at the prevailing rate.
- 9.3 The final invoice for the final Financial Year of the Agreement shall include:
- 9.3.1 a calculation of all moneys outstanding to Fujitsu Services (including the two Retentions referred to in paragraph 9.1.2);
- 9.3.2 less any adjustments in respect of discounts and remedies;
- 9.3.3 plus an amount equal to interest on the Retentions at a rate per annum equal to LIBOR plus 1 per cent for the periods of the Retentions;
- 9.3.4 plus VAT at the prevailing rate.
- 9.4 Post Office shall pay to Fujitsu Services the value of the invoice submitted in accordance with paragraph 9.3.
10. **PAYMENT OF INVOICES**
- 10.1 The Contract Manager shall review the invoices and shall authorise valid invoices for payment.
- 10.2 Payment of Charges in relation to the Services, HNG-X Development and Associated Change Development performed under this Agreement and any other amounts duly payable by Post Office under this Agreement shall be made within 30 days (or such other period as is specified in this Agreement in respect of a particular Charge or other amount duly payable) after:
- 10.2.1 receipt by Post Office (at its nominated address for invoices) of an invoice for such amounts which complies with paragraph 7 and is validly raised in accordance with paragraph 6; or
- 10.2.2 in the case of an invoice for such amounts which complies with paragraph 7 and is submitted early in accordance with paragraph 10.3, the date that invoice could have been validly raised in accordance with paragraph 6.
- 10.3 Each invoice may be submitted by Fujitsu Services to Post Office's nominated address for invoices no earlier than one week before it may be validly raised in accordance with paragraph 6.
- 10.4 Payments will be made by Post Office to Fujitsu Services by Automated Credit Transfer (ACT) unless otherwise specified by Post Office.
11. **REPORTS TO THE POST OFFICE**
- 11.1 Fujitsu Services shall use reasonable endeavours to provide, within 21 days of the end of each month, a report to Post Office showing the current status as at the end of that month of all current Work Orders and invoices relating to them. These reports will be sent as scanned documents electronically to POLContractManagement GRO and paper copies will not be sent. (For this purpose, a Work Order shall be current if Fujitsu Services expects to raise future invoices relating to it, or if there are invoices raised and not yet paid relating to it). This report shall be in the form of a spreadsheet and shall show for each current Work Order:

CONFIDENTIAL

- 11.1.1 invoices raised and paid, with amounts, dates of invoice, dates of payment and relevant Purchase Order number;
- 11.1.2 invoices raised and not yet paid with amounts, dates of invoice, due dates of payment and relevant Purchase Order number;
- 11.1.3 invoices disputed with amounts, dates of invoice and relevant Purchase Order number; and
- 11.1.4 forecast amounts, dates of future invoices and relevant Purchase Order number (if relevant).

12. DISPUTES ARISING FROM INVOICES

In the event of any dispute relating to an invoice, either Party may invoke the Dispute Resolution Procedure.

13. ASSOCIATED DOCUMENTS

- 13.1 The following CCDs are associated with this Schedule D2:

| | Document Reference | Document Title |
|---|---------------------------|---|
| 1 | SVM/SDM/SD/0014 | Operational Business Change (Branch Change) Service: Service Description |
| 2 | BP/STD/003 | Standard Terms and Conditions for Work Orders |

- 13.2 There are no CRDs associated with this Schedule D2.