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**SCHEDULE C1****SERVICE LEVEL PRINCIPLES AND REMEDIES****Version History**

Version No.	Date	Comments
1.0	31/08/06	Agreed version as at date of signature of CCN 1200
1.1	26/09/06	Minor corrections
2.0	25/01/07	Baseline copy of 1.1
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	Moving all schedules to v8.0 in accordance with CCN1294d
9.0	13/01/14	Moving all Schedules to v8.1 in accordance with CCN1349
10.0	10/09/15	CCD reference update 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 CCN 1610 and moving all schedules to V12.0
13.0		Updating as per CCN1617a and moving all Schedules to v13.0
14.0	20/12/2021	Applying changes as per CCN1672a, CCN1623b and moving all Schedules to v14.0
15.0	11/04/2024	Moving all Schedules to V15.0

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## **SCHEDULE C1**

### **SERVICE LEVEL PRINCIPLES AND REMEDIES**

#### **1. INTRODUCTION**

- 1.1 This Schedule sets out the Service Level principles and remedies that apply.
- 1.2 This Schedule defines up to three thresholds in respect of each Service Level as follows:
  - 1.2.1 the level of Service ("**Service Level Target**" or "**SLT**") required from Fujitsu Services by Post Office;
  - 1.2.2 the level of Service which, if not achieved by Fujitsu Services, shall give rise to payment of liquidated damages by Fujitsu Services (the "**Liquidated Damage Threshold**" or "**LDT**"). Payment of liquidated damages notwithstanding, a failure of any LDT shall not (on its own) constitute a Default; and
  - 1.2.3 the level of Service below the SLT and (if applicable) the LDT which if not achieved by Fujitsu Services shall give rise to payment by Fujitsu Services of Post Office's Additional Costs or liquidated damages as described (where relevant) in this Schedule and each relevant Service Description (the "**Additional Remedy Level**" or "**ARL**").
- 1.3 For the avoidance of doubt, the Parties agree that not all SLT failures shall give rise to payment of liquidated damages. The SLT failures that do not give rise to payment of liquidated damages are set out in each relevant Service Description.

#### **2. GENERAL PRINCIPLES**

- 2.1 The purpose of remedies (liquidated damages or any other additional remedy specified in a Service Description) is that Post Office shall not be disadvantaged by failures of Fujitsu Services to provide the HNG-X Services to the agreed specification and reliability.
- 2.2 For the avoidance of doubt, liquidated damages shall be based upon the applicable fixed amounts or rates stated in the relevant Service Descriptions.
- 2.3 The performance of the HNG-X Services (other than the BCSF Service) against the SLT, LDT and ARL applicable in respect of each Service Level shall be measured and reported and success or failure against each shall be judged over Service Level Measurement Periods defined for each HNG-X Service (other than the BCSF Service). Additionally, all levels of service shall be monitored on a weekly and monthly basis and any failure to meet a Service Level assessed over that month shall be reported to Post Office by means of the Service Review Book produced on a monthly basis detailing all Service Levels and the actual levels of service achieved during that month.

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- 2.4 In respect of any SLT that has a Service Level Measurement Period equivalent to a SLT Calendar Year or a Service Level Measurement Period that is otherwise defined with reference to a SLT Calendar Year, in the event that the remainder of the term of the Agreement after the last SLT Calendar Year of the term of the Agreement in relation to that SLT ("Final Period") is less than six (6) months then Fujitsu Services shall:
  - 2.4.1 continue to measure and report performance against that SLT during the Final Period; and
  - 2.5.2 not be obliged to take any remedial action should that SLT fail to be achieved at any time during the Final Period.
- 2.5 The values applicable to each SLT are set out in the relevant Service Description.
- 2.6 Subject to any provisions to the contrary in a Service Description in respect of a particular Service Level, where Service Levels are expressed in terms of performance required by a particular "Day":
  - 2.6.1 "Day A" means the day of the specified triggering event (such as the date of a Transaction);
  - 2.6.2 "Day B" means the day following Day A; and
  - 2.6.3 "Day C" means the day following Day B and so on.
- 2.7 Liquidated Damages
  - 2.7.1 Removed by CCN1623b.
  - 2.7.2 Removed by CCN1623b
  - 2.7.3 The aggregate limit on Fujitsu Services' liability referred to in Clause 44.4 shall apply.
- 2.8 If the Parties agree to suspend any of the Services in accordance with the CCD entitled "*Service Level Target & Liquidated Damages Exclusions*" (SVM/SDM/PRO/0006), Fujitsu Services shall, for the period of such suspension, be released from its obligation to comply with any Service Levels and/or LDTs to the extent they relate to the suspended Service(s), save where the suspension is due to Fujitsu Services Default.
- 2.9 Termination
  - 2.9.1 For the purpose of Clause 47.2 of the Agreement, any breach of a Service Level Target for the Payment and Banking Service shall only be considered a material or persistent Default when the Service Points Threshold has been reached. The "Service Point Threshold" shall be the accumulation of twenty (20) or more Service Points in any three (3) Reporting Periods over a rolling six (6) month period.

