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**CLAUSES**

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 24/01/07 | Baseline copy of v1.5 |
| 3.0 | 06/07/07 | Baseline copy of v2.3 |
| 4.0 | 14/04/08 | Baseline copy of v3.2 |
| 5.0 | 23/02/09 | Baseline copy of 4.1 |
| 5.1 | 13/05/09 | Applying changes as per CCN1258 |
| 5.2 | 19/05/09 | RPI Increases for 2009 |
| 5.3 | 12/06/09 | Applying changes as per CCN1252a |
| 5.4 | | Moving contents page to front of Clauses section |
| 6.0 | 07/07/09 | Moving all schedules to v6.0 as agreed with Fujitsu |
| 6.1 | 22/12/09 | Applying changes as per CCN 1269 |
| 6.2 | 23/12/09 | Applying changes as per CCN 1268 |
| 6.3 | 30/03/10 | Applying Changes as per CCN 1276a |
| 6.4 | 01/04/10 | Applying changes as per CCN1270 and CCN1277 |
| 6.5 | 23/04/10 | Applying RPI increase for 2010 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as agreed in CCN1294d, CCN1295a, CCN1296, CCN1303 and CCN1302a |
| 9.0 | 13/01/14 | Applying changes as per CCN1349,CCN1317,CCN1322b,CCN1343 and CCN1400) |
| 10.0 | 10/09/15 | Applying changes as per CCN1405, CCN1415, CCN1421a, CCN1426 and as subsequently amended in this CCN1506 and moving all Schedules to V10.0 in accordance with CCN1506 |

FUJ00000070

CONFIDENTIAL

FUJ00000070

CONFIDENTIAL

**CONTENTS**


| | | PAGE |
|---|---|---|
| 1. | Funding Condition | 10 |
| 2. | Preferred Systems Integrator and Systems Integration Partnership | 11 |
| 3. | Governance | 11 |
| 4. | Change Control | 12 |
| 5. | Development and documentation of HNG-X | 12 |
| 6. | Associated Changes | 13 |
| 7. | Migration and Implementation | 13 |
| 8. | Performance of HNG-X Services prior to HNG-X Date and post HNG-X Date | 13 |
| 9. | Infrastructure prior to Trigger Point T5 and post Trigger Point T5 | 14 |
| 10. | Performance of Services - General | 14 |
| 11. | Training | 15 |
| 12. | Changes to Services | 16 |
| 13. | Documentation | 17 |
| 14. | Consumables | 17 |
| 15. | Service Standards | 19 |
| 16. | Security | 20 |
| 17. | Service Levels | 22 |
| 18. | Service Level Remedies | 22 |
| 19. | Health and Safety Hazards | 23 |
| 20. | Policies and Standards | 23 |
| 21. | Charges | 23 |
| 22. | Payment | 24 |

FUJ00000070

CONFIDENTIAL


| | | |
|---|---|---|
| 23. | Gain Share | 24 |
| 24. | Open Book | 24 |
| 25. | Audit | 24 |
| 26. | Ownership of Assets | 26 |
| 27. | Intellectual Property Rights | 27 |
| 28. | Intellectual Property Rights owned by Fujitsu Services | 29 |
| 29. | Intellectual Property Rights owned by Post Office | 29 |
| 30. | Licences granted by Fujitsu Services or a Third Party to Post Office | 31 |
| 31. | Licences granted by Post Office or a third party to Fujitsu Services | 39 |
| 32. | Riposte 32 and WebRiposte Software | 42 |
| 33. | Data | 43 |
| 34. | Intellectual Property Rights Indemnities | 44 |
| 35. | Use Of Services and Infrastructure | 52 |
| 36. | Damage to Physical Property | 52 |
| 37. | Damage to Plant, Tackle and Tools | 54 |
| 38. | Access to Post Office Premises | 54 |
| 39. | Post Office Responsibilities | 54 |
| 40. | Fujitsu Services' Personnel | 60 |
| 41. | Fujitsu Services' Key Personnel | 60 |
| 42. | Injury to Persons; Loss of Property | 61 |
| 43. | Liability | 62 |
| 44. | Limitation of Liability | 69 |
| 45. | Insurance | 73 |
| 46. | Term | 73 |

FUJ00000070

CONFIDENTIAL


47. Termination 74

48. Rights on termination and expiry of this Agreement, Partial Termination, expiry of an Expiring Service and termination of Project HNG-X 80

49. Additional Resources 85

50. Recovery of Sums Due 85

51. Authority and Approval 85

52. Statements and Representations 85

53. Disclaimer of Implied Terms 85

54. Waiver 85

55. Relationship of Parties 86

56. Publicity 86

57. Communications & Notices 87

58. Transfer and Sub-Contracting 88

59. Non-Solicitation 89

60. Force Majeure 89

61. Confidentiality 91

62. Remedies Cumulative 94

63. Discrimination 94

64. Export 94

65. VAT 94

66. Guarantee 94

67. Interpretation 95

68. Amendments to Clauses, Schedules and Annexes of this Agreement and CCDs 97

69. Severability 97

70. Dispute Resolution Procedure 97

FUJ00000070

CONFIDENTIAL


| | | |
|---|---|---|
| 71. | Law and Jurisdiction | 97 |
| 72. | Entire Agreement | 98 |
| 73. | Revising the Agreement to reflect matters agreed in CCNs | 98 |
| 74. | NBS CCNs | 98 |
| 75. | TUPE | 98 |

FUJ00000070

CONFIDENTIAL

**SCHEDULES**

| | | |
|---|---|---|
| Schedule 1 | - | Interpretation |
| Schedule A1 | - | Preferred Systems Integrator |
| Schedule A2 | - | Governance |
| Schedule A3 | - | Change Control |
| Schedule A4 | - | Policies and Standards |
| Schedule A5 | - | Post Office Responsibilities |
| Schedule A6 | - | Funding Condition |
| Schedule B1.1 | - | Development Services |
| Schedule B1.2 | - | Systems Integration Partnership |
| Schedule B1.3 | - | Branch Hardware Implementation Services |
| Schedule B2 | - | Business Continuity |
| Schedule B3.1 | - | HNG-X Services and Transitional Support Services |
| Schedule B3.2 | - | Business Capabilities and Support Facilities |
| Schedule B3.3 | - | HNG-X Central and Telecommunications Infrastructure |
| Schedule B3.4 | - | Branch Infrastructure |
| Schedule B4.1 | - | Licenses |
| Schedule B4.2 | - | Existing Applications |
| Schedule B4.3 | - | Existing Central and Telecommunications Infrastructure |
| Schedule B4.4 | - | Existing Service Levels |
| Schedule B5 | - | Transition and Migration |
| Schedule B6.1 | - | HNG-X Business Requirements |
| Schedule B6.2 | - | HNG-X Design and Build |
| Schedule B6.3 | - | HNG-X Acceptance Process |

FUJ00000070

CONFIDENTIAL

| | | |
|---|---|---|
| Schedule C1 | - | Service Level Principles and Remedies |
| Schedule C2 | - | Sub-contractors |
| Schedule C3 | - | Licences |
| Schedule D1 | - | Charges |
| Schedule D2 | - | Ordering, invoicing and payment |
| Schedule D3 | - | Gain share |
| Schedule D4 | - | Open Book |
| Schedule D5 | - | Audit |
| Schedule D6 | - | Market Testing |
| Schedule D7 | - | Migration Charges |
| Schedule D8 | - | HNG-X and Associated Change Development Charges |
| Schedule E | - | Termination and the Exit Plan |

FUJ00000070

CONFIDENTIAL

THIS AGREEMENT is made the 28th day of July, 1999

**BETWEEN**:

(1) Post Office Ltd whose registered office is situated at 148 Old Street, London EC1V 9HQ ("Post Office"); and

(2) Fujitsu Services Limited whose registered office is at 22 Baker Street, London W1U 3BW ("Fujitsu Services").

**RECITALS**

WHEREAS:

(A) By an agreement dated 24 May 1999 originally entered into between Post Office (then known as Post Office Counters Ltd) and ICL Pathway Limited and subsequently novated and amended (the "Codified Agreement"), Fujitsu Services provides certain services to Post Office;

(B) The Codified Agreement came into effect on 28 July 1999;

(C) On 31 December 2002 the Parties signed CCN1100 which incorporated agreed changes to and restated the Codified Agreement;

(D) Various changes have been made to the Codified Agreement since 31 December 2002, pursuant to the Change Control Procedure contained therein;

(E) The Parties have agreed to the extension of the term of, and the making of certain further changes to, the Codified Agreement with the aim of achieving, inter alia, the following joint objectives (the "Joint Objectives"):

(a) the introduction of immediate and sustained reductions in certain Post Office costs;

(b) subject to certain agreed exceptions, the continued provision to the Post Office of services equivalent in their business outcome to the services provided immediately prior to the introduction of the changes;

(c) fixed and variable pricing with variable elements based on the use of particular service components and numbers of Branches, Counter Positions and Transactions;

(d) continuous endeavour to make further cost savings and improve the quality of service provision and value for money ("Strive");

FUJ00000070

CONFIDENTIAL

(e) improved joint working practices and the introduction of a new systems integration relationship involving the pursuit of opportunities for both Parties to share the benefits of any cost reduction initiatives through a new Systems Integration Partnership ;

(f) the maintenance and enhancement of the customer relationship between Fujitsu Services and the Post Office so that the Post Office remains as a key referenceable customer for Fujitsu Services; and

(g) the provision to Post Office of information relating to and/or access to new technology, concepts and techniques developed by the Fujitsu Services Group where such information or access would be relevant to and capable of application to the Services;

(F) On 31 August, 2006 the Parties signed CCN 1200 which extended the term of the Codified Agreement and introduced certain further changes; and

(G) This Agreement is the Codified Agreement as amended by CCN 1200, including the Schedules thereto, the CCDs and CRDs.

(H) On 26 September 2013 the Parties signed CCN 1400 which made certain changes to the Codified Agreement to reflect Post Office's intention to transition the Services to a new Towers Model. Under CCN 1400, the Codified Agreement was extended for a transitional period until 31 March 2017, with certain Services expiring on 31 March 2015 (unless otherwise extended), to enable Post Office sufficient time to complete the procurement process for transitioning to the Towers Model and to appoint suppliers for each of the Towers (including Replacement Services)."

NOW THEREFORE IT IS HEREBY AGREED as follows:

## PART A: RELATIONSHIP

1. **Funding Condition**

1.1 Post Office may at any time prior to the Conditionality Expiry Date deliver to Fujitsu Services a Funding Notice.

1.2 During the Conditionality Period the provisions of Part A of Schedule A6 shall apply.

1.3 Where Post Office delivers a Funding Notice prior to the Conditionality Expiry Date, the provisions of Part B of Schedule A6 shall apply with effect from the date of receipt by Fujitsu Services of such Funding Notice.

1.4 Where Post Office does not deliver a Funding Notice prior to the Conditionality Expiry Date, the provisions of Part C of Schedule A6 shall apply with effect from the Conditionality Expiry Date.

FUJ00000070

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1.5 Where Post Office notifies Fujitsu Services in writing prior to the Conditionality Expiry Date that it will not deliver a Funding Notice, the provisions of Part C of Schedule A6 shall apply with effect from the date on which Fujitsu Services receives that notice in writing.

1.6 Post Office shall ensure that during the Conditionality Period Fujitsu Services is provided with confirmations by way of issue of a purchase order or a series of purchase orders or otherwise in writing in respect of HNG-X Development to be carried out in accordance with the HNG-X Programme Plan against which Fujitsu Services may raise invoices for HNG-X Development Charges when entitled to do so in accordance with the provisions of Schedule D2 and to the extent such Charges fall within the estimated aggregate HNG-X T&M Budget in respect of a particular Planning Period (as set out in the budget report to be delivered in accordance with paragraph 11 of Schedule B6.2) ("Purchase Order Cover"). In the absence of such Purchase Order Cover and failure by Post Office to provide it within seven days of written notice from Fujitsu Services requesting that Post Office do so, the provisions of Part C of Schedule A6 shall apply upon expiry of such notice.

1.7 Post Office shall provide to Fujitsu Services, upon its reasonable request from time to time, information that Post Office is reasonably able to disclose, without breaching any confidentiality restrictions, for the purpose of updating Fujitsu Services on progress being made by the Post Office in securing funding such that Post Office may deliver a Funding Notice, and the steps being taken by Post Office to secure such funding.

1.8 In the event that, during the Conditionality Period, Project HNG-X is terminated by Post Office for Default pursuant to Clause 47.11.1 and Post Office does not deliver a Funding Notice to Fujitsu Services on or prior to the Conditionality Expiry Date, Post Office shall not be entitled to recover any loss or damage from Fujitsu Services on the basis that had this Agreement been duly performed according to its terms Post Office would have delivered a Funding Notice on or prior to the Conditionality Expiry Date.

## 2. Preferred Systems Integrator and Systems Integration Partnership

2.1 It is Post Office's present intention to confer upon Fujitsu Services the role of Preferred Systems Integrator with a wider scope of operation than the Infrastructure and with the potential to include all Relevant IT Systems in that scope. The role of the Preferred Systems Integrator and the manner and timing of its appointment are set out in further detail in Schedule A1 to this Agreement.

2.2 In its role as Preferred Systems Integrator (if appointed) Fujitsu Services shall pursue in particular those Joint Objectives listed in Recitals (E)(d) and (E)(e).

2.3 The Parties shall, with effect from the Amendment Date, establish and operate the SIP in accordance with the terms of Schedule B1.2.

## 3. Governance

3.1 The Parties shall, throughout the term of this Agreement, govern their relationship:

FUJ00000070



3.1.1 in accordance with the provisions of Schedule A2; and

3.1.2 with a view to monitoring, and assisting with the aim of achieving, the Joint Objectives set out in Recitals E(d) to (g) (inclusive).

3.2 Any dispute arising between the Parties in relation to this Agreement shall be resolved in accordance with Schedule A2.

4. **Change Control**

Save as expressly provided otherwise in any provision of this Agreement, this Agreement may only be amended in accordance with the Change Control Procedure set out in Schedule A3.

## PART B: SERVICES

5. **Development and documentation of HNG-X**

5.1 Post Office shall develop the Requirements Baseline for the HNG-X Service Infrastructure and the Business Capabilities and Support Facilities in accordance with the process for such development set out in Schedule B6.1. Fujitsu Services shall participate in that process in the manner described in that Schedule.

5.2 Fujitsu Services shall, subject to Clause 10.5, design and develop the HNG-X Service Infrastructure (other than the Associated Changes) and the Business Capabilities and Support Facilities:

5.2.1 to comply with the Requirements Baseline (as may be amended pursuant to Schedule B6.1);

5.2.2 in accordance with the HNG-X Assumptions and the Solution Architecture; and

5.2.3 in accordance with the provisions of Schedule B6.2 (as supplemented by the CCDs "Establishing and Assuring the HNG-X User Interface" (REQ/GEN/PRD/0001) and "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001)),

and shall use reasonable endeavours to do so in compliance with the HNG-X Programme Plan (as adjusted in accordance with the provisions of Schedule B6.2).

5.3 The Parties shall comply with their respective obligations set out in Schedule B6.3 in relation to the acceptance of the HNG-X Service Infrastructure and the Business Capabilities and Support Facilities.

5.4 As soon as reasonably practicable following HNG-X Final Acceptance, Schedules B3.2, B3.3 and B3.4 and all other documents in the Solution Baseline Documentation Set shall be amended under the Change Control Procedure, to the extent necessary, to be

FUJ00000070



consistent with the Solution Baseline (together with any rectification plans and workarounds agreed pursuant to Schedule B6.3).

5.5 Until the date on which Schedules B3.2, B3.3 and B3.4 and all other documents in the Solution Baseline Documentation Set are amended pursuant to Clause 5.4, Fujitsu Services' obligations under this Agreement in relation to the HNG-X System shall be determined by reference to the Solution Baseline (and any subsequent changes to the HNG-X System agreed pursuant to the Change Control Procedure) rather than those Schedules and documents.

5.6 Save where the reference to XP is to it as the existing operating system, until such time as a CCN to introduce a replacement operating system for NT (as envisaged by paragraph 1.4 of Schedule C3) has been agreed by the Parties, any references to "XP" in any of the Schedules, CCDs or CRDs, or to "Microsoft", as the provider of XP, shall be construed generically to mean a new operating system intended to replace NT and the provider of that operating system respectively.

## 6. Associated Changes

6.1 Fujitsu Services shall perform the Associated Change Activities in accordance with the provisions of Schedule B5 and shall use reasonable endeavours to do so in compliance with the HNG-X Programme Plan (as adjusted in accordance with the provisions of Schedule B6.2).

6.2 Software developed by Fujitsu Services as a product of the Associated Change Activities shall be subject to the acceptance process in accordance with the principles set out in Schedule B6.3.

## 7. Migration and Implementation

Fujitsu Services shall implement the HNG-X Service Infrastructure and the Business Capabilities and Support Facilities in accordance with the requirements of Schedule B5 and in compliance with the HNG-X Programme Plan (as adjusted in accordance with the provisions in Schedule B6.2).

## 8. Performance of HNG-X Services prior to HNG-X Date and post HNG-X Date

8.1 Prior to the HNG-X Date in respect of each Branch, Fujitsu Services shall perform in respect of that Branch each of the HNG-X Services (other than BCSF Services) over the Infrastructure and using the Horizon Applications.

8.2 On and after the HNG-X Date in respect of each Branch, Fujitsu Services shall perform in respect of that Branch each of the HNG-X Services as described in Schedule B3.1 over the Infrastructure.

8.3 Subject to Clauses 8.1 and 8.2 and save as expressly provided otherwise, the provisions of this Agreement relating to the provision of Services shall apply both to

FUJ00000070



Services to be provided before the HNG-X Date and to Services to be provided after the HNG-X Date.

9. **Infrastructure prior to Trigger Point T5 and post Trigger Point T5**

9.1 Until Trigger Point T5 (Data Centre Ready For HNG-X), the Infrastructure over which the HNG-X Services shall be provided shall be the Horizon Service Infrastructure described in Schedule B4.3.

9.2 Following Trigger Point T5 (Data Centre Ready For HNG-X), the Infrastructure over which the HNG-X Services shall be provided shall be the HNG-X Service Infrastructure as described in Schedule B3.3 save to the extent of any variations applicable in accordance with Part 1 of Annex 2 of Schedule B5 (Transitional Infrastructure) that apply to Branches prior to their respective HNG-X Dates.

10. **Performance of Services - General**

10.1 Fujitsu Services shall:

10.1.1 perform the Development Services in accordance with Schedule B1.1;

10.1.2 perform the Transfer Services in accordance with Schedule E; and

10.1.3 throughout the term of this Agreement, comply with the provisions of Schedule B2 (Business Continuity).

10.2 Subject to Clause 10.8, Fujitsu Services shall, throughout the term of this Agreement, provide all HNG-X Services (except any terminated in accordance with Clause 47.10 or which expire in accordance with Clause 46.3) in accordance with the terms of this Agreement. Subject to Clause 10.3 and provided the limit on the number of Counter Positions specified in Part 1 of Annex A to Schedule D1 is not exceeded, where an HNG-X Service is to be provided at a Counter Position, it shall be capable of being provided at such Counter Position.

10.3 Where a network connection is required to deliver a Service and such network connection is unavailable at a Horizon Counter Position (due to characteristics particular to that Horizon Counter Position) Fujitsu Services shall not be obliged to deliver that Service at that Horizon Counter Position.

10.4 Each Party shall perform each of its obligations set out in the Schedules to this Agreement and those in the CCDs subject to and in accordance with the provisions of this Agreement, the Schedules to this Agreement and the CCDs.

10.5 Post Office may, by giving Fujitsu Services not less than six months' notice in writing, cease to use a POL Service Type. Upon expiry of that notice, the POL Service Type shall be disabled by Fujitsu Services. Where a notice is given under this Clause in respect of a POL Service Type listed in Annex 1 to Schedule B3.2 whose development has not been completed at the date of provision of such notice, all work being

FUJ00000070



undertaken in respect of such development shall cease as soon as reasonably practicable following receipt of the notice and the Change Control Procedure shall be used to agree any consequential changes to this Agreement including, without limitation, the extent to which the HNG-X Project Price should be lowered to reflect cost savings resulting from the cessation of such work and the impact on the Requirements Baseline if such development is no longer to be completed.

10.6 The removal by Fujitsu Services of any application code and/or infrastructure relating to a POL Service Type disabled in accordance with Clause 10.5 shall be dealt with under the Work Ordering Procedure.

10.7 Once a POL Service Type has ceased operation in accordance with Clause 10.5, such POL Service Type may only be recommenced pursuant to the Change Control Procedure set out in Schedule A3.

10.8 On the proviso that the Superstock Service hasn't been early terminated in accordance with Clause 8 of Schedule D1, it shall cease on 31st March 2012. Post Office may, by giving Fujitsu Services not less than three months' written notice prior to that date, request that the provision of the Superstock Service be extended for a period specified by Post Office (ending no later than 31st March 2015) in which case:

10.8.1 Fujitsu Services shall use all reasonable endeavours to extend the relevant supplier and/or Sub-contractor agreements for the period requested by Post Office on the best terms reasonably available;

10.8.2 if Fujitsu Services is able to secure an extension from its suppliers and/or Sub-contractors, the provisions of this Agreement dealing with the Superstock Service (including, without limitation, the Charges) shall be amended under the Change Control Procedure to reflect that extension and the terms agreed by Fujitsu Services with its suppliers and/or Sub-contractors; and

10.8.3 Fujitsu Services shall provide information concerning the costs of such an extension on an Open Book basis.

## 11. Training

11.1 Subject to the limits set out in Part 1 of Annex A to Schedule D1 not being exceeded, Fujitsu Services shall supply Post Office with the Old CTO Configurations and New CTO Configurations and install such configurations at locations agreed with Post Office. New CTO Configurations and the locations where installed shall be deemed to be Counter Positions and Branches respectively for the purposes of the Operational Charges and the limits set out in Part 1 of Annex A to Schedule D1.

11.2 Fujitsu Services shall supply Post Office, on terms to be agreed between the Parties under the Change Control Procedure, with such training systems and documents as Post Office may reasonably require for the purposes of training Post Office employees in the use of any Services provided under this Agreement.

FUJ00000070

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12. **Changes to Services**

12.1 Subject to Clause 12.2, Fujitsu Services shall not introduce any product or service into the Infrastructure, or the Services, nor make any change to the Services or to the Infrastructure, without Post Office's prior written consent.

12.2 Fujitsu Services may issue further Releases of Software in accordance with the CCD entitled "Pathway Release Policy" (PA/STR/003) from time to time as necessary to remedy defects in the provision of the Services or for the purpose of maintenance of the Infrastructure, the Horizon Applications and the Business Capabilities and Support Facilities.

12.3 For the purposes of this Clause 12.3, the network connections (being ISDN, PSTN, ADSL, GPRS or VSAT) to Branches procured by Fujitsu Services from a public carrier that form part of the Infrastructure from time to time are referred to as the "Branch Network Connections". For any reason including, without limitation, in order to achieve consolidation of Royal Mail Group telecommunication provision and/or to reduce overall costs, Post Office shall be entitled, in accordance with the provisions of Clauses 12.3.1 to 12.3.9 (inclusive) to put in place an alternative arrangement to that set out in this Agreement for the provision of any or all of the Branch Network Connections (an "Alternative Network Arrangement"):

12.3.1 Post Office shall give Fujitsu Services reasonable advance notice of its intention to put in place an Alternative Network Arrangement and shall engage with Fujitsu Services in relation to the matters set out in this paragraph below;

12.3.2 subject to Clause 12.3.8, Post Office may appoint, or may agree with Fujitsu Services to appoint, whether as a result of a tendering process or otherwise, any reputable organisation as a supplier of any or all of the Branch Network Connections (the "Branch Telecommunications Supplier") in substitution for the relevant public carrier used by Fujitsu Services under this Agreement;

12.3.3 the appointment by Post Office of the Branch Telecommunications Supplier shall be in accordance with terms agreed by Post Office with the Branch Telecommunications Supplier, taking into account (i) any notice periods applicable for the termination of the contractual arrangements with the public carrier then used by Fujitsu Services for the provision of the relevant Branch Network Connections and (ii) the matters to be agreed with Fujitsu Services in accordance with this Clause 12.3;

12.3.4 Fujitsu Services shall manage the Branch Telecommunications Supplier as part of its provision of the Third Party Management Services;

12.3.5 the costs or charges to be paid to such Branch Telecommunications Supplier and any termination charges due to be paid to the public carrier used by Fujitsu Services shall be met by or on behalf of Post Office or otherwise reimbursed to Fujitsu Services by Post Office (as applicable in the circumstances) when they arise;

FUJ00000070



12.3.6 Fujitsu Services shall be paid a margin in relation to such costs or charges (whether met by or on behalf of Post Office or reimbursed to Fujitsu Services), calculated by multiplying such costs or charges by 5 divided by 95;

12.3.7 the costs and expenses of undertaking the procurement and appointment of the Branch Telecommunications Supplier shall all be borne by Post Office and, to the extent that Fujitsu Services is involved or provides assistance with such procurement, all costs and expenses reasonably incurred by Fujitsu Services shall be reimbursed to Fujitsu Services by Post Office;

12.3.8 the Agreement shall be amended under the Change Control Procedure to give effect (as between Post Office and Fujitsu Services) to the appointment of the Branch Telecommunications Supplier by Post Office with the intention that Fujitsu Services should be no worse off (i) financially and (ii) in relation to risk or liability, under the revised Agreement than it is under the existing Agreement; and

12.3.9 the matters to be addressed under the Change Control Procedure to give effect to Clause 12.3.8 shall include, without limitation, amendments to the Third Party Management Services in connection with Clause 12.3.4, transition to the Alternative Network Arrangement, the charges for such transition (to be paid by Post Office), project management, billing management, changes to central data processing, security of the Alternative Network Arrangements and the impact of the Alternative Network Arrangements on the HNG-X Services.

## 13. Documentation

13.1 Fujitsu Services shall provide to Post Office one electronic copy of the Listed Documentation, Specially Written Documentation and Developed Documentation at no additional charge.

13.2 Fujitsu Services shall maintain and keep up to date the Core Document Set.

## 14. Consumables

14.1 Post Office shall have the option of obtaining from Fujitsu Services all or any of the Consumables in such quantities as may be reasonably required by Post Office by giving Fujitsu Services not less than 30 days prior written notice thereof.

14.2 Fujitsu Services shall deliver or procure delivery of any Consumables to an authorised representative of Post Office at times and locations to be mutually agreed between Fujitsu Services and Post Office (such agreement not to be unreasonably withheld or delayed).

14.3 Fujitsu Services shall maintain and make available a high level specification for each of the Consumables. In the event that a high level specification is unavailable in relation to a Consumable because it contains information confidential to the manufacturer, Fujitsu

FUJ00000070



Services shall maintain, and make available to Post Office, a list of approved products, ordered by brand name where applicable.

14.4 Fujitsu Services warrants for use in Equipment installed in Branches:

14.4.1 the Consumables; and

14.4.2 any additional products contained in the list of approved products, by product identity, which comply with the high level specification for each Consumable which shall be maintained by Fujitsu Services.

14.5 Notwithstanding Clauses 14.3 and 14.4, but subject to Clause 14.6, nothing shall prevent Post Office from using any product as alternatives to the Consumables in any part of the Infrastructure.

14.6 Where Post Office uses any such product referred to in Clause 14.5 in the Infrastructure which either fails to comply with the high level specification or is not contained in the list of approved products referred to in Clause 14.3:

14.6.1 Fujitsu Services will be entitled to recover from Post Office and Post Office shall pay any and all reasonable additional costs and expenses incurred by Fujitsu Services if and to the extent Fujitsu Services can demonstrate to Post Office (Post Office acting reasonably) that such costs and expenses have been incurred as a result of Post Office's use of such product; and

14.6.2 Fujitsu Services shall be relieved of any contractual remedies which Post Office may have arising from a failure of any Equipment installed in Branches to the extent that such failure is directly associated with Post Office's use of such product.

14.7 Not Used.

14.8 Fujitsu Services shall use all reasonable endeavours to ensure that a supply of all the Consumables can be secured throughout the term of this Agreement (or, in relation to agreed Consumables, such shorter period as the Parties may agree).

14.9 In the event that a Consumable is unavailable before the expiry of this Agreement (or, in relation to agreed Consumables, before the expiry of such shorter period as the Parties may agree), Fujitsu Services shall, at its own expense, source an alternative acceptable consumable.

14.10 In the event that a Consumable is unavailable and an alternative cannot be sourced, Fujitsu Services shall not be relieved of its obligations to provide Services under the terms of this Agreement.

14.11 The price of any Consumable, or alternative supplied under Clause 14.9, shall not exceed the cost to Fujitsu Services of supplying such Consumable, or alternative supplied under Clause 14.9, to Post Office.

FUJ00000070

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14.12 The price charged pursuant to Clause 14.11 shall be subject to verification in accordance with Clause 24.

## PART C: QUALITY OF SERVICE

15. **Service Standards**

15.1 Fujitsu Services undertakes that:

15.1.1 the Services, the HNG-X Development and the Associated Change Development shall comply with, and be provided in accordance with, the policies and standards specified in Schedule A4 and all components and equipment used in the course of the provision of the Services shall operate in accordance with their technical specifications;

15.1.2 neither the provision of the Services nor the operation of any testing and monitoring instruments used in connection with the Services shall cause electrical interference beyond the limits laid down in the relevant standard specified in Schedule A4, save to the extent that any such interference is caused by Rate Boards;

15.1.3 the Infrastructure, the Superstock Infrastructure, the Horizon Applications, the Business Capabilities and the Support Facilities shall be provided in accordance with and comply with all relevant applicable industry standards, as these standards are listed in Schedule A4.

15.1.4 the Services, the HNG-X Development and the Associated Change Development shall be supplied and rendered by appropriately experienced, qualified and trained personnel with all due skill, care and diligence;

15.1.5 Fujitsu Services shall discharge its obligations under this Agreement with all due skill, care and diligence including but not limited to good industry practice and (without limiting the generality of this Clause 15) in accordance with the best of its own established internal procedures;

15.1.6 the Services, the HNG-X Development and the Associated Change Development shall be performed in compliance with all applicable laws, enactments, orders, regulations, and other similar instruments;

15.1.7 the interfaces to all external systems connected to the Infrastructure and the Superstock Infrastructure shall operate in accordance with the applicable Application Interface Specification and Technical Interface Specification;

15.1.8 the Services shall be performed in such a way as to cause a minimum of disruption to the business of Post Office and the End Users;

15.1.9 all components of the Infrastructure shall operate in accordance with their respective specifications, except that, for the avoidance of doubt, it is agreed

FUJ00000070



that Post Office shall have no remedy for breach of this undertaking in relation to errors or interruptions to Services which cause a failure of a Service Level Target or an Additional Remedy Level; and

15.1.10 all Consumables shall be compatible with the Infrastructure.

15.2 Fujitsu Services warrants that in relation to the reliability, supportability, repair and/or replacement of Existing Equipment:

15.2.1 Fujitsu Services has made all factual enquiries that it ought reasonably to have made, including taking into consideration the Transaction volumes set out in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) and the effect of the Business Capabilities and Support Facilities on the use and expected use of the Existing Equipment, as known to Fujitsu Services at the Amendment Date; and

15.2.2 a fair and accurate summary of, or extracts from, all information relevant to the reliability, supportability, repair and/or replacement of Existing Equipment obtained by Fujitsu Services pursuant to such enquiries, together with the related analysis by Fujitsu Services based upon the factual enquiries referred to in Clause 15.2.1, have been fairly disclosed to Post Office.

## 16. Security

16.1 Fujitsu Services shall deliver and continue to provide a secure system in respect of all transactions which, as far as this Agreement requires, eliminates the potential for any fraud or unauthorised disclosure of data and provides detection procedures and significant barriers to attacks from internal conspiracy and collusion to defraud Post Office.

16.2 Fujitsu Services shall use all reasonable endeavours to maintain the security of the Services, the HNG-X Development and the Associated Change Development and shall comply with the security requirements set out in Schedule A4.

16.3 Fujitsu Services shall offer all reasonable assistance to Post Office in preventing fraudulent use of the Services, the HNG-X Development, the Associated Change Development, the Horizon Service Infrastructure and the Superstock Infrastructure by Post Office's employees and Agents.

16.4 In the event that the provisions of this Clause 16 or any other provisions of this Agreement in relation to:

16.4.1 the elimination of the potential for any fraud or unauthorised disclosure of data; or

16.4.2 provision of significant barriers to attacks from internal conspiracy and collusion to defraud Post Office; or

FUJ00000070



16.4.3 prevention of corruption or loss of data; or

16.4.4 the security, accuracy, completeness, authenticity, validity or integrity of any data,

conflict or are inconsistent with the provisions of the CCD entitled "Security Constraints" (ARC/SEC/ARC/0001), the provisions of that CCD shall prevail.

16.5 Notwithstanding any other provision in this Agreement to the contrary:

16.5.1 Fujitsu Services shall not be responsible for the accuracy, completeness, validity or integrity of any data (including, without limitation, and Personal Data) in relation to the POL FS Data or the POLSAP Data.

(a) provided by or on behalf of Post Office for loading onto the POL FS System;

(b) produced by the Infrastructure and held on the POL FS System; or

(c) contained in any Transaction Correction Record delivered by Fujitsu Services to any Branch,

(together "POL FS Data");

16.5.2 Fujitsu Services shall not be responsible for extracting POL FS Data from the POL FS System or dealing with subject information requests under the Data Protection Act 1998 in relation to POL FS Data; or

16.5.3 Fujitsu Services shall not be responsible for manipulating or processing any POL FS Data,

save to the extent that:

16.5.4 in relation to 16.5.1, 16.5.2 or 16.5.3 Fujitsu Services provides and is responsible for the platforms on which POL FS Data is held as part of the POL FS Services or from the POLSAP R1 Go Live Date, on which POLSAP Data is held as part of the POLSAP Services such responsibilities including, without limitation, application of access controls; and

16.5.5 additionally in the case of Clause 16.5.1, the accuracy, completeness, validity and integrity of POL FS Data is adversely affected by the POL FS System itself or, from the POLSAP R1 Go Live Date, POLSAP Software itself.

16.6 Notwithstanding any other provision in this Agreement to the contrary, Fujitsu Services shall not be responsible for:

16.6.1 the accuracy, completeness, validity or integrity of any data (including), without limitation, any Personal Data):

FUJ00000070



16.6.1.1 provided by or on behalf of Post Office for loading onto the POL MI System; or

16.6.1.2 produced by the Infrastructure and held on the POL MI System,

(together "POL MI Data");

16.6.2 extracting POL MI Data from the POL MI System or dealing with subject information requests under the Data Protection Act 1998 in relation to POL MI Data; or

16.6.3 manipulating or processing any POL MI Data,

save to the extent that:

16.6.4 Fujitsu Services provides and is responsible for the platforms on which POL MI Data is held as part of the POL MI Services such responsibilities including, without limitation, application of access controls; and

16.6.5 Additionally in the case of 16.6.1, the accuracy, completeness, validity and integrity of POL MI Data is adversely affected by the POL MI System itself.

## 17. Service Levels

The HNG-X Services provided by Fujitsu Services pursuant to this Agreement shall be provided so as to achieve the Service Levels referred to in Schedule C1.

## 18. Service Level Remedies

18.1 In the event that the Services fail to meet the Service Levels set out or referred to in Schedules C1 or B4.4, Fujitsu Services shall pay Post Office liquidated damages (such payment to be in the form of credit notes unless Post Office directs otherwise) calculated or determined in accordance with Schedule C1 or Schedule B4.4 (as applicable) and paid pursuant to Schedule D2.

18.2 Fujitsu Services shall pay Post Office the liquidated damages referred to in Clause 18.1 within 30 days of the date on which Fujitsu Services is due to deliver the Service Management Report for the period to which the liquidated damages relate and Post Office Additional Costs within 30 days of the Parties agreeing the amount of the same.

18.3 The Parties acknowledge that the liquidated damages referred to in this Clause are a reasonable and genuine pre-estimate of the loss likely to be suffered by Post Office.

18.4 Without prejudice to Clause 47.2, paragraph 7 of Schedule C1 and paragraph 7 of Schedule B4.4:

18.4.1 liquidated damages and/or any other amounts specified in this Agreement payable by Fujitsu Services in respect of any LDT failure (save to the extent that

FUJ00000070



LDT failure is also an ARL failure in which case and to such extent Clause 18.4.2 shall apply), whether that LDT failure occurs at, above or below the corresponding SLT, shall be Post Office's exclusive remedy in respect of any failure of that LDT and/or SLT; and

18.4.2 Post Office Additional Costs, liquidated damages and/or any other amounts specified in this Agreement payable by Fujitsu Services in respect of any ARL failure shall be Post Office's exclusive remedy in respect of that failure.

19. **Health and Safety Hazards**

19.1 Fujitsu Services shall notify Post Office of any health and safety hazards in relation to Post Office Premises owned by or leased to Post Office which may arise in connection with Fujitsu Services' performance of this Agreement.

19.2 Post Office shall notify Fujitsu Services of any known health and safety hazards which may exist or arise at the Post Office Premises owned by or leased to Post Office and which may affect Fujitsu Services. Fujitsu Services shall draw these hazards to the attention of its employees and sub-contractors or any persons engaged by Fujitsu Services in the performance of this Agreement at such Post Office Premises.

19.3 Fujitsu Services shall inform all persons engaged in the performance of this Agreement at the Post Office Premises owned by or leased to Post Office of all such hazards and shall instruct such persons in connection with any necessary associated safety measures.

20. **Policies and Standards**

Each of the Parties shall comply with the obligations imposed on it by Schedule A4.

## PART D: REWARD

21. **Charges**

21.1 Post Office shall pay to Fujitsu Services the Charges set out in Schedules D1, D7 and D8 and any other charges provided for in this Agreement or agreed under a Work Order.

21.2 Post Office shall pay to Fujitsu Services the charges for the supply of any Consumables purchased by Post Office in accordance with Clause 14.

21.3 Except as otherwise expressly agreed in this Agreement, or as generally provided for under the Change Control Procedure or in Work Orders, no other amounts shall be payable by Post Office to Fujitsu Services in consideration of the Services to be provided by Fujitsu Services under this Agreement.

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22. **Payment**

22.1 Payment of Charges shall be made in accordance with the terms set out in Schedule D2.

22.2 In the event that Fujitsu Services, in accordance with the terms of this Agreement, enters into a supply contract or a sub-contract in connection with this Agreement, Fujitsu Services shall ensure that a term is included in the supply contract or sub-contract which requires Fujitsu Services to pay all sums due thereunder to the relevant supplier or sub-contractor within a specified period, not to exceed 30 days, from the date of receipt of a valid invoice as defined by the terms of the supply contract or sub-contract (as appropriate).

23. **Gain Share**

The provisions of Schedule D3 shall apply.

24. **Open Book**

The provisions of Schedule D4 shall apply.

25. **Audit**

25.1 Fujitsu Services shall keep or cause to be kept the Records.

25.2 Fujitsu Services shall grant or procure the grant to Post Office, any statutory or regulatory auditors of Post Office and their respective authorised agents the right of reasonable access to the Records and shall provide all reasonable assistance at all times for six years after the creation of the relevant Records for the purposes of carrying out an audit of Fujitsu Services' compliance with this Agreement including all activities, Charges, performance, security and integrity in connection therewith. Each Party shall bear its own expenses incurred pursuant to this Clause. On termination of the Agreement, Partial Termination, expiry of the Agreement or expiry of an Expiring Service, Fujitsu Services shall within a reasonable time to be agreed by the Parties, transfer the Records to Post Office or a Next Supplier, as instructed by Post Office. Following settlement of all Charges due and payable under this Agreement, Fujitsu Services shall be released from any further liabilities under this Clause 25.2 in relation to such Records.

25.3 Without prejudice to the foregoing, in the event of an investigation into suspected fraudulent activity or other impropriety by Fujitsu Services or any third party, Post Office reserves for itself, any statutory or regulatory auditors of Post Office and their respective authorised agents the right of immediate access to the Records described in Clauses 25.1 and 25.2 and Fujitsu Services agrees to render all necessary assistance to the conduct of such investigation at all times during the currency of this Agreement or at any time thereafter. To the extent any fraudulent activity or impropriety is found to be attributable to Post Office as a result of that investigation, Post Office shall take all

FUJ00000070



reasonable measures to prevent recurrence of its acts or omissions that resulted in such fraudulent activity or impropriety.

25.4 Fujitsu Services shall provide Post Office at no additional cost with copies of the annual and interim audited accounts of Fujitsu Services and its approved subcontractors within 14 days of such accounts having been lodged at Companies House or the relevant local equivalent to Companies House.

25.5 The Parties shall comply with the provisions of Schedule D5.

25.6 All information obtained by Post Office or Post Office's Agents pursuant to this Clause 25 and Schedule D5 shall be treated as Confidential Information.

25.7 Notwithstanding the provisions of this Clause 25 and anything else to the contrary in this Agreement, all access to the audit trail of Transactions held by Fujitsu Services in respect of Transaction data created on or after the date of commencement of NB Pilot (Soft Launch) shall be conducted as Audit Record Queries and shall be subject to the limits and Service Level Targets set out in the information retrieval and audit sections of the following CCDs, as applicable in accordance with the provisions of Schedule B3.1: "Service Description for the Security Management Service" (CS/SER/016) and "Security Management Service: Service Description" (SVM/SDM/SD/0017).

25.8 In addition to its obligations under Clauses 25.2 and 25.3, Fujitsu Services shall provide the Court Case Support Services to Post Office in relation to prosecutions and other disputes (whether civil or criminal) with any third party including but not limited to any fraud, theft, breach of contract or impropriety (the "Court Case Support Services"). The Court Case Support Services shall include any matters whether they relate to Horizon, HNG-X or any other system provided by or on behalf of Fujitsu Services to Post Office, its agents or its subcontractors (including Post Office Service Integrator and any Tower Contractor). Fujitsu Services shall provide the Court Case Support Services within the timeframes required by Post Office or the relevant court or other authority.

25.9 Without prejudice to Clause 25.3, the Court Case Support Services shall comprise:

25.9.1 the provision of copy reports;

25.9.2 the provision of data (including transaction data, event logs, helpdesk call logs, non-polled data and remuneration data) where such data is held by or in the control of Fujitsu Services;

25.9.3 the compilation of data (including transaction data, event logs, helpdesk call logs, non-polled data and remuneration data);

25.9.4 the interpretation of data (including transaction data, event logs, helpdesk call logs, non-polled data and remuneration data);

FUJ00000070



25.9.5 the provision of technical reports regarding technical aspects of any system (whether Horizon, HNG-X or otherwise);

25.9.6 live witness evidence at Court if any of the information provided (including without limitation that provided pursuant to Clauses 25.9.1 to 25.9.5) is challenged to the extent to which Fujitsu Services provided said information; and

25.9.7 the right of access to Records, including but not limited to information, reports and data, held by or in the control of Fujitsu Services, and the assistance of Fujitsu Services' personnel with appropriate knowledge of the applicable Records (to the extent any such personnel remain employed or contracted to Fujitsu Services) for any independent experts and/or legal advisors instructed by Post Office and/or any other claimant(s) or defendant(s) and the Prosecution in any mediation, arbitration tribunal, court case or dispute in which Post Office is involved in relation to the Horizon and HNG-X or any other system provided by or on behalf of Fujitsu Services to Post Office.

25.10 The Parties agree that to the extent Fujitsu Services' costs for the Court Case Support Services are not recovered via the Charges relating to the Security Management Service (for example where additional resource is required), Fujitsu Services shall be entitled to charge (and Post Office shall pay) additional reasonable and demonstrable costs provided Fujitsu Services can evidence such costs to Post Office's reasonable satisfaction and wherever possible agree them in advance with Post Office.

25.11 For the avoidance of doubt, the Parties agree the provision of the Court Case Support Services may continue after expiry or termination of this Agreement. For the avoidance of doubt, where assistance is requested by the Post Office and/or Next Supplier of Fujitsu Services then such assistance shall continue to be chargeable after expiry/termination of the Agreement.

25.12 In addition to its obligations under clauses 25.8 and 25.9, Fujitsu Services may make suggestions and recommendations to Post Office and request other involvement which Post Office may (acting reasonably) permit in relation to any claim/ proceedings associated with the Horizon Application and/or HNG-X Application relating to a time when Fujitsu Services was supporting and/or providing Services associated with said application. Where Fujitsu Services elects to do this itself, such involvement shall be at no additional charge to the Post Office.

## PART E: OWNERSHIP OF ASSETS AND INTELLECTUAL PROPERTY RIGHTS

### 26. Ownership of Assets

26.1 Infrastructure

26.1.1 Subject to Clause 26.1.2, 26.2 and 48.1, ownership of the Infrastructure shall vest in Fujitsu Services, save to the extent the Parties agree otherwise in writing.

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26.1.2 Title in each Paypole shall pass from Fujitsu Services to Post Office when Fujitsu Services receives all payments due in respect of each Paypole.

26.2 Branch Hardware

Unless the Parties agree otherwise, ownership of Branch Hardware shall vest in the Party that procures that hardware until such time as that hardware has been installed at the Branch and accepted by Fujitsu Services as part of the Infrastructure at which time such title shall transfer to Fujitsu Services.

26.3 Superstock

26.3.1 Not Used

26.3.2 Subject to Clause 48.1, ownership in the Superstock Infrastructure shall remain vested in Fujitsu Services and/or its suppliers.

26.4 Consumables

Ownership of any Consumables supplied hereunder shall vest in Post Office following delivery thereof in accordance with Clause 14.2 and the acceptance of the Consumables by Post Office's designated delivery point in accordance with paragraph 6.5 of Schedule D2.

26.5 Post Office Data

Fujitsu Services acknowledges that the Post Office Data is the property of Post Office and Post Office hereby reserves all Intellectual Property Rights which may subsist in the Post Office Data.

26.6 No Lien

Neither Fujitsu Services nor any sub-contractor, nor any other person, shall have a lien on any item owned by or leased to Post Office for any sum due to Fujitsu Services, sub-contractor or other person, and Fujitsu Services shall take all reasonable steps to ensure that the title of Post Office and the exclusion of any such lien are brought to the notice of all sub-contractors and other persons dealing with such items.

27. **Intellectual Property Rights**

27.1 The ownership and, where applicable, licensing of the following Intellectual Property Rights and the Intellectual Property Rights in the following categories of documentation, software or other things are set out in Clauses 28 (IPRs owned by Fujitsu Services), 29 (IPRs owned by Post Office), 30 (IPRs licensed by Fujitsu Services or a third party to Post Office) and 31 (IPRs licensed by Post Office or a third party to Fujitsu Services):

27.1.1 Listed Documentation;

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27.1.2 Fujitsu Services Software;

27.1.3 Specially Written Software;

27.1.4 Specially Written Documentation;

27.1.5 Developed Documentation;

27.1.6 Horizon Design Documentation;

27.1.7 Horizon Materials;

27.1.8 Internal Code;

27.1.9 Horizon Third Party Software;

27.1.10 Third Party Items;

27.1.11 Post Office Foreground IPR;

27.1.12 Licensed IPR;

27.1.13 Fujitsu Background IPR;

27.1.14 Post Office Background Materials; and

27.1.15 Deposited Software.

General

27.2 Except as explicitly stated herein, nothing in this Agreement shall transfer ownership of or grant licences (including rights under patents) of any pre-existing or independently developed Intellectual Property Rights of either Party.

27.3 Where Post Office Foreground IPR or Licensed IPR subsists in software within Fujitsu Services or its Sub-contractors' possession or control, Fujitsu Services shall, at the request of Post Office, provide Post Office with one up-to-date copy (and other copies as may reasonably be requested) of that software (in both Source Code and object code formats) and all related engineering, design and test data, configuration files and programming notes.

27.4 In the event that Fujitsu Services, a member of the Fujitsu Services Group or its HNG-X Sub-contractor, transfers or assigns any Licensed IPR or Fujitsu Background IPR used for the purposes of performing the Services to any third party, Fujitsu Services shall ensure that such assignment or transfer is subject to the licences granted hereunder and shall notify Post Office of such transfer or assignment as soon as reasonably practicable.

FUJ00000070

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27.5 Each Party undertakes (at no additional charge) to do all such things and execute all such documents as may be reasonably required to give full effect to any assignment or licence made or granted hereunder of, in the case of Fujitsu Services, Post Office Foreground IPR, Licensed IPR or Fujitsu Background IPR and, in the case of Post Office, Intellectual Property Rights in Post Office Background Materials.

27.6 Fujitsu Services warrants and represents that:

27.6.1 Fujitsu Services has full capacity and authority to grant the licences granted by it under Clauses 30, 48.8, 48.9 and 48.10; and

27.6.2 Post Office's use of the Infrastructure, Superstock Infrastructure, Horizon Applications, the Business Capabilities and Support Facilities, and the receipt of the Services in accordance with the provisions of this Agreement shall not infringe any Intellectual Property Rights of any third party (other than any infringement that is subject to any indemnity given by Post Office pursuant to Clause 34.3); and

27.7 Post Office warrants and represents that Post Office has full capacity and authority to grant the licences granted by it under Clause 31.

## 28. Intellectual Property Rights owned by Fujitsu Services

28.1 Subject to express agreement to the contrary in any Work Order or CCN and subject also to the licences contained in this Agreement:

28.1.1 the Intellectual Property Rights in Fujitsu Developed Documentation, Fujitsu Services Software, Internal Design Documentation, Listed Documentation and Internal Code;

28.1.2 the Intellectual Property Rights in all other Horizon Materials (other than Specially Written Software, Specially Written Documentation and Post Office Developed Documentation);

28.1.3 Fujitsu Background IPR; and

28.1.4 Licensed IPR,

shall, as between Post Office and Fujitsu Services, be vested on creation in Fujitsu Services, Fujitsu Services' licensors, HNG-X Sub-contractors or a member of the Fujitsu Services Group.

## 29. Intellectual Property Rights owned by Post Office

29.1 Subject to express agreement to the contrary in any Work Order or CCN and subject also to the licences contained in this Agreement the Intellectual Property Rights in:

29.1.1 Post Office Developed Documentation;

FUJ00000070



29.1.2 Specially Written Software; and

29.1.3 Specially Written Documentation,

shall be vested in Post Office upon acceptance of the Post Office Developed Documentation, Specially Written Software or Specially Written Documentation (as applicable).

29.2 Fujitsu Services hereby:

29.2.1 assigns all future copyright and database rights subsisting in; and

29.2.2 agrees to assign (and, in relation to any Post Office Developed Documentation, Specially Written Software or Specially Written Documentation created by another member of the Fujitsu Services Group or Sub-contractor, procure the assignment of) all other Intellectual Property Rights subsisting in,

Post Office Developed Documentation, Specially Written Software and Specially Written Documentation absolutely to Post Office for the full term during which the rights in such Intellectual Property Rights and any renewals and extensions shall subsist.

29.3 Any Intellectual Property Rights created by a Fujitsu Services SIP Team Member, solely or jointly with any other person in relation to the business or activities of Post Office or any member of the Royal Mail Group arising out of or in connection with, and during, their engagement as a member of the SIP Team and in the course of fulfilling their agreed role within the SIP, shall become the sole property of Post Office (or a member of the Royal Mail Group, as applicable) and Fujitsu Services shall procure that the Fujitsu Services SIP Team Member agrees that he has no right to compensation in respect of such Intellectual Property Rights. Fujitsu Services shall procure that the Fujitsu Services SIP Team Member shall execute all such documents and do all such things reasonably required to enable Post Office or any member of the Royal Mail Group (as the case may be) to obtain registration or other protection in respect of such Intellectual Property Rights or (if necessary) to vest ownership of such Intellectual Property Rights in Post Office or any member of the Royal Mail Group.

29.4 All Intellectual Property Rights created by Fujitsu Services, any member of the Fujitsu Services Group or any HNG-X Sub-contractor (or, in relation to any work referred to in Clause 29.4.2, any Sub-contractor of Fujitsu Services who carries out that work) in relation to:

29.4.1 all applications and other software developed for Project HNG-X to fulfil the Functional Requirements, System Capacity and Performance Requirements, User Interface Requirements, Training Requirements, Design and Architecture Requirements and Security Requirements (each as referred to in paragraph 4.1 of Schedule B6.1 as such may be developed or modified from time to time), together with the databases and any background documents and materials associated with or relating to such applications and software and, in each case,

FUJ00000070



all subsequent developments and modifications thereto during the term of this Agreement;

29.4.2 all software, together with any databases, background documents and materials associated with or relating to such software (in each case, including all subsequent developments and modifications thereto), which are created to meet agreed requirements or specifications under a Work Order or CCN entered into after the Project HNG-X Commencement Date; and

29.4.3 such other software, documents or materials developed for Project HNG-X or any other work as the Parties may agree in writing from time to time.

(together, "Post Office Foreground IPR") shall vest in Post Office.

29.5 Fujitsu Services hereby:

29.5.1 assigns all future copyright and database rights comprised in the Post Office Foreground IPR; and

29.5.2 agrees to assign (and, in relation to any Post Office Foreground IPR created by another member of the Fujitsu Services Group or an HNG-X Sub-contractor, procure the assignment of) all other Post Office Foreground IPR,

absolutely to Post Office for the full term during which the rights and any renewals or extensions shall subsist.

29.6 Fujitsu Services shall procure that its employees, sub-contractors and sub-contractors' employees shall waive absolutely and irrevocably in favour of Post Office their moral rights in Post Office Developed Documentation, Specially Written Software, Specially Written Documentation and/or Post Office Foreground IPR granted under the Copyright Designs and Patents Act 1988 or equivalent or analogous rights under laws of other jurisdictions in relation to such property.

29.7 Without prejudice to Clause 26.6 and the generality of Clause 27.2, Fujitsu Services acknowledges and agrees that Post Office or its licensors shall own all Intellectual Property Rights in Post Office Background Materials.

## 30. Licences granted by Fujitsu Services or a Third Party to Post Office

30.1 In consideration of the payment of the relevant Charges, Fujitsu Services hereby grants to Post Office or shall procure that Post Office is granted in respect of each category of IPR, documentation and software listed in Table 1 in Clause 30.3 a licence which has the characteristics, affords the rights and is subject to the restrictions designated with ticks in Table 1 in respect of that category (as such may be supplemented by the rights set out in Clauses 30.14 and 30.18). In addition, Clauses 48.7 to 48.13 shall apply in the event that a Terminable Service is terminated pursuant to Clause 47.10.1 or 47.10.2 or this Agreement expires or is terminated as provided herein (other than by Fujitsu Services pursuant to Clause 47.4).

FUJ00000070

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30.2 For the purposes of Table 1:

30.2.1 "terminable by FS" means Fujitsu Services may at any time, notwithstanding any provision herein describing the licence as irrevocable, by notice in writing terminate the licence in question if Post Office is in Default of such licence and Post Office shall fail to remedy such Default within 30 days of written notice to Post Office specifying the Default and requiring its remedy, provided that if the Default in question is caused by an Agent, such licence shall only be terminated in relation to Use by such Agent. Upon termination of the relevant licence to Post Office, Post Office shall cease to use the software or document which is the subject matter of such licence and shall either return or destroy all copies of such software and documentation, as directed by Fujitsu Services;

30.2.2 "FS Limitation One" means the rights granted under the licence in question may be exercised solely for the purposes of receiving the Services;

30.2.3 "FS Limitation Two" means the right to use granted under the licence in question may be exercised solely in connection with the Hardware of which the software forms an integral part;

30.2.4 "FS Limitation Three" means the licence in question shall be granted or procured by Fujitsu Services solely to the extent necessary for Post Office to receive:

(a) the HNG-X Services over the HNG-X Service Infrastructure; or

(b) the benefit of its other rights under this Agreement;

30.2.5 "during the term" means the licence in question is granted during the term of this Agreement only;

30.2.6 "Third Party Use" means:

(a) in the case of Internal Code, Fujitsu Services shall use all reasonable endeavours to enable a third party engaged by Post Office to use, and

(b) in the case of Fujitsu Services Software, Post Office shall be entitled to engage a third party to Use,

the software or documentation which is the subject of the licence, subject to and in accordance with this Agreement on behalf of Post Office provided that such third party shall have entered into an appropriate Agreed Form NDA;

30.2.7 "Archival Copies" means Post Office shall be entitled to copy the software which is the subject of the licence in order to create as many archival or back-up copies of the same as are necessary. When copying such software, Post Office shall include the original machine readable copyright notice, and a label affixed to the media identifying the software and stating: "This medium contains an

FUJ00000070



authorised copy of copyrighted software which is the property of [Fujitsu Services] [the Third Party Software Owner]";

30.2.8 "Transferable" means the licence in question shall be fully transferable and fully sub-licensable; and

30.2.9 "Any Purpose" means the licence in question is for any purpose whatsoever.

FUJ00000070

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30.3 Table 1: Licences Granted by Fujitsu Services to Post Office

| IPR, software or document category | Licence characteristics, rights and restrictions | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | perpetual | during the term | irrevocable | terminable by FS | worldwide | royalty free | exclusive | non-exclusive | to use | to Use | to copy | to modify | FS Limitation One | FS Limitation Two | FS Limitation Three | Third Party Use | Archival Copies | Transferable | Any Purpose |
| Listed Documentation | ✓ | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | | | | | | |
| Fujitsu Services Software | | ✓ | | ✓ | | ✓ | | ✓ | | ✓ | | | ✓ | | | ✓ | ✓ | | |
| Fujitsu Developed Documentation | ✓ | | ✓ | | | ✓ | | ✓ | | ✓ | | | | | | | | | |
| Internal Code | ✓ | | ✓ | ✓ | | ✓ | | ✓ | ✓ | | | | | ✓ | | ✓ | ✓ | | |
| Licensed IPR | ✓ | | ✓ | | ✓ | ✓ | | ✓ | | | | | | | | | | ✓ | ✓ |
| Fujitsu Background IPR | | ✓ | ✓ | | | ✓ | | ✓ | ✓ | | | | | | ✓ | | | | |

FUJ00000070

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30.4 If and to the extent that any Fujitsu Services Software, Listed Documentation or Fujitsu Developed Documentation necessary for Post Office to receive the HNG-X Services over the HNG-X Service Infrastructure is included in the licence granted to Post Office pursuant to this Clause 30 of Fujitsu Background IPR, then no other licence under this Clause 30 in respect of that Fujitsu Services Software, Listed Documentation or Fujitsu Developed Documentation shall apply for Post Office to receive the HNG-X Services over the HNG-X Service Infrastructure.

IPR owned by Third Parties

30.5 Post Office acknowledges and agrees that all Intellectual Property Rights in Horizon Third Party Software and Third Party Items (excluding Intellectual Property Rights in Third Party Items required to be assigned to Post Office pursuant to Clause 29) shall remain vested in the relevant third party proprietor of those rights.

30.6 In consideration of the payment of the relevant Charges:

30.6.1 subject to Clauses 30.11 and 30.12, Fujitsu Services hereby grants or shall grant, as the case may be, to Post Office a perpetual (subject to Clause 30.6.3), royalty-free, irrevocable and non-exclusive sub-licence:

(a) to Use Horizon Third Party Software and HNG-X Third Party Software; and

(b) to use Third Party Items (other than HNG-X Third Party Software);

in each case where Fujitsu Services has procured the rights to grant such sub-licences; or

30.6.2 subject to Clause 30.11, if Fujitsu Services is unable to procure the right to grant the sub-licence referred to in Clause 30.6.1, having used all reasonable endeavours to procure such right, Fujitsu Services shall procure that the relevant third party grants to Post Office a royalty-free and non-exclusive licence:

(a) to Use Horizon Third Party Software and HNG-X Third Party Software; and

(b) to use Third Party Items (other than HNG-X Third Party Software),

and shall use all reasonable endeavours to ensure that such licence is perpetual (subject to Clause 30.6.3) and irrevocable.

30.6.3 Each of the sub-licences and/or licences granted or procured pursuant to this Clause 30.6 in respect of Horizon Third Party Software shall terminate upon the later of:

(a) the occurrence of Trigger Point T6 (Counter Application Rollout Complete); and

FUJ00000070



(b) the date when the Horizon Third Party Software is no longer used in the provision or receipt of the Existing Services in accordance with this Agreement or, in the case only of "Windows NT Workstation" (identified as Horizon Third Party Software in Schedule B4.1), the date when that software is no longer used in the provision or receipt of the HNG-X Services in accordance with this Agreement.

30.7 Each of Post Office's sub-licences and licences under Clauses 30.6.1 and 30.6.2 respectively shall be subject to any additional terms and conditions imposed by the licensor, provided that any terms of any such sub-licence or licence shall not detract from the rights granted to Post Office hereunder. Without prejudice to the generality of the foregoing, Post Office accepts the licence terms relating to the Escher Upgrade Software set out in Schedule B4.1 and that such terms satisfy the requirements of this Clause 30.7.

30.8 Fujitsu Services shall use all reasonable endeavours to enable a third party engaged by Post Office to use Horizon Third Party Software subject to and in accordance with this Agreement on behalf of Post Office provided that such third party shall have entered into an appropriate Agreed Form NDA.

30.9 Post Office shall be entitled to copy Horizon Third Party Software and HNG-X Third Party Software in order to create as many archival or back-up copies of the same as are necessary. When copying such software, Post Office shall include the original machine readable copyright notice, and a label affixed to the media identifying the software and stating: "This medium contains an authorised copy of copyrighted software which is the property of [the Third Party Software Owner]."

30.10 In respect of any Non-standard Third Party Material to be (i) included in or used as part of the HNG-X Service Infrastructure or the Business Capabilities and Support Facilities, or (ii) used to provide or receive the HNG-X Services over the HNG-X Service Infrastructure, Fujitsu Services shall procure such rights for Post Office to use those materials as are set out in Clause 48.8, such rights only to be granted in accordance with the provisions of Clause 48.8 (in each case as if references to Fujitsu Background IPR were to the IPR in the Non-standard Third Party Material). Without prejudice to Post Office's rights and remedies under this Agreement, in the event that Fujitsu Services cannot procure such rights, it shall not procure the development or make use of that Non-standard Third Party Material in connection with this Agreement without the prior written consent of Post Office and shall, at Post Office's request and at no additional charge to Post Office:

30.10.1 provide Post Office with such information as it may reasonably request in order to understand and assess the reasons for, and the benefits of, the use of that Non-standard Third Party Material (including, without limitation, identifying any alternative software or materials which possess substantially equivalent functionality, performance and interoperability to that of the Non-standard Third Party Material and in relation to which the above rights can be obtained with minimum additional costs or restrictions); and

FUJ00000070

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30.10.2 either jointly approach the third party supplier with Post Office or provide reasonable assistance to Post Office in its negotiations with such third party, in each case with a view to obtaining the above rights.

30.11 Post Office acknowledges and agrees that Fujitsu Services may be unable and, if so, shall not be obliged to fulfil its obligations pursuant to Clauses 30.6.1, 30.6.2 or 30.17 (as the case may be) in respect of an item of Horizon Third Party Software or a Third Party Item in the event that an act or omission of Post Office gives rise to a right for the proprietor of the relevant item of Horizon Third Party Software or Third Party Item to:

30.11.1 terminate its licence to Fujitsu Services of the relevant item of Horizon Third Party Software or Third Party Item;

30.11.2 terminate its licence to Post Office of the relevant Horizon Third Party Software or Third Party Item; or

30.11.3 require Fujitsu Services to terminate its sub-licence to Post Office of the relevant Horizon Third Party Software or Third Party Item.

30.12 In the event that Post Office is in breach of a sub-licence of an item of Horizon Third Party Software or a Third Party Item granted pursuant to Clause 30.6.1 and Fujitsu Services reasonably believes that Post Office's breach will result in the termination of Fujitsu Services' right to use such Third Party Item:

30.12.1 Fujitsu Services shall give Post Office notice in writing specifying the breach and requiring Post Office to remedy that breach within 30 days of receipt of such notice; and

30.12.2 if Post Office fails to remedy the breach within 30 days of receipt of such notice, Fujitsu Services may by notice in writing terminate the relevant sub-licence.

30.13 In the event that a sub-licence is terminated pursuant to Clauses 30.11 or 30.12.2, Fujitsu Services shall not be liable for any failure or delay in providing any Service to the extent that the failure or delay is caused by the cessation of Post Office's right to use the material or thing the subject of that sub-licence, provided that Fujitsu Services has used its reasonable endeavours to continue providing the affected Service or Services to the extent possible and to mitigate the impact of the failure or delay. Fujitsu Services shall provide such assistance as Post Office may reasonably require in order for Post Office to assess, and procure the necessary rights to use, suitable replacement materials to those the subject of the terminated licence.

30.14 Subject to any necessary consents (which Fujitsu Services shall use all reasonable endeavours to obtain) in relation to Horizon Third Party Software, HNG-X Third Party Software or other materials or things in which the Intellectual Property Rights are owned by a third party, any licence or sub-licence granted by Fujitsu Services to Post Office hereunder:

30.14.1 shall be transferable in accordance with the provisions of Clause 58.3; and

FUJ00000070

CONFIDENTIAL

30.14.2 is hereby granted to and are fully exercisable by members of the Royal Mail Group, End Users and, in respect of HNG-X Third Party Software only, individuals under contract to the Post Office fulfilling a role ordinarily performed by employees of the Post Office.

30.15 Use of Internal Design Documentation and Specially Commissioned Design Documentation

30.15.1 Subject to Clause 30.15.2, Post Office and a third party engaged by Post Office including but not limited to any bona fide potential Next Suppliers (in particular during any tender, due diligence or implementation process) where reasonably required (i) to comply with the Public Contracts Regulations 2006 (in particular without limitation Regulation 4(3)) and (ii) by Post Office for a Design Purpose, shall be entitled to have access to and use Horizon Design Documentation.

30.15.2 Post Office agrees:

(a) that (irrespective of ownership of the Intellectual Property Rights in Developed Documentation) it will not use or permit to be used any Horizon Design Documentation for any purpose other than a Design Purpose;

(b) not to disclose Horizon Design Documentation to any third party save where such disclosure is required for a Design Purpose and the third party to whom it is disclosed has (1) entered into such confidentiality commitments as Fujitsu Services may reasonably request (written confirmation of which shall be provided by Post Office to Fujitsu Services prior to release of such documentation), and (2) delivered a written undertaking to Fujitsu Services that it will use such Horizon Design Documentation solely for the Design Purposes; and

(c) access to and use of any Horizon Design Documentation in accordance with this Clause 30.15.2 shall not serve to transfer any Intellectual Property Rights in the documentation or information contained therein to the Post Office or any third party.

30.15.3 For the purposes of determining ownership of, and any licences granted in respect of, Intellectual Property Rights in any Specially Commissioned Design Documentation, such documentation shall be deemed to fall within the definition of Developed Documentation or Specially Written Documentation, whichever is applicable. Licences granted by Fujitsu Services under Clause 30.1 in respect such Specially Commissioned Design Documentation that is deemed to be Fujitsu Developed Documentation shall be subject to the additional restrictions imposed by Clause 30.15.2.

Deposited Software

30.16 Fujitsu Services shall place the Source Code of the Deposited Software in escrow with a reputable escrow company agreed upon by the Parties (if the Parties are unable to agree then the escrow company shall be NCC), on the basis of the appropriate standard agreement or on such other terms as Post Office, Fujitsu Services, the third party licensor (if applicable) and the escrow company shall agree (each such agreement, a

FUJ00000070



"Source Code Escrow Agreement") such terms, unless the parties agree and record otherwise in their Source Code Escrow Agreement, to be consistent with Post Office's rights under Clauses 48.7 to 48.13.

30.17 Without prejudice to the generality of Clauses 48.7 to 48.13, Fujitsu Services hereby grants to Post Office a perpetual, royalty-free and non-exclusive licence (which shall (subject to Clause 30.11) be irrevocable) to Use, reproduce, modify, adapt and enhance (and to authorise a third party to Use, reproduce, modify, adapt and enhance) the Source Code version of the Deposited Software. However, the foregoing licence shall only become effective if Post Office becomes entitled to obtain access to the Source Code version of the Deposited Software pursuant to the Source Code Escrow Agreement referred to in Clause 30.16 and the licence shall be subject to any restrictions contained herein in respect of the object code version of the Deposited Software.

30.18 Miscellaneous Licence Provisions

30.18.1 On the sale or transfer of an item of Hardware of which Internal Code is an integral part, the licence to use such Internal Code in combination with the said item of Hardware shall pass to the purchaser or other transferee of the said item of Hardware. Post Office shall take all reasonable steps to ensure that the purchaser or transferee of the said item of Hardware agrees to comply with the licence to use the Internal Code that was previously enjoyed by Post Office.

30.18.2 The licence to use Listed Documentation granted under this Clause 30 does not authorise any use or disclosure of the Listed Documentation in question which would constitute a breach of the obligations of confidentiality contained in Clause 61 or any other obligations of confidentiality which have been accepted by Post Office.

31. **Licences granted by Post Office or a third party to Fujitsu Services**

31.1 Post Office hereby grants to Fujitsu Services or shall procure that Fujitsu Services is granted in respect of each category of IPR, documentation and software listed in Table 2 in Clause 31.3 a licence which has the characteristics, affords the rights and is subject to the restrictions designated in Table 2 with ticks in respect of that category.

31.2 For the purposes of Table 2:

31.2.1 "during the term" means the licence in question is granted only during the term of this Agreement and for the purposes of the provision of the Transfer Services beyond such term;

31.2.2 "merge", in the case of software, means the right to merge with other computer programs and, in the case of documents means the right to merge with other documents;

31.2.3 "PO Limitation One" means the rights granted under the licence in question may be exercised solely for the purposes of providing the Services and/or HNG-X Development and/or Associated Change Development;

FUJ00000070



31.2.4 “Other Purposes” means the rights granted under the licence in question may be exercised for purposes other than those set out in PO Limitation One, subject to obtaining the prior written consent of Post Office, such consent not to be unreasonably withheld or delayed;

31.2.5 "Sub-licensable" means the rights granted under the licence in question include a right to grant sub-licences to sub-contractors of a member of the Fujitsu Services Group subject to the relevant member of Fujitsu Services Group imposing obligations of confidentiality on those sub-contractors similar to those set out in Clause 61. Where the sub-licence only permits use by the sub-contractor in question for the purpose of providing, or in connection with the provision of, the Services and/or HNG-X Development and/or Associated Change Development, no prior consent of Post Office to the sub-licence shall be required. In any other case the prior written consent of Post Office, such consent not to be unreasonably withheld or delayed, shall be required;

31.2.6 "Extends to FSG" means the licence in question is for each member of the Fujitsu Services Group; and

31.2.7 "Copy/Incorporate" means Fujitsu Services shall be entitled to copy all material which is the subject of the licence provided any Post Office copyright markings and security markings are preserved and adhered to and, subject to Clause 56.4, Fujitsu Services shall be entitled to incorporate parts of such material into a document subject to the source of the material being acknowledged in the receiving document.

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31.3 Table 2: Licences granted by Post Office or third party to Fujitsu Services

| IPR, software or document category | Licence characteristics, rights and restrictions | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | perpetual | during the term | irrevocable | royalty free | exclusive | non-exclusive | to use | to operate | to merge | to copy | to modify | PO Limitation One | Sub-licensable | Extends to FSG | Copy/Incorporate | Other Purposes |
| Specially Written Software | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Specially Written Documentation | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Post Office Developed Documentation | ✓ | | ✓ | ✓ | | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Post Office Foreground IPR | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| Post Office Background Materials (other than the software referred to in paragraph 1.2 of Schedule B4.1 and/or paragraph 1.2 of Schedule C3 and/or the Third Party Data referred to in the tables in paragraph 1.3 of Schedule B4.1 and/or paragraph 1.3 of Schedule C3) | | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |

FUJ00000070

CONFIDENTIAL

31.4 Upon the cessation of Fujitsu Services' need to use Post Office Foreground IPR or Post Office Background Material for the purposes of providing the Services (which, in the case of the Transfer Services, may be after termination or expiry of this Agreement), Fujitsu Services shall either return or destroy all copies of such material as directed by Post Office.

31.5 Post Office hereby grants to Fujitsu Services a non-exclusive sub-licence or right, as specified in the tables in paragraph 1.2 of Schedule B4.1 and/or paragraph 1.2 of Schedule C3, to use the software listed in those tables for the term of this Agreement solely for the purposes of performing the Services, HNG-X Development, Associated Change Development, operating the Infrastructure, running the Horizon Applications and/or providing the Business Capabilities and Support Facilities. Such sub-licence or right shall in respect of each item of software (other than in respect of the term of such sub-licence or right which shall be for the term of the Agreement unless agreed otherwise by the Parties in writing):

31.5.1 be on the terms;

31.5.2 subject to the restrictions; and

31.5.3 include any additional rights (for example, to operate, copy, modify, or merge the software with other software),

that are specified or referred to in the tables in paragraph 1.2 of Schedule B4.1 and/or paragraph 1.2 of Schedule C3 as being applicable to that software. References in this Clause 31.5 to the term of this Agreement shall, in the case of licences granted under this Clause for the purposes of performing the Transfer Services, include any period after termination or expiry of this Agreement during which the Transfer Services are provided.

31.6 Post Office hereby grants Fujitsu Services the rights, in respect of the Third Party Data, specified or referred to in the tables in paragraph 1.3 of Schedule B4.1 and/or paragraph 1.3 of Schedule C3, subject to the restrictions specified or referred to in that table.

31.7 Post Office shall, on the written request of Fujitsu Services and subject to the Parties agreeing fair commercial terms (any licence fee being by way of rebate or otherwise), grant Fujitsu Services a non-exclusive licence to use and modify the documents, software, materials, items or other things whatsoever in which the Post Office Foreground IPRs subsist for purposes other than performing the Services, HNG-X Development and Associated Change Development.

