

Confidential

Post Office Limited

Phase of roll out	Contracting with Agents
<b>Document description</b>	<p>BAU with NT funding</p> <p>ON SITE VARIANT – STANDARD CONDITIONS FOR THE OPERATION OF A LOCAL POST OFFICE® BRANCH (<b>POL CASH</b>) – EXISTING PREMISES, NEW OPERATOR, NO NT LEAVER</p> <p><b>BLP1 - This document is only for use where a new operator is appointed to operate a LOCAL (POL Cash) branch at existing premises and where the existing agent has already resigned or had their contract terminated and has made the existing premises available BUT NOT WHERE the existing agent has volunteered to leave under Network Transformation and received a discretionary termination payment.</b></p> <p><b>This document is also only for use where the operator will only start operating the branch as a LOCAL once the fit out as a LOCAL is complete.</b></p> <p><b>It is not for use where:</b></p> <ul style="list-style-type: none"> <li>(i) <b>the operator will start operating the branch as a LOCAL before the fit out is complete; or</b></li> <li>(ii) <b>an existing agent is being appointed to operate a LOCAL (POL Cash) branch at existing premises; or</b></li> <li>(iii) <b>a new operator or an existing agent is appointed to operate a LOCAL (POL Cash) branch at new premises; or</b></li> <li>(iv) <b>the subpostmaster at the existing branch left under Network Transformation and received a discretionary termination payment.</b></li> </ul> <p>It can be issued to the operator to sign and return before POL has approved quotes for the POL Funded Works (in which case the first version of clause 9.2 must be used) but should not be countersigned by POL until the quotes have been confirmed as being equal to or lower in total than the Investment Amount specified in the Preface.</p> <p>This has been drafted for service issue cases (within the meaning of the Decision Manual) only (i.e. there is no NT leaver).</p>
<b>Document list</b>	Contracts list
<b>ON SITE / OFF SITE</b>	ON SITE VARIANT (NO NT LEAVER)
<b>Mains/Locals</b>	Local
<b>Version No.</b>	45
<b>Status</b>	<b>CLEARED FOR USE BY Legal</b>
<b>Date</b>	09/04/2021
<b>Comments</b>	<p>Incorporating new agreed fit out works provisions</p> <p>06 October 2016 – new address for notices.</p> <p>March 2021 – CIJ updates</p>

**POST OFFICE LIMITED**  
**STANDARD CONDITIONS FOR THE OPERATION OF A LOCAL POST OFFICE® BRANCH (ON SITE VARIANT, POST OFFICE LIMITED CASH)**

These Standard Conditions form part of the Local Post Office Agreement and contain the following Parts:

- PART 1 - DEFINITIONS USED IN THE AGREEMENT AND OVERRIDING DUTIES**
- PART 2 - OPERATING A LOCAL BRANCH**
- PART 3 - FINANCIAL DETAILS**
- PART 4 - EQUIPMENT FOR A LOCAL BRANCH**
- PART 5 - MANUAL FOR A LOCAL BRANCH**
- PART 6 - NON-COMPETE RESTRICTIONS AND HOW THEY AFFECT BRANCH PREMISES**
- PART 7 - FIT OUT WORKS AND BRANCH PREMISES**

**PART 1 – DEFINITIONS USED IN THE AGREEMENT AND OVERRIDING DUTIES**

**1 Definitions and Interpretation**

1.1 In addition to the terms defined in the Preface, the words below have the meanings next to them unless the context requires otherwise:

<b>Accounting Periods</b>	the periods into which Post Office Ltd's financial year is divided. Each period shall be of 4 or 5 weeks, as notified by Post Office Ltd to the Operator
<b>Agreement</b>	the Local Post Office® Agreement between Post Office Ltd and the Operator relating to the Branch and consisting of the documents listed in the Preface, as each of them may be amended by Post Office Ltd from time to time in accordance with these Standard Conditions
<b>Assistant</b>	a person employed by the Operator who is approved by Post Office Ltd in accordance with the Manual to work in the Branch
<b>Basic Business</b>	the type of business carried on by the Operator on its own account from the Branch Premises
<b>Branch</b>	the Post Office Local branch operated by the Operator from the Branch Premises including the provision of the Products and Services by the Operator on behalf of Post Office Ltd and all associated Post Office related activities
<b>Branch Premises</b>	the premises specified in the Preface from which the Branch and the Basic Business are operated
<b>Client</b>	any person on whose behalf Services and/or Products are supplied by Post Office Ltd through the Network
<b>Compliance Training</b>	any compliance training required by Post Office Ltd from time to time, including mail integrity, mail segregation, financial compliance, anti-

Confidential

**Post Office Limited**

<b>Conditions of Appointment</b>	the conditions of appointment applicable to the Operator set out in Appendix 3 to the Preface
<b>Confidential Information</b>	any information or know-how in whatever form relating to the business affairs, products, operating or marketing techniques, suppliers, Customers, Clients, or finances of Post Office Ltd which is by its nature confidential or is marked confidential, including Official Information and Personal Data
<b>Customer</b>	a customer of the Branch and/or of Post Office Ltd
<b>Data Protection Legislation</b>	the GDPR, the Privacy and Electronic Communications (EC Directive) Regulations 2003 and all other applicable laws in respect of data protection and data privacy including any applicable guidance or codes of practice that are issued by a Data Protection Regulator and/or Working Party 29
<b>Data Protection Regulator</b>	the Information Commissioner's Office and the European Data Protection Board or any successor body to either regulator from time to time and any other supervisory authority with jurisdiction over either Party in relation to matters of data protection and privacy
<b>Equality Policy</b>	Post Office Ltd's equality and accessibility policy communicated by Post Office Ltd to the Operator from time to time, either in the form of general guidance or instructions to all operators (including the Accessibility Guide), or specific guidance or instructions notified to the Operator and in the case of any conflict the specific guidance or instructions will take precedence
<b>Equipment</b>	Post Office Ltd Funded Equipment and Operator Funded Equipment
<b>Existing Subpostmaster</b>	the subpostmaster or operator who is currently operating, or who has previously operated, the Existing Branch
<b>Fees</b>	the fees payable by Post Office Ltd to the Operator for the proper performance of Transactions in accordance with the Agreement as set out in the Fees Booklet
<b>Fees Booklet</b>	the booklet provided to the Operator by Post Office Ltd setting out the Products and Services and the applicable Fees, as revised and amended by Post Office Ltd from time to time in accordance with Part 3 of these Standard Conditions
<b>Fit Out Works</b>	the Post Office Ltd Funded Works and the Operator Funded Works as described in Appendix 1 to the Preface
<b>GDPR</b>	means the European General Data Protection Regulation, namely Regulation (EU) 2016/679
<b>Group</b>	in relation to a company:
	(a) that company and any Subsidiary of that company; and
	(b) the ultimate Holding Company of that company; and

Confidential

**Post Office Limited**

	<p>(c) every other company which is a Subsidiary of the same ultimate Holding Company;</p> <p>in each case from time to time;</p>
<b>Holding Company</b>	shall have the meaning set out in section 1159 of the Companies Act 2006
<b>Horizon</b>	the Horizon computer system hardware and software, communications equipment in Branch and central data centres where records of transactions made in Branch are processed, recorded and retained
<b>Insolvency Event</b>	<p>where the Operator is a company, any of the following events:</p> <p>(a) the Operator or its Parent Company is unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts under applicable law, suspends or threatens to suspend making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;</p> <p>(b) a moratorium is declared in respect of any indebtedness of the Operator or its Parent Company. If a moratorium occurs, the ending of the moratorium will not remedy any default caused by that moratorium;</p> <p>(c) any corporate action, legal proceedings or other procedure or step is taken in relation to:</p> <p>(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Operator or its Parent Company;</p> <p>(ii) a composition, compromise, assignment or arrangement with any creditor of the Operator or its Parent Company;</p> <p>(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Operator or its Parent Company or any of its assets; or</p> <p>(iv) enforcement of any mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect over any assets of the Operator or its Parent Company,</p> <p>or, any analogous procedure or step is taken in any jurisdiction; and/or</p> <p>(d) any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Operator or its Parent Company;</p>
<b>Intellectual Property</b>	all patents, copyrights, design rights, trade marks, goodwill, trade secrets, know-how, database rights, moral rights and other rights in

Confidential

**Post Office Limited**

the nature of intellectual property rights (whether registered or unregistered) and all applications for the same, anywhere in the world

<b>Investment Amount</b>	the sums to be paid by Post Office Ltd for the Post Office Ltd Funded Works in accordance with clause 9.2 of the Preface and Part 3 of these Standard Conditions
<b>Licensed Materials</b>	any branding, internal and external signage and other materials as may be specified, or provided to the Operator, by Post Office Ltd (or provided at Post Office Ltd's request by its approved supplier) and containing, depicting or bearing any Post Office Intellectual Property
<b>Manager</b>	the Operator himself (where the Operator is an individual) or (where the Operator is a company or partnership) a shareholder, director or partner of the Operator (who is also an Assistant) or an Assistant appointed by the Operator to act as manager of the Branch
<b>Manual</b>	the manuals and other documents referred to in Part 5 of these Standard Conditions
<b>Minimum Hours</b>	the minimum hours for the operation of the Branch specified in the Preface, including on any public or statutory holidays on which the Basic Business is open to the public
<b>Network</b>	the network of Post Office® branches within the United Kingdom operated or controlled by Post Office Ltd
<b>New Operator</b>	anyone appointed by Post Office Ltd to operate all or part of the Branch whether at the Branch Premises or at alternative premises following termination of the Agreement
<b>Notice to Amend</b>	a written notice from Post Office Ltd to the Operator giving not less than 3 months' notice to amend any of the terms of the Agreement (other than (i) an amendment to the Fees Booklet or any part of it, which may be made in accordance with Part 3, (ii) an amendment to or of the Manual, which may be made in accordance with Part 5, or (iii) an amendment in relation to or of the non-compete restrictions on private business activities, which may be made in accordance with Part 6 of these Standard Conditions)
<b>Official Information</b>	<p>all information and data:</p> <ul style="list-style-type: none"> <li>(a) relating to the System and the processes, operational procedures and rules of Post Office Ltd;</li> <li>(b) relating to Clients and/or Customers and their transactions, including information relating to a named individual; and/or</li> <li>(c) of a financial nature in relation to the Branch, Post Office Ltd, its business or Post Office Group or its business</li> </ul>
<b>Operator Arranged Equipment</b>	those items of Post Office Ltd Funded Equipment which are indicated in Appendix 2 of the Preface as being the responsibility of the Operator to order and initially pay for (if any)
<b>Operator Funded Equipment</b>	the equipment which is indicated in Appendix 2 of the Preface (as varied or amended by any Notice to Amend) as being paid for by the Operator, together with any other items provided by the Operator at its discretion, and which consequently belongs to the Operator

Confidential

<b>Post Office Limited</b>	
<b>Operator</b>	the works, being works to the Branch Premises to accommodate the Post Office Local facility, which are indicated in Appendix 1 of the Preface as being paid for by the Operator
<b>Parent Company</b>	means, in relation to a company, any undertaking that is the parent undertaking (that term having the meaning given to it under section 1162 of the Companies Act 2006) of that company
<b>Parties</b>	Post Office Ltd and the Operator, and <b>Party</b> shall mean either of them
<b>Personal Data</b>	any information relating to an identified or identifiable person (a data subject) provided by Post Office Ltd or a Customer to the Postmaster (or any Personnel) or processed by the Postmaster (or any Personnel) in connection with the Agreement
<b>Personnel</b>	the Operator's employees, agents, contractors and advisors (including Assistants)
<b>Post Office Cash and Stock</b>	cash, stocks of Products and/or any other property, papers or documents belonging to Post Office Ltd or its Customers or Clients
<b>Post Office Group</b>	the group of companies comprised of Post Office Limited, its holding companies, its subsidiaries and associated undertakings (if any) and any subsidiaries and associated undertakings of its holding company including any subsidiaries of those associated undertakings. The terms <b>holding company</b> and <b>subsidiary</b> shall have the meanings given to them in section 1159 of the Companies Act 2006
<b>Post Office Intellectual Property</b>	all Intellectual Property in anything provided by or on behalf of Post Office Ltd in connection with the operation of the Branch, including the System and the Trade Name and those Trade Marks used in the operation of the Branch and which are referred to in the Manual or which are otherwise notified in writing by Post Office Ltd to the Operator
<b>Post Office Ltd Funded Equipment</b>	the equipment which is indicated in Appendix 2 of the Preface (as varied or amended by any Notice to Amend) as being paid for by Post Office Ltd, together with any other items provided by Post Office Ltd at its discretion by it, or on its behalf, to the Operator and which consequently belongs to Post Office Ltd or its supplier
<b>Post Office Ltd Funded Works</b>	the works, being the enabling works to the Branch Premises to accommodate the Post Office Local facility, which are indicated in Appendix 1 of the Preface as being paid for by Post Office Ltd
<b>Post Office Service Point(s)</b>	a counter, or part of a counter, at which Horizon equipment is located and used for the provision of Products and Services to Post Office customers
<b>Preface</b>	the preface that forms part of the Agreement
<b>Products</b>	the products listed in the Fees Booklet referred to in Part 3, as varied from time to time by Post Office Ltd in accordance with that Part
<b>Security Incident</b>	has the meaning set out in clause 10.13 of Part 2
<b>Services</b>	the services listed in the Fees Booklet referred to in Part 3, as varied from time to time by Post Office Ltd in accordance with that Part

Confidential

**Post Office Limited**

<b>Staff Liabilities</b>	in relation to an Assistant or other member of Personnel, any costs and/or liabilities arising out of or in connection with his employment or the termination of his employment including any contractual entitlements to salary, wages or other emoluments, any employer's national insurance contributions, pay-as-you-earn tax deductions, pension contributions or payments, any reimbursement of employee expenses and any settlements, awards, costs or penalties arising in connection with any dispute between him (or trades union representing him) and his employer
<b>Subsidiary</b>	shall have the meaning set out in section 1159 of the Companies Act 2006
<b>System</b>	the system of conducting and marketing the business of Post Office Ltd in a Post Office branch as disclosed to the Operator by Post Office Ltd in accordance with the Agreement and the Manual, including Horizon
<b>Term</b>	the duration of the Agreement
<b>Trade Marks</b>	the registered and unregistered trade marks and service marks which are used in connection with Post Office Ltd's business and any trade marks, trade names (including the Trade Name) and service marks that are or will be owned by Post Office Ltd or Post Office Group at any time during the operation of the Agreement
<b>Trade Name</b>	means "Post Office"
<b>Transaction</b>	each supply of a Product or Service to a Customer in the Branch
<b>VAT</b>	value added tax as provided for in the Value Added Tax Act 1994
<b>Valid Property Interest</b>	a valid and marketable title to the Branch Premises or a valid tenancy of the Branch Premises giving the Operator exclusive control of the whole of the Branch Premises (including its access and provision of utilities and services) on an exclusive occupancy basis for a term of at least 12 months from the Start Date and which is terminable on or after such 12 months on not less than 6 months' notice
<b>Working Day</b>	a day other than a Saturday or Sunday or other public or statutory holiday in England and Wales

## **2 Overriding Duties**

### **2.1 Each Party shall:**

- 2.1.1 at all times in the performance of its obligations and exercise of its rights under the Agreement act in good faith;
- 2.1.2 take reasonable care in performing its functions and/or exercising its functions within the relationship, particularly those which could affect the accounts (and therefore liability to alleged shortfalls);
- 2.1.3 refrain from taking steps that would inhibit or prevent the other Party from complying with its obligations under or by virtue of the Agreement; and
- 2.1.4 provide the other Party with such reasonable cooperation as is necessary to the performance of the other Party's obligations under or by virtue of the Agreement.

Confidential

**Post Office Limited**

2.2 Post Office Ltd shall:

- 2.2.1 not take steps which would undermine the relationship of trust and confidence between the Operator and Post Office Ltd;
- 2.2.2 exercise any contractual, or other power, honestly and in good faith for the purpose for which it was conferred;
- 2.2.3 not exercise any discretion arbitrarily, capriciously or unreasonably; and
- 2.2.4 exercise any such discretion in accordance with the obligations of good faith, fair dealing, transparency, co-operation, and trust and confidence.