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**3. SERVICE LEVELS**

- 3.1 Subject to paragraph 3.2, the relevant Service Description for the HNG-X Service will define the SLTs, LDTs and ARLs.
- 3.2 Save as provided in paragraph 6.1 of Schedule C1 the provisions of this Schedule C1 shall otherwise not apply to the Superstock Solution.
- 3.3 The Parties shall meet on an annual basis to review the SLTs for Payment and Banking Service for the preceding twelve (12) month period and may agree to adjust the SLTs in accordance with the Change Control Procedure in order to improve performance of the Payment and Banking Service.

**4. SERVICE LEVEL RELIEF – VOLUMETRIC LIMITS**

- 4.1 Where appropriate each Service Description sets out the limits for an HNG-X Service (the “**Volumetric Limits**”) which if exceeded over a specified period (the “**Relevant Period**”) will entitle Fujitsu Services to adjust the measurements of performance in respect of the Service Levels (SLTs and (if applicable) the LDTs and ARLs) affected by that excess (the “**Affected Service Levels**”). Such adjustment, where applicable, shall be made on the basis set out in the relevant Service Description.

**5. SERVICE LEVEL/OBLIGATION RELIEF – BUSINESS VOLUMES CCD**

- 5.1 The CCD entitled “Horizon Capacity Management and Business Volumes” (PA/PER/033) (the “**Business Volumes CCD**”) defines various limits on numbers of Transactions or instances of Service as “**Contracted Volumes**” or “**Design Limits**” for Point of Sale Business Capability, In/Out Payment Business Capability, Cash and Stock Management Business Capability, Message Broadcast Service, Reference Data Management Service, Banking Business Capability, Payment Management Business Capability and on-line Transactions.
- 5.2 On each day that any of the Contracted Volumes referred to in the Business Volumes CCD is exceeded, the measures of Fujitsu Services' performance for the Service Levels (SLTs and (if applicable) the LDTs and ARLs) listed in the Business Volumes CCD shall be disregarded and replaced with an average measurement for that day (based upon actual performance measurements over the previous three calendar months, or otherwise as agreed by the Parties (acting reasonably)).
- 5.3 If the Contracted Volumes referred to in the Business Volumes CCD are exceeded, Post Office and Fujitsu Services shall jointly consider the reasons for such excess and whether it is temporary or is or is likely to be continuing. If such excess is or is likely to be continuing Fujitsu Services shall be entitled to make a reasonable and proportionate adjustment to the relevant Contracted Volume and/or the affected Service Levels or obligations specified in the Business Volumes CCD, such adjustment to be agreed with Post Office under the Change Control Procedure.
- 5.4 If any of the Design Limits specified in the Business Volumes CCD are exceeded then the measures of Fujitsu Services' performance for any Service Level or other service

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target involving data processing (requiring either automated or manual processing or both) shall be disregarded to the extent that Fujitsu Services can demonstrate to Post Office's satisfaction (Post Office acting reasonably) that failure to meet the Service Level and/or service target, as the case may be, occurred as a result of a Design Limit being exceeded. Fujitsu Services shall use reasonable endeavours to meet those Service Levels and/or service targets during the period when the measures of Fujitsu Services' performance are disregarded.