32. Riposte 32 and WebRiposte Software

32.1 Fujitsu Services has deposited a copy of the source code of the Riposte 32 and WebRiposte Software at Fujitsu Services' offices in Bracknell and shall retain such source code at those offices for so long as the Riposte 32 and WebRiposte Software are used by Fujitsu Services in the performance of the HNG-X Services.

FUJ00000070



32.2 Fujitsu Services has provided to Post Office certificates signed by Fujitsu Services' Managing Director confirming that the source code of the Riposte 32 and WebRiposte Software has been deposited at Fujitsu Services' offices in Bracknell as required by Clause 32.1, and has provided to Post Office a copy of the relevant contractual documentation confirming Fujitsu Services' right of access to such source code and confirming that Fujitsu Services has all other rights to such source code necessary for the performance of its obligations under this Agreement.

32.3 Post Office agrees that upon the Riposte 32 and WebRiposte Software becoming Deposited Software and the relevant source code being deposited with a reputable escrow company agreed upon by the Parties in accordance with Clause 30.16, Fujitsu Services shall no longer be obliged to retain a copy of the source code at its offices in Bracknell and Fujitsu Services and each officer of Fujitsu Services shall be released from any liability arising from the certificates referred to in Clause 32.2.

## 33. Data

33.1 Post Office Data

33.1.1 Fujitsu Services shall not delete or remove any copyright notices contained within or relating to the Post Office Data.

33.1.2 Fujitsu Services shall preserve the integrity of the Post Office Data once Fujitsu Services has received such Post Office Data, shall prevent any corruption or loss of such Post Office Data and shall comply with the validation procedures set out in the applicable CCDs (relating to the Horizon Applications or the Business Capabilities and Support Facilities) referred to in Schedules B4.2 or B3.2 (as the case may be) as such procedures may be updated and amended from time to time (save that where any Post Office Data received by Fujitsu Services is stored, transmitted or otherwise processed as part of the Superstock Solution, Fujitsu Services' applicable obligation in respect of that data shall be to use all reasonable endeavours to preserve the integrity and prevent loss or corruption of the data and, for the avoidance of doubt, none of the validation procedures set out in the CCDs (relating to the Horizon Applications or the Business Capabilities and Support Facilities) referred to in Schedules B4.2 or B3.2 (as the case may be) shall apply to the Superstock Solution). Fujitsu Services shall not be liable for any loss or corruption of Post Office Data nor for any failure to perform the Services if it can prove that such loss or corruption or failure to perform the Services was caused by Post Office Data which was lost or corrupted before Fujitsu Services received it, and Fujitsu Services has complied with the validation rules in relation to such Post Office Data.

33.1.3 In the event that the Post Office Data is altered, corrupted or lost in the course of performing the Services (in breach of Fujitsu Services' obligations under Clause 33.1.2) Post Office shall have the option, in addition to any other remedies that may be available to it either under this Agreement or otherwise, to elect either of the following remedies:

(a) Post Office may require Fujitsu Services at its own expense to restore or procure the restoration of the Post Office Data; or

FUJ00000070



(b) Post Office may itself restore or procure restoration of the Post Office Data, and shall be repaid by Fujitsu Services any reasonable expenses so incurred.

33.1.4 For the purposes of Clauses 33.1.2 and 33.1.3, the term "Post Office Data" shall include the data of Post Office's clients.

33.1.5 Post Office Data constitutes Confidential Information, and may not be reproduced without the prior written consent of Post Office except as necessary to perform the Services, HNG-X Development or Associated Change Development.

33.1.6 Not Used.

33.1.7 Notwithstanding any other provision in this Agreement to the contrary, Fujitsu Services shall not be responsible for the accuracy, completeness, validity or integrity of any data (including, without limitation, any Personal Data) provided by or on behalf of Post Office for use in the performance and/or operation of the Superstock Solution or any resulting data inaccuracy, incompleteness, invalidity or integrity problems.

33.2 Personal Data

Both Parties warrant that if and to the extent they have obligations under the Data Protection Act 1998 which arise in connection with any personal data (as referred to in that Act) processed under this Agreement, they will duly observe all such obligations.

33.3 Databases

For the avoidance of doubt, Post Office shall have the right to use the Services, the Infrastructure to capture, develop and use databases containing information in relation to its customers. Any assistance provided by Fujitsu Services pursuant to this Clause over and above the performance of its other obligations hereunder shall be treated as Development Services and shall be subject to agreement of a Work Order under Schedules D2 and B1.1.

## 34. Intellectual Property Rights Indemnities

Fujitsu Services Indemnity

34.1 Subject always to (i) Post Office's proper observance of its obligations as an Indemnified Party under this Clause 34 and (ii) Clauses 34.14 to 34.17 (inclusive) Fujitsu Services shall indemnify Post Office against all claims, demands or actions by a third party (other than any member of the Royal Mail Group) and all costs, expenses (including but not limited to legal costs and disbursements reasonably incurred on a solicitor and client basis), losses and damages arising from or incurred by reason of any infringement or alleged infringement (including but not limited to the defence of such alleged infringement) in the United Kingdom of any Intellectual Property Right by the proper use or possession in accordance with this Agreement (i) by or on behalf of Post Office or a member of the Royal Mail Group, or (ii) in connection with the Services, of:

FUJ00000070



34.1.1 the Infrastructure, the Horizon Applications, and the Business Capabilities and Support Facilities;

34.1.2 the documents, software, materials, items or other things whatsoever in which Post Office Foreground IPRs or Licensed IPRs subsist;

34.1.3 the Listed Documentation and Horizon Design Documentation; and

34.1.4 the documents, software, materials, items or other things whatsoever supplied by or on behalf of Fujitsu Services for use by Post Office in receiving the Services,

provided that Fujitsu Services shall not be obliged to indemnify Post Office against any claim, demand, action, cost, expense, loss or damage to the extent that the indemnity in Clause 34.3 applies to that claim, demand, action, cost, expense, loss or damage.

Indemnities relating to confidential information

34.2 The indemnities set out at Clauses 34.1, 34.3.1 and 34.3.2 shall, subject to all limitations and conditions set out therein, extend to any unauthorised use of the confidential information of a third party (other than confidential information of any member of either the Royal Mail Group or the Fujitsu Services Group and excluding any Confidential Information of either Party) ("Third Party Confidential Information") and:

34.2.1 references in Clauses 34.1, 34.3.2 and 34.9 to 34.15 (inclusive) to "infringement" and "Intellectual Property Rights" shall be read as if they were references to "unauthorised use" and "Third Party Confidential Information" respectively; and

34.2.2 references in Clause 34.3.1 to "infringement" and "copyright, moral rights, database rights, design rights or trade marks" shall be read as if they were references to "unauthorised use" and "Third Party Confidential Information" respectively,

such indemnities to apply only to the extent that the unauthorised use of the Third Party Confidential Information occurred after the Project HNG-X Commencement Date.

Post Office Indemnity

34.3 Subject always to (i) Fujitsu Services' proper observance of its obligations as an Indemnified Party under this Clause 34 and (ii) Clauses 34.14 to 34.17 (inclusive) and without prejudice to any indemnities given by Post Office in favour of Fujitsu Services as set out in any CCD (but provided that to the extent that Fujitsu Services is entitled to bring a claim under any such indemnity, Fujitsu Services shall not be entitled to bring a claim under this Clause 34.3 in respect of the same event), Post Office shall indemnify Fujitsu Services against all claims, demands or actions by a third party (other than any member of the Fujitsu Services Group) and all costs, expenses (including but not limited to legal costs and disbursements reasonably incurred on a solicitor and client basis), losses and damages arising from or incurred by reason of:

FUJ00000070



34.3.1 any infringement or alleged infringement (including but not limited to the defence of such alleged infringement) in the United Kingdom of copyright, moral rights, database rights, design rights or trade marks resulting from:

(a) the use or possession in accordance with this Agreement by or on behalf of Fujitsu Services or a member of the Fujitsu Services Group of a HNG-X Requirement for the HNG-X User Interface or Postal Services Business Capability specified by Post Office as part of the Requirements Baseline (as this may be amended from time to time in accordance with the provisions of Schedule B6.1) (together, "UI Development Requirements"); or

(b) the development by or on behalf of Fujitsu Services, or the possession or use by or on behalf of Fujitsu Services, in each case in accordance with this Agreement, of the HNG-X User Interface or Postal Services Business Capability, but only to the extent that the infringement or alleged infringement relates to a part of the HNG-X User Interface or Postal Services Business Capability that could not reasonably have been developed in accordance with the UI Development Requirements without giving rise to that infringement or alleged infringement; or

34.3.2 any infringement or alleged infringement (including but not limited to the defence of such alleged infringement) in the United Kingdom of any Intellectual Property Right resulting from the use or possession in accordance with this Agreement by or on behalf of Fujitsu Services or a member of the Fujitsu Services Group of:

(a) Post Office Developed Documentation (but only to the extent that the infringement is due to the material referred to in the second limb of the definition of that term);

(b) any documents, software, materials or items that Post Office has procured or licensed from third parties which the Parties have agreed in writing will be supplied by or on behalf of Post Office to Fujitsu Services for the purpose of providing the Services, HNG-X Development and/or Associated Change Development (including, without limitation, use as part of the HNG-X User Interface or Postal Services Business Capability) or any other more limited purpose agreed in writing by the Parties provided that (a) such use or possession by Fujitsu Services is for the purpose of providing the Services, HNG-X Development and/or Associated Change Development (or such other more limited purpose as may be agreed in writing by the Parties); and (b) the Post Office's only liability under this Clause 34.3.2(b) shall be to pass on to Fujitsu Services the benefit of any indemnity (the terms of which Post Office shall, unless unable to do so due to obligations of confidentiality owed to the relevant third party owner or licensor, notify to Fujitsu Services upon Fujitsu Services' request) in respect of the infringement or alleged infringement it receives from the relevant third party owner or licensor; and

FUJ00000070



(c) to the extent that Post Office has not procured or licensed it or them from any third parties, any software and related documentation, graphic designs, trade marks or Reference Data (and such other individual material as the Parties may agree in writing should be covered by this indemnity) supplied by or on behalf of the Post Office to Fujitsu Services for the purpose of providing the Services, HNG-X Development and/or Associated Change Development (including, without limitation, use as part of the HNG-X User Interface or Postal Services Business Capability) or any other more limited purpose agreed in writing by the Parties provided that such use or possession by Fujitsu Services is for the purpose of providing the Services, HNG-X Development and/or Associated Change Development (or such other more limited purpose as may be agreed in writing by the Parties),

excluding in each case the UI Development Requirements; or

34.3.3 any infringement or alleged infringement (including but not limited to the defence of such alleged infringement) in the United Kingdom of any Intellectual Property Rights resulting from the development by or on behalf of Fujitsu Services, or the possession or use by or on behalf of Fujitsu Services, in each case in accordance with this Agreement, of the HNG-X Service Infrastructure or the Business Capabilities and Support Facilities, but only to the extent that the infringement or alleged infringement results from any instruction given by Post Office to Fujitsu Services in accordance with the provisions of Clause 34.5.2 (b)(a) and Fujitsu Services had first notified Post Office of the risk of that infringement in accordance with the provisions of Clause 34.5.

34.4 Fujitsu Services shall use its reasonable endeavours to, and observe good industry practice in its efforts (including its monitoring and searching practices) to, be aware of any third party Intellectual Property Rights covering the areas of technology and business methods and processes to be developed by or on behalf of Fujitsu Services as part of the HNG-X Infrastructure and the Business Capabilities and Support Facilities (including, without limitation, the HNG-X User Interface or Postal Services Business Capability).

34.5 Without prejudice to Fujitsu Services' right to an indemnity under Clause 34.3.1 and/or 34.3.2, in the event that Fujitsu Services considers, at any time prior to Trigger Point T5 (Data Centre ready for HNG-X) (or within 30 days of the start of HNG-X Project Workstream X4 (HNG-X Application Roll Out) for any HNG-X Requirement provided to Fujitsu Services after Trigger Point T5 (Data Centre ready for HNG-X)), that a HNG-X Requirement that forms part of (or is intended to form part of) the Requirements Baseline (a "Queried Requirement") would, if implemented, result in a reasonable risk of infringement or alleged infringement of Intellectual Property Rights owned by a third party, then:

34.5.1 it shall promptly on discovery notify Post Office in writing of its concern, such notice to be accompanied by:

(a) a proposal for an alternative requirement that, if implemented, would fulfil the relevant Development Obligation; and

FUJ00000070



(b) such relevant materials and information that it is reasonable for Fujitsu Services to provide in order for Post Office to understand and assess such risk and the alternative requirement proposed by Fujitsu Services under paragraph 34.5.1(a);

34.5.2 within 14 days of its receipt of such notice (or such other time as the Parties may agree), Post Office shall respond in writing to Fujitsu Services stating whether or not it:

(a) agrees with Fujitsu Services' concerns; and/or

(b) either (a) instructs Fujitsu Services to continue with the development cycle in respect of that Queried Requirement in any event, in which case Post Office shall indemnify Fujitsu Services under Clause 34.3.3, or (b) instructs Fujitsu Services to implement the alternative requirement proposed under Clause 34.5.1(a) in which case such alternative requirement shall form part of the Requirements Baseline;

34.5.3 in the event that Post Office instructs Fujitsu Services to implement the alternative requirement in accordance with Clause 34.5.2(b)(b), Fujitsu Services shall not be able to invoke the process set out in this Clause 34.5 in respect of that alternative requirement at any time after Post Office so instructs Fujitsu Services;

34.5.4 at all times during the process set out in this Clause 34.5, Fujitsu Services shall provide Post Office with such assistance as Post Office may reasonably require in order to understand and assess the risk notified to it and the alternative requirement proposed by Fujitsu Services, provided that the Parties hereby acknowledge that each Party shall be responsible for forming its own assessment of such risk and alternative requirement;

34.5.5 either Party may request, at any time prior to an instruction being given under Clause 34.5.2(b), that the Parties meet to discuss a risk notified, or an alternative requirement proposed, to Post Office by Fujitsu Services in accordance with this Clause and to agree in good faith a course of action which is mutually beneficial to the Parties. If the Parties are unable to agree on the relevant risk and either Post Office does not give Fujitsu Services an instruction under Clause 34.5.2(b) and/or the Parties are unable to agree the suitability of the alternative requirement proposed, then the matter shall be escalated in accordance with the DRP set out in Annex 2 of Schedule A2 (Governance), up to and including the stage set out at paragraph 3 of such Annex (Executive Review), provided that references in that Annex to "five Working Days" shall be read as "two Working Days" for the purposes of this Clause;

34.5.6 if, following the earlier of (i) the escalation of the matter and completion of the process set out in Clause 34.5.5; or (ii) the date falling ten Working Days after the date upon which the matter was first escalated in accordance with Clause 34.5.5, the Parties are not able to agree on the risk or the suitability of the alternative requirement proposed and Post Office fails to instruct Fujitsu

FUJ00000070



Services to continue with the development cycle in respect of that Queried Requirement, then Fujitsu Services shall:

(a) be entitled to reject that Queried Requirement (such rejected Queried Requirement being a "Rejected Requirement"), provided that in the event that Fujitsu Services disagrees with any advice and guidance of a Facilitator obtained as part of the escalation process, it shall provide Post Office with a reasonably detailed statement of its reasons for doing so; and

(b) achieve the relevant Development Obligation for such Rejected Requirement; and

34.5.7 in the event that Fujitsu Services rejects a Queried Requirement pursuant to this Clause 34.5 and Fujitsu Services would, if it had complied with Clause 34.4, have known about the risk relating to that Rejected Requirement earlier than the date on which it actually became aware of that risk and notified the Post Office pursuant to Clause 34.5.1, then Fujitsu Services shall refund to Post Office any Charges paid or payable by Post Office in respect of development work undertaken by or on behalf of Fujitsu Services in relation to that Rejected Requirement in that intervening period (but excluding any Charges in respect of development work which Fujitsu Services is able to demonstrate to the reasonable satisfaction of Post Office is of continued use and benefit to Post Office).

34.6 The indemnities set out at Clause 34.3.1 shall not apply to any UI Development Requirement to the extent that (a) Fujitsu Services or a member of the Fujitsu Services Group was engaged by Post Office for the purposes of the development of that UI Development Requirement and contributed to that UI Development Requirement and (b) such contribution resulted in the infringement or alleged infringement referred to in Clause 34.3.1.

34.7 In the event that, pursuant to Clause 34.5, Fujitsu Services rejects a Queried Requirement in respect of which (a) Fujitsu Services or a member of the Fujitsu Services Group was engaged by Post Office for the purposes of the development of such Queried Requirement and (b) contributed towards such Queried Requirement, then (without prejudice to any other rights or remedies available to Post Office) Fujitsu Services shall refund to Post Office the Charges paid or payable by Post Office in respect of that contribution.

Common Indemnity Provisions

34.8 Each Party shall promptly notify the other if any claim or demand is made or action brought against it to which this Clause 34 applies.

34.9 The Party giving an indemnity under this Clause 34 (the "Indemnifying Party") shall, at its own expense, conduct any litigation arising therefrom and all negotiations in connection therewith and the Party receiving the indemnity (the "Indemnified Party") hereby agrees to grant to the Indemnifying Party exclusive control of any such litigation and such negotiations in relation to the indemnified infringement or alleged

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infringement. The Indemnifying Party shall consult with and pay due regard to the interests (including, where the Post Office is the Indemnified Party, the commercial interests of the Royal Mail Group and the public interest and where Fujitsu Services is the Indemnified Party the commercial interests of the Fujitsu Services Group) and views of the Indemnified Party in the conduct of any defence to any claim or demand hereunder, and shall, where it is reasonable to do so taking into account also the interests of the Indemnifying Party, comply with such interests and views.

34.10 The Indemnified Party shall, at the request of the Indemnifying Party, afford to the Indemnifying Party all reasonable assistance for the purpose of contesting any claim or demand made or action brought against the Indemnified Party to which the indemnity may apply or any claim or demand made or action brought against the Indemnifying Party to which the indemnity may apply. The Indemnifying Party shall reimburse the Indemnified Party for all reasonable costs and expenses (including but not limited to legal costs and disbursements on a solicitor and client basis) incurred in so doing.

34.11 The Indemnified Party shall not make any admissions which may be prejudicial to the defence or settlement of any claim, demand or action for infringement or alleged infringement brought against the Indemnified Party to which the indemnity may apply or any claim or demand made or action brought against the Indemnifying Party to which the indemnity may apply.

34.12 If a claim or demand is made or action brought to which the indemnity may apply or in the reasonable opinion of the Indemnifying Party is likely to be made or brought, the Indemnifying Party may at its own expense either:

34.12.1 modify any or all of the affected documents, software, materials, items or other things whatsoever without reducing the performance and functionality of the same, or substitute alternative items, products or services of equivalent performance and functionality for any or all of the documents, software, materials, items or other things whatsoever, so as to avoid the infringement or the alleged infringement but without disrupting the performance of the Services, provided that the terms herein shall apply *mutatis mutandis* to such modified or substituted items or services and such modified or substituted items shall be acceptable to the Indemnified Party (whether by passing any form of acceptance testing or otherwise), such acceptance not to be unreasonably withheld or delayed, and shall reimburse the Indemnified Party all reasonable costs directly incurred by it; or

34.12.2 procure a licence to use the affected documents, software, materials, items or other things whatsoever on terms which afford to the Indemnified Party no more extensive rights than those originally applicable hereunder and which are acceptable to the Indemnified Party and shall reimburse the Indemnified Party all reasonable costs directly incurred by it.

34.13 Notwithstanding anything to the contrary in this Clause 34:

34.13.1 to the extent that any actual or alleged infringement, to which this Clause 34 applies, relates to the development by Fujitsu Services under this Agreement of the HNG-X Service Infrastructure or the Business Capabilities and Support

FUJ00000070



Facilities and does not result from (i) a breach by Fujitsu Services of the Clean Room Rules or paragraph 4.2 of Annex 2 to Schedule B6.2 (ii) a failure by Fujitsu Services to comply with Clause 15.1.5, or (iii) a breach by Fujitsu Services of Clause 34.4; and

34.13.2 provided that the HNG-X Development Completion has not occurred at the time of the claim, demand or action in respect of such infringement,

the costs of undertaking any modification or substitution or procuring a licence that may be made or obtained pursuant to Clause 34.12 shall be treated as a normal cost of development and Post Office shall pay Fujitsu Services:

(a) for such modification work on a time cost basis, subject to and in accordance with the provisions of Schedule D8; and

(b) in respect of any such substitution or licence, an amount equivalent to Fujitsu Services' cost of the product used as a substitute and/or of the necessary licence, multiplied by 95 and divided by 100.

34.14 The indemnities set out in this Clause 34 (other than where Clause 34.3.1(b) applies) shall not apply insofar as any such claim or demand or action is in respect of:

34.14.1 any use by or on behalf of the Indemnified Party of the affected documents, software, materials, items or other things whatsoever in combination with any item not supplied or approved (such approval not to be unreasonably withheld or delayed) by the Indemnifying Party where such combined use directly gives rise to the claim, demand or action; or

34.14.2 any modification carried out by or on behalf of the Indemnified Party to any item supplied by the Indemnifying Party under this Agreement if such modification is not authorised by the Indemnifying Party in writing; or

34.14.3 any use by the Indemnified Party of the affected documents, software, materials, items or other things whatsoever in a manner not reasonably to be inferred from their specification (if any) or the requirements of the Indemnified Party (including, without limitation, where Post Office is the Indemnified Party, the Requirements Baseline).

34.15 If the Indemnifying Party has availed itself of its rights to modify the affected documents, software, materials, items or other things whatsoever or to supply substitute products or services pursuant to Clause 34.12.1 or to procure a licence under Clause 34.12.2 and such exercise of the said rights has avoided any claim, demand or action for infringement or alleged infringement, or if the Indemnified Party has unreasonably withheld its acceptance of any items modified or substituted by the Indemnifying Party in accordance with Clause 34.12, then the Indemnifying Party shall have no further liability thereafter under this Clause 34 in respect of the said claim, demand or action.

34.16 If a modification or substitution in accordance with Clause 34.12.1 is not possible so as to avoid the infringement and the Indemnifying Party has been unable to procure a

FUJ00000070



licence in accordance with Clause 34.12.2, then Clause 34.1 or Clause 34.3 (as the case may be) shall apply.

34.17 This Clause states the entire liability of:

34.17.1 Fujitsu Services with regard to the infringement of any Intellectual Property Right by the use or possession of the things listed in Clause 34.1 by or on behalf of Post Office or in connection with the Services;

34.17.2 Post Office with regard to the infringement of any Intellectual Property Right by the use or possession of the things listed in Clause 34.3 by or on behalf of Fujitsu Services; and

34.17.3 each Party with regard to the unauthorised use of any Third Party Confidential Information by or on behalf of the other Party after the Project HNG-X Commencement Date.

35. Use Of Services and Infrastructure

35.1 Fujitsu Services shall not restrict Post Office from using the Services and the Infrastructure for its existing and future clients, Agents, customers, products and services.

35.2 Except as contemplated by this Agreement and subject to Clause 35.3, the Infrastructure (other than any public service telecommunications networks) may not be used other than by Post Office without the prior written consent of Post Office.

35.3 Post Office acknowledges and agrees that the HNG-X Services will be performed by Fujitsu Services using certain facilities and/or elements of the Infrastructure, as described in the Solution Architecture and/or the Solution Baseline and listed from time to time in the Asset Register, that will be shared with customers of Fujitsu Services other than the Post Office.

## PART F: LIABILITY

36. **Damage to Physical Property**

36.1 Except where any of paragraphs 5.2, 6.3.2 and 6.3.3 of Schedule B1.3 apply, each Party will be responsible for loss or damage caused by its own negligence or wilful acts or omissions to the physical property of the other.

36.2 Hardware

Subject to Clauses 36.3 and 36.5:

36.2.1 risk in the Infrastructure shall vest in Fujitsu Services, save to extent that any elements of the Infrastructure are transferred to Post Office or the Next Supplier pursuant to Clause 48.1 in which case risk in such elements shall pass to Post Office or the Next Supplier when title passes; and

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36.2.2 where damage occurs to hardware used by Fujitsu Services to provide the Services, Fujitsu Services shall repair or replace the affected items with all possible speed and (subject to any rights arising under Clause 36.1) at its own cost.

36.3 Paypoles and PIN Pads

36.3.1 The risk of loss of or damage to each Paypole shall pass from Fujitsu Services to Post Office upon delivery of that Paypole to Post Office.

36.3.2 Post Office shall be liable for the costs (including, without limitation, service call costs) of any damage to, loss or theft of PIN Pads to the extent caused by or contributed to by Post Office's employees, contractors, agents (including, without limitation, its Agents) and, where the damage, loss or theft occurs at any site where PIN Pads are installed, by the public.

36.3.3 Post Office shall be liable for the costs of :

(a) damage to PIN Pads;

(b) damage to any hardware elements of the Infrastructure at sites where PIN Pads are installed (not including Software wherever located); and

(c) remedying any defective PIN Pad or Paypole installations,

as a result of the negligence or wilful acts or omissions during the Paypole installation process of Post Office's installation contractors, employees or agents.

36.4 Branch Hardware

Unless the Parties agree otherwise, risk in Branch Hardware shall vest with the Party that procures that hardware until such time as that hardware has been installed at the Branch and accepted by Fujitsu Services as part of the Infrastructure at which time such risk shall transfer to Fujitsu Services.

36.5 Superstock

36.5.1 Risk in the Superstock Infrastructure shall remain vested in Fujitsu Services and/or its suppliers.

36.5.2 Not Used

36.5.3 Not Used

36.5.4 Not Used

36.5.5 Not Used

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37. **Damage to Plant, Tackle and Tools**

37.1 All plant, tackle and tools at the Post Office Premises provided by or on behalf of Fujitsu Services shall be at the risk of and in the sole charge of Fujitsu Services.

37.2 Fujitsu Services shall be required to remove all such plant, tackle and tools which it brings to the Post Office Premises.

37.3 Fujitsu Services shall ensure that all such plant, tackle and tools shall meet minimum safety standards required by law.

38. **Access to Post Office Premises**

38.1 Any land or Post Office Premises (including temporary buildings) made available to Fujitsu Services by Post Office in connection with this Agreement shall be made available to Fujitsu Services on such terms and conditions as may be agreed between Fujitsu Services and Post Office. Fujitsu Services shall have the use of such land or Post Office Premises as licensee and shall vacate the same upon the termination or expiry of this Agreement or at such earlier date as Post Office may reasonably determine.

38.2 Post Office shall be responsible for maintaining the security of such land or Post Office Premises in accordance with its standard security requirements. Fujitsu Services shall comply with all reasonable security requirements of Post Office while on the Post Office Premises, and shall procure that all of its employees, agents and subcontractors shall likewise comply with such requirements. Post Office shall provide to Fujitsu Services upon request copies of its written security procedures and shall afford to Fujitsu Services upon request an opportunity to inspect its physical security arrangements.

39. **Post Office Responsibilities**

39.1 Subject to paragraph 2.3 of Schedule A5, Post Office undertakes (at its own cost and expense save where otherwise provided in or pursuant to this Agreement) to perform the Post Office Responsibilities. Post Office shall use all reasonable endeavours to perform such Post Office Responsibilities in a timely fashion or, where specified, in accordance with the HNG-X Programme Plan or any other agreed timetable specified in this Agreement.

39.2 Without limitation to Clause 39.1, Post Office shall use all reasonable endeavours to ensure that its Agents co-operate with Fujitsu Services to the extent reasonably necessary to permit Fujitsu Services to perform the Services. In the event that any Agent fails to provide such co-operation, and Post Office is unable to secure such co-operation within six months after receiving written notice thereof from Fujitsu Services, Fujitsu Services shall be relieved of liability for any failure or delay to perform the Services which is directly caused by the Agent's failure to provide such co-operation and shall be entitled to any reasonable additional costs and expenses which Fujitsu Services can show were directly incurred by it as a result of the Agent's failure to provide such co-operation.

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39.3 Without prejudice to the provisions of paragraph 13 of Schedule B6.2 or Schedule A5, Fujitsu Services shall not be liable to Post Office for any failure to perform or delay in performing its obligations under this Agreement where Fujitsu Services proves that such failure or delay has been directly caused by the failure of Post Office to perform any of the Post Office Responsibilities.

This Clause 39.3 shall not apply in the circumstances to which Clause 43.6 applies, which shall be governed by the specific rule stated in Clause 43.6.

39.4 In addition to the provisions of 39.3, in the event that the Post Office fails to perform or delays performing its obligations regarding the processing of reference data for the introduction of new, or updates to existing, APOP applications as described in the CCD entitled " " (CS/PRD/058) then in so far as such non-performance results in costs being incurred by Fujitsu Services in rectification activities then such costs shall be reimbursable by the Post Office to Fujitsu Services.

39.5 Post Office Obligations inserted by CCN 1400 shall be applicable to provisions relating to the Towers Model only including but not limited to Clauses 39A, 39B and 39C and Schedule F. Provisions relating to Post Office Responsibilities shall continue to apply in the same manner as they applied prior to CCN 1400 and shall be unaffected by Post Office Obligations.

**39A Effect on Service Levels of Post Office Cause or Tower Contractor Cause**

39A.1 This Clause 39A is without prejudice to the obligations of Fujitsu Services to provide the Services in accordance with the Agreement.

39A.2 If Fujitsu Services has failed to provide the Services in accordance with the Service Levels as a direct result of a Post Office Cause, or a Tower Contractor Cause, Fujitsu Services shall continue to provide the Services to the extent it is able in accordance with the Service Levels but may apply for relief as set out in Clause 39A.3.

39A.3 To the extent that Fujitsu Services reasonably believes that Fujitsu Services would have provided the Services in accordance with the Service Levels but has failed to do so as a direct result of a Post Office Cause, or a Tower Contractor Cause, Fujitsu Services may make a written submission to Post Office within 3 months of the commencement of the Post Office Cause or the Tower Contractor Cause. Fujitsu Services shall not be entitled to any relief, to the extent that Fujitsu Services cannot demonstrate to Post Office's reasonable satisfaction that:

39A.3.1 Fujitsu Services' failure to provide the Services in accordance with the Service Levels is a direct result of a Post Office Cause, or a Tower Contractor Cause (identifying the specific Post Office Obligation or Tower Contractor Responsibility that has not been met);

39A.3.2 Fujitsu Services made all reasonable efforts to mitigate the consequences of the relevant Post Office Cause or Tower Contractor Cause, and to continue to provide the Services in accordance with the Service Levels; and

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39A.3.3 Fujitsu Services' failure to provide the Services in accordance with the Service Levels arose from a cause beyond Fujitsu Services' reasonable control.

39A.4 Post Office will consider any submission under Clause 39A.3 and advise Fujitsu Services of its proposal in respect of a submission promptly and in any event within 15 Working Days of receipt. If Fujitsu Services does not accept Post Office's submission, the Parties shall meet within 5 Working Days of Fujitsu Services' receipt of Post Office's proposal and shall use reasonable endeavours to agree the rights and reliefs applicable to Fujitsu Services in line with Clause 39A.5. Either Party may invite other interested Tower Contractors to the meeting and in that event shall inform the other Party.

39A.5 Where the Parties agree that Fujitsu Services would have provided the Services in accordance with the Service Levels but has failed to do so as a direct result of a Post Office Cause or a Tower Contractor Cause and has demonstrated compliance with Clauses 39A.3.1 to 39A.3.3 inclusive then:

39A.5.1 the period in which the relevant Service was affected by the Post Office Cause or Tower Contractor Cause will not be included in measuring the performance of any affected Service;

39A.5.2 Fujitsu Services will not be treated as being in breach of this Agreement to the extent that non-performance or breach is due to the Post Office Cause or Tower Contractor Cause; and

39A.5.3 Fujitsu Services will be entitled to the Charges for the relevant Services affected by Post Office Cause or Tower Contractor Cause as if it had not occurred provided that Fujitsu Services mitigates those Charges to the extent that it is able and passes on any reduction in the Charges to Post Office.

39A.6 In order to claim the rights and reliefs in Clause 39A.5, Fujitsu Services' submission pursuant to Clause 39A.3 will be provided within 15 Working Days after it has notified Post Office of a claim that Clause 39A.2 applies and that Fujitsu Services is applying for the rights and relief set out in Clause 39A.5.

39A.7 In the event of a dispute, either Party may refer the matter for resolution in accordance with schedule A2 and, failing resolution through governance within 15 Working Days, such Party may refer the dispute for resolution in accordance with the Dispute Resolution Procedure. Pending the resolution of the Dispute both Parties will continue to resolve the causes of, and mitigate the effects of such failure.

**39B. Costs incurred due to Post Office Cause or Tower Contractor Cause**

39B.1 In this Clause 39B, claims for reimbursement of additional costs and expenses may be claimed insofar as the Parties have not agreed to recompense Fujitsu Services elsewhere in this Agreement. Where the Parties have agreed to recompense Fujitsu Services elsewhere in this Agreement, Fujitsu Services may not make any claim under this Clause 39B.

39B.2 If Fujitsu Services reasonably believes that it has incurred additional costs and expenses as a direct result of steps taken by Fujitsu Services in carrying out any

FUJ00000070



additional work or services to remedy or mitigate an issue caused by a Post Office Cause or Tower Contractor Cause, then Fujitsu Services shall claim for reimbursement of those additional costs and in accordance with the claim process set out in Clause 39B.3.

39B.3 To the extent that Fujitsu Services reasonably believes that Clause 39B.2 applies, Fujitsu Services may make a written submission to Post Office within 3 months of the commencement of the Post Office Cause or Tower Contractor Cause seeking reimbursement of additional costs and expenses necessarily and reasonably incurred as a direct result of steps taken by Fujitsu Services in carrying out any additional work or services to remedy or mitigate an issue caused by a Post Office Cause or Tower Contractor Cause. Fujitsu Services shall not be entitled to any additional costs and expenses, unless Fujitsu Services can demonstrate to Post Office's reasonable satisfaction that:

39B.3.1 Fujitsu Services could not have avoided the effect on the provision of the Services and/or on its ability to perform its obligations under the Agreement by using all reasonable endeavours to eliminate or mitigate the consequences of the delay in accordance with Good Industry Practice and having regard to the scope of the Services for which Fujitsu Services is responsible; and

39B.3.2 costs incurred were reasonable, demonstrable, necessarily and reasonably incurred and that Fujitsu Services used all reasonable endeavours to minimise such costs,

and Fujitsu Services will provide any additional information that Post Office may reasonably require in order to assess the validity of Fujitsu Services' claim.

39B.4 Post Office will consider any submission under Clause 39B.3 and advise Fujitsu Services of its proposal in respect of a submission promptly and in any event within 15 Working Days of receipt. If Fujitsu Services does not accept Post Office's submission, the Parties shall meet within 5 Working Days of Fujitsu Services' receipt of Post Office's proposal and shall use reasonable endeavours to agree the amount of compensation applicable to Fujitsu Services. Either Party may invite other interested Tower Contractors to the meeting and in that event shall inform the other Party.

39B.5 The agreed costs will be shown as an additional amount on the next Operational Charges invoice due to be issued under this Agreement. If no Operational Charges invoice is due to be issued then Fujitsu Services will issue an invoice.

39B.6 In the event of a dispute, either Party may refer the matter for resolution in accordance with schedule A2 and, failing resolution through governance within 15 Working Days, such Party may refer the dispute for resolution in accordance with the Dispute Resolution Procedure. Pending the resolution of the Dispute both Parties will continue to resolve the causes of, and mitigate the effects of such failure.

39B.7 Fujitsu Services acknowledges that in respect of a Post Office Cause or a Tower Contractor Cause, a materiality threshold applies in respect of costs claimed for reimbursement pursuant to Clause 39B.3 and that Fujitsu Services will not be entitled to claim for reimbursement of costs pursuant to that Clause unless and until additional

FUJ00000070



costs and expenses incurred by Fujitsu Services in consequence of the circumstances listed in Clause 39B.2 in respect of each individual Post Office Cause or of each individual Tower Contractor Cause exceed £5,000.

**39C Effects of a Fujitsu Dependency Failure**

39C.1 For the avoidance of doubt, prior to the earlier of notification to Fujitsu Services of the appointment of the Post Office Service Integrator by Post Office or the termination of any Terminable Service and the contracting of a replacement for said service by Post Office with a Tower Contractor under its Towers Model, there shall be no Fujitsu Dependencies.

39C.2 Upon agreement of any Fujitsu Dependencies, Fujitsu Services undertakes to notify Post Office as soon as reasonably practicable after becoming aware that it has not, will not, or is unlikely to fulfil any Fujitsu Services Dependency or will be delayed from doing so (a **"Fujitsu Dependency Failure"**). In the event that Post Office has not been notified by Fujitsu Services in accordance with this Clause 39C.2 but Post Office is aware or becomes aware of a Fujitsu Dependency Failure, then Post Office shall notify Fujitsu Services of such Fujitsu Dependency Failure.

39C.3 Notwithstanding actions to be taken under any Incident management process to resolve a Fujitsu Dependency Failure, within 5 Working Days after providing notice or receiving notice under Clause 39C.2, Fujitsu Services shall submit a report relating to the Fujitsu Dependency Failure (the **"Fujitsu Dependency Failure Report"**) to Post Office setting out full details of the reasons for, the issues arising out of and the steps which Fujitsu Services is taking to minimise the impact of the Fujitsu Dependency Failure on Post Office and/or the Tower Contractors to the extent to which the potential impact of a particular Fujitsu Dependency Failure was agreed as part of the agreement of the particular Fujitsu Dependency. In addition, it shall notify Post Office of the actions it intends to take to prevent the recurrence of the Fujitsu Dependency Failure in the future.

39C.4 Fujitsu Services shall take reasonable steps to perform its obligations under the Agreement and use its reasonable endeavours to take precautions which it ought reasonably to have taken in accordance with Good Professional Practice in order to avoid or mitigate the potential impacts of the Fujitsu Dependency Failure on Post Office, and/or the relevant Tower Contractors.

39C.5 Fujitsu Services shall co-operate and work with Post Office, the Tower Contractors and/or any third parties (as reasonably directed by Post Office) to mitigate the Fujitsu Dependency Failure.

39C.6 In the event of a Post Office Cause or Tower Contractor Cause, Fujitsu Services shall co-operate, support, collaborate and work with Post Office, other Tower Contractors and/or any third parties (as reasonably directed by Post Office) so that Post Office and/or relevant Tower Contractors are able to mitigate the effect of the Post Office Cause or Tower Contractor Cause.

39C.7 Once a Fujitsu Dependency Failure has been resolved and in any event no later than 30 days (or such period as may be agreed by the Parties) after the occurrence of the

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Fujitsu Dependency Failure, the Subject Leads for the Relationship best qualified to deal with the Fujitsu Dependency Failure, taking into account its nature and the responsibilities of each Subject Lead, shall convene an occasional meeting of the relevant Relationship in accordance with paragraph 3.3 of Schedule A2 to agree responsibility for the Fujitsu Dependency Failure (including where appropriate the preparation of a root cause analysis).

39C.8 Post Office may make a written request to Fujitsu Services seeking reimbursement of demonstrable additional costs and expenses necessarily and reasonably incurred as a direct result of steps taken by Post Office and/or a Tower Contractor in carrying out any additional work or services to remedy or mitigate an issue caused by a Fujitsu Dependency Failure (the **"Compensation Amount"**). Post Office shall make any claim for a Compensation Amount within 3 months of commencement of the Fujitsu Dependency Failure. Post Office shall not be entitled to any Compensation Amount for itself or any Tower Contractor unless Post Office can demonstrate to Fujitsu Services' reasonable satisfaction that:

39C.8.1 Post Office and/or the Tower Contractor could not have avoided the effect on the provision or receipt of the relevant services and/or on its ability to perform its obligations under its agreement(s) by using all reasonable endeavours to eliminate or mitigate the consequences of the delay in accordance with Good Industry Practice; and

39C.8.2 costs incurred were reasonable, demonstrable, necessarily and reasonably incurred and that Post Office and/or the Tower Contractor used all reasonable endeavours to minimise such costs,

and Post Office will provide any additional information that Fujitsu Services may reasonably require in order to assess the validity of Post Office's request.

39C.9 Fujitsu Services will consider any request under Clause 39C.8 and advise Post Office of its proposal in respect of the Compensation Amount promptly and in any event within 15 Working Days of receipt. If Post Office does not accept Fujitsu Services' proposal, the Parties shall meet within 5 Working Days of Post Office's receipt of Fujitsu Services' proposal and shall use reasonable endeavours to agree the Compensation Amount applicable. Either Party may invite other interested Tower Contractors to the meeting and in that event shall inform the other Party.

39C.10 The agreed Compensation Amount will be shown as a credit on the next Operational Charges invoice due to be issued under this Agreement. If no Operational Charges invoice is due to be issued then Post Office will issue a credit note.

39C.11 In the event of a dispute under this Clause 39C, either Party may refer the matter for resolution in accordance with Schedule A2 and, failing resolution through governance within 15 Working Days, such Party may refer the dispute for resolution in accordance with the Dispute Resolution Procedure. Pending the resolution of the Dispute both Parties will continue to resolve the causes of, and mitigate the effects of such failure.

39C.12 Post Office acknowledges that in respect of a Fujitsu Dependency Failure, a materiality threshold applies in respect of costs claimed for reimbursement pursuant to Clause

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39C.8 and that Post Office and/or any other Tower Contractor will not be entitled to claim for reimbursement of costs pursuant to that Clause unless and until additional costs and expenses incurred by Post Office and/or any other Tower Contractor in consequence of the circumstances listed in Clause 39C.8 in respect of each individual Fujitsu Dependency Failure exceed £5,000.

40. **Fujitsu Services' Personnel**

40.1 Post Office reserves the right under this Agreement to refuse to admit to any premises occupied by or on behalf of any member of the Royal Mail Group (which expression shall in this Clause 40 include all persons employed or engaged by the Royal Mail Group and all persons other than Fujitsu Services and its sub-contractors providing services to the Royal Mail Group), or to any Branch any person employed or engaged by Fujitsu Services, or by a sub-contractor, whose admission would be, in the reasonable opinion of Post Office, undesirable.

40.2 If and when directed by Post Office, Fujitsu Services shall provide a list of the names and addresses of all persons who it is expected may require admission in connection with the performance of this Agreement to any premises occupied by or on behalf any member of the Royal Mail Group or to any Branch, specifying the capacities in which they are concerned with this Agreement and giving such other particulars as Post Office may reasonably require. Fujitsu Services shall comply with any reasonable directions issued by the designated representative of Post Office as to which persons may be admitted to such premises and at what times.

40.3 If and when directed by Post Office, Fujitsu Services shall secure that any person employed or engaged by Fujitsu Services or by a sub-contractor, who is specified in the direction or is one of a class of persons who may be so specified, shall sign a statement that he understands that the Official Secrets Acts 1911 to 1989 apply to him both during the term of and after the expiry or termination of this Agreement.

40.4 Fujitsu Services' representatives, engaged within the boundaries of a Royal Mail Group establishment or Branch, shall comply with such rules, regulations and requirements (including those relating to security arrangements) as may be in force from time to time for the conduct of personnel when at that establishment or Branch and when outside that establishment or Branch.

40.5 The decision of Post Office as to whether any person is to be refused admission to any premises occupied by or on behalf of the Royal Mail Group or to a Branch shall be final and conclusive.

41. **Fujitsu Services' Key Personnel**

41.1 The Parties acknowledge that the Key Personnel are essential to the fulfilment of Fujitsu Services' obligations hereunder.

41.2 Notwithstanding anything to the contrary in Clause 61, Post Office shall keep the CCD entitled "Fujitsu Services Key Personnel" (HR/CON/001) (including any proposed or agreed amendments to it) and the information contained in it ("Personnel Information")

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confidential. Except as provided for in this Clause 41.2, Post Office shall not copy, reproduce or disclose Personnel Information to any third party.

41.2.1 Post Office may reproduce, copy and disclose Personnel Information:

(a) to Post Office's Subject Leads for (i) the Systems Integration Partnership and Executive Relationship and (ii) the Commercial Relationship;

(b) to its professional advisers provided such reproduction, copying and disclosure is necessary for the purposes of this Agreement; or

(c) as required by law,

provided that Post Office shall procure that the persons referred to in paragraphs (a) and (b) above shall not themselves disclose Personnel Information (except amongst themselves) without the express written consent of Fujitsu Services.

41.2.2 Post Office may discuss Personnel Information with and disclose Personnel Information to FS Listed Personnel.

41.3 Fujitsu Services undertakes to use all reasonable endeavours to ensure that the Key Personnel are not removed or replaced for the duration of the activities relevant to them (described as "Tasks" in the CCD entitled "Fujitsu Services Key Personnel" (HR/CON/001)). However, in the event that any of the Key Personnel become unavailable for any reason (including without limitation death, injury, sickness, promotion or resignation), Fujitsu Services shall have the right upon giving 30 days' notice in writing (or such shorter period of notice as may be reasonably practicable) to Post Office to replace such an individual with another individual whose abilities and qualifications are appropriate for the services to be performed by such individual.

41.4 The Parties acknowledge and agree that in order for Fujitsu Services to successfully complete its obligations under this Agreement, additional key personnel may be identified after the date of this Agreement. The Parties shall identify and agree any such additional key personnel (together with any activities which are relevant to them).

## 42. Injury to Persons; Loss of Property

42.1 Subject always to Post Office's proper observance of its obligations under this Clause 42 and except where paragraphs 5.2 or 6.3.3 of Schedule B1.3 apply, Fujitsu Services shall fully indemnify Post Office in respect of any personal injury or loss of or damage to Property incurred by Post Office, its contractors or their respective employees and authorised agents to the extent that such personal injury or loss of Property is caused by any Default of Fujitsu Services, its employees or agents in connection with the performance or purported performance of this Agreement.

42.2 In the event of any claim or demand being made or action brought to which Clause 42.1 applies, Fujitsu Services shall be promptly notified thereof and Fujitsu Services shall at its own expense conduct all negotiations for settlement of the same and any legal proceedings that may arise therefrom. Fujitsu Services shall consult with and pay due

FUJ00000070



regard to the interests and views of Post Office (including the commercial interests of the Royal Mail Group and the public interest) in the conduct of any defence to any claim or demand hereunder, and shall, where it is reasonable to do so, comply with such interests and views. Post Office, its employees and agents, shall at the request of Fujitsu Services afford all reasonable assistance for the purpose of contesting any such claim or demand or action and shall be repaid any reasonable expense incurred in so doing and shall not make any admissions which may be prejudicial to the defence of such claim or demand or action.

42.3 Notwithstanding Clause 42.2, Post Office shall have the option to take over the conduct over any claim, demand or action to which this Clause applies. Should Post Office exercise the aforementioned option it shall indemnify Fujitsu Services against any loss, damage, cost or expense which it incurs in respect of that claim, demand or action over and above the monetary amount (which Fujitsu Services shall have notified to Post Office prior to Post Office exercising its option) at which Fujitsu Services was prepared to settle said claim, demand or action.

## 43. Liability

43.1 Subject to the remaining sub-clauses of this Clause 43, Fujitsu Services shall be liable for all losses and shall indemnify Post Office against all costs, expenses, losses and damages incurred, including any legal costs (together referred to in this Clause 43 only as "Losses"), as a result of:

43.1.1 any unauthorised third party access to the Infrastructure;

43.1.2 any unauthorised third party access to the Post Office Service Environment which is gained through the Infrastructure;

43.1.3 any "hacking" into the systems used by Fujitsu Services to provide the Services (whether or not constituting an offence under the Computer Misuse Act 1990); or

43.1.4 any other form of fraud.

43.2 **In the event of termination of Project HNG-X:**

43.2.1 for convenience pursuant to Clause 47.11.2, the provisions of Clause 43.1 shall continue to apply. In such circumstances, prior to the later of the date of such termination of Project HNG-X or 1 April 2010, Fujitsu Services shall implement the upgrade of the Horizon Service Infrastructure in accordance with the provisions of the CCD entitled "Horizon Security in the Absence of HNG-X" (ARC/SEC/ARC/0002) and Post Office shall pay for such upgrade in accordance with paragraphs 10.4 to 10.8 (inclusive) of Schedule D1 (the details of which in respect of such upgrade shall be incorporated in a Work Order); and

43.2.2 for Default pursuant to Clause 47.11.1, the provisions of Clause 43.1 shall continue to apply. In such circumstances, prior to the later of the date of such termination of Project HNG-X or 1 April 2010, Fujitsu Services shall implement the upgrade of the Horizon Service Infrastructure in accordance with the

FUJ00000070



provisions of the CCD entitled "Horizon Security in the Absence of HNG-X" (ARC/SEC/ARC/0002) at its own cost.

43.3 In the event of Partial Termination for any reason of the Data Centre Operations Service and the Central Network Service (as a single Terminable Service) or the Systems Management Service, Third Line Software Support Service or Application Support Service (Fourth Line), with effect from the date of termination of the first such Service to be Partially Terminated, the provisions of Clause 43.1 shall not apply unless Post Office proves that any of the matters referred to in sub-clauses 43.1.1 to 43.1.4 (inclusive) have been caused by Fujitsu Services' Default in respect of any of its obligations or responsibilities under this Agreement.

43.4 In the event of Partial Termination for any reason of any of the Terminable Services referred to in Clause 43.3 Fujitsu Services shall promptly provide to Post Office all correspondence, audit trails, documentation and other information (in whatever media) as Post Office may reasonably require in order to establish the cause of any of the matters referred to in sub-clauses 43.1.1 to 43.1.4 (inclusive).

43.5 In the event of Partial Termination for any reason of any Terminable Service the provisions of Clause 43.1 shall continue to apply subject to Clause 43.3 and any exceptions or qualifications agreed by the Parties pursuant to paragraph 2.2.6 of Schedule E.

43.6 If and to the extent that Fujitsu Services proves that any of the matters referred to in Clause 43.1 have been caused by Post Office's non-performance of any of its obligations or responsibilities under this Agreement upon the performance of which Fujitsu Services' obligations depend, the provisions of Clause 43.1 shall not apply.

43.7 In the event that:

43.7.1 Post Office agrees pursuant to paragraph 2.2.4 of Schedule E to perform any security related obligations or responsibilities; or

43.7.2 the Post Office responsibility set out in paragraph 2.4.3 of Schedule E applies,

in connection with any Partial Termination, Post Office shall promptly provide to Fujitsu Services all correspondence, audit trails, documentation and other information (in whatever media) as Fujitsu Services may reasonably require in order to establish the cause of any of the matters referred to in Clause 43.1.

43.8 Where an act of fraud relates to the Superstock Solution, Clause 43.1.4 shall not apply unless the fraud in question was perpetrated by a:

43.3.1 person who was at the time in question an employee, agent or sub-contractor of Fujitsu Services (or an employee or agent of its sub-contractors);

43.3.2 third party whose fraudulent actions resulted from or were made possible by Fujitsu Services' failure to comply with its obligations under this Agreement.

FUJ00000070

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43.9 In the case of the Banking Functions or in relation to the operation of the Banking Functions, Clause 43.1.4 shall not apply unless the fraud in question was perpetrated by a person who was at the time in question:

43.9.1 an employee, agent or sub-contractor of Fujitsu Services (such agents or subcontractors being together referred to as "Current Banking Participants");

43.9.2 a former employee, agent or sub-contractor of Fujitsu Services, who was an employee, agent or sub-contractor (as the case may be) of Fujitsu Services at any time on or after 14 April 2001 (such agents or subcontractors being together referred to as "Former Banking Participants") and who satisfies the Information Condition;

43.9.3 an employee, agent or sub-contractor of the Current Banking Participants who satisfies the Information Condition;

43.9.4 a former employee, agent or sub-contractor of a Current Banking Participant who was an employee, agent or sub contractor (as the case may be) of that Current Banking Participant at any time on or after 14 April 2001 and who satisfies the Information Condition; or

43.9.5 a former employee, agent or sub-contractor of a Former Banking Participant who was an employee, agent or sub-contractor (as the case may be) of such Former Banking Participant while that Former Banking Participant was a Current Banking Participant and who satisfies the Information Condition.

43.10 Fujitsu Services shall not be liable for or indemnify Post Office in respect of any Losses:

43.10.1 where the Losses incurred by Post Office relate solely to the Banking Function or the operation of Banking Function;

43.10.2 where such Losses were incurred as a result of any unauthorised access or hacking referred to therein into an element or elements (used solely for the operation of the Banking Functions) of either the Post Office Service Architecture or the NB System (excluding elements of the Post Office Service Architecture or the NB System located at Branches);

43.10.3 where the unauthorised access, hacking or fraud was perpetrated through or by any employee, agent, contractor or sub-contractor of, any Bank or through or by any element of the Infrastructure at any Bank premises other than by the persons referred to in Clause 43.9;

43.10.4 where such Losses were incurred as a result of any unauthorised access or hacking or fraud arising as a result of Post Office's design, development and/or introduction of new Transaction types using the AP-ADC Facility, or the APOP Facility, or any fraud perpetrated by Post Office contractors, subcontractors, employees or agents in connection with such design, development, introduction or use unless the root cause of such unauthorised access, hacking or fraud was:

FUJ00000070

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(a) defects in Fujitsu Services' design or implementation of the AP-ADC Facility or the APOP Facility;

(b) a failure by Fujitsu Services to maintain the AP-ADC Facility or the APOP Facility or to process such new Transactions, in accordance with its obligations set out in this Agreement; or

(c) a defect in such design, development, introduction or use resulting from an error in the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/0002) or the CCD entitled " APOP Authorisation Service Reference Manual" (AP/MAN/004); the presence of which is solely or mainly attributable to a breach by Fujitsu Services of its obligations set out in Clauses 15.1.4 and 15.1.5 when it assisted Post Office to produce that CCD under Work Order;

43.10.5 where the unauthorised access, hacking or fraud was perpetrated through or by use of the communications links between the Data Centres and CAPO or LINK (as described in Schedule B3.3 or B4.3, as applicable) other than by persons referred to in Clause 43.9, unless the root cause of such unauthorised access, hacking or fraud was a failure by Fujitsu Services to comply with its obligations set out in paragraphs 1.3.4(f)(i)(1) and 1.3.4(f)(i)(2) of Schedule B3.3 or paragraphs 3.4.1 and 3.4.2 of Schedule B4.3, as applicable;

43.10.6 where the Losses incurred by the Post Office relate solely to the Superstock Solution or the operation of the Superstock Solution;

43.10.7 where such Losses were incurred as a result of any unauthorised access or hacking, as referred to in Clause 43.1, into, through or by use of an element or elements of the Superstock Infrastructure used to provide the Superstock Services; or

43.10.8 where such Losses were occurred as a result of any unauthorised, hacking or fraud perpetrated through or by use of communications links into the POL MI System which are not the responsibility of Fujitsu Services.

43.11 Post Office shall not have any right of action against Fujitsu Services in respect of any costs, expenses, losses or damages arising as a result of the loss, theft or compromise of a password/passphrase shared between the Merchant Acquirer and the Data Centres or the subsequent use of such password/passphrase (as the case may be) except to the extent that such loss, theft or compromise or such costs, expenses, losses, or damages arise as a result of the fraud or Default of Fujitsu Services or of its employees, agents or subcontractors.

43.12 In this Clause 43, the "Information Condition" means that the person concerned either:

43.12.1 is or has been entitled to have access in the course of fulfilling their duties or obligations as employee, agent or sub-contractor (as the case may be) to information concerning the design or performance of security measures used by or in the NB System; or

FUJ00000070

CONFIDENTIAL

43.12.2 is not or was not entitled to have access to information concerning the design or performance of security measures used by or in the NB System, but:

(a) used such information obtained as a result of their relationship with Fujitsu Services in perpetrating the fraud in question; and

(b) Fujitsu Services fails to show that it had taken all reasonable steps and precautions to prevent that information being obtained.

43.13 In the case of Debit Card, Fujitsu Services shall not be liable for and Post Office shall not have any right of action against Fujitsu Services in respect of any costs, expenses, losses or damages arising as a result of:

43.13.1 fraud in connection with or unauthorised disclosure of;

43.13.2 loss or corruption of; or

43.13.3 hacking in connection with,

DC Data, irrespective of whether such DC Data are inside or outside the Infrastructure unless and to the extent that such arises from a Default of Fujitsu Services.

43.14 In the case of Banking Functions, Debit Card and ETU, Fujitsu Services shall not be liable for any costs, expenses, losses or damages suffered or incurred by Post Office in relation to:

43.14.1 Banking Transactions falsely or incorrectly authorised unless and to the extent caused by a failure of the NB System or of the Banking Functions which is (in either case) a Default;

43.14.2 DC Transactions or ETU Transactions falsely or incorrectly authorised unless and to the extent caused by a failure of Debit Card or ETU respectively which is a Default; and

43.14.3 fraudulent use of token supported by the Banking Functions, Debit Card or ETU by any person, unless and to the extent that such use is carried out by or involves collusion with Fujitsu Services' employees, or otherwise arises from a Default or fraud of Fujitsu Services.

43.15 If Post Office:

43.15.1 accepted a Design Proposal (as that term was defined and used in this Agreement in its form prior to CCN1200); or

43.15.2 accepts in a specification or other document agreed by the Parties pursuant to the Work Ordering Procedure or Change Control Procedure,

which included or includes a third party interface or third party application which was either not selected by Fujitsu Services or was selected by Fujitsu Services subject to clearly disclosed limitations notified to Post Office, Fujitsu Services shall not, under

FUJ00000070



Clause 43.1, be liable for or indemnify Post Office against any Losses incurred by Post Office resulting from unauthorised access to the Infrastructure, "hacking" and other fraudulent and criminal activities provided Fujitsu Services has operated such interfaces or applications in accordance with the technical and operational specifications agreed between Post Office and Fujitsu Services in respect of such interfaces or applications and has exercised reasonable care and skill in implementing such interfaces and carrying out the integration of such applications.

43.16 For the purposes, but without prejudice to the generality, of Clause 43.15:

43.16.1 Configured POL MI shall be deemed to be a third party application;

43.16.2 the interfaces between the Infrastructure and CAPO and LINK used to connect the Data Centres to CAPO and LINK shall be deemed to be third party interfaces; and

43.16.3 Configured POL FS and the SAP Loading Applications shall be deemed to be third party applications until the POLSAP R1 Go Live Date.

not selected by Fujitsu Services and included in a Design Proposal accepted by Post Office.

43.17 In relation to data processing (involving either automated or manual processing or both) under this Agreement, Fujitsu Services shall not be in breach and shall not be liable to Post Office for any failure to perform its obligations, or delay in performing such obligations, to the extent it can demonstrate to Post Office's satisfaction (Post Office acting reasonably) that such failure or delay occurred as a result of a Design Limit being exceeded.

43.18 Fujitsu Services shall not be liable for any failure to perform or delay in performing its obligations and Post Office shall have no right of action against Fujitsu Services in respect of any costs, expenses, losses or damages arising as a result of:

43.18.1 any fault or problem with, or the unavailability of, the communications links between the Data Centres and CAPO or LINK (as described in Schedule B3.3 or B4.3, as applicable), subject to Fujitsu Services complying with its obligations set out in paragraphs 1.3.4(f)(i)(1) and 1.3.4(f)(i)(2) of Schedule B3.3 or paragraphs 3.4.1 and 3.4.2 of Schedule B4.3, as applicable; or

43.18.2 any unauthorised access, hacking or fraud of the kind described in Clause 43.10.5;

43.18.3 any fault or problem with Configured POL FS, or the SAP Loading Applications arising prior to the POLSAP R1 Go Live Date related to their configuration by Post Office or a third party on behalf of Post Office (other than Fujitsu Services or its subcontractors);

43.18.4 or subsequent to the POLSAP R1 Go Live Date, any fault or problem with the POLSAP Software related to its configuration by Post Office or a third party on behalf of Post Office (other than Fujitsu Services or its subcontractors).

FUJ00000070

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43.18.5 the unavailability of Configured POL FS, or the SAP Loading Applications, or from the POLSAP R1 Go Live Date, POLSAP Software due to any maintenance or support work being required in respect of Configured POL FS, or the SAP Loading Applications, or from the POLSAP R1 Go Live Date, POLSAP Software that Fujitsu Services is not obliged to perform;

43.18.6any failure by any Branch to complete any Branch Trading Statement prior to the expiry of the 42 day period during which Fujitsu Services retains data for the period covered by that Branch Trading Statement; or

43.18.7any failure by any Branch to accept or implement any Transaction Correction Record,

save to the extent that a failure by Fujitsu Services to perform any of its obligations (such failure not itself arising as a result of the matters referred to in Clauses 43.18.1 to 43.18.6 inclusive) directly caused such costs, expenses, losses or damages.

43.19 Fujitsu Services shall provide to Post Office copies of or access to all relevant records produced by Fujitsu Services in the course of performing the HNG-X Services (such records to include, where produced by Fujitsu Services, operational change proposals, help desk records, release notes, change logs, firewall logs, event records, error logs and audit records) that Post Office reasonably requires in order to establish the cause of any failure to perform or delay in performing Fujitsu Services' obligations, where Fujitsu Services asserts that Clauses 43.18.1 or 43.18.2 are applicable in respect of such failure or delay. All information obtained by Post Office pursuant to this Clause 43.19 shall be treated as Confidential Information.

43.20 Not Used

43.21 In the case of the Superstock Solution Fujitsu Services shall not be liable for any failure to perform or delay in performing its obligations and Post Office shall have no right of action against Fujitsu Services in respect of any costs, expenses, losses or damages arising as a result of:

43.21.1 Not Used

43.21.2 any unauthorised access, hacking or fraud of the kind described in Clause 43.10.7.

43.22 Fujitsu Services shall not be liable for any failure to perform or delay in performing its obligations and Post Office shall have no right of action against Fujitsu Services in respect of any costs, expenses, losses or damages arising as a result of:

43.22.1 any fault or problem with, or the unavailability of, any communications links into the POL MI System which are not the responsibility of Fujitsu Services; or

43.22.2 any unauthorised access, hacking or fraud of the kind described in Clause 43.10.8;

FUJ00000070



43.22.3 any fault or problem with Configured POL MI related to its configuration by Post Office or a third party on behalf of Post Office; or

43.22.2 the unavailability of Configured POL MI due to any maintenance or support work being required in respect of Configured POL MI that Fujitsu Services is not obliged to perform,

Save to the extent that a failure by Fujitsu Services to perform any of its obligations (such failure not itself arising as a result of the matters referred to in Clauses 43.22.1 to 43.22.4 inclusive) directly causes such costs, expenses, losses or damages.

43.23 Fujitsu Services shall provide to Post Office copies of or access to all relevant records produced by Fujitsu Services in the course of performing the Operational Services (such records to include, where produced by Fujitsu Services, operational change proposals, help desk records, release notes, change logs, firewall logs, event records, error logs and audit records) that Post Office reasonably requires in order to establish the cause of any failure to perform or delay in performing Fujitsu Services`obligations, where Fujitsu Services asserts that Clauses 43.22.1 or43.22.2 are applicable in respect of such failure or delay. All information obtained by Post Office pursuant to this Clause 43.23 shall be treated as Confidential Information.

## 44. Limitation of Liability

44.1 Neither Party hereto excludes or limits its liability to the other Party:

44.1.1 for death or personal injury; or

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

44.1.3 for its fraudulent misrepresentation; or

44.1.4 for its fraud or for fraud for which it is responsible, save (in the case of Fujitsu Services) where the liability in question would not have arisen but for the provisions of Clauses 16 or 43.

44.2 Subject always to Clause 44.1, 44.3, 44.4, 44.4A and 44.4B, the liability of each Party for Defaults shall be subject to the financial limits set out in this Clause 44.2.

44.2.1 The aggregate liability in relation to all Defaults arising during the period 15 May 2002 to 31 March 2003 (inclusive) or in any Financial Year thereafter which results in direct loss of or damage to the Property of the other Party shall in no event exceed:

(a) £1,500,000 per Financial Year in the case of a liability of Post Office; and

(b) £10,000,000 per Financial Year in the case of Fujitsu Services.

FUJ00000070



44.2.2 Subject to Clause 44.2.2A, the aggregate liability of Post Office for all Defaults and any liability arising from a Post Office Cause:

(a) (other than a Default governed by Clause 44.2.1) arising during the period 15 May 2002 to 31 March 2003 (inclusive) or in any Financial Year thereafter shall in no event exceed £5,870,689 per Financial Year; and

(b) (including a Default governed by Clause 44.2.1) arising at any time after the end of the last Financial Year shall in no event exceed £10,436,783.

44.2.2A With respect to any liability of Post Office for any liability arising from a Tower Contractor Cause, Post Office's liability in any Financial Year shall in no event exceed the higher of:

(a) the aggregate liability set out in Clause 44.2.2; or

(b) the amount Post Office is able to recover under its contract with the relevant Tower Contractor for the default that gave rise to the Tower Contractor Cause.

44.2.3 The aggregate liability under this Agreement of Fujitsu Services for all Defaults and any Compensation Amount payable as a result of a Fujitsu Dependency Failure::

(a) (other than a Default governed by Clauses 44.2.1, 44.2.4 or 44.2.5) arising during:

(1) the period from 1 January 2003 to 31 March 2003 (inclusive) shall not exceed £1,729,000;

(2) the Financial Year ending on 31 March 2004 shall not exceed £7,139,000; and

(3) Financial Year NN shall not exceed £8,479,885; and

(b) (including a Default governed by Clause 44.2.1 but other than a Default governed by Clauses 44.2.4 or 44.2.5) arising at any time after the end of the last Financial Year shall not exceed £12,000,000.

For the purposes of sub-clause 44.2.3(a)(3), "Financial Year NN" means, in relation to a Default by Fujitsu Services liability for which arose after 31 March 2004, the Financial Year in which that liability arose.

44.2.4 Subject to Clause 44.2.5 the aggregate liability of Fujitsu Services for all Defaults (other than a Default governed by Clause 44.2.1) relating to a particular Work Order shall not exceed 100% of the Charges payable pursuant to that Work Order.

FUJ00000070



44.2.5 Where Fujitsu Services is engaged under a series of related Work Orders covering two or more of the following Development Lifecycle Stages:

(a) Solution Specification Stage;

(b) Solution Build and Test Stage; and

(c) Implementation Stage,

the aggregate liability of Fujitsu Services for all Defaults (other than a Default governed by Clause 44.2.1) relating to such Work Orders shall not exceed 100% of the aggregate Charge for all such Work Orders and this limit shall apply in lieu of the limit in Clause 44.2.4.

44.2.6 The aggregate liability of Fujitsu Services for all Defaults (other than a Default governed by Clause 44.2.1) relating to NBS prior to NBS Acceptance shall not exceed 100% of the Network Banking Implementation Charges.

44.2.7 Subject to Clause 44.1, 44.2.4 and 44.2.5 but notwithstanding any other provision in this Clause 44 (save for Clause 44.2.8 as noted), the aggregate liability of Fujitsu Services for all Defaults (other than a Default governed by Clause 44.2.8) relating to the Superstock Solution in any Financial Year shall in no event exceed 10% of the estimated Superstock Charges for the Financial Year commencing 1st April 2010 or £25,000 whichever is the greater. Any such liability shall count as part of Fujitsu Services' aggregate liability under Clause 44.2.3.

44.2.8 Subject to Clause 44.1, 44.2.4 and 44.2.5 but notwithstanding any other provision in this Clause 44, the aggregate liability of Fujitsu Services for all Defaults relating to the Superstock Solution which result in direct loss or damage to the Property of the Post Office shall in no event exceed £1 million. Any such liability shall count as part of Fujitsu Services' aggregate liability under Clause 44.2.1.

44.3 Subject to Clause 44.1 and to the extent permitted at law, the aggregate liability of Fujitsu Services under Clauses 16 and 43 of this Agreement for the fraud or other criminal activities of its employees or subcontractors shall be limited to £21,896,142 per Fraud Event.

44.4 Subject to Clauses 44.4A, 44.4B and 44.5, the financial limits specified in Clause 44.2.2 and 44.2.3 shall apply to, and limit the Parties' respective liability for, the aggregate of all claims for monetary relief arising in the period in question which either Party may have against the other either under this Agreement, in tort (including negligence), breach of statutory duty or otherwise in relation to the subject matter of this Agreement, including, without limitation, all claims arising for Defaults, all claims for liquidated damages and Post Office Additional Cost pursuant to Clause 18, Schedule B4.4, Schedule C1 and/or the provisions of the Service Descriptions, all claims to be indemnified pursuant to Clauses 34, 42 or 43 and all other claims or costs which are compensatable in money or money's worth as though all such claims for monetary relief represented liability for Defaults occurring in the period in question.

FUJ00000070

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44.4A For the purposes of Clauses 44.2 and 44.4,

a liability or claim for monetary relief arises when the act, omission, event or circumstance giving rise to that liability or claim occurs; and

44.4B Notwithstanding that Clause 44.2 is stated to be subject to Clause 44.4, Clause 44.4 shall not limit:

44.4B.1 liability of the type referred to in Clauses 44.1;

44.4B.2 liability for Defaults governed by 44.2.1, 44.2.4 or 44.2.5; or

44.4B.3 liability governed by Clause 44.3.

44.5 The financial limits on the liability of Post Office under Clause 44.2 shall be exclusive of and additional to any liability of Post Office to pay any Charges, other amounts, the Transfer Payment, the Termination Charge, any Partial Termination Charge or the HNG-X Termination Charge which may become properly due and payable to Fujitsu Services in accordance with the provisions hereof or any sum by way of interest thereon that a court may award.

44.6 Subject always to Clause 44.1, in no event shall either Party be liable to the other Party for indirect or consequential loss or damage. However:

(a) Fujitsu Services acknowledges and agrees that it shall not be entitled to claim that a loss incurred by a Tower Contractor is an indirect loss solely because it was not incurred by the Post Office. As such, any loss incurred by a Tower Contractor that would have been a direct loss if it had been incurred by the Post Office shall, for the purposes of determining a Compensation Amount, be deemed to be a direct loss; and

(b) Post Office acknowledges and agrees that all claims that Fujitsu Services may make for relief under Clause 39A.3 or Clause 39A.5.3 and for compensation under Clause 39B.3 including for any payments under Clause 39B.5 shall be made to Post Office and not any of the Tower Contractors and that all payments of such relief or compensation shall be by Post Office and not any Tower Contractor.

44.7 The provisions of Clause 44.6 shall not be taken as limiting the right of Post Office to claim from Fujitsu Services for:

44.7.1 additional operational and administrative costs and expenses; and/or

44.7.2 expenditure or charges rendered unnecessary as a result of any Default by Fujitsu Services; and/or

FUJ00000070



44.7.3 any compensation arising out of a Fujitsu Dependency Failure due to Post Office, Post Office Service Integrator or a Tower Contractor.

44.8 The Parties expressly agree that should any limitation or provision contained in this Clause be held to be invalid under any applicable statute or rule of law it shall to that extent be deemed omitted but if any Party thereby becomes liable for loss or damage which would otherwise have been excluded such liability shall be subject to the other limitations and provisions set out herein.

44.9 For the avoidance of doubt, it is acknowledged that nothing in this Agreement shall be deemed or construed to relieve either Party of its common law duty to the other Party against which a claim may be made to mitigate any loss which is the subject of such claim.

44.10 Subject to Clause 44.1, the aggregate liability of Fujitsu Services under the SAP RTU (including, without limitation, under any indemnity therein) arising in any Financial Year shall not exceed £1,956,896. Fujitsu Services' liabilities (if any) under the SAP RTU, as limited by this Clause 44.10, shall count as part of Fujitsu Services' aggregate liability under Clause 44.2.3.

44.11 The liability of Fujitsu Services in connection with the SAP RTU is as set out in Clause 44.10 and paragraph 22 of the SAP RTU. In the event and only to the extent of any conflict between: (i) Clauses 44.10 and paragraph 22 of the SAP RTU; and (ii) any other Clause, then Clause 44.10 and paragraph 22 of the SAP RTU shall prevail.

44.12 Each of the sums referred to in Clauses 44.2.2, 44.2.3(a)(3), 44.3 and 44.10 shall be increased at the end of the Financial Year ending on or around 31 March, 2007 and at the end of each subsequent Financial Year by an amount equal to the difference (expressed as a percentage) between the level of the Retail Price Index most recently published in respect of December of the Financial Year in question and the level of the Retail Price Index in December of the preceding Financial Year.

## 45. Insurance

Fujitsu Services shall to the extent reasonably possible insure or make provision for self-insurance against all losses and damages which are the result of its fault or negligence in performing the Services, including workman's compensation, public liability, product liability, property damage and professional indemnity. Fujitsu Services will, if requested in writing by Post Office, produce to Post Office a certificate of insurance showing the applicable coverage currently in force, and will also give Post Office prior written notice of (where possible), or written notice no later than 30 days after, alteration or cancellation of such insurance.

## PART G: TERMINATION AND EXIT

## 46. Term

46.1 The term of this Agreement shall, unless terminated earlier in accordance with the provisions of Clause 47 or extended in accordance with the provisions of Clause 46.2, be for a period commencing on the 28 July 1999 and ending on 31 March 2017.

FUJ00000070



46.2 If Post Office wishes to extend the term of this Agreement, it shall notify Fujitsu Services in writing at least 18 months before the expiry of this Agreement, and the Parties shall meet within 20 Working Days of receipt of such notice and shall use their reasonable endeavours to agree an extension to the term of this Agreement. Fujitsu Services acknowledges that Post Office is particularly concerned regarding a material increase in the operational expenditure in the event that it needs to extend the terms of the Agreement beyond 31st March 2017. To this end, Fujitsu Services agrees that it shall use reasonable endeavours to avoid any material increase in the operational charges in the event of such an extension. In order to avoid such an increase the parties acknowledge that it may be necessary to upgrade or refresh elements of the infrastructure via a project (chargeable to the Post Office) and/or to switch off non-essential elements of the remaining Services. Such amendments and/or changes shall be included in any agreement to extend the term..