## **PART 2 – OPERATING A LOCAL BRANCH**

### **1 The Operator and the Branch**

- 1.1 The Operator agrees to operate the Branch on behalf of Post Office Ltd in accordance with the terms of the Agreement (including for the avoidance of doubt the Manual).
- 1.2 The Agreement is a contract for services and the Operator is an agent and not an employee of Post Office Ltd. The Operator acknowledges that no relationship of employer and employee exists between Post Office Ltd and the Operator, or between Post Office Ltd and any Assistant.
- 1.3 The National Federation of Subpostmasters (**the NFSP**) is an independent members organisation supporting operators of Post Office branches across the UK and is solely acknowledged by Post Office Ltd as a representative body of operators. The NFSP is the only body with which Post Office Ltd will seek to discuss and consult on matters affecting operators, subject to any legal, regulatory or political obligations. Such discussions will take place within the existing and developing relationship framework.
- 1.4 For clarity, the Operator is permitted to provide the Products and Services from the Branch Premises but not from any other location (unless otherwise agreed in advance in writing between the Parties).
- 1.5 The Operator shall open the Branch to Customers during at least the Minimum Hours.
- 1.6 Post Office Ltd shall provide:
  - 1.6.1 a helpline, which shall be reasonably fit for purpose, including (to the extent applicable) any or adequate error repellency, to enable the Operator to consult with Post Office Ltd about running the Branch (details of the helpline are contained within the Manual);
  - 1.6.2 the Operator with stocks of Products and documentation to use in the Branch.
- 1.7 Post Office Ltd has the right to enter into contracts or arrangements with Clients for the handling of Products or the supply of Services by the Network (including the Branch) on such terms as Post Office Ltd considers fit. Post Office Ltd retains the discretion as to where within the Network particular products and services are offered.
- 1.8 Where the Operator is a partnership, each partner shall be jointly and severally responsible for the performance or non-performance of the Operator's obligations in the Agreement.
- 1.9 The Operator shall notify Post Office Ltd of any changes to the nature of the Basic Business (including through the addition of any new category of business), and Post Office Ltd may, subject to clause [ REF \_Ref67055780 \r \h \\* MERGEFORMAT ] of this Part 2, terminate the

Confidential

**Post Office Limited**

Agreement on not less than 1 months' notice, provided that Post Office Ltd shall conscientiously consider what the period of notice should be, or immediately, if Post Office Ltd reasonably regards such change as bringing Post Office Ltd and/or the Branch and/or its business into disrepute.

**2 Assistants and Training**

- 2.1 The Operator shall ensure at all times that only Assistants have any access to or involvement with the Branch and Post Office Ltd's information systems, but this shall not restrict any access by Post Office Ltd and/or its authorised representatives to the Branch and Post Office Ltd's information systems.
- 2.2 The Operator shall comply with the Manual regarding obtaining Post Office Ltd's approval of prospective Assistants and shall also cooperate fully in any ongoing periodic checks of Assistants required by Post Office Ltd during the Term.
- 2.3A Post Office Ltd shall provide adequate training and support, including through the provision of training materials, to the Operator, particularly if and when the Post Office Ltd imposes new working practices or systems or requires the provision of new services.
- 2.3 Where Post Office Ltd considers it necessary, it shall initially train the first Manager and such number of Assistants as Post Office Ltd shall determine, in the operation of the System at the Branch, and the Parties shall co-operate in respect of the training of Assistants in the operation of Horizon.
- 2.4 The Operator shall ensure that the first Manager cascades the training to all other Assistants and to any replacement Manager in order to ensure that all subsequent Managers and all other Assistants receive sufficient initial training from properly trained Managers, provided that the Operator shall only be required to train its Managers and Assistants to the same and not a higher standard than the standard of training received by the Operator from Post Office Ltd.
- 2.5 Post Office Ltd may require the Manager and/or the Assistants to undertake further training at any reasonable location and time during the Term if Post Office Ltd:
  - 2.5.1 reasonably considers such training to be essential; or
  - 2.5.2 wishes to train them in new and improved techniques which have been devised and which the Operator will be required to use in operating the System.
- 2.6 The Operator shall ensure that Managers and Assistants attend the training provided by Post Office Ltd under clauses [ REF \_Ref67053192 \r \h \\* MERGEFORMAT ] and [ REF \_Ref300218610 \r \h \\* MERGEFORMAT ].
- 2.7 Any failure by the Operator to comply with its obligations pursuant to this clause [ REF \_Ref198641682 \r \h \\* MERGEFORMAT ] shall be deemed to be a material breach of the Agreement and any failure by the Operator to comply with clause [ REF \_Ref324768356 \r \h \\* MERGEFORMAT ] only shall be deemed to be a material breach of the Agreement which cannot be remedied.
- 2.8 The Operator shall be responsible for the costs of the Manager and/or Assistants attending the training referred to in clauses [ REF \_Ref67053192 \r \h \\* MERGEFORMAT ] and [ REF \_Ref299024010 \r \\* MERGEFORMAT ] (including, as appropriate, salary, travel, accommodation and subsistence), but the cost of delivering the training shall be met by Post Office Ltd.
- 2.9 The Operator shall:

Confidential

**Post Office Limited**

2.9.1 ensure that there is always a trained Manager and/or sufficient trained and experienced Assistants to operate the Branch to the standards required by Post Office Ltd and to meet the demand for the Products and Services, provided that the Operator shall only be required to train its Managers and Assistants to the same and not a higher standard than the standard of training received by the Operator from Post Office Ltd;

2.9.2 ensure that all Assistants understand that they are employees of the Operator, not Post Office Ltd;

2.9.3 ensure that all Assistants comply with Post Office Ltd's reasonable instructions regarding standards of appearance, behaviour and skill;

2.9.4 ensure that all Managers and Assistants wear identification badges, as supplied by Post Office Ltd, when working in the Branch. Such identification badges shall be obtainable from Post Office Ltd or its nominated supplier at Post Office Ltd's cost;

2.9.5 itself provide, and procure from all its Personnel an undertaking, in the form specified or referred to in the Manual, not to use or disclose to any third party any Official Information or Personal Data which they may acquire. The Operator shall provide all Personnel with a copy of their undertaking as a reminder of the obligations contained in it. The Operator shall take such steps at its own expense as Post Office Ltd may require in order to enforce this undertaking and/or to restrain any breach of it;

2.9.6 immediately notify Post Office Ltd of any request made to the Operator, an Assistant or any other Personnel by any person for information which may be confidential (including any Official Information and/or Personal Data) or any request for information under the Freedom of Information Act 2000 relating to the Branch, Post Office Ltd, the Agreement or any related matter and shall not comply with such a request until it has obtained Post Office Ltd's written consent to the disclosure;

2.9.7 if there is any allegation or evidence of fraud or dishonest conduct or criminal activity on the part of the Operator, the Manager, the Assistants, any Customers or any other person, including any practice undertaken by the Operator (or any Assistant) with a view to artificially inflating the Fees (as referred to in clause [ REF \_Ref291247968 \r \h \\* MERGEFORMAT ] of Part 3), the Operator shall immediately notify Post Office Ltd and co-operate fully with any investigation which may be made by Post Office Ltd's Investigation Division, the police and/or any investigator appointed by any Client;

2.9.8 properly complete, and ensure that the Assistants properly complete, any Compliance Training required by Post Office Ltd by the deadline(s) notified by Post Office Ltd.

2.10 Where the Operator has failed to comply with clause [ REF \_Ref323037727 \r \h \\* MERGEFORMAT ] in respect of the completion of the Compliance Training by the relevant deadlines, Post Office Ltd may take such steps as it considers appropriate to ensure compliance with clause [ REF \_Ref323037727 \r \h \\* MERGEFORMAT ] by the Operator, including:

2.10.1 sending reminder letter(s) or other appropriate communications to the Operator, and/or the Branch /outreach service;

2.10.2 making a reminder phone call to the Operator, and/or the Branch /outreach service;

2.10.3 after prior notice to the Operator, sending a Post Office Ltd representative to visit the Branch /outreach service to ensure that the training is properly completed.

Confidential

**Post Office Limited**

2.11 Where Post Office Ltd considers it necessary, including where the Operator has persistently failed to comply with its obligations under the Agreement (whether in relation to the same obligation or not, and whether or not such failures are material in nature), it will send a Post Office Ltd representative to the Branch to deliver remedial training to the Manager and/or its Assistants. The Operator shall ensure that the Manager(s) and Assistants attend this training.

2.12 Post Office Ltd may require the Operator to pay Post Office Ltd's reasonable costs and expenses of carrying out the steps described in clauses [ REF \_Ref298938204 \r \\* MERGEFORMAT ] and [ REF \_Ref321144159 \r \h \\* MERGEFORMAT ], including the costs and expenses of travel, staff time and overnight accommodation where required. In all cases, these costs and expenses may either be deducted from the Fees due to the Operator under the Agreement or Post Office Ltd may invoice the Operator for them. Invoices must be paid within 14 days of receipt.

**3 Operational Requirements**

**System**

3.1A Post Office Ltd shall provide the Horizon system, which shall be reasonably fit for purpose, including any or adequate error repellency.

3.1 The Operator shall:

3.1.1 operate the Branch in accordance with the System from the Start Date;

3.1.2 act honestly at all times in the operation of the Branch. Any failure by the Operator to comply with this clause [ REF \_Ref324768492 \r \h \\* MERGEFORMAT ] shall be deemed to be a material breach of the Agreement which cannot be remedied;

3.1.3 not do anything, whether in the operation of the Branch or otherwise, which may bring the System or Post Office Ltd into disrepute or which may damage the interests of Post Office Ltd or the Network. Any failure by the Operator to comply with this clause [ REF \_Ref334103955 \r \h \\* MERGEFORMAT ] shall be deemed to be a material breach of the Agreement;

3.1.4 accept full responsibility for the proper running of the Branch and the efficient provision of the Products and Services (but where the Operator is an individual, there is no requirement for the Operator to attend the Branch personally and where the Operator is a partnership or a company, there will be no requirement for the partners and directors (as appropriate) to attend the Branch personally).

**Standards and service delivery**

3.2 The Operator shall:

3.2.1 maintain the highest standards in all matters connected with the Branch and Branch Premises, including implementing and maintaining the standards specified in the Manual;

3.2.2 comply with all instructions given to it by Post Office Ltd with regard to standards and quality in the operation of the Branch;

3.2.3 give Post Office Ltd at least 6 weeks' written notice of any change to the opening hours of the Basic Business which are in excess of the Minimum Hours;

3.2.4 only change the opening hours to be less than the Minimum Hours with the prior written consent of Post Office Ltd. Post Office Ltd's consent may be subject to such conditions as Post Office Ltd may determine;

3.2.5 clearly and prominently display in the window of and elsewhere in the Branch Premises, in the form approved (or provided) by Post Office Ltd, up to date notices

Confidential

**Post Office Limited**

indicating the opening hours of the Branch, the Products and Services available, the location of the Post Office Service Point(s) and any other relevant information required by Post Office Ltd;

- 3.2.6 ensure that Customers can pay for other goods and services at the same time as paying for the Products and/or Services. The Operator may treat such transactions separately but the Customer does not need to queue again and does not need to be dealt with by a different sales assistant;
- 3.2.7 permit Post Office Ltd to speak and/or write to Customers about the services being provided by the Operator so as to ensure that the standards associated with the System are being achieved and maintained;
- 3.2.8 use only such stationery and other documentation in its dealings with third parties in connection with the Branch as Post Office Ltd shall provide or approve.

**Limit of Operator's Role**

- 3.3 The Operator shall not:
  - 3.3.1 involve Post Office Ltd in any debts;
  - 3.3.2 represent himself as being Post Office Ltd or a partner of Post Office Ltd;
  - 3.3.3 other than as required to provide the Products and Services, represent himself as being an agent of Post Office Ltd or permit any person connected with the Operator to represent the Operator in such a way that others dealing with the Operator may regard him as authorised to act on behalf of Post Office Ltd or Post Office Group;
  - 3.3.4 make any representation or submission regarding any Product or Service and/or the Branch to HMRC or any Government authority or body, other than as may be required by law. The Operator shall notify Post Office Ltd in advance of any such requirement;
  - 3.3.5 make any statements, representations or claims or give any warranties to any Customer or prospective Customer in respect of the Products, the Services or the System except such as have been specifically authorised by Post Office Ltd in writing or as provided in the Agreement.

**Sale of Products and Services**

- 3.4 The Operator shall:
  - 3.4.1 offer for sale or provide in the Branch all those Products and Services that the Operator is authorised by Post Office Ltd to sell or provide, but no more than those Products and Services which it is authorised to sell or provide at the Branch. The Products and Services that the Operator is authorised to sell or provide shall be those for which a relevant icon is visible on the Horizon system;
  - 3.4.2 offer the Products and Services on behalf of the Clients at their respective face values and/or the price prescribed by the Horizon system (or any replacement thereof), together with any additional specified charges or fees. The Operator's authority is strictly limited to the issue or sale of the Products and Services on the terms specified by the Clients or Post Office Ltd. The Operator has no authority in any way to vary such terms. A breach of this clause [ REF \_Ref324768520 \r \h \\* MERGEFORMAT ] shall be deemed to be a material breach of the Agreement which cannot be remedied;
  - 3.4.3 order the Products in good time in accordance with the timescales and guidelines provided by Post Office Ltd (including as set out in the Manual) sufficient to meet Customer demands for those Products from the Branch only;

Confidential

**Post Office Limited**

- 3.4.4 not transfer or sell (either to himself or to any third party) any Product for subsequent resale in any retail outlet belonging to or operated by either the Operator or by any business or company connected with the Operator or by any person on behalf of the Operator or such a business or company. Post Office Ltd will deduct from future payments to the Operator any fee or remuneration paid by Post Office Ltd in respect of such prohibited sales or transfers;
- 3.4.5 obtain supplies of the Products and other items (which the Operator is required to use in the conduct of the Branch) from Post Office Ltd upon Post Office Ltd's terms of business or Post Office Ltd's approved supplier on the terms of business of that approved supplier. All Products supplied by Post Office Ltd to the Operator shall remain the property of Post Office Ltd or, as the case may be, the Client, until dealt with by the Operator in accordance with the Agreement, and the Operator shall, on request, and at its own expense, return to Post Office Ltd (and/or to any supplier or Client) all stocks of the relevant Products in its possession. Alternatively, at Post Office Ltd's request, the Operator shall make the relevant Product(s) available for collection by Post Office Ltd;
- 3.4.6 notify Post Office Ltd, as soon as reasonably practicable, of any issue, event or circumstances that have, or may have an adverse impact on the Branch and/or the provision of Products and Services under the Agreement.

#### **Compliance with laws**

- 3.5 The Operator shall ensure that the Branch is operated, and the Operator's other obligations under the Agreement are performed, in accordance with all applicable laws and regulations. The Operator shall not do or permit to be done anything which might involve the Operator, Post Office Ltd or any member of the Post Office Group breaching any laws or regulations.

#### **Recording, provision of information, accounting and settling**

- 3.6 The Operator shall:
  - 3.6.1 record such data and information relating to the Branch as Post Office Ltd may require;
  - 3.6.2 at the request of Post Office Ltd, promptly provide either Post Office Ltd or any third party with such information and data as Post Office Ltd may reasonably require;
  - 3.6.3 maintain an accounting system, prepare, sign and maintain financial statements and accounts, record Transactions and maintain all records in accordance with the provisions contained in the Manual, in particular paragraphs 9.2 to 9.4 (inclusive);
  - 3.6.4 provide Post Office Ltd with the information regarding the Basic Business prescribed by the Manual, in particular paragraph 10.2;
  - 3.6.5 permit Post Office Ltd (or its nominee) at any time during business hours to inspect and take copies of all records (including any accounts) relating to the Branch;
  - 3.6.6 account for and remit to Post Office Ltd all monies collected from Customers in connection with Transactions in accordance with the Manual. Any cash which Post Office Ltd provides to the Operator or which the Operator collects as a result of Transactions does not belong to the Operator and shall be held by the Operator (at the Operator's risk) on behalf of, and in trust for, Post Office Ltd and the Clients. Any such cash shall not form part of the assets of the Operator. The Operator acknowledges that it is expressly forbidden from making use of any such amount due to Post Office Ltd for any purpose other than the operation of the Branch and it must on no account apply to its own private use, for however short a period, any portion of funds belonging to Post Office Ltd entrusted to it. Any breach of this clause [ REF \_Ref363056460 \r \\* MERGEFORMAT ] and/or any misuse of Post Office Ltd cash by

Confidential

**Post Office Limited**

the Operator or its Personnel shall be deemed to be a material breach of the Agreement which cannot be remedied and may render the offender liable to prosecution.

3.6.7 immediately inform Post Office Ltd if the Operator:

- (a) at any time intends to apply for authorisation, or does become authorised, pursuant to FSMA;
- (b) to the extent that as of the Commencement Date it is authorised pursuant to FSMA, seeks to, or does, vary or cancel the permissions it holds pursuant to FSMA;
- (c) at any time seeks appointment, or is appointed, as an appointed representative or introducer appointed representative pursuant to section 39 FSMA; or
- (d) at any time otherwise seeks to, or does, change its regulatory status.