**6. OTHER SERVICE LEVEL/OBLIGATION RELIEF**

- 6.1 The Parties shall agree (such agreement not to be unreasonably withheld) appropriate relief from Service Levels if any new facilities or products introduced, by agreement, with less testing than would otherwise be required to safeguard Fujitsu Services' position.
- 6.2 For the periods in which any of the Business Capabilities and/or Support Facilities are suspended in accordance with paragraph 2.8 of the CCD entitled "Service Management Service: Service Description" (SVM/SDM/SD/0007), measurements of Fujitsu Services' performance in respect of all Service Levels detrimentally affected by such suspension (in respect of those Business Capabilities and/or Support Facilities) shall be disregarded and Fujitsu Services shall be released from those of its obligations in respect of those Business Capabilities and/or Support Facilities which it is unable to perform as a result of such suspension.
- 6.3 If Fujitsu Services fails to achieve any Service Level or service target (as the case may be) and can demonstrate to Post Office's reasonable satisfaction that such failure occurred as a result of a fault or problem within the QAS Software, such fault or problem requiring the Third Line Software Support Service or Application Support Service (Fourth Line) in order to be resolved, then the measures of Fujitsu Services' performance in respect of such Service Level and other service target shall be disregarded for the period affected by the QAS Software fault or problem.

**7. RECTIFICATION PLAN**

- 7.1 In the event that an ARL specified in the relevant Service Description is failed, Fujitsu Services and Post Office shall agree a method of rectification and timetable for the resolution of the cause of that failure (a "Rectification Plan"). For the avoidance of doubt, Fujitsu Services shall remain liable for financial remedies payable in accordance with the Service Description in respect of that failure.
- 7.2 In the event that the Rectification Plan involves a change to the provision of the Services, such change shall be agreed under the Change Control Procedure and shall be made at no charge to Post Office.
- 7.3 Without prejudice to Post Office's rights to remedies provided in this Agreement, during the period the Rectification Plan is being implemented Fujitsu Services shall maintain performance of all other Services in accordance with the Service Levels specified in each relevant Service Description unless otherwise agreed with Post Office as part of the Rectification Plan.



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- 7.4 In the event that the Rectification Plan is not agreed by the Parties (acting reasonably) within three (3) calendar months of the occurrence of an ARL failure or the Rectification Plan fails to resolve the cause of the ARL failure to which it relates, such that the ARL failure occurs again and is persistent, the following provisions shall apply:
- 7.4.1 Post Office shall have the right to conduct, and require Fujitsu Services to co-operate and assist with (including by Fujitsu Services providing such information as it would have been required to under paragraph 6.6 of Schedule D6), a tender process for sub-contracting by Fujitsu Services of the Operational Services in relation to which the ARL failure has occurred (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to an alternative service provider at Fujitsu Services' cost (the "**Service Provider**"). If the Parties agree that it would be more appropriate for Fujitsu Services to conduct, and Post Office to co-operate with, the tender process, then the Parties shall procure the same.
- 7.4.2 Without prejudice to the generality of the foregoing, Fujitsu Services shall disclose to any bona fide potential Service Provider (subject to the same executing an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such bona fide potential Service Provider) Confidential Information to the extent that such disclosure is reasonably required to enable any potential Service Provider to prepare a reasonably detailed tender proposal.
- 7.4.3 If the outcome of any tender process is that Fujitsu Services were to sub-contract the Operational Services in question (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to a Service Provider identified in the tender process, the performance in respect of the failed ARL for that Operational Service (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) would be improved then Post Office shall have the right to require Fujitsu Services to sub-contract such Operational Service (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to such Service Provider at no higher cost to Post Office than was previously the case.

**8. DISPUTE RESOLUTION**

Any dispute arising in connection with the application of this Schedule shall be resolved in accordance with the Dispute Resolution Procedure.

**9. ASSOCIATED DOCUMENTS**

- 9.1 The following CCDs are associated with this Schedule C1:

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	Document Reference	Document Title
1	Not Used	
2	PA/PER/033	Horizon Capacity Management and Business Volumes
3	SVM/SDM/SD/0007	Service Management Service: Service Description
4	SVM/SDM/PRO/0006	Service Level Target & Liquidated Damages Exclusions
5	SVM/SDM/PRO/0004	Definitions of Engineering Service Priority and Local/Remote Locations Process

9.2 There are no CRDs associated with this Schedule C1.