46.3 Each Expiring Service shall, unless terminated earlier in accordance with the provisions of Clause 47 or extended in accordance with the provisions of paragraph 10 of Schedule E, be provided for the period up to 31 March 2015 on which date such Expiring Service shall expire. For the avoidance of doubt, no Partial Termination Charge or Termination Charge shall be payable by Post Office in relation to an Expiring Service on the expiry of such Expiring Service on 31 March 2015 (except the POLSAP Applications Support Service which shall expire on 31 March 2016 or the Operational Business Change (Branch Change) Service which shall expire on 31 March 2017). Liquidated damages shall continue to apply during any extension in accordance with Clause 18 save in the case of a mini extension of the Engineering Service where the Actual Engineering Visits in any month exceeds the related Excepted Engineering Volume by 10%. In such instances, the calculation for liquidated damages in respect of the Counter Availability SLT shall be based on the average downtime for each of the hardware components over the previous three months (not including the month in question), instead of the actual downtime in the month for each of those components. This shall be calculated using the reported downtime for each problem type prefaced "HD" in the Local Failure section of the SLT report produced in accordance with Annex A to the CCD Branch Network Service Description (SVM/SDM/SD/0011). For the avoidance of doubt, all other provisions of the Agreement shall continue to apply during any extension period.

## 47. Termination

Termination of whole Agreement

47.1 Post Office may at any time by notice in writing terminate this Agreement with effect from the date of service of such notice or such later date as may be specified therein if:

47.1.1 there is a change of control, as defined by Section 416 of the Income and Corporation Taxes Act 1988, in Fujitsu Services or the Guarantor; or

47.1.2 Fujitsu Services or the Guarantor, being an individual, or where Fujitsu Services or the Guarantor is a firm, any partner or partners in that firm who together are able to exercise direct or indirect control, as defined by Section 416 of the Income and Corporation Taxes Act 1988, shall at any time become bankrupt or shall have a receiving order or administration order made against him or shall

FUJ00000070



make any composition or arrangement with or for the benefit of his creditors, or shall make any conveyance or assignment for the benefit of his creditors, or shall purport to do so, or appears unable to pay or to have no reasonable prospect of being able to pay a debt within the meaning of Section 268 of the Insolvency Act 1986 or he shall become apparently insolvent within the meaning of the Bankruptcy (Scotland) Act 1985 as amended by the Bankruptcy (Scotland) Act 1993 or any application shall be made under any bankruptcy or insolvency act for the time being in force for sequestration of his estate, or a trust deed shall be granted by him for the benefit of his creditors; or any similar event occurs under the law of any other jurisdiction; or

47.1.3 Fujitsu Services or the Guarantor, being a company, passes a resolution, or the Court makes an order that Fujitsu Services or the Guarantor be wound up otherwise than for the purpose of a bona fide reconstruction or amalgamation, or a receiver, manager or administrator on behalf of a creditor is appointed in respect of the business or any part thereof (which for the avoidance of doubt shall not include any subsidiary company of Fujitsu Services or of the Guarantor) of Fujitsu Services or the Guarantor, or circumstances arise which entitle the Court or a creditor to appoint a receiver, manager or administrator or which entitle the Court otherwise than for the purpose of a bona fide reconstruction or amalgamation to make a winding-up order, or Fujitsu Services or the Guarantor is unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986 or any similar event occurs under the law of any other jurisdiction; or

47.1.4 any provision hereof other than Clause 47 expressly entitles Post Office to terminate this Agreement; or

47.1.5 the circumstances in Clause 60.5 arise and either the obligation in question is not capable of being performed again, or, if it is so capable, is not so performed again within 30 days of written notice to Fujitsu Services specifying the obligation in question and requiring it to be performed or within such other period as may be requested by Fujitsu Services and agreed by Post Office, such agreement not to be unreasonably withheld or delayed.

47.2 Post Office may at any time by notice in writing terminate this Agreement with effect from the date of service of such notice or such later date as may be specified therein, if Fujitsu Services is in material or persistent Default of any obligation under this Agreement (other than a Default that gives the Post Office a right under Clause 47.11 to terminate Project HNG-X only) and:

47.2.1 such Default is capable of remedy and Fujitsu Services shall have failed to remedy the Default within 30 days of written notice to Fujitsu Services specifying the Default and requiring its remedy or within such other period as may be requested by Fujitsu Services and agreed by Post Office, such agreement not to be unreasonably withheld or delayed; or

47.2.2 such Default is not capable of remedy (and for the purposes of this Clause 47.2, failure to comply with a timescale shall not of itself be considered a Default not capable of remedy).

FUJ00000070

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47.3 In the event that Project HNG-X is lawfully terminated by Post Office pursuant to Clause 47.11.1, Post Office may at any time following such termination serve a notice in writing on Fujitsu Services, following which Post Office shall have the right to terminate this Agreement on at least six months' notice, provided that in exercising such right Post Office will not be able to terminate this Agreement prior to 1 April 2010.

47.4 Fujitsu Services may at any time by notice in writing to Post Office terminate this Agreement with effect from the date of service of such notice or such later date as may be specified therein, in the event of the material or persistent failure by Post Office to pay Charges which have not been disputed by Post Office and Post Office shall have failed to remedy such failure to pay within 30 days of written notice to Post Office specifying such failure to pay and requiring its remedy or within such other period as may be requested by Post Office and agreed by Fujitsu Services, such agreement not to be unreasonably withheld or delayed.

47.5 In the event of any termination of this Agreement pursuant to Clause 47.1, Clause 47.2, Clause 47.4, Clause 47.7 or termination of a Terminable Service pursuant to Clause 47.10 or expiry of an Expiring Service, Post Office shall return the Infrastructure or any part thereof (other than any part (a) in relation to which it has exercised the option to acquire under Clause 48 and (b) (in the event of Partial Termination of a Terminable Service or expiry of an Expiring Service) that is required for continuing Services or for a Next Supplier), in which case Fujitsu Services shall at no additional cost to Post Office, remove such parts of the Infrastructure as soon as reasonably practicable and shall make good any damage to the Post Office Premises occasioned by such removal.

47.6 Post Office shall only be permitted to exercise its rights pursuant to Clause 47.1.1 for three months after each such change of control and shall not be permitted to exercise such rights where Post Office has agreed in advance in writing to the particular change of control and such change of control takes place as proposed. Fujitsu Services shall notify Post Office in advance of any change of control taking place, if legally possible, or if not so possible as soon as reasonably practicable, and in any event no later than one month after such change of control taking place.

47.7 Post Office may terminate this Agreement by giving Fujitsu Services not less than twelve months' notice. In the event of such notice being given, Post Office shall on termination hereof pay to Fujitsu Services the Termination Charge calculated in accordance with Schedule E.

47.8 Termination shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either Party.

47.9 The provisions of Clauses 10.1.2, 25, 27, 31 (to the extent applicable in respect of the Transfer Services), 33.2, 34, 39.3, 43, 44, 47, 48, 50, 53, 56, 57, 59, 61, 62, 65, 67, 68, 69, 70, 71, 72, the provisions of Schedules 1, D1, D5 and E, paragraphs 2.2.3.4 and 2.4 of Schedule B4.1 and paragraph 3.4 of Schedule D3 shall survive the termination of this Agreement by Post Office or Fujitsu Services or the expiry of this Agreement.

FUJ00000070

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Partial Termination

47.10 Post Office may in the manner and in the circumstances set out in this Clause 47.10 terminate the provision of one or more Terminable Services.

47.10.1 Market Testing

If entitled to terminate a Terminable Service under paragraph 4.3.3(b)(ii) of Schedule D6, Post Office may, by giving Fujitsu Services not less than six months' notice in writing, terminate that Terminable Service.

47.10.2 Convenience

(a) Post Office may terminate the provision of any Terminable Service on or after the earliest date for termination or occurrence of the event required for termination of that Service specified in Annex 1 to Schedule E by giving Fujitsu Services not less than 3 months' notice in writing (or 6 months' notice in writing in the event of termination of the Service Desk Service and 1 month's notice in writing for CMT Services). In the event such notice is given a Partial Termination Charge shall be paid by Post Office to Fujitsu Services upon such Partial Termination. For the avoidance of doubt, it is noted that during the 6 months' notice period for the Service Desk Service, Post Office retains the option to "ramp down" the services, noting that it must take account of Post Office's and the Next Supplier's obligations (where relevant) to consult with any staff potentially subject to transfer under the TUPE Regulations.

(b) Post Office may terminate the provision of the CMT Service by giving Fujitsu Services not less than one month's notice in writing. No termination or compensation charge shall be payable to Fujitsu Services in the event of such termination and the provisions of Schedules D6 and E shall not apply in respect of the CMT Service.

(c) Post Office may terminate the provision of the Superstock Service by giving Fujitsu Services not less than twelve months' notice in writing. No termination or compensation charge shall be payable to Fujitsu Services in the event of such termination and the provisions of Schedules D6 and E shall not apply in respect of the Superstock Service.

(d) Unless the Parties agree otherwise in the relevant CCN:

(i) Post Office may terminate the provision of any Service Integration Service or Third Party Management Service introduced under the Change Control Procedure after the date of signature of CCN1200 by giving not less than twelve months' notice in writing; and

(ii) no termination or compensation charge shall be payable to Fujitsu Services in the event of such termination and the provisions of Schedules D6 and E shall not apply in respect of

FUJ00000070



any such Service Integration Service or Third Party Management Service.

Termination of Project HNG-X

47.11 Subject to Clause 47.11.3 at any time prior to HNG-X Initial Acceptance, Post Office may terminate Project HNG-X:

47.11.1 by notice in writing, with effect from seven days after service of such notice or such later date as may be specified therein, if Fujitsu Services is in material Default of any obligation under this Agreement in relation to Project HNG-X (and for the purposes of this Clause 47.11.1 only, "material Default" includes any persistent Default which by reason of its persistence has become material) and:

(a) such Default is capable of remedy and Fujitsu Services shall have failed to remedy the Default within 30 days of written notice to Fujitsu Services (i) specifying that it is given pursuant to this Clause 47.11.1(a), (ii) giving details of the Default and why it is considered to be material and (iii) requiring its remedy, or within such other period as may be requested by Fujitsu Services and agreed by Post Office, such agreement not to be unreasonably withheld or delayed; or

(b) such Default is not capable of remedy (and for the purposes of this Clause 47.11.1, failure to comply with a timescale shall not of itself be considered a Default not capable of remedy) and Post Office shall have given written notice to Fujitsu Services (i) specifying that it is given pursuant to this Clause 47.11.1(b) and (ii) giving details of the Default and why it is considered to be material;

47.11.2 by notice in writing, specifying that it is given under this Clause 47.11.2, with effect from 30 days from the service of such notice. In the event of notice being given in accordance with this Clause 47.11.2, Post Office shall pay to Fujitsu Services upon termination of Project HNG-X the HNG-X Termination Charge.

47.11.3 Post Office shall not be entitled to exercise its right of termination of the HNG-X Project under Clause 47.11.2 of the Agreement prior to 30th April 2010. If HNG-X Initial Acceptance has not occurred by 30th April (which allows for a period of 4 weeks following the planned initial Acceptance Date of 2nd April 2010) then Post Office may exercise its right of termination of the HNG-X Project under clause 47.11.2 at any time after 30th April 2010.

47.12 Notwithstanding the termination of Project HNG-X in accordance with Clause 47.11:

47.12.1 the Services shall continue to be provided using the Infrastructure until such time that this Agreement expires in accordance with Clause 46 unless the Agreement is terminated earlier in accordance with the other provisions of this Clause 47; and

FUJ00000070



47.12.2 the Associated Change Activities shall be implemented in accordance with Clause 6 and any remaining Associated Change Development and hardware and software procurement required for such implementation specified in Schedule B5 shall be paid for by Post Office in accordance with Schedules D7 and D8 (as applicable).

47.13 If Project HNG-X is terminated under:

47.13.1 Clause 47.11.1 or Clause 47.15 (but only as a consequence of the Agreement terminating pursuant to Clauses 47.1 or 47.2), then Fujitsu Services shall at its own cost reinstate the Horizon Applications to those Branches in which the Business Capabilities and Support Facilities have been rolled out; or

47.13.2 Clause 47.11.2 or Clause 47.15 (but only as a consequence of the Agreement terminating pursuant to Clauses 47.4 or 47.7), then Fujitsu Services shall reinstate the Horizon Applications to those Branches in which the Business Capabilities and Support Facilities have been rolled out. Fujitsu Services' charges for such reinstatement shall be paid by Post Office and shall be an amount equal to Fujitsu Services' costs multiplied by 100 and divided by 78, provided that such costs are subject to verification under the Open Book procedure.

47.14 If at the date upon which Project HNG-X is terminated in accordance with Clause 47.11, the move of Data Centres to Fujitsu Services' premises has been completed, such move will not be reversed following termination in order that the Services may continue to be provided using the Data Centres located at Fujitsu Services' premises. To the extent that prior to termination of Project HNG-X Data Centre equipment has been put in place and which relate only to the HNG-X Service Infrastructure, such equipment shall be decommissioned following termination and the costs of such decommissioning shall be borne by either Party in accordance with Clause 47.13.

47.15 If, for any reason, Post Office or Fujitsu Services gives notice to terminate this Agreement prior to HNG-X Initial Acceptance, Project HNG-X shall terminate, subject to Clause 47.16, two weeks after the date of service of such notice, unless the Parties agree otherwise in accordance with the Change Control Procedure. Any notice purporting to terminate Project HNG-X given after notice to terminate the Agreement has been given shall be deemed to be invalid and of no effect. If notices to terminate the Agreement and Project HNG-X are given on the same day, the notice to terminate Project HNG-X shall be deemed to have been given first.

47.16 If Project HNG-X is terminated in accordance with Clause 47.15, Fujitsu Services shall, where the Business Capabilities and Support Facilities have been rolled out in Branches, continue to provide the HNG-X Services using the Business Capabilities and Support Facilities in those Branches until the Horizon Applications have been reinstated in accordance with Clause 47.13.

FUJ00000070

CONFIDENTIAL

48. **Rights on termination and expiry of this Agreement, Partial Termination, expiry of an Expiring Service and termination of Project HNG-X**

48.1 In the event of termination or expiry of this Agreement, or termination of Project HNG-X or, any Terminable Service for any reason whatsoever, or the expiry of any Expiring Service, Post Office shall, without prejudice to Post Office's other rights and remedies but subject to payment of all sums due and payable to Fujitsu Services up to the date of termination or (if applicable) expiry, have the option (subject to Clause 48.2.3), exercisable in the applicable period referred to in the General Exit Plan or HNG-X Exit Plan (as applicable), to acquire from Fujitsu Services or to require Fujitsu Services to permit the Next Supplier to acquire from it, in consideration of the Transfer Payment the Project Assets which shall comprise:

48.1.1 any or all of the hardware that is comprised within the Infrastructure and/or that:

(a) is being used; or

(b) had previously been used in Branches and is no longer being used (other than any such hardware that is no longer being used because it was replaced by spare, upgraded or alternative equipment),

in each case in connection with the performance of the Services (other than where such hardware is either (i) not owned by Fujitsu Services or any of its subsidiary companies or (ii) those shared elements of the Infrastructure referred to in Clause 35.3); and

48.1.2 the right to require that Fujitsu Services shall assign or novate, or (if assignment or novation is not possible) arrange for the benefit thereof to be transferred, in favour of Post Office or to any person as may be designated for the purpose by Post Office any sub-contracts, equipment rental or lease agreements and all other agreements (other than employment agreements and agreements in relation to Third Party Software, Third Party Items or Non-standard Third Party Materials) entered into by Fujitsu Services which are necessary to the performance of the Services as Post Office may designate,

provided that, if termination is in respect of Project HNG-X or a Terminable Service rather than the entire Agreement, the above provisions shall apply only to those Project Assets (or, in the case of agreements, that part thereof) that are not reasonably required by Fujitsu Services for the provision of any continuing Services under this Agreement.

48.2 Notwithstanding the generality of Clause 48.1 Post Office agrees:

48.2.1 only to exercise its rights under such Clause to the extent that the relevant Project Assets apply to, and are required for the provision or receipt of the Services or Terminable Services that are the subject of the termination or expiry or are otherwise to be provided pursuant to Schedule E (including, for the avoidance of doubt, the Exit Plan);

48.2.2 the rights provided for in Clauses 48.1 shall not apply to the Superstock Solution; and

FUJ00000070

CONFIDENTIAL

48.2.3 in the case of Partial Termination of the Engineering Service, that it shall acquire or shall ensure that the Next Supplier acquires from Fujitsu Services all of the Project Assets referred to in Clause 48.1.1 that relate to the Engineering Service comprising the Counter Equipment used in Branches up to the network connection sockets in each Branch, as well as spare Counter Equipment held by Fujitsu Services intended for such use.

48.3 In the event that Post Office exercises any of the options in Clause 48.1 or Clause 48.2.3 applies, Post Office shall pay to Fujitsu Services on completion of such option or, in the case of Clause 48.2.3, such acquisition, a sum equal to the Transfer Payment. If Post Office exercises the option in Clause 48.1 in respect of any Partial Termination or in respect of termination of Project HNG-X or in respect of the expiry of an Expiring Service or Clause 48.2.3 applies, the Project Assets acquired by it shall cease to form part of the Infrastructure and this Agreement shall be amended accordingly as provided in Schedule E.

48.4 In the event that this Agreement expires or is terminated, an Expiring Service expires or a Terminable Service is terminated as provided for herein:

48.4.1 Fujitsu Services shall return to Post Office all Property of the Royal Mail Group in the possession of Fujitsu Services that is not required for the provision of any continuing Services under this Agreement.

48.4.2 Fujitsu Services shall, after being given notice of termination, or on the expiry of the Agreement or expiry of an Expiring Service render all practicable assistance to Post Office, if requested, to the extent necessary to effect an orderly assumption by Post Office or a replacement contractor of the services theretofore performed by Fujitsu Services under this Agreement and Post Office shall reimburse Fujitsu Services for such assistance at the rates set out at paragraph 12 of Schedule D1.

48.4.3 Upon termination or expiry, Post Office shall be entitled to offer employment (or an agreement for services with Post Office) to any employee or sub-contractor (being an individual) ("Worker") of Fujitsu Services who has during the six months prior to such offer been involved for at least 75 percent. of his contracted working time in performing Fujitsu Services' obligations under this Agreement which are the subject of the termination or expiry. Fujitsu Services agrees that if that Worker accepts such offer Fujitsu Services shall release that Worker from any breach of contract with it (other than in relation to such person's obligations of confidentiality and notice of termination) which such acceptance may otherwise involve.

48.5 All the assets to be acquired pursuant to the exercise by Post Office of its option under Clause 48 shall be acquired and any software, documents materials or other things provided by Fujitsu Services pursuant to the licences granted under Clauses 48.8 to 48.13 shall be provided "as is", but (apart from such licences) free from encumbrances and the Parties agree that all express and implied warranties and conditions relating to such assets are excluded to the full extent permitted by law.

FUJ00000070



48.6 The Parties have agreed to populate the CCD entitled "Transfer Asset Register" (COM/MGT/REP/0001) with details of all Software data, tools, utilities, documentation and other items necessary to perform the Services and run the Applications (and to indicate those that relate exclusively to a Terminable Service or Expiring Service and those that are shared between one Terminable Service or Expiring Service and another Service or Services), and to agree, in accordance with the guidance contained in that CCD, the most appropriate treatment of such item. Notwithstanding any other provision of this Agreement, the categorisation and proposed treatment of such items agreed in that CCD shall take precedence over Clause 48.13 which shall be deemed superseded by such CCD when agreed by the Parties.

48.7 In the event that:

48.7.1 a Terminable Service is terminated pursuant to Clause 47.10.1 or 47.10.2; or

48.7.2 this Agreement expires or is terminated as provided for herein (other than by Fujitsu Services pursuant to Clause 47.4),or

48.7.3 an Expiring Service expires pursuant to Clause 46.3,

the provisions of Clauses 48.8 to 48.13 (inclusive) shall apply, provided that where termination is in respect of a Terminable Service or expiry is in respect of an Expiring Service rather than the entire Agreement, those Clauses shall apply only to that Service and any software, documents and materials that were used in the provision or receipt of that Service.

48.8 Subject to:

48.8.1 the payment of the Termination Charge in the case of termination of the Agreement by Post Office pursuant to Clause 47.7;

48.8.2 the payment of the Partial Termination Charge in the case of Partial Termination by Post Office pursuant to Clause 47.10.2; and

48.8.3 in all cases, Clause 48.9,

Fujitsu Services shall grant to Post Office a non-exclusive, perpetual, irrevocable licence to use, modify, adapt, enhance and develop all documents, software or other materials or things in which Fujitsu Background IPRs vest that:

48.8.4 exist at the date of termination or expiry;

48.8.5 Post Office has the right to use at the date of termination or expiry in the receipt of the Relevant Services; and

48.8.6 are reasonably necessary for the purposes ("Background IPR Purposes") of Post Office making use of the Project Assets transferred to it under Clause 48.1 and the rights granted to it under Clauses 29 and 30 in respect of Post Office Foreground IPR and Licensed IPR (including, without limitation, any Fujitsu Background IPRs relating to (i) the configuration of the Project Assets, Post

FUJ00000070



Office Foreground IPR or Licensed IPR or (ii) the configuration of the Project Assets, Post Office Foreground IPR or Licensed IPR with any other assets used by Fujitsu Services at the date of termination or expiry in the provision of the Relevant Services).

Post Office shall not use, modify, adapt, enhance or develop any document, software or other material or thing licensed to it under this Clause 48.8 for any purpose other than the Background IPR Purposes. Post Office shall be entitled to grant sub-licences of its rights under this Clause to third parties, other than those whose use of Fujitsu Background IPR is not for the purposes of providing services to Post Office for Post Office's business, provided that such third parties shall have entered into an Agreed Form NDA.

48.9 In the event that Fujitsu Services is able to demonstrate to the reasonable satisfaction of Post Office, that a document, piece of software or other material which would be (but for this Clause) the subject of the licence granted under Clause 48.8 is made generally available by a member of the Fujitsu Services Group and licensed by that member on commercial terms to at least two other third parties, then Fujitsu Services shall grant a licence or procure that a licence is granted to Post Office of that document, software or material on terms (including the amount of any royalty or fee) which are no less favourable to Post Office than the commercial terms in place with any such third parties. In all other respects the licence granted pursuant to Clause 48.8 shall be royalty-free.

48.10 Subject to:

48.10.1 the payment of the Termination Charge in the case of termination of the Agreement by Post Office pursuant to Clause 47.7;

48.10.2 the payment of the Partial Termination Charge in the case of Partial Termination by Post Office pursuant to Clause 47.10.2; and

48.10.3 in all cases, Clauses 48.11 and 48.12,

Fujitsu Services shall:

48.10.4 to the extent that any software, documents or other materials in which the Intellectual Property Rights are owned by a third party (other than Third Party Items and Horizon Third Party Software) are used by the Parties (or which the Parties have the right to use) at the date of termination or expiry to provide or receive the Relevant Services over the Horizon Service Infrastructure using the Horizon Applications, use reasonable endeavours to procure that Post Office is granted the rights to use such software, documents or materials on normal fair and commercial terms; and

48.10.5 in respect of the HNG-X Service Infrastructure and Business Capabilities and Support Facilities, in the event that Post Office consented to the use of Non-standard Third Party Material which is used by the Parties (or which the Parties have the right to use) at the date of termination or expiry to provide or receive the Relevant Services and the Parties could not obtain the rights referred to in Clause 30.10 at the time intended by that Clause, use reasonable endeavours

FUJ00000070



to procure that Post Office is granted the rights to use such Non-standard Third Party Material.

48.11 In the case of both Clause 48.10.4 and Clause 48.10.5:

48.11.1 the use of reasonable endeavours by Fujitsu Services shall include without limitation, jointly approaching the relevant third party with Post Office or providing reasonable assistance to Post Office in its negotiations with such third party;

48.11.2 Fujitsu Services shall not be obliged to pay any licence fees or incur any other external costs or expenses in relation to such assistance or negotiations; and

48.11.3 Fujitsu Services shall use reasonable endeavours to obtain rights of use which are non-exclusive and on such terms which do not detract from Post Office's or the Next Supplier's ability to provide Replacement Services.

48.12 Where this Agreement terminates prior to the occurrence of Trigger Point T6 (Counter Application Rollout Complete), the applicable provisions of paragraph 2 of Schedule B4.1 shall apply in respect of the Escher Upgrade Software.

48.13 Without limiting the generality of Clause 48.8, the licences granted pursuant to that Clause shall permit use by all members of the Royal Mail Group and End Users and, subject to Clause 48.6, shall pertain to the versions of all software, tools, utilities, documentation and other materials that are then in use by Fujitsu Services in the provision of the Relevant Services and Fujitsu Services shall deliver one copy of each of such to Post Office promptly following the date of termination (including an up-to-date copy of archive and back-up versions of any software), provided that where Fujitsu Services is unable to provide any such version of software, tools or utilities it shall provide Post Office with the then commercially available version of such software, tools and utilities.

Interface Costs

48.14 Fujitsu Services shall bear or Post Office shall pay to Fujitsu Services the Interface Costs arising in connection with any Partial Termination in accordance with the provisions of Schedule E.

Termination Charge Credit

48.15 The provisions of CCN 1246 relating to credits due to Post Office upon termination or expiry of the Agreement shall apply upon termination or expiry of this Agreement.

48.16 The provisions of CCN 1268 relating to: unspent sums under, or the failure by the Parties to enter into, the new business (as stated at paragraph 10.10 of Schedule D1 as introduced by CCN 1268); and release of Fujitsu Services from further liability in relation to the credits (as stated at paragraph 6.7 of Schedule D1 as introduced by CCN 1268), in each case as at termination or expiry of the Agreement and/or Project HNG-X, shall apply upon termination or expiry of this Agreement or (as the case may be) Project HNG-X.

FUJ00000070



## PART H: GENERAL

### 49. Additional Resources

In the event that the Services are not provided in accordance with all applicable provisions hereof as a result of the Default of Fujitsu Services, Fujitsu Services shall, at the request of Post Office and without prejudice to Post Office's other rights and remedies, arrange all such additional resources as are reasonably necessary to correct the said failure as early as practicable thereafter and at no additional charge to Post Office.

### 50. Recovery of Sums Due

If any sum of money shall be due from Fujitsu Services under this Agreement, the same may be deducted from any sum then due or which at any time thereafter may become due to Fujitsu Services under this Agreement. There shall be no other right of set-off or deduction in respect of sums due to Fujitsu Services under this Agreement.

### 51. Authority and Approval

Fujitsu Services warrants and represents that it has full capacity and authority and all necessary consents (including but not limited to, where its procedures so require, the consent of its Parent Company) to enter into and to perform this Agreement and that this Agreement is executed by a duly authorised representative of Fujitsu Services.

### 52. Statements and Representations

Fujitsu Services warrants and represents that all statements and representations made to Post Office in connection with tendering for and entering into this Agreement or CCN 1200 were, to the best of its knowledge, information and belief, true and accurate at the time of making such statements and representations and that, from the date of execution hereof, it will advise Post Office of any fact, matter or circumstance of which it may become aware which would render any such statement or representation to be false or misleading.

### 53. Disclaimer of Implied Terms

Except as expressly stated in this Agreement, all terms, warranties and conditions, whether express or implied by statute, common law or otherwise (including but not limited to satisfactory quality and fitness for purpose) are hereby excluded to the extent permitted by law.

### 54. Waiver

No forbearance or delay by any Party in enforcing its rights will prejudice or restrict the rights of that Party, subject to the express timescales set out herein, and no waiver of any such rights or of any breach of any contractual term will be deemed to be a waiver of any other right or of any later breach.

FUJ00000070

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55. **Relationship of Parties**

55.1 Post Office shall control the rights for using and marketing the Services provided in Branches. Fujitsu Services shall have no control over the use or marketing of the Services.

55.2 Except as otherwise agreed from time to time between Post Office and Fujitsu Services, Post Office will retain control itself of its critical business processes and relationships, such as:

55.2.1 customer interface, including quality of service (such as queuing time and other customer charter measures) to its customers, network format, location of offices and service standards;

55.2.2 contractual relationships with Agents;

55.2.3 contractual relationships with its clients;

55.2.4 policy control of its network;

55.2.5 its reconciliation, settlement and key infrastructure support processes;

55.2.6 its relationship with its suppliers; and

55.2.7 its product and service design.

55.3 Fujitsu Services' and its subcontractors' contacts with Agents shall be arranged only via Post Office.

56. Publicity

56.1 No public announcement or public circular (including a media release) relating to the subject matter of this Agreement will be made unless it has first been agreed between the Parties in writing. This restriction shall not apply to any announcement intended solely for internal distribution by the Party in question or any disclosure required by any legal, accounting or regulatory requirement.

56.2 Each Party shall take all reasonable steps to ensure the observance of the provisions of Clause 56.1 by all its employees, agents, consultants and sub-contractors.

56.3 Fujitsu Services shall have no right to use the brand or logo of any Royal Mail Group member without Post Office's prior written consent. Fujitsu Services shall have no right to use the brand or logo of any part of Post Office without Post Office's prior written consent.

56.4 Fujitsu Services shall do nothing to injure such logos and brands or the reputation of Post Office and, if it uses such brands or logos, it shall take all reasonable steps to enable Post Office to protect such logos and brands and the reputation of Post Office but in no event less than the steps it would take in relation to its own logos, brands and reputation.

FUJ00000070



56.5 Post Office shall have no right to use the brands or logo of Fujitsu Services or its sub-contractors without Fujitsu Services' prior written consent. Post Office shall do nothing to injure such logo and brands or the reputation of Fujitsu Services or its sub-contractors and, if it uses such brands or logos, it shall take all reasonable steps to enable Fujitsu Services and its sub-contractors to protect such logo and brands and the reputation of Fujitsu Services and its sub-contractors, but in no event less than the steps it would take in relation to its own logos, brands and reputation.

## 57. Communications & Notices

57.1 Except where expressly stated otherwise, a notice under this Agreement shall only be effective if it is in writing and sent to a Party at its address or number and for the attention of the individual set out below:

| PARTY AND TITLE OF INDIVIDUAL | ADDRESS | FACSIMILE NO. | TELEPHONE NO. |
|---|---|---|---|
| Post Office Limited<br><br>For the attention of:<br>Contract Manager (FS) | Finsbury Dials, 1st Floor, 20, Finsbury Street, London, EC2Y 9AQ | | |
| Fujitsu Services Limited<br><br>For the attention of:<br>Director of Delivery<br><br>Post Office Account<br>Fujitsu Services Limited | Lovelace Road, Bracknell, Berkshire, RG12 8SN | | +44 843 354 5555 |

Provided that a Party may change its notice details on giving notice to the other Party of the change in accordance with this Clause.

57.2 Any notice given under this Agreement in accordance with Clause 57.1 shall, in the absence of earlier receipt, be deemed to have been duly given as follows:

57.2.1 if delivered personally, on delivery;

57.2.2 if sent by first class post, two clear Working Days after the date of posting; and

57.2.3 if sent by facsimile, at the expiration of four hours after the time it was transmitted,

FUJ00000070



provided that in each case where delivery by hand or by facsimile occurs after 6.00 p.m. on a Working Day or on a day which is not a Working Day, service shall be deemed to occur at 9.00 a.m. on the next following Working Day.

58. **Transfer and Sub-Contracting**

58.1 This Agreement is personal to Fujitsu Services. Fujitsu Services shall not assign, novate, sub-contract or otherwise dispose of this Agreement or any part thereof without the previous written consent of Post Office.

58.2 Subject to Clause 58.5 Post Office hereby consents to Fujitsu Services having subcontracted its obligations specified in Schedule C2 to the respective sub-contractors specified therein. Additional or substitute sub-contractors may be approved from time to time in accordance with Clause 58.1 after the date hereof, in which case Schedule C2 shall be amended accordingly. Notwithstanding any sub-contracting permitted in this Agreement, Fujitsu Services shall remain primarily responsible for the acts and omissions of its sub-contractors committed by them in the course of performing or purporting to perform any of Fujitsu Services' obligations on Fujitsu Services' behalf as though such acts or omissions were its own.

58.3 Post Office shall be entitled to assign, novate or otherwise dispose of its rights and obligations under this Agreement or any part thereof (including, where appropriate, requiring the grant by Fujitsu Services or its licensors of a direct licence of any Software other than Third Party Software, and requiring Fujitsu Services to use all reasonable endeavours to procure the grant of a direct licence or obtain consent to the transfer of the sub-licence of any Third Party Software) to any other body which performs any of the functions that previously had been performed by Post Office, provided that any such assignment, novation or other disposal shall not increase the burden of Fujitsu Services' obligations pursuant to this Agreement.

58.4 Post Office shall be entitled to disclose, to the extent necessary for the purposes of this Agreement, to any transferee any Confidential Information of Fujitsu Services which relates to the performance of the Services by Fujitsu Services. In such circumstances Post Office shall authorise the transferee to use such Confidential Information only for purposes relating to the performance of the Services and for no other purposes and, for the avoidance of doubt, the transferee shall be bound by the confidentiality undertaking contained herein in relation to such Confidential Information.

58.5 The consent referred to in Clause 58.2 and any approval which may be granted in respect of additional or substitute sub-contractors pursuant to Clause 58.2 is provided, and shall be granted (as the case may be), on the understanding that Fujitsu Services shall keep Post Office informed of the general nature and scope of the work to be sub-contracted and the duration of the relevant sub-contracts (such information to be recorded in Schedule C2) and shall consult with Post Office prior to amending or supplementing such arrangements or commitments and shall take account of all reasonable requests and comments that Post Office shall make in connection therewith.

FUJ00000070

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59. **Non-Solicitation**

59.1 Subject to Clause 48.4.3, neither Party shall during the currency of the Agreement or for a period of six months thereafter without the written permission of the other (not to be unreasonably withheld) either on its own account or for any other person, firm or undertaking either directly or indirectly knowingly solicit or entice away from the other (the "Previous Employer") any Key Individual who is then or shall have been in the previous three months either:

59.1.1 an employee of the Previous Employer; or

59.1.2 engaged by the Previous Employer as a contractor performing the services of such an employee.

59.2 In the event that such Key Individual is employed or engaged by the other Party with the agreement of the other Party (such agreement to include without limitation agreed transfer of work and associated staff between the Parties during the term of the Agreement) or after redundancy from the Previous Employer, the Previous Employer shall not (unless agreed otherwise) be paid any sum by the other Party by way of compensation.

59.3 If either Party is in breach of this condition that Party will pay to the other Party by way of liquidated damages and not by way of penalty the Solicitation Fee.

59.4 Nothing in this Clause 59 is intended to prevent or frustrate the right of any individual to seek employment as he thinks fit.

60. **Force Majeure**

60.1 For the purposes of this Agreement the expression "Force Majeure" shall mean any cause affecting the performance by a Party hereto of its obligations arising from acts, events, omissions, happenings or non-happenings beyond its reasonable control including (but without limiting the generality thereof) (i) Governmental Regulations (subject to Clause 60.7), (ii) fire, (iii) flood, or (iv) any disaster or an industrial dispute affecting a third party. Any act, event, omission, happening or non-happening will only be considered Force Majeure if it is not attributable to the wilful act, neglect or failure to take reasonable precautions of the affected Party, its agents or employees, and only if a substitute third party is not reasonably available (having regard, without limitation, to the cost and quality of such substitute) to perform the affected obligation. In no event shall any fraudulent act or omission by any third party or Party in relation to the Services for which Fujitsu Services is liable under Clause 43.1 constitute a Force Majeure event.

60.2 Neither Party hereto shall in any circumstances be liable to the other Party hereto for any loss of any kind whatsoever including but not limited to any damages or abatement of Charges whether directly or indirectly caused to or incurred by the other Party by reason of any failure or delay in the performance of its obligations under this Agreement which is due to Force Majeure. Notwithstanding the foregoing, each Party shall use all reasonable endeavours to continue to perform, or resume performance of, such obligations under this Agreement for the duration of such Force Majeure event. In the case of any such failure or delay on the part of Fujitsu Services, the Parties shall agree

FUJ00000070



an orderly process for such continuation or resumption of performance (such consent not to be unreasonably withheld or delayed), and Fujitsu Services shall comply with such process. Fujitsu Services shall remain liable to perform the Business Continuity Services, save where such Business Continuity Services are themselves also affected by Force Majeure, in which case Fujitsu Services shall be required to use all reasonable endeavours to perform such Business Continuity Services.

60.3 If Fujitsu Services shall become aware of circumstances of Force Majeure which give rise to or which are likely to give rise to any such failure or delay on its part it shall forthwith notify Post Office within one Working Day and shall inform Post Office of the period which it is estimated that such failure or delay shall continue. If Post Office shall become aware of circumstances of Force Majeure which give rise to any such failure or delay on its part, it shall forthwith notify Fujitsu Services within one Working Day and shall inform Fujitsu Services of the period which it is estimated that such failure or delay shall continue.

60.4 It is expressly agreed that any failure by Fujitsu Services to perform, or any delay by Fujitsu Services in performing, its obligations under this Agreement which results from any failure or delay in the performance of its obligations by any person, firm or company with which Fujitsu Services shall have entered into any contract, supply arrangement or sub-contract or otherwise shall be regarded as a failure or delay due to Force Majeure only in the event that such person firm or company shall itself be prevented from or delayed in complying with its obligations under such contract, supply arrangement or sub-contract or otherwise as a result of circumstances of Force Majeure and there is no substitute person, firm or company reasonably available (having regard, without limitation, to the cost and quality of such substitute) to perform the affected obligation.

60.5 If any Force Majeure event prevents any Party from performing its obligations hereunder for a period in excess of 90 consecutive days, Post Office may after consulting with Fujitsu Services and taking into account Fujitsu Services' views, terminate this Agreement in accordance with Clause 47.1.5.

60.6 Extension of Time

If the performance of this Agreement by either Party is delayed by reason of any Force Majeure event (as defined in Clause 60.1), both Parties shall be entitled to a reasonable extension of time subject to there being no entitlement to any additional costs or expenses incurred as a result of the delay. The Party so delayed shall notify the other Party in writing within one Working Day of becoming aware of the Force Majeure event.

60.7 Political Risk

Notwithstanding the provisions of Clauses 60.1 to 60.5, a change of, or new, Governmental Regulation:

60.7.1 shall not entitle Post Office to terminate this Agreement under Clause 60.5, and any such purported termination shall be treated as a termination for convenience in accordance with Clause 47.7; and

FUJ00000070



60.7.2 shall not require Fujitsu Services to perform any additional obligations, or any reduced or modified obligations resulting in increased cost to Fujitsu Services, without its agreement in accordance with the Change Control Procedure.

61. **Confidentiality**

61.1 Without prejudice to the application of the Official Secrets Acts 1911 to 1989 (where relevant) to any Confidential Information Fujitsu Services acknowledges that any Confidential Information (other than its own Confidential Information) obtained from or relating to Post Office, or its servants or agents, is the property of Post Office.

61.2 Each Party agrees to keep confidential, and not to disclose to anyone else, Confidential Information.

Notwithstanding the above, any Party may disclose Confidential Information:

61.2.1 if and to the extent required by law;

61.2.2 if and to the extent that the other Party has given prior written consent to the disclosure;

61.2.3 to its professional advisers;

61.2.4 to the extent requested by H.M. Government;

61.2.5 if and to the extent that the Confidential Information is in the public domain or falls into the public domain without breach of any applicable confidentiality obligation (including this Clause);

61.2.6 to Royal Mail Group;

61.2.7 to Fujitsu Services Holdings Plc, Fujitsu Services Limited or its Parent Companies;

61.2.8 to Fujitsu Services' approved sub contractors as listed in Schedule C2;

61.2.9 if and to the extent reasonably necessary to be disclosed for the purpose of arranging and maintaining funding generally for Fujitsu Services Holdings Plc or Fujitsu Services;

61.2.10 which is in the possession of the receiving Party without restriction in relation to disclosure before the date of receipt from the disclosing Party;

61.2.11 which is received from a third party who lawfully acquired it and who is under no obligation restricting its disclosure;

61.2.12 which is independently developed without access to the Confidential Information;

61.2.13 as may be required or permitted by paragraph 2.9 of Schedule A4;

FUJ00000070



61.2.14 if and to the extent permitted under paragraphs 5.5 or 6.5 of Schedule D6 (as applicable), to any bona fide potential sub-contractor or replacement provider (as applicable) for the purposes of Competitive Tendering;

61.2.15 to a person listed in a CCD if and to the extent that person is an approval authority for or otherwise permitted access under the relevant CCD to the relevant Confidential Information; or

61.2.16 subject to, and in accordance with, paragraph 10 of Schedule B1.2, to any member of the SIP.

61.3 From the date of signature of CCN 1400, notwithstanding any other provision of this Agreement, Post Office shall be entitled to use Confidential Information and disclose Confidential Information to:

(i) bona fide potential Next Suppliers to the extent that such disclosure is reasonably required to comply with the Public Contracts Regulations 2006 (in particular without limitation Regulation 4(3) of the Public Contracts Regulations 2006) to enable any bona fide potential Next Suppliers to prepare a reasonably detailed tender proposal to Post Office and carry out due diligence; and/or

(ii) Next Suppliers to the extent such disclosure is reasonably required to effect transition and implementation,

61.4 Post Office shall ensure that prior to any Confidential Information being disclosed to any such bona fide potential Next Suppliers and/or Next Suppliers, such potential bona fide potential Next Suppliers and/or Next Suppliers shall enter into an Agreed Form NDA and shall immediately inform Fujitsu Services if it has reason to believe that the bona fide potential Next Suppliers and/or Next Suppliers is in breach of the undertakings contained in that confidentiality agreement.The Parties hereby agree that (other than as required by law):

61.4.1 each Party (and any person employed or engaged by it in connection with this Agreement in the course of such employment or engagement) shall only use Confidential Information of the other Party for the purposes of this Agreement;

61.4.2 each Party receiving Confidential Information from the other Party shall take all necessary precautions to ensure that no Confidential Information of the other Party is used other than for the purposes of this Agreement by the receiving Party's employees, servants, agents or sub-contractors including, without limitation, obtaining from any such agent or sub-contractor a signed confidentiality undertaking on substantially the same terms as are contained in this Clause; and

61.4.3 without prejudice to the generality of the foregoing:

(a) neither Fujitsu Services nor any person engaged by Fujitsu Services (whether as an employee, consultant or otherwise) shall use the Confidential Information of Post Office for the solicitation of business from any third party or away from Post Office; and

FUJ00000070



(b) Post Office may discharge the obligation imposed on it by Clause 61.4.2 to obtain signed confidentiality undertakings, in so far as such Clause relates to individuals who are provided to the Post Office to perform the tasks of Post Office employees under a framework resource agreement ("Framework Agreement") with a third party (such individuals being referred to in this Clause as "Contractors") by including within such Framework Agreement:

(i) an obligation of confidentiality in respect of Fujitsu Services' Confidential Information which shall be binding on such third party and each Contractor and continue in effect until at least three years after the Framework Agreement is terminated or expires; and

(ii) a provision requiring all of Fujitsu Services' Confidential Information held by each Contractor in tangible form to be returned to the Post Office, and all such information held in electronic form to be irretrievably deleted or destroyed, on termination or expiry of that Contractor's assignment.

61.5 In the event that Confidential Information is disclosed by any Party to its professional advisers, that Party shall procure that its professional advisers comply with the restrictions contained in this Clause, *mutatis mutandis*.

61.6 Nothing in this Clause 61 shall restrict the Post Office from using, or disclosing to a third party for use on its behalf, documents or materials (including, without limitation, project plans and documentation, architecture and design documents, requirements statements, specifications and other preparatory materials) in which it owns, or has the right to grant a licence to a third party of, any Intellectual Property Rights pursuant to this Agreement, provided that:

61.6.1 it shall not disclose to a third party any parts of such documents that contain the prices, pricing methodologies or trade secrets of Fujitsu Services; and

61.6.2 it shall not disclose any Listed Documentation, Fujitsu Developed Documentation, Fujitsu Background IPR or Third Party Items (excluding any Third Party Items, the Intellectual Property Rights in which are required to be assigned to Post Office pursuant to Clause 29) to any third party unless it has entered into a confidentiality agreement with that third party which:

(a) is enforceable against that third party by Fujitsu Services;

(b) provides Fujitsu Services with no less favourable protections than this Clause 61; and

(c) restricts the use and (if applicable) modification of that Listed Documentation, Fujitsu Developed Documentation, Fujitsu Background IPR or Third Party Item by that third party to that contemplated by Clause 30.

FUJ00000070



This Clause 61.6 shall not apply in respect of Horizon Design Documentation, the permitted use and disclosure of which shall be governed by Clause 30.15.

61.7 Nothing in this Clause 61 shall prevent Fujitsu Services or Post Office from using data-processing techniques, ideas and know-how gained during the performance of this Agreement in the furtherance of its normal business, to the extent that this does not relate to a disclosure of Confidential Information or an infringement by Post Office or Fujitsu Services of any Intellectual Property Right.

62. **Remedies Cumulative**

Except as otherwise expressly provided in this Agreement, all remedies available to Fujitsu Services or to Post Office for breach of this Agreement are cumulative and may be exercised concurrently or separately and the exercise of any one remedy shall not be deemed an election of such remedy to the exclusion of other remedies.

63. **Discrimination**

63.1 Fujitsu Services shall not unlawfully discriminate within the meaning and scope of any law, enactment, order, regulation or other similar instrument relating to discrimination (whether in relation to race, gender, religion or otherwise) in employment.

63.2 Fujitsu Services shall take all reasonable steps to ensure the observance of the provisions of Clause 63.1 by all employees, agents and consultants of Fujitsu Services and all sub-contractors.

64. **Export**

For the purpose of this Agreement only, Post Office confirms that no hardware, software or documentation provided to Post Office pursuant to this Agreement nor their direct product(s) will be exported by Post Office unless in accordance with any appropriate UK Government export licensing controls.

65. **VAT**

All sums payable under this Agreement are stated exclusive of VAT. Where VAT is properly chargeable by either Party in respect of any taxable supply, the other Party shall pay to the first-mentioned Party an amount equal to the amount of any VAT chargeable in respect of the supply in question (subject to the production by the first-mentioned Party of a valid tax invoice giving the requisite details of the taxable supply).

66. **Guarantee**

66.1 Fujitsu Services undertakes that its obligations hereunder are and will continue to be effectively guaranteed by the Fujitsu Guarantees until 31 March 2015. For the period from 1 April 2015 to 31 March 2017, Fujitsu Services undertakes that its obligations hereunder will continue to be effectively guaranteed by Fujitsu Services Holdings plc under the Fujitsu Services Holdings plc guarantee dated 31 December 2002 (as amended). The guarantee given by Fujitsu Limited shall lapse on 31 March 2015.

FUJ00000070

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66.2

66.3 Breach of Clause 66.1 shall constitute a Default not capable of remedy.

67. **Interpretation**

67.1 As used in this Agreement:

67.1.1 the terms and expressions set out in Schedule 1 shall have the meanings ascribed therein;

67.1.2 the masculine includes the feminine and the neuter;

67.1.3 the singular includes the plural and *vice versa;* and

67.1.4 unless stated otherwise or the context requires otherwise, any reference within any Schedule, CCD or CRD to an Annex, Attachment, Section or Paragraph is to the relevant annex, attachment, section or paragraph of that Schedule, CCD or CRD.

67.2 A reference to any statute, enactment, order, regulation or other similar instrument shall be construed as a reference to the statute, enactment, order, regulation or instrument as amended by any subsequent statute, enactment, order, regulation or instrument or as contained in any subsequent re-enactment thereof. The preceding sentence shall be without prejudice to any rights under Clause 60.7 and any rights Fujitsu Services may have under Schedule A4 to charge Post Office for the cost of compliance with any such subsequent statute, enactment, order, regulation or instrument or subsequent re-enactment thereof.

67.3 Headings are included in this Agreement for ease of reference only and shall not affect the interpretation or construction of this Agreement.

67.4 References in this Agreement to Clauses, Annexes and Schedules are, unless otherwise provided, references to the clauses of, and annexes and schedules to, this Agreement (and the Schedules and Annexes form part of this Agreement). References to CCDs and CRDs are to the documents agreed as such from time to time.

67.5 Subject to Clauses 67.6 and 67.7, in the event and to the extent only of any conflict or inconsistency between provisions of this Agreement, the following order of precedence shall apply:

67.5.1 in the period between the Amendment Date and HNG-X Final Acceptance:

(a) the Clauses and Schedule 1;

(b) all other Schedules other than Schedules B3.2 and B3.3;

(c) the Requirements Baseline (as may be amended pursuant to Schedule B6.1) and the HNG-X Assumptions;

FUJ00000070



(d) the Solution Baseline Documentation Set (other than Schedules B3.2, B3.3 and B3.4);

(e) Schedules B3.2 and B3.3;

(f) CCDs not included in paragraphs (a) to (e) (inclusive) above; and

(g) Work Orders and CRDs; and

67.5.2 in the period between HNG-X Final Acceptance and the date that revised versions of Schedules B3.2, B3.3 and B3.4 and all other documents in the Solution Baseline Documentation Set are agreed under the Change Control Procedure pursuant to Clause 5.4:

(a) the Clauses and Schedule 1;

(b) all other Schedules other than Schedules B3.2, B3.3, B6.1, B6.2 and B6.3;

(c) the Solution Baseline Documentation Set (other than Schedules B3.2, B3.3 and B3.4);

(d) the Requirements Baseline (as may be amended pursuant to Schedule B6.1) and the HNG-X Assumptions;

(e) Schedules B3.2, B3.3, B6.1, B6.2 and B6.3;

(f) CCDs not included in paragraphs (a) to (e) (inclusive) above; and

(g) Work Orders and CRDs; and

67.5.3 thereafter (or in the event that Project HNG-X is terminated for any reason pursuant to Clause 47.11):

(a) the Clauses and Schedule 1;

(b) all other Schedules (other than Schedules B6.1, B6.2 and B6.3) and the Solution Architecture;

(c) CCDs (other than the Solution Architecture);

(d) Work Orders and CRDs; and

(e) Schedules B6.1, B6.2 and B6.3.

67.6 Notwithstanding any reference in this Agreement to either Party complying with Working Documents, Working Documents shall not affect or introduce any contractual obligations between the Parties.

67.7 To the extent that:

FUJ00000070



67.7.1 a Work Order purports:

(a) to describe the terms on which a particular Work Package will be performed it shall govern the terms on which the particular Work Package will be performed and shall take precedence over any provision of this Agreement in conflict with those terms; or

(b) purports to make other amendments to the terms of this Agreement it shall have the precedence priority stated in Clause 67.5, or

67.7.2 a CCN purports to describe terms on which changes to this Agreement specified in that CCN will be made, or terms ancillary to those changes, it shall govern the terms on which those changes will be made and shall take precedence over any provision of this Agreement in conflict with those terms.

67.8 The Recitals are not legally binding, but are intended as a guide to the history, interpretation and construction of this Agreement.

67.9 References in CCDs and CRDs to items, services or matters affected by subsequent agreements between the Parties shall be construed to reflect most appropriately the effect of such subsequent agreements.

68. **Amendments to Clauses, Schedules and Annexes of this Agreement and CCDs**

Unless expressly provided otherwise in the provisions of this Agreement, the provisions of this Agreement shall only be amended in accordance with the Change Control Procedure.

69. **Severability**

If any of the provisions of this Agreement is judged to be invalid, illegal or unenforceable, the continuation in full force and effect of the remainder of them will not be prejudiced but such provision shall be deemed modified to the extent necessary in the court's opinion to render such term or provision enforceable, and the rights and obligations of the Parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the Parties herein set forth.

70. **Dispute Resolution Procedure**

Any dispute arising out of or in connection with this Agreement shall be resolved in accordance with the procedure set out in Annex 2 to Schedule A2.

71. **Law and Jurisdiction**

71.1 Without prejudice to Clause 70, this Agreement shall be governed by and shall be interpreted in accordance with English Law and the Parties submit to the exclusive jurisdiction of the English Courts.

71.2 This Agreement is binding on Post Office and its successors and permitted assignees and on Fujitsu Services and its successors and permitted assignees.

FUJ00000070

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72. **Entire Agreement**

72.1 This Agreement constitutes the entire agreement and understanding between the Parties relating to the subject matter of this Agreement.

72.2 Each of the Parties acknowledges and agrees that:

72.2.1 in entering into this Agreement and CCN1200 it has not relied on and shall have no remedy (except in the case of fraud) in respect of any statement, representation, warranty, promise or assurance, whether or not in writing, and whether or not negligent, given or made by any person (whether party to this Agreement or not) other than as expressly set out in this Agreement or in CCN1200; and

72.2.2 the only remedy available to it for breach of any of the provisions of this Agreement or CCN1200 shall be for breach of contract under the terms of this Agreement and CCN1200.

73. **Revising the Agreement to reflect matters agreed in CCNs**

The Parties agree that:

73.1.1 the CCNs listed in section 3.1/Part A of the CCN List are no longer relevant to this Agreement and have no effect;

73.1.2 to the extent that amendments were required to the provisions of the Clauses and Schedules of this Agreement in order to reflect the matters agreed in the CCNs listed in section 3.2/Part B of the CCN List those amendments have been made. Such CCNs have accordingly been superseded by this Agreement to that extent but this shall be without prejudice to the application of such CCNs to matters other than the Clauses and Schedules of this Agreement (including, without limitation, their application to, or the introduction of, CCDs or CRDs and/or to any charges or credits specified in such CCNs which are due or which shall become due to be paid or allowed); and

73.1.3 the provisions of the CCNs listed in section 3.3/Part C of CCN List (including any provisions set out in any attachments to those CCNs) have not been reflected by amendment to this Agreement and accordingly shall remain in effect insofar as applicable.

74. **NBS CCNs**

Without prejudice to the application or otherwise of any other provisions, the provisions relating to the Network Banking CCNs in paragraph 4 of schedule 24 to this Agreement in its form under CCN1100 shall remain in effect notwithstanding the omission of such provisions from this Agreement in its form under CCN1200.

75. **TUPE**

FUJ00000070

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75.1 In the event that it is anticipated that the Transfer Regulations will apply on the commencement of the POLSAP Services so that employees of Post Office, its agents or contractors shall transfer to Fujitsu Services or its sub-contractors, either directly from Post Office or from one of its agents or contractors, clauses 75.2 - 75.5 will apply.

75.2 No later than three months prior to the intended transfer, Post Office shall, or shall use reasonable endeavours to procure that its agents or contractors shall, at the request of Fujitsu Services provide Fujitsu Services a list providing details of the terms of employment of all personnel who are then employed wholly or mainly (at least 51 per cent. of their working time or as otherwise agreed by the parties) in the performance of the relevant services as reasonably required by Fujitsu Services, save that nothing in this Clause 75.2 shall have the effect of requiring Post Office to produce information in breach of the Data Protection Act 1998 or in breach of any express duty of confidentiality which Post Office or its agents or contractors may owe to their respective personnel. In such circumstances, Post Office shall use its reasonable endeavours to obtain appropriate consent for the release of such information.

75.3 Post Office shall fully indemnify Fujitsu Services (on its own behalf and on behalf of any sub-contractor) from and against:

75.3.1 any and all liabilities which Fujitsu Services or any sub-contractor incurs in connection with or as a result of any claim or demand whatsoever by any employee or former employee of Post Office or its agents or contractors in respect of his employment with Post Office or such agent or contractor and/or its termination save to the extent such claim or demand:

(A) both (i) is made by an employee identified within the relevant employment details referred to in Clause 75.2 as transferring pursuant to the Transfer Regulations and (ii) relates to employer's liabilities arising in relation to that employee's service after the said transfer of employment which are disclosed in writing to Fujitsu Services and/or any of its sub-contractors prior to the said transfer or relates to the employee's termination after the said transfer; or

(B) is made by an employee who is not identified within the relevant employment details referred to in clause 75.2 and such termination occurs after the period set out in clause 75.5; and

75.3.2 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any failure by Post Office or any of its agents or contractors to comply with its or their obligations under Regulation 13 of the Transfer Regulations save to the extent such failure is attributable to the failure of Fujitsu Services to comply with its obligations under the same Regulation.

75.4 In the event that the Transfer Regulations apply on the commencement of the POLSAP Services, Fujitsu Services shall indemnify Post Office (on its own behalf and on behalf of its agents and contractors) against:

FUJ00000070



75.4.1 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any failure by Fujitsu Services or its sub-contractors to comply with its obligations under Regulation 13 of the Transfer Regulations;

75.4.2 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any change in the terms and conditions of employment of the employees identified within the relevant employment details referred to in Clause 75.2 made by Fujitsu Services or its sub-contractors on or after the transfer date or any change in the terms and conditions of the employment of the employees identified within the relevant employment details referred to in Clause 75.2 proposed by Fujitsu Services or its sub-contractors and whether before, on or after the transfer date but only to the extent in each case such change or proposed change in the terms and conditions of employment constitutes a repudiatory breach of the relevant employee's contract of employment or involves a substantial change in his working conditions to his material detriment; and

75.4.3 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any act or omission of Fujitsu Services or its sub-contractors in respect of the employment or termination of employment of the employees identified within the relevant employment details referred to in Clause 75.2 on or after the date of transfer of the relevant employee's employment.

75.5 If the contract of employment of any individual who is not a listed transferring employee under Clause 75.2 shall have effect on and after the transfer date as if originally made between Fujitsu Services or any of its sub-contractors and the individual concerned as a result of the provisions of the Transfer Regulations and/or any judicial decision interpreting the same:

75.5.1 the Party first informed of it shall notify the other within ten (10) business days after becoming aware of the same;

75.5.2 if Fujitsu Services, upon becoming aware or being notified of the same, decides that it does not wish to employ such an individual, Fujitsu Services shall, within ten (10) business days of such date, notify Post Office of this in writing;

75.5.3 if Fujitsu Services so notifies Post Office under Clause 75.5.2, Post Office shall be entitled to make an offer of re-employment or re-engagement to any such individual within ten (10) business days of the date of receipt of such notification;

75.5.4 Post Office shall notify Fujitsu Services in writing of any offer of re-employment or re-engagement which is made and any such offer which is accepted by any such individual; and

75.5.5 if any such offer of re-employment or re-engagement by Post Office is either not made to such individual in accordance with Clause 75.5.3 or is not accepted by such individual within fifteen (15) business days of the date of notification under

FUJ00000070



Clause 75.5.2, Fujitsu Services may terminate his contract of employment at any time not later than twenty (20) business days after the date of notification under Clause 75.5.2.

75.6 As soon as possible following any notice of termination being given, or any termination without notice, of all or part of the relevant services under this Agreement and no later than six months prior to the expiry of an Expiring Service pursuant to Clause 46.3 or to the expiry of this Agreement at the end of the term set out in Clause 46.1, Fujitsu Services shall at the request of Post Office provide to Post Office (or to Post Office and the Next Supplier nominated by Post Office) a list providing details of the terms of employment of all Fujitsu Personnel who are then employed wholly or mainly (at least 51 per cent. of their working time or as otherwise agreed by the parties) in the performance of the relevant services under this Agreement as reasonably required by Post Office, save that nothing in this Clause 75.6 shall have the effect of requiring Fujitsu Services to produce information in breach of the Data Protection Act 1998 or in breach of any express duty of confidentiality which Fujitsu Services or its sub-contractors may owe to the Fujitsu Personnel. In such circumstances, Fujitsu Services shall use its reasonable endeavours to obtain appropriate consent for the release of such information.

75.7 Fujitsu Services shall fully indemnify Post Office (on its own behalf and on behalf of any Next Supplier) from and against:

75.7.1 any and all liabilities which Post Office or any Next Supplier incurs in connection with or as a result of any claim or demand whatsoever by any employee or former employee of Fujitsu Services or of any of Fujitsu Services' sub-contractors or agents in respect of his employment with Fujitsu Services or such sub-contractor or agent and/or its termination save to the extent such claim or demand:

(A) both (i) is made by an employee identified within the relevant employment details referred to in Clause 75.6 as transferring pursuant to the Transfer Regulations and (ii) relates to employer's liabilities arising in relation to that employee's service after the said transfer of employment which are disclosed in writing to Post Office and/or the Next Supplier prior to the said transfer or relates to the employee's termination after the said transfer; or

(B) is made by an employee who is not identified within the relevant employment details referred to in Clause 75.6 and such termination occurs after the period set out in clause 75.9.

75.7.2 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any failure by Fujitsu Services or any of its sub-contractors or agents to comply with its or their obligations under Regulation 13 of the Transfer Regulations save to the extent such failure is attributable to the failure of Post Office or a Next Supplier to comply with its obligations under the same Regulation.

FUJ00000070

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75.8 In the event that the Transfer Regulations apply on any termination (with or without notice) or expiry of all or part of the relevant services under this Agreement , Post Office shall indemnify Fujitsu Services (on its own behalf and on behalf of its sub-contractors and agents) against:

75.8.1 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any failure by Post Office or any Next Supplier to comply with its obligations under Regulation 13 of the Transfer Regulations;

75.8.2 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any change in the terms and conditions of employment of the employees identified within the relevant employment details referred to in Clause 75.6 made by Post Office or a Next Supplier on or after the transfer date or any change in the terms and conditions of the employment of the employees identified within the relevant employment details referred to in Clause 75.6 proposed by the Post Office or a Next Supplier and whether before, on or after the transfer date but only to the extent in each case such change or proposed change in the terms and conditions of employment constitutes a repudiatory breach of the relevant employee's contract of employment or involves a substantial change in his working conditions to his material detriment; and

75.8.3 any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of or in connection with any act or omission of Post Office or any Next Supplier in respect of the employment or termination of employment of the employees identified within the relevant employment details referred to in Clause 75.6 on or after the date of transfer of the relevant employee's employment. The indemnity referred to in this Clause 75.8.3 shall not apply in relation to any Worker who makes or brings a claim, demand or action referred to in this Clause 75.8.3 to the extent that Fujitsu Services has failed to comply with its obligation under Clause 48.4.3 in respect of such Worker.

75.9 If the contract of employment of any individual who is not a listed transferring employee under Clause 75.6 shall have effect on and after the transfer date as if originally made between Post Office or any Next Supplier and the individual concerned as a result of the provisions of the Transfer Regulations and/or any judicial decision interpreting the same:

75.9.1 the Party first informed of it shall notify the other within ten (10) business days after becoming aware of the same;

75.9.2 if Post Office, upon becoming aware or being notified of the same, decides that it does not wish to employ such an individual, Post Office shall, within ten (10) business days of such date, notify Fujitsu Services of this in writing;

75.9.3 if Post Office so notifies Fujitsu Services under Clause 75.9.2, Fujitsu Services shall be entitled to make an offer of re-employment or re-engagement to any such individual within ten (10) business days of the date of such notification;

FUJ00000070



75.9.4 Fujitsu Services shall notify Post Office in writing of any offer of re-employment or re-engagement which is made and any such offer which is accepted by any such individual; and

75.9.5 if any such offer of re-employment or re-engagement by Fujitsu Services is either not made to such individual in accordance with Clause 75.9.3 or is not accepted by such individual within fifteen (15) business days of the date of notification under Clause 75.9.2, Post Office may terminate his contract of employment at any time not later than twenty (20) business days after the date of notification under Clause 75.9.2.

75.10 Fujitsu Services agrees that it shall promptly provide to Post Office and/or such other person(s) as Post Office may nominate upon request at any time (though in any event no more than twice in any 12 month period) an up-to-date list of all Fujitsu Personnel who are then employed in the performance of the relevant services under this Agreement at least 33 per cent. of their working time. Where information is provided in advance of a likely transfer of employment in accordance with Clause 75.6, Fujitsu Services agrees that it shall promptly provide to Post Office and/or such other person(s) as Post Office may nominate updated information in the event of a change in the data set out therein between the date on which the information was provided under Clause 75.6 and the transfer date.

75.11 Fujitsu Services further warrants and undertakes that during the six months prior to the transfer date or during any period of notice to terminate this Agreement or the provision of part or all of the relevant services under this Agreement given by either Party or any period during which Fujitsu Services contemplates or anticipates giving such notice or terminating part or all of this Agreement or the Service provision (whether lawfully or otherwise), Fujitsu Services shall not, and shall procure that its employees and workers and sub-contractors (as applicable) shall not, other than with Post Office's prior written consent or in the ordinary course of Fujitsu Services' business:

(A) increase or amend any salary, emolument, fee or contractual benefit or entitlement provided to or afforded to any Fujitsu Personnel;

(B) vary the terms and conditions of employment of any Fujitsu Personnel;

(C) increase the proportion of working time spent on the relevant services under this Agreement by any employees or Fujitsu Personnel;

(D) employ any person or assign any other existing employees or workers to the provision of all or part of the relevant services under this Agreement so that they become Fujitsu Personnel; or

(E) replace or remove or terminate or give notice to terminate the employment of any Fujitsu Personnel.

75.12 For the avoidance of doubt, Fujitsu Services shall indemnify Post Office (on its own behalf and on behalf of any Next Supplier) from and against all and any costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising from any employees employed in the normal course of their employment, wholly or principally

FUJ00000070



outside the UK in the provision of all or part of the relevant services under this Agreement (the "Overseas Personnel") transferring or alleging that they have or will transfer to the employment of (or any liabilities in respect of them will transfer to) Post Office and/or any Next Supplier on any termination or partial termination, expiry or partial expiry of the relevant services provided under this Agreement and all and any related claims including, without limitation, any failure to inform and consult in connection with such a transfer and/or any termination of employment of such Overseas Personnel.

75.13 In the event of any claim or demand being made or action brought to which Clauses 75.3, 75.4, 75.7, 75.8 apply, the indemnified Party shall promptly notify the indemnifying Party of such claim, demand or action. The indemnifying Party shall at its own expense conduct all negotiations for settlement of the same and any legal proceedings that may arise therefrom. The indemnified Party shall, and shall use reasonable endeavours to procure that its suppliers, contractors, sub-contractors, agents and employees (as the case may be) shall, at the request of the indemnifying Party, afford all reasonable assistance for the purpose of contesting any such claim, demand or action. The indemnifying Party shall promptly reimburse any reasonable expense incurred by the indemnified Party in so doing. The indemnified Party shall not make any admissions which may be prejudicial to the defence of any such claim, demand or action.

75.14 Notwithstanding any provision in this Agreement, in the event that it is found that a contract of employment of those Fujitsu Personnel employed wholly or mainly in the provision of the Operational Business Change (Branch Change) Service whose details are set out in in the table at the end of this clause 75.14 (the "Operational Business Change (Branch Change) Service Transferring Employees") does not (for any reason) transfer to the Post Office or the Next Supplier on the termination or expiry of the Operational Business Change (Branch Change) Service pursuant to the Transfer Regulations, then

(a) Fujitsu Services shall be entitled to terminate the contract of employment of such OBCS Transferring Employees within 60 business days of the termination or expiry of the Operational Business Change (Branch Change) Service; and

(b) Post Office shall indemnify and keep indemnified Fujitsu Services against all costs, liabilities, awards, decisions, losses and expenses (including reasonable legal fees) arising out of the employment by Fujitsu Services of such OBCS Transferring Employees following the termination or expiry of the Operational Business Change (Branch Change) Service and the termination of employment of such OBCS Transferring Employees.

**Table: Operational Business Change (Branch Change) Service Transferring Employees:**

| | |
|---|---|
| Roles | 1 x Supervisor; 4 x Service Control Officers |
| Location | Fujitsu Crewe Office |

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| | |
|---|---|
| Notice | between 9 - 16 weeks maximum |
| Holidays | between 25-30 days maximum |
| Sick pay | 39 weeks at full pay increasing to 52 weeks depending on service |
| Employer Pension Contribution | 10% |
| Employer Supplementary Cash Allowance | 9.3% of salary applicable to 3 employees |

76 **Fujitsu Global Cloud**

76.1 Where the Fujitsu Global Cloud Service is used in the provision of services then it shall be subject to:

76.1.1 The "Fujitsu Cloud Service Agreement Global Cloud Platform" special terms;

76.1.2. The "Service Specification Schedule for Fujitsu Cloud Platform"; and

76.1.3. .(in respect of Microsoft software used in the cloud) the "Microsoft Software End User License Agreement which is available at:

http://globalcloud.uk.fujitsu.com/sopdocs/pub/files/End%20User%20License%20Agreements%20Schedule.pdf

as updated from time to time in accordance with their terms, which together shall be the "Cloud Terms" and which are available at: http://globalcloud.uk.fujitsu.com/portal/ctrl/aboutSopTermsE or http://globalcloud.uk.fujitsu.com under "Contract Documents".

76.2 Fujitsu Services shall use reasonable endeavours to notify Post Office Ltd in writing within 30 days of any change to the Cloud Terms

76.3 In the event of any conflict the Cloud Terms shall take priority over the Clauses (and the relevant Schedules) but only in relation to the Fujitsu Global Cloud Service, and any event or consequence directly arising from it.

76.4 The Salesforce Support Service Hosting is a Fujitsu Global Cloud Service and for the avoidance of doubt the following clauses of the Agreement shall not apply to the Salesforce Support Service Hosting:

- Clause 23 Gainshare and Schedule D3
- Clause 24 Open Book and Schedule D4
- Clause 25 Audit and Schedule D5
- Clause 27 to 32 inclusive

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- Clause 34 Intellectual Property Rights Indemnities
- Clause 58 Transfer and Subcontracting
- Schedule A2 Governance
- Schedule A3 Change Control
- Schedule D6 Market Testing

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IN WITNESS WHEREOF this Agreement has been executed on behalf of the Parties as follows:

| | | |
|---|---|---|
| Signed by | ) | |
| for and on behalf of | ) | |
| **POST OFFICE LTD** | ) | S.J. Sweetman |
| in the presence of: | ) | (signed on 28th July, 1999) |

Paul Lam-Po-Tang
Visiting Lawyer
Slaughter and May
35 Basinghall Street
London EC2V 5DB

| | | |
|---|---|---|
| Signed by | ) | |
| for and on behalf of | ) | R. Christou |
| **FUJITSU SERVICES LIMITED** | ) | (signed on 28th July, 1999) |
| in the presence of:- | ) | |

Myles Blewett
Masons
30 Aylesbury Street
London EC1R 0ER

FUJ00000070

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# SCHEDULE A1

# PREFERRED SYSTEMS INTEGRATOR

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 24/01/07 | Baseline copy of 1.1 |
| 6.0 | 15/06/09 | Moving all Schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all Schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE A1

## PREFERRED SYSTEMS INTEGRATOR

### 1. INTRODUCTION

1.1 In Clause 2 of this Agreement Post Office has stated that it is its present intention to appoint Fujitsu Services as Preferred Systems Integrator with a wider scope of operation than the Infrastructure and with the potential to include all Relevant IT Systems in that scope. The purpose of such appointment would be to exploit the appropriate IT and services to drive Post Office's business strategy. This Schedule sets out the rights and obligations of a Preferred Systems Integrator and the terms upon which Post Office would be willing to appoint Fujitsu Services as the Preferred Systems Integrator.

1.2 The Systems Integration Partnership and Executive Relationship shall review opportunities to create value for Post Office by Fujitsu Services taking on the Systems Integration of additional IT systems and services, and shall maintain a list of such opportunities in a Working Document.

### 2. SCOPE

2.1 For the purposes of this Schedule A1, "Preferred Systems Integrator" shall mean the person appointed by Post Office from time to time to carry out the procurement, integration, provision and management of any or all applications, infrastructure and services required by Post Office for the purposes of integrating some or all of the following information technology systems:

2.1.1 any new IT system acquired by Post Office which is required by Post Office to interface with the Infrastructure;

2.1.2 any existing IT system used by Post Office which interfaces or is required to interface with the Infrastructure; or

2.1.3 any other IT system currently in use or acquired by Post Office after the Amendment Date which is not required to interface with the Infrastructure, but excluding any system that is provided as a shared information technology system with other parts of the Royal Mail Group,

(each a "Relevant IT System", together the "Relevant IT Systems").

2.2 Subject to the Parties agreeing the terms for Systems Integration responsibility in accordance with paragraph 4.1, such responsibility may involve the Preferred Systems Integrator undertaking the provision of operating, support, development and maintenance activities associated with Systems Integration using either its own resources or by procuring some or all of such associated activities from subcontractors. Where such associated activities are procured from third parties, the Preferred Systems Integrator shall remain solely responsible to Post Office for their provision.

### 3. APPOINTMENT

3.1 Nothing in this Agreement shall oblige Post Office to appoint Fujitsu Services as its sole Preferred Systems Integrator. However, it is Post Office's present intention, subject to paragraphs 3.2 and 3.3, to appoint Fujitsu Services as the Preferred Systems Integrator within twelve months of the Amendment Date.

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3.2 Post Office, at its sole discretion but acting reasonably in accordance with paragraphs 3.3, 3.4 and 3.5, shall determine:

3.2.1 when Fujitsu Services is first appointed as Preferred Systems Integrator;

3.2.2 which categories of Relevant IT Systems that initial appointment covers; and

3.2.3 the timing and extent of any subsequent additions to that scope.

3.3 Post Office's determination of the matters referred to in paragraph 3.2 shall be based on Post Office's assessment of (a) the extent to which Fujitsu Services has met the criteria for selection of a Preferred Systems Integrator as set out in paragraph 3.4, taking account of the matters set out in paragraph 3.5 and (b) Fujitsu Services' performance of its obligations under this Agreement as monitored by Post Office and disclosed to Fujitsu Services in accordance with the processes set out in Schedule A2.