3.7A Post Office Ltd shall:

- 3.7A.1 properly and accurately effect, record, maintain and keep records of all transactions effected using Horizon;
- 3.7A.2 properly and accurately produce all relevant records and/or explain all relevant transactions and/or any alleged or apparent shortfalls attributed to the Operator;
- 3.7A.3 co-operate in seeking to identify the possible or likely causes of any apparent or alleged shortfalls and/or whether or not there was indeed any shortfall at all;
- 3.7A.4 seek to identify the causes of any such apparent or alleged shortfalls, in any event;
- 3.7A.5 disclose possible causes of apparent or alleged shortfalls (and the cause thereof) to the Operator candidly, fully and frankly;
- 3.7A.6 make reasonable enquiry, undertake reasonable analysis and even-handed investigation, and give fair consideration to the facts and information available as to the possible causes of the appearance of alleged or apparent shortfalls (and the cause thereof);
- 3.7A.7 communicate, alternatively, not conceal known problems, bugs or errors in or generated by Horizon that might have financial (and other resulting) implications for the Operator;
- 3.7A.8 communicate, alternatively, not conceal the extent to which other operators of **Post Office®** branches are experiencing problems relating to Horizon and the generation of discrepancies and alleged shortfalls;
- 3.7A.9 not conceal from the Operator Post Office Ltd's ability to alter remotely data or transactions upon which the calculation of the branch accounts (and any discrepancy, or alleged shortfalls) depend; and
- 3.7A.10 properly, fully and fairly investigate any alleged or apparent shortfalls.

**Security of Post Office Cash and Stock**

3.7 The Operator shall:

3.7.1 comply, as a minimum, with the standard of physical and procedural security required by Post Office Ltd in the Manual. The Operator shall permit Post Office Ltd to

Confidential

**Post Office Limited**

access the Branch Premises at any time to install, at its own cost, any additional security equipment which Post Office Ltd deems necessary;

- 3.7.2 comply with the Manual in respect of the preparation and acceptance of cash;
- 3.7.3 not hold any cash or currency at the Branch Premises (whether such cash or currency is a Product or otherwise) in excess of the limits notified to the Operator by Post Office Ltd from time to time;
- 3.7.4 immediately produce all Post Office Cash and Stock for inspection whenever requested by Post Office Ltd.

**Political Activities**

- 3.8 An Operator is free to take part in any national and local political activities subject to the following conditions:
  - 3.8.1 he must not engage in or allow his Personnel to engage in political activities (including wearing symbols or badges associated with a political party or cause) whilst operating or working in the Branch or the Basic Business, or whilst on or in the vicinity of the Branch Premises;
  - 3.8.2 he must not allow any other person to engage in political activities whilst on the Branch Premises;
  - 3.8.3 he must not exhibit any notice soliciting votes for any particular candidate or with any party or political object either in, on or in the vicinity of the Branch Premises, or on any vehicle under the control of Post Office Ltd or any member of the Post Office Group; and no leaflet or address with a party or political object may be placed or left by the Operator or anyone associated with him on, in or in the vicinity of the Branch Premises.
- 3.9 An Operator who is an individual and who intends to stand for Parliament must notify Post Office Ltd in writing at the earliest opportunity.

**4 Liability for Post Office Cash and Stock**

- 4.1 The Operator shall be responsible for all losses caused through his or her own negligence, carelessness or error and also for all losses caused by the negligence, carelessness or error of his or her Assistants.
- 4.2 The Operator's responsibility for Post Office Cash and Stock shall begin from the time at which the Post Office Cash and Stock are received by the Operator and shall end when the Post Office Cash and Stock are given to Customers in the proper conduct of the Branch or are returned to Post Office Ltd or, in the case of cash or financial instruments are collected by a cash in transit provider or are paid into a bank. Whilst the Post Office Cash and Stock are in the Operator's possession, it shall keep them in a place of security.
- 4.3 Subject to clauses [ REF \_Ref67054544 \r \h \\* MERGEFORMAT ] and [ REF \_Ref67058882 \r \h \\* MERGEFORMAT ] of this Part 2, the Operator shall retain financial responsibility (in accordance with the Agreement) following the termination of the Agreement, and it will be required to make good any losses (including losses arising from Transaction corrections and stock losses) incurred during its operation of the Branch which may subsequently come to light.
- 4.4 Post Office Ltd shall not seek recovery from the Operator unless and until:
  - 4.4.1 it has complied with its duties under clauses 2.3A, 3.1A and 3.7A of this Part 2 (or some of them);

Confidential

**Post Office Limited**

- 4.4.2 it has established that the alleged shortfall represents a genuine loss to it; and
- 4.4.3 it has carried out a reasonable and fair investigation as to the cause and reason for the alleged shortfall and whether it is properly attributed to the Operator under the terms of the Agreement.

## **5 Intellectual Property Licence**

- 5.1 Subject to the terms of the Agreement, Post Office Ltd grants to the Operator a non-exclusive, non-transferable, revocable licence to:
  - 5.1.1 operate the System; and
  - 5.1.2 use the Licensed Materials,  
solely for the purposes of operating the Branch and advertising it in accordance with clauses [ REF \_Ref202243412 \r \\* MERGEFORMAT ] and [ REF \_Ref202412198 \r \\* MERGEFORMAT ] of this Part 2.

## **6 The Licensed Materials**

- 6.1 The Operator shall:
  - 6.1.1 only use the Licensed Materials in connection with the operation of the Branch or provision of the Products and Services in accordance with the Manual. Post Office Ltd may remove or withdraw from the Operator any materials or other things whatsoever which are not Licensed Materials or are not being used in accordance with the Agreement or the Manual;
  - 6.1.2 not reproduce any Licensed Materials or any Post Office Intellectual Property, unless expressly authorised in writing by Post Office Ltd;
  - 6.1.3 not use any Licensed Materials in any way that is liable to mislead the public or which would otherwise be detrimental to or inconsistent with the good name, goodwill, reputation or image of Post Office Ltd;
  - 6.1.4 not use any Licensed Materials in conjunction with any other marks or names without the prior written consent of Post Office Ltd;
  - 6.1.5 on request by Post Office Ltd, promptly deliver up to Post Office Ltd or, at Post Office Ltd's discretion, destroy, all Licensed Materials or any specified Licensed Materials (including where the specified Licensed Materials relate to Products or Services that have been discontinued or where the Licensed Materials are out of date);
  - 6.1.6 not seek to register as a trade mark or as a business name or corporate name or any domain name, any mark or name the same as or which includes or may be confused with any Post Office Intellectual Property or any other trade mark or name owned or used by Post Office Ltd or Post Office Group;
  - 6.1.7 not make any representation or do any act which may be taken to indicate that the Operator has any right, title or interest in or to the ownership or use of the Post Office Intellectual Property other than as conferred by the Agreement;
  - 6.1.8 not challenge the validity of any Post Office Intellectual Property or the title of Post Office Ltd or any other member of the Post Office Group to the Post Office Intellectual Property; and

Confidential

**Post Office Limited**

6.1.9 when requested, give to Post Office Ltd all reasonable assistance in obtaining registrations of Post Office Ltd's rights in any trade marks or other Intellectual Property.

6.2 The Operator shall not use the Trade Marks or the Post Office Intellectual Property except:

6.2.1 as part of the Licensed Materials; and

6.2.2 where the Operator has obtained the specific prior written consent of Post Office Ltd in respect of the proposed use of the Trade Marks in the operation of the Branch (including on any website operated by the Operator).

6.3 Post Office Ltd and Post Office Group or Clients are or will be the proprietors or licensees of all the Intellectual Property used in the operation of the Branch. All rights in the Post Office Intellectual Property (including Customer data reasonably required for the operation of the Branch) shall remain vested in Post Office Ltd or the relevant member of Post Office Group. The Operator shall not by virtue of the Agreement acquire any right, title or interest of any kind other than as specifically granted in the Agreement to any of the Post Office Intellectual Property. The Operator shall execute a written assignment of any such rights or interest on request by Post Office Ltd, and will provide copies of such data or other relevant materials on request.

6.4 Any accretion of goodwill derived by reason of the operation of the Branch and/or the use of the Post Office Intellectual Property shall accrue to Post Office Ltd whether arising at common law or otherwise. If requested by Post Office Ltd the Operator shall immediately, irrevocably and unconditionally assign to Post Office Ltd all such goodwill.

6.5 No warranty express or implied is given by Post Office Ltd with respect to the Post Office Intellectual Property or its validity.

6.6 The Operator has no right to sub-lodge or assign the Licensed Materials or any Post Office Intellectual Property, without the express prior written consent of Post Office Ltd.

6.7 The Operator must promptly notify Post Office Ltd of any infringement, threatened infringement, passing-off or misuse of Post Office Intellectual Property. Post Office Ltd will conduct any claim or action and the Operator must provide such assistance in any action Post Office Ltd may take as Post Office Ltd reasonably requires. No other action should be taken by the Operator.

**7 Installation and Display of Licensed Materials**

7.1 The Operator shall (as appropriate) either install in the locations specified by Post Office Ltd, and/or prominently display in a position visible to the public, the Licensed Materials at the Branch Premises. This includes the display of materials bearing the Intellectual Property of Clients.

7.2 Subject to clause [ REF \_Ref205106606 \r \\* MERGEFORMAT ] of this Part 2, the Operator shall not conduct or carry on any advertising or promotion in relation to the Branch without the prior written consent of Post Office Ltd, other than by the installation and/or display of Licensed Materials at the Branch Premises in accordance with the Agreement.

7.3 Except where an item of Licensed Materials is also specified as an item of Post Office Ltd Funded Equipment in accordance with the Agreement, all Licensed Materials shall be installed, displayed and maintained at the expense of the Operator. The Operator shall be responsible for obtaining any necessary planning, by-law or other consents in respect of the Licensed Materials, irrespective of whether they are also Post Office Ltd Funded Equipment.

7.4 The Operator shall participate in all promotional or marketing activities proposed by Post Office Ltd or Clients in accordance with the reasonable instructions of Post Office Ltd. The

Confidential

**Post Office Limited**

Operator shall remove from display all Licensed Materials associated with such activities immediately on request by Post Office Ltd.

7.5 The Licensed Materials and Post Office Intellectual Property must not be used in connection with any private business, including the Basic Business, without the express prior written consent of Post Office Ltd (to which it may attach such conditions as it thinks fit), or in such a way as to imply that Post Office Ltd or Post Office Group is in any way connected with those activities.

**8 Advertising**

8.1 The Operator shall not use any title or carry out any advertising, marketing or promotion of any kind (including any advertising, marketing or promotion in newspapers, magazines, brochures or flyers, on television, radio or the internet or using any social media) of the Basic Business or any other business which:

- 8.1.1 shall be capable of being interpreted in any way as an endorsement by Post Office Ltd, Post Office Group or any Client of any element of the Basic Business or any other business; or
- 8.1.2 may imply that Post Office Ltd, Post Office Group or any Client is in any way connected or associated with any element of, or involved in the management of, the Basic Business (e.g. "Post Office Stores") or any other business.

8.2 The Operator shall not promote or advertise in, on or around the Branch Premises any political party or support in any manner any political causes in such a way that the Branch, the Network or the Branch Premises may in any way be associated with such political party or cause.

8.3 In addition to the obligations in clauses [ REF \_Ref324768616 \w \h \d " " \\* MERGEFORMAT ] and [ REF \_Ref324768629 \r \h \\* MERGEFORMAT ], the Operator shall not display any advertising in or around the Branch Premises which relates to:

- 8.3.1 any illegal business or matter;
- 8.3.2 any controversial matter, an advertisement for which might suggest that Post Office Ltd supported one side or the other;
- 8.3.3 any products or services of a kind offered by Post Office Ltd and of a type referred to in clause [ REF \_Ref324769358 \r \h \\* MERGEFORMAT ] of Part 6 of these Standard Conditions,

or which:

- 8.3.4 does not comply with the Data Protection Legislation and/or, the Advertising Standards Authority's British Code of Advertising Practice;
- 8.3.5 in the reasonable opinion of Post Office Ltd, is likely to cause offence to a substantial part of the general public or offend ethnic, religious or other groups; or
- 8.3.6 in the opinion of Post Office Ltd, might bring Post Office Ltd into disrepute.

**9 Technology Licence**

9.1 Post Office Ltd licenses to the Operator on a non-exclusive, non-transferable, revocable basis the use of such technology, hardware, software and data as Post Office Ltd may determine, at its sole discretion, to be necessary (the **Technology**), solely for the proper operation by the Operator of the Branch under the Agreement.

Confidential

**Post Office Limited**

9.2 The Operator agrees not to use the Technology for any purpose other than the operation of the Branch and strictly to adhere to all instructions and terms and conditions relating to the Technology which are communicated to the Operator by Post Office Ltd.

**10 Data Protection**

10.1 The Operator acknowledges and agrees that for the purposes of the Data Protection Legislation, Post Office Ltd and/or any Client is the controller and the Operator is the processor of any Personal Data. Post Office Ltd shall remain the sole owner of the Personal Data together with all Intellectual Property in the Personal Data and any compilation of the Personal Data.

10.2 The Operator shall at all times comply (and shall ensure that all Personnel at all times comply) with the Data Protection Legislation in the course of performing its obligations under the Agreement.

10.3 The Operator represents and agrees that it shall only collect, process or disclose Personal Data (including to delete, amend, transfer or rectify Personal Data):

- 10.3.1 in accordance with Post Office Ltd's instructions (including as set out in the Agreement);
- 10.3.2 as otherwise provided in writing by Post Office Ltd from time to time; and/or
- 10.3.3 as strictly necessary to perform the Transactions,

unless the Operator is required by law (including Data Protection Legislation) to do otherwise, in which case it shall (unless prohibited by law) promptly notify Post Office Ltd in advance of that legal obligation.

10.4 The Operator shall notify Post Office Ltd immediately if in the Operator's reasonable opinion, any Post Office Ltd instruction breaches a requirement of Data Protection Legislation.

10.5 The Operator shall assist and fully co-operate with Post Office Ltd (as requested by Post Office Ltd) to ensure Post Office Ltd's compliance with its obligations under the Data Protection Legislation, including:

- 10.5.1 promptly carrying out any request from Post Office Ltd requiring it to amend, transfer, or delete or securely dispose of Personal Data or any part of it;
- 10.5.2 immediately notifying Post Office Ltd if it receives a request from a data subject under Data Protection Legislation and providing Post Office Ltd with the Personal Data and details of its processing of Personal Data in response to a request by a data subject;
- 10.5.3 assisting with any enquiries from a Data Protection Regulator; and
- 10.5.4 providing all reasonable assistance to Post Office Ltd in connection with any civil, administrative or criminal proceedings against Post Office Ltd resulting from a breach by the Operator or any Personnel of the obligations under this clause [ REF \_Ref321404683 \r \h \\* MERGEFORMAT ].

10.6 When processing Personal Data the Operator shall take all appropriate technical and organisational measures to preserve the confidentiality and integrity of Personal Data and prevent any unlawful processing or disclosure. These measures must ensure a level of security appropriate to the nature of the Personal Data and the harm which might result from any unauthorised or unlawful processing, accidental loss, damage or destruction of that Personal Data, and must as a minimum include the measures set out in the Manual. The Operator shall:

Confidential

**Post Office Limited**

- 10.6.1 provide Post Office Ltd on request, with details and evidence of the measures taken by the Operator; and
- 10.6.2 if requested by Post Office Ltd:
  - 10.6.2.1 test such measures to assess their effectiveness in ensuring the security, confidentiality, integrity, availability and resilience of Personal Data, such testing to be carried out in accordance with the instructions provided by Post Office Ltd; and
  - 10.6.2.2 maintain records (in the form requested by Post Office Ltd) of such testing and shall allow Post Office Ltd to inspect any such records on request.
- 10.7 The Operator shall:
  - 10.7.1 ensure that all of its Personnel having access to any Personal Data:
    - 10.7.1.1 are informed of and understand the confidentiality of the Personal Data and are under contractual or statutory obligations of confidentiality concerning Personal Data;
    - 10.7.1.2 have undertaken appropriate training in the handling and protection of Personal Data, including as a minimum the data protection training specified in the Manual, provided that the Operator shall only be required to train its Assistants to the same and not a higher standard than the standard of training received by the Operator from Post Office Ltd; and
    - 10.7.1.3 are aware both of the Operator's duties and obligations and their personal duties and obligations under the Data Protection Legislation and the Agreement;
  - 10.7.2 take all reasonable steps to ensure the reliability of Personnel with access to Personal Data;
  - 10.7.3 maintain proper records of all training undertaken by Personnel with regard to the Data Protection Legislation, and shall allow Post Office Ltd to inspect any such records on request.
- 10.8 The Operator shall permit Post Office Ltd, any regulatory authority, and/or their authorised representatives to enter the Branch Premises at any time to inspect and audit the Operator's processing of any Personal Data and take copies of relevant documentation.
- 10.9 The Operator shall provide Post Office Ltd with all information requested by Post Office Ltd to enable Post Office Ltd to verify the Operator's (and its Personnel's) compliance with this clause.
- 10.10 The Operator shall not transfer or process any Personal Data (nor allow any Personal Data to be accessed from) outside of the United Kingdom without first:
  - 10.10.1 obtaining the prior written consent of Post Office Ltd; and
  - 10.10.2 taking such steps as Post Office Ltd may request to ensure that any such transfer or processing of Personal Data complies with the requirements of the Data Protection Legislation.
- 10.11 Notwithstanding references to Personnel in this clause [ REF\_Ref321404683 \r \h \\* MERGEFORMAT ], the Operator shall not sub-contract the processing of any Personal Data or allow any third party to process any Personal Data on its behalf. The Operator shall not disclose Personal Data to any Customer or to a third party other than at the request of Post Office Ltd or to the extent authorised by the Agreement.

Confidential

**Post Office Limited**

10.12 The Operator shall notify Post Office Ltd immediately in writing (by sending an email to data.protection@postoffice.co.uk for notifications pursuant to clause [ REF \_Ref514348776 \r \h \\* MERGEFORMAT ] and [ REF \_Ref514348785 \r \h \\* MERGEFORMAT ], and by sending an email to information.rights@postoffice.co.uk for notifications pursuant to clause [ REF \_Ref514348799 \r \h \\* MERGEFORMAT ]) should it:

- 10.12.1 receive notice of any complaint made to a Data Protection Regulator or any finding by a Data Protection Regulator in relation to its processing of Personal Data, whether it is the Personal Data processed under the Agreement or otherwise;
- 10.12.2 receive any request from or on behalf of a data subject exercising their rights under the Data Protection Legislation; and
- 10.12.3 become aware of any circumstance which may cause the Operator to breach the obligations set out in the Agreement or which may cause either Party to breach Data Protection Legislation,

and shall provide Post Office Ltd with full co-operation and assistance in relation to any such complaint, notice, request or required investigation, within the timescales required by Post Office Ltd.

10.13 Subject to clause [ REF \_Ref514349209 \r \h \\* MERGEFORMAT ], the Operator shall notify Post Office Ltd immediately (by sending an email to data.protection [REDACTED] GRO [REDACTED]) if it becomes aware of any actual, suspected or threatened unauthorised exposure, access, disclosure, processing, use, communication, deletion, revision, encryption, reproduction or transmission of any of the Personal Data, unauthorised access or attempted access or apparent attempted access (physical or otherwise) to Personal Data or any loss of, damage to, corruption of or destruction of Personal Data (referred to as a **Security Incident**). This notification shall include:

- 10.13.1 the nature of the Security Incident, including the categories and approximate number of data subjects and records concerned;
- 10.13.2 the contact (if different from the Operator) who will liaise with Post Office Ltd concerning the Security Incident;
- 10.13.3 the remediation measures being taken by the Operator to mitigate and contain the effects of the Security Incident.

10.14 If the Operator is unable to provide all of the information required under clause [ REF \_Ref514348884 \r \h \\* MERGEFORMAT ] immediately, and without prejudice to any right or remedy that Post Office Ltd may have, the Operator shall provide as much information immediately and shall provide all further information as soon as reasonably practicable thereafter.

10.15 In the event of a Security Incident, Post Office Ltd shall at its sole discretion decide whether to inform the data subject, any third party or a Data Protection Regulator and the Operator shall not notify the data subject, any third party or a Data Protection Regulator unless such disclosure by the Operator is required by law or is expressly agreed in writing by Post Office Ltd.

10.16 In the event of a Security Incident, the Operator will promptly restore any Personal Data at its own expense. The Operator shall ensure that it fully co-operates with Post Office Ltd in taking any steps to remedy the Security Incident advised to the Operator by Post Office Ltd.

10.17 On termination of the Agreement for whatever reason, or on Post Office Ltd's request at any time, the Operator shall immediately cease to process any Personal Data and shall, at their own cost, at Post Office Ltd's discretion, and in accordance with Post Office Ltd's instructions, either:

Confidential

**Post Office Limited**

- 10.17.1 return all Personal Data to Post Office Ltd together with all copies of the Personal Data in its possession or control; and/or
- 10.17.2 provide the Personal Data to a third party as instructed by Post Office Ltd (which may include a Client or a New Operator); and/or
- 10.17.3 carry out a certified and secure destruction of the Personal Data in its possession or control.

10.18 On termination of the Agreement, and subject to any instructions provided by Post Office Ltd under clause [ REF \_Ref514349224 \r \h \\* MERGEFORMAT ], the Operator shall not retain (and for the avoidance of doubt will ensure that its Personnel do not retain) any copy of any part of the Personal Data, in any form or media, and shall provide to Post Office Ltd a written confirmation (in the form required by Post Office Ltd) signed by the Operator (or a duly authorised officer of the Operator), confirming its exacting compliance with the requirements of this clause [ REF \_Ref514349038 \r \h \\* MERGEFORMAT ].

10.19 The terms **controller, processor, processing/process** and **data subject** shall be interpreted and construed in accordance with the Data Protection Legislation.

**11 Equality Act 2010 (EA) and health and safety**

- 11.1 The Operator shall not, and shall take all reasonable steps to ensure that Personnel shall not, breach the requirements of the EA or the Equality Policy in respect of the Branch or the Branch Premises.
- 11.2 The Operator shall be solely responsible on its own behalf and on behalf of Post Office Ltd, for ensuring that:
  - 11.2.1 the Branch and the Branch Premises;
  - 11.2.2 the Operator's management of the Branch Premises; and
  - 11.2.3 the manner in which the Operator provides the Products and Services to the public under the terms of the Agreement,at all times comply with the requirements of the EA and the Equality Policy and failure to comply with the EA and/or the Equality Policy will constitute a material breach of the Agreement.
- 11.3 In order for the Operator to monitor its own compliance with the requirements of the EA and the Equality Policy, and demonstrate compliance to Post Office Ltd, the Operator shall:
  - 11.3.1 carry out regular self-audits to assess compliance with the EA and the Equality Policy (at its own cost); and
  - 11.3.2 provide a copy of the latest self-audit report to Post Office Ltd within 14 days of receiving a request from Post Office Ltd and be prepared to discuss it with Post Office Ltd if required; and
  - 11.3.3 in any case, if the audit report shows that the requirements of the EA and/or the Equality Policy are not being met then the Operator shall immediately inform Post Office Ltd in writing; and shall comply with any instructions issued by Post Office Ltd as a result, including ceasing to provide certain Products or Services until compliance with its obligations under the EA and the Equality Policy has been achieved.
- 11.4 The Operator shall:
  - 11.4.1 co-operate fully with any and all monitoring and audit activities undertaken by or on behalf of Post Office Ltd in order to assess compliance by the Operator with the EA and the Equality Policy;

Confidential

**Post Office Limited**

11.4.2 if such monitoring or audit activity shows that the requirements of the EA and/or the Equality Policy are not being met then the Operator shall comply with any instructions issued by Post Office Ltd as a result, including ceasing to provide certain Products or Services until compliance with its obligations under the EA and the Equality Policy has been achieved.

11.5 The Operator shall:

11.5.1 notify Post Office Ltd in writing as soon as possible if it believes that any of the Products and Services do not comply, or that there is a significant possibility that they do not comply, with any of the requirements of the EA or the Equality Policy or if it identifies any other breach of the EA or the Equality Policy in respect of the Branch or the Branch Premises or considers it likely that any such breach will occur; and

11.5.2 notify Post Office Ltd in writing as soon as possible and no later than 3 Working Days following receipt by the Operator of any enquiry, complaint or claim regarding accessibility of the Branch Premises or the Products or Services or the treatment of a particular Customer or group of Customers with a protected characteristic listed in section 4 of the EA. For the avoidance of doubt, this includes any alleged failure of the Operator and/or Post Office Ltd to comply with any requirement of the EA or the Equality Policy and any complaint regarding the content or adequacy of the Equality Policy. The Operator must provide such assistance with the response to or defence of any such enquiry, complaint or claim as may reasonably be required by Post Office Ltd and Post Office Ltd shall be entitled, but not obliged, to take over and defend any legal proceedings arising from such a claim on behalf of the Operator.

11.6 The Operator shall be solely responsible for ensuring that:

11.6.1 the Branch Premises; and

11.6.2 the manner in which the Operator operates the Branch (including the provision of the Products and Services to the public under the terms of the Agreement),

at all times comply with the requirements of the Health & Safety at Work Act 1974 including all regulations made pursuant to Section 15 of that Act, the Regulatory Reform (Fire Safety) Order 2005 and all other health and safety legislation and regulations and any failure to comply will constitute a material breach of the Agreement.

## **12 Confidentiality and contact with the media and public**

12.1 The Operator shall keep confidential the System and the contents of the Agreement. The Operator shall also keep confidential all Confidential Information obtained in the course of performing its obligations under the Agreement and shall not disclose such information to any person (except where necessary for the purposes of the Agreement to its own employees), but this clause [ REF \_Ref204059596 \r \\* MERGEFORMAT ] shall not extend to information which:

12.1.1 was rightfully in the possession of the Operator before the Commencement Date and in respect of which the Operator is not subject to any other obligation of confidentiality to Post Office Ltd;

12.1.2 is already public knowledge or becomes so at a future date (otherwise than as a result of a breach of this clause [ REF \_Ref204059596 \r \\* MERGEFORMAT ]); or

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

The Operator shall ensure that its Personnel are aware of and comply with this clause [ REF \_Ref204059596 \r \\* MERGEFORMAT ]. Post Office Ltd shall not be liable for loss or damage

Confidential

**Post Office Limited**

for disclosing any information of a confidential nature belonging to the Operator in accordance with the Freedom of Information Act 2000.

- 12.2 The Operator shall not disclose information relating to postal packets passing through the post except to the persons to whom such packets are addressed, other than where the relevant service permits this or where required to be disclosed by law.
- 12.3 The Operator shall not use any website in the operation of, or in relation to, the Branch without Post Office Ltd's prior written consent, such consent not to be unreasonably withheld. Immediately following a request from Post Office Ltd, the Operator shall remove from any website any content which relates to Post Office Ltd, any other member of the Post Office Group or the Branch and which was placed on such website by or on behalf of the Operator.
- 12.4 The Operator shall help Post Office Group, or other postal operators which are Clients, to ensure that all communications and items entrusted to them reach addressees promptly and safely, and that they do not reach those not entitled to receive them.
- 12.5 The Operator shall not make any unauthorised use of Official Information. The Operator shall not, unless with the permission of Post Office Ltd, make any document containing Official Information the subject of legal proceedings.
- 12.6 Any request made to the Operator by the police, any other authority or by any other person for Confidential Information shall be referred immediately to Post Office Ltd using the Network Business Support Centre helpline referred to in the Manual.
- 12.7 The Operator shall immediately report to Post Office Ltd any case in which there appears to have been a breach of clauses [ REF \_Ref204059596 \r \\* MERGEFORMAT ], [ REF \_Ref204059644 \r \\* MERGEFORMAT ] and [ REF \_Ref204059647 \r \\* MERGEFORMAT ] to [ REF \_Ref204059649 \r \\* MERGEFORMAT ] (inclusive).
- 12.8 All Confidential Information in any format must be returned by the Operator to Post Office Ltd on request or must be securely disposed of in accordance with instructions issued by Post Office Ltd.
- 12.9 The Operator shall not use any information available to it as a result of operating the Branch for the benefit of its private interests (including in relation to the Basic Business or any other business of the Operator).
- 12.10 Post Office Ltd has a duty to safeguard its own interests and those of any person involved in its business (including any Client) in relation to material that is published in the media. The Public Relations department of Post Office Ltd is primarily responsible for:
  - 12.10.1 deciding whether Post Office Ltd should enter into public correspondence, and
  - 12.10.2 ensuring fair and accurate presentation of facts about Post Office Ltd and its business,and no other person (including the Operator and any Assistant) is entitled to comment publicly on such matters. In particular, any untrue, ill-informed or reckless comment will be challenged by Post Office Ltd. While recognising the right of any person to comment publicly on matters of general interest, Post Office Ltd expects the Operator and any Assistants who may wish to comment publicly upon matters affecting Post Office Ltd to exercise this right in a responsible manner. The Operator must ensure that when communicating with the press or offering comment which may be published, or broadcast on radio or television, that his comments do not go beyond the accepted bounds of propriety and are not likely to cause embarrassment or to mislead the public. The Operator should seek the guidance of Post Office Ltd in the case of any doubt.
- 12.11 If the Operator wishes to communicate with the media he must comply with the following:

Confidential

**Post Office Limited**

12.11.1 under no circumstances should any information or data:

- (a) relating to the processes, operational procedures and rules of Post Office Ltd;
- (b) relating to Clients and/or Customers and their transactions, including information relating to a named individual; and/or
- (c) of a financial nature in relation to the Branch, Post Office Ltd, its business or Post Office Group or its business,

be disclosed. For the avoidance of doubt, this clause [ REF \_Ref327798593 \r \\* MERGEFORMAT ] shall not prevent the Operator from discussing operational matters relating to the Branch with a representative of the NFSP nor prevent any Operator, acting in his capacity as an officer of the NFSP, from discharging his duties, including by making reasonable and responsible statements to the media, provided that any such statements are in accordance with the requirements of clauses [ REF \_Ref327798614 \r \\* MERGEFORMAT ] and [ REF \_Ref327798627 \r \\* MERGEFORMAT ];

12.11.2 any views and opinions expressed publicly by the Operator must not bring Post Office Ltd, any Client or Customer or any other operator of a Post Office® branch or any employees of any such persons into disrepute; and

12.11.3 unless otherwise authorised by Post Office Ltd, the Operator must make it clear that any comments are made in the Operator's private capacity (which may be as an officer of the NFSP) and are not made on behalf of Post Office Ltd or any Client or Customer.

12.12 The Operator shall exercise particular care if offering any spontaneous comment to the press, broadcasting reporters or interviewers.

12.13 The Operator shall not, in a manner which is damaging or hostile to Post Office Ltd, its business, the Branch or the Clients or which is in breach of the obligation of confidence contained in the Agreement:

12.13.1 publish any document, book, play or article;

12.13.2 broadcast or make any comment or statement on radio, television or the internet;

12.13.3 produce or exhibit a film or photographs;

12.13.4 give a talk or lecture;

12.13.5 publish a blog or post any comment using social media; or

12.13.6 take part in a public discussion by any means.

12.14 The Operator shall not, without the prior written permission of Post Office Ltd, write to or interview members of the public in relation to the Branch or any other matter relating to Post Office Ltd or any Clients or Customers other than for the purpose of correcting any error made by the Operator in the operation of the Branch.

### **13 [NOT USED]**

### **14 Insurance**

14.1 In relation to the operation of the Branch and the Basic Business, the Operator shall take out and maintain, at its own expense, insurance with a reputable insurance company in relation

Confidential

**Post Office Limited**

to the risks and liabilities of operating the Branch and the Basic Business. Such insurance will cover as a minimum and for an appropriate amount:

- 14.1.1 all risks which the Operator is obliged by law to insure against in order to operate the Branch and the Basic Business, including employer's liability insurance;
- 14.1.2 liability in respect of claims brought by Customers and third parties (including third party contractors, third party suppliers and visitors to the Branch Premises) including public liability insurance; and
- 14.1.3 damage to or destruction of the Branch Premises or the fixtures and fittings at the Branch Premises.

14.2 Where requested, the Operator shall provide Post Office Ltd, on demand, with such policy or policies taken out in accordance with clause [ REF \_Ref291238275 \r \\* MERGEFORMAT ] above together with such evidence that the then current premiums have been paid.

14.3 Post Office Ltd shall bear no responsibility for insuring any of the Operator's obligations and liabilities under the Agreement, or for insuring the Branch, the Branch Premises or the Equipment and shall not make any financial contributions towards the payment of any insurance premiums.

14.4 Post Office Ltd requires the Operator to consider taking out insurance to cover the death, injury or illness of any key Personnel in the Branch.

**15 Suspension**

15.1 Subject to clause [ REF \_Ref67059251 \r \h \\* MERGEFORMAT ] below, Post Office Ltd may suspend the Operator from operating the Branch (and/or, acting reasonably, require the Operator to suspend all or any of its Assistants engaged in the Branch from working in the Branch), where Post Office Ltd considers this to be necessary in the legitimate interests of Post Office Ltd as a result of:

- 15.1.1 the Operator and/or any Assistant being arrested, charged or investigated by the police or Post Office Ltd in connection with any offence or alleged offence;
- 15.1.2 civil proceedings being brought against the Operator and/or any Assistant; or
- 15.1.3 there being grounds to suspect that the Operator is insolvent, to suspect that the Operator has committed any material or persistent breach of the Agreement, or to suspect any irregularities or misconduct in the operation of the Branch, the Basic Business or any other Post Office® branches with which the Operator and/or any Assistant is connected (including any financial irregularities or misconduct).

15.2 Post Office Ltd shall not suspend the Operator from operating the Branch and/or require the Operator to suspend all or any of its Assistants engaged in the Branch from working in the Branch:

- 15.2.1 arbitrarily, irrationally or capriciously;
- 15.2.2 without reasonable and proper cause; and/or
- 15.2.3 in circumstances where Post Office Ltd is itself in material breach of duty in respect of the matters which Post Office Ltd considers gives it the right to suspend.