3.4 Post Office's criteria for selecting a Preferred Systems Integrator will comprise the candidate's ability to demonstrate (by reference where appropriate to any track record with Post Office) that it can, with respect to large scale complex IT systems such as that used in relation to the Horizon Service Infrastructure:

3.4.1 work collaboratively with other Post Office suppliers in delivering Post Office end to end requirements;

3.4.2 manage third party service and product suppliers to deliver integrated solutions;

3.4.3 deliver continual improvements in levels of service;

3.4.4 deliver value for money to Post Office;

3.4.5 use innovation to improve Post Office competitiveness;

3.4.6 deliver application developments consistently within time, at or below cost budgets and to required quality;

3.4.7 select supplier-independent products and services most appropriate to meet Post Office requirements; and

3.4.8 adopt ways of working based on a relationship of mutual trust.

3.5 In evaluating Fujitsu Services' performance against the criteria set out in paragraph 3.4, Post Office shall take account of the following:

3.5.1 Fujitsu Services' progress on completing Project HNG-X within time, at or below cost budgets and to required quality;

3.5.2 the ability of Fujitsu Services SIP Team Members, and/or Fujitsu Services, to generate and implement innovative ideas to either reduce Post Office costs or improve Post Office efficiency;

FUJ00000070



3.5.3 Fujitsu Services recommending the selection of other companies' (rather than its own) products and services where these are demonstrably a better fit with Post Office's requirements;

3.5.4 Fujitsu Services demonstrating in relation to at least one Service that they are best value for money;

3.5.5 Fujitsu Services adopting new ways of working such as transparency on costing for new proposals, not 'man marking' (which means a situation where both Parties utilise individuals to manage a Service or other aspects of the Services) and, where appropriate, adoption of 'win–win' as the way of resolving issues; and

3.5.6 when considering additions to the scope of Fujitsu Services' Preferred Systems Integrator role, its performance of that role in relation to its existing scope.

3.6 Without prejudice to any Systems Integration activities being provided by Fujitsu Services under this Agreement, Post Office reserves the right to seek competitive bids for any Systems Integration activities in relation to Relevant IT Systems where it considers it would be in the best interests of Post Office to do so. Fujitsu Services (having been appointed as Preferred Systems Integrator) would be invited to bid in all such competitions.

3.7 The appointment of Fujitsu Services as Preferred Systems Integrator will be terminated with immediate effect upon the termination or expiry of this Agreement.

3.8 The appointment of Fujitsu Services as Preferred Systems Integrator may be terminated or the scope within which it has such a role reduced with immediate effect by Post Office in its sole discretion:

3.8.1 should Fujitsu Services unreasonably refuse to accept responsibility for any Relevant IT System nominated by Post Office in accordance with paragraph 4; or

3.8.2 should Fujitsu Services fail to fulfil its obligations under this Schedule A1.

3.9 Should Fujitsu Services be appointed as Preferred Systems Integrator and such appointment be terminated or its scope reduced under paragraph 3.8, Fujitsu Services' obligations under this Agreement to provide Systems Integration activities for the HNG-X Services shall continue in accordance with the other provisions of this Agreement.

## 4. RESPONSIBILITY

4.1 At any time following Post Office's appointment of Fujitsu Services as its Preferred Systems Integrator, Post Office shall be entitled to nominate any Relevant IT System as a system for which Post Office would like the Preferred Systems Integrator to assume responsibility and shall disclose full details of the Relevant IT System to the Preferred Systems Integrator. The terms on which the Preferred Systems Integrator assumes such responsibility shall be subject to agreement in accordance with the Change Control Procedure.

4.2 Subject to the Parties agreeing the terms for Systems Integration responsibility in accordance with paragraph 4.1, activities in relation to the Relevant IT System will commence within three months of

FUJ00000070



the date that such Relevant IT System is nominated for such responsibility by Post Office under paragraph 4.1 or such other period agreed between the Parties.

4.3 Post Office shall facilitate discussions between the Preferred Systems Integrator and any current supplier of products and/or services that are relevant to the nominated Relevant IT System. Where requested by the Preferred Systems Integrator, Post Office shall use reasonable endeavours to procure that Post Office's existing contracts with such suppliers that are relevant to the nominated Relevant IT System are assigned to or novated in favour of the Preferred Systems Integrator.

4.4 Subject to the Parties agreeing the terms for Systems Integration responsibility in accordance with paragraph 4.1, the Preferred Systems Integrator shall be responsible for all Systems Integration activities in relation to each Relevant IT System which Post Office nominates to the intent that the Preferred Systems Integrator shall ensure that:

4.4.1 each Relevant IT System meets the applicable service levels; and

4.4.2 the interoperability and performance across Relevant IT Systems meet the required service and performance levels applicable to each Relevant IT System.

## 5. VALUE FOR MONEY

5.1 The Preferred Systems Integrator activities shall be subject to market testing. Where Fujitsu Services is appointed as Preferred Systems Integrator, such market testing shall be carried out in accordance with the principles set out in Schedule D6, without causing delay to any of the other Market Testing activities described in that Schedule.

5.2 Where the Preferred Systems Integrator procures associated activities from a third party in accordance with paragraph 2.2, the provision of those activities shall be subject to market testing. Where Fujitsu Services is appointed as Preferred Systems Integrator, such market testing will be conducted in accordance with the principles set out in Schedule D6 without causing delay to any of the other Market Testing activities described in that Schedule and validated in accordance with the provisions of Schedule D4.

## 6. LEGALITY

The provisions of this Schedule A1 shall apply to the extent permitted by law, including, but not limited to, the provisions of the Competition Act 1998, Directive 2004/17/EEC and Directive 2004/18/EEC.

## 7. ASSOCIATED DOCUMENTS

7.1 There are no CCDs associated with this Schedule A1.

7.2 There are no CRDs associated with this Schedule A1.

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# SCHEDULE A2

# RELATIONSHIP AND GOVERNANCE

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 24/01/07 | Baseline copy of 1.2 |
| 3.0 | 30/01/09 | Baseline copy of 2.2 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/12/09 | Applying changes as per CCN 1268 |
| 6.2 | 30/03/10 | Applying changes as per CCN1271c |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1400 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE A2

## RELATIONSHIP AND GOVERNANCE

### 1. OBJECTIVES

1.1 The Parties intend that the relationship and governance arrangements under this Schedule A2 will help achieve the aim of ensuring an effective working relationship between the Parties and the overall success of the Agreement.

1.2 The relationship and governance arrangements under this Schedule A2 will be used, *inter alia*, to monitor, and assist with the aim of achieving, the Joint Objectives set out in Recitals E(d) to (g) (inclusive) of this Agreement.

### 2. THE RELATIONSHIP

2.1 Decisions shall be taken through the following mechanisms (each a "Relationship"):

2.1.1 Systems Integration Partnership and Executive Relationship;

2.1.2 Service Management Relationship;

2.1.3 Commercial Relationship;

2.1.4 the Demand Planning Board; and

2.1.5 Programme/Release Relationship,

by the Post Office Subject Lead and the Fujitsu Services Subject Lead for each relevant Relationship.

2.2 Annex 1 to this Schedule A2 sets out in relation to each Relationship:

2.2.1 the Post Office Subject Leads of that Relationship and any other Post Office appointed members;

2.2.2 the Fujitsu Services Subject Leads of that Relationship and any other Fujitsu Services appointed members;

2.2.3 the responsibilities of that Relationship;

2.2.4 the frequency with which that Relationship will meet, unless agreed otherwise by the Parties; and

2.2.5 certain other general information relevant to that Relationship.

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## 3. GENERAL PROVISIONS

3.1 Save to the extent that a matter is one of the "Reserved Matters" described in paragraph 5 of this Schedule A2, Decisions agreed between the Subject Leads of each Party (or their fully empowered deputies) for the appropriate Relationship will be effective and binding on the Parties (whether or not such Decision is made at a scheduled meeting of a Relationship), provided in each case such Decisions are within the scope of the relevant Relationship's responsibilities as described in Annex 1 to this Schedule A2 and such Decision is recorded in accordance with paragraph 3.5.

3.2 Each Relationship shall be conducted through "meetings", comprising, for the purposes of this Schedule A2, telephone conferences, teleconferences or other means of discussion as the Parties consider appropriate from time to time.

3.3 The Subject Leads for each Relationship will agree what (if any) regular or occasional meetings they wish to hold (and their frequency), where otherwise not stated in Annex 1 to this Schedule A2, in order to discharge the responsibilities and purpose of the relevant Relationship.

3.4 Members of a Relationship may, with the consent of the other Party's Subject Lead for that Relationship (such consent not to be unreasonably withheld or delayed), invite other persons to attend meetings of that Relationship.

3.5 For any Decision of a Relationship to be effective and binding on the Parties, it must be in writing and signed by the Subject Leads (or their fully empowered deputies) of that Relationship.

3.6 At least once in every calendar year, the members of each Relationship shall discuss and review whether the frequency with which their Relationship meetings are held should be altered.

3.7 The Parties agree that day-to-day operational issues arising under or in connection with this Agreement will be managed through delegated authority, including through operational review forums, project boards and problem management working groups that are established from time to time by the Parties, with a view to resolving them in a timely manner.

3.8 Any operational issues which cannot be resolved in a timely manner in accordance with paragraph 3.7 shall be considered by the relevant Subject Leads at the first available opportunity.

3.9 The Parties agree to use their reasonable endeavours to make Decisions through timely and effective communication through the appropriate Relationship and not to unreasonably delay Decisions.

3.10 The Subject Leads of each Relationship will agree measurement criteria from time to time for determining the effectiveness of the relationship between the Parties in meeting the Joint Objectives set out in Recitals E(d) to (g) (inclusive).

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3.11 In addition to the Subject Leads for each Relationship, each of the Operations Director for Post Office and the Commercial Division Director for Fujitsu Services shall supervise the Agreement and shall hold such meetings as they jointly consider necessary to monitor the strategic direction of the relationship between the Parties under this Agreement.

3.12 Nothing in this Schedule A2 shall restrict either Party from exercising any right conferred upon it under this Agreement and notwithstanding anything to the contrary in this Schedule A2, no decision to exercise or waive any such right shall require the concurrence of the other Party.

## 4. PROGRAMME/RELEASE RELATIONSHIP

4.1 The Programme/Release Relationship shall:

4.1.1 provide a governance structure for each programme and/or Release under this Agreement through the following boards:

4.1.1.1 the 'Programme/Release Board(s)';

4.1.1.2 the 'Acceptance Board(s)';

4.1.1.3 the 'Acceptance Dispute Board(s)'; and

4.1.1.4 the 'Joint Release Authorisation Board(s)'..

4.1.2 through each relevant board, consider, *inter alia*, future work or changes generated by ongoing and planned feasibility studies and other areas of potential work generated through the SIP.

4.2 Annex 1 to this Schedule A2 sets out the Subject Leads, other members, responsibilities and frequency of meetings of each of the boards within the Programme/Release Relationship.

## 5. RESERVED MATTERS

5.1 New, increased, reduced or modified obligations or responsibilities of either Party can only be effected by making changes to this Agreement in accordance with the Change Control Procedure. Nothing in this paragraph 5.1 shall restrict either Party from agreeing Work Orders.

5.2 Commitment of new expenditure by Post Office can only be approved through the processes described in Schedule D2 or Schedule A3.

5.3 To the extent that a Decision under this Schedule A2 has had or will have an impact on:

5.3.1 the costs of Fujitsu Services (of an amount greater than £10,000) which Fujitsu Services would have dealt with under the Change Control Procedure and

FUJ00000070



reflected in a change to the Charges had that impact been understood at the time the Decision was made;

5.3.2 the achievement of any Service Level or other obligation of Fujitsu Services under this Agreement;

5.3.3 any contractual or project date agreed between the Parties in relation to this Agreement; or

5.3.4 any Post Office Responsibilities which would have been dealt with under the Change Control Procedure had such impact been understood at the time the Decision was made,

that Decision will be reversed (to the extent it is reasonably practicable to do so) by the Relationship which made that Decision with effect from the date of such reversal, and the matter dealt with under the Change Control Procedure. Each Party shall bear its own costs of complying with such Decision until it is reversed in accordance with this paragraph. Any disputes arising in relation to such reversal will be resolved in accordance with the Dispute Resolution Procedure.

## 6. ESCALATION PROCEDURES

Any dispute arising out of or in connection with this Agreement, including any matters arising out of or in connection with this Schedule A2, shall be resolved in accordance with the Dispute Resolution Procedure.

## 7. RELATIONSHIP MANAGEMENT

The Parties shall jointly monitor the operation of the relationship and governance arrangements under this Schedule A2 and initiate remedial action (including escalation if required in accordance with paragraph 6) if these are not being followed.

## 8. ASSOCIATED DOCUMENTS

8.1 The following CCDs are associated with this Schedule A2:

| | Document Reference | Document Title |
|---|---|---|
| 1 | BP/STD/003 | "Standard Terms and Conditions for Work Orders" |

8.2 The following CRDs are associated with this Schedule A2:

| | Document Reference | Document Title |
|---|---|---|
| | NO CRDs APPLICABLE | |

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## 9. GOVERNANCE FOR TRANSITIONAL SUPPORT SERVICES AND THE TOWERS MODEL

9.1 Fujitsu Services acknowledges that the supplier that Post Office chooses as its Post Office Service Integrator for the new Towers Model may act as Post Office's managing partner. Subject to paragraphs 9.4 and 9.6 below, the Parties acknowledge and agree that Post Office Service Integrator shall be entitled, on behalf of Post Office, to exercise any rights or perform any obligations of Post Office under this Agreement, provided that only Post Office shall be entitled to exercise its rights under Clauses 47, 58 and 66 of the Agreement and paragraph 7 of Annex 2 to Schedule A2.

9.2 For the purposes of the Post Office Service Integrator performing its role as a managing partner for the Post Office and subject to paragraphs 9.1 and 9.4, references in this Agreement to Post Office shall be interpreted to refer to or include Post Office Service Integrator as relevant. Post Office's opinion shall prevail in the event of any dispute as to whether a reference refers to or includes the Post Office Service Integrator. Delegation to the Post Office Service Integrator shall be without prejudice to Post Office's right to exercise its rights under any provision of the Agreement on its own behalf. For the avoidance of doubt, nothing in this paragraph 9 is intended to create a separate contract between Fujitsu Services and Post Office Service Integrator or to assign or novate this Agreement or any part of it to Post Office Service Integrator.

9.3 In the event that Post Office appoints the Post Office Service Integrator to manage some or all of its IT services on its behalf, Fujitsu Services shall perform all its obligations owed to Post Office under this Agreement to the Post Office Service Integrator as if the Post Office Service Integrator is Post Office. To the extent that Fujitsu Services fails to perform its obligations under the Agreement, Post Office retains the ability to enforce its rights against Fujitsu Services and require it to perform those obligations. In the event that either Party considers co-operation and collaboration between Fujitsu Services, Post Office Service Integrator and other Tower Contractors is not in accordance with this paragraph 9, then either Party may escalate the issue through the Dispute Resolution Procedure.

9.4 Without prejudice to Post Office's right to exercise its rights under any provision of the Agreement on its own behalf, in the event that Post Office Service Integrator exercises the rights of Post Office under Clauses 23, 24 or 25 of the Agreement, Fujitsu Services shall only be required to disclose details of the aggregated price of performing the Services and not details of pricing for specific Services or details of the cost base it uses to calculate such prices which may indicate Fujitsu Services' pricing strategy or pricing levels to Post Office Service Integrator.

9.5 Without prejudice to paragraph 9.1 above but subject to paragraph 9.6 below, the Parties acknowledge and agree that Post Office Service Integrator shall be entitled to attend any of the meetings described in this Schedule either in addition to Post Office or on behalf of and as the representative of Post Office. The Post Office Service Integrator may in some instances be the sole representative of Post Office at such meetings or governance boards and will be responsible for the relationship relevant to those meetings or governance boards. Where Post Office Service Integrator attends a meeting on behalf of Post Office, Post Office Service Integrator shall be entitled to

FUJ00000070



exercise such rights and perform such obligations as Post Office would be entitled to exercise or perform at such meeting.

9.6 Post Office shall ensure that it has a representative at the following governance boards in addition to or instead of Post Office Service Integrator:

9.6.1 Executive Relationship;

9.6.2 Commercial Relationship; and

9.6.3 Acceptance Board Dispute.

9.7 As part of its transition to the Towers Model and in order to ensure the smooth and effective delivery of end-to-end services to Post Office, Post Office may require its suppliers of IT services to enter into good faith negotiations and agree non-disclosure agreements with other Tower Contractors and/or other third parties ("NDA(s)") and operating level agreement(s) ("OLA(s)") setting out each supplier's respective obligations and dependencies to Post Office and each other supplier. Fujitsu Services shall, where reasonably requested by Post Office, use its reasonable endeavours to enter into NDA(s) and OLA(s) with Post Office Service Integrator and/or any Tower Contractors and/or any other third parties within 3 months of such notification by Post Office. In the event that Fujitsu Services has not or considers it will not be able to enter into NDAs and/or OLAs within such 3 month timescale, Fujitsu Services shall promptly notify Post Office of any issues preventing compliance with such 3 month timescale and the Parties shall work together to address the issues in good faith within a reasonable timescale to be agreed mutually. In the event that the Parties are unable to agree a reasonable timescale, either Party may escalate the matter through the Dispute Resolution Procedure. For the avoidance of doubt, Post Office shall not be a party to any such NDA or OLA.

9.8 Post Office may wish to make changes to the governance structure in this Agreement to align with its new Tower Model and to implement changes associated with any OLA. All such changes shall be managed as a change to the Agreement and implemented via the Change Control Procedure. Fujitsu Services shall be entitled to charge for any additional costs or risks as a result of changes to the existing governance structure in accordance with the Change Control Procedure.

9.9 Fujitsu Services shall collaborate reasonably with Post Office Service Integrator and the Tower Contractors by adopting Good Professional Practice in relation to collaborating and co-operating with Tower Contractors to enable Post Office to maximize the benefit of the strategic IT supply chain and optimal target operating model selected by Post Office for its IT and change transformation programme including by:

9.9.1 responding to and following the Post Office Service Integrator's instructions, including meeting all timescales, where provided in accordance with the terms of this Agreement;

9.9.2 save as set out in the Agreement, reporting to the Post Office Service Integrator as if it were Post Office;

FUJ00000070



9.9.3 co-operating with the Post Office Service Integrator where it seeks to manage and resolve issues between the Tower Contractors including any Incidents;

9.9.4 providing the Services in accordance with collaboration requirements and responsibilities set out in Schedule F.

For the avoidance of doubt, Fujitsu Services shall be entitled to charge Post Office for its demonstrable additional costs in complying with this paragraph 9.9 which the Parties shall agree through the Change Control Procedure to the extent to which such costs are not covered by the (i) Charges relating to the other Services provided under this Agreement and (ii) de minimis amount of time being equivalent to 15 man days of additional effort (over and above those activities performed by Fujitsu Services prior to the implementation of some or all of the Tower model) in any quarter (being January to March, April to June, July to September and October to December) incurred by Fujitsu Services in complying with this paragraph 9.9.

9.10 Fujitsu Services shall at all times work with Post Office and Post Office Service Integrator, in good faith, to develop governance processes, collaboration arrangements and meeting structures in relation to the provision of the Services in order to:

9.10.1 facilitate consistent management, reporting, and sharing of information between Fujitsu Services, Post Office Service Integrator and Post Office (as applicable); and

9.10.2 support and assist the delivery of the Services to Post Office and the delivery of other relevant Tower services by Post Office Service Integrator and other Tower Contractors, to Post Office.

9.11 The Fujitsu Subject Lead for the Executive Relationship (or a suitable alternative in terms of seniority, decision making ability and knowledge of this Agreement) shall attend meetings of the governance board entitled "Supply Chain Member Board" instituted under the agreement between the Post Office Service Integrator and Post Office.

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## Annex 1 to Schedule A2

## Relationships

The Parties acknowledge that the job titles of the Relationship members identified in this Annex 1 may change over time (particularly if either Party introduces any new internal management structure) and that should this occur the appropriate attendees would be the persons holding the equivalent position to those identified below.

| **Executive Relationship** | |
|---|---|
| Post Office Members | Purchasing Director for Post Office (Subject Lead for Executive Responsibilities)<br>Head of Change and IS (Subject Lead for SIP-Related Responsibilities)<br>and Post Office Service Integrator (at Post Office discretion) |
| Fujitsu Services Members | Business Unit Director (Subject Lead) |
| Responsibilities | **Executive Responsibilities**<br>• Monitoring the overall success of the relationship, including resolution of any Disputes escalated for Executive Review under the Dispute Resolution Procedure.<br>• Approval of new initiatives (HNG-X and non-HNG-X).<br>• Overseeing management by the Commercial Relationship of matters arising in respect of Market Testing under Schedule D6.<br>• Monitoring the performance of Fujitsu Services' obligations in connection with this Agreement for the purposes of determining matters relevant to Fujitsu Services' appointment as Preferred Systems Integrator and disclosing the results of such monitoring to Fujitsu Services in accordance with Schedule A1.<br>• Gain Share and Strive monitoring, including agreement of baselines.<br>**SIP-Related Responsibilities**<br>• Strategic direction and use of SIP resource – (a) agreeing the quantity and type of SIP resource to be provided by Fujitsu Services and (b) approving the programmes and initiatives to which the SIP resource or any Fujitsu Services SIP Team Members shall be applied in order to best achieve the Joint Objectives set out in Recitals E(d) to (g) (inclusive).<br>• Agreeing the sharing of any benefits accruing from a cost saving initiative or future development work in accordance with the principles of Schedule D3 relating to the SIP and overseeing the management, operation and delivery of the SIP under Schedule B1.2.<br>• Reviewing and managing opportunities for the Preferred Systems Integrator and the SIP; maintaining a list of such opportunities in a |

FUJ00000070

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| **Executive Relationship** | |
|---|---|
| | Working Document.<br>• Post Office benefits realisation monitoring.<br>• Assisting with the aim of achieving the Joint Objective set out in recital E(g), including co-ordinating visits from time to time by agreed members of Post Office staff to any Fujitsu Services laboratories so as to have access to Fujitsu Services research and technical expertise. |

| **Service Management Relationship** | |
|---|---|
| Post Office Members | Head of Operations Control (Subject Lead) and/or Post Office Service Integrator |
| Fujitsu Services Members | Customer Service Director (Subject Lead) |
| Responsibilities | • Ensuring continuous improvement in the service management environment through pro-active management.<br>• Reviewing Operational Services performance, including against agreed Service Levels and agreeing remedies payable (if any) in accordance with the relevant terms of this Agreement.<br>• Reviewing network performance.<br>• Reviewing operational reliability of Infrastructure, tracking MTBF rates and considering/recommending remedial courses of action (e.g. full or partial technological refresh or Service Level relief).<br>• Resolving operational issues including, but not limited to, those arising from non-conformance to agreed Service Levels.<br>• Reviewing future change plans to ensure the live environment is prepared for Operational Services.<br>• Capacity management in relation to Service Management Services.<br>• Monitoring Operational Business Change processes. |
| Frequency | Monthly |
| Other general information | There will be a monthly service review meeting for which Fujitsu Services shall prepare reports in the formats agreed from time to time. |

| **Commercial Relationship** | |
|---|---|
| Post Office Members | Purchasing Manager (Subject Lead, in relation to procurement, ordering and approval of changes to the contract clauses and schedules) |

FUJ00000070

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| Commercial Relationship | |
|---|---|
| | Contract Manager (Subject Lead, in relation to commercial, business, governance and other issues)<br><br>and Post Office Service Integrator (at Post Office's discretion) |
| Fujitsu Services Members | Director, Commercial (Subject Lead) |
| Responsibilities | • Management and administration of the Agreement.<br>• Agreeing amendments to the Agreement subject to the Change Control Procedure.<br>• Overseeing the ordering, invoicing and payment process in Schedule D2.<br>• Overseeing the carrying out of Work Orders.<br>• Reviewing changes to the CCD entitled "Standard Terms and Conditions for Work Orders" (BP/STD/003).<br>• Agreeing Commercial Terms in relation to Work Orders.<br>• Reviewing performance of and, where necessary, improvements to the Change Control Procedure.<br>• Management reviews of Open Book, Gain Share and Market Testing.<br>• First level escalation for Disputes about the interpretation of this Agreement, about invoice amounts or terms, and about other matters referred to the Commercial Relationship.<br>• Monitoring, reviewing and reporting of events and progress and issue resolution in respect of Market Testing under Schedule D6. |
| Frequency | Monthly |

**Programme/Release Relationship**

Each of the following boards shall be established for each relevant programme or Release (including Project HNG-X save in relation to the HNG-X Acceptance Board and the HNG-X Acceptance Dispute Board which shall be constituted as described in Schedule B6.3.)

| Programme /Release Board(s) | |
|---|---|
| Post Office Members | Business Partner relevant to the subject matter of the programme or Release (Subject Lead),<br><br>Programme and/or Release manager,<br><br>Design Authority (if appointed), and<br><br>Business change manager (if appointed), and/or<br><br>Post Office Service Integrator; and<br><br>Commercial manager (as required) |
| Fujitsu Services | Fujitsu Services' SI Director (Subject Lead) |

FUJ00000070

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| **Programme /Release Board(s)** | |
|---|---|
| Members | Programme and/or Release manager<br><br>Others, as appropriate for the programme or Release. |
| Responsibilities | • Delivery of programmes and Releases to time and budget.<br>• Managing and resourcing Work Packages which relate to major development programmes.<br>• Managing contingency budgets approved in Work Orders including, where appropriate, delegating authority to appropriate managers.<br>• Directing the holding of meetings of the 'Joint Release Authorisation Board'.<br>• Project management and governance in accordance with this Agreement or, to the extent not in conflict or inconsistent with this Agreement, PRINCE 2 standard practice. For example:<br>  • review and resolution of operational issues arising in design, development and testing; and<br>  • review progress and performance against plan.<br><br>Notwithstanding the Parties' use of PRINCE 2, or any other design or project management methodology, the provisions of this Agreement shall not be varied by such use unless the Parties agree otherwise in accordance with the Change Control Procedure. |
| Frequency | As determined by the Subject Leads. |
| Other general information | • There will be one 'Programme/Release Board' for each major programme/ Release.<br>• The Subject Leads will discuss current and future demand for such boards. |

| **Acceptance Boards (for each Release)** | |
|---|---|
| Post Office Members | *Mandatory attendees:*<br><br>Head of Change and IS (or designate) – Chair,<br><br>HNG-X Programme Manager (or designate),<br><br>Requirements & Acceptance Manager,<br><br>HNG-X Acceptance Manager,<br><br>HNG-X Design Authority, and/or<br><br>Post Office Service Integrator<br><br>*Optional attendees*:<br><br>Testing Manager in each case for the relevant Acceptance activity,<br><br>Post Office Commercial Manager |
| Fujitsu Services | *Mandatory attendees:* |

FUJ00000070

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|---|---|
| Members | SI Director (or designate)<br>Commercial Director (or designate)<br>HNG-X Programme Director<br>HNG-X Acceptance Manager<br>HNG-X Solution Architect<br><br>*Optional attendees:*<br>Testing Manager<br>in each case for the relevant Acceptance activity. |
| Responsibilities | • To agree the Acceptance status of the relevant Release and provide a recommendation to the 'Joint Release Authorisation Board'. |
| Frequency | As required to monitor progress towards each Acceptance Gateway. |

| **Acceptance Dispute Board** | |
|---|---|
| Post Office Members | *Mandatory attendees:*<br>Head of Change and IS (Chair)<br>HNG-X Programme Manager<br>HNG-X Acceptance Manager<br>HNG-X Design Authority; and/or<br>Post Office Service Integrator; and<br>Post Office Commercial Manager<br><br>*Optional attendees:*<br>Testing Manager in each case for the relevant Acceptance activity. |
| Fujitsu Services Members | *Mandatory attendees*:<br>SI Director<br>Commercial Director<br>HNG-X Programme Director<br>HNG-X Acceptance Manager<br>HNG-X Solution Architect<br><br>*Optional attendees*:<br>Testing Manager<br>in each case for the relevant Acceptance activity. |

FUJ00000070

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|---|---|
| Responsibilities | • Consider and resolve Acceptance disputes arising under Schedule B6.3.<br>• Consider and resolve Acceptance disputes arising under Schedule B1.1. |
| Frequency | As and when required to resolve issues arising during the Acceptance activity. |

| **Joint Release Authorisation Board** | |
|---|---|
| Post Office Members | Head of Operations Control (or nominated representative) (Subject Lead)<br>Delivery Integration and Assurance manager, and/or<br>Post Office Service Integrator |
| Fujitsu Services Members | Fujitsu Services' SI Director (Subject Lead)<br>Customer Service Director and the appropriate Customer Service Introduction Manager. |
| Responsibilities | Agree the criteria and processes by which Releases will be authorised for release into field trial or live operation and carry out readiness reviews of stakeholders accordingly. |
| Frequency | As and when directed by the 'Programme/Release Board'. |

| **Demand Planning Board** | |
|---|---|
| Post Office Members | Head of Change and IS (Subject Lead)<br>+ other representatives as agreed from time to time, and/or<br>Post Office Service Integrator<br>*Optional attendee:*<br>Head of Contract Management |
| Fujitsu Services Members | Development Director (Subject Lead)<br>Commercial Director<br>+ other representatives as agreed from time to time |
| Responsibilities | • Communication of service development plans – Post Office and Fujitsu Services<br>• Agree high level planning assumptions for future developments of services<br>• Joint planning to manage the allocation of pre-paid or pre-committed resources and any progressive commitment to incremental resource above that level including:<br>  • Agreement of the Inner and Outer Core Team, (including any subsequent replacements required)<br>  • Agreement of the Standing Team, (including any |

FUJ00000070

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|---|---|
| | subsequent replacements required)<br>• In accordance with Annex 3 to Schedule A2 initiate, monitor and ensure progress on development of service definitions and terms and conditions for additions to the contracted services<br>• Recommend additions to contracted services, including introduction of the Inner Core, Outer Core and Standing Team, (that will then be formally introduced by CCN)<br>• Oversight of agreeing Work Packages |
| Frequency | Monthly |

FUJ00000070

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## Annex 2 to Schedule A2

## Dispute Resolution Procedures

### 1. INTRODUCTION

1.1 The Parties shall use the Dispute Resolution Procedure to resolve any Dispute.

1.2 There may, subject to the other provisions of this Annex 2 to Schedule A2, be up to five stages (each a "Stage") to the DRP as follows:

1.2.1 the Subject Lead Review to be carried out in accordance with paragraph 2;

1.2.2 the Executive Review to be carried out in accordance with paragraph 3;

1.2.3 the Board Review (including facilitation by an expert) to be carried out in accordance with paragraph 4;

1.2.4 provided that the Parties agree to such procedure, mediation (to be carried out in accordance with paragraph 6) or expert determination (to be carried out in accordance with paragraph 7); and

1.2.5 where any mediation does not resolve the Dispute or the Parties do not agree to the use of mediation or expert determination, or as otherwise provided for in this Agreement, resolution through the courts of England.

1.3 The Parties may relax the timescales referred to in the DRP by mutual agreement (such agreement not to be unreasonably withheld or delayed).

### 2. SUBJECT LEAD REVIEW

2.1 Subject to paragraph 2.2, as soon as either Party becomes aware of a disputed matter it shall refer the Dispute to the Subject Leads best qualified to deal with the Dispute (taking into account the nature of the Dispute and the responsibilities of each Subject Lead) for resolution within five Working Days of the date of referral (the "Subject Lead Review"). If the Dispute relates to the interpretation of this Agreement or to the amount or terms of invoices, then the Dispute shall be referred to the Commercial Relationship for resolution.

2.2 As soon as either Party becomes aware of a disputed matter in relation to the SIP it shall refer the Dispute to Executive Review described in paragraph 3.

### 3. EXECUTIVE REVIEW

3.1 In the event that the Subject Leads of the Relationship to which the Dispute is referred under paragraph 2 fail to resolve that Dispute, the Dispute shall be referred to the Systems Integration Partnership and Executive Relationship for resolution in accordance with this paragraph 3 (the "Executive Review"). Each Party shall, no later than five Working Days after such failure (or as soon as reasonably practicable if the

FUJ00000070



Dispute is in relation to the SIP), provide the other with a Statement of Dispute. If the Parties agree to do so, such statements may be provided sequentially by one Party responding to the Statement of Dispute of the other.

3.2 The Subject Leads of the Systems Integration Partnership and Executive Relationship or other individuals nominated by each Party suitably empowered to deal with executive matters (the "Nominated Executives") will be responsible for collating all relevant information relating to the Dispute and for progressing the Dispute through the DRP until it is resolved or determined.

3.3 The Executive Review shall take place within ten Working Days of the referral with the object of resolving the Dispute by way of good faith negotiation.

3.4 The Parties may agree, before the Executive Review referred to in paragraph 3.3 takes place, or if that review fails to resolve the Dispute referred to it, to appoint an expert facilitator (the "Facilitator") to assist with resolution of the Dispute on the following basis:

3.4.1 The Facilitator will be appointed as soon as reasonably practicable;

3.4.2 The Facilitator shall be an individual who:

3.4.2.1 holds qualifications in respect of the subject matter underlying the Dispute; and

3.4.2.2 is approved by both Parties (such approval not to be unreasonably withheld or delayed).

3.4.3 In the event that the Parties fail to agree upon an individual as the Facilitator, the Facilitator shall be appointed at the request of Post Office or Fujitsu Services (whichever is the earlier) by the President for the time being of the Institution of Engineering and Technology so long as such appointee shall meet the criterion in paragraph 3.4.2.1.

3.4.4 The Facilitator shall act as a facilitator and not as an expert or arbitrator and his fees shall be borne by the Parties in equal shares.

3.4.5 Within five Working Days of appointment of the Facilitator the Parties shall submit to the Facilitator:

3.4.5.1 each Party's Statement of Dispute (as amended to reflect matters discussed so far), such statement also to be disclosed to the other Party; and

3.4.5.2 a joint agreed statement describing the scope of the initial guidance required from the Facilitator.

3.4.6 The Dispute shall be referred to the Facilitator to obtain such initial guidance and the Parties shall request that the Facilitator gives such guidance within 15 Working Days of receipt of the Statement of Dispute from both Parties. The

FUJ00000070



Facilitator shall not be required to determine the Dispute unless the Parties agree that he shall be appointed as an Expert in accordance with paragraph 7.

3.4.7 Once the Facilitator has given to the Parties his initial guidance on the Dispute, the Nominated Executives shall meet within five Working Days of the initial guidance being given and attempt to resolve the Dispute with the advice and guidance of the Facilitator within ten Working Days of the meeting.

## 4. BOARD REVIEW

4.1 If the Dispute is not resolved by the Executive Review, the Parties may, if both Parties agree, refer the Dispute for review by (i) either or both of the Operations Director of the Post Office and/or the Procurement Director of the Royal Mail Group plc and (ii) the Commercial Division Director, Fujitsu Services (the "Board Review").

4.2 The Board Review shall take place within five Working Days of the referral with the object of resolving the Dispute by way of good faith negotiation.

4.3 If the Dispute is not resolved within ten Working Days of the Board Review, the Parties may, if both Parties agree, refer the Dispute to a Mediator (for resolution in accordance with paragraph 6) or to an Expert (for determination in accordance with paragraph 7).

4.4 If the Parties do not reach agreement whether (a) to refer the Dispute for resolution by Board Review, within 15 Working Days of completing the Executive Review, or (b) to refer the Dispute to a Mediator or an Expert pursuant to paragraph 4.3, either Party may seek resolution of the Dispute through the courts of England. Notwithstanding the requirement in paragraph 4.2, if the Board Review has not taken place within 20 Working Days of referral, either Party may seek resolution of the Dispute through the courts of England.

## 5. STATEMENT OF DISPUTE

5.1 A "Statement of Dispute" means a signed and dated statement of a Subject Lead containing the following information:

5.1.1 the name, job title, postal address and contact telephone number of the Subject Lead making the statement on behalf of one Party and that of the Subject Lead of the other Party to whom the statement is given (each such Subject Lead being a "Dispute Owner");

5.1.2 an adequate description of the Dispute, from the perspective of the Party on whose behalf the statement is made;

5.1.3 any dates by which an output or decision is required for operational reasons; and

5.1.4 any recommendation for the resolution of the Dispute which the Dispute Owner considers appropriate.

FUJ00000070



5.2 Within five Working Days of the completion of each Stage of the DRP the Dispute Owners of each Party shall, if the Dispute has not been resolved, prepare a joint statement including:

5.2.1 the findings of the Stage in question; and

5.2.2 the output or decision required from the next Stage of the DRP,

to be used by or in connection with the next stage of the DRP.

## 6. MEDIATION

6.1 At any time after the Executive Review, the Parties may agree that the Dispute shall be referred to mediation. In the event that the Parties agree to mediation, the Parties will be responsible for appointing the mediator (the "Mediator"), but in the event that they are unable to agree on a Mediator either or both of the Parties shall request the Centre for Dispute Resolution ("CEDR") to appoint a Mediator.

6.2 The Parties shall, with the assistance of the Mediator, seek to agree the mediation procedure. In default of such agreement, the Mediator shall act in accordance with CEDR rules. The Parties shall, within five Working Days of the date on which the terms of the mediation are settled, meet the Mediator in order to agree a programme for the exchange of any relevant information and the structure to be adopted for the mediation.

6.3 Subject to agreement between the Parties, the mediation shall take place within 30 Working Days of the appointment of the Mediator.

## 7. EXPERT DETERMINATION

7.1 At any time after the Board Review, the Parties may agree that the Dispute shall be referred to an expert ("Expert"), appointed by the Parties, for final determination of the Dispute.

7.2 The Expert shall be appointed as soon as reasonably practicable and shall be an individual who:

7.2.1 holds qualifications in respect of the subject matter underlying the Dispute in question; and

7.2.2 is approved by both Parties (such approval not to be unreasonably withheld or delayed).

7.3 In the event that the Parties fail to agree upon the Expert to be appointed, the Expert shall be appointed, at the request of Post Office or Fujitsu Services, by the President for the time being of the Institution of Engineering and Technology so long as such appointee shall meet the criterion specified in paragraph 7.2.1.

7.4 The Expert appointed under paragraph 7.2 shall act on the following basis:

FUJ00000070



7.4.1 the Expert shall act as an expert and not as an arbitrator;

7.4.2 the Expert shall decide the procedure to be followed in the determination of the Dispute and shall be requested to make his determination in writing within 20 Working Days after his appointment or as soon as practicable thereafter;

7.4.3 the Expert's determination shall (in the absence of manifest error) be final and binding on the Parties;

7.4.4 any amount payable by Fujitsu Services to Post Office as a result of the Expert's determination shall be paid within ten Working Days of the Expert's determination being notified to the Parties;

7.4.5 any amount payable by Post Office to Fujitsu Services as a result of the Expert's determination shall be included in the next invoice for the Charges and paid by Post Office in accordance with Schedule D2; and

7.4.6 the costs of the determination, including the fees and expenses of the Expert, shall be borne by the Parties in such proportions as may be determined by the Expert.

FUJ00000070

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**Annex 3 to Schedule A2**

**Planning of Pre-Committed Resource**

## 1. INNER CORE TEAM TO 31ST MARCH 2015

a) The Parties shall agree an Inner Core Team of resources for the period up to 31st March 2015 under the auspices of the Demand Planning Board. The Inner Core Team for such period shall consist of those Fujitsu Services personnel who have specialist knowledge and experience of the infrastructure and/or processes used to support Post Office's needs under the Agreement and whose loss would cause a significant increase in cost or time for the implementation of future change whilst new staff were trained in or re-discovered that key knowledge.

b) The Inner Core Team for the period up to 31st March 2015 is initially set at 9 full time posts covered by 12 people. Post Office shall have the final say on posts, skill sets and who is included within the Inner Core Team from the list of candidates recommended by Fujitsu Services but shall not unreasonably refuse candidates and shall provide reasons where it reasonably refuses. The Demand Planning Board shall record in its minutes which areas of the business Fujitsu Services feel is not sufficiently covered to enable mitigation actions to be taken if necessary.

c) Limited changes: The Inner Core Team shall be fixed (in terms of variety of skill sets and numbers of posts and persons) from the date of signature of CCN1271c and such elements may not be varied prior to 31st March 2015 other than under the process set out in paragraph 3 below in relation to skill sets only.

d) The additional provisions regarding the Inner Core Team set out in paragraphs 11 and 12 below shall apply with effect from 1st April 2015 except that paragraph 11 will not apply in the event that the Inner Core Team is terminated by Post Office pursuant to paragraph 12 below.

## 2. OUTER CORE TEAM TO 31st MARCH 2015

a) The Parties shall agree an Outer Core Team of resources for the period up to 31st March 2015 under the auspices of the Demand Planning Board. The Outer Core Team shall consist of those Fujitsu Services personnel who have specialist knowledge and experience of the infrastructure and/or processes used to support Post Office's needs under the Agreement and whose loss would cause a significant increase in cost or time for the implementation of future change whilst new staff were trained in or re-discovered that key knowledge.

b) The Outer Core Team for the period up to 31st March 2015 is initially set at 15 full time posts covered by 18 people. Post Office shall have the final say on posts, skill sets and who is included within the Outer Core Team from the list of candidates recommended by Fujitsu Services but shall not unreasonably refuse candidates and shall provide reasons where it reasonably refuses. The Demand Planning Board shall record in its minutes

FUJ00000070



which areas of the business Fujitsu Services feel are not sufficiently covered to enable mitigation actions to be taken if necessary.

c) Right to cancel Outer Core Team: Post Office shall have the right to cancel the Outer Core Team effective from the second anniversary of signature of CCN1271c. Post Office may exercise such option in writing to the Fujitsu Services Commercial Director up to 21 months from signature of CCN1271c only. If such break option is not activated, the Outer Core Team shall continue in place as normal until 31st March 2015.

d) Limited Changes: The Outer Core Team shall be fixed (in terms of variety of skill sets and numbers of posts and persons) from the date of signature of CCN 1271c and such elements may only be varied:

i) in relation to numbers of persons and posts only, on Post Office giving 9 months' notice after that date. Post Office shall not reduce the numbers of persons and/or posts of the Outer Core Team as initially set by more than 20% during the initial 2 years from signature of CCN1271c. During years 3-5 from signature of CCN1271c, assuming Post Office has not invoked the break option at point 2(b) above, Post Office may reduce the numbers of persons and/or posts of the Outer Core Team by up to 20% in total of the size existing at the second anniversary of signature of CCN1271c during the remainder of the Term of the Agreement. Should Post Office not have utilised the full 20% reduction during the initial 2 years, then the remaining balance is not carried over to the 3rd-5th years.

ii) In relation to skill sets only, under the process set out in point 3) below.

## 3. VARIATIONS TO SKILL SETS OF THE INNER AND OUTER CORE TEAMS:

a) Where forecast utilisation of a specified skill set within either the Inner Core Team or Outer Core Team is less than 50% for three or more succeeding months, Post Office may request at the Demand Planning Forum for that skill set to be exchanged for another skill set where consistent demand is shown. Post Office may, after the first anniversary of signature of CCN1271c, change 1 person in the Inner Core Team and 2 people within the Outer Core team under this provision each year.

b) Where the replacement persons are from the Inner Core Team, the Outer Core Team or the Standing Team, it is expected that Post Office will normally backfill that post, leaving the total within each team unchanged. Post Office's rights in respect of team size reductions under the other provisions of CCN1271c would be unaffected.

c) Post Office's entitlement to discounts will be unaffected by exchanges of personnel under this paragraph.

d) Only in the event that the Post Office has requested the substitution, any re-skilling requirements for the replacement resource will be chargeable to the Post Office provided that Fujitsu Services shall take all reasonable endeavours to minimise the need for such re-skilling.

FUJ00000070



**4.** Fujitsu Services undertakes to use all reasonable endeavours to ensure that the Inner Core Team and Outer Core Team personnel are not removed or replaced for the duration of the Agreement However, in the event that any of the Inner Core Team or Outer Core Team personnel become unavailable for any reason (including without limitation death, injury, sickness, career advancement or resignation), Fujitsu Services shall have the right upon giving 30 days' notice in writing to Post Office to replace such an individual with another individual whose abilities and qualifications are appropriate for the services to be performed by such individual. Fujitsu Services shall submit to Post Office the CV of any such replacement and shall take any representation from Post Office in response under due consideration. Post Office shall not be charged for any training required to bring such staff up to the required standard of knowledge.

## 5. CONFIDENTIALITY

a) Post Office may reproduce, copy and disclose Personnel Information relating to the Inner and Outer Core Teams:

i) to Post Office's Subject Leads for (i) the Systems Integration Partnership and Executive Relationship, (ii) the Commercial Relationship and (iii) current members of the Demand Planning Board;

ii) to its professional advisers provided such reproduction, copying and disclosure is necessary for the purposes of this Agreement; or

iii) as required by law,

iv) provided that Post Office shall procure that the persons referred to in paragraphs (i) and (ii) above shall not themselves disclose Personnel Information (except amongst themselves) without the express written consent of Fujitsu Services.

b) Post Office may discuss Personnel Information with and disclose Personnel Information to Fujitsu Services Listed Personnel.

## 6. STANDING TEAM TO 31st MARCH 2015

a) The Parties shall agree a Standing Team of resources for the period up to 31st March 2015 under the auspices of the Demand Planning Board. The Standing Team during such period shall consist of an agreed number of personnel per grade sufficient to meet the Fujitsu Services forecasted minimum level of resources required, over and above the Inner Core Team and the Outer Core Team, to match the minimum Fujitsu Services forecasted workload anticipated within the next rolling 9 month period. This is initially set at 20.9 full time posts covered by 23 people. Post Office may terminate individual resource from this team on 3 months' notice after completion of the first 9 months. Post Office shall have the final say on what quantity of personnel for each grade is included within the Standing Team from the recommended list provided by Fujitsu Services. For replacements, Fujitsu Services shall recommend its suggested candidate plus at least 1 other qualified candidate and Post Office may request further candidates where, for good reason, neither of the submitted candidates is acceptable. Fujitsu Services remains the final arbiter on who fills each post, as long as they meet the required qualifications and experience."

FUJ00000070



## 7. REPORTING

i) Fujitsu Services shall present to each Demand Planning Board the following reports. The Demand Planning Board may request other reports as necessary to facilitate resource management.

(1) Resource requirements for committed and projected business

(2) Allocation of Inner Core Team, Outer Core Team and Standing Team personnel against the resource requirements at 7(i)(1) above.

(3) Requirements for additional specialist or volume-driven resources

(4) Shortfall in utilisation of any Inner Core Team, Outer Core Team or Standing Team members. Fujitsu Services shall make available the CV of any personnel having spare capacity to Post Office to facilitate their re-allocation.

(5) Actuals against Fujitsu Services forecasts in relation to resource requirements, allocation ad utilisation.

(6) Such information as is required to allow Post Office to allocate costs to individual changes for re-charge to internal customers.

## 8. ESTIMATING

8.1 In the event that forecast estimates prove inaccurate in practice, Fujitsu Services shall identify:

a) any persistent causes of such inaccuracy

b) in extreme cases of inaccuracy, the cause(s) of such inaccuracy

8.2 In the case of any persistent causes identified under 8.1(a) above, the Party owning the area from which the cause originates shall, with the reasonable co-operation of the other Party where required (which shall be supplied free of charge), generate an action plan for addressing the cause which shall be presented to the Demand Planning Board for ratification.

8.3 In the case of any extreme cause of inaccuracy identified under 8.1(b) above, the Party owning the area from which the cause originates shall, with the reasonable co-operation of the other Party where required (which shall be supplied free of charge), shall generate an action plan for reducing or eliminating the chance of that cause re-occurring which shall be presented to the Demand Planning Board for ratification.

8.4 The Party owning the area from which the cause originates shall fund any action required under the action plan.

8.5 The Demand Planning Board shall agree any further measures it deems necessary to rectify continuing inaccuracy in estimates.

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## 9. SPARE CAPACITY

i) In the event that a member of the Inner Core Team, Outer Core Team or the Standing Team is unallocated to a particular task for any period, Fujitsu Services shall notify Post Office as soon as possible, in any event at the next succeeding Demand Planning Board. Fujitsu Services shall use all reasonable endeavours to locate work either on or off the programme to utilise this spare capacity and report its findings to Post Office. Where staff are used other than to support Post Office programmes or services, charges shall be reduced accordingly and Post Office shall not pay anything for any time any persons are working on non-Post Office matters or are unavailable for reasons of sickness, corporate training, leave etc. Where staff are available but are unable to be utilised or re-deployed, charges shall fall to Post Office.

ii) In the event that Fujitsu Services is unable to locate sufficient work to fill such spare capacity, Post Office shall have the option to identify work for the individual, either on contract work, within the SIP or on work currently outside the Agreement. In the latter case, such work would be brought within the contract scope to ensure that a contractual framework was provided for the services performed.

## 10. OFFSHORING

In the event that the Parties agree that it is possible to Offshore either a Standing or an Inner Core Team or Outer Core Team role, Fujitsu Services shall:

i) provide to Post Office a revised potential cost for that role to include the re-training etc required. Fujitsu Services shall also provide all reasonable information in relation to any potential risks from the Offshoring to allow Post Office to make an informed decision on whether Offshoring is advisable in the particular case. Where the costs of such investigation exceeds 2 man-days, such investigation shall be chargeable to Post Office at the appropriate rate provided that the nature of this investigation (including as to its scope and duration) have been agreed in writing by the Post Office prior to the commencement of such investigation ; or

ii) consider the proposal under the Gain Share principles.

The choice between (i) or (ii) above shall be entirely at Post Office's discretion.

## 11. INNER CORE TEAM FROM 1st APRIL 2015

11.1 During the period from 1st April 2015, unless terminated in accordance with paragraph 12 below or increased or decreased in accordance with paragraph 11.3 below, the Inner Core Team shall be set at 16 full time posts covered by 25 people. Post Office shall have the final say on posts, skill sets and who is included within the Inner Core Team from the list of candidates recommended by Fujitsu Services but shall not unreasonably refuse candidates and shall provide reasons where it reasonably refuses. In selection of the Inner Core Team Post Office shall take into account that during the period when Transitional Support Services are provided and Post Office is in transition to the Towers Model a different mix of skills may be required to retain the knowledge required to

FUJ00000070



deliver the Services while protecting the reputations of Post Office and Fujitsu Services. The Demand Planning Board shall record in its minutes which areas of the business Fujitsu Services feel is not sufficiently covered to enable mitigation actions to be taken if necessary.

11.2 The Charges for the Inner Core Team shall be calculated on a discounted basis in accordance with Schedule D1. This discount shall be applied monthly as a credit to the operating charge.

11.3 Post Office may increase or decrease the size of the Inner Core Team before or after 1st April 2015 by giving three (3) months' notice to Fujitsu Services.

11.4 Removal of members of the Inner Core Team in accordance with paragraph 11.3 above will impact the discounting as per paragraph 10.4B of Schedule D1.

## 12. TERMINATION OF THE INNER CORE TEAM

12.1 Post Office may terminate the requirement for the Inner Core Team with effect from 1st April 2015, without payment of any charge to Fujitsu Services, upon providing written notice to this effect to Fujitsu Services on or before 30th September 2014. In the event of any such termination, the provisions of paragraph 11 above shall not apply.

## 13. OUTER CORE TEAM AND STANDING TEAM FROM 1st APRIL 2015

13.1 During the period from 1st April 2015, the Outer Core Team shall be initially set as a commitment to spend £150,000 per month on Development Resources.

13.2 The full time posts supplied in the Outer Core team can be changed but require a three month notice period and Post Office must confirm its requirement for resources 3 months in advance.

13.3 The discount structure for the Outer Core team is included in 10.4B of Schedule D1. This discount shall be applied monthly as a credit to the operating charge.

13.4 There will be no Standing Team during the period from 1st April 2015.

FUJ00000070

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# SCHEDULE A3

# CHANGE CONTROL

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 24/01/07 | Baseline copy of 1.5 |
| 3.0 | 09/07/07 | Baseline copy of 2.1a |
| 3.1 | 03/01/08 | Applying CCN's1220a,1227c |
| 4.0 | 15/04/08 | Baseline copy of 3.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/07/09 | Applying changes as per CCN 1264 |
| 7.0 | 10/05/10 | Moving all schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE A3

## CHANGE CONTROL

### 1. INTRODUCTION

1.1 Amendments and changes to:

1.1.1 the Clauses, Schedules and Annexes to this Agreement and to the Contract Controlled Documents and Contract Referenced Documents listed in its Schedules shall only be made; and

1.1.2 documents forming part of or related to Work Orders, where the amendment or change satisfies the criteria specified in paragraph 5.3 of Schedule A2, may be made,

in accordance with the Change Control Procedure.

1.2 Within the context of the following sections of this Schedule the term "change" includes both amendments and changes.

### 2. PRINCIPLES

2.1 Where Post Office or Fujitsu Services identifies the need for a change, then Post Office may at any time request a change or Fujitsu Services may at any time recommend a change. Such a request or recommendation shall only be made and shall only be valid if authorised (in each case) in accordance with the procedures set out in paragraph 3 of this Schedule.

2.2 Neither Post Office nor Fujitsu Services shall unreasonably withhold or delay their agreement to any change or proposal in relation thereto.

2.3 Until such time as a change has been fully authorised in accordance with the procedures set out in paragraph 3 of this Schedule, Post Office and Fujitsu Services shall continue as if the change had not been made.

2.4 Any discussions which may take place between Post Office and Fujitsu Services on a change before its authorisation shall be without prejudice to the rights of either Party.

2.5 Any purported change provided by Fujitsu Services that has not been otherwise agreed in accordance with the provisions of paragraph 2.1 above shall be undertaken entirely at the expense and liability of Fujitsu Services. If so required by Post Office, Fujitsu Services shall at its own expense promptly take all steps necessary to reverse and remove the effects of such purported change.

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## 3. CHANGE CONTROL PROCEDURE

3.1 Standard Change Procedures

3.1.1 Discussions between Post Office and Fujitsu Services in relation to a change to be effected through the Change Control Procedure shall result in any one of the following:

3.1.1.1 no further action;

3.1.1.2 a request to make a change by Post Office's authorised representative (a "Change Request" or "CR");

3.1.1.3 a recommendation to make a change by Fujitsu Services.

3.1.2 Post Office shall send Change Requests to Fujitsu Services Change Control Manager and Fujitsu Services shall respond to such Change Request by submitting a Change Control Note ("CCN") to the Post Office Change Control Manager.

3.1.3 If Fujitsu Services considers that the preparation of a CCN, requested by Post Office, would necessitate allocation of resources in excess of five mandays, Fujitsu Services shall notify Post Office accordingly and, on agreement by Post Office, Fujitsu Services will make a proposal for a paid study of the cost and implications of producing the required CCN. Pending Post Office's acceptance of that proposal or in the event that Post Office does not agree that such proposal should be submitted, Fujitsu Services will be relieved of its obligations to produce such CCN.

3.1.4 A recommendation to make a change by Fujitsu Services shall be submitted to the Post Office Change Control Manager in the form of a CCN.

3.1.5 For each CCN submitted, Post Office shall evaluate the CCN and, as appropriate, during the period of validity:

3.1.5.1 request further information;

3.1.5.2 authorise the change set out in the CCN in accordance with paragraph 3.1.8 below;

3.1.5.3 suggest modifications to the CCN (including, without limitation, corrections of minor errors to avoid unnecessary rejection); or

3.1.5.4 notify Fujitsu Services of its rejection (together with an explanation of the rejection) of the CCN.

3.1.6 The period within which Fujitsu Services shall respond to a CR, and the period of validity of each CCN from the date it is submitted to Post Office shall be:

FUJ00000070



3.1.6.1 one week in the case of CRs and CCNs whose sole effect is to change or introduce CCDs or CRDs previously reviewed by the Parties (through such document review processes as the Parties may agree from time to time);

3.1.6.2 one week in the case of CRs and CCNs whose purpose is to effect a change to the description of a Work Package or Work Package Element, the Commercial Terms or other documents in approved form that are the subject of or incorporated in a Work Order, but only where such change would fall within paragraph 5.12 of Schedule D2; and

3.1.6.3 three weeks or such other period as the Parties may agree for a particular CR or CCN.

3.1.7 In connection with CCNs submitted electronically, Fujitsu Services shall on the date of submission send to the Post Office Change Control Manager two copies of that CCN signed on behalf of Fujitsu Services by one of the following: Group Commercial and Legal Director; Commercial Director; Director Business Development; Account Director; or Business Unit Director, or their nominated representatives in their absence.

3.1.8 A change shall only be authorised if the relevant CCN has been signed by:

3.1.8.1 one of the Group Commercial and Legal Director, Commercial Director, Director Business Development; Account Director and Business Unit Director, or their nominated representative in their absence, on behalf of Fujitsu Services, such representatives to be notified to Post Office in advance; and

3.1.8.2 one of the Purchasing Manager and Procurement Director on behalf of Post Office, except that changes whose sole effect is to introduce or amend CCDs or CRDs may instead be signed by the Contract Manager or his nominated deputy for this purpose.

3.2 Emergency Change Approval Procedures

3.2.1 Emergency situations resulting in Post Office requesting, or Fujitsu Services recommending, a change to be agreed urgently, shall be dealt with on a case by case basis by one of the Group Commercial and Legal Director, Commercial Director, Director Business Development; Account Director and Business Unit Director on behalf of Fujitsu Services and one of the Purchasing Manager and Procurement Director on behalf of Post Office who shall jointly decide in writing whether or not to authorise such change in accordance with this paragraph 3.2.

3.2.2 Where a change is authorised pursuant to paragraph 3.2.1 above:

3.2.2.1 the CCN relating thereto need not comply with paragraphs 3.1.1 to 3.1.8 above (inclusive);

FUJ00000070



3.2.2.2 such change shall, before it may be authorised, be set out in a CCN in the form, and containing the information indicated in the CCD entitled "Change Control Note" (PGM/CHM/TEM/0002) save that rather than setting out:

(a) full details of the change (including any specifications and user facilities) an outline of the change shall be sufficient;

(b) a statement of the impact, if any, of the change on other aspects of this Agreement or Services, an outline of the impact shall be sufficient; and

(c) proposed revised wording to this Agreement, direct (as distinct from consequential) revised wording to this Agreement shall be sufficient.

3.2.3 The short form CCN referred to in paragraph 3.2.2 above shall, once authorised in accordance with this paragraph 3.2, be sent to the Post Office Change Control Manager as soon as reasonably practicable.

3.3 Content of Change Control Note

Subject to paragraph 3.2 above, each CCN shall be in the form, and contain the information indicated in the CCD entitled "Change Control Note" (PGM/CHM/TEM/0002).

3.4 Record Keeping

3.4.1 Fujitsu Services shall retain a record of all CCNs raised.

3.4.2 Fujitsu Services shall make the CCN record available on demand to Post Office.

3.4.3 Fujitsu Services' CCN record shall include without limitation the following information:

3.4.3.1 the CCN number;

3.4.3.2 date CCN raised;

3.4.3.3 CCN sponsor (i.e. Post Office or Fujitsu Services); and

3.4.3.4 changes made pursuant to the CCN.

## 4. EMERGENCY PROCEDURES

If Fujitsu Services considers that any change is necessary in order for it to comply with its obligations under this Agreement and there is insufficient time to comply with the procedures described above, Fujitsu Services shall be entitled to proceed with such change, provided that it shall as soon as practicable provide Post Office with a CCN for retrospective change. Such change shall be subject to the procedures described in this

FUJ00000070



Schedule, and if Post Office, acting reasonably, does not agree to such change, such change shall be invalid and Fujitsu Services shall at its own expense promptly take all steps necessary to reverse and remove the effects of such change.

## 5. ASSOCIATED DOCUMENTS

5.1 The following CCDs are associated with this Schedule A3:

| | **Document Reference** | **Document Title** |
|---|---|---|
| **1** | PGM/CHM/TEM/0002 | Change Control Note |
| **2** | COM/CUS/SPE/0001 | Post Office Contract Controlled and Contract Referenced Document List |

5.2 The following CRDs are associated with this Schedule A3:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | | **NO CRDs APPLICABLE** |

FUJ00000070

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# SCHEDULE A4

# LEGISLATION, POLICIES AND STANDARDS

**Version History**

| Version No | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 24/01/07 | Baseline copy of 1.3 |
| 3.0 | 16/10/07 | Baseline copy of 2.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.3 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Applying changes in CCN 1305a, CCN1285, CCN1309a and CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349, CCN1322b and CCN1345 |
| 10.0 | 10/09/15 | CCD Reference update, applying changes as per CCN1417 and as subsequently amended in this CCN1506 and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE A4

# LEGISLATION, POLICIES AND STANDARDS

## 1. INTRODUCTION

1.1 The policies and standards defined in this Schedule shall apply to all relevant aspects of the Services, HNG-X Development and Associated Change Development unless amended in accordance with Schedule A3.

1.2 Fujitsu Services shall not knowingly undertake any activity which would prevent Post Office from, or hinder it in, complying with these policies and standards, without the prior written consent of Post Office.

1.3 In this Schedule A4, unless the context otherwise requires, any reference to a paragraph is to the relevant paragraph of this Schedule.

## 2. LEGISLATION

2.1 General

2.1.1 Without limitation to the specific areas identified below, which shall not limit the generality of this paragraph 2.1.1, all Services, HNG-X Development and Associated Change Development and all Equipment shall comply to the extent required by law with all relevant legislation, including all relevant Governmental Regulations and, from the due date of UK implementation, EU Directives and EU Regulations. Fujitsu Services shall ensure that Services, HNG-X Development, Associated Change Development and Equipment are maintained in compliance with any subsequent legislation throughout the term of this Agreement and shall perform any modifications necessary to ensure such continued compliance subject to Clause 12.1 of this Agreement. Fujitsu Services shall give advance written notice to Post Office of any such maintenance and/or modification work required under this paragraph. Post Office shall not withhold its consent under Clause 12.1 if to do so would cause Fujitsu Services to fail to comply with any such subsequent legislation. Fujitsu Services shall be entitled to recover from Post Office the Fujitsu Service Cost (charged on an Open Book basis) of maintenance and/or modifications required to ensure such continued compliance under this paragraph (which includes, without limitation, continued compliance with relevant or subsequent legislation or mandatory standards referred to in paragraphs 3.2 and 3.3).

2.1.2 Fujitsu Services shall, on request by Post Office, establish to Post Office's satisfaction the compliance of Services, HNG-X Development, Associated Change Development or Equipment with legislation or specified policies and standards. In the event that Fujitsu Services and Post Office fail to agree that compliance has been demonstrated satisfactorily, the matter shall be treated in accordance with Clause 70.

2.1.3 Fujitsu Services shall ensure that, where the installation of Equipment or the provision of Services, HNG-X Development or Associated Change Development involves the alteration or extension of existing building services, such work complies with the standards set out in British Standards and Approved Codes of Practice which are deemed therein to satisfy the relevant regulations, including without limitation the Electricity at Work Regulations 1989 and

FUJ00000070



Electricity at Work Regulations (NI) 1991 (S.R. 1991 No. 13) and BS 7671:1992, Requirements for Electrical Installation.

2.1.4 Fujitsu Services shall give due attention to the effects on the environment of the Equipment installed in Branches during manufacture, installation and use. This includes:

(a) use of CFCs;

(b) energy consumption;

(c) recyclability of components;

(d) recyclability of Consumables;

(e) waste minimisation;

(f) use of sustainable resources;

(g) disposal of displaced equipment and waste; and

(h) making appropriate use of recycled materials.

2.1.5 Fujitsu Services shall, and shall procure that its Sub-contractors, when engaged in connection with this Agreement, shall, adhere to environmental legislation applicable to its and their respective activities, such as the Environmental Protection Act 1990 and insofar as it relates to Northern Ireland any corresponding Northern Ireland legislation, and to the publication "Waste Management: The Duty of Care - A Code of Practice".

2.1.6 Notwithstanding anything to the contrary in paragraph 2.1.1, if Post Office requires that PIN Pads comply with any new requirements with which they were not already required to comply under this Agreement as at the date of signature of CCN 1200 in order to comply with the provisions of "The Payment Card Industry PIN Entry Device Security Requirement (PCI PED)" (or any similar, amended or replacement requirements from time to time issued by the payment card industry), then the modifications to the PIN Pads and the work required by Fujitsu Services to introduce and install them in Branches shall be agreed under the Work Ordering Procedure and/or the Change Control Procedure, as appropriate.

2.2 Health and Safety

2.2.1 Fujitsu Services shall ensure that any Equipment installed at the Post Office Premises does not prevent Post Office and its Agents from meeting their legal health and safety responsibilities as employers, including without limitation those defined in:

(a) the Provision and Use of Work Equipment Regulations 1998 and the Provision and Use of Work Equipment Regulations (NI) 1999; and

(b) the Workplace (Health, Safety and Welfare) Regulations 1992 and Workplace (Health, Safety, and Welfare) Regulations (NI) 1993 (S.R. 1993 No. 37).

FUJ00000070



For the avoidance of doubt, responsibility in relation to any scheduled one-off PAT visits resides with Post Office from September 15th 2014.

2.2.2 The Equipment shall not interfere with the health or safety at work of Users, office staff or others in the vicinity, including but without limitation interference as a result of emission of acoustic noise, vibrations, heat, fumes or other radiation, or as a result of its construction.

2.2.3 Any new Branch Hardware supplied by Fujitsu Services will be provided with the appropriate CE Mark documentation where applicable. Such documentation shall be provided prior to purchase for standard off-the-shelf Branch Hardware otherwise it shall be provided after purchase of the Branch Hardware.

2.3 Data Protection Act

2.3.1 Paragraphs 2.4, 2.5, 2.6 and 2.7 set out the Parties' rights and obligations in relation to Personal Data for which Fujitsu Services is the Data Processor and Post Office or a third party is the Data Controller. Paragraph 2.8 sets out the Parties' rights and obligations if and to the extent that Fujitsu Services is the Data Controller of any Personal Data.

2.3.2 The Data Controller for particular Personal Data may be either Post Office or a third party. Except where the context otherwise requires, if the Data Controller is Post Office, all references to the Data Controller in paragraphs 2.4 to 2.8 inclusive are to be interpreted as references to Post Office.

2.3.3 If Fujitsu Services:

(a) receives notice pursuant to paragraph 2.4.1(d); or

(b) otherwise becomes aware of any new categories of Personal Data that Post Office intends will be processed by Fujitsu Services in connection with new types of Transaction developed by Post Office using the AP-ADC Facility or the APOP Facility or the APOP Business Capability ("New Personal Data"),

and Fujitsu Services reasonably believes that, in order to comply with its obligations set out in paragraphs 2.3 to 2.6 (inclusive) regarding the processing of such data, it will incur additional costs or expenses that it would not incur if that data was not Personal Data, then:

(c) Fujitsu Services shall notify Post Office of the reasons for such additional costs and expenses; and

(d) the Parties shall agree any consequential changes to the provisions of paragraphs 2.3 to 2.6 (inclusive) and/or reasonable additional Charges (as the case may be) under the Change Control Procedure (in the case of changes to those provisions or to Charges for recurring services) or by approval of a Work Order (in the case of Charges for work defined in a Work Package description), before the processing of any such New Personal Data can commence.

2.3.4 Fujitsu Services shall not, unless the Parties agree otherwise, be required to process Sensitive Personal Data, as that term is defined in the Data Protection Act 1998 and Post

FUJ00000070



Office shall ensure, to the extent that Post Office, its employees, contractors or agents, determine or control the data that is collected for processing, that such data does not include any Sensitive Personal Data.

2.4 Post Office's authority and obligations

2.4.1 For the purposes of processing the Personal Data of each Data Controller which appoints Post Office as a processor of that data, and prior to commencement of such processing, Post Office shall:

(a) obtain delegated authority from each Data Controller to appoint Fujitsu Services to process Personal Data of that Data Controller on the terms dealing with such processing set out in this Agreement;

(b) obtain delegated authority from each Data Controller so that Fujitsu Services is entitled to appoint any of Fujitsu Services' sub-contractors listed in Schedule C2 to process Personal Data of that Data Controller provided that, to the extent such processing is undertaken by a sub-contractor, the subcontract incorporates terms which are equivalent in nature and extent to those dealing with such processing set out in this Agreement and which impose obligations upon that sub-contractor at least as onerous as those imposed upon Fujitsu Services under this Agreement;

(c) ensure that the obligations, responsibilities and duties of Fujitsu Services in this Agreement in respect of Personal Data are not wider or more onerous in nature or extent than those which Post Office accepts under its own contract with each Data Controller; and

(d) give at least 42 days prior notice to Fujitsu Services of any New Personal Data.

The terms referred to in paragraph 2.4.1(b) do not include terms related to payment.

2.4.2 Where Post Office fails to obtain delegated authority to the full extent referred to in paragraph 2.4.1, subject to paragraph 2.4.4, the Parties agree to co-operate with each other and to execute such other additional agreements between them and/or each Data Controller as may reasonably be required to give effect to the appointment of Fujitsu Services as a processor (in accordance with the applicable provisions of this Agreement) of Personal Data on behalf of that Data Controller.

2.4.3 In respect of any Personal Data of which Post Office is the Data Controller, Fujitsu Services shall be entitled to appoint any of Fujitsu Services' sub-contractors listed in Schedule C2 to process that Personal Data provided that, to the extent such processing is undertaken by a sub-contractor, the subcontract incorporates terms which are equivalent in nature and extent to those dealing with such processing set out in this Agreement and which impose obligations upon that sub-contractor at least as onerous as those imposed upon Fujitsu Services under this Agreement.

2.4.4 Where Post Office fails to ensure that Post Office and Fujitsu Services have delegated authority from each Data Controller to the full extent referred to in paragraph 2.4.1, or where the terms of Post Office's contract with a Data Controller do not permit the Personal Data of that Data Controller to be processed on the terms of this Agreement:

FUJ00000070



(a) Post Office shall indemnify Fujitsu Services in respect of all claims, demands, actions, costs (including legal costs), expenses, losses and damages arising from or incurred by reason of any processing of Personal Data by Fujitsu Services in the absence of such delegated authority or permission, unless such processing by Fujitsu Services is outside Post Office's or the Data Controller's instructions or otherwise in breach of this Agreement; and

(b) Fujitsu Services shall not be required to perform any additional obligations or any reduced or modified obligations as a result of such failure or lack of permission without its agreement in accordance with the Change Control Procedure.

2.4.5 All instructions given by Post Office to Fujitsu Services (on its own behalf as Data Controller, or on behalf of any other Data Controller) in respect of Personal Data shall at all times be in accordance with the laws of the United Kingdom.

2.4.6 Fujitsu Services' rights and obligations

(a) Fujitsu Services shall process Personal Data in accordance with the instructions of each Data Controller which are as set out in the applicable provisions of the CCDs listed:

(i) in the case of the Horizon Applications, in Schedule B4.2 and the CCDs referred to in Schedule B4.2; and

(ii) in the case of Business Capabilities and Support Facilities, in Schedule B3.2 and the CCDs referred to in Schedule B3.2,

that deal with such processing (or as may be agreed under the Change Control Procedure).

(b) Fujitsu Services shall obtain no rights of any nature in Personal Data.

(c) Personal Data shall not be mechanically copied or otherwise reproduced by Fujitsu Services and shall not be altered or supplemented with other data except to the extent necessary to comply with the provisions of this Agreement.

(d) So far as this Agreement requires or as may be agreed under the Change Control Procedure, Fujitsu Services shall arrange for the prompt and safe return of all Personal Data together with all copies thereof which are under Fujitsu Services' control to Post Office or the relevant Data Controller.

(e) Fujitsu Services shall destroy or dispose of Personal Data in accordance with the applicable provisions of this Agreement.

2.4.7 Subject Information Requests

(a) Fujitsu Services shall record and then refer all written Subject Information Requests it receives to Post Office or (if Post Office shall have previously notified Fujitsu Services of the appropriate Data Controller contact name and address) to the

FUJ00000070



appropriate Data Controller within five days of receipt of the request, whether or not the request was received in error.

(b) Post Office shall notify Fujitsu Services of each Subject Information Request it requires Fujitsu Services to deal with, providing the statutory time limit applicable in respect of each such request and sufficient information in each case to enable Fujitsu Services to locate and retrieve the information requested or to confirm that the information is not held by Fujitsu Services, as the case may be.

(c) Fujitsu Services shall respond to each Subject Information Request as soon as reasonably practicable taking into account the statutory time limit notified to Fujitsu Services for that request and whether that time limit is reasonably achievable given the amount of time between notification of that request and expiry of the statutory time limit and the technical limitations of any systems used to source the information requested.

(d) If and to the extent that the number, type and frequency of Subject Information Requests is such that Fujitsu Services, having discharged its obligation under paragraph 2.4.7(c), is not able to respond to Post Office's requests within the time limits specified by Post Office, the Parties shall assess the need for changes to the relevant system architecture and/or investment in hardware, software or other equipment to enable such requests to be responded to within applicable time limits. Any such changes and/or investment shall be agreed by the Parties under the Change Control Procedure and/or Work Ordering Procedure, as applicable.

(e) Post Office shall pay Fujitsu Services' Charges for assisting with Subject Information Requests (but not for referring Subject Information Requests to Post Office or to third party Data Controllers, for which Post Office shall not be charged), such Charges to be calculated on a time and materials basis using Fujitsu Services rates set out in paragraph 10.4 (but subject to paragraph 10.6) of Schedule D1.

2.5 Audit

If requested by Post Office, Fujitsu Services will allow reasonable access to its data processing facilities and allow its procedures and documentation to be submitted for inspection (on Fujitsu Services' premises) by the auditors of each Data Controller in order to ascertain compliance with the obligations of Fujitsu Services under this Agreement relating to data processing. Post Office shall give Fujitsu Services reasonable notice of such access and/or inspection being required by a Data Controller. Fujitsu Services' charges for assistance provided to Post Office or a Data Controller for the purposes of such access or inspection (which shall be paid by Post Office) shall be calculated on the basis of Fujitsu Services' rates set out in paragraph 10.4 (but subject to paragraph 10.6) of Schedule D1.