**16 Termination**

16.1 Following the Commencement Date the Agreement will continue until:

Confidential

**Post Office Limited**

16.1.1 either Party gives to the other not less than 6 months' written notice (unless otherwise agreed between the Parties in writing), which cannot be given so as to expire before the first anniversary of the Start Date and provided that Post Office Ltd shall, acting in good faith and taking into account all relevant factors (but not irrelevant ones), conscientiously consider what the duration of such notice period should be; or

16.1.2 it is terminated at any time in accordance with its terms.

16.2 In addition to any other rights of termination contained in other Parts, Post Office Ltd may terminate the Agreement immediately on giving written notice to the Operator if the Operator:

16.2.1 commits any material breach of the provisions of the Agreement or any other contract or arrangement between the Parties, but only if such breach is repudiatory, and fails to remedy the breach (if capable of remedy) within 14 days of a written notice from Post Office Ltd specifying the breach and requiring the same to be remedied. Any references in these Standard Conditions to a breach of a particular obligation by the Operator being deemed to be material and/or irremediable are not intended to be exhaustive and shall not prevent Post Office Ltd from exercising its rights under this clause in respect of any other breach of the Agreement which is material and/or irremediable if such breach is repudiatory;

16.2.2 fails to provide the Products or Services to the standards required by Post Office Ltd as set out in the Manual, but only if such failure amounts to a repudiatory breach, and fails to remedy the failure (if capable of remedy) within 14 days of a written notice from Post Office Ltd specifying the failure and requiring the same to be remedied;

16.2.3 ceases to operate the Basic Business;

16.2.4 prior to entering into the Agreement, provided Post Office Ltd with any false or misleading information or omits any material fact;

16.2.5 is a company and an Insolvency Event occurs in respect of the Operator or its Parent Company;

16.2.6 is a single director company and the director: dies; or by reason of illness or incapacity (whether mental or physical), becomes incapable of managing the Operator's affairs or becomes a patient under any mental health legislation;

16.2.7 is an individual and the Operator: becomes the subject of a bankruptcy petition or order; dies; or by reason of illness or incapacity (whether mental or physical), becomes incapable of managing his own affairs or becomes a patient under any mental health legislation;

16.2.8 is a partnership and the partnership is dissolved;

16.2.9 or its Parent Company (where the Operator is a company) makes any arrangement or composition with its creditors or shall have a receiver (including an administrative receiver) or administrator appointed over all or any part of its assets or if the Operator or its Parent Company takes any similar action in consequence of debt;

16.2.10 has failed to acquire or enter into a Valid Property Interest prior to taking up occupation of the Branch Premises;

16.2.11 changes the use of the Branch Premises in contravention of the terms of the Valid Property Interest;

Confidential

**Post Office Limited**

16.2.12 commits any other breach of the terms of, or the requirement to have, a Valid Property Interest and/or commits any breach of the Operator's interest in the Branch Premises being a breach of any tenancy lease or freehold interest which could give rise to the termination of that interest or which could render the Operator unable to comply with all the terms of the Agreement;

16.2.13 itself, or the Manager or a director of the Operator, is charged with any criminal offence (other than a Road Traffic Offence not involving imprisonment);

16.2.14 challenges the validity of any of the Post Office Intellectual Property or the title of Post Office Ltd or Post Office Group to the Post Office Intellectual Property;

16.2.15 fails to properly account for any money due to, or stock of, Post Office Ltd or the Clients, but only if such failure amounts to a repudiatory breach;

16.2.16 fails to pay any sum due to Post Office Ltd under the Agreement by the due date, but only if such failure amounts to a repudiatory breach;

16.2.17 fails to inform Post Office Ltd in accordance with its obligations to do so in clause [ REF \_Ref446422032 \r \h \\* MERGEFORMAT ] of this Part 2; or

16.2.18 notifies Post Office Ltd in accordance with clause [ REF \_Ref446422032 \r \h \\* MERGEFORMAT ] of this Part 2 and within a reasonable period after receipt of such notification Post Office Ltd decides, at its absolute discretion, that any actual or proposed change in the Operator's regulatory status is not acceptable to it.

16.3 If any Manager or Assistant does not at all times attain a standard acceptable to Post Office Ltd, and the Operator is unable or refuses to provide a substitute Manager or Assistant who does meet the standard, Post Office Ltd shall have the right upon notice in writing to the Operator to immediately terminate the Agreement.

16.4 If the Operator has come under the control of a person unacceptable to Post Office Ltd, Post Office Ltd may terminate the Agreement on such notice as it deems appropriate within 3 months of becoming aware of such change in control. For these purposes control means the ability to require, directly or indirectly, compliance in another person whether by the exercise of voting rights, contractual rights or otherwise.

16.5 The Operator shall promptly notify Post Office Ltd in writing of any circumstances which would give Post Office Ltd a right to suspend or terminate the Agreement.

16.6 Subject to Clause [ REF \_Ref67055768 \r \h \\* MERGEFORMAT ] of this Part 2, but notwithstanding any other provisions of this Agreement, Post Office Ltd shall not terminate the Agreement:

16.6.1 arbitrarily, irrationally or capriciously;

16.6.2 without reasonable and proper cause; and/or

16.6.3 in circumstances where Post Office Ltd is itself in material breach of duty in respect of the matters which Post Office Ltd considers give it the right to terminate.

16.7 Clause [ REF \_Ref67055780 \r \h \\* MERGEFORMAT ] of this Part 2 does not restrict Post Office Ltd's ability to terminate for a repudiatory breach.

**17 Consequences of Termination**

17.1 If notice to terminate the Agreement is provided by Post Office Ltd in accordance with clause [ REF \_Ref324768854 \r \\* MERGEFORMAT ] of this Part 2, the Operator shall, if Post Office Ltd and the Operator agree in writing, continue to operate the Branch on behalf of Post Office

Confidential

**Post Office Limited**

Ltd for a period of up to three months, commencing on the date agreed between the Parties. The terms of the Agreement shall continue to apply during such period and, for the avoidance of doubt, Post Office Ltd shall continue to pay the Fees and any other amount which may be due in respect of the operation of the Branch.

- 17.2 As soon as possible following the date on which any notice to terminate the Agreement is given by either Party and until 6 months following the date of termination (or such other period as Post Office Ltd shall specify), the Operator shall prominently display at the location and in the form specified by Post Office Ltd a notice showing the address of the closest Post Office® outlets.
- 17.3 If the Operator stops operating the Branch in breach of the Agreement, the Operator shall (without prejudice to any other rights or remedies which Post Office Ltd may have under the Agreement or otherwise) reimburse Post Office Ltd in full on demand for any costs, liabilities, losses, claims, damages and expenses incurred by Post Office Ltd as a result of such breach, which may include any costs incurred in the appointment of an alternative operator to provide continuity of service to Customers in the area.
- 17.4 Immediately upon the termination of the Agreement, the Operator shall, subject to any agreement between the Operator and Post Office Ltd pursuant to clause 17.1:
  - 17.4.1 stop operating the Branch;
  - 17.4.2 stop using Post Office Intellectual Property and any signs and other display or advertising matter (including Licensed Materials) indicative of Post Office Ltd or of any association with Post Office Ltd and deliver up the Licensed Materials to Post Office Ltd;
  - 17.4.3 at its own expense, deliver up to Post Office Ltd (and/or at Post Office Ltd's request, to any New Operator, Post Office Ltd's supplier or Client):
    - (a) all money due to or held in trust for Post Office Ltd and/or its Clients; and
    - (b) all stocks of the Products; and
    - (c) all such other property of Post Office Ltd as is in the Operator's possession (including, unless otherwise specified in writing by Post Office Ltd, any Post Office Ltd Funded Equipment and the Manual), free of any cost or charge to Post Office Ltd;
  - 17.4.4 where requested by Post Office Ltd, and at the Parties' equally shared expense, join with Post Office Ltd in cancelling any permitted user of Post Office Intellectual Property. If the Operator fails to do this, Post Office Ltd is irrevocably appointed the agent of the Operator with full authority to give such notice to the Registrar of Trade Marks on behalf of the Operator;
  - 17.4.5 at its own expense, make changes to signs and other display or advertising matter, at the Branch Premises as Post Office Ltd shall reasonably direct to ensure that the Branch Premises no longer indicates any connection with Post Office Ltd, the Products or Services or the Network. If within 14 days of such direction the Operator fails to make any such change then Post Office Ltd may enter into the Branch Premises (without incurring any liability to the Operator) and without the consent of the Operator, make any such change at the expense of the Operator. The Operator shall pay such expenses to Post Office Ltd on demand; and
  - 17.4.6 pay to Post Office Ltd all sums of money owed by the Operator to Post Office Ltd.

Confidential

**Post Office Limited**

17.5 Post Office Ltd shall make safe any physical damage to the Branch Premises caused by Post Office Ltd's exercise of its rights under this clause [ REF \_Ref324768814 \r \h \\* MERGEFORMAT ], in particular in relation to the removal of any branding, signage and Equipment. However, the Operator shall be responsible for the costs which Post Office Ltd incurs in so doing where the Agreement has been terminated by the Operator on 6 months' notice in accordance with clause [ REF \_Ref324768839 \r \h \\* MERGEFORMAT ] of this Part 2 or by Post Office Ltd in accordance with clause [ REF \_Ref324768854 \r \h \\* MERGEFORMAT ] of this Part 2.

17.6 On the termination of the Agreement, the Operator shall reimburse Post Office Ltd (or, as appropriate, any New Operator) on demand in relation to any:

- 17.6.1 Staff Liabilities incurred by Post Office Ltd (or, as appropriate, any New Operator) and resulting from or connected with the employment or engagement of any Personnel on or before the termination of the Agreement;
- 17.6.2 reasonable costs incurred by Post Office Ltd (or, as appropriate, any New Operator) in making redundant any Assistants whose contracts of employment transfer to Post Office Ltd (or, as appropriate, any New Operator) by reason of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

17.7 The Operator shall not during any notice period to terminate the Agreement, except with the prior written consent of Post Office Ltd:

- 17.7.1 alter in any material respect the terms and conditions of employment of any of the Assistants engaged wholly or mainly at that time in the operation of the Branch (**the Relevant Assistants**) (including any increase in salary, wages or other emoluments (whether pursuant to a general review or otherwise) where the effect of such increase would be to increase the annual salary, wages or other emoluments of any Relevant Assistants to an annual level above the market rate paid to such personnel across the industry);
- 17.7.2 assign any member of the Operator's staff (not already engaged in operating the Branch as an Assistant) to the operation of the Branch; or
- 17.7.3 engage new employees as Relevant Assistants except to directly replace Relevant Assistants who have left the Operator's employment.

17.8 The Operator agrees that that during any notice period to terminate the Agreement it shall, subject to any applicable Data Protection Legislation and any other applicable laws, on Post Office Ltd's reasonable written request, provide to Post Office Ltd, or at Post Office Ltd's direction, a New Operator, within 2 weeks from the date such request, full written details of the identity and terms and conditions of employment of the Relevant Assistants (and any other person who is subsequently assigned to or engaged in the operation of the Branch).

17.9 The Operator shall co-operate (and use all reasonable endeavours to procure co-operation from its Personnel) in the orderly transfer of employment of any Personnel whose contracts of employment transfer to any new employer by virtue of the Transfer of Undertakings (Protection of Employment) Regulations 2006.

17.10 The termination of the Agreement will not affect the coming into force or the continuation in force of any of its provisions which expressly or by implication are intended to come into force or continue in force on or after the termination.

**18 Bribery Act 2010**

Confidential

**Post Office Limited**

18.1 Post Office Ltd requires all operators to be aware of their responsibilities under any applicable anti-bribery and anti-corruption legislation. The Operator shall, and shall procure that any associated person shall:

18.1.1 comply with all applicable laws and regulations relating to anti-bribery and anti-corruption including the Bribery Act 2010 and any codes of practice or policies issued by Post Office Ltd to the Operator from time to time during the Term;

18.1.2 not do anything which would constitute an offence under the Bribery Act 2010 if it had been done in the UK;

18.1.3 promptly report to Post Office Ltd any breach, or suspected breach of this clause, and any request or demand for any undue financial or other advantage of any kind received by the Operator in connection with the performance of the Agreement.

18.2 Any breach of this [ [http://commercial.practicallaw.com/3-100-9611?q=&qp=&qo=&qe="](http://commercial.practicallaw.com/3-100-9611?q=&qp=&qo=&qe=) \ "a1011788" ] by the Operator shall be deemed a material breach of the Agreement which cannot be remedied for the purposes of clause [ REF \_Ref324768899 \r \h \\* MERGEFORMAT ] of this Part 2.

18.3 For the purpose of this [ [http://commercial.practicallaw.com/3-100-9611?q=&qp=&qo=&qe="](http://commercial.practicallaw.com/3-100-9611?q=&qp=&qo=&qe=) \ "a1011788" ], the meaning of associate persons and adequate procedures shall be determined in accordance with the Bribery Act 2010 (and any guidance issued under that Act) and associated persons shall include any Assistant or Personnel.

**19 No transfer of the Agreement**

19.1 The Operator shall not transfer, assign, charge, sub-contract or otherwise deal with the Agreement in any way. On termination of the Agreement, the appointment of any New Operator shall be entirely at the discretion of Post Office Ltd, acting for a proper purpose and in accordance with its duty of good faith. Post Office Ltd may, but shall not be obliged to, consider any application for the operation of a Post Office branch at the Branch Premises made by a genuine prospective purchaser of the Basic Business and the property interest at the Branch Premises, but any such prospective purchaser shall not be given preferential treatment in the application or appointment process.

**20 Entire agreement and Notices to Amend**

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

20.2 In addition to any other rights in the Agreement, Post Office Ltd may amend the terms of the Agreement at any time providing it has given a Notice to Amend to the Operator and to the extent that the terms of such amendments are reasonable. Notwithstanding the foregoing, Post Office Ltd reserves the right to amend the Agreement on a shorter period of notice to the Operator if such amendment is being made to comply with any statutory or regulatory requirement, and shorter notice is necessary to comply with that requirement, again to the extent that the terms of such amendments are reasonable. The Operator may, notwithstanding clause [ REF \_Ref324768899 \r \h \\* MERGEFORMAT ] of this Part 2, terminate the Agreement by giving 3 months' written notice to Post Office Ltd within 1 month of receipt of a Notice to Amend.

**21 Notices**

21.1 Unless otherwise specified in the Agreement, any notice to be given in respect of the Agreement shall be in writing and may be delivered personally by hand or posted by pre-paid special delivery post addressed to Post Office Ltd or the Operator as appropriate at:

Confidential

**Post Office Limited**

21.1.1 in the case of Post Office Ltd, Postmaster On-boarding Team, Post Office Ltd, Atria, Spa Road, Bolton, BL1 4AG;

21.1.2 in the case of the Operator, the address for the Operator specified in the Preface, or such other address as the relevant Party may have notified to the other in writing.

**22 Choice of Law and Jurisdiction**

22.1 The Agreement shall be governed and construed according to the law of England and the Parties agree to submit to the exclusive jurisdiction of the English Courts.

**23 Miscellaneous**

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

23.2 No failure or delay by Post Office Ltd in requiring performance by the Operator of any provision of the Agreement shall in any way affect the right of Post Office Ltd to enforce such provision. The waiver by Post Office Ltd of any breach of any term of the Agreement shall not be taken or held to be a waiver of any further breach of the same or any other term.

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

23.4 If there is any inconsistency between the Conditions of Appointment, the Standard Conditions and the Manual (in its current form as at the date of the Agreement), then the following order of precedence shall apply:

23.4.1 the Conditions of Appointment;

23.4.2 the Standard Conditions; and

23.4.3 the Manual.

23.5 If there is any inconsistency between:

23.5.1 the Agreement; and

23.5.2 any amendment to the Manual after the Commencement Date, then such amendment shall prevail.

23.6 Where in the Agreement there is reference to any matter to be specified by Post Office Ltd, notice of such specified requirements may be communicated by way of amendment or addition to the Manual. In any event, such notice shall be in writing but may be sent or published using electronic means.

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

**24 Interpretation**

24.1 In the Agreement unless the context requires otherwise:

24.1.1 words denoting the singular include the plural and vice versa and words denoting any gender include every gender;

Confidential

Post Office Limited

- 24.1.2 references to a **person** include any corporate or unincorporated body;
- 24.1.3 the headings in the Agreement do not affect its interpretation;
- 24.1.4 the terms **including, include, in particular** or any similar expression shall be construed as illustrative and not limiting;
- 24.1.5 unless otherwise specified, a reference to a statutory provision is a reference to that provision as amended, consolidated, extended or re-enacted from time to time (whether before or after the date of the Agreement) and to any subordinate legislation made under it.

### **PART 3 – FINANCIAL DETAILS**

#### **1 Equipment, Works and Funding**

- 1.1 The Operator shall be responsible for the cost of the Operator Funded Works and the Operator Funded Equipment and for ensuring that they are carried out or obtained in accordance with the Agreement.
- 1.2 Post Office Ltd shall be responsible for the cost of the Post Office Ltd Funded Works up to the Investment Amount and for the costs of obtaining and installing the Post Office Ltd Funded Equipment, in accordance with, and subject to, the process outlined in this clause [ REF \_Ref332965279 \r \h \\* MERGEFORMAT ]. In addition, Post Office Ltd shall also be responsible for the costs of any making safe or associated works at the Branch Premises that are required as a result of the removal of Post Office Ltd's equipment by Post Office Ltd's contractors, up to the amount agreed in writing by Post Office Ltd, and in any event capped at a maximum of £1,000 (inclusive of VAT). For the avoidance of doubt, where such an amount is agreed by Post Office Ltd, it shall be in addition to the Investment Amount. Any cost of making safe or any associated works in excess of such agreed amount shall be borne by the Operator. Clause [ REF \_Ref323107700 \r \h \\* MERGEFORMAT ] of this Part 3 shall apply to these works.
- 1.3 Post Office Ltd shall be responsible for ensuring that each item of the Post Office Ltd Funded Equipment (other than the Operator Arranged Equipment) is obtained and installed in the Branch Premises in accordance with the Agreement and in particular, entering into contracts with the relevant suppliers and contractors for the supply and installation of the Post Office Ltd Funded Equipment (other than the Operator Arranged Equipment) and making payment directly to such suppliers and contractors engaged by Post Office Ltd.
- 1.4 The Operator shall be responsible for ensuring that each element of the Post Office Ltd Funded Works is carried out in accordance with the Agreement unless Appendix 1 to the Preface specifically and expressly indicates that Post Office Ltd is responsible for arranging any element of the Post Office Ltd Funded Works.
- 1.5 In relation to the Operator Arranged Equipment and in relation to any element of the Post Office Ltd Funded Works that the Operator is responsible for arranging, the Operator will:
  - 1.5.1 prior to the Commencement Date, have obtained, in accordance with the instructions and format prescribed by Post Office Ltd (including as to the number of quotes that the Operator is required to provide), quotes for each part of the Post Office Ltd Funded Works that the Operator is required to arrange and for each item of Operator Arranged Equipment, for Post Office Ltd to review and approve.

For the avoidance of doubt:

- (a) Post Office Ltd's approval of a quote is not an approval of the relevant contractor or its work or of the relevant supplier; and
- (b) the Operator shall only engage a contractor or contract with a supplier in relation to whom it has provided a quote to Post Office Ltd in accordance with this clause [ REF \_Ref323107700 \r \h \\* MERGEFORMAT ];

- 1.5.2 having received from Post Office Ltd, in writing, approval of the relevant quotes and/or confirmation of the amount which Post Office Ltd is willing to spend on the Post Office Ltd Funded Works which the Operator is responsible for arranging or on the Operator Arranged Equipment, enter into contracts with the relevant contractors and suppliers for the supply of those Post Office Ltd Funded Works which the

Confidential

**Post Office Limited**

Operator is responsible for arranging and for the provision and installation of the Operator Arranged Equipment;

- 1.5.3 ensure that the Post Office Ltd Funded Works which the Operator is responsible for arranging and the installation and set up of the Operator Arranged Equipment are completed with reasonable care and skill by reputable, competent suppliers and contractors which hold all necessary qualifications, registrations, accreditations and certificates in order to be able to install the Operator Arranged Equipment and/or carry out the Post Office Ltd Funded Works, and which have in place insurance that, as a minimum, covers all risks which the contractor is obliged by law to insure against. If requested by Post Office Ltd the Operator shall provide reasonable evidence of any such qualifications etc. and insurances to Post Office Ltd;
- 1.5.4 notwithstanding any other provision of the Agreement or Appendix 1 to the Preface, at Post Office Ltd's request, the Operator shall engage Post Office Ltd's preferred suppliers or contractors to undertake the supply and installation of the Operator Arranged Equipment and/or that part of the Post Office Ltd Funded Works (if any) which the Operator is responsible for arranging; and
- 1.5.5 subject to clause [ REF \_Ref322010000 \r \h \\* MERGEFORMAT ] of this Part 3, pay the relevant suppliers and contractors directly for their supply of goods and/or their work.

- 1.6 Subject to clause [ REF \_Ref322010030 \r \h \\* MERGEFORMAT ] of this Part 3, Post Office Ltd shall reimburse the Operator for the costs actually incurred by the Operator in respect of the Post Office Ltd Funded Works which the Operator is responsible for arranging up to the Investment Amount and for the cost of obtaining and installing the Operator Arranged Equipment (if any), and any making safe or associated works agreed by the Parties in accordance with clause [ REF \_Ref346098635 \r \h \\* MERGEFORMAT ] of this Part 3, provided that:
  - 1.6.1 at the time of seeking reimbursement, the Operator must provide Post Office Ltd with a valid VAT invoice from each of the Operator's contractors and suppliers, identifying a breakdown of work and full details of the equipment, together with evidence acceptable to Post Office Ltd that the Operator has paid such invoices;
  - 1.6.2 the amount of each invoice does not exceed the corresponding quote for each item of Post Office Ltd Funded Works which the Operator is responsible for arranging or Operator Arranged Equipment that Post Office Ltd has approved in accordance with clause 1.5 above;
  - 1.6.3 if the amount of any invoice exceeds the corresponding quote for the relevant item of Post Office Ltd Funded Works which the Operator is responsible for arranging or Operator Arranged Equipment then the Operator shall be responsible for the excess cost and Post Office Ltd will only reimburse the Operator up to the quoted amount that has been approved;
  - 1.6.4 Post Office Ltd is satisfied acting reasonably that the installation of the Operator Arranged Equipment and the Post Office Ltd Funded Works have been carried out to the required standard, in accordance with the relevant specification and completed on time and the Operator shall allow Post Office Ltd or its agents access to the Branch Premises to enable it to make an inspection for this purpose. To the extent Post Office Ltd is not satisfied of this, and such failure is a consequence of the negligence, carelessness or error on the part of the Operator, Post Office Ltd may not reimburse the Operator for the costs incurred by it in respect of the Post Office Ltd Funded Works;
  - 1.6.5 if the total costs of the Post Office Ltd Funded Works are more than the Investment Amount, or in the case of any making safe or associated works, the amount agreed

Confidential

**Post Office Limited**

by the Parties in accordance with clause [ REF \_Ref346098635 \r \h \\* MERGEFORMAT ] above, and Post Office Ltd incurs the excess cost, Post Office Ltd may invoice the Operator for such excess cost and if it submits such an invoice to the Operator the Operator shall reimburse Post Office Ltd within 7 days of the date of such invoice; and

- 1.6.6 if the actual final cost of the Post Office Ltd Funded Works (as determined by Post Office Ltd on production by the Operator where required of all relevant documents, including receipts, invoices etc.) is less than the Investment Amount, the Investment Amount due from Post Office Ltd shall be reduced accordingly.
- 1.7 If the anticipated costs of the Post Office Ltd Funded Works are higher or likely to be higher than the Investment Amount because of unforeseen circumstances (for example, if asbestos is found at the Branch Premises), or any additional works are required, the Operator will promptly notify Post Office Ltd. The Parties shall discuss any such additional anticipated costs prior to such costs being incurred, and endeavour to agree which of the Parties shall be responsible for meeting the costs. For the avoidance of doubt, Post Office Ltd shall not in any circumstances be liable for the cost of any Post Office Ltd Funded Works or additional works (whether arranged by Post Office Ltd or the Operator) in excess of the Investment Amount, unless otherwise expressly agreed in writing by Post Office Ltd.

**2 Repayment of Set Up Costs**

- 2.1 If the Agreement is terminated at any time prior to, or within 18 months of the Start Date, then unless:
  - 2.1.1 the termination of the Agreement was by Post Office Ltd in accordance with clause [ REF \_Ref327799587 \r \\* MERGEFORMAT ]; or
  - 2.1.2 a New Operator is appointed by Post Office Ltd at the Branch Premises, the Operator shall, if required by Post Office Ltd, on demand, pay to Post Office Ltd a proportion of the Set Up Costs incurred by Post Office Ltd in respect of the Agreement.
- 2.2 For the purposes of this clause [ REF \_Ref327799737 \r \h \\* MERGEFORMAT ], Set Up Costs means the costs incurred by Post Office Ltd in relation to the Post Office Ltd Funded Works, the Post Office Ltd Funded Equipment and any other costs incurred by Post Office Ltd in respect of the Operator, the Branch and the Branch Premises pursuant to the Agreement prior to the Start Date.
- 2.3 The amount to be paid under clause [ REF \_Ref327799694 \r \\* MERGEFORMAT ] shall be calculated by pro-rating the total Set Up Costs in the same proportion as the number of days from the date of termination to the date falling 18 months after the Start Date bears to the full 18 month period, but in any event the pro-rated amount to be paid by the Operator shall not be more than £8,000. Post Office Ltd will notify the Operator in writing of the pro-rated amount owed and provide a breakdown of the relevant Set Up Costs. For the avoidance of doubt, where the Agreement is terminated prior to the Start Date, or prior to Post Office Ltd notifying the Operator of the Start Date in accordance with the Preface, the Operator shall repay any Set Up Costs to Post Office Ltd in full.

**3 Fees Booklet**

- 3.1 The Fees Booklet (and the Products, Services and Fees referred to in it) may be varied by Post Office Ltd at any time by an amendment or addition to the Fees Booklet or otherwise by written notification by Post Office Ltd to the Operator, provided that the terms of any such variation are reasonable. Any such amendment or addition to the Fees Booklet shall take effect on the date set out in the notification to the Operator, and it is acknowledged that any such change may take effect immediately.

Confidential

**Post Office Limited**

3.2 The Operator acknowledges that it shall not be entitled to receive any compensation or other sums in the event of any variation to the Fees Booklet (and the Products, Services and Fees referred to in it).

3.3 Those Products and Services listed in the Fees Booklet and marked with an asterisk (\*) (Direct Sale Products and Services) are those in respect of which either:

3.3.1 sales cannot be concluded in the Branch by the Operator and/or its Assistants but can only be concluded as a result of Customers subsequently contacting internet websites or call centres operated on behalf of Post Office Ltd; or

3.3.2 (where Post Office Ltd has specified this to the Operator in writing in respect of any Direct Sale Product or Service), sales can be concluded both in the Branch and as a result of Customers subsequently contacting internet websites or call centres operated on behalf of Post Office Ltd.

In relation to Direct Sale Products and Services, the references in the Fees Booklet to "per Transaction", "per policy", "per bond", "per £1 sales", "per loan" etc. are references to the actual conclusion of the sale of the relevant Direct Sale Product or Service, whether through such websites or call centres or (where Post Office Ltd has specified in accordance with clause [ REF \_Ref324769152 \r \h \\* MERGEFORMAT ] of this Part 3) in the Branch, and do not refer merely to any introduction of Customers to the Direct Sale Product or Service made by the Operator or its Assistants in the Branch.

3.4 Provided that the Operator complies with the Agreement, Post Office Ltd will pay the Operator the Fees as follows:

3.4.1 the Fees payable in respect of each Transaction (or series of Transactions) of Direct Sale Products and Services which is attributable to an introduction made by the Operator or its Assistants, shall be paid no later than 3 calendar months following the date on which the sale of the Direct Sale Product or Service is concluded;

3.4.2 the Fees payable in respect of each Transaction (or series of Transactions) of all Products and Services conducted using a Horizon, paystation™ or other terminal shall be paid by the end of the calendar month following the Accounting Period in which the relevant Transaction (or series of Transactions) took place.

For the avoidance of doubt, and without prejudice to any provision in the Fees Booklet, Post Office Ltd shall not pay any Fees to the Operator in respect of any Transaction which Post Office Ltd reasonably believes to have been undertaken by the Operator (or any Assistant) with a view to artificially inflating the Fees (and where such Fees have already been paid by Post Office Ltd, Post Office Ltd shall be entitled to deduct an equivalent amount from any future payment due to the Operator).

3.5 Unless otherwise specified in the Preface with regard to the Fees in the first and second Accounting Periods following the Start Date:

3.5.1 the amount of Fees payable from the Start Date shall be a variable monthly payment, calculated on a strictly "per Transaction" basis only in accordance with clauses [ REF \_Ref291247652 \r \h \\* MERGEFORMAT ] to [ REF \_Ref291247654 \r \h \\* MERGEFORMAT ] of this Part 3 and in accordance with the Fees Booklet; and

3.5.2 the Operator shall not be entitled to receive Fees after the date of termination of the Agreement for Transactions carried out during the last one (1) Accounting Period of the Term. The Operator acknowledges that this is reasonable in view of either the First Fees Payment(s) made by Post Office Ltd to the Operator in accordance with the Preface (if any) or the Fees paid to the Operator in the first two calendar months in respect of transactions carried out at the Branch by the Existing Subpostmaster prior to the Start Date. The Operator may receive Fees in the last calendar month during the Term for Transactions carried out in preceding Accounting Periods.

Confidential

**Post Office Limited**

3.6 If the Operator is not registered for VAT on the Commencement Date and is subsequently required to register for VAT he shall do so and shall notify Post Office Ltd of the registration in a timely manner. If the Operator fails to register for VAT when required to do so or fails to promptly notify Post Office Ltd of his VAT registration, the Operator, and not Post Office Ltd, shall be responsible for the value of any claim from HMRC for VAT on the payments made to the Operator under the Agreement and the Operator shall reimburse Post Office Ltd on demand and in full in respect of any such claim.

3.7 Where the Operator is registered for VAT, the Fees are exclusive of any VAT (which shall be payable by Post Office Ltd in addition where applicable).

3.8 Post Office Ltd and the Operator agree that a self-billing arrangement will operate in respect of the Fees due under the Agreement. Therefore, the Parties agree that:

- 3.8.1 Post Office Ltd will issue self-billing invoices showing the Operator's name, address and VAT registration number (where applicable), together with all other details which constitute a full VAT invoice, for the Fees due to the Operator;
- 3.8.2 the Operator will accept each self-billing invoice raised by Post Office Ltd and agrees not to raise VAT invoices for Fees due to it under the Agreement;
- 3.8.3 the Operator shall promptly notify Post Office Ltd if it becomes aware of any error in the amount of VAT (if any) shown on any self-billing invoice produced by Post Office Ltd;
- 3.8.4 the self-billing arrangement will continue until the termination of the Agreement;
- 3.8.5 Post Office Ltd will inform the Operator if the issue of self-billing invoices is to be outsourced to a third party;
- 3.8.6 the Operator will provide Post Office Ltd with its VAT registration number and will notify Post Office Ltd immediately if it changes its bank details, becomes VAT registered, changes its VAT registration number, ceases to be VAT registered, or sells the Basic Business or part of the Basic Business;
- 3.8.7 the Operator is responsible for accounting to HMRC for the output VAT (if applicable) shown on each self-billing invoice produced by Post Office Ltd.

#### **4 Training costs**

4.1 The cost of the initial training referred to in clauses 2.3A, [ REF \_Ref67053192 \r \h \\* MERGEFORMAT ] and [ REF \_Ref300218610 \r \\* MERGEFORMAT ] of Part 2 shall be met by Post Office Ltd in accordance with those clauses. The cost of all other training provided by or on behalf of Post Office Ltd in respect of the Branch shall be met by the Operator. Such cost shall be as notified to the Operator at the time and shall be payable by the Operator to Post Office Ltd within 7 days of receipt of an invoice.

#### **5 Restriction on requesting a model review**

5.1 The Operator may not request a model review of the Branch to assess the potential for conversion to a Main Post Office Branch within 1 year of the Start Date.

#### **6 Recovery of Investment Amount and of sums due**

6.1 In this clause [ REF \_Ref329252706 \r \h \\* MERGEFORMAT ], **Purpose** shall mean paying suppliers for the Post Office Ltd Funded Works and/or making safe or associated works and the Post Office Ltd Funded Equipment at the Branch Premises (as applicable). If the Investment Amount paid by Post Office Ltd to the Operator or any additional amount paid by

Confidential

**Post Office Limited**

Post Office Ltd to the Operator in accordance with clause [ REF \_Ref346098635 \r \h \\* MERGEFORMAT ] of this Part 3, has not been wholly used by the Operator for the Purpose, Post Office Ltd may reclaim (pursuant to clause [ REF \_Ref327799942 \r \h \\* MERGEFORMAT ] of this Part 3 or otherwise) all or such part of the Investment Amount or other amount paid by Post Office Ltd which Post Office Ltd determines (acting reasonably) has not been properly used by the Operator for the Purpose.

6.2 If the Operator at any time owes any money to Post Office Ltd under the Agreement or any other contract or agreement, Post Office Ltd may deduct such money from any amount due to the Operator under the Agreement or any other contract or agreement between Post Office Ltd and the Operator, including from the Fees and/or the Investment Amount.