2.6 Security and disclosure of Personal Data

2.6.1 Fujitsu Services shall at all times:

(a) preserve the integrity of Personal Data; and

(b) maintain security over Personal Data,

FUJ00000070



in accordance with the provisions of this Agreement, including (but not limited to) paragraph 4.1.

2.6.2 The operational and technological processes and procedures in place to safeguard against any unauthorised access, loss, destruction, theft, use or disclosure of Personal Data shall be those which relate to Post Office Data set out in this Agreement.

2.6.3 Fujitsu Services shall not disclose any Personal Data to any person except to such of its employees, agents, sub-contractors, third parties performing software maintenance or support and consultants in each case who require that information in order for Fujitsu Services to perform its obligations under this Agreement. Prior to disclosing Personal Data or any portion thereof to such employees, agents, sub-contractors, third parties or consultants, Fujitsu Services shall ensure the relevant employee, agent, sub-contractor, third party or consultant is subject to a written contract with Fujitsu Services requiring them to comply with Fujitsu Services' obligations herein regarding the security and confidentiality of the Personal Data and to comply with Fujitsu Services' instructions in processing it. Fujitsu Services shall not knowingly cause or allow an employee, agent, sub-contractor, third party performing software maintenance or support or consultant to process Personal Data in a way that Fujitsu Services would not itself be entitled to process it under this Agreement.

2.6.4 Fujitsu Services may disclose or transfer outside the European Economic Area Personal Data which are an integral part of diagnostic data or data generated for diagnostic purposes subject to and in accordance with the provisions of paragraph 2.6.3 and subject to the proviso that either:

(a) the written contract referred to in paragraph 2.6.3 contains such other provisions (in addition to those relating to security and confidentiality of the Personal Data) as are necessary to satisfy the requirements of the eighth data protection principle of the Data Protection Act 1998; or

(b) those requirements are otherwise satisfied or do not apply.

Fujitsu Services shall notify Post Office in writing whenever Personal Data are disclosed or transferred outside the European Economic Area in accordance with this paragraph 2.6.4, such notice to state who such Personal Data have been disclosed or transferred to and the purpose of such disclosure or transfer and to contain, in general terms, a description of such Personal Data.

2.6.5 Except as permitted by paragraph 2.6.4, Fujitsu Services shall not transfer Personal Data outside the European Economic Area.

2.7 Indemnity

Fujitsu Services shall indemnify Post Office in respect of all claims, demands, actions, costs (including legal costs), expenses, losses and damages arising from or incurred by reason of any breach by Fujitsu Services of any of paragraphs 2.4.6(a), 2.4.6(c), 2.4.6(d), 2.4.6(e), 2.4.7, 2.5 and 2.6 provided that such breach caused a Data Controller to fail to comply with the Data Protection Act 1998 and to the extent such claims, demands, actions, costs (including legal costs), expenses, losses or damages arise in connection with that failure.

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2.8 Fujitsu Services as Data Controller

2.8.1 Without limiting the generality of Clause 33.2 to this Agreement, Fujitsu Services shall if and when it is acting as a Data Controller rather than a Data Processor of Personal Data:

(a) ensure that having regard to the purpose or purposes for which Personal Data were obtained and further processed, it has taken reasonable steps to ensure the accuracy of the Personal Data;

(b) ensure that its notifications to the Information Commissioner are correct and up to date;

(c) respond in a timely fashion to all Subject Information Requests in relation to Personal Data; and

(d) respond in a timely fashion to all requests for information or assistance from the Information Commissioner.

2.9 Freedom of Information Act

2.9.1 Fujitsu Services acknowledges that Post Office is subject to legal duties which may require the release of information under FOIA and/or EIR and that Post Office may be under an obligation to provide information on request. Such information may include Confidential Information.

2.9.2 In the event that Post Office receives a valid request for information under FOIA and/or EIR to disclose Confidential Information (in whatever form), Post Office shall as soon as reasonably practicable after receiving that request notify Fujitsu Services and the Parties shall consider whether (i) the FOIA exemption in relation to confidentiality under section 41 FOIA or any other exemption under FOIA or EIR applies in relation to that request and (ii) there is a duty to confirm or deny that the Confidential Information in question is held by Post Office.

2.9.3 Post Office shall not, subject to paragraph 2.9.7:

2.9.3.1 if and to the extent the Parties agree that paragraph 2.9.2 (i) applies in respect of any request, disclose the Confidential Information requested; and

2.9.3.2 if and to the extent the Parties agree that paragraph 2.9.2 (ii) does not apply in respect of any request, confirm or deny that the Confidential Information in question is held by Post Office.

2.9.4 In the event the Parties do not agree whether (i) to confirm or deny that the Confidential Information in question is held by Post Office and/or (ii) the FOIA exemption in relation to confidentiality under section 41 FOIA or any other exemption under FOIA or EIR applies in relation to the valid request as soon as reasonably practicable within the time limit applying, Post Office, in its reasonable opinion and notwithstanding anything in this Agreement to the contrary, will determine whether (and to what extent) it (i) confirms or denies that the Confidential Information in question is held by Post Office and/or (ii) discloses the Confidential Information in relation to the valid request received.

FUJ00000070



2.9.5 Post Office shall notify Fujitsu Services of any order, decision, enforcement or practice recommendation notice issued to it by the Information Commissioner or by any court or tribunal in relation to the disclosure or non-disclosure of any Confidential Information ("FOIA Order").

2.9.6 On request from Fujitsu Services, Post Office shall bring to the Information Tribunal or to such other courts and tribunals (having jurisdiction) as Fujitsu Services may reasonably require, such actions and appeals against the disclosure of Confidential Information under FOIA as Fujitsu Services may reasonably require, except where:

2.9.6.1 Post Office reasonably considers that to bring or continue such an action or appeal would be materially detrimental to its public reputation and this materially outweighs any damage to Fujitsu Services' commercial interests which would arise as a result of such disclosure; or

2.9.6.2 Post Office has received a written opinion from legal counsel experienced in FOIA related matters (a copy of such opinion to be provided, for information only without reliance, to Fujitsu Services upon request) that such an action or appeal has no reasonable prospect of success.

2.9.7 Nothing in this Agreement (including in this paragraph 2.9) shall prevent Post Office from complying with any valid FOIA Order when required to do so by law provided that:

2.9.7.1 if Post Office is legally permitted to take any action or appeal (as contemplated by paragraph 2.9.6) in respect of that FOIA Order; and

2.9.7.2 Fujitsu Services reasonably requires Post Office to do so in accordance with paragraph 2.9.6 (and neither paragraph 2.9.6.1 nor 2.9.6.2 applies),

Post Office has taken such action or brought such appeal.

2.9.8 Fujitsu Services shall fully indemnify Post Office against all direct and indirect costs (including, but not limited to, legal costs) and expenses reasonably incurred by Post Office in complying with paragraph 2.9.6. Post Office shall use its reasonable endeavours to consult with Fujitsu Services before incurring any such costs that are in excess of £10,000.

## 3. EQUIPMENT STANDARDS AND LEGISLATION

3.1 Fujitsu Services shall ensure that all Equipment is rated for continuous operation, and is capable of functioning safely and reliably for an unlimited period, attended or unattended, in the installed environment.

3.2 Each installation of such Equipment shall be physically and electrically safe and in compliance with relevant legislation and recognised best practice. Such installation shall not cause interference with other devices. Such Equipment may be required to be installed in residential premises.

3.3 In paragraph 3.2, "relevant legislation and recognised best practice" includes mandatory standards, including all relevant Governmental Regulations and, from the due date of UK implementation, EU Directives and EU Regulations. Such Equipment shall be maintained so as to be compliant with any subsequent legislation or mandatory standards.

FUJ00000070



3.4 Fujitsu Services shall prove compliance with legislation or mandatory standards as and when necessary.

3.5 Fujitsu Services shall ensure that all information technology, telecommunications or electrical business Equipment (including but not limited to PIN Pads but not the power supply thereto) complies with BS EN 60950, and that Equipment comprising AC power adapters (which for the avoidance of doubt excludes PIN Pads) complies with BS EN 60065.

3.6 Fujitsu Services shall ensure that workstation aspects of the Equipment, excluding, for the avoidance of doubt, PIN Pads and any other equipment which is used predominantly by Customers rather than by Users, shall comply with The Health and Safety (Display Screen Equipment) Regulations 1992, which implement Council Directive 90/270/EEC on working with display screen Equipment.

3.7 Fujitsu Services shall ensure that any Equipment containing laser emitters (including without limitation laser printers and laser bar-code scanners) complies with BS EN 60825.

3.8 Fujitsu Services shall ensure that all electrical Equipment complies with:

3.8.1 the Radio Equipment and Telecommunications Terminal Equipment Regulations 2000 and regulations 5 and 7 of the Electrical Equipment (Safety) Regulations 1994; and

3.8.2 the requirements of BS 7671 in relation to the method of connection to the main supply and associated equipment earth leakage currents, insofar as it applies to the equipment supplied by Fujitsu Services at the point of connection.

3.9 Fujitsu Services shall ensure that any Equipment connected, or intended for connection, to weighing devices meets the requirements of Schedule 3 (Applications referred to in Article 1(2)(a) of the NAWI Directive) of the Non-automatic Weighing Instruments Regulations 2000.

3.10 Fujitsu Services shall ensure that all visual display terminal Equipment (including without limitation keyboards but excluding PIN Pads) complies with the relevant requirements of ISO 9241.

3.11 Fujitsu Services shall ensure that all Equipment that falls within the scope of either:

3.11.1 the Electromagnetic Compatibility ("EMC") Regulations 1992, which implement Council Directive 89/336/EEC (as amended by Directive 91/26/EEC, Directive 92/31/EEC and Directive 93/86/EEC); or

3.11.2 the Radio Equipment and Telecommunications Terminal Equipment Regulations 2000, which implement Council Directive 1999/5/EC and which replaced the provisions in the regulations referred to in paragraph 3.11.1 relating to radio and/or telecommunications terminal equipment,

complies with those Regulations.

3.12 Fujitsu Services shall ensure that Equipment covered by EN45501 complies with clause A4.5 (voltage variations) and annex B of that standard.

3.13 Fujitsu Services shall ensure that the acoustic noise emission of any item of Equipment does not materially add to average background noise levels of the environment in which it is installed, and

FUJ00000070



shall in no event exceed 60dB(A) when measured at a distance of 1 metre and in accordance with ISO 7779.

3.14 Fujitsu Services shall ensure that all items of Equipment to which BS EN 60529 applies have an Index of Protection rating of IP3X as defined in BS EN 60529.

3.15 Fujitsu Services shall ensure that Equipment complies with EN 55022 (Emissions) Information Technology Equipment - Radio Disturbance Characteristics - Limits and Methods of Measurements.

## 4. POST OFFICE'S POLICIES AND STANDARDS

4.1 Security Policy

4.1.1 Fujitsu Services shall maintain an organised security infrastructure covering:

(a) the agreement of a security policy;

(b) allocation of security responsibilities;

(c) security education and training;

(d) reporting security Incidents;

(e) physical security control;

(f) virus control;

(g) business continuity;

(h) control of Software;

(i) safeguarding Post Office records;

(j) information classification;

(k) compliance with data protection and other legislation;

(l) information exchange control;

(m) Contractor's sub-contractors and suppliers;

(n) compliance with security policy;

(o) the management of fraud and risk during operation of the Services compatible with Clause 16 of this Agreement;

(p) file integrity monitoring.

4.1.2 Fujitsu Services shall be compliant with ISO27001 except for the Salesforce Support Service.

FUJ00000070



4.1.3 Security for the Services, HNG-X Development, Associated Change Development and Equipment shall be managed and organised by Fujitsu Services in accordance with the CCD entitled "Horizon Security Policy" (RS/POL/002) or RMGA Information Security Policy" (SVM/SEC/POL/0003) as applicable and, when it comes into effect in accordance with Schedule B3.1, the CCD entitled "Security Management Service: Service Description" (SVM/SDM/SD/0017).

4.1.4 Security Standards

Fujitsu Services shall adhere to all parts applicable to the Fujitsu domain, as defined in Section 2 Definitions of the CRD entitled "Community Information Security Policy for Horizon" (SVM/SEC/POL/0005) and co-operate with Post Office to assist Post Office in complying with this standard and requirement.

4.1.5 Data Security

The confidentiality, integrity, validity and completeness of data shall be maintained throughout all storage, processes and transmissions, including during periods of Service Failure and recovery from Service Failure.

4.1.6 Prosecution Support

(a) Subject to paragraph 4.1.6(b), Fujitsu Services shall ensure that all relevant information produced by the Infrastructure at the request of Post Office shall be evidentially admissible (and, where relevant, capable of certification) in accordance with the requirements of the law in relation to criminal proceedings.

(b) Fujitsu Services' obligation in paragraph 4.1.6(a) shall apply to POL FS Data only to the extent that:

(i) Fujitsu Services is responsible for the platforms on which the POL FS Data is held and the performance of the POL FS Services; and

(ii) Performance of the obligation in paragraph 4.1.6(a) is achievable, taking into account that once POL FS Data has been loaded onto the POL FS System, the use of that data is controlled by Post Office.

(c) At the direction of Post Office, audit trail and other information necessary to support live investigations and prosecutions shall be retained for the duration of the investigation and prosecution irrespective of the normal retention period of that information, provided that such information has not already been destroyed by Fujitsu Services where such destruction is permitted by this Agreement.

## 5. CONTRACTOR'S POLICIES AND STANDARDS

5.1 Quality Management System

5.1.1 Fujitsu Services shall operate a quality management system which complies with BS EN ISO 9001:2000 for all its activities within the scope of this Agreement.

FUJ00000070



5.1.2 The quality management system shall be applied to all aspects of the provision of Services, HNG-X Development and Associated Change Development hereunder.

5.1.3 The quality management system shall be audited and certified by a BSI accredited auditor, who is independent of both Fujitsu Services and Post Office:

(a) in any event, at intervals of not longer than twelve months; and

(b) in addition, within 20 Working Days of any such request.

5.1.4 Fujitsu Services shall within one month of each audit:

(a) provide Post Office with copies of all reports produced by the auditor on the quality management system; and

(b) notify Post Office of and carry out Fujitsu Services' proposed follow up actions where required.

5.2 Human-Computer Interface

Horizon

5.2.1 Fujitsu Services shall maintain the CCD entitled "HNGX-UI Style Guide (DES/APP/STD/0001) (formerly "Horizon Office Platform Service Style Guide" (SD/STD/001)), which relates to the Horizon Service Infrastructure and the Horizon Applications, until the commencement of the Roll Out Phase. The Horizon Office Platform Service Style Guide shall remain relevant in its then current form, in relation to Branches utilising the Horizon Applications, until completion of the Roll Out Phase (at which point all provisions of the Horizon Office Platform Service Style Guide shall cease to have effect).

5.2.2 The Horizon Office Platform Service Style Guide shall set out in relation to the Horizon Service Infrastructure general guidelines for the Human-Computer Interface, including without limitation details of screen layouts, system navigation routes and help and manual entry facilities.

5.2.3 Fujitsu Services shall ensure that, in respect of the Horizon Service Infrastructure, the Human-Computer Interface provides a consistent look and feel across all applications delivered by Fujitsu Services over that infrastructure, and that the Human-Computer Interface is easily adapted to facilitate the introduction of new applications. This provision shall not apply in relation to any Transaction types developed and introduced by the Post Office using the AP-ADC Facility and, unless the Parties agree otherwise, shall not apply in respect of third party applications selected by Post Office.

HNG-X

5.2.4 Fujitsu Services shall maintain the CCD entitled "HNG-X Style Guide" (ARC/SOL/ARC/0001), which relates to the HNG-X Service Infrastructure, the Business Capabilities and Support Facilities. The provisions of that HNG-X Style Guide shall come into effect upon commencement of the Roll Out Phase in respect of those Branches in which HNG-X has been implemented.

FUJ00000070



5.2.5 The HNG-X Style Guide shall set out in relation to the HNG-X Service Infrastructure general guidelines for the Human-Computer Interface, including without limitation details of screen layouts, system navigation routes and help and manual entry facilities.

5.2.6 Fujitsu Services shall ensure that, in respect of the HNG-X Service Infrastructure the Human-Computer Interface provides a consistent look and feel across all applications delivered by Fujitsu Services over that infrastructure, and that the Human-Computer Interface is easily adapted to facilitate the introduction of new applications. This provision shall not apply in relation to any Transaction types developed and introduced by the Post Office using the AP-ADC Facility and, unless the Parties agree otherwise, shall not apply in respect of third party applications selected by Post Office.

Generally

5.2.7 Fujitsu Services shall use reasonable endeavours to specify a Human-Computer Interface which is intuitive and easy to use by Counter Clerks and other Users to minimise errors and delays.

5.2.8 Not Used

## 6. ADDITIONAL POLICIES AND STANDARDS

6.1 Encryption keys used that could directly or indirectly expose plain text PIN values and any keys used in association with MACs shall be managed in accordance with the principles established in ISO 8732 and ISO 11568 as applicable.

6.2 The key management scheme used between each PIN Pad and the rest of the Infrastructure shall be the DUKPT scheme as defined by the ANSIX.24-2004 standard.

6.3 The HSM shall be conformant to the standards set out in the versions of FIPS 140-1 level 3 and ISO 9564 1st Edition 1991 section 6.3.1 as specified in the LINK information security standard issued January 2001 (subject to such dispensations from that standard as LINK may grant from time to time).

6.4 Fujitsu Services shall operate a secure method for the remote initialisation of PIN encryption keys (if any) held in PIN Pads.

6.5 Sensitive Data captured in respect of each Branch prior to the HNG-X PCI Date in respect of that Branch shall remain encrypted whilst it is within the Horizon Service Infrastructure whether in transit or in storage, save where the TIS or Application Interface Specification for connection to an external service specifies otherwise.

6.6 Cardholder Data captured in respect of each Branch on or after the HNG-X PCI Date in respect of that Branch shall be handled as described in the CCD entitled "Security Constraints" (ARC/SEC/ARC/0001).

6.7 Sensitive Authentication Data captured in respect of each Branch on or after the HNG-X PCI Date in respect of that Branch shall be handled as described in the CCD entitled "Security Constraints" (ARC/SEC/ARC/0001).

FUJ00000070

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6.8 Sensitive DC Data captured in respect of each Branch prior to the HNG-X PCI Date in respect of that Branch shall be handled as described in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution" (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)).

6.9 Sensitive DC Data captured in respect of each Branch on or after the HNG-X PCI Date in respect of that Branch shall cease to be handled as described in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution" (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)).

6.10 Fujitsu Services shall run weekly Anti Virus scans on the PCI defined Windows platforms as detailed in the Cardholder Environment Specification document and DEV/GEN/SPE/0007. Scheduling of the activities will be performed on a weekly basis and logs saved for a period of 12 months.

6.11 The PCI Cardholder Environment is detailed in a network diagram as described in the CCD DES/SEC/ION/2006.

## 7. SYSTEM AND DATA SECURITY

7.1 Legal and Regulatory Controls

7.1.1 Regulation of Investigatory Powers Act 2000

The security features, capabilities and related procedures provided by Fujitsu Services in respect of all Services, HNG-X Development, Associated Change Development and Equipment shall be compliant with the requirements of Part 3 of the Regulation of Investigatory Powers Act 2000 (the "Act"). In the event that any provision of this Agreement imposes an obligation on Fujitsu Services which is inconsistent with any requirement imposed by the Act, the requirement of the Act shall prevail over the provisions of this Agreement and those provisions shall cease to apply to the extent of such inconsistency.

7.1.2 Other Legal and Regulatory Controls

Fujitsu Services shall comply with all banking laws and regulations, including all relevant instructions, standards and directions of a regulatory authority, which are in force and applicable to Fujitsu Services on 26 April 2004. Fujitsu Services shall co-operate with Post Office to agree any necessary changes to ensure compliance with any subsequent changes to such laws, regulations, instructions, standards and directions and the Banking Code, such changes (and Fujitsu Services' reasonable charges in respect of such changes) to be agreed and introduced under the Change Control Procedure.

7.1.3 CAPO

The Parties agree and acknowledge that in the event that additional or different legal or regulatory requirements arise in respect of provision of the NBS and the Banking Business Capability to CAPO beyond those which apply for provision of the NBS and the Banking Business Capability to other Banks then compliance by Fujitsu Services with such additional or different legal and/or regulatory

FUJ00000070



requirements and the charges for such compliance will be dealt with through the Change Control Procedure.

7.2 Security for the Existing Services

The security features, facilities and functionality set out in this paragraph 7 shall not reduce, mitigate, add to or modify any of Fujitsu Services' security obligations under this Agreement in respect of the Services as they existed immediately prior to the date of approval of the CCN which introduced the NBS.

7.3 Security Organisation and Management

7.3.1 Fujitsu Services shall not unreasonably withhold assistance requested by Post Office (or by Post Office on behalf of a member of the Royal Mail Group) in connection with the investigation and resolution of any actual or potential security breach or threat.

7.3.2 Where a potential security breach or threat arises which is not addressed by this Agreement (including the CCD entitled "Security Management Service: Service Description" (SVM/SDM/SD/0017)), Fujitsu Services' charges in respect of co-operation and assistance in respect of such breach or threat (which shall be paid by Post Office to Fujitsu Services) shall be calculated on a time and materials basis using the applicable rates specified in paragraph 10.4 of Schedule D1.

## 8. ETHICAL AND ENVIRONMENTAL COMPLIANCE

8.1 Fujitsu Services acknowledges on behalf of itself and other members of the Fujitsu Services Group that the Fujitsu Services Group is supportive of the principles contained in the UN Global Compact, the UN Universal Declaration of Human Rights and the Eight Fundamental International Labour Organisation Conventions (each as may be amended from time to time) in the course of providing the Services, HNG-X Development and/or Associated Change Development.

8.2 Fujitsu Services shall take reasonable steps (and shall ensure that members of the Fujitsu Services Group shall take reasonable steps) to:

8.2.1 comply with local legal and regulatory requirements relating to occupational health, safety at work and the environment;

8.2.2 provide staff and others engaged in the performance of this Agreement with appropriate health, safety at work and environmental impact training applicable to their activities;

8.2.3 where necessary, identify and implement policies for improvement in health, safety at work and environmental impact;

8.2.4 ensure the pay and working conditions of staff (including employees, casual and agency workers) comply with all applicable laws, industry specific regulations and binding codes of conduct;

FUJ00000070



8.2.5 ensure no individual is employed (including on a casual or temporary basis) directly or indirectly in relation to its activities who is below the applicable minimum legal age for employment;

8.2.6 ensure no person under 18 years of age is employed (including on a casual or temporary basis) directly or indirectly in relation to its activities for any hazardous work;

8.2.7 ensure no person is engaged in work directly or indirectly in relation to its activities as a result of forced, bonded or compulsory labour; and

8.2.8 to the extent the relevant law permits, allow all employees the freedom to join, or not to join, an employee representative body,

in the course of providing the Services, HNG-X Development and/or Associated Change Development.

8.3 Fujitsu Services shall notify all its Sub-contractors, as soon as reasonably practicable, that they should have appropriate policies in place to adhere to the principles referred to in paragraph 8.1 and each of the requirements set out in paragraph 8.2 when performing the obligations which Fujitsu Services has sub-contracted to them under this Agreement.

8.4 Upon request by Post Office, Fujitsu Services shall:

8.4.1 provide to Post Office reasonable evidence of the steps taken by Fujitsu Services and, where relevant, other members of the Fujitsu Services Group to comply with the requirements set out in paragraph 8.2; and

8.4.2 use reasonable endeavours to procure, to the extent the request so requires, that the Sub-contractors shall provide to Post Office reasonable evidence of the policies which they have in place to adhere to the principles referred to in paragraph 8.1 and each of the requirements set out in paragraph 8.2 when performing the obligations which Fujitsu Services has sub-contracted to them under this Agreement.

## 9. ASSOCIATED DOCUMENTS

9.1 The following CCDs are associated with this Schedule A4:

| | Document Reference | Document Title |
|---|---|---|
| **1.** | RS/POL/002 (Replaced)<br>SVM/SEC/POL/0003 | Horizon Security Policy (Replaced)<br>RMGA Information Security Policy |
| **2.** | SVM/SDM/SD/0017 | Security Management Service: Service Description |
| **3.** | SVM/SEC/POL/0003 | RMGA Information Security Policy |
| **4.** | SD/STD/001 | Horizon Office Platform Service Style Guide |

FUJ00000070



| | | |
|---|---|---|
| **5.** | DES/APP/STD/0001 | HNGX-UI Style Guide |
| **6.** | RS/CSD/001 | Departmental IT Security Standards |
| **7.** | DES/SEC/ION/2006 | Schedule A4 Policies and Standards |

9.2 The following CRD is associated with this Schedule A4.

| | **Document Reference** | **Document Title** |
|---|---|---|
| 1. | SVM/SEC/POL/0005 | Community Information Security Policy for Horizon |

FUJ00000070

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# SCHEDULE A5

# POST OFFICE RESPONSIBILITIES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further corrections from FS |
| 1.3 | 19/01/07 | Further minor corrections |
| 1.4 | 22/01/07 | Further corrections |
| 2.0 | 24/01/07 | Baseline copy of 1.4 |
| 2.1 | 05/05/09 | Applying changes as per CCN1224a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 6.2 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 24/05/10 | Moving schedule to version 7.0 |
| 8.0 | 21/02/12 | Applying changes as per CCN1304b, CCN1310b and CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349, CCN1307a, CCN1329a and CCN1346 |
| 10.0 | 10/09/15 | CCD reference update, applying changes as per CCN1346 and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE A5

## POST OFFICE RESPONSIBILITIES

### 1. INTRODUCTION

1.1 This Schedule A5:

1.1.1 sets out in Annex A, certain Post Office Responsibilities that Post Office shall perform to enable Fujitsu Services to perform the HNG-X Services;

1.1.2 sets out in Annex B, certain Post Office Responsibilities which Post Office shall perform to enable Fujitsu Services to perform the BCSF Service and shall take effect at Trigger Point T5 (Data Centre Ready for HNG-X);

1.1.3 identifies in Annex C, the Banking Responsibilities; and

1.1.4 Identifies in Annex D, the Banking Obligations.

1.2 Subject to paragraph 2.3, Post Office shall perform all Post Office Responsibilities whether or not set out or referred to in this Schedule.

### 2. POST OFFICE RESPONSIBILITIES RELATED TO THE BANKING FUNCTION AND DEBIT CARD

2.1A In respect of Horizon, the provisions of (i) the appendix to the CCD entitled "Debit Card MoP Functional Description" (EF/SER/001) and (ii) Annex C and Annex D to this Schedule, set out the Banking Responsibilities, Banking Obligations, Debit Card Responsibilities and Debit Card Obligations or identify where they are located in this Agreement.

2.1B In respect of HNG-x, the provisions of Annex B to this Schedule, set out the Banking Responsibilities, Banking Obligations, Debit Card Responsibilities and Debit Card Obligations or identify where they are located in this Agreement

2.2 The omission from the provisions referred to in paragraph 2.1A and 2.1B of an obligation or responsibility of Post Office connected with the Banking Functions or Debit Card shall, for the purposes of paragraphs 2.3 to 2.8:

2.2.1 if the obligation is stated as something for which Post Office "shall be responsible", result in that obligation being classed as a "Banking Responsibility" or "Debit Card Responsibility" (as applicable);

2.2.2 if the obligation is stated to be something which Post Office "shall do", result in that obligation being classed as a "Banking Obligation" or "Debit Card Obligation" (as applicable);

FUJ00000070



2.2.3 if the obligation is to make payment to Fujitsu Services, result in that obligation being classed as a "Banking Obligation" or "Debit Card Obligation" (as applicable); and

2.2.4 in all other cases shall be, as the context so requires, a Banking Obligation or Banking Responsibility or Debit Card Obligation or Debit Card Responsibility.

2.3 Any failure by Post Office to carry out a Banking Responsibility or a Debit Card Responsibility shall not be a Default under this Agreement.

2.4 As soon as reasonably practicable prior to Trigger Point T5 (Data Centre ready for HNG–X) the Parties shall review the Banking Obligations, Banking Responsibilities, Debit Card Obligations and Debit Card Responsibilities set out in Annex B to this Schedule in order to agree under the Change Control Procedure any amendments, additions or deletions to those Post Office Responsibilities reasonably required in relation to the detailed design of the Business Capabilities and Support Facilities and provision of the HNG-X Services, once that design is available.

2.5 Fujitsu Services shall not be liable to Post Office:

2.5.1 in respect of any breach of its obligations in relation to the Banking Functions (including its obligations to achieve any Service Level which measures Fujitsu Services' performance in relation to the Banking Functions) (the "Dependent Obligations") or any delay in performing the Dependent Obligations to the extent that such breach or delay was caused by the failure by Post Office to carry out a Banking Obligation or a Banking Responsibility (whether or not a Default) (a "Dependency Failure"); or

2.5.2 for any failure to perform or delay in performing its obligations in relation to Debit Card where Fujitsu Services proves that such failure or delay was directly caused by the failure of Post Office to perform a Debit Card Responsibility or a Debit Card Obligation (whether or not a Default).

2.6 Fujitsu Services shall notify Post Office in writing as soon as reasonably practicable after Fujitsu Services becomes aware of any Dependency Failure or becomes aware of any matters or circumstances which would with the effluxion of time result in a Dependency Failure.

2.7 In the event of a Dependency Failure, Fujitsu Services shall be entitled to recover from Post Office such reasonably incurred, increased costs and expenses (if any) which it incurs in performing the Dependent Obligation in question to the extent that such increased costs and expenses were the result of the Dependency Failure. Fujitsu Services shall provide a statement of such increased costs and expenses incurred for approval by Post Office, such approval not to be unreasonably withheld.

2.8 Fujitsu Services shall use all reasonable endeavours to mitigate the amounts (if any) payable under paragraph 2.7.

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## 3. ASSOCIATED DOCUMENTS

3.1 The following CCDs are associated with this Schedule A5:

| | Document Reference | Document Title |
|---|---|---|
| 1. | EF/SER/001 (Withdrawn)<br><br>REQ/GEN/REP/1091 | Debit Card MoP Functional Description (Withdrawn)<br><br>Note – this only applies to Horizon<br><br>Mapping Schedule B3.2 to the HNG-X Solution |
| 2. | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 3. | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 4. | SVM/SEC/POL/0003 | RMGA Information Security Policy |
| 5. | NB/IFS/025 | EMV Banking and Retail NBX - CAPO Application Interface Specification |
| 6. | NB/IFS/024 | EMV Banking and Retail NBX – LINK Application Interface Specification |
| 7. | DES/NET/TIS/0006 | CAPO to HNG-X Technical Interface Specification |
| 8. | DES/NET/TIS/0008 | VOCALINK – HNG-X Technical Interface Specification |
| 9. | DES/NET/TIS/1839 | Santander – HNG-X Technical Interface Specification |
| 10. | NB/IFS/029 (Withdrawn)<br><br>DES/NET/TIS/1839 | NBX - A&L Technical Interface Specification (Withdrawn)<br><br>Santander HNG-X Technical Interface |
| 11. | IM/MAN/023 | Bureau Rate Board Technical Installation Guide |
| 12. | AS/REP/013 | Rate Board Cables |
| 13. | IM/MAN/024 | Bureau Rate Technical Maintenance Guide |

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| 14. | ET/IFS/001 | Application Interface Specification: Horizon to e-pay |
| 15. | DES/NET/TIS/0009. | "e-pay – HNG-X Technical Interface Specification |
| 16. | BP/SPE/046 | APOP Definition |
| 17. | CS/SPE/011 | Network Banking End to End Reconciliation Reporting |
| 18. | SVM/SDM/STD/0001 | Post Office Ltd Operational Business Change – Branch, Interface Agreement |
| 19. | BP/SPE/035 | NBS Definition<br><br>Note – this only applies to Horizon |
| 20. | CS/SER/016 (Withdrawn)<br><br>SVM/SDM/SD/0017 | Service Description for the Security Management Service (Withdrawn)<br><br>Note – this only applies to Horizon<br><br>Security Management Service: Service Description |
| 21. | CS/SER/010 | Transaction Benchmark Service: Service Description<br><br>Note – this only applies to Horizon |
| 22. | NB/SPE/003 | Network Banking: Counter Dialogue - Activity & Screen Flows.<br><br>Note – this only applies to Horizon |
| 23. | NB/PRP/004 | EMV Banking: User Interface Design Proposal.<br><br>Note – this only applies to Horizon |
| 24. | SD/STD/001 (Withdrawn)<br><br>DES/APP/STD/0001 | Horizon Office Platform Service Style Guide (Withdrawn)<br><br>Note – this only applies to Horizon<br><br>HNGX-UI Style Guide |
| 25. | SVM/SDM/SD/0015 | Reconciliation Service: Service Description |

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| | | |
|---|---|---|
| 26 | AP/IFS/063 | Horizon APOP Authorisation Service Application Interface Specification |
| 27 | DES/NET/TIS/0005 | HNG-X RGM Technical Interface Specification |

3.2 The following CRDs are associated with this Schedule A5:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | NO CRDs APPLICABLE | |

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## ANNEX A

## 1. POST OFFICE RESPONSIBILITIES IN RELATION TO THE HNG-X SERVICES

1.1 Post Office shall provide and maintain Reference Data in accordance with Post Office business requirements and as specified in the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058).

1.2 Save as expressly provided otherwise in this Agreement, any CCN or Work Order, Post Office shall be responsible for:

1.2.1 the provision of all training for its employees, agents, contractors and sub-contractors; and

1.2.2 the production of all training material required,

in connection with any new and/or modified Services and Applications introduced under the Change Control Procedure and/or the Work Ordering Procedure.

1.3 Post Office shall ensure that all ETU Transactions carried out at Counter Positions are correctly processed by e-pay according to the AIS entitled "Application Interface Specification: Horizon to e-pay" (ET/IFS/001) and that daily reconciliation files are produced and processed according to that AIS.

1.4 In relation to the POL FS Services or, after the POLSAP R1 Go Live Date, the POLSAP Services, Post Office shall be responsible for having staff available within Post Office and PRISM to investigate and progress operational and application issues 24 hours a day.

1.5 In relation to BNR, Post Office shall be responsible for bearing the risk for the wireless hardware once installed until it is returned to Fujitsu Services in the same condition that it was in when installed, subject to fair wear and tear.

1.6 In relation to the CCD "Horizon Capacity Management and Business Volumes" (PA/PER/033), section 2.6 Post Office will:

1.6.1 provide information on forecast changes to business volumes; and

1.6.2 endeavour to provide timely information on all likely and possible changes to business volumes,

within current or new Post Office Services.

1.7 In relation to the CCD entitled "RMGA Information Security Policy" (SVM/SEC/POL/0003), Post Office shall be responsible for:

1.7.1 assessment and regular review of compliance; and

FUJ00000070



1.7.2 incident reporting (joint responsibility dependent on area of responsibility).

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## ANNEX B

## POST OFFICE RESPONSIBILITIES IN RELATION TO THE BCSF SERVICES

### 1. BANKING BUSINESS CAPABILITY

The following Post Office responsibilities relate to the Banking Business Capability:

1.1 Post Office shall ensure the security, safe keeping and proper management (as defined in ISO 11568 parts 1 to 3) of all keys shared between the Data Centre and CAPO and A&L on the CAPO and A&L sides of the interfaces. **[B.Obl.]**

1.2 Post Office shall be responsible for ensuring that the links from CAPO and LINK to the Data Centres and information transmitted from CAPO and LINK to Fujitsu Services across those links shall be in accordance with the CCDs entitled "EMV Banking and Retail NBX- CAPO Application Interface Specification" (NB/IFS/025) and "EMV Banking and Retail NBX – LINK Application Interface Specification" (NB/IFS/024) and "CAPO to HNG-X Technical Interface Specification" (DES/NET/TIS/0006) and "VOCALINK – HNG-X Technical Interface Specification" (DES/NET/TIS/0008). **[B.Res.]**

1.3 Post Office shall be responsible for ensuring that the information transmitted from Santander to Fujitsu Services across the Santander Circuit shall be in accordance with the CCD's entitled "NBX - A&L Application Interface Specification" (NB/IFS/026) and "Santander – HNG-X Technical Interface Specification" (DES/NET/TIS/1839). **[B.Res.]**

### 2. BUREAU SERVICE BUSINESS CAPABILITY

The following Post Office responsibilities relate to the Bureau Service Business Capability:

2.1 Post Office shall be responsible for installing and ensuring that to the extent required by law all Rate Boards comply and are maintained in compliance with all relevant legislation (current and future), including all relevant Governmental Regulations and, from the date of UK implementation, EU Directives and EU Regulations. Without prejudice to the generality of the foregoing, Post Office shall ensure that the Rate Boards comply with the Electromagnetic Compatibility ("EMC") Regulations 1992, which implement Council Directive 89/336/EEC (as amended by Directive 91/26/EEC, Directive 92/31/EEC and Directive 93/86/EEC).

2.2 Post Office shall:

2.2.1 ensure that all Rate Boards are connected to Counter Equipment and installed in accordance with the procedures specified in the CCD entitled "Bureau Rate Board Technical Installation Guide" (IM/MAN/023);

2.2.2 be responsible for the provision of all cabling necessary to connect the Rate Boards to Counter Equipment and shall ensure that such cabling is in accordance with the CCD entitled "Rate Board Cables" (AS/REP/013);

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2.2.3 once each Rate Board has been connected to Counter Equipment, carry out all maintenance of that Rate Board and of the associated cabling, in accordance with the CCD entitled "Bureau Rate Technical Maintenance Guide" (IM/MAN/024). This responsibility extends to all cabling used in making the connection to a Counter Position; and

2.2.4 provide mains electrical power to each Rate Board (or where more than one in a Branch, the Rate Boards in that Branch together) from power circuits that are separate from the power circuit dedicated to the Counter Position.

## 3. ELECTRONIC TOP-UP BUSINESS CAPABILITY

The following Post Office responsibilities relate to the Electronic Top-up Business Capability:

3.1 Post Office shall be responsible for ensuring that the link from e-pay to the Data Centres and information transmitted from e-pay to Fujitsu Services across that link shall be in accordance with the CCDs entitled "Application Interface Specification: Horizon to e-pay" (ET/IFS/001) and "e-pay – HNG-X Technical Interface Specification" (DES/NET/TIS/0009).

## 4. APOP BUSINESS CAPABILITY

4.1 The following Post Office Ltd Responsibilities are included in the CCD entitled "APOP Definition" (BP/SPE/046),such Post Office Ltd Responsibilities relate to the APOP Business Capability.

4.2 Post Office Ltd shall specify that the Post Office Data Gateway generates an APOP verification file as defined in the CCD entitled "Horizon APOP Authorisation Service Application Interface Specification" (AP/IFS/063) if required for an APOP Service

4.3 APS transactions shall conform to the specification defined in the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/0002)

4.4 User access to the APOP administration service shall be from within the Post Office Ltd domain and no Post Office Ltd clients will have direct access to data held on the APOP database.

I.e. Post Office Ltd will not grant access from outside the Post Office Ltd domain

APOP Service Authorisation Service

4.5 The APOP authorisation service definition for an APOP Service shall conform to the specification defined in the CCD entitled "APOP Reference Manual" (AP/MAN/003).

4.6 Post Office Ltd shall conform to the security rules for the creation of administrators and users of the APOP administration service and the use of the APOP administration service by administrators and users as defined in the APOP Administration Service User Interface Design Proposal.

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4.7 The APOP Service Definition shall be constructed using the parameters defined in the CCD entitled "APOP Reference Manual"(AP/MAN/003).

4.8 Post Office Ltd shall define the service definition for an APOP Service which conforms to the CCD entitled "APOP Reference Manual"(AP/MAN/003) and deliver the service definition to Fujitsu Services.

4.9 Post Office Ltd shall define the format of the reports derived from data extracted from the APOP database and delivered to Post Office Ltd by the APOP reporting service.

4.10 Post Office Ltd/Prism shall build and maintain the APOP administration service server and workstations which shall include schema files to support the rendering of the extract files produced by the APOP reporting service.

4.11 Not Used

4.12 Transactions to be processed by the APOP batch service shall conform to the CCD entitled "Horizon APOP Authorisation Service Application Interface Specification" (AP/IFS/063)."

4.13 On-line branch transactions initiated at a Post Office Horizon counter position shall conform to the specification defined in the CCD entitled "APOP Authorisation Service-On-line Application Interface Specification "(AP/IFS/064).

New APOP Services

4.14 For each new APOP Service:

- Post Office Ltd will produce a specification of the APOP Service business requirements and business process definition as defined in the APOP User Guide.
- Post Office Ltd will produce the AP-ADC counter transactions.
- Post Office Ltd will produce the service definition for the APOP Service.

4.15 For each new APOP Service, Post Office Ltd shall, subject to the Work Ordering Procedure, require Fujitsu Services to produce:

- Voucher receipt templates;
- Customer and Branch receipt templates;
- Counter and Branch weekly reports.

4.16 For each Counter and Branch weekly report, Post Office Ltd shall define the:

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- List of products;
- Report title;
- Cut-off requirements

4.17 For each new APOP Service with an external authorisation service, Post Office Ltd shall, subject to the Work Ordering Procedure, require Fujitsu Services to produce:

- An APOP web service, web services agent and (optionally) a web server platform:
- An interface between the Horizon domain and the external authorisation service

Changes to APOP Services

4.18 Post Office Ltd shall, subject to the Work Ordering Procedure, require Fujitsu Services to produce changes to Fujitsu Services supplied components of an APOP Service.

## 5. DEBIT CARD

The following Post Office Responsibilities are Debit Card Responsibilities:

Debit Card Responsibilities

5.1 Post Office shall be responsible for providing, through Post Office Reference Data, DC Token definitions to cover the DC Token ranges supported by Fujitsu Services.

5.2 Post Office shall be responsible for following procedures for Debit Card Transaction settlement and exception reporting in accordance with the CCD entitled "Network Banking End to End Reconciliation Reporting" (to be renamed End to End Reconciliation Reporting) (CS/SPE/011) to the extent Post Office is required to do so.

5.3 Post Office shall be responsible for generating and transmitting (as reasonably required by the Fujitsu Services) test Reference Data for testing purposes.

5.4 Post Office shall be responsible for ensuring that Fujitsu Services has at all times a sufficient number of MIDs and TIDs to enable Fujitsu Services to allocate such MIDs and TIDs to the Branches and Counter Positions respectively.

5.5 Post Office shall be responsible for supplying an agreed batch of MIDs to Fujitsu Services in accordance with the OLA "DC Operational Level Agreement" to ensure that one MID is available for each new Branch, whenever the supplies of unallocated MIDs held by Fujitsu Services fall below a threshold limit agreed between Post Office and Fujitsu Services

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5.6 Post Office shall be responsible for supplying an agreed batch of TIDs to Fujitsu Services through the Change Control Procedure whenever the supplies of unallocated TIDs held by Fujitsu Services fall below a threshold limit agreed between Post Office and Fujitsu Services.

5.7 Post Office shall be responsible for following the reconciliation and incident management procedures for the investigation, reporting and resolution of business incidents related to the use of Debit Card (supported by the Payment Management Business Capability) as set out in the applicable provisions of paragraph 2.8 of the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015)

5.8 Post Office shall be responsible for providing MIDs and TIDs in accordance with the processes for business change described in the CCD entitled "Post Office Ltd Operational Business Change – Branch, Interface Agreement" (SVM/SDM/STD/0001).

5.9 Post Office shall be responsible for procuring the provision of an EMIS to supply a data feed to the Reconciliation Support Facility from the Merchant Acquirer in accordance with the document entitled "Technical Specification for the Electronic Management Information Service" (SU/SPE/024).

The following Post Office Responsibilities are Debit Card Obligations:

Debit Card Obligations

5.10 Post Office shall be responsible for verifying and validating all Debit Card related Post Office Reference Data for use in connection with the DC MoP, save to the extent that Fujitsu Services is obliged to do so (for the purposes of the use of such Post Office Reference Data within the Infrastructure) in accordance with the CCD entitled " Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change – Reference Data" (CS/PRD/058). For the avoidance of doubt, the Change Control Procedure shall be used if Post Office requires any Debit Card related Reference Data validation or testing outside the scope of the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058).

5.11 Post Office shall procure a service designed to ensure that the EMIS file shall be available for collection from the Merchant Acquirer by 15:00 hours daily between Monday and Friday excluding English Bank Holidays. Where the EMIS file is not available by that time, Fujitsu Services shall follow the procedures set out in the relevant OLA.

5.12 Post Office shall follow the procedure set out in the OLA entitled "DC Operational Level Agreement" for reporting potential/actual breaches of security within either the Merchant Acquirer or Infrastructure.

5.13 Post Office shall ensure the security, safe keeping and proper management of all passwords/passphrases used to generate keys shared between the Data Centre and

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the Merchant Acquirer on the Merchant Acquirer side of the interface between the Data Centre and the Merchant Acquirer.

## 6. GENERIC WEB SERVICE SUPPORT FACILITY

The following Post Office Responsibilities are Generic Web Service Responsibilities:

6.1 For each Generic Web Service Post Office shall be responsible for:

6.1.1 the Post Office tasks as defined in the 'Web Service Client Connection Process' (REQ/GEN/PRO/1386) for the:

(a) the Generic Web Service qualification stage;

(b) the Generic Web Service specification stage;

(c) the Generic Web Service build and test stage;

(d) the Generic Web Service introduction stage;

6.1.2 the provision of the baselined WSDL for the Client web service;

6.1.3 the Client specific elements of the Technical Interface Specification between the Generic Web Service and the Post Office Client;

6.1.4 the design, development and testing of the APS transactions conforming to the specification defined in the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/002);

6.1.5 the security assessment of the APS service and the associated Generic Web Service for the Post Office Client.

## 7. PAF SUPPORT FACILITY

7.1 Post Office shall be responsible for supplying to Fujitsu Services the monthly Royal Mail PAF address data on a CD in 'Royal Mail Compressed Standard™' format described in the 'Royal Mail PAF Programmers' Guide' Edition 7 Version 4.0 (REQ/APP/AIS/1526)

7.2 Post Office shall be responsible for supplying to Fujitsu Services the monthly Royal Mail PAF address data on a CD in accordance with the CCD 'Fujitsu Services/Post Office Ltd Interface Agreement for Operational Business Change – Reference Data (CS/PRD/058);

7.3 Post Office shall be responsible for supplying PAF additional address data to Fujitsu Services conforming to the application interface specification 'Post Office Limited to PAF Application Interface Specification' (REQ/APP/AIS/1503);

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7.4 Post Office shall be responsibly for managing and securely destroying the Royal Mail PAF data CDs after 12 months.

7.5 Post Office shall be responsible for the integrity and accuracy of data provided in accordance with sections 9.2 and 9.3 and any rectifications required as a result of erroneous or corrupt data supplied shall be made at Post Office's sole expense.

**8.** POST OFFICE DATA GATEWAY

The following Post Office Responsibilities are Post Office Data Gateway Responsibilities. For each Post Office Data Gateway Data File transfer:

8.1 Post Office shall be responsible for supplying to Fujitsu Services approved Application Interface Specifications (AIS) for Data File transformations to be performed by the Post Office Data Gateway Support Facility using the approved pro-forma;

8.2 Post Office shall be responsible for supplying to Post Office Clients the specification of the data in Data Files to be transferred from the Post Office Data Gateway to the Client;

8.3 Post Office shall be responsible for producing, as Post Office requires, Data File delivery reports from Post Office Data Gateway data supplied to Post Office Ltd by Fujitsu Services;

8.4 Post Office shall be responsible for producing Post Office to Post Office Client Operational Level Agreements for each Post Office Client sending Data Files to, or receiving Data File from, the Post Office Data Gateway Support Facility;

8.5 Post Office shall be responsible for ensuring that Fujitsu Services is permitted to process the data received by the Post Office Data Gateway Support Facility on behalf of the data owner;

8.6 Post Office shall be responsible for ensuring that the Data Files transferred between the Post Office Client and the Post Office Data Gateway Support Facility shall be in accordance with the relevant Post Office Data Gateway to Post Office Client Application Interface Specification;

8.7 Post Office shall be responsible for ensuring that the link between the Post Office Client and the Post Office Data Gateway Support Facility will be in accordance with the '*Post Office Data Gateway to Post Office Clients Technical Interface Specification*' (DES/NET/TIS/1499).

**9.** CLIENT FILE DELIVERY

9.1 Post Office shall be responsible for supplying to Fujitsu Services approved Application Interface Specifications for Data Files from Post Office Clients (to HNG-X) Clients to be processed by the Client File Delivery Support Facility.

**10.** POST OFFICE DATA GATEWAY CLIENT CONNECTION

The following Post Office Responsibilities are PODG Client Connection Service Responsibilities.

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10.1 Post Office shall be responsible for supplying to Fujitsu Services a completed OBC19 form for each request with details of the changes required.

10.2 Post Office shall be responsible for ensuring that Fujitsu Services is permitted to process the data received by Fujitsu Services under the PODG Client Connection Service on behalf of the data owner.

10.3 Post Office shall be responsible for obtaining security credentials directly from Post Office Clients and to provide Fujitsu Services with the security credentials required to fulfil a PODG Client Connection Service request as defined in "Post Office Data Gateway (PODG) Secure Transfer Procedure" (SVM/SEC/PRO/1784).

10.4 Post Office shall be responsible for obtaining all necessary consents, authorisations and notifications from relevant Data Controllers, to enable personal data to be processed by Fujitsu Services as part of PODG Client Connection Service, in compliance with the latest Data Protection Act. Post Office Ltd shall indemnify Fujitsu Services in respect of any losses suffered by Fujitsu Services in connection with the performing the PODG Client Connection Service as a result of any Post Office Ltd failure to have obtained appropriate data protection related consents, authorisations and notifications..

10.5 Post Office shall be responsible for managing the service provided to the Client by the Post Office Data Gateway Service

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## ANNEX C

## BANKING RESPONSIBILITIES

### 1. HORIZON BANKING RESPONSIBILITIES

1.1 The following table identifies the Banking Responsibilities set out elsewhere in this Agreement that shall apply from the Amendment Date until Trigger Point T6 (Counter Application Rollout Complete). For the purposes of such identification only, the table replicates the wording of those Banking Responsibilities and gives their location in this Agreement.

1.2 Where the location of any Banking Responsibility set out below is a CCD, when that CCD is updated in accordance with the provisions of Attachments 1 and 4 of CCN1200 or otherwise, any amendments, additions or deletions to that Banking Responsibility or its location in that CCD shall be deemed to have been made also in the table below.

1.3 In the event of any conflict or inconsistency between the wording of the Banking Responsibilities set out below and that used in this Agreement where that Banking Responsibility is located, the wording used where the Banking Responsibility is located shall prevail.

| Number | Post Office Responsibility | Location in Agreement or CCD as at date of signature of CCN1200 |
|---|---|---|
| 1 | The Contractor shall update the TIS required for those interfaces for approval by POCL, such approval not to be unreasonably withheld. | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 3.3 |
| 2 | The Contractor and POCL shall agree from time to time the procedures which each party shall follow and the responsibilities of each party in respect of the transmission of POCL Reference Data which shall be documented in Working Documents. | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 3.5 |

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|---|---|---|
| 3 | Post Office Ltd shall be responsible for verifying all NBS related Post Office Reference Data for use in End to End Banking, save to the extent that Fujitsu Services is obliged to do so (for the purposes of the use of such Post Office Reference Data within the Post Office Service Infrastructure). | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data<br><br>(CS/PRD/058) v11.0,<br><br>Section 2.6.1.2 |
| 4 | The counter dialogue for the NBS shall be as documented in the CCD entitled *"Network Banking: Counter Dialogue - Activity & Screen Flows"* (NB/SPE/003) and *"EMV Banking: User Interface Design Proposal" (NB/PRP/004)* and by the applicable date specified in the NB Project Plan the Contractor shall propose and POCL shall agree (such agreement not to be unreasonably withheld) any enhancements required to the CCD entitled *"HNGX-UI Style Guide" (DES/APP/STD/001)* (formerly *"Horizon Office Platform Service Style Guide" (SD/STD/001))* for the NBS. | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 4.1 |
| 5 | POCL shall be responsible for the integration of the NBS and the NB System into End to End Banking. | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 5.2.1 |
| 6 | POCL shall be responsible for ensuring that Bank's systems supports receipt of C0 Confirmations sent to them, and are able to generate C4 Confirmations to the DRSH, as applicable. | NBS Definition (BP/SPE/035) v1.0<br><br>Section 5.3.6 |
| 7 | Following transmission of the NB Request for such Banking Transaction, POCL shall ensure that the amount which is permitted to be withdrawn shall be included in the NB Authorisation. | NBS Definition (BP/SPE/035) v1.0<br><br>Section 5.9.2 |

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| 8 | The provision of information required via the Banks for printing on a NB Receipt is the responsibility of POCL. | NBS Definition (BP/SPE/035) v1.0<br><br>Section 5.12.4.3 |
| 9 | It shall be POCL's responsibility to ensure that Users of the NBS, log-on with separate log-on "IDs" and do not perform Banking Transactions under a different log-on ID in order that the User responsible for each Banking Transaction may be identified from audit trail data. | Schedule B4.3 and NBS Definition (BP/SPE/035) v1.0, paragraph 5.2.5 |
| 10 | POCL shall submit:<br><br>(a) Banking Transaction Record Queries to the Horizon System Help Desk which will pass the Record Query to the Contractor's customer service management support unit; and<br><br>(b) Audit Record Queries and Old Format Queries to the Contractor's customer service security prosecution support section. | Security Management Service: Service Description (SVM/SDM/SD/0017)<br><br>(Formerly "Service Description for the Security Management Service" (CS/SER/016) v2.0<br><br>Section 3.10.7 |

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|---|---|---|
| 11 | POCL shall be responsible for ensuring that the link from the information transmitted from A&L to Fujitsu Services across the link to the Data Centres and information transmitted to the Contractor across that link shall be in accordance with the CCDs entitled "Santander HNG-X Technical Interface Specification" (DES/NET/TIS/1839) (formerly "EMV Banking and Retail NBX – A&L Application Interface Specification" (NB/IFS/029)) and "EMV Banking and Retail NBX – A&L Application Interface Specification" (NB/IFS/026).<br><br>Post Office shall be responsible for ensuring that the links from CAPO and LiNK to the Data Centres and information transmitted from Card Account and LiNK to Fujitsu Services across that link shall be in accordance with the CCD's entitled "EMV Banking and Retail NBX - CAPO Application Interface Specification" (NB/IFS/025) and "EMV Banking and Retail NBX - LiNK Application Interface Specification" (NB/IFS/024) and "CAPO- HNG-X Technical Interface Specification" (DES/NET/TIS/0006) (formerly "EMV Banking and Retail NBX - POCA Technical Interface Specification" (NB/IFS/027)) and "VOCALINK – HNG-X Technical Interface Specification" (DES/NET/TIS/0008) (formerly "EMV Banking and Retail NBX - LiNK Technical Interface Specification" (NB/IFS/028)). | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 8.1.4.9 |
| 12 | Such periods shall be scheduled by agreement with Post Office in accordance with current practices used in respect of the Applications (other than the NBS) and the Infrastructure Services, such agreement not to be unreasonably withheld. | Schedule B4.4 |

## 2. HNG-X BANKING RESPONSIBILITIES

2.1 The Banking Responsibilities that will apply from Trigger Point T5 (Data Centre ready for HNG-X) are designated **"[B.Res.]"** in Annex B to this Schedule A5.

2.2 Where the same or a substantially similar Banking Responsibility is applicable during the Roll Out Phase under both paragraphs 1.1 and 2.1 of this Annex C (but not applicable in respect of the NBS and the Banking Business Capabilitiy separately), Post Office need only perform that Banking Responsibility once on each occasion that it is due to be performed.

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## ANNEX D

## BANKING OBLIGATIONS

### 1. HORIZON BANKING OBLIGATIONS

1.1 The following table identifies the Banking Obligations set out elsewhere in this Agreement that shall apply from the Amendment Date until Trigger Point T6 (Counter Application Rollout Complete). For the purposes of such identification only, the table replicates the wording of those Banking Obligations and gives their location in this Agreement.

1.2 Where the location of any Banking Obligation set out below is a CCD, when that CCD is updated in accordance with the provisions of Attachments 1 and 4 of CCN1200, or otherwise any amendments, additions or deletions to that Banking Obligation or its location in that CCD shall be deemed to have been made also in the table below.

1.3 In the event of any conflict or inconsistency between the wording of the Banking Obligations set out below and that used in this Agreement where that Banking Obligation is located, the wording used where the Banking Responsibility is located shall prevail.

| Number | Post Office Responsibility | Location in Agreement or CCD as at date of signature of CCN1200 |
|---|---|---|
| 1 | Post Office complying with (and ensuring that any third party Post Office uses for siting or storage of such equipment complies with) the following:<br><br>- provision of a suitable physical operating environment for Fujitsu Services' equipment used for or in connection with the communications link including the following:<br><br>• ensuring the physical security of all equipment which is located on Post Office and/or any such third party's premises to protect against unauthorised access; and<br>• provision of environmental conditions as reasonably required by Fujitsu Services.<br><br>- permitting Fujitsu Services to gain access (at reasonable times and on reasonable notice) to all locations where such equipment is held or is to be installed, in order to enable Fujitsu Services to effect or procure the installation, maintenance, repair, renewal and support of | Schedule B4.3 and Schedule B3.3 |

FUJ00000070



| Number | Post Office Responsibility | Location in Agreement or CCD as at date of signature of CCN1200 |
|---|---|---|
| | such equipment. | |
| 2 | Post Office shall report to Fujitsu Services any actual or potential threats or breaches that may have a material effect on the NBS itself or End to End Banking in accordance with agreed procedures. | Security Management Service: Service Description SVM/SDM/SD/0017<br><br>(formerly "Service Description for the Security Management Service" (CS/SER/016))<br><br>Section 3.7 |
| 3 | Post Office shall ensure the security, safe keeping and proper management (as defined in ISO 11568 parts 1 to 3) of all keys shared between the Data Centre and on the CAPO and A&L side of the interface between the Data Centre and CAPO and A&L. | NBS Definition (BP/SPE/035) v1.0,<br><br>Section 8.1.4.8 |
| 4 | The Post Office and Fujitsu Services shall agree (such agreement not to be unreasonably withheld) a method of rectification, including a timetable, (a "Rectification Plan") for each Benchmark Time Discrepancy (which plan may involve the agreement of an adjustment to the Target Times) (as in SVM/SDM/SD/0016) (formerly section 1.5.7.1 of CS/SER/010). | Management Information Service: Service Description (SVM/SDM/SD/0016)<br><br>(formerly "Transaction Benchmark Service: Service Description" (CS/SER/010))<br><br>Section 3.1.10.1 |

## 2. HNG-X BANKING OBLIGATIONS

2.1 The Banking Obligations that shall apply from Trigger Point T5 (Data Centre ready for HNG-X) are designated "**[B.Obl.]**" in Annex B to this Schedule.

2.2 Where the same or a substantially similar Banking Obligation is applicable during the Roll Out Phase under both paragraphs 1.1 and 2.1 of this Annex D (but not applicable in respect of the NBS and the Banking Business Capability separately), Post Office need only perform that Banking Obligation once on each occasion that it is due to be performed.

FUJ00000070

CONFIDENTIAL

# SCHEDULE A6

# FUNDING CONDITION

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

CONFIDENTIAL

# SCHEDULE A6

# FUNDING CONDITION

Unless expressly stated otherwise, references in each Part of this Schedule to paragraphs are to the paragraphs in that part.

## PART A

### Operation of Contract during Conditionality Period

During the Conditionality Period the entire Agreement shall continue in force save as follows:

1. Clause 29.4 shall be deemed to be amended such that the Post Office Foreground IPR shall vest in Fujitsu Services (not the Post Office) and Fujitsu Services shall grant to Post Office an irrevocable non-exclusive, royalty free licence to use all Post Office Foreground IPR for the duration of the Conditionality Period for all purposes connected with the Agreement;

2. Clause 29.5 shall not apply at all and Clause 29.6 shall not apply in respect of Post Office Foreground IPR;

3. Clause 30 shall be deemed to be amended such that the licence granted by Fujitsu Services to Post Office in respect of Licensed IPR pursuant to that Clause shall be replaced by an irrevocable, non-exclusive, royalty free licence to use all Licensed IPR for the duration of the Conditionality Period for all purposes connected with the Agreement;

4. the provisions of this Agreement in relation to Market Testing shall not apply; and

5. the provisions of this Agreement in relation to Partial Termination shall not apply.

## PART B

### Operation of Contract Following Service of Funding Notice

1. With effect from the date on which, in accordance with Clause 1.3, this Part B takes effect (the "Funding Notice Date"), the provisions of Part A of this Schedule A6 shall cease to have effect and:

   1.1 Clauses 29.4, 29.5, 29.6 and 30 referred to in that Part A shall be deemed to have applied as if they were in force as at and with effect from the Amendment Date; and

   1.2 the provisions of this Agreement in relation to Market Testing and Partial Termination shall apply with effect from the Funding Notice Date.

FUJ00000070

CONFIDENTIAL

2. Accordingly the provisions of paragraphs 1 and 2 of Part A of this Schedule A6 shall be deemed not to have had effect and the entire Agreement, including the provisions of Clause 29.4 and 30, shall be deemed to have applied without amendment as from the Amendment Date.

## PART C

### Operation of Contract Following Expiry of Conditionality Period

Where, in accordance with Clauses 1.4, 1.5 or 1.6, this Part C applies, the following shall apply:

**1. Development Work**

1.1 Fujitsu Services shall as soon as practicable cease to carry out:

1.1.1 the HNG-X Project Activities; and

1.1.2 the Associated Change Activities,

save:

1.1.2.1 to the extent reasonably required for the purposes of the completion (if not already completed) of the following Associated Change Workstreams (as referred to in paragraph 3.3 of Schedule B5):

(a) Service Desk Improvements;

(b) Next Day Engineering Service;

(c) Branch Network Changes; and

1.1.2.2 as required by Post Office pursuant to paragraph 1.2.

1.2 Fujitsu Services shall continue to implement such of the following as and to the extent that Post Office shall, within 14 days following the date on which this Part C takes effect, elect by notice in writing:

1.2.1 Associated Change Workstreams: Branch Router Development and Branch Router Rollout, as referred to in paragraph 3.3 of Schedule B5; and

1.2.2 HNG-X Project Workstream: Migrate Data Centres to HNG-X Configuration, as referred to in paragraph 3.2.1 of Schedule B5.

1.3 The Charges that Post Office shall pay to Fujitsu Services in respect of any Associated Change Workstreams or HNG-X Project Workstreams continued to be developed and/or implemented pursuant to paragraphs 1.1 or 1.2 and any related equipment or hardware, shall be the Charges applicable to those workstreams as set out in Schedules D7 and D8 of this Agreement.

FUJ00000070



1.4 If and to the extent that any work being performed under Work Orders in progress on the date on which this Part C takes effect relates to the HNG-X Service Infrastructure or the Business Capabilities and Support Facilities, Fujitsu Services shall cease to perform such work as soon as practicable, but shall otherwise continue to perform each Work Order in progress on the date on which this Part C takes effect unless that Work Order is deemed to be "closed" in accordance with paragraph 6.3.3 of Schedule 9 to Baseline 7.

## 2. Implementation of Baseline 7

2.1 With effect from the date on which this Part C takes effect the Agreement (including its Schedules, CCDs and CRDs) shall automatically be replaced by the provisions of Baseline 7, save that:

2.1.1 all such provisions of this Agreement as shall be necessary to give effect to paragraph 1 shall be deemed to be incorporated into Baseline 7;

2.1.2 to the extent that any CCNs agreed in respect of this Agreement after the Amendment Date relate to the continued operation or enhancement of the Horizon Service Infrastructure, the Existing Services or the Horizon Applications, such CCNs shall be reflected by amendment in Baseline 7 on the basis that references in such CCNs to the provisions of this Agreement shall be read and construed as references to the most appropriate elements of Baseline 7, taking into account the subject matter of the provisions concerned;

2.1.3 the changes to the Service Levels in this Agreement made in connection with:

2.1.3.1 the implementation of the Associated Change Workstreams and/or HNG-X Project Workstream in accordance with this Agreement prior to the date on which this Part C takes effect and to the extent continued in accordance with paragraphs 1.1 and 1.2; and

2.1.3.2 the Counter Availability SLT as set out in section 2.3.4.2.7 in the CCD entitled "Branch Network: Service Description" (SVM/SDM/SD/0011); and

2.1.3.3 Banking Functions Transactions as set out in section 2.3.4.6 in the CCD entitled " Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003),

shall be made to the corresponding Service Levels in Baseline 7;

2.1.4 the charges payable under Baseline 7 in respect of the Help Desk Service, Engineer Service, Network Service and Data Centre Operations Service (each as referred to in Baseline 7) shall be adjusted to the extent of the reductions in Fujitsu Services' costs and associated margin achieved by completing or continuing implementation of the Associated Change Workstreams and/or HNG-X Project Workstream in accordance with paragraphs 1.1 and 1.2;

FUJ00000070

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2.1.5 the definitions of "Aggregate Charges" and "Feasibility Work" set out in the Annex to this Schedule A6 shall be added to Schedule 1 to Baseline 7;

2.1.6 the paragraphs numbered 4.4, 4.5 and 6.2.2 in the Annex to this Schedule A6 shall replace the paragraphs of those numbers in Schedule 10 to Baseline 7 and the paragraphs numbered 6.2.11 and 6.3 in the Annex to this Schedule A6 shall be added as new paragraphs numbered 6.2.11 and 6.3 in Schedule 10 to Baseline 7;

2.1.7 the provisions of Schedule A2 of this Agreement (other than the provisions that refer to the SIP, which shall cease to be applicable) shall replace the provisions of Schedule 4 of Baseline 7;

2.1.8 the provisions of Schedule D4 of this Agreement shall continue to apply but only to the extent that Post Office reasonably requests so as to enable it to determine and verify:

2.1.8.1 the adjustments to the charges under Baseline 7 pursuant to paragraph 2.1.4;

2.1.8.2 the amount of the Contract Reversal Adjusted Charge;

2.1.8.3 the amount of the Charges payable to Fujitsu Services pursuant to paragraph 1.3; and

2.1.8.4 the amount of any Charges paid or payable by Post Office during the Conditionality Period, if and to the extent that Open Book would have applied to such Charges under this Agreement had it not been replaced by Baseline 7,

and such provisions shall to that extent be incorporated into paragraph 4 of Schedule 11 of Baseline 7;

2.1.9 Fujitsu Services shall grant to Post Office (and procure the grant of) an irrevocable royalty free, non-exclusive worldwide licence to use for whatever purpose all Intellectual Property Rights created by or on behalf of Fujitsu Services, any member of the Fujitsu Services Group or any HNG-X Sub-contractor in respect of:

2.1.9.1 the HNG-X Project Activities and Associated Change Activities during the Conditionality Period; and

2.1.9.2 such of the activities that are continued pursuant to paragraphs 1.1 and 1.2;

2.1.10 the indemnities given by each Party (and all related provisions) in Clause 34 of this Agreement shall apply instead of the indemnity given by Fujitsu Services in Clause 18 of Baseline 7 solely in respect of the Intellectual Property Rights licensed pursuant to the paragraph 2.1.9 of this Schedule but, for the avoidance

FUJ00000070



of doubt, the indemnity given by Fujitsu Services in Clause 18 of Baseline 7 shall apply in all other respects;

2.1.11 Post Office shall not be entitled to carry out benchmarking pursuant to paragraph 2 of Schedule 11 of Baseline 7 until the Working Day immediately following the end of 6 calendar months following the date on which this Part C takes effect.

2.2 Cross-references in Baseline 7 (as amended by this Part C):

2.2.1 to clauses, paragraphs, sub-clauses and sub-paragraphs of this Agreement that are intended to refer to provisions in Baseline 7 shall, where necessary, be read and construed as referring to the equivalent provision in Baseline 7 (as amended by this Part C); and

2.2.2 to clauses, paragraphs, sub-clauses and sub-paragraphs that are intended to refer to provisions of this Agreement shall, where necessary, be read and construed as referring to the relevant provisions of this Agreement that have been introduced into Baseline 7 as a result of the amendments made by this Part C.

2.3 With effect from the date on which this Part C takes effect, all the licences and sub-licences granted or procured by Fujitsu Services under Clause 30 of this Agreement in respect of Fujitsu Background IPR and Third Party Items shall terminate.

2.4 All software, documents materials or other things provided by Fujitsu Services pursuant to the licences granted under paragraph 2.1.9 shall be provided "as is" and the Parties agree that all express and implied warranties and conditions relating to such software, documents materials and other things are excluded to the full extent permitted by law.

**3. Contract Reversal Charge**

3.1 Within 30 days of the date that this Part C takes effect, Post Office shall pay to Fujitsu Services an amount equal to £5,759,327 multiplied by the proportion that the number of days from (and including) the Amendment Date to (but excluding) the date that this Part C takes effect bears to 334 (the "Contract Reversal Initial Charge").

3.2 Fujitsu Services shall calculate the following as soon as reasonably practicable within three months after the date that this Part C takes effect:

3.2.1 the aggregate amount of the charges which would have been payable by Post Office to Fujitsu Services under Baseline 7 had Baseline 7 been in force and applied during the Conditionality Period in respect of the HNG-X-Services and Development Services that were duly provided under this Agreement during the Conditionality Period (taking account of pre-payments, credits and discounts that would have been applicable under Baseline 7, including those applicable having applied paragraphs 2.1.5 and 2.1.6 to Baseline 7); plus

FUJ00000070



3.2.2 in relation to each individual (and aggregated for all individuals) employed or engaged by Fujitsu Services (or its HNG-X Sub-contractors) to deliver Project HNG-X who would have continued to work on Project HNG-X had it not ceased in accordance with paragraph 1.1, an amount equal to the charges that would have been payable by Post Office to Fujitsu Services for work performed in accordance with the HNG-X Programme Plan by that individual according to the rates set out in the table in paragraph 2.2 of Schedule D8 (assuming 7.4 hour days), if work had continued on Project HNG-X after the date that this Part C takes effect until the earlier of:

3.2.2.1 two months after the date that this Part C takes effect; and

3.2.2.2 the date on which either (i) that individual is redeployed within Fujitsu Services or a member of the Fujitsu Services Group to undertake work in respect of any customer of Fujitsu Services or a member of the Fujitsu Services Group (as the case may be) or (ii) the relevant engagement terminated, in each case Fujitsu Services having taken reasonable steps to mitigate exposure to costs by redeploying or terminating the relevant engagement (and procuring its HNG-X Sub-contractors do the same),

and the amount determined shall not be more than the estimated aggregate HNG-X T&M Budget for such work for the relevant period as set out in the budget report to be delivered in accordance with paragraph 11 of Sub-schedule B6.2; plus

3.2.3 an amount equal to:

3.2.3.1 the aggregate of all Migration Charges due and which would have become due to be paid by Post Office in accordance with the provisions of Schedule D7; minus

3.2.3.2 all amounts paid by Post Office in respect of such Migration Charges and all of Fujitsu Services' costs (and associated margin) in relation to such Migration Charges that Fujitsu Services is able to avoid or mitigate (having taken reasonable steps to do so); plus

3.2.4 an amount equal to the aggregate of all costs reasonably incurred by Fujitsu Services (other than those recoverable pursuant to paragraphs 3.2.2 and 3.2.3) associated with all HNG-X Project Activities and Associated Change Activities that are ceased in accordance with paragraph 1.1, including but not limited to any termination charges payable to suppliers and sub-contractors (in all cases Fujitsu Services being required to take reasonable steps to mitigate its exposure to such costs); minus

3.2.5 the aggregate amount of the charges which shall have been actually payable to Fujitsu Services under this Agreement in respect of the HNG-X Services and Development Services that were duly provided under this Agreement during the

FUJ00000070



Conditionality Period (taking account of pre-payments, credits and discounts applicable under this Agreement),

(the "Contract Reversal Adjusted Charge").

3.3 If the Contract Reversal Adjusted Charge is:

3.3.1 greater than the Contract Reversal Initial Charge, Post Office shall pay to Fujitsu Services an amount equal to the difference; or

3.3.2 less than the Contract Reversal Initial Charge, Fujitsu Services shall allow an amount equal to the difference as a credit against Charges payable by Post Office.

3.4 The amount (if any) payable by Post Office pursuant to paragraph 3.3.1 shall be invoiced to Post Office by Fujitsu Services in the same manner as any other Charge invoiced in accordance with Schedule 9 of Baseline 7 and, subject to paragraph 3.5, such invoice shall be paid by Post Office within 30 days of receipt.

3.5 Should any part of the amount invoiced under paragraph 3.4 be subject to a Dispute, then Fujitsu Services shall be entitled to be paid for that part not in dispute (including any part in respect of which such Dispute is subsequently resolved) and which has been agreed with Post Office and Post Office shall pay such amount within 30 days of receipt of a valid invoice raised under paragraph 3.4.

3.6 For the avoidance of doubt, amounts duly paid to Fujitsu Services under Schedule D8 for HNG-X Development and Associated Change Development and Schedule D7 for Migration during the Conditionality Period shall not be taken into account in calculating the amount of the Contract Reversal Adjusted Charge and shall not, by virtue of this Part C taking effect, be liable to be repaid, and all further amounts payable by Post Office in accordance with those Schedules for work performed or equipment supplied during the Conditionality Period shall not, by virtue of this Part C taking effect, cease to be payable.

## 4. Reinstatement

Fujitsu Services shall, as soon as reasonably practicable following this Part C taking effect, take all necessary steps to reverse the effect of any testing or implementation of the HNG-X Service Infrastructure (save to the extent that Post Office shall have elected to continue with the installation of such Infrastructure in accordance with paragraph 1.2 of this Part C). Post Office shall reimburse to Fujitsu Services all reasonable costs and expenses incurred by Fujitsu Services in performing its obligations under this paragraph. Fujitsu Services shall raise invoices in accordance with Schedule D2 for such costs and expenses as they arise.

## 5. Further Assurance

5.1 Each Party agrees that it shall do all such things as may reasonably be required to give effect to the provisions of this Part C. Post Office shall reimburse to Fujitsu Services all

FUJ00000070



reasonable costs and expenses (including, without limitation, its legal costs in connection with the re-introduction of and amendment to Baseline 7) incurred by Fujitsu Services in doing such things. Fujitsu Services shall raise invoices in accordance with Schedule D2 for such costs and expenses as they arise.

5.2 The Parties shall, as soon as reasonably practicable following the date on which this Part C takes effect, agree and execute a revised version of this Agreement reflecting all the changes to be made pursuant to paragraph 2 of this Part C and any other necessary changes consequent upon the completion or continuing implementation of the Associated Change Workstreams and/or HNG-X Project Workstream in accordance with paragraphs 1.1 and 1.2. Any disagreement as to such terms shall be resolved in accordance with the Dispute Resolution Procedure set out in Schedule A2.

FUJ00000070

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**ANNEX**

| | |
|---|---|
| **"Feasibility Work"** | shall have the meaning set out in paragraph 6.3 of Schedule 10; |
| **"Aggregate Charges"** | shall have the meaning set out in paragraph 6.2.11 of Schedule 10; |

4.4 The value of the Core SI Services provided by Fujitsu Services to Post Office in relation to such Pre-paid SI Capacity shall be calculated on a time cost basis in the same way and at the same rates as it is calculated for Additional Resources in paragraph 6.2.1 without application of the discounts and rebates referred to in paragraph 6.2.2. This value of Core SI Services shall be adjusted to reflect any applicable discount for Feasibility Work as described in paragraph 6.3.

4.5 Unless otherwise agreed in accordance with paragraph 11.16 of Schedule 20, if the value of Core SI Services (calculated in accordance with paragraph 4.4) provided in a Work Period exceeds the Pre-paid SI Capacity for that Work Period, the amount of such excess shall be charged to Post Office on the basis described in paragraph 6.2.

6.2.2 Post Office shall receive the following discounts on, and rebates against, the Additional SI Charges payable in accordance with paragraph 6.2.1:

6.2.2.1 if any Additional Resource in respect of which the Additional SI Charges referred to in paragraph 6.2.1 apply was used by Post Office in relation to Feasibility Work then the Additional SI Charges shall be reduced by an amount (if any) calculated in accordance with paragraph 6.3;

6.2.2.2 Post Office shall receive a discount of 20% on the Additional SI Charges as adjusted in accordance with paragraph 6.2.2.1 (or if no such adjustment applies as calculated in accordance with paragraph 6.2.1); and

6.2.2.3 Post Office shall be entitled to a rebate against the Additional SI Charges in accordance with paragraph 6.2.11.

6.2.11 Post Office shall be entitled to a rebate against Additional SI Charges if in respect of any Financial Year such charges (calculated as if the Additional SI Charges payable by Post Office in respect of that Financial Year were the Additional SI Charges as adjusted pursuant to paragraph 6.2.2.1, but without any discount pursuant to paragraph 6.2.2.2) ("Aggregate Charges") fall within one of the thresholds set out in the following table:

| Aggregate Charge Thresholds | Rebate Percentage |
|---|---|
| £5,000,001 to £7,500,000 | 2.5% |
| £7,500,000 to £10,000,000 | 5.0% |
| Over £10,000,000 | 7.5% |

FUJ00000070



Such rebate (if any) shall be the rebate percentage (which corresponds to the threshold above in which the Aggregate Charges fall) of the Aggregate Charges and shall be issued to Post Office by Fujitsu Services as a credit against the Additional SI Charges payable by Post Office in respect of that Financial Year.

6.3 Additional Discounts in relation to Feasibility Work

6.3.1 If in any Financial Year the services of the Core SI Team or Additional Resource are used by Post Office in relation to feasibility studies which the Parties have agreed under a Work Order to undertake as part of the Strategic Approval Stage and/or the Start-up and Feasibility Stage of the Development Process ("Feasibility Work") then the value of the Core SI Services calculated in accordance with paragraph 4.4 and/or the Additional SI Charges payable in accordance with paragraph 6.2.1 above (as the case may be) shall be reduced by an amount calculated in accordance with the following formula:

RA (£) = {N / 4} (where the outcome of {N / 4} is rounded down to the nearest whole number) x R

where:

RA = Reduced amount in respect of a particular Professional Service Grade category (as set out in paragraph 6.2.1) in relation to Core SI Services and/or Additional Resource.

N = Total number of working days (as described in paragraph 6.2.5), in whole or in part, of Feasibility Work undertaken by all individuals in the Professional Service Grade category referred to in RA.

R = Rate per working day (as described in paragraph 6.2.1) for the Professional Service Grade category referred to in RA.

The above formula shall be applied in respect of each applicable Professional Service Grade category such that the total reduction to the value of the Core SI Services and/or Additional SI Charges shall equal the sum of the reduced amounts (RA) for each applicable category.

FUJ00000070

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# SCHEDULE B1.1

# DEVELOPMENT SERVICES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 1.2 | 19/01/07 | Further minor amendments |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 2.1 | 19/03/07 | Applying CCN 1206 |
| 2.2 | 22/03/07 | Amendment to CCN 1206 |
| 3.0 | 09/07/07 | Baseline copy of 2.2 |
| 4.0 | 23/02/09 | Baseline copy of 3.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/04/10 | Minor tidy up amendments |
| 6.2 | 05/05/05 | Further minor adjustments |
| 7.0 | 10/05/10 | Moving all schedules to v7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference updates and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE B1.1

# DEVELOPMENT SERVICES

## 1. INTRODUCTION

1.1 This Schedule B1.1 deals with:

1.1.1 the procurement principles in relation to the integration of systems or software into the Infrastructure, against the background of Fujitsu Services' potential appointment as Preferred Systems Integrator as described in Schedule A1, and the addition of new functionality to the Infrastructure; and

1.1.2 Development Services, as more specifically defined in paragraph 3 below.

1.2 Development Services shall be ordered through Work Orders.

1.3 This Schedule B1.1 sets out Post Office's and Fujitsu Services' agreed approach to contracting for Development Services. This shall include adherence to a generic Development Lifecycle and its component Development Lifecycle Stages (the operation and interaction of which for each development project being described in the Development Methodology agreed for that development project) unless Post Office adopts a competitive approach to procurement, in which case Post Office may adopt a different lifecycle approach to suit the development project, as further described below.

1.4 This Schedule B1.1 does not deal with (and the Development Services do not include):

1.4.1 except as described in paragraph 3.1.4, the Implementation of Branch Hardware, which is dealt with under Schedule B1.3;

1.4.2 the operation of and (through the Operational Business Change (Branch Change) Service or Reference Data changes) modifications to any applications and systems after their development and implementation under a Work Order, such operation being dealt with under Schedule B3.1;

1.4.3 services to be provided under the SIP which are dealt with under Schedule B1.2; or

1.4.4 HNG-X Development or Associated Change Development which are dealt with under Schedules B6.1, B6.2 and B6.3.

1.5 It is the intention of both Parties that the most suitable procurement method shall be used as the basis for contracting an individual Work Package.

## 2. PROCUREMENT PRINCIPLES

2.1 Systems Integration Principles

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2.1.1 Post Office may appoint Fujitsu Services as Preferred Systems Integrator in accordance with the provisions of Schedule A1. If Fujitsu Services is appointed as Preferred Systems Integrator, the terms upon which Fujitsu Services assumes responsibility for any Relevant IT Systems designated by Post Office shall, as specified in Schedule A1, be agreed under the Change Control Procedure save that work required to develop any interfaces required between the Relevant IT Systems and the Infrastructure or other Systems Integration may be, and where paragraph 2.1.2 applies shall be, provided under a Work Order as H&HNG Systems Integration in accordance with the provisions of this Schedule.

2.1.2 Whether or not Fujitsu Services or any third party is appointed as the Preferred Systems Integrator and notwithstanding anything to the contrary in Schedule A1 or this Schedule B1.1, Fujitsu Services shall, throughout the term of this Agreement, be the exclusive provider to Post Office of:

2.1.2.1 H&HNG Systems Integration described in paragraph 3.1.3.2; and

2.1.2.2 those elements of Hardware Implementation identified in the Annex to Schedule B1.3 as Hardware Implementation that Fujitsu Services (and not Post Office or a third party) is entitled to provide, to the extent that such Hardware Implementation relates to the Infrastructure.

2.1.3 The terms on which Fujitsu Services supplies the services referred to in paragraph 2.1.2 shall be set out in one or more Work Orders in accordance with the provisions of this Schedule and the Work Ordering Procedure.

2.1.4 For the avoidance of doubt, the only exclusivity granted to Fujitsu Services under this Schedule B1.1 is set out in paragraph 2.1.2 of this Schedule.

2.2 Application Procurement principles

2.2.1 Where Post Office requires additional functionality to be integrated within the Infrastructure it will, wherever practicable and cost effective (and subject to paragraph 2.2.3) provide such functionality by procuring standard (commercial off the shelf) applications or Application Services from Fujitsu Services or a third party software provider rather than carrying out bespoke software development.

2.2.2 Notwithstanding paragraph 2.2.1, where standard applications or Application Services are not available or not suitable, Post Office may:

2.2.2.1 procure a bespoke application from a third party; or

2.2.2.2 procure a bespoke application from Fujitsu Services.

2.2.3 Subject to paragraph 2.2.4, the selection and deployment of any third party standard applications or Applications Services or third party bespoke applications or Applications Services is subject to joint:

FUJ00000070



2.2.3.1 verification of the application's or Applications Services' technical compatibility and ability to interface with the Infrastructure, the Horizon Applications and/or the Business Capabilities and Support Facilities;

2.2.3.2 assessment of the impact on the Infrastructure (including the costs of implementation) and the HNG-X Services (including the Service Levels and any limitations on liability). The impact assessment will consider any operational risks, Service Level lets or caveats which may be necessitated by the architecture;

2.2.3.3 review of the availability of suitable support capability;

2.2.3.4 assessment against Post Office IT and business strategies and long term operating costs:and

2.2.3.5 identification of any additional existing documentation that Post Office requires from Fujitsu Services to facilitate Post Office's assessment of the standard or third party application.

by Post Office and Fujitsu Services.

2.2.4 The verification, assessment and review activities referred to in paragraph 2.2.3 shall utilise the SIP to the extent decided by the Systems Integration Partnership and Executive Relationship, but Fujitsu Services' involvement shall otherwise be subject to a Work Order agreed under the Work Ordering Procedure.

2.2.5 Where Post Office chooses to procure a standard or bespoke application from Fujitsu Services the terms on which it does so shall be set out in one or more Work Orders in accordance with the Work Ordering Procedure and the provisions of paragraphs 4 and 5 below.

2.2.6 Where Post Office chooses to procure a standard or bespoke application from a third party, the commercial and contractual relationship between Post Office, Fujitsu Services and any third party application or Application Service provider (including the charges payable to Fujitsu Services) shall be agreed on a case by case basis. The Parties may adopt whatever commercial and/or contractual structure is appropriate for the particular circumstances. However, the commercial and contractual arrangement must take reasonable account of the impact on the systems and services provided to Post Office by Fujitsu Services.

2.2.7 Fujitsu Services shall not unreasonably refuse to integrate third party applications or Applications Services into the Infrastructure, taking into account the proposed commercial terms and the impact such integration will have on the systems and services provided to Post Office by Fujitsu Services.

## 3. DEVELOPMENT SERVICES

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3.1 Subject to paragraph 1.4, the following Services (together the "Development Services") may be procured by Post Office from Fujitsu Services under this Schedule B1.1:

3.1.1 Professional Services

Professional services comprising the provision of consultancy and technical advice by appropriately skilled Fujitsu Services personnel on a T&M basis in accordance with Schedule D1 under the management of Post Office. Typical work would include strategy, feasibility and requirements studies. Provision of such services is separate from but relates to the services described in paragraph 3.1.2 to 3.1.4 below.

3.1.2 Software Development

Software development involves:

3.1.2.1 application development, being the design, development, evaluation, tailoring/configuration, testing and validation, of application software; and

3.1.2.2 infrastructure software development, being the design, development, evaluation, tailoring/configuration, testing and validation, of infrastructure software.

3.1.3 H&HNG Systems Integration

H&HNG Systems Integration involves:

3.1.3.1 the selection and integration of components and the testing of those components as part of an end to end suite of systems; and/or

3.1.3.2 the implementation of infrastructure and software upgrades and additions to the Infrastructure (other than the Branch Infrastructure) to interface to any new systems or applications and support any new services operating end-to-end as defined by Post Office requirements in the relevant Work Order.

3.1.4 Hardware Implementation.

## 4. CONTRACTING FOR DEVELOPMENT SERVICES

4.1 Fujitsu Services and Post Office shall operate a generic development approach (the "Development Lifecycle") for Development Services procured by Post Office from Fujitsu Services under this Schedule B1.1. The Development Lifecycle is made up of six generic stages (each generic stage being a "Development Lifecycle Stage") as described in paragraph 5.

4.2 The way in which these Development Lifecycle Stages are executed, and the way they interact will differ depending on the type of development project, and will be detailed in the

FUJ00000070



Development Methodology agreed by the Parties as most suitable for successfully delivering the development project in question. The Development Methodology to be used for each development project shall:

4.2.1 be agreed by the Parties no later than the end of the Requirements Stage (as described in paragraph 5.4.1) +for that development project;

4.2.2 shall, as a minimum, set out the approach to the Development Lifecycle Stages (including how the processes and disciplines of the Development Methodology map to the generic Development Lifecycle and Development Lifecycle Stages) and the Artefacts to be produced at each Development Lifecycle Stage for that development project, by each Party; and

4.2.3 shall be developed to be consistent with RMG Harmony (so as not to prevent the use by Post Office of RMG Harmony in relation to that development project.)

Post Office shall be responsible for documenting the Development Methodology agreed for each development project.

4.3 Development Services to be undertaken by Fujitsu Services must be ordered as Work Orders in accordance with the provisions of Schedule D2. The terms of such Work Orders shall be determined in accordance with the provisions of paragraphs 4 and 5 unless either paragraph 2.2.6 or paragraph 6 applies, in which case the terms of such Work Orders shall be determined in accordance with paragraph 2.2.6 or 6 respectively.

4.4 The basis for development resource planning of Work Packages shall be the Development Lifecycle Stages.

4.5 The following principles shall be applicable to contracting for Development Services between Post Office and Fujitsu Services:

4.5.1 clear control for each Development Lifecycle Stage and the responsibility to deliver associated deliverables will be specified and agreed between the Parties as vesting in either Post Office or Fujitsu Services but not both;

4.5.2 business control of Work Packages shall be established in accordance with the governance principles set out in Schedule A2 and the Work Ordering Procedure in Schedule D2 and each large Work Package will have a senior management sponsor within both Fujitsu Services and Post Office; and

4.5.3 related responsibilities shall be clearly identified and assigned to specific individuals in Fujitsu Services or Post Office.

4.6 Where the scope and size of a Work Package are substantial, Post Office may request Fujitsu Services to identify as separable components of work individual Work Package Elements which could be carried out by third parties under Fujitsu Services' management. Where this option is considered, Fujitsu Services will identify any liability, performance,

FUJ00000070



reliability or other potential service implications of such option and the terms to be incorporated into a subcontract for such work.

## 5. THE DEVELOPMENT LIFECYCLE

Initial Development Lifecycle Stages

5.1 The following Development Lifecycle Stages will be led by Post Office who may procure professional services (as described in paragraph 3.1.1) from Fujitsu Services to support the work done in the relevant Development Lifecycle Stage.

5.1.1 Strategic Approval Stage, which defines the strategic and architectural framework within which the changes are to be developed and delivered.

5.1.2 Start-up and Feasibility Stage, in which Post Office develops an outline view of a potential business requirement with input, where required, from Fujitsu Services:

5.1.2.1 on the indicative cost range for the provision of a potential solution, to assist Post Office in making an informed decision on:

(a) the business case for proceeding to later stages of the Development Lifecycle; and

(b) sourcing of solution components; and

5.1.2.2 to assist with an assessment of the most appropriate Development Methodology to be adopted (with this Development Methodology being confirmed during the Requirements Stage by the Systems Integration Partnership); and

5.1.2.3 to give an indication of the scope of any work that Fujitsu Services proposes be undertaken by any Sub-contractor located outside the United Kingdom (with this being confirmed during the Solution Definition Stage).

5.2 A key objective of these two Development Lifecycle Stages is to provide sufficient information to Post Office such that it can make an informed decision about the procurement approach in respect of the development project as a whole and each solution component. Post Office shall consider the procurement options by reference to the provisions of Schedule B1.3 and paragraphs 4.6 and 6 of this Schedule B1.1 before a decision is made by Post Office on whether it will involve Fujitsu Services in the later Development Lifecycle Stages or in procuring subcontractors in accordance with paragraph 4.6, or adopt a competitive approach in accordance with paragraph 6.

Subsequent Development Lifecycle Stages where Development Services are procured from Fujitsu Services

FUJ00000070

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5.3 If Fujitsu Services is required to provide Development Services after the Strategic Approval Stage and the Start-up and Feasibility Stage and a competitive approach is not adopted by Post Office as described in paragraph 6 of this Schedule B1.1, the remaining provisions of this paragraph 5 shall be applicable.

5.4 The Development Lifecycle Stages that (subject to paragraphs 4.2 and 5.5) shall apply after the Strategic Approval Stage and the Start-up and Feasibility Stage are described below.

5.4.1 Requirements Stage, in which production of a full specification of the requirements and Work Packages is led and managed by Post Office to form the basis for solution specification and any subsequent contract for development, implementation, acceptance and operational work.

5.4.2 Solution Definition Stage, managed by Fujitsu Services, in which Fujitsu Services produces (i) a solution description as defined in the applicable Development Methodology setting out the proposed solution in response to the Post Office's Work Package requirements including any qualifications and caveats applicable to those requirements and (ii) Commercial Terms detailing the price and contractual terms applicable to the subsequent Development Lifecycle Stages (and those applicable to any subsequent stage relating to operational service if not dealt with in an associated CCN), including confirmation of the details and scope of any work to be undertaken by any Sub-contractor located outside the United Kingdom (together with the identity of any such Sub-contractor).

5.4.3 Solution Build and Test Stage, managed by Fujitsu Services, in which Fujitsu Services undertakes the development, integration and testing of the solution Work Package (other than any user testing or release validation testing or elements of solution assurance which will be managed by Post Office) up to, and including, its acceptance by Post Office.

5.4.4 Implementation Stage, managed by Fujitsu Services, in which Fujitsu Services undertakes system and software rollout into the live environment (any necessary Implementation of Branch Hardware having been carried out in accordance with Schedule B1.3 and, as applicable, this Schedule) together with related planning and change management, up to acceptance of the solution into live service. Post Office related business implementation aspects shall be managed by Post Office.

5.5 In order to optimise the Development Lifecycle, Development Lifecycle Stages may overlap or occur in parallel, be combined or, in exceptional cases, omitted. The method of operation of the Development Lifecycle Stages for each development project will be set out in the Development Methodology as agreed and documented in accordance with paragraph 4.2.

Access to business users and clients

5.6 Post Office shall provide Fujitsu Services with reasonable access to informed and empowered business users and clients early in the Development Lifecycle to enable

FUJ00000070



Fujitsu Services to understand the function/ cost trade offs early in the Development Lifecycle. In some cases this may be achieved by Fujitsu Services' provision of personnel to work in the SIP in accordance with Schedule B1.2.

Access to technical experts

5.7 Fujitsu Services shall provide Post Office with reasonable access to informed and empowered technical experts throughout the Development Lifecycle to enable Post Office to understand the outputs of the Development Lifecycle.

Documentation

5.8 Documentation produced by Fujitsu Services during the Development Lifecycle for a development project shall be limited to:

5.8.1 for development subsequent to Project HNG-X, unless Post Office notifies Fujitsu Services otherwise, an update of all relevant documentation within the Solution Baseline Documentation Set, the introduction of which, to the extent this Agreement is updated, shall be subject to agreement under the Change Control Procedure;

5.8.2 documents commissioned by Post Office under Work Order(s) for that development project; and

5.8.3 documents otherwise required by Fujitsu Services for its own purposes.

5.9 With respect to documentation referred to in paragraphs 5.8.1 and 5.8.2, Post Office and Fujitsu Services will agree a review process which provides appropriate and informed input within a framework of efficient working. Both parties aspire to continuous improvement and shall identify new approaches and technology to meet these goals.

Testing and Acceptance

5.10 The process applicable to testing of Releases developed for:

5.10.1 the Horizon Service infrastructure or the elements of the Horizon Service Infrastructure used during the Roll Out Phase, including all Releases designated by the Parties as 'T Releases', shall be as set out in the CCD entitled "Testing Approach for the Horizon System" (VI/STR/064) together with the paper entitled "T Release Testing Strategy (Post S92 Testing Strategy)" (version 0.1) (which the Parties will develop into a CCD by the end of October 2006); and

5.10.2 the HNG-X Service Infrastructure after Initial Acceptance, shall be set out in the presentation paper entitled "An Approach" (dated 31 March 2006) (which will be developed by the parties into a CCD based on the testing approach for Project HNG-X).

5.11 The process applicable to Acceptance of Releases developed for:

FUJ00000070



5.11.1 the Horizon Service Infrastructure or the elements of the Horizon Service Infrastructure used during the Roll Out Phase, including all Releases designated by the Parties as 'T Releases', shall be as set out in the CCD entitled "Horizon Generic Release Acceptance Process" (PA/PRD/013); or

5.11.2 the HNG-X Service Infrastructure after HNG-X Initial Acceptance, shall be as set out in a CCD which the Parties shall develop by HNG-X Initial Acceptance based on the acceptance approach used for Project HNG-X.

Roles and Responsibilities

5.12 Subject to agreement to the contrary in the Work Order for any one or more Development Lifecycle Stages, the following roles and responsibilities shall apply in relation to the Development Lifecycle for each project:

5.12.1 Post Office Roles and Responsibilities

5.12.1.1 Post Office shall be responsible for its business change process from conception, through preliminary business analysis, to solution architecture and completion of the requirements capture.

5.12.1.2 Post Office shall carry out any responsibilities agreed by it as part of a Work Order.

5.12.1.3 During the Development Lifecycle Post Office shall:

(a) provide guidance on interpretation of the documents which it owns;

(b) appoint one delivery manager to manage each Work Package from Post Office's perspective;

(c) appoint one Design Authority, covering both business and technical Work Package aspects;

(d) provide appropriate levels of data for take-on of new services (as will be described in more detail in the relevant Work Order) except where such data already exists in the Infrastructure; and

(e) ready its business to receive the solution (as will be described in more detail in the relevant Work Order).

5.12.2 Fujitsu Services Roles and Responsibilities

5.12.2.1 During the Development Lifecycle, Fujitsu Services shall

(a) complete the Work Orders as agreed with Post Office;

FUJ00000070



(b) provide guidance on interpretation of the documents which it owns;

(c) arrange a reasonable level of joint Work Package review checkpoints;

(d) be accountable for the quality of the solution delivered by the Work Package to meet the agreed acceptance criteria; and

(e) provide points of contact/authority comparable to those set out in paragraphs 5.12.1.3(b) and 5.12.1.3(c).

5.12.2.2 Fujitsu Services shall provide a measurement mechanism which can be used to estimate the functional size and complexity of software components and which can be used to estimate the functional size and complexity of future software changes.

5.12.2.3 In accordance with agreed Work Order(s), Fujitsu Services shall support Post Office in activities necessary for Post Office to achieve:

(a) certification, accreditation or assurance with its Clients or other third parties; and

(b) e-certification or re-accreditation with its Clients or other third parties.

5.12.3 Joint Roles and Responsibilities

5.12.3.1 During the Development Lifecycle, the Parties shall jointly:

(a) agree development project plans, including timescales, milestones and dependencies, for each development project to a level of detail to be agreed by the Parties on a case by case basis;

(b) consult with any other third party suppliers in the development and agreement of these development project plans;and

FUJ00000070



(c) manage and implement the development project plans specified in 5.12.3.1(a) above, in accordance with the applicable provisions of Schedules A2, A3 and D2.

5.12.3.2 Where Fujitsu Services appoints a Sub-contractor to carry out Development Services Fujitsu Services shall provide to Post Office:

(a) Sub-contractor progress reports as made available to Fujitsu Services, to accompany Fujitsu Services' progress reports;

(b) updated project plans as made available to Fujitsu Services, to accompany Fujitsu Services' project plans;

(c) risks and issues identified by the Sub-contractor included in the Fujitsu Services risk register to enable such risks and issues to be subject to the joint risk mitigation process in use by Fujitsu Services and Post Office;

(d) requirement specifications provided to the Sub-contractor by Fujitsu Services to enable Post Office to provide clarification or assistance in the interpretation and understanding of such specifications if necessary; and

(e) following a reasonable request from Post Office, other information relating to the work of the Sub-contractor.

5.12.3.3 With regard to the information to be provided pursuant to 5.12.3.2 (a):

(a) Fujitsu Services shall be allowed to remove any confidential information of the Sub-contractor provided that where such information is the cause or likely cause of a material adverse impact on the agreed timescale or budget for a Fujitsu Services or Sub-contractor deliverable that information is provided to Post Office appropriately modified only to protect its confidentiality; and

(b) variations may be agreed between the Parties on a case by case basis.

5.12.3.4 Fujitsu Services shall invite Post Office to attend progress meetings with each Sub-contractor appointed to carry out Development Services a minimum of once a month or to each progress meeting if they are held less frequently than once a month.

Offshore Development

5.13 Fujitsu Services will propose which components of a solution are to be produced offshore on a case-by-case basis and which aspects of development (design, development, test) are to be produced offshore. Fujitsu Services shall provide reasonable notice to Post

FUJ00000070



Office to consider such proposals and shall seek Post Office agreement to these proposals before they are implemented, such agreement not to be unreasonably withheld. The decision to offshore the development of a component will be based on information that will include architectural considerations, skills availability, development knowledge, support constraints and security measures.

5.14 Before Fujitsu Services proposes to Post Office, pursuant to paragraph 5.13, that any development work be undertaken offshore, Fujitsu Services shall, at no cost to the Post Office, carry out an assessment of the potential risks involved in such work being undertaken offshore. Such assessment shall consider any potential risks arising from the physical, logical and management security standards to be followed by the offshore developer undertaking such work.

5.15 Fujitsu Services shall disclose to Post Office (a) the results of the assessment referred to in paragraph 5.14 and (b) details of the processes, procedures, systems and controls it has or intends to put in place to address the risks identified in that assessment. The commencement of any offshore development work shall be conditional on Post Office confirming to Fujitsu Services that it is satisfied with such assessment and such processes, procedures, systems and controls.

5.16 In the event that the Parties agree that it is necessary for the offshore developer to be required to put in place any of the following security measures in respect of any development work undertaken by it offshore:

(a) physically isolating its development environment for the development work commissioned by Fujitsu Services on behalf of the Post Office from other areas, with access restricted to only those resources of the offshore developer who are carrying out such activities; and

(b) isolating the offshore developer's networks for such development environment from other areas and other networks including data security, network security, server security, document security and web security; then

as part of any such agreement, the Parties shall also agree any additional charges to be paid by Post Office for those measures, such charges to reflect any additional costs incurred by the offshore developer in implementing those measures.

5.17 Fujitsu Services shall be responsible for ensuring that the offshore developer implements and observes any security measures disclosed to Post Office pursuant to paragraph 15.13 (to the extent they are relevant to the offshore developer) or agreed by the Parties pursuant to paragraph 5.16. Other than as referred to in paragraph 5.16, the cost of such security measures shall be borne by Fujitsu Services.

## 6. COMPETITIVE APPROACH

6.1 Having undertaken the Strategic Approval Stage and the Start-up and Feasibility Stage, Post Office may decide to adopt a competitive approach for the development project in which case the terms on which any subsequent Development Services are provided by Fujitsu Services in relation to that development project will be determined through a competitive process. Post Office shall specify the requirements and processes to be

FUJ00000070



applied to such competitive procurement, dividing the tasks into Work Packages which may replicate the Development Lifecycle Stages.

6.2 If Post Office decides to adopt a competitive approach, the following provisions shall apply:

6.2.1 If paragraph 2.1.2 applies in respect of a Work Package, Post Office shall procure that Work Package from Fujitsu Services.

6.2.2 If Fujitsu Services has been appointed as the Preferred Systems Integrator and a Work Package involves Systems Integration then, unless paragraph 2.1.2 applies, Fujitsu Services shall be invited to compete for that Work Package in accordance with paragraph 3.6 of Schedule A1.

6.2.3 In all other cases, Fujitsu Services shall not unreasonably be refused by Post Office an opportunity to compete for any of the Work Packages.

6.3 All Work Packages awarded to Fujitsu Services as part of the competitive process envisaged by this paragraph shall be procured by Work Order agreed under the Work Ordering Procedure. Unless the Parties agree otherwise, the provisions of paragraph 5.6 to 5.12 shall apply in relation to such Work Orders.

6.4 Post Office shall, with assistance from Fujitsu Services in relation to Work Packages awarded to Fujitsu Services, plan the stages involved in development work in order to achieve appropriate time to market that may involve overlapping stages between Post Office and its suppliers, including Fujitsu Services. However there shall be discrete decision points such that Fujitsu Services shall be aware whether work undertaken by it in one stage shall be followed by a competitive procurement in relation to the next stage.

6.5 Post Office may procure from Fujitsu Services the establishment of a test environment for use by a third party developer, where required, as a specific Work Order at the rates and charges set out in paragraph 10 of Schedule D1.

## 7. ACCESS TO AND PROVISION OF DOCUMENTATION RELATING TO THE HORIZON SERVICE INFRASTRUCTURE

7.1 Post Office shall be entitled to have access to and use of Horizon Design Documentation for any one or more Design Purposes subject to and in accordance with Clauses 30.15.

7.2 Internal Design Documentation

Any Internal Design Documentation to which Post Office is entitled to have access shall be provided by Fujitsu Services to Post Office on an 'as is' basis without warranty or commitment as to its quality, accuracy, completeness or fitness for purpose (all implied warranties being excluded to the fullest extent permitted at law).

7.3 Specially Commissioned Design Documentation

FUJ00000070



7.3.1 Post Office may commission Fujitsu Services to produce specially commissioned design documentation for one or more Design Purposes ("Specially Commissioned Design Documentation").

7.3.2 Fujitsu Services warrants that such Specially Commissioned Design Documentation shall be produced by appropriately qualified, experienced and trained personnel with all due skill, care and diligence taking into account good industry practice and their previous roles within Fujitsu Services relevant to the subject matter of this Agreement, but any other implied warranties are excluded to the fullest extent permitted at law.

7.4 Any Fujitsu Services Professional Services required by the Post Office or an applicable third party to interpret the Horizon Design Documentation shall be provided to the Post Office on a time and materials basis on the rates set out in Schedule D1, paragraph 10 and shall be subject to the confidentiality undertakings set out in Clause 30.15.2.

## 8. ASSOCIATED DOCUMENTS

The following CCDs are associated with this Schedule B1.1:

| | Document Reference | Document Title |
|---|---|---|
| 1. | VI/STR/086 | T Release Testing Strategy (Post S92 Testing Strategy)<br><br>(CCD to be developed pursuant to paragraph 5.10.1) |
| 2 | TST/GEN/STG/0004 | Generic Testing Approach for HNG-X<br><br>(CCD to be developed pursuant to paragraph 5.10.2) |
| 3. | PA/PRD/013 | Horizon Generic Release Acceptance Process |
| 4. | PGM/PAS/PRO/0008 | Generic Release Acceptance Process for HNG-X<br><br>(CCD to be developed pursuant to paragraph 5.11.2) |
| 5. | PA/STR/003 | Pathway Release Policy |
| 6. | SD/STD/001 (Replaced )<br><br>DES/APP/STD/0001 | Horizon Office Platform Service Style Guide (Replaced )<br><br>HNGX-UI Style Guide |
| 7. | VI/STR/064 | Testing Approach for the Horizon System |

FUJ00000070

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The following CRDs are associated with this Schedule B1.1:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | No CRDs Applicable | |

FUJ00000070

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# SCHEDULE B1.2

# SIP

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 14/09/09 | Adding provisions for SIP Executive Meetings |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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**SYSTEMS INTEGRATION PARTNERSHIP**

**SCHEDULE B1.2**

## 1. OBJECTIVES

1.1 The Parties intend that the SIP will act as a means of achieving the Joint Objectives set out in Recitals (E)(d) to (g) (inclusive) of this Agreement.

1.2 The Parties agree that the key objectives of the SIP will be to:

1.2.1 identify initiatives to achieve Strive, with a particular emphasis on the delivery of value added opportunities;

1.2.2 propose methods and processes for the management and overseeing of the application and development of Post Office's information technology systems, so as to drive value from Post Office's investment in information technology and meet its overall business objectives; and

1.2.3 provide a mechanism through which innovative techniques, applications and solutions can be developed and used to achieve the Joint Objectives set out in Recitals (E)(d) to (g) (inclusive) of this Agreement.

## 2. OPERATION OF SIP

2.1 In connection with the SIP, Post Office shall have the option exercisable from time to time to request and Fujitsu Services shall provide, subject to and in accordance with paragraph 5, one or more personnel up to a maximum of 15 Fujitsu Services personnel at any one time, or such other numbers of Fujitsu Services personnel as the Parties may agree from time to time, to form part of the SIP Team, each such individual being a "Fujitsu Services SIP Team Member".

2.2 Members of the SIP Team shall be deployed by Post Office in accordance with paragraph 4.1.2 and each member shall be under the day to day management of Post Office in relation to the tasks performed by that member in accordance with paragraph 2.4.

2.3 Upon provision of a Fujitsu Services SIP Team Member in accordance with paragraph 5, the SIP Lead Manager will:

2.3.1 provide success criteria and objectives for the duration of that member's engagement, as agreed with the Fujitsu Services Subject Lead for the Systems Integration Partnership and Executive Relationship; and

2.3.2 have the right at all times, upon reasonable grounds, to require Fujitsu Services to remove a Fujitsu Services SIP Team Member prior to the end of the term of their engagement as a member of the SIP Team, and (if requested in

FUJ00000070



accordance with paragraph 5.1) to replace a Fujitsu Services SIP Team Member, and Fujitsu Services shall comply with such request as soon as reasonably practicable following receipt. In each case Post Office shall not incur any liability in relation to any such removal or replacement. At Fujitsu Services' request, Post Office shall provide Fujitsu Services with its reasons for requiring Fujitsu Services to remove a Fujitsu Services SIP Team Member.

2.4 The members of the SIP Team shall carry out such tasks as are allocated to them by Post Office from time to time to meet the objectives in paragraph 1, including tasks in the following areas and for the following purposes:

2.4.1 to take the lead in establishing and developing the enterprise architecture, the associated programme management and selection of suitable related information tools and processes;

2.4.2 to carry out scoping, strategy and feasibility studies from time to time as requested by Post Office;

2.4.3 to propose and identify appropriate development methodologies for use on new projects and programmes of work;

2.4.4 to propose and drive initiatives to achieve net savings in Post Office's costs in respect of current and future IT developments;

2.4.5 to assist in formulating and documenting Post Office IT strategic plans;

2.4.6 to assist in formulating and validating Post Office business cases (including the specification of Post Office's business requirements relating to information systems and services);

2.4.7 to provide or facilitate the provision of to Post Office information relating to and/or access to new technology, concepts and techniques developed or accessible by the Fujitsu Services Group or Fujitsu Limited:

2.4.7.1 where such information or access would be relevant to and capable of application to the Services or Fujitsu Services' role (if appointed) as Preferred Systems Integrator; and

2.4.7.2 only in so far as Fujitsu Services is entitled to provide to Post Office such information or access;

2.4.8 to carry out initiatives brought by Fujitsu Services into any strategies that:

2.4.8.1 create net savings in Post Office's non-IT costs; or

2.4.8.2 create additional revenue from new product developments; and

FUJ00000070



2.4.9 to undertake requirements assurance to determine whether initiatives meet Post Office's business objectives.

2.5 Fujitsu Services shall ensure it provides members for the SIP Team in accordance with paragraph 5 who have such skills, expertise, access to and knowledge of technology as required to perform the role requested in accordance with paragraph 5.1.1 and to meet the objectives in paragraph 1.

## 3. SIP RELATIONSHIP AND GOVERNANCE

3.1 The governance of the SIP shall be in accordance with the Systems Integration Partnership and Executive Relationship as set out in Schedule A2 and any Disputes arising in respect of this Relationship shall be dealt with in accordance with Schedule A2 to this Agreement.

3.2 The Parties agree that the provisions relating to the SIP in Schedule A2 will be used as means of deploying, and utilising, the SIP Team effectively on tasks with a view to leading to the achievement of Gain Share.

## 4. SIP LEAD MANAGER RESPONSIBILITIES

4.1 In relation to the SIP, the SIP Lead Manager shall be responsible for:

4.1.1 requesting members of the SIP Team;

4.1.2 deploying and managing members of the SIP Team, subject to any directions given by the Systems Integration Partnership and Executive Relationship;

4.1.3 reporting on SIP activities and achievements to the Systems Integration Partnership and Executive Relationship;

4.1.4 approving replacements of, or removing, members of the SIP Team from time to time; and

4.1.5 producing and maintaining a rolling plan for the activities to be undertaken by members of the SIP Team.

## 5. POST OFFICE ORDERING OF SIP RESOURCE

5.1 Any request for Fujitsu Services member(s) of the SIP Team shall be made by the SIP Lead Manager to Fujitsu Services in accordance with Schedule D2 as a request for a Work Package and such request shall specify in writing (as a minimum):

5.1.1 the proposed role, skills and expertise required;

5.1.2 the preferred start date; and

FUJ00000070



5.1.3 the proposed duration of the proposed engagement.

5.2 Following a request under paragraph 5.1, Fujitsu Services shall offer as soon as reasonably practicable appropriate member(s) for the SIP Team for the proposed role(s) in accordance with Schedule D2 in response to that request for a Work Package, being either a person:

5.2.1 specifically requested by Post Office; or

5.2.2 if no such request is made or that person is unavailable, a person Fujitsu Services considers suitable for the proposed role.

5.3 Post Office shall have the right, at its sole discretion, to approve or reject any person put forward by Fujitsu Services for a proposed role but shall otherwise take up the offer made by Fujitsu Services, if it wishes to do so, by means of a Work Order in accordance with Schedule D2.

5.4 Each engagement of a Fujitsu Services SIP Team Member shall be subject to the terms and conditions set out in annex D of the CCD entitled "Standard Terms and Conditions for Work Orders" (BP/STD/003) and the execution of a personal confidentiality undertaking pursuant to paragraph 10.

5.5 Notwithstanding the agreed duration for the engagement of a Fujitsu Services SIP Team Member as a member of the SIP Team, Fujitsu Services shall be entitled to undertake rotation of Fujitsu Services SIP Team Members, planned in consultation with Post Office, to ensure members of the SIP Team provided by Fujitsu Services have the requisite skills and/or knowledge refresh. For the purposes of this paragraph 5.5, 'rotation' shall mean the removal of a Fujitsu Services SIP Team Member from the SIP Team and his replacement and/or his allocation to a different role within the SIP Team.

5.6 If required by Post Office, Fujitsu Services will procure that the relevant Fujitsu Services SIP Team Member will undertake his or her duties at a Post Office site as directed by the SIP Lead Manager.

5.7 Fujitsu Services shall not be obliged to make any Fujitsu Services SIP Team Member available for service during any period of incapacity on the part of that member due to illness or injury. In such circumstances, Post Office shall have the right to require the removal of that individual from the SIP Team in accordance with paragraph 2.3.2 where such individual is incapacitated for a period of one month or more (as aggregated) during the term of his or her engagement and such right shall, for the purposes of paragraph 2.3.2, be deemed to be upon reasonable grounds in such circumstances.

## 6. CHARGES FOR SIP RESOURCE

The SIP Charges shall apply in accordance with the provisions of paragraph 11 of Schedule D1.

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## 7. GAIN SHARE

7.1 On the basis that the SIP Charges are derived from Fujitsu Services' costs of employment as described in paragraph 11 of Schedule D1, the Parties intend that the mechanism of Gain Share will operate as a means of recognising contributions made by the SIP Team in achieving the Joint Objectives set out in Recitals (E)(d) to (g) (inclusive) of this Agreement.

7.2 Accordingly, the sharing of any benefits resulting from cost saving initiatives or future development work arising out of the tasks carried out by the SIP Team shall be determined in accordance with Schedule D3.

## 8. FUJITSU SERVICES RESPONSIBILITY

Fujitsu Services shall be responsible for the acts and omissions of Fujitsu Services SIP Team Members as though such acts or omissions were Fujitsu Services', save if and to extent such acts or omissions directly relate to tasks duly performed by Fujitsu Services SIP Team Members that have been allocated to such individuals in accordance with paragraph 2.4 under Post Office management pursuant to paragraph 2.2, in which case, notwithstanding Clause 58, Post Office shall, without prejudice to paragraph 2.5 of this Schedule and clause 9.2 of Annex D of the CCD entitled "Standard Terms and Conditions for Work Orders" (BP/STD/003), be responsible for such acts and omissions.

## 9. POST OFFICE INDEMNITY

Post Office shall indemnify and keep indemnified Fujitsu Services against any and all liability suffered or incurred by Fujitsu Services as a result of claims made against it by any of the Fujitsu Services SIP Team Members arising out of or in connection with, during the course of performing their role as a Fujitsu Services SIP Team Member, acts or omissions of Post Office, its employees, contractors or SIP Team members (other than SIP Team members provided by Fujitsu Services) (including, without limitation, any acts or omissions in respect of the Post Office exercising its rights under paragraphs 2.3.2 or 5.7), if and to the extent such acts or omissions constitute harassment or discrimination by the Post Office.

## 10. CONFIDENTIALITY

10.1 In relation to the SIP:

10.1.1 Fujitsu Services shall procure that each Fujitsu Services SIP Team Member shall execute a personal confidentiality undertaking in the form attached in the Annex A to this Schedule B1.2 which shall govern the disclosure of Confidential Information insofar as such Confidential Information is obtained in the course of that person carrying out his or her role in the SIP and which:

10.1.1.1 relates to IT technologies and solutions, service management, prices, services, contracts or other proprietary information or commercial

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affairs of Post Office, a member of the Royal Mail Group or any IT suppliers; or

10.1.1.2 relates to any procurement or other supplier selection activity undertaken by Post Office; or

10.1.1.3 relates to Post Office's management of Fujitsu Services and its subcontractors or its management of other IT suppliers, including without limitation, budgets, business cases, project authorisation, change control and disputes; or

10.1.1.4 relates to the specification, review and approval of work that may be awarded to Fujitsu Services or other IT suppliers; or

10.1.1.5 is normally only accessible by employees of Post Office or a member of the Royal Mail Group and to which the Fujitsu Services SIP Team Member is given access in the course of carrying out his or her assignment with Post Office and was made aware or ought reasonably to have been aware of such restricted access; or

10.1.1.6 is stated in writing by Post Office to be Confidential Information disclosed for the purposes of the activities of the SIP,

("SIP Confidential Information");

10.1.2 Fujitsu Services shall ensure that all employees and directors of Fujitsu Services who work with Fujitsu Services SIP Team Members are aware that such members are required to keep SIP Confidential Information confidential and that if such employees or directors should obtain any SIP Confidential Information that they too shall keep it confidential and keep it secure in the same way as Fujitsu Services secures its own Confidential Information.

10.1.3 At any time on written demand from Post Office, the SIP Confidential Information and all documents and other materials in which it is contained (including all copies) in the possession or control of Fujitsu Services SIP Team Members, Fujitsu Services, a member of the Fujitsu Services Group or a subcontractor of Fujitsu Services shall be delivered to Post Office or destroyed, if Post Office so chooses, as soon as is reasonably practical;

10.1.4 Fujitsu Services shall:

10.1.4.1 procure that each Fujitsu Services SIP Team Member complies with the terms and conditions of his or her personal confidentiality undertaking entered into in accordance with paragraph 10.1.1;

10.1.4.2 ensure that no employee of Fujitsu Services, a member of the Fujitsu Services Group or its subcontractors who is not a Fujitsu Services SIP

FUJ00000070



Team Member solicits disclosure of any SIP Confidential Information from any Fujitsu Services SIP Team Member; and

10.1.4.3 ensure that SIP Confidential Information in the possession or control of each Fujitsu Services SIP Team Member in tangible form is returned to Post Office and all electronic copies of such information in the possession or control of the Fujitsu Services SIP Team Member are irretrievably deleted on completion of that Fujitsu Services SIP Team Member's assignment to the SIP;

10.1.5 this paragraph 10 shall not be deemed to imply the grant of Fujitsu Services' agreement or consent to the disclosure by Post Office to a third party of (i) any Confidential Information under this Agreement or (ii) other information disclosed to Post Office by Fujitsu Services pursuant to an obligation of confidentiality; and

10.1.6 Post Office shall ensure that it has obtained all agreements and consents necessary for the disclosure of any third party information to Fujitsu Services SIP Team Members, including as may be required under the FOIA or the EIR, in respect of which paragraph 2.9 of Schedule A4 shall apply.

## 11. SIP AND EXECUTIVE RELATIONSHIP

11.1 In relation to the SIP and Executive Relationship meetings Fujitsu Services shall procure that before any disclosure or discussion of SIP Confidential Information takes place;

11.1.1 both parties will sign the Confidentiality Agreement attached to this Schedule as Annex B;

11.1.2 each FS SIP and Executive Relationship member (As defined in Annex B to this Schedule, paragraph 1.1) must sign a SIP and Executive Relationship Undertaking Form, attached as Annex C to this Schedule; and

11.1.3 each FS SIP and Executive Relationship member must have read and understood the provisions of the Confidentiality Agreement.

## 12. ASSOCIATED DOCUMENTS

12.1 The following CCDs are associated with this Schedule B1.2:

| | Document Reference | Document Title |
|---|---|---|
| 1. | BP/STD/003 | Standard Terms and Conditions for Work Orders |

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12.2 There are no CRDs associated with this Schedule B1.2.

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**ANNEX A**

**Form of Undertaking**

To: [ ]

Fujitsu Services Limited.
Post Office Account
Lovelace Road
Bracknell
Berks RG12 8SN

1. I am [an employee of][contracted to] Fujitsu Services Limited and have been assigned to a role in the Systems Integration Partnership established by Post Office Limited.

2. I confirm that I have received a copy of the confidentiality provisions set out in paragraph 10 of Schedule B1.2 of the Agreement between Post Office Limited and Fujitsu Services Limited dated 28th July 1999 (as amended) relating to information I may receive in that role (the "Confidentiality Provisions").

3. I will deal with all SIP Confidential Information in accordance with the manner prescribed in the Confidentiality Provisions and I undertake to keep such information safe and confidential, as set out in the Confidentiality Provisions. 5.The definitions contained in the Confidentiality Provisions shall apply in this undertaking.

6. I, the undersigned individual, acknowledge and agree that nothing in this undertaking shall confer on any third party any benefit, nor the right to enforce any of its provisions.

Signed:

Name:

Date:

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**ANNEX B – Confidentiality Agreement**

**Acceptance of Information in Confidence from Post Office LTD.**

**BETWEEN**

1. **POST OFFICE LTD**. Registered in England and Wales, under registered number 2154540, whose registered office is 148 Old Street, London EC1V 9HQ ("POL"), and;**Fujitsu Services Limited** whose registered office is at 22 Baker Street, London W1U 3BW ("Fujitsu").

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Pursuant to arrangements between the parties, a Systems Integration Partnership ("SIP") has been established (as defined below). Members of the SIP and Executive Relationship (as defined below) will discuss Special Confidential Information (as defined below) and the parties have agreed that the following terms shall apply to such provisions.

AGREEMENT

1. Definitions used in this Agreement:

1.1. **Fujitsu SIP and Executive Relationship Member** means a Fujitsu employee attending the SIP and Executive Relationship meeting.

1.2. **Fujitsu SIP Member** means an employee of Fujitsu or an individual who, whilst not an employee, performs the tasks of employees under contract to Fujitsu who, by agreement between the parties, is assigned to a role in the SIP.

1.3. **Other Agreements** means the agreement between POL and Fujitsu dated 28 July 1999 and any other written non-disclosure or confidentiality agreement between them;

1.4. **Other IT Suppliers** means any company other than Fujitsu (and its subcontractors) which provides (or is being considered as a potential provider of) IT services, other services or equipment to POL.

1.5. **SIP and Executive Relationship** means a contractual meeting to govern the Systems and Integration Partnership and Executive Relationship set out in Schedule A2 of the Main Agreement.

1.6. **Special Confidential Information** means information which the Fujitsu SIP Members obtain in the course of carrying out their roles in the SIP and which:

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1.6.1. relates to IT technologies and solutions, service management, prices, services, contracts or other proprietary information or commercial affairs of Other IT Suppliers; or

1.6.2. relates to any procurement or other supplier selection activity undertaken by POL; or

1.6.3. relates to POL's management of Fujitsu and its subcontractors or its management of Other IT Suppliers, including without limitation, budgets, business cases, project authorisation, change control and disputes; or

1.6.4. relates to the specification, review and approval of work that may be awarded to Fujitsu or Other IT Suppliers; or

1.6.5. is normally only accessible by employees of POL, its holding company or a member of its holding company's group and to which the Fujitsu SIP and Executive Relationship Member has access in the course of carrying out their assignment with POL; or

1.6.6. is stated in writing to be such by POL.

1.7 **Systems Integration Partnership ("SIP")** means the team established by POL comprised of SIP Members, employees of POL and individuals who, whilst not employees of POL, performs the tasks of such employees under contract to POL, to carry out such tasks (related to the development of POL's business and systems architecture and the specification of POL's business requirements relating to information systems and services) as POL may from time to time assign to that team.

2. Fujitsu shall provide each Fujitsu SIP and Executive Relationship Member, before they attend any SIP and Executive Relationship meeting, with a copy of this Agreement, and shall ensure that no Fujitsu SIP and Executive Relationship Member takes up such role without having first executed a personal confidentiality undertaking in the form set out in the Annex.

3. Fujitsu shall ensure that:

3.1. Fujitsu SIP and Executive Relationship Members do not disclose Special Confidential Information to any person other than POL employees, individuals who perform the tasks of such employees within POL, other Fujitsu SIP and Executive Relationship Members, SIP members, and such other persons as POL may authorise in writing to receive it;

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3.2. Special Confidential Information is used only for the purposes of performing tasks assigned to the Fujitsu SIP Members and discussion at the SIP and Executive meetings, or other purposes for which it is provided, as specified by POL to each Fujitsu SIP and Executive Relationship Member. In the case of information provided by or relating to another IT Supplier, such purpose is restricted to POL's procurement or receipt of services or equipment from such supplier unless POL advises the Fujitsu SIP and Executive Relationship Member otherwise;

3.3. No employee of Fujitsu or its subcontractors who is not a Fujitsu SIP and Executive Relationship Member or Fujitsu SIP Member solicits disclosure of any Special Confidential Information from any Fujitsu SIP and Executive Relationship Member; and

3.4. Special Confidential Information held by each Fujitsu SIP and Executive Relationship Member in tangible form is returned to POL and all electronic copies of such information held by the Fujitsu SIP and Executive Relationship Member are irretrievably deleted on completion of that Fujitsu SIP and Executive Relationship Member's assignment as a SIP and Executive Relationship Member.

4. Fujitsu shall ensure that all employees and directors of Fujitsu who work with Fujitsu SIP and Executive Relationship Members are aware that Fujitsu SIP and Executive Relationship Members are required to keep Special Confidential Information confidential and that if such employees or directors should obtain any SIP Confidential Information (or other Fujitsu directors or employees in receipt of Special Confidential Information) that they too shall keep it confidential and keep it secure in the same way as Fujitsu secures its own confidential information. At any time on written demand from POL, the Special Confidential Information and all documents and other materials in which it is contained (including all copies) in the possession or control of Fujitsu or a subcontractor of Fujitsu shall be delivered to POL or destroyed, if POL so chooses, as soon as is reasonably practical.

5. Neither this Agreement nor, for the avoidance of doubt, any undertaking signed by a Fujitsu SIP and Executive Relationship Member in the form set out in the Annex shall apply to Special Confidential Information;

5.1. which can be shown to have been published or lawfully known to Fujitsu from some source other than POL; or

5.2. lawfully known to the Fujitsu SIP and Executive Relationship Member other than in the course of his assignment; or

5.3. which becomes publicly available other than through a breach of this Agreement or a breach of any Other Agreement; or

5.4. which has been or is subsequently disclosed to Fujitsu under any Other Agreement.

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6. This Agreement shall not be deemed to imply the grant of or agreement to grant a licence of any of its intellectual property rights by POL.

7. For the avoidance of doubt, nothing in this Agreement shall confer on any third party any benefit nor the right to enforce any term of this Agreement.

8. This Agreement shall not be deemed to imply the grant of Fujitsu's agreement or consent to the disclosure by POL of any information disclosed to POL by Fujitsu under any Other Agreement, other than in accordance with such Other Agreement.

9. This Agreement is governed by and shall be construed in accordance with English Law and the parties hereby submit to the exclusive jurisdiction of the High Court of England and Wales.

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Signed by _____

for and on behalf of Fujitsu Services Limited

Name in block capitals: Guy Wilkerson

Title: Commercial Director

Address: Lovelace Road,

Bracknell

RG12 8SN

Date:

Signed by _____

For and on behalf of Post Office Limited

Name in block capitals:

Title:

Address:

Date:

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**ANNEX C**

**SIP and Executive Relationship Undertaking Form**

**To:** [NAME]

Fujitsu Services Ltd.

Post Office Account

Lovelace Road

Bracknell

Berks RG12 8SN

1. I am an employee of Fujitsu Services Limited who will be attending the SIP and Executive Relationship meeting.

**2.** I confirm that I have received a copy of the confidentiality agreement between Post Office Limited and Fujitsu Services Limited dated xx/xx/xxxx relating to information I may be involved in discussions of in the SIP and Executive Relationship meeting (the "Confidentiality Agreement").

**3.** I will deal with all Special Confidential Information in accordance with the manner prescribed in the Confidentiality Agreement and I undertake to keep such information safe and not to disclose it to any person not entitled to receive it, as set out in the Confidentiality Agreement.

**4.** The definitions contained in the Confidentiality Agreement shall apply in this undertaking.

**5.** Fujitsu Services Limited and the undersigned individual acknowledge and agree that nothing herein shall confer on any third party any benefit, nor the right to enforce any of its provisions.

**Signed:**

**Name:**

**Date:**

FUJ00000070

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# SCHEDULE B1.3

# BRANCH HARDWARE IMPLEMENTATION SERVICES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

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# SCHEDULE B1.3

# BRANCH HARDWARE IMPLEMENTATION SERVICES

## 1. DEFINITIONS

In this Schedule B1.3 the term Branch shall have the same meaning as set out in Schedule1 (Interpretation), save that where Implementation activities occur in respect of other premises such as, without limitation, CTOs, the term Branch in this Schedule B1.3 shall, in respect of such Implementations, be read to include such premises.

## 2. INTRODUCTION

This Schedule B1.3 sets out provisions and governing principles regarding the Implementation of Branch Hardware and Stand-Alone Hardware.

## 3. HARDWARE IMPACT ASSESSMENT

3.1 Where Post Office wishes to carry out the Implementation of Branch Hardware it shall procure a Hardware Impact Assessment from Fujitsu Services.

3.2 Where Post Office wishes to carry out the Implementation of Stand-Alone Hardware it may procure a Hardware Impact Assessment from Fujitsu Services.

3.3 Where Hardware Impact Assessments for Branch Hardware or Stand-Alone Hardware are procured in accordance with paragraphs 3.1 or 3.2 of Schedule B1.3, such Hardware Impact Assessments shall be carried out by the Parties jointly.

## 4. IMPLEMENTATION OF BRANCH HARDWARE AND STAND-ALONE HARDWARE

4.1 Where following Hardware Impact Assessment Post Office decides to proceed with Implementation and procure the applicable Branch Hardware or Stand-Alone Hardware Post Office shall either:

4.1.1 procure the entire Implementation (other than elements specifically reserved to Post Office) from Fujitsu Services; or

4.1.2 procure certain of those elements of the Implementation from Fujitsu Services and either carry out the remaining elements itself or contract with third parties to do so.

4.2 The table set out in the Annex to this Schedule sets out a non-exhaustive list of those elements of the Implementation of Branch Hardware or Stand-Alone Hardware which may be carried out by Post Office, Fujitsu Services and third parties.

4.3 Where Fujitsu Services is intended to carry out the whole, or any element, of the Implementation of Branch Hardware (including a Hardware Impact Assessment and related planning activities) the Work Ordering Procedure shall be used for the relevant Work Package Elements and the provisions of paragraph 5 of this Schedule shall apply

FUJ00000070



to such Implementation in addition to the Commercial Terms agreed as part of the relevant Work Order. In the event of any conflict between such Commercial Terms and the provisions of this Schedule, the Commercial Terms shall prevail.

4.4 Where Fujitsu Services is intended to carry out the whole, or any element, of the Implementation of Stand-Alone Hardware, the Work Ordering Procedure shall apply and the provisions of paragraph 5 shall apply as though references to "Branch Hardware" were to "Stand-Alone Hardware".

4.5 Where any third party carries out the whole, or any element, of the Implementation of Branch Hardware or Stand-Alone Hardware, the provisions of paragraph 6 of this Schedule shall apply to such Implementation.

## 5. PROVISIONS APPLICABLE TO ELEMENTS OF IMPLEMENTATION PROVIDED BY FUJITSU SERVICES

5.1 Charges

Fujitsu Services' prices for Implementation, or any element of Implementation, shall be based, unless otherwise agreed by the Parties, on the principles set out in paragraph 13.4 of Schedule D1.

5.2 Liability, Risk And Title

Where Fujitsu Services (or its chosen third party supplier) carries out Installation it shall be liable for any damage to:

5.2.1 physical property (including, for the avoidance of doubt, damage to the Infrastructure) together with any reasonable costs incurred by Post Office in repairing such damage (including the cost of work involved); and

5.2.2 data (in which case Fujitsu Services is responsible for retrieving such data),

which occurs at a Branch as a direct result of such Installation work.

5.3 Non-technical support

For each Installation Post Office shall provide non-technical operational support (e.g. access to Branches).

## 6. PROVISIONS APPLICABLE WHERE ELEMENTS OF IMPLEMENTATION PROVIDED BY POST OFFICE OR A THIRD PARTY

6.1 Commercial/Contractual Relationship

The commercial/contractual relationship between Post Office, Fujitsu Services and any third party supplier, including the charges payable to Fujitsu Services by Post Office, shall be agreed on a case by case basis for each Implementation. The parties may adopt whatever commercial/contractual structure is appropriate for the particular

FUJ00000070



circumstances. However, the commercial/contractual arrangement must take into account the impact on the systems and services provided to Post Office by Fujitsu Services. Fujitsu Services shall not unreasonably refuse to accept proposed commercial/contractual terms for the Implementation of Branch Hardware or Stand-Alone Hardware. Fujitsu Services may base its decision to reject proposed terms on commercial and/or an adverse outcome of Hardware Impact Assessment.

6.2 Branch Hardware Procurement

Where Post Office procures Branch Hardware from a third party, a warranty clause (the terms of which shall be agreed with Fujitsu Services, such agreement not to be unreasonably withheld) must form part of the purchase agreement for the Branch Hardware between the Post Office and the third party. Prior to physical transfer of the Branch Hardware to Fujitsu Services or incorporation of the Branch Hardware into the Infrastructure (whichever is earlier) Post Office shall use reasonable endeavours to transfer to Fujitsu Services the benefit of and right to the third party warranty provisions.

6.3 Installation

6.3.1 Fujitsu Services shall not unreasonably refuse to give Post Office, or its designated supplier, the authority to disconnect and reconnect elements of the Infrastructure at Branches as part of an Installation.

6.3.2 Where Post Office (or its chosen third party supplier) carries out Installation it shall be liable for any damage to physical property or data which occurs at a Branch (including, for the avoidance of doubt, damage to the Infrastructure) as a direct result of such Installation work.

6.3.3 Notwithstanding paragraph 6.3.2, where Post Office or its third party supplier carries out Installation work, Fujitsu Services shall be liable for any damage to the Infrastructure or data in accordance with paragraph 5.2 where:

6.3.3.1 such damage occurred as a result of the Post Office or its chosen third party supplier carrying out such Installation work in accordance with installation specifications provided by Fujitsu Services;

6.3.3.2 the damage would not have occurred if the Fujitsu Services installation specifications had not been followed; and

6.3.3.3 Post Office or its third party supplier acted in the manner of a reasonable and skilled provider of Installation services in following the installation specifications.

6.4 Service Levels

Fujitsu Services shall be granted relief from any applicable Service Levels:

6.4.1 where such relief is agreed as part of the contractual arrangements for the Implementation; and/or

FUJ00000070



6.4.2 to the extent that performance in respect of such Service Levels is impacted by Implementation activities carried out by Post Office or Post Office's third party supplier, save where the Service Level impact results from Fujitsu Services carrying out obligations which Fujitsu Services is contractually required to undertake as part of the Implementation,

such relief to be agreed by the Service Management Relationship.

## 7. ASSOCIATED DOCUMENTS

7.1 There are no CCDs associated with this Schedule B1.3.

7.2 There are no CRDs associated with this Schedule B1.3.

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## ANNEX TO SCHEDULE B1.3

## IMPLEMENTATION OF BRANCH HARDWARE AND STAND-ALONE HARDWARE

| SERVICE TYPE | SERVICE ELEMENT DESCRIPTION | PARTY/PARTIES WHICH MAY CARRY OUT THE SERVICE ELEMENT (Yes/No = "Y" or "N") | | |
|---|---|---|---|---|
| | | Fujitsu Services | Post Office | Third Party |
| **Hardware Impact Assessment- Branch Hardware** | | **Y** | **N** | **N** |
| **Hardware Impact Assessment- Stand Alone Hardware** | | **Y** | **Y** | **Y** |
| **Hardware Procurement** | (includes procurement of integral software and hardware tools) | **Y** | **Y** | **Y** |
| **Implementation Support** | Testing of Branch Hardware and provision of test results. | **Y** | **N** | **N** |
| | Provision of tests to be carried out by third parties in respect of Branch Hardware. | **Y** | **N** | **N** |
| | Rollout of software to the Infrastructure to facilitate Installation. | **Y** | **N** | **N** |
| | Provision of bespoke software tools to facilitate connection to or disconnection from the Infrastructure. | **Y** | **N** | **N** |
| | The provision of installation specifications in respect of Branch Hardware. | **Y** | **N** | **N** |

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| | | | | |
|---|---|---|---|---|
| | | | | |
| | Testing of Stand-Alone Hardware and provision of test results. | **Y** | **Y** | **Y** |
| | Provision of tests to be carried out by third parties in respect of Stand-Alone Hardware. | **Y** | **Y** | **Y** |
| | The provision of installation specifications in respect of Stand-Alone Hardware. | **Y** | **Y** | **Y** |
| | Resolution of incidents where such incidents concern the Infrastructure or any of the services or software provided by Fujitsu Services as part of Implementation Support. | **Y** | **N** | **N** |
| **Installation Management** | The booking of Installation procedures with Branches. | **Y** | **Y** | **Y** |
| | Time-tabling Branch Installation visits. | **Y** | **Y** | **Y** |
| | Providing 'first point of contact' support for Installations, directing support queries to relevant parties and, where communicating support responses. | **Y** | **Y** | **Y** |
| **Installation** | Non-technical assistance (e.g. access to Branches). | **N** | **Y** | **N** |
| | Branch surveys. | **Y** | **Y** | **Y** |

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| | | | | |
|---|---|---|---|---|
| | Delivery of Branch Hardware / Stand-Alone Hardware to Branches. | **Y** | **Y** | **Y** |
| | Modification of Branch Hardware / Stand-Alone Hardware to facilitate installation of the Branch Hardware / Stand-Alone Hardware. | **Y** | **Y** | **Y** |
| | Physical installation, replacement or removal of Branch Hardware / Stand-Alone Hardware. | **Y** | **Y** | **Y** |
| | Testing at Branches to determine/facilitate installation of the Branch Hardware / Stand-Alone Hardware. | **Y** | **Y** | **Y** |

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# SCHEDULE B2

# BUSINESS CONTINUITY

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD Update and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE B2

## BUSINESS CONTINUITY

### 1. GENERAL

1.1 Fujitsu Services shall ensure that the Applicable Services are supported by Business Continuity Plans. Where requested by Post Office and agreed by Fujitsu Services (such agreement not to be unreasonably withheld) Fujitsu Services shall ensure that new services are supported by Business Continuity Plans.

1.2 Fujitsu Services shall provide Post Office with a copy of every Business Continuity Plan, as and when created. Without prejudice to Fujitsu Services' obligations in respect of the Business Continuity Plans set out in this Schedule B2, the Business Continuity Plans shall not be subject to Post Office approval.

1.3 Fujitsu Services shall ensure that the Business Continuity Plans for the Applicable Services are compatible with the overall service continuity framework set out in the CCD entitled *"HNG-X Business Continuity Framework"* (SVM/SDM/SIP/0001) (formerly *"Business Continuity Framework" (CS/SIP/002)).* In addition, Fujitsu Services shall ensure that any information provided in respect of the business continuity arrangements referred to in section 2.9 of the CCD entitled *"Engineering Service: Service Description"* (SVM/SDM/SD/0002) are compatible with the overall service continuity framework set out in the CCD entitled *"HNG-X Business Continuity Framework"* (SVM/SDM/SIP/0001) (formerly *"Business Continuity Framework" (CS/SIP/002)).*

1.4 Ownership of all contingency actions shall be identified in the Business Continuity Plans. Contingency actions to be undertaken by Post Office in the event a Business Continuity Plan is activated, shall be agreed by the Parties before inclusion in that plan.

1.5 The Business Continuity Plans shall include activation procedures and time periods within which the contingency measures shall be activated.

1.6 The testing strategy for Business Continuity Plans shall be in two distinct parts:

1.6.1 initial testing before commencing the implementation of new services introduced under the Change Control Procedure; and

1.6.2 regular testing of relevant Service components.

1.7 The Business Continuity Plans, the scheduling of regular tests and the review of such tests shall be subject to joint periodic review (at least four times per year) by the Business Continuity Managers, the findings of such reviews to be reported to the Service Management Relationship.

1.8 When a contingency or continuity operation is invoked as a result of a fault in the Applicable Services provided by Fujitsu Services, then the provisions of the relevant Service Description(s) that are affected shall continue to apply.

FUJ00000070

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1.9 Fujitsu Services shall co-operate with Post Office and provide such assistance as is reasonably requested by Post Office for the purposes of business continuity and fail-over testing of End to End Services (excluding the elements of End to End Services provided by Fujitsu Services). In the event that such co-operation and assistance is requested by Post Office, Post Office and Fujitsu Services shall agree the method of working and the periods for, timing and frequency of such testing so as to minimise disruption and risks to the operation of the HNG-X Services and/or the HNG-X Service Infrastructure. Fujitsu Services' charges in respect of such co-operation and assistance (which shall be paid by Post Office to Fujitsu Services) shall be calculated on a time and materials basis using Fujitsu Services' rates as set out in paragraph 10.4 of Schedule D1.

1.10 Fujitsu Services shall comply with its obligations (if any) set out under the section entitled "Business Continuity" in the Service Descriptions.

## 2. PLAN UPDATES

2.1 Fujitsu Services shall update the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly "Business Continuity Framework" (CS/SIP/002)) to include any:

2.1.1 references to new Business Continuity Plans and/or tests necessary to reflect:

2.1.1.1 any new services introduced under the Change Control Procedure; and

2.1.1.2 changes to Applicable Services brought about as a result of the introduction of new services,

and shall submit that updated CCD to Post Office (for agreement) by the applicable date specified in the relevant project plan (if any) or otherwise agreed between the Parties; and

2.1.2 changes to references to Business Continuity Plans and descriptions of tests (to the level of detail required in the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly "*Business Continuity Framework" (CS/SIP/002)*)) necessary to reflect changes to any Applicable Service such updates to be submitted to Post Office at such times as the changes take place.

2.2 All updates to the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly *"Business Continuity Framework" (CS/SIP/002))* submitted to Post Office in accordance with paragraph 2.1 are subject to agreement by Post Office, such agreement not to be unreasonably withheld.

## 3. MISCELLANEOUS

3.1 In the event of any major business continuity incident ("MBCI"), and when agreed necessary by Post Office and Fujitsu Services' Business Continuity Managers for potential MBCIs, Fujitsu Services shall provide a report according to the principles set

FUJ00000070



out in the Working Document entitled "Operational Level Agreement for Business Continuity between Post Office Ltd and Fujitsu Services" (CON/NGN/005).

## 4. FAILOVER TO SUNGUARD SITE

4.1 Notwithstanding anything to the contrary in this Schedule B2 or the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly *"Business Continuity Framework" (CS/SIP/002))* until such time as:

4.1.1 fully operational standby systems have been installed by Post Office or its contractors at the Sunguard Site; and

4.1.2 Fujitsu Services' access to those systems has been established and tested,

there will be no fail-over capability to the Sunguard Site required for the links between the Data Centres and the EDG at the Huthwaite site in the event of failure of those links or the Huthwaite site.

## 5. SUPERSTOCK SOLUTION

5.1 This paragraph 5 identifies the business continuity measures to be undertaken with respect to the Superstock Solution. Save as provided in this paragraph 5, the other provisions of this Schedule B2 shall not apply to the Superstock Solution.

5.2 In the event of any loss of the Superstock Services, measures shall be taken by each Party as appropriate to assist in rectifying the failure, as described in the CCD entitled *"Superstock Data Centre Security & Resilience" (BD/REP/007).*

5.3 Not Used

## 6. ASSOCIATED DOCUMENTS

6.1 The following CCDs are associated with this Schedule B2:

| | **Document Reference** | **Document Title** |
|---|---|---|
| 1 | CS/SIP/002 (Replaced)<br><br>SVM/SDM/SIP/0001 | Business Continuity Framework (Replaced)<br><br>HNG-X Business Continuity Framework |
| 2 | BD/REP/007 | PostShop Data Centre Security & Resilience |
| 3 | SVM/SDM/SD/0002 | Engineering Service: Service Description |
| 4 | BP/DES/025 | LFS Business Contingencies |

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6.2 There are no CRDs associated with this Schedule B2.

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**SCHEDULE B3.1**

**HNG-X Services and Transitional Support Services**

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS |
| 1.3 | 07/12/06 | Further minor corrections from FS |
| 1.4 | 19/01/07 | Further minor amendments |
| 2.0 | 25/01/07 | Baseline copy of 1.4 |
| 3.0 | 23/02/09 | Baseline copy of 2.1 |
| 3.1 | 12/06/09 | Applying changes as per CCN 1252a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying all changes as per CCN1276a |
| 6.2 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1306a and CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349,1307a,1322b, 1329a and CCN1400 |
| 10.0 | 10/09/15 | Applying changes as per CCN1409a, CCN1418, CCN1419, CCN1421a and as subsequently amended in this CCNxxxx and moving all Schedules to V10.0 in accordance with CCN1506 |

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## HNG-X SERVICES

### 1. INTRODUCTION

1.1 This Schedule B3.1 sets out the HNG-X Services and Transitional Support Services that shall be performed by Fujitsu Services.

1.2 The four Tables in paragraph 2 of this Schedule B3.1 together set out the HNG-X Services and Transitional Support Services other than the BCSF Service, to be delivered by Fujitsu Services.

1.2.1 Table A contains the Operational Services corresponding to the Operational Charges Table in Annex B to Schedule D1.

1.2.2 Table B contains the Call-Off Services in respect of which additional Charges are payable when such Call-Off Services are ordered under paragraph 7 of Schedule D1.

1.2.3 Table C contains the Service Integration Services, the Charges for which are described within paragraph 8 of Schedule D1.

1.2.4 Table D contains the Third Party Management Services, the Charges for which are described within paragraph 9 of Schedule D1.

1.3 The columns in the Tables in paragraph 2 of this Schedule set out for each HNG-X Service and Transitional Support Service, other than the BCSF Service, the following information:

1.3.1 the name of the HNG-X Service and Transitional Support Service;

1.3.2 the CCD(s) containing the Service Description in accordance with which that service shall be performed prior to the Trigger Event referred to in paragraph 1.3.3;

1.3.3 the event or date identified in the column headed "Trigger Event" at which point the CCD(s) referred to in paragraph 1.3.2 shall be replaced in relation to defining the HNG-X Service and Transitional Support Service and the CCD(s) referred to in paragraph 1.3.4 shall come into effect in relation to defining the HNG-X Service;

1.3.4 the CCD(s) and/or Schedules containing the Service Description in accordance with which that Service shall be performed after the event referred to in paragraph 1.3.3; and

1.3.5 a brief description of the HNG-X Service and Transitional Support Service and information (where necessary) relevant to the Charges.