**PART 4 – EQUIPMENT FOR A LOCAL BRANCH**

1. Post Office Ltd will loan to the Operator the Post Office Ltd Funded Equipment for the Term for use in the Branch, subject to the Operator complying with its obligations in this Part 4.
2. The responsibility of each of the Parties for procuring and maintaining each item of Equipment is summarised in Appendix 2 to the Preface.
3. Post Office Ltd may from time to time after the Commencement Date add or remove items of Equipment for use in the Branch in Appendix 2 of the Preface by issuing a Notice to Amend in accordance with clause [ REF \_Ref67056187 \r \h \\* MERGEFORMAT ] of Part 2 but the obligations to maintain and/or repair any item of Equipment in Appendix 2 of the Preface as at the Commencement Date shall not be varied. Post Office Ltd shall be responsible for the cost of supplying and maintaining any such additional items of Equipment.
4. The Post Office Ltd Funded Equipment shall at all times remain owned or controlled by Post Office Ltd. The Operator shall safeguard all Equipment and keep it in good condition (fair wear and tear excepted) in accordance with the Manual (including any ancillary items supplied with the Equipment, for example keys to the safe). The Operator shall be liable for any loss of, or damage to, any Equipment where Post Office Ltd reasonably believes such loss or damage is the result of any negligence by the Operator, his Personnel or otherwise or any breach of the Agreement, wilful default, error or criminal act of the Operator or any Personnel.
5. Where Appendix 2 of the Preface so specifies, the Operator shall be responsible for arranging and ensuring all repairs and maintenance of, and shall observe all statutory obligations and regulations in respect of the operation of, the relevant item of Equipment. Post Office Ltd will maintain the Horizon equipment and Post Office Ltd shall be responsible, at its cost, for repairing inherent defects in any other item of the Post Office Ltd Funded Equipment which are not caused by the act or omission of the Operator or its Personnel.
6. The Operator shall:
  - 6.1 unless otherwise agreed by Post Office Ltd in writing, ensure that all Post Office Ltd Funded Equipment is used exclusively for the operation of the Branch but the Operator may use the bidi safe for the Basic Business as well as the Branch but only in relation to small amounts of cash, on a short term basis and at the risk of the Operator;
  - 6.2 not move any item of Post Office Ltd Funded Equipment (other than items which are intended to be moved as part of their day to day use or for the purposes of maintenance and repair) without the prior written permission of Post Office Ltd. The Operator shall be responsible for the cost of moving any Equipment where such move is at the Operator's request or is necessary to comply with legislation or regulatory requirements, unless Post Office Ltd agrees in writing, at its sole discretion, to contribute to such costs. Post Office Ltd shall be responsible for the cost of moving the Equipment where such move is at Post Office Ltd's request;

Confidential

**Post Office Limited**

6.3 be responsible for the continued operation of all Equipment throughout the Term and shall ensure that any Assistants are trained in basic operations (provided that the Operator shall only be required to train its Assistants to the same and not a higher standard than the standard of training received by the Operator from Post Office Ltd), replenishment of consumables and follow security procedures. The Operator is responsible for reporting system faults and failures to the appropriate helpline promptly and for ensuring resolution of such faults.

7. As part of the Post Office Ltd Funded Equipment, in addition to the Horizon equipment, Post Office Ltd may from time to time loan the Operator (and the Operator shall accept) a paystation™ terminal for use in conducting Transactions and/or additional terminals or self-service equipment (together referred to as **the PO Terminals**). Post Office Ltd shall act reasonably in determining which PO Terminals to loan to the Operator. Post Office Ltd will discuss with the Operator the position within the Branch Premises where the PO Terminals are to be located, but, in the absence of agreement, Post Office Ltd (acting reasonably) will determine such location. Where Post Office Ltd does provide PO Terminals, the Operator shall ensure that they are used solely to conduct Transactions. Post Office Ltd will arrange (whether directly or through the Operator) for the PO Terminals to be installed at the specified location.

8. The Operator grants to Post Office Ltd, its agents and employees an irrevocable licence at any time during the opening hours of the Branch Premises, or at any time in the case of an emergency, during the Term or any time following the termination of the Agreement, to enter any premises or vehicle where the Post Office Ltd Funded Equipment is or may be kept for the purpose of inspecting it or recovering it.

9. Post Office Ltd will supply certain consumables (being those which can be ordered via Horizon for use in the Branch) in reasonable quantities free of charge to the Operator. Any such supply shall be subject to such conditions as Post Office Ltd may determine and Post Office Ltd may limit or withdraw such supply at its discretion.

10. Any consumables which are supplied to the Operator free of charge by Post Office Ltd or on Post Office Ltd's behalf must only be used in the operation of the Branch and must not be resold or transferred to a third party. Where the Operator has surplus consumables it should advise Post Office Ltd of this fact and, as appropriate, arrange with Post Office Ltd for the return of the excess quantity.

11. Where there is a dedicated official telephone line at the Branch Premises, which is used in the operation of the Branch, the Post Office Ltd split billing policy (as contained in the Manual or otherwise notified to the Operator from time to time) shall apply in respect of such official telephone line. If Post Office Ltd determines that a second telephone line (which is in addition to the one provided by Post Office Ltd) is required in order to operate the Branch, such second telephone line shall be arranged by the Operator but will be paid for by Post Office Ltd unless Post Office Ltd determines that such second telephone line is only needed because the Operator is using unnecessary equipment on the first telephone line which has not been approved by Post Office Ltd.

12. Approval of fixtures and fittings and equipment

12.1 The Operator shall use only fixtures and fittings in the operation of the Branch as shall have been previously approved in writing by Post Office Ltd.

12.2 The Operator shall use only the Equipment or such other equipment as Post Office Ltd may approve in writing in the operation of the Branch.

13. Signage and point of sale equipment

13.1 Immediately prior to the Start Date, the Operator shall at Post Office Ltd's direction ensure, at its own cost, that any existing obsolete Post Office internal and external branding and signage is removed from the Branch Premises. If the Operator fails to do so, and then fails to within 14 days of a written notice from Post Office Ltd requiring the Operator to remove such obsolete

Confidential

**Post Office Limited**

branding and signage in accordance with this clause, Post Office Ltd may enter into the Branch Premises during the Minimum Hours and without the consent of the Operator, remove any such items at the expense of the Operator. The Operator shall pay such expenses to Post Office Ltd on demand or Post Office Ltd may, at its option, deduct the value of such expenses from the amount of the Investment Amount or other sums due to the Operator under the Agreement or otherwise.

- 13.2 The Operator shall display in such manner and upon such external part or parts of the Branch Premises as Post Office Ltd may reasonably direct, a sign or signs bearing the title of the Branch (in the format "[blank] Post Office®") (or such other words to similar effect as may from time to time be specified by Post Office Ltd) and if the Branch Premises are in the principality of Wales a bi-lingual sign (in the format "[blank] Syddfa'r Post®/Post Office®").
- 13.3 Post Office Ltd will, at its discretion, provide the Operator with Post Office internal and external branding and point of sale equipment (including display units and leaflet dispensers) for use at the Branch Premises. Post Office Ltd may require the Operator to renew or replace internal and external Post Office signage and the point of sale equipment at the Branch Premises at the Operator's cost but shall not impose such a requirement more frequently than once every 5 years.
- 13.4 Post Office Ltd may require the Operator to renew the internal and external Post Office signage and point of sale equipment at the Branch Premises more frequently than once every 5 years but Post Office Ltd will pay for such renewal.

14. Liens etc.

The Operator waives all or any liens, encumbrances or rights which it might have or acquire at any time for any reason over any Post Office Ltd Funded Equipment. The Operator shall ensure that, except as may be expressly authorised by Post Office Ltd in writing, no third party claims any liens, encumbrances or other rights over the Post Office Ltd Funded Equipment.

**PART 5 – MANUAL FOR A LOCAL BRANCH**

**1**

- 1.1 The following list includes the manuals, guidelines and instructions which currently come under the definition of "**Manual**":
  - Local Post Office Operations Manual
  - Horizon online administration and equipment operations manual
  - National lottery operations manual (where branch offers this product)
  - Ordering stock and stores operations manual
  - Post Office outreach services operations manual (where applicable)
  - Post Office paystation operations manual
  - Security operations manual
  - Horizon system user guide (online)
  - Horizon online help (online)
  - Branch Focus
  - Post Office branch standards

Confidential

**Post Office Limited**

- Post Office Ltd's Accessibility Guide
- Branch Conformance Standards
- Post Office cash and secure stock remittance services manual (online)
- FOS project operations manual
- FOS project training workbook (x2)
- Mailwork specification (where applicable)
- Any other instructions to operators or updates to such instructions issued by Post Office Ltd from time to time provided such instructions and updates are reasonable

1.2 Post Office Ltd shall provide the Operator with a copy of the Manual (which may include a DVD, CD ROM or other electronic media) or, at its discretion, provide the Operator with instructions as to how the Manual may be accessed electronically and with details of any alterations and/or improvements in or to the System or the Services to enable the Operator to keep the Manual up to date. If there is any dispute, the authentic text of the Manual shall be the copy or copies kept by Post Office Ltd at its head office. The Manual shall at all times remain the property of Post Office Ltd.

1.3 Post Office Ltd may amend the list of documents set out in this Part 5 and amend the contents of any manual or documents on that list by giving written notification (which may be by electronic means) to the Operator, provided that the terms of any such amendments are reasonable. In the Agreement, unless otherwise specified, a reference to the Manual is a reference to it as amended, consolidated or extended by Post Office Ltd from time to time.

1.4 The Operator shall operate the System properly so as to achieve the performance standards in accordance with the provisions of the Manual current from time to time. The Operator shall not make use of the Manual for any purpose other than for the operation of the Branch. The Operator shall ensure that its copy of the Manual is kept up to date at all times, subject to Post Office Ltd complying with its obligations in clause [ REF \_Ref324769324 \r \h \\* MERGEFORMAT ] of this Part 5.

1.5 In addition to the Manual, Post Office Ltd may issue to the Operator instructions which deal with various classes of Products and Services to be transacted at the Branch and the design and operational standards required to run the Branch.

1.6 All such instructions must be complied with immediately (unless otherwise notified by Post Office Ltd) and must be kept up to date by incorporation of updates issued by Post Office Ltd. They must be carefully studied by the Operator, its Manager and Assistants. No breach of instructions will be excused on the grounds of ignorance.

## **PART 6 – NON COMPETE RESTRICTIONS AND HOW THEY AFFECT BRANCH PREMISES**

**1. A. During the Term of the Agreement, the following provisions shall apply.**

1.1 The appointment of the Operator gives the Operator the right to transact, and to receive payment for, certain items of business on behalf of Post Office Ltd. The conditions of the appointment also involve such non-compete restrictions on the private activities of the Operator in relation to the Branch Premises as are fundamental and necessary to ensure the continued viability of the Network.

1.2 It is important to the future of the Network that all operators support Post Office® products and services. An operator who offers products or services in its private retail business from the Branch Premises which compete with Post Office® products and services can reduce the

Confidential

**Post Office Limited**

revenue generated by the Branch and the Network. This revenue is essential to provide a contribution to Post Office Ltd's fixed costs of maintaining the Network. Without this contribution, Post Office Ltd might not be able to sustain the Network. It is therefore also in the interests of all operators to support this principle.

- 1.3 It is also in the interests of all operators that Post Office Ltd is able to seek and negotiate business opportunities for the whole Network and that it does not allow Clients or suppliers to enter into arrangements directly with selected Post Office® branches only to the disadvantage of the rest of the Network. This would adversely affect Post Office Ltd's ability to maintain the Network as a whole.
- 1.4 Operators benefit from being part of the Network. In addition to payments which operators receive from Post Office Ltd, Post Office Ltd invests in advertising that brings Customers into Post Office® branches, it ensures that Post Office® products and services meet regulatory requirements and it provides customer and business services such as helplines to support operators.
- 1.5 Accordingly, except as permitted by and in compliance with any waiver granted by Post Office Ltd in accordance with clause [ REF \_Ref324769348 \r \h \\* MERGEFORMAT ] of this Part 6, the Operator must not undertake in a private capacity, or allow anyone else to undertake in relation to the Branch Premises, the types of business listed in clause [ REF \_Ref324769358 \r \h \\* MERGEFORMAT ] of this Part 6, as amended by Post Office Ltd from time to time in accordance with clause [ REF \_Ref324769369 \r \h \\* MERGEFORMAT ] of this Part 6.
- 1.6 The non-compete restrictions on private business activities in relation to the Branch Premises are as follows:
  - (i) business concerned with the provision of services relating to the collection, conveyance and/or delivery of letters, parcels and packages (collectively called "Packets" in this clause) including without prejudice to the generality of the foregoing: the sale of stamps, pre-paid postage labels and stationery with prepaid postage; the acceptance, retention, sortation, return and redirection of Packets (including Packets containing mail order or other home shopping goods and other Packets); and the acceptance of payment for such services;
  - (ii) services for the payment of bills, the collection of payments (including pre-payments) or the collection of revenue (whether by the sale of stamps or meter tokens, the charging of budget keys or by other means) in connection with services for the supply of water, gas, fixed line telephones, electricity, cable or satellite television, or local authority services;
  - (iii) the sale of National Lottery products;
  - (iv) Banking, Building, Industrial and Provident Society, Friendly Society or Credit Union business or otherwise making available banking facilities including, without limitation, cheque-cashing, bureau de change (including the selling and buying back of currency, on demand and pre-order services), collecting deposits or providing withdrawal facilities on behalf of deposit-takers whether over-the-counter or through an automated teller machine (ATM) or providing loans, credit cards or other forms of credit or credit brokerage services but not including the provision of cash-back transactions or the provision of basic saving stamp schemes which do not involve the return of cash to participants in the scheme. For the avoidance of doubt, a cash-back transaction is the withdrawal of cash via a debit card scheme, from the account associated with the card used, as part of a transaction for the purchase of goods or services through the same scheme; and
  - (v) any financial services business or otherwise making available facilities which may compete with the financial services activities carried on or to be carried on by operators at any time for or on behalf of Post Office Ltd or through Post Office®

Confidential

**Post Office Limited**

branches or which may compromise the regulatory status of Post Office Ltd (including for this purpose, its operators) in its role as appointed representative of Post Office Ltd's financial service product providers, including, for the avoidance of doubt, the promotion of competing financial services but not including the provision of basic savings stamps schemes which do not involve the return of cash to participants in the scheme.

- 1.7 These non-compete restrictions apply to all methods of transaction of the areas of business set out above. This includes, without limitation, the use of smartcards, ATMs and on-line terminals.
- 1.8 The categories of business listed in clause [ REF \_Ref324769358 \r \h \\* MERGEFORMAT ] of this Part 6 constitute the current non-compete restrictions but Post Office Ltd reserves the right to review these restrictions in the light of changing business requirements, varying them if necessary. All operators will be given at least 12 months' notice in writing of any such changes. No restrictions will be introduced on products or services other than Key Products and Services, as defined in clause [ REF \_Ref324769403 \r \h \\* MERGEFORMAT ] of this Part 6.
- 1.9 Key Products and Services are the core products and services offered by Post Office Ltd. The Key Products and Services are:
  - (i) Letters, parcels and packages services of any kind and related services;
  - (ii) Services for the payment of bills, collection of payment or collection of revenue;
  - (iii) National Lottery products;
  - (iv) Banking services, including bureau de change;
  - (v) Financial services;
  - (vi) National Savings and Investment products;
  - (vii) Money transfer services;
  - (viii) Postal orders;
  - (ix) Savings stamps;
  - (x) Benefits' distribution and Government services;
  - (xi) Motor vehicle and driver licensing services and other motorist services;
  - (xii) Telephony products and services;
  - (xiii) Travel ticketing and travel passes; and
  - (xiv) Television licensing services.

Post Office Ltd reserves the right to amend this list of Key Products and Services from time to time. No new products or services will be introduced to this list which are not current or future key sources of revenue and/or contribution for Post Office Ltd.

- 1.10 If the Operator is considering taking up a new private retail business opportunity which may fall within the scope of the non-compete restrictions specified in clause [ REF \_Ref324769358 \r \h \\* MERGEFORMAT ] of this Part 6, it should, before taking up any such business, inform Post Office Ltd of the circumstances and seek advice as to whether the work concerned falls within the restrictions described above.

Confidential

**Post Office Limited**

- 1.11 The Operator may apply for a waiver from the non-compete restrictions in clause [ REF \_Ref324769358 \r \h \\* MERGEFORMAT ] of this Part 6. Post Office Ltd's waiver policy is available on request from Post Office Ltd. The waiver policy sets out the circumstances in which a waiver may be granted and the procedures that must be followed. This policy is subject to amendment by Post Office Ltd from time to time. If a waiver is granted subject to conditions, the Operator must comply with these conditions. A failure to do so will result in the waiver being invalid from the date the Operator ceased to comply with the conditions.
- 1.12 The Operator must not use and must ensure that no third party uses the name "Post Office" in connection with any of its private business activities (or the private business activities of a company with which it is associated in any way) or in such a way as to imply that Post Office Ltd is in any way connected with these activities. Nor may the Operator transact any private business in a way that might lead Customers to conclude that Post Office Ltd is in any way connected with that business.
- 1.13 The Operator must not engage Post Office Group employees to undertake any work whatsoever connected with the Operator's private business (or the private business activities of a company with which it is associated in any way) at any time when they are employed in Post Office Ltd or Post Office Group duties.
- 1.14 The Operator shall promptly inform Post Office Ltd of any approach or enquiry made directly by a third party (including any Client or supplier of Post Office Ltd) concerning the Products or Services or any similar products and services.