### 2. SERVICES

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2.1 Table A: Operational Services

| | Operational Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description | Brief Transitional Service Support Description |
|---|---|---|---|---|---|---|
| 1 | Service Desk Service | Horizon Systems Helpdesk: Service Description (CS/SER/002) | Trigger Point T2 (Service Desk Change). | Service Desk: Service Description<br><br>(SVM/SDM/SD/0001) | The provision of first and second line support to Post Office Branches and other designated groups through the provision of a support desk function. | Expired Service – this Service ceased to be provided by Fujitsu as of the 2nd July 2014, with the transfer of responsibilities for the Service Desk transferring to the Next Supplier on the 16th June 2014, |
| 2 | Engineering Service | Not applicable | This Service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date) | Engineering Service: Service Description<br><br>(SVM/SDM/SD/0002) | Service comprises an on-site replacement or repair service for broken or faulty Equipment at Branches together with associated back-up, support and administrative functions. | Expiring Service |
| 3 | Operational Business Change (Branch Change) Service | Operational Business Change Branch CCDs | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Operational Business Change (Branch Change) Service: Service Description<br><br>(SVM/SDM/SD/0014) | This service supports physical changes in Post Office Branch Infrastructure through the provision of a range of services. The service supports both planned and unplanned changes. The charge for this | This Service supports changes to the network, system management and application configuration of Post Office locations through the provision of a range of services.<br><br>Expiring Service (expiry date is 31st March 2017, it shall |

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| | | | | | element of the Operational Business Change (Branch Change) Service is the fixed charge referred to in paragraph 5.2 of Schedule D1. | not have the right of a mini extension and termination for convenience cannot occur before 1st April 2016). |
| 4 | Data Centre Operations Service | Service Description for Data Centre Operations Service (CS/SER/007)<br><br>Service Description for the SAP Hosting Service (CS/SER/022) | Commencement of HNG-X Project Workstream X2 (Migrate Data Centre to HNG-X Configuration). | Data Centre Operations Service: Service Description<br><br>(SVM/SDM/SD/0003) | Service for managing the HNG-X Central Infrastructure.<br><br>The Data Centre Operations Service also includes the POLSAP Services until 31st March 2014.<br><br>If the circumstances set out in paragraph 6.1 of Schedule D1 arise, Post Office shall pay additional Operational Charges for the Data Centre Operations Service to Fujitsu Services.<br><br>The POLSAP elements of this Service shall form part of the POLSAP Service with effect from 1 April 2014. | Service for managing the HNG-X Central Infrastructure.<br><br>If the circumstances set out in paragraph 6.1 of Schedule D1 arise, Post Office shall pay additional Operational Charges for the Data Centre Operations Service to Fujitsu Services. |

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|---|---|---|---|---|---|---|
| 5 | Branch Network Service | Not applicable | This Service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date) | Branch Network: Service Description<br><br>(SVM/SDM/SD/0011) | Service for managing and supporting the Branch Telecom Infrastructure. | Service for managing and supporting the Branch Telecom Infrastructure. |
| 6 | Central Network Service | Not applicable | This Service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date) | Central Network Service: Service Description<br><br>(SVM/SDM/SD/0012) | Service for managing and supporting the Central Telecom Infrastructure. | Service for managing and supporting the Central Telecom Infrastructure. |
| 7 | Systems Management Service | Service Description for Systems Management Service (CS/SER/008) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Systems Management Service: Service Description<br><br>(SVM/SDM/SD/0006) | Event management and software distribution services. | Event management and software distribution services. |
| 8 | Reference Data Management Service | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data (CS/PRD/058) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Reference Data Management Service: Service Description (SVM/SDM/SD/0013)<br><br>Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data | Service for the management of Reference Data. | Service for the management of Reference Data. |

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| | | | | (CS/PRD/058) | | |
| 9 | Third Line Software Support Service | Service Description for Third Line Software Support Service (CS/SER/009), subject to the proviso that Fujitsu Services shall not be obliged to provide Third Line Software Support Services in respect of Configured POL FS or the SAP Loading Applications. | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Third Line Support Service: Service Description<br><br>(SVM/SDM/SD/0004) | Service for the diagnosis of new software Incidents occurring in Branches and the Data Centre. | Service for the diagnosis of new software Incidents occurring in Branches and the Data Centre. |
| 10 | Management Information Service | Management Information Service: Service Description (CS/SER/015)<br><br>Transaction Benchmark Service: Service Description (CS/SER/010) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Management Information Service: Service Description<br><br>(SVM/SDM/SD/0016) | The Service provides a mechanism for the reporting and publishing of Fujitsu Services' achievement of Service Levels and Service Level Targets. The service also provides data for the settlement of liquidated damages, and provides a vehicle for the request of information regarding data captured on the HNG-X Service Infrastructure.<br><br>The Management Information | The Service provides a mechanism for the reporting and publishing of Fujitsu Services' achievement of Service Levels and Service Level Targets. The service also provides data for the settlement of liquidated damages, and provides a vehicle for the request of information regarding data captured on the HNG-X Service Infrastructure.<br><br>The Management Information Service |

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| | | | | | Service also includes:<br><br>The Transaction Benchmarking Service. | also includes:<br><br>The Transaction Benchmarking Service. |
| 11 | Service Management Service | Service Management Service: Service Description (CS/SER/014)<br><br>Horizon Capacity Management and Business Volumes (PA/PER/033) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Service Management Service: Service Description (SVM/SDM/SD/0007) | The objectives of the Service are to monitor, manage and maintain the delivery of the Operational Services.<br><br>This Service also includes:<br><br>The Capacity Management Service<br><br>The Release management service. | The objectives of the Service are to monitor, manage and maintain the delivery of the Operational Services.<br><br>This Service also includes:<br><br>The Capacity Management Service<br><br>The Release management service. |
| 12 | Reconciliation Service | On Line Services Reconciliation & Incident Management (NB/PRO/002)<br><br>On Line Services Data Reconciliation Service (CS/SER/018)<br><br>APS Reconciliation and Incident Management (CS/PRO/128)<br><br>TPS Reconciliation and Incident | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Reconciliation Service: Service Description (SVM/SDM/SD/0015) | This Service provides end-to-end reconciliation and incident management procedures required to investigate, report and resolve reconciliation and business incidents. | This Service provides end-to-end reconciliation and incident management procedures required to investigate, report and resolve reconciliation and business incidents. |

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| | | Management (CS/PRO/111) | | | | |
| 13 | Security Management Service | Service Description for the Security Management Service (CS/SER/016) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Security Management Service: Service Description (SVM/SDM/SD/0017) | This Service provides a wide range of security related activities required for ISO 27001 compliance. | This Service provides a wide range of security related activities required for ISO 27001 compliance. |
| 14 | Application Support Service (Fourth Line) | Not applicable | This Service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date) | Application Support Service (Fourth Line): Service Description (SVM/SDM/SD/0005) | Service provides support for software and system errors which cannot be resolved by the Third Line Software Support Service. | Service provides support for software and system errors which cannot be resolved by the Third Line Software Support Service. |
| 15 | CMT Service | Not applicable | This Service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date) | Communications Management Team: Service Description (SVM/SDM/SD/0019) | Service provides a value add function above the standard incident and problem management service provided by the Service Desk and the Service Management Service. | Expiring Service |
| 16 | Branch Network Resilience Service | Branch Network Resilience Service Description (CS/SER/031) | This Service shall cease to be provided at Trigger Point T6 (Counter Application Rollout Complete) | This Service will be withdrawn after its Trigger Event | The Branch Network Resilience (BNR) Service will provide an automatically invoked ISDN backup network for agreed strategic ADSL Branches and a | The Branch Network Resilience (BNR) Service will provide an automatically invoked ISDN backup network for agreed strategic ADSL Branches and a backup GSM "on demand" service |

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| | | | | | backup GSM "on demand" service that would support all Branches against prolonged outages.<br><br>If the circumstances set out in paragraph 6.3 of Schedule D1 arise, Post Office shall pay additional Operational Charges for the Branch Network Resilience to Fujitsu Services. | that would support all Branches against prolonged outages.<br><br>If the circumstances set out in paragraph 6.3 of Schedule D1 arise, Post Office shall pay additional Operational Charges for the Branch Network Resilience to Fujitsu Services. |
| 17 | POL MI Hosting Service | Not applicable | This Service has no predecessor and shall be applicable from POL MI Event 1 | POL MI Hosting Service: Service Description<br><br>(POLMI/SVM/SDM/SD/001) | Service provides hosting for certain Post Office back office MI systems<br><br>Until 31st March 2014, the Operational Charges for this Service are included in Operational Charges for Data Centre Operations Service, Central Network Service and the Systems Management Service.<br>From 1st April 2014 the Operational Charges for this Service are included in the Credence/MDM Service. | Service provides hosting for certain Post Office back office MI systems<br><br>Until 31st March 2014, the Operational Charges for this Service are included in Operational Charges for Data Centre Operations Service, Central Network Service and the Systems Management Service.<br>From 1st April 2014 the Operational Charges for this Service are included in Operational Charges for the Credence/MDM |

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| | | | | | | Service. |
| 18 | Salesforce Support Service | Not applicable | 15th August 2012 | Salesforce Support Service Service Description (SVM/SDM/SD /1977) | The provision of support services for elements for the two instances of Salesforce within the Finance Specialists Salesforce Solution and the Stakeholder Salesforce Solution. | Expiring Service but it shall not have the right of a mini extension |
| 19 | POLSAP Hosting Service | Not applicable | 1st April 2014 | POLSAP Hosting Service Service Description (SVM/SDM/SD /2191) | The provision of hosting by Fujitsu Services. | Expiring Service (expiry date is 31st March 2016 and it shall not have the right of a mini extension). |
| 20 | POLSAP Applications Support Service | Not applicable | 1st April 2014 | POLSAP Applications Support Service Service Description (SVM/SDM/SD /2306) | The provision of the POLSAP applications supported by Fujitsu Services. | Expiring Service (expiry date is 31st March 2016 and it shall not have the right of a mini extension) |
| 21 | Credence/ MDM Service | Not applicable | 1st April 2014 | Credence /MDM Service Service Description (SVM/SDM/SD /2192) | The provision of the Credence/MDM application hosted and supported by Fujitsu Services. | Expiring Service (expiry date is 31st March 2016 and it shall not have the right of a mini extension). |

2.2 The Table B Call-Off Services:

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| | Call-Off Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| 1. | Operational Business Change (Branch Change) Service | Operational Business Change Branch CCDs | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Operational Business Change (Branch Change) Service: Service Description<br><br>(SVM/SDM/SD/0014) | Until 31st March 2015, a collection of services which can be procured by Post Office in relation to changes to the Hardware configuration in Post Office locations.<br><br>This service supports physical changes in the Post Office Branch Infrastructure through the provision of a range of services.<br><br>From 1st April 2015, a collection of services which can be procured by Post Office in relation to changes to the network, system management and application configuration of Post Office locations.<br><br>The charge for this element of the Operational Business Change (Branch Change) Service is the variable charge referred to in paragraphs 7.1 and 7.2 of Schedule D1. |
| 2. | Message Broadcast Service | Message Broadcast Service: Service Description (CS/SER/004) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Message Broadcast Service: Service Description<br><br>(SVM/SDM/SD/0018) | The service enables Post Office to communicate directly with Branches for the purpose of issuing instructions, advice, or information urgently. |
| 3. | Training Counter | Counter Training Offices | This service shall cease to be provided at | This service will be withdrawn after its Trigger | Service to upgrade software in the Post Office estate of training and |

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| | Call-Off Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| | Update Service | Strategy (IM/STR/056) | Trigger Point T5 (Data Centre Ready for HNG-X ). | Event | demonstration counter positions. |
| 4. | PODG Client File Re-Send Service | | | Data Centre Operations Service: Service Description<br><br>Annex A<br><br>(SVM/SDM/SD/0003) | Service gives Post Office the ability to request that files transferred to a Post Office Client from PODG including AP Client Transaction files that are within thirty days of the original receipt of the file by PODG are resent to the Post Office Client. |
| 5. | Client Take-On Service | Service Description for AP Client Take-On Service (CS/SER/011) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Reference Data Management Service: Service Description<br><br>Annex A<br><br>(SVM/SDM/SD/0013) | Service allows the automated payments service to be changed by the addition, modification or removal of APS Clients and Services for APS Clients where the change does not require a new interface connection. |
| 6. | AP Client Delivery Agreement Change Service | Service Description for AP Client Delivery Agreement Change Service (CS/SER/012) | Commencement of HNG-X Project Workstream X4 (HNG-X Application Rollout) | Reference Data Management Service: Service Description<br><br>Annex B<br><br>(SVM/SDM/SD/0013) | Service allows Post Office to request from a range of predefined changes to the live delivery agreement for an APS Client. |
| 7. | Horizon Icon Service | Icon Business Change CCDs | This Service shall cease to be provided at Trigger Point T6 (Counter | This service will be withdrawn after its Trigger Event | Service for the provision of new icons. |

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| | Call-Off Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| | | | Application Rollout Complete) | | |
| 8 | Receipt Template Service | Not applicable | This Service has no predecessor and shall be applicable from 01/06/07 | Receipt Template Service: Service Description (SVM/SDM/SD/0022) | This service applies to Horizon only and would need updating for HNG-X |
| 9 | Penetration Testing | Not applicable | Purchase Order | Service Management Service Description (SVM/SDM/SD/0017) | Process support involving an active analysis by Fujitsu Services Limited of the system for any potential vulnerabilities |
| 10 | PODG Client Connection Service | Not Applicable | This service has no predecessor | Data Centre Operations Service: Service Description<br><br>Annex C<br><br>(SVM/SDM/SD/0003) | A collection of services which can be procured by Post Office in relation to changes to existing PODG data transfer services or introduction of new PODG data transfer services. |

2.3 Table C: Service Integration Services

| | Service Integration Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| 1. | Superstock Service (Ceased to be provided from 30th June 2012 ) | Not applicable | This service has no predecessor and shall be applicable from Trigger Point T1 (Amendment Date). | Service Integration Service, Service Description<br><br>Annex A<br><br>(SVM/SDM/SD/0 | Services description in Annex A of the Service Integration Service, Service Description. |

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| | Service Integration Service | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| | | | | 010) | |
| | | | | | |

2.4 Table D: Third Party Management Services

| | Name of Third Party | Initial CCD title and reference | Trigger Event | New CCD/Schedule title and reference | Brief HNG-X Service Description |
|---|---|---|---|---|---|
| 1. | | Not applicable | This Service shall be applicable from Trigger Point T1 (Amendment Date) | Third Party Management Service: Service Description<br><br>(SVM/SDM/SD/0021) | This service will include a description of the third party management service. Initially this row is left blank because there is no third party management service as at the Amendment Date. |

## 3. STRUCTURE OF SERVICE DESCRIPTIONS

3.1 With the exception of any new BCSF Service (which shall be dealt with under paragraph 4 of Schedule B3.2), if any other new HNG-X Services and Transitional Support Services are introduced under the Change Control Procedure these will be added to the appropriate Table in paragraph 2 of this Schedule B3.1 and CCD(s) shall be produced in relation to such new Services that contain at least the following information:

3.1.1 service summary;

3.1.2 service definition;

3.1.3 service availability;

3.1.4 service level targets and remedies;

3.1.5 service limits and volumetrics;

3.1.6 reference to associated Charges (where necessary) within Schedule D1;

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3.1.7 dependencies and interfaces to the Operational Services;

3.1.8 Post Office dependencies and responsibilities (if any);

3.1.9 business continuity; and

3.1.10 the documentation set supporting the Service.

## 4. ASSOCIATED DOCUMENTS

4.1 The following CCDs are associated with this Schedule B3.1:

| | Document Reference | Document Title |
|---|---|---|
| 1 | CS/SER/002 | Horizon Systems Helpdesk: Service Description |
| 2 | CS/SER/007 | Service Description for Data Centre Operations Service |
| 3 | CS/SER/022 | Service Description for the SAP Hosting Service |
| 4 | CS/SER/008 | Service Description for Systems Management Service |
| 5 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 6 | CS/SER/009 | Service Description for Third Line Software Support Service |
| 7 | CS/SER/015 | Management Information Service: Service Description |
| 8 | CS/SER/010 | Transaction Benchmark Service: Service Description |
| 9 | CS/SER/014 | Service Management Service: Service Description |
| 10 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 11 | NB/PRO/002 | On Line Services Reconciliation & Incident Management (to be renamed On-Line |

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| | | Reconciliation Incident Management) |
| 12 | CS/SER/018 | On Line Services Data Reconciliation Service |
| 13 | CS/PRO/128 | APS Reconciliation and Incident Management |
| 14 | CS/PRO/111 | TPS Reconciliation and Incident Management |
| 15 | CS/SER/016 | Service Description for the Security Management Service |
| 16 | CS/SER/031 | Branch Network Resilience Service Description |
| 17 | CS/PDN/015 | Operational Business Change – Branch, Service Descriptions and Schedule of Service Prices |
| 18 | Not Used | Not Used |
| 19 | CS/SER/004 | Message Broadcast Service Description |
| 20 | IM/STR/056 | Counter Training Offices Strategy |
| 21 | Not Used | Not Used |
| 22 | Not Used | Not Used |
| 23 | Not Used | Not Used |
| 24 | CS/PDN/018 | Horizon Icon Service Description |
| 25 | Not Used | Not Used |
| 26 | SVM/SDM/SD/0001<br>(Expired as of 2nd July 2014) | Service Desk: Service Description |
| 27 | SVM/SDM/SD/0002 | Engineering Service: Service Description |
| 28 | SVM/SDM/SD/0014 | Operational Business Change (Branch Change) Service: Service Description |

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| 29 | SVM/SDM/SD/0003 | Data Centre Operations Service: Service Description |
| 30 | SVM/SDM/SD/0011 | Branch Network: Service Description |
| 31 | SVM/SDM/SD/0012 | Central Network Service: Service Description |
| 32 | SVM/SDM/SD/0006 | Systems Management Service: Service Description |
| 33 | SVM/SDM/SD/0013 | Reference Data Management Service: Service Description |
| 34 | SVM/SDM/SD/0004 | Third Line Support Service: Service Description |
| 35 | SVM/SDM/SD/0016 | Management Information Service: Service Description |
| 36 | SVM/SDM/SD/0007 | Service Management Service: Service Description |
| 37 | SVM/SDM/SD/0015 | Reconciliation Service: Service Description |
| 38 | SVM/SDM/SD/0017 | Security Management Service: Service Description |
| 39 | SVM/SDM/SD/0005 | Application Support Service (Fourth Line): Service Description |
| 40 | SVM/SDM/SD/0019 | Communications Management Team Service: Service Description |
| 41 | SVM/SDM/SD/0018 | Message Broadcast Service: Service Description |
| 42 | SVM/SDM/SD/0010 | Service Integration Service, Service Description |
| 43 | SVM/SDM/SD/0021 | Third Party Management Service: Service Description |
| 44 | CS/SPE/011 | Network Banking End to End Reconciliation Reporting |
| 45 | BD/AIS/001 | PostShop Data to ISA AIS |
| 46 | SVM/SDM/SD/0022 | Receipt Template Service: Service Description |

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| 47 | POLMI/SVM/SDM/SD/0001 | POL MI Hosting Service Description |
| 48 | SVM/SDM/SD/1977 | Salesforce Support Service Service Description |
| 49 | SVM/SDM/SD/2191 | POLSAP Hosting Service Service Description |
| 50 | SVM/SDM/SD/2306 | POLSAP Applications Support Service Service Description |
| 51 | SVM/SDM/SD/2192 | Credence/MDM Service Service Description |

4.2 The following CRDs are associated with this Schedule B3.1:

| | Document Reference | Document Title |
|---|---|---|
| 1 | CS/PLA/097 | Retained ISDN Sites |

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# SCHEDULE B3.2

# BUSINESS CAPABILITIES AND SUPPORT FACILITIES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline of 1.2 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 3.1 | 03/01/08 | Applying CCN's1214,1217,1227c |
| 4.0 | 14/04/08 | Baseline copy of 3.1 |
| 4.1 | 12/06/09 | Applying changes as per CCN1252a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Applying changes as per CCN1304b, CCN1310b, CCN1286a and CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349, CCN1307a, CCN1316a, CCN1320a, CCN1329a and CCN1342a |
| 10.0 | 10/09/15 | Applying changes as per CCN1338, CCN1409a, CCN1410, CCN1411 and as subsequently amended in this CCN1506, CCD reference updates and moving all Schedules to V10.0 in accordance with CCN1506 |

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# SCHEDULE B3.2

# BUSINESS CAPABILITIES AND SUPPORT FACILITIES

## 1. INTRODUCTION

1.1 This Schedule records and specifies the Business Capabilities and Support Facilities which are provided to Post Office from the start of HNG-X Project Workstream X3 (HNG-X Pilot and Acceptance). Prior to start of Trigger Point T5 (Data Centre Ready for HNG-X), the provisions of Schedule B4.2 shall apply.

1.2 Fujitsu Services shall operate and maintain:

1.2.1 each Business Capability and Support Facility listed in paragraphs 2 and 3 in accordance with the terms of the Agreement;

1.2.2 all relevant CCDs as referred to in paragraph 7; and

1.2.3 all Service Levels as set out in Schedule C1.

1.3 The functionality and interfaces for the Business Capabilities and Support Facilities are defined in the CCDs shown in Table A of paragraph 7 below and in the CCDs indicated to relate to these Business Capabilities and Support Facilities in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001).

1.4 HNG-X software installed in Branches and Admin Positions and New CTO Configurations shall be kept up to date with new Releases provided that they have an active network connection point.

1.5 Any Business Capability or Support Facility that is to be accessed via the Counter Position PC shall be provided in accordance with the CCD entitled "HNG-X Style Guide" (DES/APP/STD/0001) which shall set out, among other things, general guidelines for the Human Computer Interface.

## 2. HIGH LEVEL DESCRIPTION OF THE BUSINESS CAPABILITIES

2.1 Introduction

2.1.1 The functionality available at each Counter Position for serving Customers shall comprise one or more Business Capabilities as specified below. The provision of each Business Capability is dependant on one or more of the Support Facilities described in paragraph 3.

2.1.2 The Business Capabilities shall be enabled by Fujitsu Services on all Counter Positions in all Branches and Other Authorised Locations and shall require an operational data communications link in order to process Transactions.

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2.1.3 Each Business Capability shall support a range of data selection, capture and validation facilities which are controlled and constrained by Post Office Reference Data. These facilities provide support for:

2.1.3.1 product selection mechanisms;

2.1.3.2 a range of data capture and validation routines;

2.1.3.3 the use of print templates in support of customised receipt and slip print layouts.

2.1.4 The production of Post Office Reference Data to make use of the data capture shall be in accordance with and subject to the provisions of the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/0002). Post Office shall have responsibility for:

2.1.4.1 the design and development of Transactions that utilise the facilities described in the CCD entitled "AP-ADC Reference Manual"(DES/GEN/MAN/0002);

2.1.4.2 ensuring that Post Office Reference Data, intended to introduce those Transactions, functions correctly within the HNG-X Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058)); and

2.1.4.3 defining receipts (for all Transactions that use the facilities described in the CCD entitled "AP-ADC Reference Manual"(DES/GEN/MAN/0002). This will not include the definition of any receipts used in conjunction with Transaction or session recovery whose content and usage shall be jointly agreed by the Parties.

2.2 Point of Sale Business Capability

2.2.1 The Point of Sale Business Capability provides a general "till" function which enables Post Office to carry out sales operations within Branches for the range of Post Office products defined within Post Office Reference Data.

2.2.2 These Post Office Products may be general retail products or be traded via one of the following Business Capabilities (described below):

2.2.2.1 In/Out Payment Business Capability;

2.2.2.2 APOP Business Capability;

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2.2.2.3 Banking Business Capability;

2.2.2.4 DVLA Licensing Business Capability;

2.2.2.5 Electronic Top-Up Business Capability; or

2.2.2.6 Bureau Service Business Capability.

2.2.3 The Point of Sale Business Capability implements the business and pricing rules for each product (including the production of the Transaction receipt(s)) and manages the aggregation and recording of all Transaction data into a Customer Session.

2.2.4 Transactions undertaken using the Point of Sale Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.2.5 The Point of Sale Business Capability shall enable a Transaction to be cancelled from a Customer Session subject to Post Office Reference Data, prior to settlement by the Payment Management Business Capability.

2.3 In/Out Payment Business Capability

2.3.1 The In/Out Payment Business Capability enables Post Office to provide a range of payment services to Customers comprising in-payment (e.g. bill payment) and out-payment (e.g. postal order redemption).

2.3.2 The In/Out Payment Business Capability may be invoked through the use of Tokens or other mechanisms and may involve the use of a range of data capture, data validation and Transaction validation facilities.

2.3.3 The In/Out Payment Business Capability supports the following range of Tokens:

2.3.3.1 magnetic stripe cards; and

2.3.3.2 barcoded documents.

2.3.4 The Clients and Tokens supported by the In/Out Payment Business Capability are set out in the CCD entitled "Automated Payments System Client List" (BP/DOC/008).

Specific payment services and the Transactions which support them conform to the relevant Application Interface Specification, the CCD entitled "POCL Automated Payments Generic Rules" (BP/DOC/014) and appropriate Token Technology Specification(s).

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2.3.5 The In/Out Payment Business Capability supports the use of HNG-X User Interface components which may be specified via Post Office Reference Data as being equivalent to a manually entered barcode token.

2.3.6 The In/Out Payment Business Capability may utilise data, typically comprising tariff data, received from Clients.

2.3.7 The In/Out Payment Business Capability may access the PAF Support Facility, APOP Business Capability and such other specific external applications as the Parties may agree under the Change Control Procedure.

2.3.8 Transactions undertaken using the In/Out Payment Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.3.9 Data captured as a result of an In/Out Payment Transaction shall be transferred to Client systems and Post Office systems in accordance with the relevant Application Interface Specification and shall be carried out using the File Management Support Facility.

2.3.10 Transactions undertaken using the In/Out Payment Business Capability and taking place within the same POL Core Day as the original Transaction and committed using the Payment Management Business Capability may subsequently be Reversed in a new Customer Session, subject to such action being allowed within Reference Data. This shall have the effect of Reversing the accounting effect of the Transaction. Where a Transaction has been Reversed then no data relating to the original Transaction or the Reversing Transaction shall be sent to the relevant Client subject to the relevant Application Interface Specification. It will not be possible to start a Reversal Transaction during the period of three minutes before the end of the POL Core Day.

2.4 APOP Business Capability

2.4.1 The AP Out-Payments (APOP) Business Capability is a set of components that support the creation of APOP Services. Each business application that makes use of the APOP Business Capability will be segmented into its own APOP Service.

2.4.2 The components of the APOP Business Capability are as follows:

2.4.2.1 an APOP database which stores details of Transaction Vouchers and the actions that have been performed on a Transaction Voucher by each APOP Transaction;

2.4.2.2 an APOP authorisation service which processes APOP Transactions by applying the rules defined in the CCD entitled "APOP Definition" (BP/SPE/046);

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2.4.2.3 an APOP branch service that processes APOP on-line Transactions initiated from an AP-ADC Transaction using the APOP authorisation service referred to in paragraph 2.4.2.2;

2.4.2.4 an APOP batch service which will send/receive batch files to/from Post Office Data Gateway and process APOP batch Transactions using the APOP authorisation service referred to in paragraph 2.4.2.2;

2.4.2.5 an APOP administration service that will process APOP on-line Transactions initiated from an APOP Administration Workstation using the APOP authorisation service referred to in paragraph 2.4.2.2. Transactions will be routed to the APOP authorisation service by a web server;

2.4.2.6 an APOP reporting service that will process APOP Transactions to extract records from the APOP database using the APOP authorisation service referred to in paragraph 2.4.2.2;

2.4.2.7 an APOP housekeeping service that will process time-driven event APOP Transactions using the APOP authorisation service referred to in paragraph 2.4.2.2;

2.4.2.8 an APOP archiving service that archives data from the APOP database;

2.4.2.9 a web service to route APOP on-line Transactions to the APOP database for the APOP Service;

2.4.2.10 templates for the Customer receipt and the Branch receipt; and

2.4.2.11 templates for the office counter weekly and office weekly reports.

2.4.3 An APOP Service comprises at least the elements set out in paragraphs 2.4.2.3, 2.4.2.9, 2.4.2.10 and 2.4.2.11.

2.4.4 The production of Reference Data by Post Office to make use of the APOP Business Capability shall be in accordance with and subject to the provisions of the CCD entitled "APOP Authorisation Service Reference Manual" (AP/MAN/004).

2.4.5 The CCD entitled "APOP Definition" (BP/SPE/046) sets out the rules that shall apply in determining whether Post Office is required to request a Work Package in respect of introducing additional APOP Services/AP Transactions using the APOP Business Capability and/or modifying an existing APOP Service. Where so required by the provisions of that CCD, Post Office shall request a Work Package for the introduction and/or modification (as applicable) of such services/transactions.

2.4.6 Post Office shall be responsible for:

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2.4.6.1 the design and development of new AP Transactions that use the APOP Business Capability;

2.4.6.2 (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058)) ensuring that Post Office Reference Data, intended to introduce those new AP Transactions, functions correctly within the HNG-X Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect;

2.4.6.3 defining receipts (for all AP Transactions that use the APOP Business Capability). This will not include the definition of any receipts used in conjunction with Transaction or session recovery whose content and usage shall be jointly agreed by the Parties.

2.4.6.4 transforming incoming data files into standard APOP format according to the APOP Interface Specifications for live purposes; and

2.4.6.5 generating required reports from extract files generated by APOP, according to the APOP Interface Specifications for live purposes.

2.4.7 Transactions undertaken using the APOP Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.5 Banking Business Capability

2.5.1 The Banking Business Capability enables Post Office to support the transaction of banking business in Branches.

2.5.2 The Banking Business Capability is invoked by either:

2.5.2.1 a card swipe (or input of card details) where EMV functionality is not supported in respect of that card; or

2.5.2.2 a Customer inserting their card into the chip card reader in a PIN Pad where such card supports EMV functionality.

2.5.3 The following Transaction types are supported:

2.5.3.1 cash deposit;

2.5.3.2 cash withdrawal;

2.5.3.3 balance enquiry;

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2.5.3.4 withdraw limit;

2.5.3.5 change of PIN at PIN Pad; and

2.5.3.6 cheque deposit.

2.5.4 Each Transaction type comprises:

2.5.4.1 a series of screen dialogues;

2.5.4.2 the input or selection of data by the User;

2.5.4.3 the input of PIN numbers by Customers where applicable;

2.5.4.4 the interactive exchange of information via the Data Centres with the Bank systems; and

2.5.4.5 the printing of receipts.

2.5.5 Transactions undertaken using the Banking Business Capability shall be centrally recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.5.6 The Banking Business Capability supports the Transaction Enquiry Service by passing NB Requests, NB Authorisations, NB Confirmations and Reversals (where applicable to the Banking Business Capability) to the Transaction Enquiry Service from where they are available for query using TESQA.

2.6 DVLA Licensing Business Capability

2.6.1 The DVLA Licensing Business Capability enables Post Office to support the provision of vehicle re-licensing Transactions in selected Branches which are determined by Post Office Reference Data.

2.6.2 Vehicle re-licensing Transactions are enabled by captured data as specified by Post Office Reference Data and utilise the data capture facilities of the In/Out Payment Business Capability.

2.6.3 Vehicle re-licencing Transactions utilise an online interaction with the DVLA BART system which retrieves information concerning MOT status and vehicle excise duty as well as other supporting data. The interaction with DVLA BART may be configured to deal with scenarios where no response is received from DVLA BART within designated time periods.

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2.6.4 The availability of the DVLA Licensing Business Capability in Branches is determined by Post Office Reference Data. Where the DVLA Licensing Business Capability is provided in a Branch, it shall be available on all Counter Positions in that Branch.

2.6.5 Transactions undertaken using the DVLA Licensing Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.7 Electronic Top-Up Business Capability

2.7.1 The Electronic Top-Up Business Capability enables Post Office to support the Customer purchase or refund of mobile phone related credits and associated content products (e.g. ring tones).

2.7.2 Electronic Top-Up ('ETU') credit products (known as 'Top-Up' products or 'PIN' products) are invoked by swiping a Customer's card (or by the manual input by the Counter Clerk of the Customer's card details). ETU content products (known as PIN/e-voucher products) are invoked by Counter Clerk selection. The following Transaction types are supported:

2.7.2.1 the purchase of a card based Top-Up product;

2.7.2.2 the purchase of card based PIN product;

2.7.2.3 the purchase of a PIN/e-voucher product;

2.7.2.4 the refund of a card based Transaction; and

2.7.2.5 the refund of a PIN/e-voucher Transaction.

2.7.3 Each Transaction type comprises:

2.7.3.1 the selection of ETU products from menus;

2.7.3.2 a series of screen dialogues;

2.7.3.3 the input or selection of data by the User;

2.7.3.4 the interactive exchange of information with e-pay; and

2.7.3.5 the printing of receipts.

2.7.4 Transactions undertaken using the Electronic Top-Up Business Capability shall be centrally recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

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2.7.5 The Electronic Top-Up Business Capability shall automatically generate a Reversal Transaction and transmit this to e-pay when the authorisation response to certain Transaction types is not received within a pre-configured timeout period.

2.8 Bureau Service Business Capability

2.8.1 The Bureau Service Business Capability enables Post Office to trade foreign currencies and travellers' cheques on-demand at Counter Positions (the on-demand Bureau Service facility).

2.8.2 The Bureau Service Business Capability enables Post Office to pre-order foreign currencies and travellers' cheques at Counter Positions (the pre-order Bureau Service facility).

2.8.3 The Bureau Service Business Capability enables Post Office to sell and top-up travel money cards at Counter Positions (the travel money card Bureau Service facility).

2.8.4 The Bureau Service Business Capability enables Post Office to capture, validate and report on the barcode or serial number on travellers' cheques traded.

2.8.5 The Bureau Service Business Capability enables Post Office to control the Bureau Service facilities available at a Counter Position by Post Office Reference Data

2.8.6 The Bureau Service Business Capability enables Post Office to control the currency types that can be traded by each Bureau Service facility at a Counter Position by Post Office Reference Data

2.8.7 The counter dialogue for the Bureau Service facilities is controlled by Post Office Reference Data in accordance with and subject to the provisions of the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/0002).

2.8.8 The Bureau Service Business Capability enables Post Office to calculate up to four quotes for each on-demand, pre-order or travel money card Bureau Service Transaction and to present the quotes to the User

2.8.9 The Bureau Service Business Capability supports the ability to receive Spot Rates Files and Margins & Commissions Files from Post Office in accordance with CCD entitled "Post Office to Fujitsu Services Bureau de Change Rates Interface Specification" (RD/IFS/033), and to use the data in these files to:-

2.8.9.1 control the rates at which currencies, travellers' cheques and travel money cards are traded;

2.8.9.2 control the rates at which currencies and travellers' cheques are remitted, transferred and re-valued

2.8.10 The Bureau Service Business Capability supports the ability to receive Branch Profile Files from Post Office and to use the data in a Branch Profile File to:

2.8.10.1 control the set of Margin Rates used when calculating quotes;

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2.8.10.2 control the set of up-sell, value rounding and rate overriding values specified in the Pricing Profile File which will be used when calculating quotes;

2.8.11 The Bureau Service Business Capability supports the ability for Fujitsu to receive Pricing Profile Files from Post Office and to use the data in these files to control the up-selling, value rounding and rate overriding available in a Branch.

2.8.12 The Bureau Service Business Capability supports the ability for Fujitsu to send Bureau Transaction and Control Totals Files to Post Office in accordance with AIS 'Bureau de Change Transactions Feed for FRTS' (NB/IFS/012).

2.8.13 Transactions undertaken using the Bureau Service Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.9 Postal Services Business Capability

2.9.1 The Postal Services Business Capability supports a range of Mails Acceptance and Mails Administration business processes taking place within designated Branches together with support for the establishment and management of Postal Services Reference Data. These will comprise: -

2.9.1.1 services provided to Customers that support the pricing and sale of mails products;

2.9.1.2 the management of mail items received into and despatched from a Branch;

2.9.1.3 the provision of data to Post Office and Postal Services Clients concerning these operations;

2.9.1.4 tools to enable Post Office to establish and manage the Postal Services Reference Data.

2.9.2 Mails Acceptance supports the over the counter processes for accepting mail items from customers and comprises: -

2.9.2.1 the presentation and selection of valid primary, additional and value-add mail services;

2.9.2.2 incremental price calculation based on service and option selection;

2.9.2.3 the capture and validation of data (including track and trace barcode data, destination, PAF addresses, weight, size, service choice etc) at defined points throughout the Transaction;

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2.9.2.4 the application of business rules against captured data or Customer selections which may constrain or enforce subsequent product / service choices or data collection;

2.9.2.5 support for bulk mail acceptance, optionally varying the business process steps and rules including additional data capture and price validation;

2.9.2.6 the production of mails labels and Certificate of Postings upon completion of the Mails Acceptance transaction as determined by business rules and associated Reference Data;

2.9.2.7 the provision of on-screen help information, including Mails Carriers' conditions of acceptance, as determined by Post Office in support of the above facilities; and

2.9.2.8 the ability to conduct multiple Mails Acceptance Transactions without requiring individual re-selection of the Postal Services function.

2.9.3 Mails Administration supports the in-Branch processes for receiving and dispatching mails items and comprises:

2.9.3.1 the recording of the receipt of track and trace mails items into a Branch for later collection by Customers;

2.9.3.2 the provision of an enquiry and priced mails collection service for Customers;

2.9.3.3 the management of uncollected items;

2.9.3.4 the management, reconciliation and reporting of mails items accepted into a Branch via the Mails Acceptance facility. Certain mails items can be excluded from this process as determined by business rules and associated Reference Data;

2.9.3.5 support for a mails despatch and exception handling process for mails items collected by Mails Carriers;

2.9.3.6 support for the receipt and reporting of undelivered priority mails items; and

2.9.3.7 the provision of on-screen 'Help', including conditions of acceptance, information as determined by Post Office in support of the above facilities.

2.9.4 The Postal Services Business Capability supports the transfer to the BIG of track and trace and related data captured by the Mails Acceptance and Mails Administration facilities for selected Mails Carriers and the transfer of

FUJ00000070



completed Postal Services transaction data to various Post Office systems. This comprises:

2.9.4.1 transfer of data in accordance with the CCD entitled "Horizon to Post Office Feed for Track and Trace Application Interface Specification" (AS/IFS/001); and

2.9.4.2 transfer of completed Postal Services Transaction data to Configured POL FS or from the POLSAP R1 Go Live Date, the POLSAP Software, DIW & HR SAP as part of transfer of all other Branch Transaction data.

2.9.5 The Postal Services Business Capability enables Post Office to specify and manage the Carrier Services Reference Data which controls the options, choices and pricing for all Carrier Services. This comprises a range of data preparation and maintenance tools to allow Post Office to manage the Carrier Services Reference Data in readiness for introduction into live operation. These tools will define the allowable Carrier Services, the associated business data (e.g. pricing tables and calculations) and associated business rules (e.g. data validation, service constraints and options) to be specified and maintained.

2.9.6 Transactions undertaken using the Postal Services Business Capability shall be recorded as part of a Customer Session and shall be committed as part of the settlement process using the Payment Management Business Capability.

2.10 Payment Management Business Capability

2.10.1 The Payment Management Business Capability enables the settlement of a Customer Session using cash, cheque, vouchers, Debit Cards or Credit Cards as methods of payment.

2.10.2 The Payment Management Business Capability manages the aggregation of the required tender value for a Customer Session and provides change calculation facilities.

2.10.3 The Payment Management Business Capability manages the production of any AP Customer receipt and any required or requested Customer Session receipt as part of the settlement of a Customer Session. The required layout of a AP Customer receipt and a Customer Session receipt shall be defined in the CRD entitled “HNG-X AP and ADC Receipts” (DES/GEN/SPE/0011).

2.10.4 The following Debit Card Transaction types (defined in CCD entitled " ( “Mapping Schedule B3.2 to the HNG-X Solution” (REQ/GEN/REP/1091)) are supported by the Payment Management Business Capability:

2.10.4.1 Debit Card purchase;

2.10.4.2 Debit Card Refund;

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2.10.4.3 explicit Reversals;

2.10.4.4 Contactless Transactions; and

2.10.4.5 Contactless refunds.

2.10.5 The following Credit Card Transaction types are supported:

2.10.5.1 Credit Card purchase;

2.10.5.2 Credit Card Refund; and

2.10.5.3 explicit Reversals;

2.10.5.4 Contactless Transactions; and

2.10.4.5 Contactless refunds.

2.10.6 The Payment Management Business Capability implements the business rules associated with the use of the Debit Card or Credit Card Method of Payment which shall include the use of inclusion lists and exclusion lists which will specify which products can be settled with which card types. Business rules will include a transaction limit, set at a fixed amount which may be changed from time to time via reference date by prior agreement with Post Office.

2.10.7 The Payment Management Business Capability implements the use of separate authorisation dialogues using separate merchant identity/terminal identity values for Bureau and non-Bureau products, support for the receipt of a referral response, and the validation of the allowable products and allowable settlement values according to the type of Debit Card or Credit Card.

2.10.8 The Payment Management Business Capability supports the Debit Card and Credit Card Method of Payment via an interactive exchange with the Merchant Acquirer in accordance with the CCD entitled "Horizon Online – Streamline Application Interface Specification" (DES/APP/AIS/0009).

2.11 Cash and Stock Management Business Capability

2.11.1 The Cash and Stock Management Business Capability provides facilities to enable all Branches to capture data (including cash declarations, inward / outward remittances, pouch collection and receipt) for onward submission to SAPADS or, from the POLSAP R1 Go Live Date, the POLSAP Software.

2.11.2 The Cash and Stock Management Business Capability supports the receipt from SAPADS or, from the POLSAP R1 Go Live Date, the POLSAP Software of planned orders and replenishment delivery details.

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2.11.3 The Cash and Stock Management Business Capability provides the following facilities within Branches:

2.11.3.1 the display of screen dialogues that support cash and stock transfers, cash and stock declarations, adjustments to cash holdings;

2.11.3.2 scanning bar coded labels to monitor the movement of cash and stock bags and pouches into the Branch;

2.11.3.3 the automatic inward remittance of the value of cash pouches and bureau de change pouches using the associated replenishment delivery details;

2.11.3.4 support for recording that selected cash and stock pouches and bags are part of a REM Collection, or have been removed from a REM Collection;

2.11.3.5 scanning bar coded labels to monitor the movement of cash and stock bags and pouches that form a REM Collection out of the Branch; and

2.11.3.6 a facility for viewing planned order details originated by SAPADS or, from the POLSAP R1 Go Live Date, the POLSAP Software and transmitted to the Branch.

2.11.4 The Cash and Stock Management Business Capability supports the recording of cash movements by Branches that are designated as Operator Cash Branches.

2.12 Branch Management Business Capability

2.12.1 The Branch Management Business Capability provides facilities to enable authorised Users within any Branch to perform various administrative functions including:

2.12.1.1 Stock Unit balancing;

2.12.1.2 Branch accounting;

2.12.1.3 printing of Client summaries;

2.12.1.4 printing of Branch reports (including those on-demand reports provided by POL SAP to Operator Cash Branches);

2.12.1.5 support for Reversals and Refunds; and

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2.12.1.6 support for the application of Transaction Correction Records supplied from Configured POL FS or, from the POLSAP R1 Go Live Date, the POLSAP Software.

## 3. HIGH LEVEL DESCRIPTION OF THE SUPPORT FACILITIES

### 3.1 Introduction

Fujitsu Services shall provide the following Support Facilities that support or enable the provision of the Business Capabilities described in paragraph 2. The functionality of the Support Facilities is provided via the HNG-X Service Infrastructure.

### 3.2 Branch Administration Support Facility

3.2.1 The Branch Administration Support Facility, available in all Branches and requiring an operational data communications link, comprises a range of functions including:

3.2.1.1 User log on / off, which shall:

(a) authenticate all Users logging on to a Branch terminal using full access control and password management facilities, which shall require each User to be identified by a unique User ID and individual password;

(b) ensure that Users shall only access those Business Capabilities for which they have been given permission by the Branch; and

(c) enable Users to log-on to a Branch terminal in their Branch in accordance with their defined role. Any access to data or services outside of that Branch is controlled exclusively by the relevant Business Capability.

3.2.1.2 User / password management, which shall:

(a) provide facilities to enable the Branch Manager to establish new Users and set an initial password for all Users in a Branch. Should a User forget their password the Branch Manager shall be able to reset the password. The same procedure shall apply at single Counter Position Branches and multiple Counter Position Branches; and

(b) for situations where the sole User (e.g. Branch Manager in a single Counter Position Branch) has forgotten their password, provide the facility to reset the User password. This shall be triggered via the Service Desk and enabled via the Service

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Management Service. The User shall then be able to reset their User password.

3.2.1.3 Stock Unit creation / allocation, which shall allow authorised Users to:

(a) introduce a new Stock Unit;

(b) associate a user with a Stock Unit;

(c) delete a Stock Unit; and

(d) view details about a Stock Unit.

3.2.1.4 the provision of secure inactivity time-out facilities if a Branch terminal is inactive for a period defined in Reference Data. Should the User be unable to re-activate the time-out facility, the following actions may be taken:

(a) after a period of time during which there is no active session, the session shall be automatically logged-out;

(b) the Branch Manager may assume responsibility for any uncompleted session, the Stock Unit or share thereof, by entering his own User name / password;

(c) once the Branch terminal has logged-out, any authorised User may then use that Branch terminal; and

(d) the above events shall be recorded as audit events.

The time-out facility shall allow the User to resume work with the minimum delay consistent with achieving security in accordance with the provisions of this Agreement.

3.2.1.5 Call logging, which shall enable a User via a Branch terminal to record details of an Incident and for these details to be provided as a Service Desk call to the Service Desk provided by Fujitsu up until the 2nd July 2014. The system shall provide a unique call reference to the Incident. For the avoidance of doubt this shall not be provided to the Service Desk provided by the Next Supplier.

3.2.1.6 the provision of facilities to enable the User to:

(a) save a session by settling the session to a holding account;

(b) start a new session;

(c) display a list of saved sessions;

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(d) select a saved session and recall the balance of the saved session;

(e) undertake further transactions after recalling a session; and

(f) settle the recalled session.

3.2.1.7 the provision of facilities to enable Post Office Ltd to:

(a) Record postal services Reference Data in Selectica data format using a set of spreadsheets designed by Fujitsu;

(b) Dispatch updates to postal services Reference Data by sending populated versions of the above set of spreadsheets to Fujitsu;

(c) Require Fujitsu to upload populated sets of spreadsheets provided by Post Office Ltd into the HNG-X Reference Data preparation system (HRDP) ;

(d) Enter postal services reference data that is not included within the Selectica data format directly into the HRDP subsystem of HNG-X

3.3 Branch Support Facility

3.3.1 The Branch Support Facility, available in all Branches and requiring an operational data communications link, comprises a range of support facilities to facilitate the delivery of a Business Capability at a Counter Position including:

3.3.1.1 the provision of a generic and updateable User help system comprising linked context sensitive pages;

3.3.1.2 the display of sales prompts; and

3.3.1.3 the ability to support the bulk input of Transactions.

3.4 Transaction Management Support Facility

The Transaction Management Support Facility provides support for Transaction aggregation and Transaction storage. The Transaction Management Support Facility also provides facilities to allow authorised Post Office personnel to have enquiry access to Banking Transaction data using the Transaction Enquiry Service.

3.5 File Management Support Facility

3.5.1 The File Management Support Facility provides support for the automatic receipt and dispatch of batch files between the HNG-X Service Infrastructure and Clients, other third parties, Post Office systems external to the HNG-X

FUJ00000070



System and Configured POL FS, or from the POLSAP R1 Go Live Date the POLSAP Software.

3.5.2 Outbound batch files contain data originating from Business Capabilities that are:

3.5.2.1 produced in accordance with the relevant AIS;

3.5.2.2 directed to the EDG in accordance with the CCD entitled "Automated Payments Interface Specification - EDG / DES" (CR/IFS/002). Files transferred to the EDG may have arisen from live operations or may have arisen from operational testing associated with the In/Out Payment Business Capability.

3.5.3 Inbound batch files are received directly from Clients or other third parties and contain data for use by a Business Capability.

3.5.4 All data transfers shall be in accordance with the relevant Application Interface Specification and Technical Interface Specification as specified in the CCDs indicated to relate to these Business Capabilities and Support Facilities in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001).

3.6 Reference Data Support Facility

3.6.1 The Reference Data Support Facility supports the receipt of Post Office Reference Data for use by either business or system operations. Business related Reference Data comprises information that relates to particular Transactions. System related Reference Data comprises information that relates to the state of the Branch and its associated software base (e.g. Event management details, software version numbers).

3.6.2 Reference Data provided by Post Office comprises the definition of the properties and relationships of the data to be processed and the processing methods that are to be used. Reference Data use date/time and version controls, and are also be used to control product availability within Branches. Additional Reference Data may be created by Fujitsu Services.

3.6.3 Reference Data received from the Post Office Reference Data System shall be in accordance with the CCD entitled "Application Interface Specification Reference Data to Fujitsu Services Limited" (BP/IFS/010). The Reference Data Support Facility also supports the manual input of data by Fujitsu Services' personnel and incorporation of system generated data from other parts of the HNG-X Service Infrastructure.

3.6.4 The Reference Data Support Facility supports the receipt of Reference Data from the Post Office Reference Data System delivered in separately identifiable change instructions in accordance with the CCD entitled "Reference Data

FUJ00000070



Management Service: Service Description" (SVM/SDM/SD/0013). These change instructions are then made available to a daily extract process when correct authorisation for each request is received from Post Office. Details regarding the delivery and authorisation of Reference Data are given in the following CCDs:

3.6.4.1 for products, "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058); and

3.6.4.2 for Branches, "Post Office Limited Operational Business Change – Branch, Interface Agreement" (SVM/SDM/STD/0001).

3.6.5 The Reference Data Support Facility:

3.6.5.1 provides support for version control of Reference Data including start and end dates for its validity; and

3.6.5.2 manages the distribution of Reference Data to Branches via the HNG-X Service Infrastructure.

3.6.6 The Reference Data Support Facility provides data used by all the Business Capabilities and has the potential to extend this to additional Business Capabilities running on the HNG-X Service Infrastructure.

3.6.7 The Reference Data Support Facility checks Reference Data consistency and reports any exceptions.

3.7 PAF Support Facility

3.7.1 The PAF Support Facility is a generic facility used by certain Business Capabilities to:

3.7.1.1 allow Users to validate an address against the PAF Database by entering the details of premises and postcode or premises, street and town of the address to be validated;

3.7.1.2 present Users with a validated postal address;

3.7.1.3 permit Users to enter a postal address manually; and

3.7.1.4 make available the manually entered postal address for use by the Branch Transaction that invoked the PAF Support Facility.

3.7.2 The PAF Support Facility is available at all Counter Positions in all Branches (but access to the PAF Support Facility is only available at locations with an operational data communications link)

3.8 Message Handling Support Facility

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3.8.1 The Message Handling Support Facility supports the creation by Post Office of plain text based messages which are distributed to all or selected Branches.

3.8.2 Within a Branch, Users may select messages for display and subsequent printing.

3.8.3 The Message Handling Support Facility is available at all Counter Positions in all Branches (but messages can only be received at locations with an operational data communications link.)

3.9 Audit Support Facility

3.9.1 The Audit Support Facility enables the recording of an operational audit trail and a commercial audit trail as defined in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006). These comprise the audit trail associated with:

3.9.1.1 the set of audit events as set out in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006)

3.9.1.2 the operation of:

(a) the Horizon Applications in each Branch prior to the HNG-X Date in respect of that Branch; and

(b) Business Capabilities and Support Facilities in each Branch after Branch migration has occurred in respect of that Branch; and

3.9.1.3 the audit trail of that part of Fujitsu Services' internal commercial records to which Post Office's internal auditors or agents, as specified in Schedule D5, have access.

The audit trails shall conform to the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006).

3.9.2 Data within the operational audit trail shall be retained for 18 months, although the set of records associated with a transaction voucher transacted by an APOP Service and Transaction data relating to Transactions originated from the Banking Business Capability and data relating to Transactions that are settled using the Debit Card or Credit Card Method of Payment shall be retained for seven years.

3.9.3 Data within the commercial audit trail shall be retained for seven years, although some data will be retained for the term of this Agreement which may be longer.

3.9.4 Access to audit trail data is provided to authorised Post Office personnel either by interactive access or through a set of standard reports.

FUJ00000070



3.9.5 Security of data and audit trail

All data captured at the Data Centre either as part of a Transaction performed at a Counter Position or as an administration function shall form part of a unique Transaction which shall have a unique reference number. The format of this Transaction shall vary according to the Transaction type but will typically contain:

(a) Branch Code;

(b) Counter Position ID;

(c) unique Transaction ID;

(d) date;

(e) time;

(f) User ID; and

(g) Transaction details.

3.10 Reconciliation Support Facility

3.10.1 The Reconciliation Support Facility and associated reports support Post Office in establishing a common financial position between Post Office and those Clients and other third parties whose own processes may cause them not to accept a Transaction performed in a Branch.

3.10.2 Reports will be produced and provided to Post Office and the Reconciliation Support Facility will be supported by the processes specified in the CCD to be entitled "End to End Reconciliation Reporting" which will be a revision of the CCD "Network Banking End to End Reconciliation Reporting" (CS/SPE/011).

3.11 Training Support Facility

3.11.1 The Training Support Facility supports training from CTOs enabling each CTO Counter within a CTO to operate an independent training environment.

3.11.2 The Training Support Facility utilises those aspects of the Business Capabilities and Support Facilities that provide Branch based capability together with separate functionality to simulate online interfaces which will return pre-defined simulation responses.

3.11.3 Users of the Training Support Facility will generate Training Transactions and Training Data that will be separated and separately identifiable from HNG-X Transactions and data. Training Data will not be passed to external clients or the audit stream.

FUJ00000070



3.11.4 Reports generated using the Training Support Facility will reflect the Training Transactions performed during the Training Session and stock levels reported will be adjusted accordingly.

3.11.5 Post Office will establish and manage each CTO Branch as a Branch within the live estate and each will be allocated their own Branch Code which will indicate that they are a CTO Branch.

3.11.6 The Training Support Facility will utilise Branch Infrastructure and will require the use of an operational data communications link in order to process Training Transactions. Each CTO Counter within a CTO will be connected by LAN through the shared single branch router, and there will be a shared back office printer.

3.11.7 The Training Support Facility will enable the Training Data of a CTO Counter to be reset back to a pre-defined default state.

3.11.8 The Training Support Facility will require the use of an operational data communications link in order that updates of software change and reference data can occur. This may take place automatically in the same manner as for Branches or at points in time that are agreed between Fujitsu Services and Post Office.

## 4. ADDING NEW BUSINESS CAPABILITIES OR SUPPORT FACILITIES

4.1 Introduction

4.1.1 When a new Business Capability or Support Facility is to be added under the Change Control Procedure, the following actions shall be completed:

4.1.1.1 a high-level description of the Business Capability or Support Facility shall be incorporated into paragraphs 5 or 6 including a statement of any interdependency with any existing (or new) Business Capability or Support Facility as appropriate;

4.1.1.2 the relevant Schedules to this Agreement shall be updated to record the new Business Capability or Support Facility, including:

(a) Schedule 1 (Interpretation);

(b) Schedule C1 (Service Level Principles and Remedies);

(c) Schedule A5 (Post Office Responsibilities);

(d) this Schedule B3.2 (Business Capabilities and Support Facilities); and

FUJ00000070



(e) other Schedules to this Agreement, as relevant; and

4.1.2 Relevant CCDs shall be created or updated and referenced from the table contained in paragraph 7.

## 5. ADDITIONAL BUSINESS CAPABILITIES

This paragraph will include brief descriptions of each new Business Capability.

5.1 POca Card Issuing Business Capability

5.1.1 The POca Card Issuing Business Capability enables Post Office at Counter Positions to:-

5.1.1.1 issue POca Cards to new cardholders;

5.1.1.2 issue replacement POca Cards for lost or stolen cards;

5.1.1.3 issue replacement POca Cards for damaged cards;

5.1.1.4 withdraw POca Cards

5.1.2 The components of the POca Card issuing Business Capability are as follows:

5.1.2.1 Counter Transactions that use the In/Out Payment Business Capability to generate Transactions;

5.1.2.2 a network interface to the POca VPN network

5.1.2.3 a web service to:

(a) convert on-line Transactions generated by the counter into on-line Transactions in the POca host service format;

(b) route POca on-line Transactions to the POca host service;

(c) convert the response to on-line Transactions returned from the POca host service into on-line Transactions in counter format;

(d) generate error messages if the on-line Transaction has not been processed successfully;

5.1.3 The counter dialogue for POca money transfer transactions is controlled by Post Office Reference Data

5.1.4 Transactions undertaken using the Bureau Service Business Capability shall be recorded as part of a customer session and shall be committed as part of the settlement process using the Payment Management Business Capability

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5.2 Channel Integration Capability

5.2.1 The Channel Integration capability enables non-HNG-X devices to access a subset of HNG-X services through the use of a collection of technical services that handle the inbound and outbound messages to the non-HNG-X device and integrates with the HNG-X services.

5.3 Arc Strategic Smartcard Capability

5.3.1 The ARC Strategic Smartcard capability means the web service provided by Fujitsu that allows asylum seekers to access the benefits paid to them by the Government of the United Kingdom from a Post Office.

5.4 Smart Metering Capability

5.4.1 The Smart Metering capability means the web service provided by Fujitsu that allows customers of British Gas to access and top up their Smart Card for usage on British Gas Meters.

## 6. ADDITIONAL SUPPORT FACILITIES

This paragraph will include brief descriptions of each new Support Facility.

6.1 Generic Web Services (GWS) Support Facility

6.1.1 Fujitsu Services will provide a set of services as defined in Annex C of the CCD 'Data Centre Operations Service: Service Description' (SVM/SDM/SD/0003) to enable GWS Clients to be developed, tested and deployed in the Fujitsu Data Centre.

6.1.2 The Generic Web Services Support Facility provides a generic set of facilities in the Fujitsu Data Centre which enables Post Office to:

6.1.2.1 define new GWS Clients;

6.1.2.2 amend or update existing GWS Clients defined using the Generic Web Services Support Facility;

6.1.3 The Generic Web Services Support Facility enables messages to be received from, and responses to be sent to, an In/Out Payment Counter Transaction as defined in the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/002) and the 'APOP Authorisation Service – On-line Application Interface Specification" (AP/IFS/064);

6.1.4 The Generic Web Services Support Facility enables messages to be sent to, and responses to be received from, the GWS Client over the internet;

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6.1.5 The Generic Web Services Support Facility enables messages sent to, and responses received from, the GWS Client to be encrypted as defined in the 'Web Service Client Connection Process' (REQ/GEN/PRO/1386);

6.1.6 Using the 'Web Service Client Connection Process' (REQ/GEN/PRO/1386) the Generic Web Services Support Facility enables Post Office to define for a Generic Web Service Client:

6.1.6.1 the routing of on-line messages between an In/Out Payment Counter Transaction and a GWS Client;

6.1.6.2 the transaction mapping between the In/Out Payment message format and the GWS Client message format:

- field mapping;
- field validation;
- data transformation;

6.1.6.3 the response code mapping between the response received from the GWS Client and the response returned in the In/Out Payment Counter Transaction;

6.1.6.4 the message data which must not be written to the Generic Web Service log file;

6.1.6.5 the network connection type.

6.2 Client File Delivery Support Facility

6.2.1 The Client File Delivery Support Facility enables:

6.2.1.1 transactions in PayStation and Post & Go transaction files to be posted into the branch accounts;

6.2.1.2 transactions in the PayStation and Post & Go transaction files to be collated with HNG-X counter transactions;

6.2.1.3 APS to deliver collated transaction data to Post Office Clients;

6.2.1.4 TPS to deliver collated transaction data to POL MI Services;

6.2.1.5 TPS to collate and aggregate transaction data and deliver it to the HR SAP Service;

6.2.1.6 APS to summarise collated APS transaction data and deliver client transaction summaries;

6.2.2 The Client File Delivery Support Facility enables Data Files to be transferred to/from the Post Office Data Gateway Support Facility

6.3 Post Office Data Gateway Support Facility

FUJ00000070



6.3.1 The Post Office Data Gateway Support Facility enables Data Files to be transferred between:-

6.3.1.1 the HNG-X Data Centre and Post Office Clients;

6.3.1.2 the Post Office Data Centre and the HNG-X Data Centre;

6.3.1.3 Post Office Clients and the Post Office Data Centre;

6.3.2 The Post Office Data Gateway Support Facility enables:-

6.3.2.1 Data File transfers to the Post Office Data Gateway Support Facility to be initiated by the Post Office Data Gateway or by Post Office or its Clients;

6.3.2.2 Data File transfers from the Post Office Data Gateway Support Facility to be initiated by the Post Office Data Gateway or by Post Office or its Clients;

6.3.3 The Post Office Data Gateway Support Facility enables a Data File received by the Post Office Data Gateway Support Facility in one format to be transformed into another format that is supported by either Post Office or its Clients;

6.3.4 The Post Office Data Gateway Support Facility enables Data Files received by the Post Office Data Gateway Support Facility to be merged into a single Data File;

6.3.5 The Post Office Data Gateway Support Facility enables Data Files output by the Post Office Data Gateway Support Facility to be transferred to one or more recipients;

6.3.6 The Post Office Data Gateway Support Facility enables Data Files to be transferred using one of the Post Office Data Gateway Support Facility protocols specified in the '*Post Office Data Gateway to Post Office Clients Technical Interface Specification*' (DES/NET/TIS/1499);

6.3.7 The Post Office Data Gateway Support Facility enables Data Files to be transferred from an external (to the HNG-X Data Centre) sending service, or transferred to an external (to the HNG-X Data Centre) receiving service, using ISDN connections or the internet.

6.4 Common Digital Platform Adaptor

6.4.1 The Common Digital Platform Adaptor relays messages received from the HNG counters using AP-ADC scripts to the external platform known as Common Digital Platform and relays the responses from Common Digital Platform back to the HNG counters.

## 7. LIST OF RELATED DOCUMENTS

7.1 Business Capability and Support Facilities definitions

7.1.1 Prior to start of Trigger Point T5 (Data Centre Ready for HNG-X), the provisions of Schedule B4.2 (Horizon software) applied and was linked to a number of

FUJ00000070



definition documents. Following the implementation of Project HNG-X these documents were withdrawn.

7.1.2 This Schedule B3.2 provides a summarised description of the HNG-X Business Capabilities which defines the functionality available at each Post Office Counter for serving Customers and the Support Facilities which define the administration and background functionality used by Branches.

7.1.3 In addition, the CCD entitled 'Mapping Schedule B3.2 to the HNG-X Solution' (REG/GEN/REP/1091) provides a list of the existing Solution Baseline Documentation Sets and Contract Controlled Documents that apply to each Business Capability and Support Facility described in this Schedule B3.2.

7.2 The CCDs listed in Table B below supplement the document described in paragraph 7.1.3 and relate to more than one Business Capability / Support Facility.

**Table B**

| Document Title | Fujitsu Services Reference |
|---|---|
| HNG-X Technical Security Architecture | ARC/SEC/ARC/0003 |
| Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Services | SD/DES/005 (Replaced by (DES/GEN/SPE/0008) September 2011, (DES/GEN/SPE/0009) December 2013, (DES/GEN/SPE/0010) May 2015, (DES/GEN/SPE/0011) November 2013 |
| HNG-X Style Guide | DES/APP/STD/0001 |

## 8. POL Service Types

8.1 The POL Service Types applicable to the period after Acceptance Point Z3 are set out in Annex 1 to this Schedule.

8.2 If Post Office notifies Fujitsu Services in writing that it no longer requires use of a POL Service Type and requests that Fujitsu Services disable that POL Service Type in accordance with Clause 10.5, then where Post Office ceasing to use that POL Service Type may affect the use of any other POL Service Type(s), Fujitsu Services shall advise Post Office accordingly. Where Fujitsu Services so advises Post Office, the Parties will discuss and agree (acting reasonably) the appropriate steps to be taken to address the effect of disabling the POL Service Type on any other POL Service Type(s).

8.3 In relation to the Generic Web Services (GWS) Support Facility, the GWS Client list that shall be maintained by Fujitsu Services is set out in Annex 2 to this Schedule B3.

FUJ00000070



Should Post Office Limited no longer require use of a GWS Client it shall give Fujitsu Services no less than 30 days written notice.

## 9. ASSOCIATED DOCUMENTS

9.1 The following CCDs are associated with this Schedule B3.2:

| | Document Reference | Document Title |
|---|---|---|
| 1 | ARC/SEC/ARC/00003 | HNG-X Technical Security Architecture |
| 2 | SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service |
| 3 | DES/APP/STD/0001 | HNG-X Style Guide |
| 4 | COM/CUS/SPE/0001 | Post Office Contract Controlled and Contract Referenced Document List |
| 5 | DES/GEN/MAN/0002 | AP-ADC Reference Manual |
| 6 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 7 | BP/DOC/008 | Automated Payments System Client List |
| 8 | BP/DOC/014 | POCL Automated Payments Generic Rules |
| 9 | EF/SER/001 | Debit Card MoP Functional Description |
| 10 | AP/MAN/004 | APOP Authorisation Service Reference Manual |
| 11 | BP/SPE/046 | APOP Definition |
| 12 | CS/SPE/011 | Network Banking End To End Reconciliation Reporting |
| 13 | CR/FSP/006 | Audit Trail Functional Specification |
| 14 | SVM/SDM/SD/0013 | Reference Data Management Service: Service Description |
| 15 | SVM/SDM/STD/0001 | Post Office Ltd Operational Business Change – Branch, Interface Agreement |

FUJ00000070



| | | |
|---|---|---|
| 16 | Not Used | Not Used |
| 17 | BP/IFS/010 | Application Interface Specification Reference Data to Fujitsu Services Limited |
| 18 | AS/IFS/001 | Horizon to Post Office Feed Feed for Track and Trace Application Interface Specification |
| 19 | DES/APP/AIS/0009 | Horizon Online – Streamline Application Interface Specification |
| 20 | ARC/SOL/ARC/0001 | HNG-X Solution Architecture Outline |
| 21 | ARC/SEC/ARC/0002 | Horizon Security in the absence of HNG-X |
| 22 | REQ/GEN/REP/1091 | Mapping Schedule B3.2 to the HNG-X Solution |
| 23 | DES/GEN/SPE/0008 | HNG-X Branch and Counter Reports |
| 24 | DES/GEN/SPE/0009 | HNG-X Receipts, Slips and Labels |

9.2 There is one CRD associated with this Schedule B3.2.

| | | |
|---|---|---|
| 1. | (DES/GEN/SPE/0011) | HNG-X AP and ADC Receipts |
| 2 | DES/GEN/SPE/0010 | HNG-X Banking, Debit Card and ETopUp Receipts and Texts |

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**ANNEX 1**

**POL SERVICE TYPES**

| | HNG-X | |
|---|---|---|
| 1 | Point of Sale | |
| 2 | In / Out Payment (basic services) | |
| 3 | In / Out Payment (Advanced Data Capture) | |
| 4 | In / Out Payment (APOP) | |
| 5 | Banking (CAPO) | |
| 6 | Banking (A&L) | |
| 7 | Banking (LINK) | |
| 8 | DVLA Licensing | |
| 9 | Electronic Top-Up | |
| 10 | Bureau Service | |
| 11 | Postal Services | |
| 12 | Payment Management (Basic MOPs) | |
| 13 | Payment Management (Debit Card) | |
| 14 | Payment Management (Credit Card) | |
| 15 | Cash and Stock Management | |
| 16 | Branch Management | |
| 17 | Branch Administration | |
| 18 | Branch Support | |
| 19 | Transaction Management (Transaction storage and management) | |
| 20 | Transaction Management (TES QA) | |

FUJ00000070

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| | | |
|---|---|---|
| 21 | File Management | |
| 22 | Reference Data | |
| 23 | PAF | |
| 24 | Message Handling | |
| 25 | Audit | |
| 26 | Reconciliation (Banking style) | |
| 27 | Reconciliation (AP style) | |
| 28 | CTO Training | |
| 29 | POca Card Issuing Business Capability | |
| 30 | Generic Web Services Support Facility | |
| 31 | Client File Delivery Support Facility | |
| 32 | Post Office Data Gateway Support Facility | |
| 33 | Collect and Returns Support Service | |
| 34 | ARC Strategic Smartcard Capability | |
| 35 | Smart Metering Capability | |
| 36 | Channel Integration Capability | |
| 37 | Common Digital Platform Adaptor (CDPA) | |

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**ANNEX 2**

**GENERIC WEB SERVICES (GWS)**

| GWS Client Name | Date Effective from: | CT introducing the Service into Live |
|---|---|---|
| SFA (Skills Funding Agency) | 13th November 2012 | CT1009 |
| POLO | 10th December 2012 | CT1218 |
| UK Online | 23rd May 2013 | CT1201a |
| DVLA | 16th June 2013 | CT1091 |
| The Health Lottery | | CT1256 |
| Homephone & Broadband | | CT1214 |
| UKBA (UK Border Agency) Support Payments Web Service | | CT1261a |
| National Express Ticketing service Web Service | | CT1213 |
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FUJ00000070

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# SCHEDULE B3.3

# HNG-X CENTRAL AND TELECOMMUNICATIONS INFRASTRUCTURE

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 3.0 | 23/02/09 | Baseline copy of 2.1 |
| 3.1 | 13/05/09 | Applying changes as per CCN1258 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/12/09 | Applying changes as per CCN 1268 |
| 6.2 | 05/01/10 | Applying changes as per CNN 1272 |
| 6.3 | 31/03/10 | Applying changes as per CCN1276a |
| 6.4 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Applying changes specified in CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349,1311b, 1328b and CCN1400 |
| 10.0 | 10/09/15 | Applying changes as per CCN1418, CCN1420a and as subsequently amended in this CCN1506 and moving all Schedules to V10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE B3.3

# HNG-X CENTRAL AND TELECOMMUNICATIONS INFRASTRUCTURE

## 1. HNG-X SERVICE INFRASTRUCTURE

### 1.1 Introduction

1.1.1 This Schedule B3.3 records and specifies the HNG-X Service Infrastructure that shall be provided by Fujitsu Services in order to deliver the Business Capabilities and Support Facilities described in Schedule B3.2 from Trigger Point T5 (Data Centre Ready for HNG-X). Prior to Trigger Point T5 (Data Centre Ready for HNG-X), the provisions of Schedule B4.3 shall apply.

1.1.2 The HNG-X Service Infrastructure comprises the:

(a) Branch Infrastructure, the provisions relating to which are set out in Schedule B3.4;

(b) HNG-X Central Infrastructure;

(c) HNG-X Telecommunications Infrastructure; and

(d) POLSAP Central Infrastructure (from the POLSAP R1 Go Live Date).

1.1.3 The HNG-X Service Infrastructure provides functions and capabilities used to deliver the Business Capabilities and Support Facilities, and the Operational Services.

1.1.4 The provisions of this Schedule shall not apply in respect of the Superstock Infrastructure, HNG-X Central Infrastructure or HNG-X Telecommunications Infrastructure, and accordingly it does not form part of the HNG-X Service Infrastructure. The Superstock Infrastructure is detailed in the CCD entitled "Service Integration Service, Service Description" (SVM/SDM/SD/0010).

### 1.2 HNG-X Central Infrastructure

1.2.1 Subject to paragraph 1.3.4(f), Fujitsu Services shall provide all equipment at the Data Centres necessary to provide the Business Capabilities and Support Facilities. This equipment, including the telecommunications equipment, shall have sufficient capacity to meet the business volumes as set out in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

1.2.2 The Transfer Asset Register shall be updated in accordance with the timetable contained in paragraph 3.2.1 of Schedule E.

FUJ00000070



1.2.3 Fujitsu Services shall maintain all increases in the capacity of the HNG-X Service Infrastructure which Fujitsu Services have agreed to make at the request of Post Office.

1.2.4 Fujitsu Services shall retain all hardware and software provided to a particular Post Office specification, save that Fujitsu Services may substitute identical replacements for such hardware and software.

1.2.5 Fujitsu Services may replace, upgrade, remove or decommission hardware and software from time to time comprised in the HNG-X Service Infrastructure provided that it continues at all times to comply with its obligations in paragraphs 1.2.3 and 1.2.4 (unless agreed otherwise under the Change Control Procedure).

1.2.6 Fujitsu Services shall use the facilities of the DR Data Centre to provide a testing environment, which shall be known as the SV&I Rig which shall support functional testing until 31st March 2017.

1.2.7 Fujitsu Services shall maintain at their Bracknell location the INT Rig which shall support integration testing until 31st March 2017.

1.2.8 Fujitsu Services shall maintain at their Bracknell location the CIT Rig which shall support development testing until 31st March 2017.

1.2.9 Any additional test configurations that are required to support changes to Post Office's business shall be dealt with through the Change Control Procedure. .

1.3 HNG-X Telecommunications Infrastructure

1.3.1 The HNG-X Telecommunications Infrastructure consists of:

(a) Branch Telecom Infrastructure – those networking elements that provide connectivity between the Branches and the Data Centre; and

(b) Central Telecom Infrastructure – those network elements that provide connectivity from the Data Centre to other sites.

1.3.2 Branch Telecom Infrastructure

(a) The Branch Telecom Infrastructure shall use one or more of the following communications access methods between the Branch Infrastructure and the Data Centres:

(i) Integrated Services Digital Network (ISDN) - communications method to connect to the data centre where ADSL cannot be used or if in the Kingston Communications area;

(ii) Public Switch Telephone Network (PSTN) which shall be introduced on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout);

FUJ00000070



(iii) Asymmetric Digital Subscriber Line (ADSL) - Primary communications method for Branches;

(iv) Very Small Aperture Terminal Broad Band (VSAT BB) - a Branch communications method where Fujitsu Services is unable to provide ADSL or ISDN owing to the Branch's geographical location.

(v) General Packet Radio Service (GPRS) / Enhanced Data GSM Environment (EDGE) and 3G which shall be introduced on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout); or

(vi) Branch Network Resilience (BNR) which shall be withdrawn on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout) and shall be fully withdrawn on completion of Associated Change Workstream A7 (Branch Router Rollout).

(vii) Internet Virtual Private Network – to enable Branches to connect from Internet connections. This is subject to agreed connection specifications and concurrency limits as stipulated in Schedule D1 Annex A "BRANCH AND COUNTER POSITION LIMITS.