B. For the period of 12 months following the date of termination of the Agreement the Parties shall continue to be bound by the provisions of clauses [ REF \_Ref324769447 \r \h \\* MERGEFORMAT ] to [ REF \_Ref324769461 \r \h \\* MERGEFORMAT ] (inclusive) of section A of this Part 6.

C. The Operator warrants and represents that on and from the Commencement Date, it shall have no contractual or other obligations to any third party which would or may be breached by entering into and/or performing any of its obligations under this Part 6. As a condition of this Agreement, the Operator undertakes to ensure that the warranties and representations in this section C are and shall remain true throughout the Term.

Confidential

**Post Office Limited  
Network Transformation  
ROLL OUT PHASE**

## **PART 7 – FIT OUT WORKS AND BRANCH PREMISES**

The following clauses shall apply in respect of the Branch Premises.

### **1 Fit Out Works Obligations**

1.1 The Operator shall procure that:

- 1.1.1. as soon as practicable after the Commencement Date and in any event within 6 weeks of the Commencement Date (or such later date as Post Office Ltd may in its absolute discretion agree), a site meeting takes place at the Branch Premises (**Initial Site Meeting**) which is attended by Post Office Ltd and the Operator (or their authorised representatives) and by all of the Operator's key contractors, i.e. those contractors who will undertake a material part of the Fit Out Works on behalf of the Operator, at which the timetable for carrying out the Fit Out Works and obtaining and installing the Equipment is agreed (**Fit Out Timetable**). Following the Initial Site Meeting a copy of the Fit Out Timetable shall be sent to the Operator who must then provide any amendments (which are subject to the approval of Post Office Ltd) within 7 days of receipt of the Fit Out Timetable otherwise the Operator shall comply with the Fit Out Timetable as supplied by Post Office Ltd;
- 1.1.2. as soon as practicable after the Commencement Date and in any event before the Initial Site Meeting referred to in clause [ REF \_Ref451940801 \r \h \\* MERGEFORMAT ] of this Part 7, the Operator shall enter into contracts with contractors and suppliers for the carrying out of those of the Fit Out Works that are the Operator's responsibility and for the obtaining and installing of all Equipment that is the Operator's responsibility in accordance with quotes that have been approved by Post Office Ltd;
- 1.1.3. the Operator shall use its reasonable endeavours to ensure the ability of Post Office Ltd and its suppliers or contractors to carry out any Fit Out Works or to obtain and install any Equipment is not materially restricted, affected or delayed by any failure on the part of the Operator or its contractors or suppliers to provide access to the Branch Premises or to fully and properly complete any Fit Out Works or to obtain or fully and properly install any Equipment in accordance with the Fit Out Timetable; and
- 1.1.4. the Fit Out Works are fully and properly completed and the Equipment is fully and properly installed within 7 months from the Commencement Date (Fit Out Period) unless the Operator is prevented or delayed from complying with this obligation by a Force Majeure Event, in which case the Operator must:
  - a) promptly notify Post Office Ltd in writing of the nature and extent of the Force Majeure Event together with any additional information as Post Office Ltd may reasonably require; and
  - b) use its best efforts to remove or overcome the effects of such Force Majeure Event.

Any breach of this clause [ REF \_Ref451940283 \r \h \\* MERGEFORMAT ] shall be a material breach of the Agreement for the purposes of clause [ REF

Confidential

**Post Office Limited  
Network Transformation  
ROLL OUT PHASE**

\_Ref324768899 \r \h \\* MERGEFORMAT ] of Part 2 of these Standard Conditions, provided that such breach is repudiatory.

1.2 For the purposes of clause [ REF \_Ref451940852 \r \h \\* MERGEFORMAT ] above **Force Majeure Event** shall mean the occurrence of any:

- 1.2.1 acts of God, fire, explosion, flood, earthquake or other natural disaster;
- 1.2.2 war, riot, civil commotion, terrorist attack;
- 1.2.3 interruption or failure of utility service, including electric power, gas or water;
- 1.2.4 law or government order, rule, regulation or direction, or any action taken by a government or public authority,

which directly causes the Operator to be unable to comply with the obligation in clause [ REF \_Ref451940852 \r \h \\* MERGEFORMAT ] above within the timescale specified, provided that such event does not arise from the negligence of the Operator.

1.3 If at any time after the Commencement Date the Operator fails to comply with clause [ REF \_Ref451940283 \r \h \\* MERGEFORMAT ] above and Post Office Ltd reasonably believes that as a result it is likely that the Fit Out Works and the installation of the Equipment may not be completed within the Fit Out Period, Post Office Ltd may serve written notice on the Operator (**Fit Out Warning Notice**). A Fit Out Warning Notice shall:

- 1.3.1 explain why Post Office Ltd believes it is likely that the Fit Out Works and the installation of the Equipment may not be completed in accordance with the Fit Out Timetable and/or within the Fit Out Period;
- 1.3.2 set out the steps that Post Office Ltd requires the Operator to take and by when those steps must be taken;
- 1.3.3 if Post Office Ltd is prepared to agree in its absolute discretion to an extension of the Fit Out Period, specify the date to which the Fit Out Period will be extended; and
- 1.3.4 if prior to the service of the Fit Out Warning Notice a Fit Out Timetable had been agreed, and if in the reasonable opinion of Post Office Ltd the original Fit Out Timetable is no longer achievable, have a revised Fit Out Table annexed.

1.4 If within 14 days of receiving a Fit Out Warning Notice in accordance with clause [ REF \_Ref451940923 \r \h \\* MERGEFORMAT ] above the Operator notifies Post Office Ltd in writing that it is unable to carry out the steps set out in the Fit Out Warning Notice within the time limits set out there and/or to progress the Fit Out Works or the Equipment in accordance with the revised Fit Out Timetable, Post Office Ltd and the Operator shall negotiate, acting reasonably, in order to attempt to resolve the Operator's concerns and/or agree a revised Fit Out Timetable within a further 14 days from the date on which the Operator notified Post Office Ltd under this clause [ REF \_Ref451940940 \r \h \\* MERGEFORMAT ].

1.5 If:

Confidential

**Post Office Limited  
Network Transformation  
ROLL OUT PHASE**

- 1.5.1 the Operator does not give any notification to Post Office Ltd under clause [ REF \_Ref451940940 \r \h \\* MERGEFORMAT ] above; or
- 1.5.2 if within 14 days after service by the Operator of a notice under clause [ REF \_Ref451940940 \r \h \\* MERGEFORMAT ] above Post Office Ltd and the Operator are unable to resolve the Operator's concerns and/or agree a revised Fit Out Timetable, Post Office Ltd having acted reasonably; or
- 1.5.3 the Operator fails to comply with the revised Fit Out Timetable, where such failure amounts to a repudiatory breach,

Post Office Ltd may terminate the Agreement by giving the Operator at least 14 days' notice in writing. This right of termination shall be in addition to any other right of termination that Post Office Ltd has under this Agreement.

- 1.6 The Operator shall ensure that the Operator Funded Works, any Post Office Ltd Funded Works (except those specifically and expressly indicated in Appendix 1 to the Preface as being Post Office Ltd's responsibility to arrange) and the obtaining and installing of the Operator Arranged Equipment (if any) shall be:

- 1.6.1 synchronised in accordance with the Fit Out Timetable for the Fit Out Works and the installation of the Post Office Ltd Funded Equipment at the Branch Premises agreed between the Parties; and
- 1.6.2 completed in accordance with the requirements of Appendix 1 of the Preface and any other reasonable specification and/or requirements issued by Post Office Ltd or notified to the Operator, at least 24 hours before the Start Date so that the Operator can fully use the Branch Premises for the purposes of operating the Branch from the Start Date and throughout the Term.

If the Operator or its contractors fail to comply with the requirements of this clause [ REF \_Ref323917502 \r \\* MERGEFORMAT ] and Post Office Ltd incurs additional costs as a result, the Operator shall reimburse Post Office Ltd on demand for those additional costs.

- 1.7 Post Office Ltd shall be responsible for arranging the Post Office Ltd Funded Works which are specifically and expressly indicated in Appendix 1 to the Preface as being Post Office Ltd's responsibility to arrange, and in particular, for entering into contracts with the relevant contractors for the supply of any such Post Office Ltd Funded Works and making payment directly to such contractors engaged by Post Office Ltd.
- 1.8 In respect of any Fit Out Works carried out at the Branch Premises (whether arranged or paid for by Post Office Ltd or the Operator) and the installation and set up of any Post Office Ltd Funded Equipment, the Operator shall:
  - 1.8.1 be responsible for obtaining any necessary planning, by-law or other consents, such as planning permission, building regulations consent or other building or planning consent, or the landlord's or owner's consent;
  - 1.8.2 permit access to any contractors appointed by Post Office Ltd or the Operator for the purposes of carrying out the Fit Out Works and/or the installation and set up of any Post Office Ltd Funded Equipment, where such access is agreed between the Parties, and to enable such Fit Out Works and/or the installation and set up of any Post

Confidential

**Post Office Limited**  
**Network Transformation**  
**ROLL OUT PHASE**

Office Ltd Funded Equipment to be completed in time before the Start Date;

- 1.8.3 ensure that, at the time Post Office Ltd's contractors attend the Branch Premises to install and set up any Post Office Ltd Funded Equipment and/or carry out Post Office Ltd Funded Works and thereafter, the Branch Premises are safe, compliant with all applicable laws and regulations (in particular in respect of power supply and all electrical wiring) and free from hazardous materials (including asbestos);
- 1.8.4 without limiting the generality of clause [ REF \_Ref322012345 \r \h \\* MERGEFORMAT ] of this Part 7, ensure that such Fit Out Works and/or the installation and set up of any Post Office Ltd Funded Equipment comply with applicable obligations under the EA and the Equality Policy; and
- 1.8.5 check the Fit Out Works whilst they are being performed and once they are completed and the installation and set up of any Post Office Ltd Funded Equipment for any defects which are obvious from a reasonable inspection. If the Operator identifies defects in the Fit Out Works and/or in the installation and set up of any Post Office Ltd Funded Equipment which were carried out by:
  - (a) Post Office Ltd's supplier or contractor, the Operator shall promptly notify Post Office Ltd or its nominated representative and will provide details of the defect, and Post Office Ltd shall arrange for the responsible supplier or contractor to resolve the defect; or
  - (b) the Operator's supplier or contractor, the Operator shall notify its supplier or contractor and arrange for the defect to be rectified.

1.9 The Operator shall not and shall use its best endeavours to ensure that its contractors shall not cause any delay to Post Office Ltd or its contractors in completing any Post Office Ltd Funded Works and/or the installation and set up of any Post Office Ltd Funded Equipment at the Branch Premises.

1.10 If either Party or its contractors causes any delay to the other Party or its contractors which results in that other Party incurring any costs or liabilities, then the first Party shall reimburse the other Party for such costs or liabilities up to an aggregate limit of £1,000. The first Party shall not be liable to reimburse the other Party in accordance with this clause [ REF \_Ref329859222 \r \\* MERGEFORMAT ] where the other Party or its contractors, employees or agents was the cause of the delay.

1.11 Where the Operator and Post Office Ltd have agreed the need for any making safe and other associated works to be undertaken at the Branch Premises following the removal of Post Office Ltd's equipment by Post Office Ltd's contractors, the Operator shall be responsible for arranging such works (unless Appendix 1 of the Preface specifically and expressly indicates that Post Office Ltd is responsible for those works). Where the Operator is responsible for arranging such works, it shall comply with the obligations in clause [ REF \_Ref323107700 \r \h \\* MERGEFORMAT ] of Part 3 and clause [ REF \_Ref322012440 \r \h \\* MERGEFORMAT ] of this Part 7 in relation to such making safe and other works (to the extent such obligations are applicable).

Confidential

**Post Office Limited  
Network Transformation  
ROLL OUT PHASE**

- 1.12 Post Office Ltd shall not be liable for the acts or omissions (including negligence) of:
  - 1.12.1 the contractors engaged by the Operator (including any contractors suggested or approved by Post Office Ltd); nor
  - 1.12.2 the contractors engaged by Post Office Ltd in respect of works which, at the Operator's request, such contractors undertake and which are in addition to the works for which Post Office Ltd is responsible, as identified in Appendix 1 to the Preface or as otherwise agreed by Post Office Ltd.
- 1.13 The Operator shall not be liable for the acts or omission(including negligence) of:
  - 1.13.1 the contractors engaged by Post Office Ltd (including any contractors suggested or approved by the Operator);
  - 1.13.2 nor the contractors engaged by the Operator in respect of works which, at Post Office Ltd's request, such contractors undertake and which are in addition to the works for which the Operator is responsible, as identified in Appendix 1 to the Preface or as otherwise agreed by the Operator.
- 1.14 Where the Operator engages contractors it shall do so as principal and not as agent for Post Office Ltd.

## **2 Obligations relating to the Branch Premises**

- 2.1 The Operator shall at its own cost and expense:
  - 2.1.1 operate the Branch from a prominent position within the Branch Premises in the location shown on the plan in Appendix 1 of the Preface or in the absence of a plan as described in Appendix 1 of the Preface;
  - 2.1.2 without prejudice to the Operator's obligations to comply with the EA and other applicable legislation, provide and maintain, such space and accommodation at the Branch Premises for the operation of the Branch as is necessary to ensure a high standard of customer service (including allowing sufficient space for Customers to queue and be served comfortably, sufficient space for shelving and leaflet dispensers to enable materials relevant to the Branch to be held and/or displayed both behind and in front of the area of the counter(s) used for the Branch) or as may be required by Post Office Ltd;
  - 2.1.3 allow Customers to use all appropriate and available facilities of the Branch Premises, including means of access and any parking spaces made available to the Operator's customers of the Basic Business;
  - 2.1.4 if required by Post Office Ltd, provide reasonable space at the Branch Premises suitable for a post box;
  - 2.1.5 at all times maintain the interior and exterior of the Branch Premises and all parts thereof in a good state of maintenance, repair and cleanliness and properly decorated;

Confidential

**Post Office Limited  
Network Transformation  
ROLL OUT PHASE**

- 2.1.6 promptly carry out any works of redecoration, maintenance and/or repair that (i) Post Office Ltd may reasonably require in order to bring the Branch Premises up to Post Office Ltd's standards at any time for Local Post Office branches as specified in the Manual, or (ii) that in Post Office Ltd's reasonable opinion are or may be required at any time to ensure the Branch Premises are compliant with any applicable legislation;
- 2.1.7 at all times provide adequate and appropriate lighting and heating at the Branch Premises;
- 2.1.8 keep the Basic Business in a clean and tidy condition and adequately stocked and shall generally ensure that its appearance complements and does not in Post Office Ltd's opinion have an adverse effect on the Branch. The Operator shall further ensure that the Basic Business is not closed for business at any time when the Branch is open for business or vice versa;
- 2.1.9 allow Post Office Ltd access at all times during normal working hours to the Branch Premises and at any time in respect of an emergency.

2.2 The Operator shall not alter or convert the Branch Premises or the area of the counter(s) used for Transactions in any way without the prior written consent of Post Office Ltd (such consent not to be unreasonably withheld or delayed) and any necessary planning, by-law or other consents, such as planning permission, building regulations consent or other building or planning consent. Each such alteration or conversion shall be carried out only in accordance with plans, drawings and specifications previously submitted to and approved by Post Office Ltd (such approval shall not be unreasonably withheld or delayed). The detailed preparation of such plans, drawings and specifications and the day to day or immediate supervision by an architect or surveyor shall be the responsibility and at the expense of the Operator.

2.3 If any part of the Branch Premises contains residential accommodation (whether as at the Commencement Date or at any later time), the Operator shall notify Post Office Ltd, together with details of the occupier (where this is not the Operator). If the Operator ceases to occupy the residential accommodation or if at any time it becomes vacant, the Operator shall immediately notify Post Office Ltd in writing.

2.4 Where the Preface contains the Precondition the Operator must, from the date specified in clause 1.1 of that Precondition, and for the duration of the Term, maintain a Valid Property Interest in the Branch Premises. Where the Preface does not contain the Precondition, the obligation on the Operator to maintain the Valid Property Interest shall be with effect from the Commencement Date and for the duration of the Term. Any breach of this obligation shall be a material breach of the Agreement for the purposes of clause [ REF \_Ref32476899 \r \\* MERGEFORMAT ] of Part 2 of these Standard Conditions.