(b) These connections may be used as either primary or backup network connections, although there may be restrictions on the size of the Branch that can be supported on some technologies. Additionally there are restrictions on the technologies that are supported for a Branch's primary (storage) location. All such restrictions are set out in PA/PER/033.

(c) The backup network is designed to cater for failures of the primary network at individual Branches and not for a total failure of the primary network at all Branches. Any capacity limits for the backup network will be set out in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

(d) The response time Service Levels defined in Schedule C1 and each applicable Service Description apply to this Schedule B3.3 providing that at least 90 per cent of Transactions are undertaken in Branches that use ADSL as their primary network connection. If the proportion of the connected Branches using ADSL drops below this level then changes will be handled under the Change Control Procedure.

(e) With regard to the BNS Report Part 1 and BNS Report Part 2 (as defined below):

(i) Within 1 month of date of signature of CCN 1400, Fujitsu Services shall agree with Post Office via the Change Control Procedure the

FUJ00000070



preparation of a comprehensive study of the current Branch Network which shall, as a minimum, cover the following aspects of the current Branch Network Service:

(a) Branch Routers. The availability and any changes required to maintain Sarian/Digi firmware support through to 31st March 2017 (note hardware is part of the Engineering Service);
(b) Branch Routers. The compatibility of the current branch routers with expected changes in WAN technologies (where WAN provider engaged as part of study);
(c) Cisco Summary Router firmware and hardware support. What options are there given that this product goes "end of supported life" with Cisco in mid 2015;
(d) ADSL. What changes, if any, are expected with the TalkTalk LLU copper product prior to end of March 2017;
(e) ADSL. What changes, if any, are expected with the BT IP Connect copper product prior to end of March 2017;
(f) C&W Energis / RemoteConnect. Confirm what if any changes may be required with respect to the PSTN Bootloader access; and
(g) Utimaco NT4 VPN. Confirmation that the date goes forward to March 2017,

with respect to any known issues which may affect the Branch Network Service prior to 31st March 2017 (the "BNS Report Part 1"). If requested by Post Office within 2 weeks of date of signature of CCN 1400 Fujitsu Services shall also include in this study some or all of the following:

(h) ADSL – Kingston copper ADSL;
(i) VSAT branch hardware (Disk, IDU etc);
(j) VSAT Atlantic Bird, Euro Bird and Italy Base Station;
(k) Cisco Internet Branch Routers (at VSAT, BFPO and KDSL) firmware support;
(l) Orange/Voda – roadmap for 2G and 3G technologies;
(m) Orange/Voda – SIM cards standards;
(n) Orange/Voda – data centre connectivity issues; and
(o) C&W Energis / Remote Connect – ISDN / PSTN branch connectivity; and
(p) BT individual ISDN2e lines,

to determine if there are any other issues which may affect the Branch Network Service prior to 31st March 2017 (the **"BNS Report Part 2"**). The BNS Report Part 1 and the BNS Report Part 2 (if any) shall be referred to as the **"BNS Report"**. Fujitsu Services shall produce Part 1 of the report within 3 months of the signature of the Change Note and if requested by Post Office in accordance with clause (e) (i) above Part 2 of the report within 4 months of the signature of the Change Note.

(ii) The preparation of the report shall be chargeable to the Post Office, the cost of the BNS Report Part 1 shall be capped at £70,000 (exc. VAT) and the cost of the BNS Report Parts 1 and 2 combined shall be capped at £120,000 (exc. VAT).
(iii) The Parties shall jointly review the BNS Report and shall use reasonable endeavours to challenge the BNS Report and work with third parties to minimise and mitigate the elements of the Service that need refreshing, upgrading or a change to the terms support associated with any spares, hardware, software or firmware which

FUJ00000070



form part of the current Branch Network Service. The Parties shall use reasonable endeavours to agree any changes to the BNS Report within 30 Working Days of the date that the BNS Report is delivered to Post Office.

(iv) The Parties acknowledge and agree that the preferred outcome is that no changes to the infrastructure of the Branch Network Service are required. The Parties shall work collaboratively together so as to achieve this outcome so as to ensure that no or minimal capital expenditure is required from Post Office.

(v) If the Parties are unable to agree the BNS Report then the Subject Leads for the Relationship best qualified to deal with the BNS Report, taking into account its nature and the responsibilities of each Subject Lead, shall convene an occasional meeting of the relevant Relationship in accordance with paragraph 3.3 of Schedule A2 to agree the BNS Report. If the matter is not resolved at a Relationship level its shall be escalated via the existing Dispute Resolution Procedure.

(vi) Once agreed, any items identified in the BNS Report shall be deemed to be BNS R&R Required Items.

(vii) Post Office may purchase such BNS R&R Required Items from any Tower Contractor or any other third party. Until 31st March 2015, as set out in Schedule B1 (Branch Hardware Implementation), only Fujitsu Services may implement such BNS R&R Required Items into the Services (at Post Office's additional cost, where such costs are not recoverable under the Charges) unless the relevant Service is partially terminated in accordance with Schedule E, paragraph 9.1. After 31st March 2015, Post Office may request the appropriate Tower Contractor to implement the BNS R&R Required Items (where the previous way to implement such an item was performed by an element of the Services that has been partially terminated) but Fujitsu Services retains the right (acting reasonably) to sample test and check correct implementation of such BNS R&R Required Items.

(viii) Once BNS R&R Required Items have been implemented then Fujitsu Services shall provide the Services and comply with the Service Levels to which those Refresh Items relate.

(ix) With regard to BNS R&R Required Items listed in the BNS Report Part 1, Post Office shall procure and/or implement the BNS R&R Required Items set out in the BNS Report Part 1. In the event that Post Office fails to procure and/or implement the relevant BNS R&R Required Item, then Fujitsu Services shall not be liable for any service failure directly attributable to Post Office not proceeding with, implementing and/or making available the BNS R&R Required Item listed in the BNS Report Part 1.

(x) With regard to Refresh Items listed in the BNS Report Part 2, Post Office may at its sole option determine whether to implement all, some, or none of BNS R&R Required Items set out in the BNS Report Part 2. In the event that Post Office decides to proceed with some or none of the Refresh Items listed in the BNS Report Part 2, then Fujitsu Services shall not be liable for any service failure directly attributable to Post Office not proceeding with, implementing and/or making available the BNS R&R Required Items listed in the BNS Report Part 2."

1.3.3 Central Telecom Infrastructure

The Central Telecom Infrastructure provides network connections:

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(i) between Data Centres and Post Office sites;

(ii) between Data Centres and Client sites;

(iii) between Data Centres and Fujitsu Services support sites;

(iv) between the Data Centres and third party support sites;

(v) between the two Data Centres (intercampus links); and

(vi) for the test service including any test Branches.

1.3.4 Interface support for Post Office services or Client services

(a) The HNG-X Telecommunications Infrastructure shall include capability to enable connection between the Data Centres and Post Office systems or Client systems. The style of connection and operation shall be defined in the relevant TIS and shall support real and delayed time initiation of activities.

(b) The HNG-X Telecommunications Infrastructure and HNG-X Central Infrastructure shall provide a file distribution function which shall be responsible for the transfer, monitoring and retry of files as specified in the relevant AIS and / or TIS.

(c) The HNG-X Service Infrastructure shall support authorisations for Post Office products through access to computer systems which are external to Post Office services or are within Post Office services.

(d) Additional Post Office services or additional Client services which require an additional interface may be agreed from time to time between Post Office and Fujitsu Services and shall be specified in an additional TIS and / or an additional AIS.

(e) Interface Support for Alliance & Leicester

(i) Fujitsu Services shall be responsible for provision of, security of, and management of the communications link between the Data Centres and Alliance & Leicester (which for the purposes of this Schedule includes the physical routers, encryption devices, file transfer management servers and associated cabling), subject to Post Office complying with (and ensuring that any third party Post Office uses for siting or storage of such equipment complies with) the following:

(1) provision of a suitable physical operating environment for Fujitsu Services' equipment used for or in connection with the communications link including the following:

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(A) ensuring the physical security of all equipment which is located on Post Office and/or any such third party's premises to protect against unauthorised access; and

(B) provision of environmental conditions as reasonably required by Fujitsu Services.

(2) permitting Fujitsu Services to gain access (at reasonable times and on reasonable notice) to all locations where such equipment is held or is to be installed, in order to enable Fujitsu Services to effect or procure the installation, maintenance, repair, renewal and support of such equipment.

(f) Interface Support for CAPO and LINK

(i) Post Office shall be responsible for procuring the provision of, security of, and management of the communications links between the Data Centres and CAPO and LINK respectively (which for the purposes of this Schedule shall include the physical routers, encryption devices, file transfer management servers and associated cabling) in accordance with and subject to paragraph 1.3.4(g), subject to Fujitsu Services complying with (and ensuring that any third party Fujitsu Services uses for siting or storage of such equipment complies with) the following:

(1) provision of a suitable physical operating environment for CAPO and LINK equipment used for or in connection with the communications links including the following:

(A) ensuring the physical security of all equipment which is located on Fujitsu Services and/or any such third party's premises to protect against unauthorised access; and

(B) provision of environmental conditions as reasonably required by CAPO and/or LINK;

(2) permitting CAPO and/or LINK (including their respective contractors) to gain access (at reasonable times and on reasonable notice, and subject to paragraph 1.3.4(g)) to all locations where such equipment is held or is to be installed, in order to enable Post Office to effect or procure the installation, maintenance, repair, renewal and support of such equipment; and

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(3) any reasonable request for co-operation and/or information made by Post Office from time to time, where the provision of such co-operation or information is necessary to enable Post Office to perform the Post Office Communications Links Services.

(g) Post Office Communications Links Services

Post Office shall, in relation to paragraph 1.3.4(f), be responsible for ensuring that:

(i) the Post Office Communications Links Services are carried out promptly, efficiently, diligently and professionally, and with all reasonable skill and care;

(ii) it obtains an undertaking from each LINK and CAPO that its respective employees, servants, agents or sub-contractors engaged to perform the Post Office Communications Links Services:

(1) keep confidential, and not disclose to anyone else, any Confidential Information of Fujitsu Services disclosed by or obtained from Fujitsu Services in the course of performing the Post Office Communications Links Services;

(2) use such Confidential Information only to the extent reasonably required to perform the Post Office Communications Links Services; and

(3) return such Confidential Information held in tangible form to Post Office, and to irretrievably delete or destroy all such information held in electronic form, on termination or expiry of that party's obligations in respect of the Post Office Communications Links Services,

other than as required by law;

(iii) it or any third party engaged by it to perform the Post Office Communications Links Services complies with any reasonable instructions and/or requirements (including without limit any reasonable instructions and/or requirements relating to Data Centre security) given to it by Fujitsu Services from time to time; and

(iv) the communication links between the Data Centres and CAPO and LINK (respectively) shall have sufficient capacity to meet Post Office's business volume requirements from time to time; and

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(v) Post Office shall fully indemnify Fujitsu Services in respect of any personal injury or loss of or damage to Property incurred by Fujitsu Services, its contractors or their respective employees and authorised agents to the extent that such personal injury or loss of Property is caused by a Default of Post Office, its employees, agents or contractors in connection with the performance of the Post Office Communications Links Services.

1.4 Exclusivity

1.4.1 No computer system shall be connected to the HNG-X Central Infrastructure or to those elements of the HNG-X Telecommunications Infrastructure which are employed exclusively in the provision of the HNG-X Services without the approval of Post Office.

1.4.2 Fujitsu Services shall maintain a register of computer systems with which such connections are allowed.

1.4.3 The HNG-X Central Infrastructure and HNG-X Telecommunications Infrastructure shall provide links into other computer systems as required to support the introduction of new or re-engineered Transactions required by Post Office.

1.4.4 The identity of any computer system with which a link is to be established shall be authenticated.

1.4.5 Fujitsu Services shall produce reports detailing any attempt to establish a link (specified in paragraph 1.4.3) which is rejected. Fujitsu Services shall provide these reports to Post Office on request. Such reports will not be required where the link is between the HNG-X Central Infrastructure / HNG-X Telecommunications Infrastructure and the Banks; and the rejection is due to a failure of the Banks; or between the HNG-X Central Infrastructure / HNG-X Telecommunications Infrastructure and the MA and the rejection is due to a failure of the MA.

1.5 Continued Support of operating systems and Software

Fujitsu Services shall fully support the Software in the HNG-X Service Infrastructure during the life of the elements of HNG-X Service Infrastructure on which such Software is utilised in providing Services.

1.6 Functional Title or Code

Fujitsu Services shall ensure that each component of the HNG-X Service Infrastructure is clearly marked with a functional title or code so that it can be readily identified in the relevant documentation and related to its proper place in the HNG-X Service Infrastructure.

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1.7 POLSAP Central Infrastructure

1.7.1 Until 31 March 2014 the POLSAP Central Infrastructure is detailed in the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003).

1.7.2 From 1 April 2014 the POLSAP Central Infrastructure is detailed in the CCD entitled "POLSAP Applications Support Service: Service Description" (SVM/SDM/SD/2306)

## 2. SECURITY

2.1 Introduction

This section covers the security provisions relating to the HNG-X Service Infrastructure.

2.2 Encryption Key Management

2.2.1 The HNG-X System shall support a reliable and secure means for the transfer of data to the Data Centre. This shall include the use of techniques used selectively and in agreement between Post Office and Fujitsu Services as specified in the CCD entitled "HNG-X Technical Security Architecture" (ARC/SEC/ARC/0003)

2.2.2 With the exception of PIN Pads (in which case paragraph 2.1.4 of Schedule B3.4 shall apply), a key management system shall be in place so the encrypted data can be deciphered without risk of that cryptographic key being exposed.

2.2.3 Fujitsu Services shall support the use of PIN Pads and the associated cryptographic management. PIN Pads shall comply with the requirements of ISO 9564.

## 3. BUSINESS CONTINUITY

3.1 Introduction

This paragraph 3 covers the business continuity provisions relating to the HNG-X Service Infrastructure.

3.2 End to End Recovery

End-to-end recovery shall be performed by Fujitsu Services in accordance with the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001).

3.3 Business Continuity

3.3.1 Data Centre Resilience

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(a) One Data Centre will be used to support the Business Capabilities and Support Facilities (the "Live Data Centre") with a second Data Centre providing DR (the "DR Data Centre"). There are network components (appliances and platforms) at the DR Data Centre which contribute to the provision of Business Capabilities and Support Facilities.

(b) The DR Data Centre will under normal operation be used for testing except where it needs to be used for business continuity tests. The DR Data Centre will also host some live network components.

(c) Each Data Centre shall have the capability in normal operation with no failures or a single failure having occurred:

(i) to support the Contracted Volumes as defined in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); and

(ii) to support Fujitsu Services' obligations in respect of Service Levels set out in Schedule C1 and each applicable Service Description.

(d) Each Data Centre will be configured such that the failure of a single component will not cause the Business Capabilities and Support Facilities to fail. For the avoidance of doubt, Fujitsu Services will inform Post Office of those major Data Centre components whose failure may result in the need to invoke DR. There is a single high capacity WAN circuit into each Data Centre. Should the link into one Data Centre fail then a patch via the other Data Centre will be used.

(e) Switchover to backup systems within the Data Centre and for the network connections within the Data Centre:

(i) for real-time elements of the Business Capabilities and Support Facilities shall be automated; and

(ii) for non-real time elements may be automated or manual.

(f) Switchover from the Live Data Centre to the DR Data Centre will be manually initiated.

(g) In the event that the DR Data Centre needs to be used to run the live service or if the DR Data Centre itself is unavailable, there will be no significant test environment available. In this scenario, limited testing (sufficient to test minor fixes needed to keep the live service operational) will be available at a Fujitsu Services development site. However such testing facilities will not be sufficient to test releases.

3.3.2 The Central Network

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(a) The Central Network comprises the network communications between the Data Centres and the switches used by Fujitsu Services (or Fujitsu Services' Sub-contractor which operates such network) to:

(i) answer ISDN calls from Branches;

(ii) convert asynchronous transfer mode (ATM) communications from ADSL Branches into internet protocol (IP) communications; or

(iii) convert leased line communications from Branches into internet protocol (IP) communications

(iv) convert wireless wide area network (WAN) protocols from Branches into internet protocol (IP) communications,

(the "Central Network").

(b) The loss of a major sub-contractor network switching node within the Central Network shall not cause the complete loss of the Branch Telecom Infrastructure. However, should a loss of a major sub-contractor network switching node within the Central Network occur, Fujitsu Services (in addition to its other obligations under this Agreement) shall use all reasonable endeavours to procure that any shortfall in system performance is recovered within seven days of that loss.

(c) The Central Network shall be configured such that there shall be no single point of failure within the Central Network. Some failures in the Central Network may require the Branch to re-establish communications with the Data Centre.

3.3.3 The Alliance & Leicester Circuit

(a) The Alliance & Leicester Circuit shall be configured such that there shall be no single point of failure (including site failure) within the Alliance & Leicester Circuit.

(b) "The Alliance & Leicester Circuit shall have the capability in normal operation, with no failures or a single failure having occurred to that link:"

(i) to support the Contracted Volumes for Banking Transactions for Alliance & Leicester as defined in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); and

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(ii) of supporting Fujitsu Services' obligations in respect of Service Levels set out in Schedule C1 and each applicable Service Description.

## 4. ASSOCIATED DOCUMENTS

4.1 The following CCDs are associated with this Schedule B3.3.

| | Document Reference | Document Title |
|---|---|---|
| 1 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 2 | SVM/SDM/SIP/0001 | HNG-X Business Continuity Framework |
| 3 | ARC/SEC/ARC/0003 | HNG-X Technical Security Architecture |
| 4 | SVM/SDM/SD/0010 | Service Integration Service, Service Description |

4.2 There are no CRDs associated with this Schedule B3.3.

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# SCHEDULE B3.4

# BRANCH INFRASTRUCTURE

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 2.1 | 19/03/07 | Applying CCN 1206 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1294d and CCN1289a |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Applying changes as per CCN1421a and Moving all Schedules to v10.0 in accordance with CCN1506 |

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# SCHEDULE B3.4

# BRANCH INFRASTRUCTURE

## 1. INTRODUCTION

1.1 The purpose of this Schedule B3.4 is to:

1.1.1 record and specify the Branch Infrastructure that shall be provided by Fujitsu Services in order to deliver the Horizon Applications and the Business Capabilities and Support Facilities, and thereby provide the HNG-X Services; and

1.1.2 set out the provisions relating to technology refresh.

## 2. BRANCH INFRASTRUCTURE

2.1 Branch Infrastructure

2.1.1 Until 31st March 2015, Fujitsu Services shall, subject in each case to the limits in Annex A to Schedule D1 provide equipment as specified in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003) in all Branches and any other Post Office authorised location (the "Initial Branch Infrastructure").

2.1.2 Until 31st March 2015, changes to the locations and number of sets of the Branch Infrastructure Equipment requested by Post Office shall be carried out by Fujitsu Services in accordance with the process defined in the CCD entitled "Post Office Ltd Operational Business Change – Branch, Interface Agreement" (SVM/SDM/STD/001).

2.1.3 Save as may be agreed under the Change Control Procedure, the use of Equipment in non Branch locations (e.g. Head Office Counter Positions) shall not require Fujitsu Services to undertake any additional software development, testing or support, or any site modification or preparation beyond standard site preparation.

2.1.4 PIN Pads

(a) Fujitsu Services shall ensure that all automated Counter Positions shall have the capability to support the use of PIN Pads.

(b) Fujitsu Services shall provide and maintain firmware distribution facilities to ensure the distribution of firmware from the Data Centres to PIN Pads. The facility shall meet the software control requirements of ISOP 9564.

(c) Post Office accepts that there is a known risk that the existing PIN Pad may not be suitable for use after 2010. The cost of replacing the PIN Pad will be handled under the Change Control Procedure.

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2.1.5 Peripheral and input devices equipment general requirements

Peripheral and input devices supplied as part of the elements of HNG-X Service Infrastructure shall be capable of detecting contention, premature removal and swapping of Smart Tokens.

2.1.6 Peripherals Flexibility

(a) The Branch Infrastructure shall have the flexibility for additional peripheral equipment to be added in the future, including input devices and printers.

(b) The capacity for connectivity of peripherals at each Counter Position shall be set out in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003).

2.1.7 Future Flexibility for Sharing of Specialist Peripherals

The Branch Infrastructure shall support:

(a) the sharing of the back office printer between all Counter Positions in the Branch; and

(b) the sharing of weigh scales between those Counter Positions that are physically connected to the same weigh scales.

Any sharing of any other specialist peripherals between Counter Positions shall be handled under the Change Control Procedure.

2.1.8 Appearance of the Branch Infrastructure Equipment

(a) With the exception of PIN Pads the standards for equipment livery to be used within the Branch Infrastructure are defined in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003). The standards for equipment livery for PIN Pads are defined in the CCD entitled "PIN Pad Product Specification" (NB/PDN/010).

(b) The procedures required to maintain the appearance of the Equipment shall be minimal and capable of being undertaken by the local Branch Users. It shall be comparable to the cleaning required of any desk-based office computer system.

2.1.9 Health, Safety and Legal obligations

All Branch Infrastructure Equipment shall comply with the health, safety and legal requirements set out in Schedule A4.

2.1.10 Equipment Environmental Considerations

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All Branch Infrastructure Equipment shall comply with the Equipment environmental considerations set out in Schedule A4.

2.1.11 Demonstrations and marketing

Fujitsu Services shall provide the Branch Infrastructure which shall be required to demonstrate and market the Business Capabilities to Clients and prospective Clients. The Equipment that is required shall be set out in marketing plans as agreed jointly between Post Office and Fujitsu Services from time to time, and as agreed via the Change Control Procedure.

2.1.12 Branch Spares

(a) No serialisation of spares movements and individual equipment locations will be maintained.

(b) Fujitsu Services will record the serial number of any Equipment at the point of repair and monitor returns to enable multiple failures on single pieces of equipment to be identified and 'rogue' units to be removed from the spares loop.

(c) Any units returned as part of the spares loop may be cannibalised to extend the economic life of spares.

(d) Until 31st March 2015, Equipment from Branch closures will be retained for spares unless scrapped by mutual agreement.

(e) Any Old Style Mobile Configurations that are beyond economic repair shall be replaced by New Style Mobile Configurations, where there are no Old Style Mobile Configurations available in the spares loop.

2.1.13 New Branch Equipment

(a) Where an existing item of equipment needs to be replaced (if the current equipment cannot be repaired economically or spares become unavailable) with a different model, the replacement item will provide equivalent functionality but may have visible differences including the livery.

(b) Any new counter equipment will be agreed with Post Office, and be subject to agreed levels of testing, including health and safety testing, EMC testing and ergonomic testing. It is expected that such testing will be commensurate with Post Office operating in a competitive commercial business environment.

(c) Where a mixture of equipment models are used in the estate, it is acceptable that a Branch can have more than one model type.

(d) Prior to the purchase of Branch Hardware by Fujitsu Services, Fujitsu Services will provide sample Branch Hardware to Post Office to assist

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in ergonomic evaluation and health and safety checks that Post Office may wish to carry out.

## 3. TECHNOLOGY REFRESH

### 3.1 Introduction

3.1.1 The Services, Service Levels and Charges have been agreed against certain assumptions as to:

(a) the reliability of the Equipment; and

(b) Post Office's business plans, as they relate to the availability of spares for the Equipment and the number of Counter Positions,

and the Parties have agreed that certain remedial actions may be taken should those assumptions be likely to prove incorrect.

3.1.2 This paragraph 3 sets out the assumptions and the remedial actions.

### 3.2 Management of Equipment

3.2.1 No change shall be made to the specification of Equipment to be used within the Branch Infrastructure without prior approval by Post Office. Post Office will not unreasonably withhold its consent to a change in specification where replacement Equipment of the same specification is no longer available at reasonable cost within the UK.

3.2.2 The Equipment used within the Infrastructure shall be reviewed by Post Office and Fujitsu Services at times reasonably agreed by them to assess whether the most appropriate technology is deployed.

### 3.3 Assumptions

3.3.1 In relation to Services, Service Levels and Charges, the following assumptions have been agreed:

(a) that the reductions in the number of Branches and Counter Positions during the term of this Agreement will take place in accordance with the table in Part 1 of Annex A of Schedule D1 (and consequently that additional maintenance spares will be available to Fujitsu Services);

(b) that, over the period between the Amendment Date and completion of HNG-X Project Workstream X4 (HNG-X Application Rollout), the Mean Time Between Failures of each item of Equipment forming part of the Branch Infrastructure (as calculated in accordance with the CCD entitled Calculating Mean Time Between Failure And Availability" (SVM/SDM/PRO/0013) will not decline by more than twenty percent (20 per cent.); and

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(c) that, over the period between completion of HNG-X Project Workstream X4 (HNG-X Application Rollout) and 31 March 2015, the Mean Time Between Failures of each item of Equipment forming part of the Branch Infrastructure, excluding 12,000 flat screens installed in Branches, (as calculated in accordance with the CCD entitled "Calculating Mean Time Between Failure And Availability" (SVM/SDM/PRO/0013) and after allowing for the Mean Time Between Failures to be re-baselined on completion of HNG-X Project Workstream X4 (HNG-X Application Rollout) in accordance with that CCD) will not decline by more than fifty percent (50 per cent). During this same period the Mean Time Between Failures of 12,000 flat screens installed in Branches (as calculated in accordance with the CCD entitled "Calculating Mean Time Between Failure And Availability" (SVM/SDM/PRO/0013) and after allowing for the Mean Time Between Failures to be re-baselined on completion of HNG-X Project Workstream X4 (HNG-X Application Rollout) in accordance with that CCD) will not decline by more than twenty percent (20 per cent).

3.3.2 The Mean Time Between Failure of each item of Equipment forming part of the Branch Infrastructure shall be calculated at the Amendment Date, in the case of paragraph 3.3.1(b), and re-baselined on completion of HNG-X Project Workstream X4 (HNG-X Application Rollout), in the case of paragraph 3.3.1(b), in each case based on Equipment failure rate data for the preceding 12 months.

3.3.3 For the purpose of assessing the likelihood of the assumptions set out in paragraphs 3.3.1(b) and 3.3.1(c) proving incorrect, Fujitsu Services shall monitor Equipment failure rates using the methodology set out in and provide monthly information to Post Office in accordance with the CCD entitled Calculating Mean Time Between Failure And Availability" (SVM/SDM/PRO/0013).

3.3.4 Fujitsu Services shall monitor the actual numbers of Branches and Counter Positions in each year against the figure in Annex A of Part 1 of Schedule D1 for that year for the purpose of assessing the likelihood of the assumption set out in paragraph 3.3.1(a) proving incorrect and there being insufficient maintenance spares.

3.3.5 If, at any time, the assessment of Fujitsu Services or Post Office is that any of the assumptions set out in paragraph 3.3.1 is likely to prove incorrect it will promptly report that assessment to the Service Management Relationship.

3.3.6 On receiving an assessment of the kind specified in paragraph 3.3.5, the Parties shall meet to consider the assessment (including the period the Parties believe the assumption is likely to continue to prove incorrect) and determine a remedial plan (the "Remedial Plan"), which may include one or more of the following:

(a) replacement, at the expense of Post Office, of any or all of the Equipment in the Branch Infrastructure;

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(b) revision of the Charges in order to reflect the cost (including the applicable margin for the Charges) to Fujitsu Services of replacing and/or supporting any or all of the Equipment in the Branch Infrastructure and the time period for which such revision will apply;

(c) revision of the Service Levels, obligations and responsibilities (including any new obligations) to reflect the impact on the same of the fact that gives rise to the assumption being incorrect (for example, increased failure rate of Equipment) and the time period for which such revision will apply;

(d) decommissioning of items of Branch Equipment to make available sufficient spares;

(e) closure of additional Counter Positions; and

(f) a change to the assumptions set out in paragraph 3.3.1 to reflect the impact of the Remedial Plan; and

(g) a change to the table in Annex A of Part 1 of Schedule D1 to reflect the impact of the Remedial Plan.

3.3.7 Any Remedial Plan shall be agreed using the Change Control Procedure and either Party shall be entitled to raise a CCN or CR (as appropriate) accordingly. Details of the Remedial Plan which are not reflected in changes to the provisions of this Agreement shall be recorded in a CCD. Neither Party shall be entitled unreasonably to withhold or delay its consent to a Remedial Plan.

3.4 **Catastrophic failure**

3.4.1 Fujitsu Services will, for the purpose of paragraph 3.3.2, carry out regular monitoring of, and regularly report on, trends in the Mean Time Between Failure of the items of Equipment in question to Post Office. In normal circumstances, the variation between the measured trend and the assumed trend for an item of Equipment will be sufficiently consistent over time to allow a replacement programme (if that is necessary) to be developed and carried out in an economic manner as part of a planned and orderly routine. It is possible, however, that an item of Equipment might, other than by reason of an act or omission of Fujitsu Services, begin to fail in such quantities that Fujitsu Services and Post Office reasonably consider that the Equipment needs to be replaced or repaired outside the normal routine ('Catastrophic Failure').

3.4.2 In the event of any Catastrophic Failure occurring, Fujitsu Services will promptly report that fact to the Service Management Relationship.

3.4.3 Subject to paragraphs 3.4.4 and 3.4.5, the cost of replacement of a type of Equipment which suffers Catastrophic Failure will be borne by Post Office. Types of Equipment that are replaced by reason of Catastrophic Failure (and the replacement Equipment) will continue to be taken into account in the

FUJ00000070



calculation of Mean Time Between Failure referred to in paragraphs 3.3.1(b) and 3.3.1(c).

3.4.4 As an alternative to replacing a type of Equipment that has suffered Catastrophic Failure, Post Office may request Fujitsu Services to cease to provide or to modify Services which are affected by that Catastrophic Failure, in which case the provisions of paragraphs 3.3.6 and 3.3.7 shall apply.

3.4.5 In the case of the following items of Equipment:

(a) PC BIOS batteries; and

(b) Flat screens,

the Charges assume that replacement items will be installed in the course of normal engineer visits to Branches in response to Incidents as part of the Engineering Services, there being no installation programme as such, and should either of these items be subject to Catastrophic Failure the cost to be borne by Post Office under paragraph 3.4.3 will only be the increased direct costs and expenses reasonably incurred by Fujitsu Services in accelerating the planned programme of replacement.

## 3.5 Interim Position

3.5.1 As from the date when an assumption set out in paragraph 3.3.1 proves incorrect or a Catastrophic Failure occurs and until such time as the relevant Remedial Plan has been agreed and fully implemented (or, in the case of Catastrophic Failure the Equipment in question has been replaced throughout the Branch Infrastructure) then, provided Fujitsu Services is not in breach of Clause 15.2, Fujitsu Services shall:

(a) other than in respect of the Counter Availability SLT (once the Local Allowance for the Counter Availability SLT has been adjusted) and any liquidated damages payable in respect thereof, not be obliged to achieve any Service Level (SLT, LDT or ARL) or pay liquidated damages in respect of a failure thereof or perform any obligation to the extent that that Service Level or obligation cannot reasonably be achieved or performed as a result of that assumption proving incorrect or the Catastrophic Failure occurring (as the case may be); and

(b) be entitled to recover from Post Office its reasonably incurred, increased direct costs and expenses of performing obligations under this Agreement to the extent that such increased direct cost and expenses were the result of that assumption proving incorrect or the Catastrophic Failure occurring (as the case may be). The principles set out in the CCD entitled "Calculating Mean Time Between Failure And Availability" (SVM/SDM/PRO/0013) shall apply in relation to the assessment of such costs.

FUJ00000070



3.5.2 Fujitsu Services shall use all reasonable endeavours to mitigate the amounts payable by Post Office in accordance with paragraph 3.5.1(b) and shall provide a statement of such increased direct costs and expenses for approval by Post Office, such approval not to be unreasonably withheld.

## 4. ASSOCIATED DOCUMENTS

4.1 The following CCDs are associated with this Schedule B3.4:

| | Document Reference | Document Title |
|---|---|---|
| 1 | SVM/SDM/PRO/0013 | Calculating Mean Time Between Failure And Availability Process |
| 2 | BP/DES/003 | Counter Hardware Design Specification |
| 3 | SVM/SDM/STD/001 | Post Office Ltd Operational Business Change – Branch Interface Agreement |
| 4 | NB/PDN/010 | PIN Pad Product Specification |
| 5 | IM/MAN/022 | PIN Pad Technical Installation Training Guide |

4.2 The following CRDs are associated with this Schedule B3.4:

| | Document Reference | Document Title |
|---|---|---|
| 1 | CS/SPE/013 | Horizon System Branch Consumables |

FUJ00000070

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# SCHEDULE B4.1

# LICENCES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.4 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all Schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference updates and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE B4.1

## LICENCES

### 1. HORIZON THIRD PARTY SOFTWARE

1.1 Table 1 below lists Horizon Third Party Software provided for operational use by End Users in accordance with the applicable provisions of Clause 30 of this Agreement.

**Table 1: Horizon Third Party Software**

| Description and Product Name | Scope & purpose | Class |
|---|---|---|
| Office Platform Service<br><br>"Windows NT Workstation"<br><br>"Riposte" | <br><br>Operating system<br><br>Riposte desktop, messaging and journal systems. | <br><br>Horizon Third Party Software (Microsoft)<br><br>Horizon Third Party Software (An Post/Escher) |
| Auditor access to TMS | To provide auditor access to TMS journal records. | Horizon Third Party Software (An Post/Escher) & Fujitsu Services' Software. |
| WebRiposte | An enhanced version of Riposte providing additional services based upon web-enabled functionality. | Right to use granted to Post Office in accordance with paragraph 2 of this Schedule B4.1. |
| Asset Manager | A component of Riposte providing mechanisms for managing financial information and accessing transaction data. | Right to use granted to Post Office in accordance with paragraph 2 of this Schedule B4.1. |
| Framework | A bespoke set of software components facilitating the development of Horizon financial transactions. | Right to use granted to Post Office in accordance with paragraph 2 of this Schedule B4.1. |

FUJ00000070

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| Description and Product Name | Scope & purpose | Class |
|---|---|---|
| Hypercom PIN Pad Software | The software used to support the operation of PIN Pads. | Horizon Third Party Software (Hypercom). |
| Mails Product | Escher Mails product (version 3.3) allows the introduction of country specific services and charges and the future implementation of size based pricing for non-standard letters and packets, including track and trace facilities. | Right to use granted to Post Office in accordance with paragraph 2 of this Schedule B4.1. |
| Geller Touch v8.10.12 | Retail sales application for use by Post Office on the PostShop Branch Infrastructure. | Horizon Third Party Software. |
| PC Anywhere v.11 | Communication software for use on the PostShop Branch Infrastructure. | Licensed to Post Office by the third party licensor, subject to and solely, notwithstanding anything to the contrary in Clause 30 of this Agreement, on the basis of the licensor's standard terms. |
| Lexcel Test System Network Enterprise Licence | The software used to emulate Alliance & Leicester, LINK and CAPO within the testing environment. | Horizon Third Party Software for use by Post Office.<br><br>(Lexcel) |

1.2 Table 2 below lists the software which Post Office sub-licenses or grants rights to use to Fujitsu Services in accordance with Clause 31 of this Agreement.

FUJ00000070

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**Table 2: Software provided by Post Office**

| Original supplier and Software product name | Purpose and applicable Service | Sub-licence (SL) or right to use (RTU) | Any additional restrictions on the sub-licence |
|---|---|---|---|
| Siemens Metering Ltd<br><br>Name: "SML Software"<br><br>Version numbers for the SML Software will initially be agreed between the parties and may be amended from time to time in accordance with the CCD entitled "Software Sub-licence for Smart Card Security Software" (ICL Pathway reference AP/DOC/004). | Smart card security capable of being executed on a personal computer operating Windows 95 or Windows NT.<br><br>Automated Payment Service for Quantum and SPM smart cards. | SL | There is no right to modify the Software.<br><br>The specific sub-licensing terms and conditions including any further restrictions are specified in the CCD entitled "Software Sub-licence for Smart Card Security Software" (ICL Pathway reference AP/DOC/004) |
| QAS Limited<br><br>Name: "QuickAddress Name Tracer" | Provides name and address capture, recodes postcodes, performs name validation and keyword searching – for integration into Horizon Applications such as the Mails Application and APS. | RTU | The specific terms and conditions including any further rights and restrictions are specified in the CCD entitled "QAS Software Right to Use and Data Sub-Licence" (SU/CON/036) |

FUJ00000070

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| Original supplier and Software product name | Purpose and applicable Service | Sub-licence (SL) or right to use (RTU) | Any additional restrictions on the sub-licence |
|---|---|---|---|
| QAS Limited<br><br>Name: "QuickAddress Validator" | Provides validation of proof of address documents, address validation and fraud prevention – for integration into Horizon Applications such as Mails and APS. | | |
| QAS Limited<br><br>Name: "QuickAddress Pro with Welsh PAF" | As "QuickAddress Name Tracer" above but using Welsh postal address data | | |
| SAP UK Limited<br><br>mySAP.com Solution Suite version 4.7 and SAP NetWeaver Master Data Management version 3.0 (and any updates to or new versions thereof provided by Post Office for use by Fujitsu Services) | Purpose: Facilitates and supports the configuration of Configured POL FS by Post Office or a third party on behalf of Post Office<br><br>Service: POL FS Services | RTU | The specific terms and conditions including any further rights and restrictions are specified in the CCD entitled: "SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" (CF/CON/001) |

FUJ00000070

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| Original supplier and Software product name | Purpose and applicable Service | Sub-licence (SL) or right to use (RTU) | Any additional restrictions on the sub-licence |
|---|---|---|---|
| SAP UK Limited<br><br>Name: DB for SAP versions 9.2.04 and 9.2.05 (and any updates to or new versions thereof provided by Post Office for use by Fujitsu Services) | Purpose: the database engine used in conjunction with the SAP Software<br><br>Service: POL FS Service | RTU | The specific terms and conditions including any further rights and restrictions are specified in the CCD entitled: "SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" (CF/CON/001) |

1.3 Table 2A below lists the Third Party Data that Post Office sub-licenses to Fujitsu Services in accordance with Clause 31 to this Agreement.

**Table 2A.**

| Data source and data product name | Purpose and applicable Service/Application | Any additional restrictions on the sub-licence |
|---|---|---|
| CACI Limited<br><br>Name: "Electoral Roll Database" | Purpose: Subject to agreement under the Change Control Procedure, data used to identify names associated with address details<br><br>Application: PAF Calling Application | The specific terms and conditions including any rights and restrictions are specified in the CCD entitled "QAS Software Right to Use and Data Sub-Licence" (SU/CON/036) |
| Royal Mail<br><br>Name: "PAF" | Purpose: Data used to validate postcodes and identify/confirm address details.<br><br>Application: PAF Calling Application | |

FUJ00000070

CONFIDENTIAL

## 2. ESCHER UPGRADE SOFTWARE

### 2.1 General

2.1.1 This paragraph 2 specifies the terms on which the Escher Upgrade Software may be used by Post Office and Escher Software Users in connection with the Existing Services. Such rights of use shall cease upon the occurrence of Trigger Point T6 (Counter Application Rollout Complete).

### 2.2 Terms of Use

2.2.1 Fujitsu Services grants to Post Office and to all Escher Software Users from time to time (together with Post Office the "Licensed Persons") a right to use and (for the purposes only of loading, execution, storage, transmission or display) copy the Escher Upgrade Software to the extent necessary for the Licensed Persons to receive the Existing Services in connection with the system known as "Horizon" currently in use by Post Office and as upgraded by the Escher Upgrade Software.

2.2.2 Fujitsu Services warrants that it has the right to grant the rights stated to be granted by it under paragraph 2 of this Schedule B4.1 and that it has the right to make such back-up copies of the Escher Upgrade Software as are reasonably necessary for the provision of the Services.

2.2.3 The rights granted by paragraph 2.2.1 of this Schedule B4.1 are subject to the following conditions:

2.2.3.1 Post Office shall notify Fujitsu Services of all actual or threatened breaches of Escher's trade secret, patent, copyright, and other ownership rights in the Escher Upgrade Software of which it becomes aware and shall use reasonable endeavours to provide Fujitsu Services with assistance as may be reasonably requested by Fujitsu Services in relation to the prevention and/or challenge of such actual or threatened breaches.

2.2.3.2 Notwithstanding paragraph 2.2.3.1 of this Schedule B4.1, Post Office may at its absolute discretion notify Escher directly of such actual or threatened breach in addition to notifying Fujitsu Services.

2.2.3.3 All use of the Escher Upgrade Software by Post Office and/or Escher Software Users shall take place within the United Kingdom or its territories.

2.2.3.4 On termination of this Agreement, provided such termination occurs prior to Trigger Point T6 (Counter Application Rollout Complete), Fujitsu Services shall at Post Office's request procure the direct licence of the Escher Upgrade Software to either Post Office or a replacement for

FUJ00000070



Fujitsu Services appointed by Post Office (as Post Office requests) at no charge and on substantially the same terms as the Existing Licences. The obligations of Fujitsu Services and the rights of Post Office under this paragraph 2.2.3.4 shall survive termination of this Agreement.

2.2.3.5 Post Office's rights granted by Fujitsu Services by paragraph 2.2.1 of this Schedule B4.1 shall terminate upon the grant of a direct licence in accordance with paragraph 2.2.3.4 of this Schedule B4.1.

2.2.3.6 Save to the extent required under English law, the rights granted by paragraph 2.2.1 of this Schedule B4.1 shall not be construed so as to allow Post Office to modify, reverse engineer, disassemble or reverse compile the Escher Upgrade Software or take any other action to disclose Escher's source code. To the extent that Post Office is permitted by law to take such action for interoperability or otherwise, such reverse engineering or related activity shall be limited to the minimum amount required and may not be undertaken unless Fujitsu Services has refused or is unable to make or procure such adaptations after Post Office requests that it do so. Fujitsu Services shall be entitled, subject to the prior approval of Post Office, to charge Post Office its reasonable costs for making and/or procuring such adaptations as Fujitsu Services makes or procures and Post Office shall pay such charges.

2.3 Intellectual property rights

Post Office and Fujitsu Services each agree that Escher's copyright legend shall be displayed on all software and associated documentation and media under their respective control in a manner consistent with the CCD entitled "*HNGX-UI Style Guide*" (DES/APP/STD/0001) (formerly *"Horizon Office Platform Service Style Guide"*, reference SD/STD/001).

2.4 Confidentiality

The provisions of paragraph 2.2 of Schedule C3 shall apply.

2.5 Breach

The provisions of paragraph 2.3 of Schedule C3 shall apply.

2.6 Termination

The provisions of paragraph 2.4 of Schedule C3 shall apply.

FUJ00000070

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## 3. LISTED DOCUMENTATION

### 3.1 Purpose

3.1.1 This paragraph 3 lists the Listed Documentation which Fujitsu Services shall license to Post Office under the provisions of Clause 30.1.

3.1.2 Any copying in part or modification of the Listed Documentation which Post Office is allowed to carry out under Clause 30.1 shall be solely to enable the presentation of information to different groups of readers and shall not materially change or misrepresent the meaning of information set out in the Listed Documentation.

**Table 3: Listed Documentation**

| Reference | Document |
|---|---|
| SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service |
| SD/STD/001 (Replaced)<br><br>DES/APP/STD/0001 | Horizon Office Platform Service Style Guide (Replaced)<br><br>HNGX-UI Style Guide reference |
| RS/FSP/001 (Replaced)<br><br>ARC/SEC/ARC/0003 | Security Functional Specification (Replaced)<br><br>HNG-X Technical Security Architecture |
| CR/FSP/004 | Service Architecture Design Document |
| Various | TMS Technical Documentation, including (without limitation):<br><br>Generalised API for OPS/TMS Technical Design Standard (TD/STD/004) (excluding its Appendices, to the extent that such use, copying (in whole or in part) and/or modification thereof is regulated, restricted or prohibited by any confidentiality restrictions in force from time to time between the parties); and<br><br>TMS Architecture Specification TD/ARC/029. |
| BP/TRN/001 | Training and User Awareness Baseline Document |

FUJ00000070

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| Reference | Document |
|---|---|
| BP/DES/003 | Counter Hardware Design Specification |
| Various | Post Office Site Failure Contingency Procedures |
| Various | Release Contents Description for each Release |
| PA/STR/003 | Pathway Release Policy |
| Various | AP Client Specifications |
| CS/SIP/002 (Replaced)<br><br>SVM/SDM/SIP/0001 | Business Continuity Framework (Replaced)<br><br>HNG-X Business Continuity Framework |
| RS/POL/002 (Replaced)<br><br>SVM/SEC/POL/0003 | Horizon Security Policy (Replaced)<br><br>RMGA Information Security Policy |
| CS/PRP/001 | Counter Transaction Performance – Measurement and Benchmarking |
| CS/PRO/111 | TPS Reconciliation and Incident Management |
| PA/PER/033 | Horizon Capacity Management and Business Volumes |
| CS/PRO/128 | APS Reconciliation and Incident Management |
| CS/SPE/011 | Network Banking End to End Reconciliation Reporting |
| NB/PRO/002 | On Line Services Reconciliation & Incident Management |
| CS/PER/046 | Counter Transaction Time Performance- Measurement and Results |
| TD/ARC/030 | OPS Architecture Specification |
| TI/IFS/008 | Horizon to Post Office Technical Interface Specification |
| CS/IFS/003 | Fujitsu Services/Post Office Ltd Operational Business Change – |

FUJ00000070

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| Reference | Document |
|---|---|
| (Replaced)<br><br>SVM/SDM/STD/0001 | Branch, Interface Agreement (Replaced)<br><br>Fujitsu Services/Post Office Ltd Operational Business Change – HNG-X Branch, Interface Agreement |
| CR/FSP/006 | Audit Trail Functional Specification |
| VI/STR/064 | Testing Approach for the Horizon System |
| CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| NB/ACS/002 | NBS Testing Specifications |
| NB/ACS/001 | NBS Testing Plan |
| Various | All Processes and Procedures Descriptions (PPDs) |
| NB/PDN/010 | PIN Pad Product Specification |
| NB/SPE/003 | Network Banking: Counter Dialogue - Activity & Screen Flows |
| IM/MAN/022 | PIN Pad Technical Installation Training Guide |
| CS/SER/027 | PostShop Service Description |
| BD/REP/006 | Geller EPOS Site Preparation Guidelines |
| BD/REP/007 | PostShop Data Centre Security & Resilience |
| CF/CON/001 | SAP Software Right to Use and Maintenance Agreement for Fujitsu Services |

## 4. SPECIALLY WRITTEN SOFTWARE

Specially Written Software shall include, without limitation, all software identified as such in the CCD entitled 'Transfer Asset Register' (COM/MGT/REP/0001). The Commercial Relationship may decide to add original software to the list of Specially Written Software in the Transfer Asset Register from time to time and in any case shall consider whether any software should be added to that list at least once each year.

## 5. SPECIALLY WRITTEN DOCUMENTATION

FUJ00000070



Specially Written Documentation shall include, without limitation, all Documentation identified as such in the CCD entitled "Transfer Asset Register" (COM/MGT/REP/0001). The Commercial Relationship may decide to add documentation to the list of Specially Written Documentation in the Transfer Asset Register from time to time and in any case shall consider whether any documentation should be added to that list at least once each year.

## 6. ASSOCIATED DOCUMENTS

6.1 The following CCDs are associated with this Schedule B4.1:

| | Document Reference | Document Title |
|---|---|---|
| 1 | AP/DOC/004 | Software Sub-licence for Smart Card Security Software |
| 2 | CF/CON/001 | SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" |
| 3 | COM/MGT/REP/0001 | Transfer Asset Register |
| 4 | SU/CON/036 | QAS Software Right to Use and Data Sub-Licence |
| 5 | SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service |
| 6 | SD/STD/001 (Replaced)<br><br>DES/APP/STD/0001 | Horizon Office Platform Service Style Guide (Replaced)<br><br>HNGX-UI Style Guide reference |
| 7 | RS/FSP/001 (Replaced)<br><br>ARC/SEC/ARC/0003 | Security Functional Specification (Replaced)<br><br>HNG-X Technical Security Architecture |
| 8 | Not Used. | |
| 9 | TD/STD/004 | Generalised API for OPS/TMS Technical Design Standard |
| 10 | TD/ARC/029 | TMS Architecture Specification |
| 11 | BP/DES/003 | Counter Hardware Design Specification |
| 12 | CS/SIP/002 (Replaced)<br><br>SVM/SDM/SIP/0001 | Business Continuity Framework (Replaced)<br><br>HNG-X Business Continuity Framework |
| 13 | RS/POL/002 (Replaced) | Horizon Security Policy (Replaced) |

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| | SVM/SEC/POL/0003 | RMGA Information Security Policy |
| 14 | Not Used | |
| 15 | CS/PRO/111 | TPS Reconciliation and Incident Management |
| 16 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 17 | CS/PRO/128 | APS Reconciliation and Incident Management |
| 18 | CS/SPE/011 | Network Banking End to End Reconciliation Reporting |
| 19 | NB/PRO/002 | On Line Services Reconciliation & Incident Management |
| 20 | Not Used | |
| 21 | Not Used | |
| 22 | TI/IFS/008 | Horizon to Post Office Technical Interface Specification |
| 23 | Not Used | |
| 24 | CS/IFS/003 (Replaced)<br><br>SVM/SDM/STD/0001 | Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement (Replaced)<br><br>Fujitsu Services/Post Office Ltd Operational Business Change – HNG-X Branch, Interface Agreement |
| 25 | CR/FSP/006 | Audit Trail Functional Specification |
| 26 | VI/STR/064 | Testing Approach for the Horizon System |
| 27 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 28 | NB/PDN/010 | PIN Pad Product Specification |
| 29 | NB/SPE/003 | Network Banking Counter Dialogue - Activity & Screen Flows |
| 30 | IM/MAN/022 | PIN Pad Technical Installation Training Guide |
| 31 | CS/SER/027 | PostShop Service Description |
| 32 | BD/REP/006 | Geller EPOS Site Preparation Guidelines |

FUJ00000070



| | Document Reference | Document Title |
|---|---|---|
| 33 | BD/REP/007 | PostShop Data Centre Security & Resilience |
| 34 | PA/STR/003 | Pathway Release Policy |

6.2 There are no CRDs associated with this Schedule B4.1.

FUJ00000070

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# SCHEDULE B4.2

# EXISTING APPLICATIONS

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.4 |
| 4.0 | 14/04/08 | Baseline copy of v2.1 |
| 5.0 | 23/02/09 | Baseline copy of 4.1 |
| 6.0 | 15/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all Schedules to v8.0 in accordance with CCN 1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference updates and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE B4.2

# EXISTING APPLICATIONS

## 1. INTRODUCTION

1.1 This Schedule records and specifies the existing Horizon Applications used by Fujitsu Services to provide the Services to Post Office from the Amendment Date until Trigger Point T5 (Data Centre Ready for HNG-X).

1.2 Fujitsu Services shall operate and maintain each Horizon Application listed in paragraphs 2 and 4 in accordance with the terms of this Agreement, the relevant specifications for each Horizon Application as set out in this Schedule, all CCDs relevant to an Horizon Application as referred to in this Schedule and all Service Levels relevant to an Horizon Application as set out in Schedule B4.4 and Schedule C1 to this Agreement.

1.3 Fujitsu Services will be invited to bid for future developments to Horizon Applications in accordance with the terms of Schedule B1.1.

1.4 The functionality and interfaces of each Horizon Application are defined in the CCDs indicated to relate to an Horizon Application in the column headed "Horizon Application" in Table A below and the CCDs indicated to relate to that Horizon Application in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001).

1.5 Horizon Application software installed in those Branches and Admin Positions which do not have a network connection point shall not be kept up to date with new Releases other than in accordance with paragraph 7.4 of Schedule D1.

## 2. HIGH LEVEL DESCRIPTION OF EXISTING APPLICATIONS

2.1 EPOSS

2.1.1 EPOSS is an electronic point of sale service application which provides the following functions:

(a) on all Counter Positions in all Branches and Other Authorised Locations:

(i) facilities to Counter Clerks in support of Transactions with Customers;

(ii) a "till" function; and

(iii) a framework within which other applications can be invoked to support specialised Transactions within a Customer Session;

FUJ00000070



(b) to Users within Branches including:

(i) stock balancing;

(ii) Branch cash accounting;

(iii) production of Client summaries; and

(iv) User administration tasks;

(c) transfer of data to Post Office systems and services outside the Horizon Service Infrastructure; and

(d) management information reporting.

2.1.2 EPOSS is implemented with the following major functional components:

(a) EPOSS running on every Counter Position;

(b) TMS Agent applications running on the Data Centre servers; and

(c) host database applications running in the Data Centres.

2.1.3 EPOSS records Transactions to the Riposte message store. These are replicated by Riposte to the message stores on file servers at the Data Centres. The TMS Agents extract and reformat Transaction data and present it for further analysis, summarisation and forwarding by the host database application.

2.1.4 Cash, cheque and voucher methods of payment are handled by EPOSS. For payment using a debit card, EPOSS (from the settlement menu) initiates Debit Card to obtain authorisation of payment.

2.2 APS

2.2.1 APS is a generic application that enables Post Office to provide a range of bill payment and pre-payment services to the customers of many Post Office Clients. APS provides transaction facilities at the counter, integrated into Customer Sessions using facilities provided by EPOSS. APS also supports transfer of data to and from Post Office Client systems and Post Office systems. APS is available at all Counter Positions in all Branches.

2.2.2 APS supports a range of advanced data capture facilities (the "AP-ADC Facility") which are controlled and constrained by Post Office Reference Data. These facilities extend the capabilities of APS and provide support for:

(a) product selection mechanisms using picklists;

(b) a range of data capture and validation routines;

FUJ00000070



(c) access to the PAF Facility, APOP Facility, DVLA POME and such other specific external applications as the Parties may agree under the Change Control Procedure; and

(d) the use of print templates in support of customised receipt and slip print layouts.

The production of Reference Data by Post Office to make use of the AP-ADC Facility shall be in accordance with and subject to the provisions of the CCD entitled "AP-ADC Reference Manual" (DES/GEN/MAN/0002) (formerly (AP/MAN/002)).

2.2.3 APS supports the following range of Tokens conforming to the standards in the relevant CCDs:

(a) magnetic stripe cards;

(b) bar coded documents; and

(c) Smart Tokens comprising:

(i) Quantum token;

(ii) Watercard token; and

(iii) Talexus (developed but not deployed in accordance with the terms of CCN 798).

2.2.4 APS supports the use of desktop buttons, which may be specified as being equivalent to a manually entered AP barcode Token.

2.2.5 APS is implemented with the following major functional components:

(a) APS running on every Counter Position;

(b) APS agents running on Data Centre servers;

(c) host database application in the Data Centre; and

(d) file transfer capabilities provided by the Horizon Central Infrastructure.

2.2.6 As referred to in paragraph 2.2.2 (c), APS supports access to DVLA POME for the purpose of vehicle re-licensing Transactions only. DVLA POME is the Driver Vehicle and Licensing Agency (DVLA) and Post Office MOT enquiry service which is based on systems that are external to the Horizon Service Infrastructure. The AP-ADC Facility will perform online interactions with DVLA POME during a vehicle re-licensing Transaction. Such interaction will take place via the DVLA On-line Link. Information concerning MOT status and vehicle excise duty as well as other supporting data will be retrieved during the course of such on-line interaction, as specified by Post Office Reference Data

FUJ00000070



for the purposes of the re-licensing Transaction. The interaction with DVLA POME may be configured to deal with scenarios where no response is received from DVLA POME within designated time periods.

2.2.7 APS handles interaction with customer Tokens and records Transactions in the Riposte message store. It also passes Transaction details to EPOSS for incorporation into a Customer Session. Transaction data is replicated by Riposte to the message stores on file servers at the Data Centres. The APS agents extract and reformat transaction data and present it for further analysis, summarisation and forwarding by the host database application.

2.2.8 The clients and tokens supported by APS are referred to in the CCD entitled "Automated Payments System Client List" (BP/DOC/008). Specific payments and the AP Transactions which support them conform to the relevant AP Client Specification, which in turn references the CCD entitled "POCL Automated Payments Generic Rules" (BP/DOC/014) and appropriate Token Technology Specification(s). Data is transferred to AP Clients in accordance with the appropriate AIS. Such transfer will either be direct to the AP Client in accordance with the relevant automated payment client specification or via the EDG in accordance with the CCD entitled "Automated Payments Interface Specification - EDG / DES" (CR/IFS/002).

2.2.9 APS supports the receipt of data from Clients, typically comprising tariff data, as specified in the relevant AIS specified in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001). This data will be distributed to APS.

2.2.10 Post Office will be responsible for:

(a) the design and development of new AP Transactions that use the AP-ADC Facility;

(b) (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058)) ensuring that Post Office Reference Data, intended to introduce those new Transactions, functions correctly within the Horizon Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect; and

(c) defining receipts (for all AP Transactions that use the AP-ADC Facility) that contain sufficient information to allow manual recovery of a subset of the transaction data following a system failure, to the extent that such manual data recovery is required by Post Office.

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2.3 APOP Facility

2.3.1 The APOP Facility is a set of components that support the creation of APOP Services. Each business application that makes use of the APOP Facility will be segmented into its own APOP Service.

2.3.2 The components of APOP are as follows:

(a) an APOP database which stores details of Transaction Vouchers and the actions that have been performed on a Transaction Voucher by each APOP transaction;

(b) an APOP authorisation service which processes APOP transactions by applying the rules defined in the APOP Service Definition for the APOP Service;

(c) an APOP branch service that processes APOP on-line transactions initiated from an AP-ADC counter Transaction using the APOP authorisation service referred to in paragraph 2.3.2 (b);

(d) an APOP batch service which will send/receive batch files to/from the EDG/DES and process APOP batch transactions using the APOP authorisation service referred to in paragraph 2.3.2 (b);

(e) an APOP administration service that will process APOP on-line transactions initiated from an APOP Administration Workstation using the APOP authorisation service referred to in paragraph 2.3.2 (b). Transactions will be routed to the APOP authorisation service by a web server;

(f) an APOP reporting service that will process APOP transactions to extracts records from the APOP database using the APOP authorisation service referred to in paragraph 2.3.2 (b);

(g) an APOP housekeeping service that will process time-driven event APOP transactions using the APOP authorisation service referred to in paragraph 2.3.2 (b);

(h) an APOP archiving service that archives data from the APOP database;

(i) a web service to route APOP on-line counter transactions to the APOP database for the APOP Service;

(j) templates for the counter and branch receipts; and

(k) templates for the office counter weekly and office weekly reports.

2.3.3 An APOP Service comprises at least the elements set out in paragraphs 2.3.2 (c), (i), (j), and (k).

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2.3.4 The production of Reference Data by Post Office to make use of the APOP Facility shall be in accordance with and subject to the provisions of the CCD entitled "APOP Authorisation Service Reference Manual" (AP/MAN/004).

2.3.5 The CCDs entitled "APOP Definition" (BP/SPE/046) and "Schedule B4.2 Existing Applications" (CS/PRD/058) set out the rules that shall apply in determining whether the Post Office is required to request a Work Package in respect of introducing additional APOP Services/AP Transactions using the APOP Facility and/or modifying an existing APOP Service. Where so required by the provisions of either of those CCDs, Post Office shall request a Work Package for the introduction and/or modification (as applicable) of such services/transactions.

2.3.6 Post Office shall be responsible for:

(a) the design and development of new AP Transactions that use the APOP Facility;

(b) (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058)) ensuring that Post Office Reference Data, intended to introduce those new Transactions, functions correctly within the Horizon Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect;

(c) defining receipts (for all AP Transactions that use the APOP Facility) that contain sufficient information to allow manual recovery of a subset of the Transaction data following a system failure, to the extent that such manual data recovery is required by Post Office;

(d) transforming incoming data files into standard APOP format according to the APOP Interface Specifications for live purposes; and

(e) generating required reports from extract files generated by APOP, according to the APOP Interface Specifications for live purposes.

2.4 LFS

2.4.1 The LFS application provides an interface between Branches and the Post Office's Advanced Distribution System (SAP/ADS) and is at all Branches.

2.4.2 LFS captures data from Branches for onward transmission to SAP/ADS. Such data includes cash, outward Remittances including confirmation of SAP/ADS pouch collection and confirmation of SAP/ADS pouch receipt at the Branch.

2.4.3 LFS transmits planned orders and replenishment deliveries, created by SAPADS, to Branches.

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2.4.4 LFS includes the following functional components:

(a) LFS Branch application. This is present on all Counter Positions at all Branches. It provides:

(i) screen dialogues for inputting relevant data which are written to the Riposte message store;

(ii) facilities for scanning bar coded labels to monitor movement of cash and stock bags and pouches into and out of the Branch. Data captured from these bar codes are written to the Riposte message store; and

(iii) a facility for viewing specialised messages originated by SAP/ADS and transmitted to the Branch; and

(b) LFS Data Centre application provides an interface to SAP/ADS for the exchange of batch data, and manages the forwarding to, and receipt from, Branches of that data. Data created in Branches is extracted from the Riposte message stores by agent applications.

2.4.5 LFS is implemented with the following major functional components:

(a) LFS running on every Counter Position;

(b) LFS agents running on Data Centre servers;

(c) host database application in the Data Centre; and

(d) file transfer capabilities provided by the Horizon Central Infrastructure.

2.5 Message Broadcast

2.5.1 The Message Broadcast ("MBS") application provides a mechanism for transmitting plain text messages to all Branches or to Branches specified in a list.

2.5.2 MBS comprises:

(a) MBS Branch application, which provides facilities for managing messages received, presenting available messages for selection by Users, displaying messages on the Counter Position screen and printing them to the back-office printer. This is available at all Counter Positions in all Branches (but messages can only be received at locations with a data communications link); and

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(b) MBS Data Centre application, which provides facilities for creating messages by text input (including copying text from other electronic documents including emails received by Fujitsu Services from Post Office) and distributing them to Branches.

2.5.3 MBS is implemented with the following major functional components:

(a) MBS running on every Counter Position; and

(b) MBS agents running on Data Centre servers.

2.6 NBS

2.6.1 The NBS application supports transaction of banking business in Branches. It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. NBS is invoked from EPOSS either by:

(a) a card swipe (or input of card details) where EMV functionality is not supported in respect of that card; or

(b) a Customer inserting his or her card into the chip card reader in a PIN Pad where such card supports EMV functionality,

while in serve customer mode other than at the settlement menu. The following Transaction types are supported:

(i) cash deposit;

(ii) cash withdrawal;

(iii) balance enquiry;

(iv) withdraw limit;

(v) change of PIN at PIN Pad; and

(vi) cheque deposit.

2.6.2 NBS has the following functional components:

(a) NBS manages reading of data from magnetic stripe bank cards and EMV chip cards, presentation of screen dialogues to the User and User data input, input of PIN numbers by customers, and printing of receipts. It also integrates the banking Transactions into an EPOSS Customer Session. NBS writes data to a message store, including "immediate" messages to initiate message exchange with the Bank systems;

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(b) NB Authorisation Agent applications run on servers at the Data Centres. Such servers harvest relevant "immediate" and standard messages. Messages between the Counter Position and the Bank systems are brokered by the agent application. Standard messages are harvested by the agents and summarised and forwarded to the Horizon Reconciliation Facility; and

(c) the Reconciliation Horizon Application as used by NBS receives data from the NB Authorisation Agents and from Bank systems and prepares reports reconciling these data streams and identifying reconciliation exceptions for investigation and corrective action.

2.6.3 NBS also supports the Transaction Enquiry Service by passing NB Requests, NB Authorisations, NB Confirmations and reversals (where applicable to NBS) from the persistent store to the Transaction Enquiry Service from where they are available for query using TESQA.

2.7 Reference Data Management Application

2.7.1 The Reference Data Management Application is a database application running in the Data Centre. It receives Reference Data from the Post Office Reference Data System in accordance with the CCD entitled "Application Interface Specification Reference Data to Pathway for CSR+" (BP/IFS/011). It also provides facilities for the manual input of data by Fujitsu Services' personnel and incorporation of system generated data from other parts of the Horizon Service Infrastructure.

2.7.2 Reference Data from Post Office Reference Data System is delivered in separately identifiable change instructions and loaded into Fujitsu Services' Reference Data Management Centre. These change instructions are then made available to a daily extract process when correct authorisation for each request is received from Post Office. Details regarding the delivery and authorisation of Reference Data are given in the following CCDs:

(a) for products, "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058); and

(b) for Branches, "Fujitsu Services/Post Office Ltd Operational Business Change – HNG-X Branch, Interface Agreement" (SVM/SDM/STD/0001) (formerly "Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement" (CS/IFS/003)).

2.7.3 Reference Data Management Horizon Application is implemented with the following major functional components:

(a) Reference Data management agents running on Data Centre servers;

(b) host database application in the Data Centre; and

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(c) file transfer capabilities provided by the Horizon Central Infrastructure.

2.7.4 Reference Data Management Application provides facilities for version control of Reference Data including start and end dates for its validity. It manages distribution of Reference Data to Branches via the Horizon Service Infrastructure.

2.7.5 Reference Data Management Application provides data used by all the other Initial Horizon Applications and has the potential to extend this to additional Horizon Applications running on the Horizon Service Infrastructure.

2.7.6 Reference Data Management Application shall check Reference Data consistency and report exceptions.

2.8 Horizon Audit Facilities

2.8.1 The Horizon Audit Facilities provide the mechanisms to record and maintain an audit trail of Transactions and events according to the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006).

2.8.2 The Horizon Audit Facilities enable the recording of an operational audit trail and a commercial audit trail as such terms are referred to in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006). These comprise the audit trail associated with the operation of the Horizon Applications operated by Fujitsu Services, and the audit trail of that part of Fujitsu Services' internal commercial records to which Post Office's internal auditors or agents have access, as set out in Schedule D5.

2.8.3 Data within the operational audit trail will be retained for 18 months, although the set of records associated with a Transaction Voucher transacted by an APOP Service and transaction data in the TMS journal, including data relating to NBS and Debit Card will be retained for seven years.

2.8.4 Data within the commercial audit trail will be retained for seven years, although some data will be retained for the term of the Agreement which may be longer.

2.8.5 Access to audit trail data is provided to authorised Post Office personnel either by interactive access or through a set of standard reports.

2.9 Horizon Reconciliation Facilities

2.9.1 The Horizon Reconciliation Facilities comprise a set of applications which will support Post Office in effecting reconciliation between itself, its Clients and third parties. These facilities will also support the reconciliation of accounting transaction data processed at a Counter Position with the details passed to the Post Office.

2.9.2 The Horizon Reconciliation Facilities support the reconciliation of Transactions carried out using APS, EPOSS, NBS and Debit Card.

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2.9.3 Reports will be produced and provided to Post Office and Horizon Reconciliation Facilities will be supported by the processes specified in the set of CCDs referenced under "Reconciliation" for a particular Horizon Application in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001).

2.10 Debit Card

2.10.1 The Debit Card application supports Transaction of Debit Card payments in Branches. It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. Debit Card can be invoked from EPOSS either by:

(a) a card swipe (or input of card details) if EMV functionality is not supported in respect of that card; or

(b) a Customer inserting his or her card into the chip card reader in a PIN Pad where such card supports EMV functionality,

when EPOSS is at the settlement menu. The following Transaction types are supported:

(i) Debit Card purchase;

(ii) Debit Card Refund; and

(iii) explicit Reversal (as defined in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution" (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001))).

2.10.2 Debit Card has the following functional components:

(a) Debit Card manages reading of data from magnetic stripe debit cards and EMV chip cards, presentation of screen dialogues to the User and User data input, and printing of receipts. It also integrates the DC Transactions into an EPOSS customer session. Debit Card writes data to a message store, including "immediate" messages to initiate message exchange with the Data Centre, and onwards to the Merchant Acquirer; and

(b) the DC Authorisation Agents run on servers at the Data Centres. Such servers harvest relevant "immediate" and standard messages. Messages between the Counter Position and the Merchant Acquirer are brokered by the agent application. Standard messages are harvested by the agents and summarised and forwarded to the Reconciliation Horizon Application.

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## 3. ADDING NEW APPLICATIONS

3.1 When a new application is to be added under the Change Control Procedure, the following actions shall be completed:

3.1.1 a high-level description of the application shall be incorporated into paragraph 4 of this Schedule;

3.1.2 the relevant Schedules to this Agreement shall be updated to record the new application, including:

(a) Schedule 1 (Interpretation);

(b) Schedule B4.4 and C1 (Service Levels and Remedies);

(c) Schedule A5 (Post Office Responsibilities);

(d) this Schedule B4.2 (Existing Applications), and

other Schedules to this Agreement as relevant.

3.1.3 the following CCDs shall be created and referenced from the table contained in paragraph 5 of this Schedule:

(a) Horizon Application definition;

(b) interface specifications;

(c) HCI specifications;

(d) Reference Data requirements (as relevant); and

(e) Fujitsu Services and Post Office operational procedures (as relevant).

## 4. ADDITIONAL APPLICATIONS

This paragraph will include brief descriptions of each new application.

4.1 Mails Application

4.1.1 Mails Application is a postal acceptance application designed to fully automate the service selection and pricing of mails items transacted at Counter Positions. Mails Application provides transaction facilities at each Counter Position, integrated into the Customer Session using facilities provided by EPOSS.

4.1.2 Mails Application is a standard cashier script application that has been customised for UK use by the addition / alteration of cashier scripts and the creation of specific Mails Reference Data. Mails Reference Data is unique to the Mails Application and is supplied by Post Office. Mails Reference Data contains Client data, typically comprising services, tariffs, rules and constraints.

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4.1.3 Mails Application accepts manual input of data (weight, destination, service type) as well as automatic input from electronic weigh scales and barcode readers.

4.1.4 Mails Application is implemented with the following major functional components:

(a) Mails Application running on every Counter Position;

(b) Data Centre support for Reference Data subscription groups;

(c) Mails Application agents (for Reference Data distribution) running on the Data Centre servers; and

(d) File transfer facilities supported by the existing Horizon Service Infrastructure.

4.1.5 Mails Application supports the following postal acceptance functionality:

(a) Mails Application includes the Clients, their products and services as defined by Mails Reference Data;

(b) Mails Application applies conformance to the business rules defined in Mails Reference Data and only permits users to select those services that are valid for a set of input variables (weight, destination, value of content, delivery urgency and signature required);

(c) Mails Application can be customised by Mails Reference Data;

(d) Mails Application prints postage labels and receipts as defined in the CCD entitled "Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service" (SD/DES/005);

(e) Mails Application includes on screen help and links to additional Mails Application help screens in the form of HTML pages which can be accessed by the Counter Clerk;

(f) Mails Application accesses the generic Postcode Address File ("PA File") to verify or complete a destination address on selected services;

(g) Mails Application captures track and trace barcode information during a mails acceptance transaction and passes this information along with associated PA File data to the EDG for onward transfer to Clients;

(h) Mails Application allows the capture of the track and trace barcode information and verification of price for pre- franked "bulk mail". The track and trace and item details are sent to the EDG for onward transfer to Clients; and

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(i) Mails Application records complete postage related details including value, weight, destination, service(s), track and trace, postcode and label as well as all other standard transaction details to the message store.

4.2 Mails Administration Application

4.2.1 Mails Administration Application supports the following functions:

(a) mails despatch and exception handling;

(b) local collect;

(c) return of undelivered priority mails items; and

(d) fast input of "bulk mail" (known as "speed bulk").

4.2.2 Mails despatch

(a) The despatch process allows the reconciliation between track and trace items scanned in as part of the acceptance process and those awaiting collection by the carrier.

(b) For mails items confirmed as available for despatch a record will be created and sent to the EDG for onward transfer to Clients.

(c) The despatch process will include a mechanism for recording if the despatch is the last for that day.

(d) The despatch process will allow reconciliation errors to be corrected or an exception report produced prior to the despatch of the remaining items.

4.2.3 Local collect

(a) The local collect function allows mails items delivered to the Branch for local collect to be scanned in using the track and trace barcode. A record of barcodes will be sent to the EDG for onward transfer to Clients.

(b) The local collect function allows mails items to be collected by Customers and will charge either an open or fixed fee. A record of each collected item will be sent to the EDG for onward transfer to Clients.

(c) The local collect function allows items that have not been collected after a defined period to be scanned out of the Branch. A record of each non collected item will be sent to the EDG for onward transfer to Clients along with a code indicating the reason for non collection.

4.2.4 Return of undelivered priority items

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Priority mails items not delivered by the carriers delivery agent can be returned to any Post Office and recorded by scanning the track and trace barcode. A record of each collected item will be sent to the EDG for onward transfer to Clients along with a code indicating the reason for non delivery.

4.2.5 Speed Bulk

Pre-franked mails (bulk mails) can be scanned in without any weight / price checks. A record of each collected item will be sent to the EDG for onward transfer to Clients.

4.3 ETU Application

4.3.1 The ETU Application supports the Customer purchase or refund of mobile phone related credits and associated content products (e.g. ring tones). It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. ETU credit products (known as Topup products or PIN products) are invoked by swiping a card (or input of card details). ETU content products (known as PIN/e-voucher products) are invoked by selecting an ETU desktop button. The following Transaction Types are supported:-

(a) the purchase of a card based Topup product;

(b) the purchase of card based PIN product;

(c) the purchase of a PIN/e-voucher product;

(d) the refund of a card based Transaction; and

(e) the refund of a PIN/e-voucher Transaction.

4.3.2 The ETU Application has the following functional components:

(a) the ETU Counter Application which manages reading of data from magnetic stripe cards, the selection of ETU products from menus, the presentation of screen dialogues to the User and User data input, and the printing of receipts. It also integrates the ETU Transactions into an EPOSS Customer session. ETU writes data to the Riposte message store, including "immediate" messages to initiate message exchange with the e-pay authorisation system;

(b) ETU Agent applications run on NT servers at the Data Centres. Such servers harvest relevant "immediate" and standard messages. Messages between the Counter Position and e-pay are brokered by the ETU Agent applications. Standard messages are harvested by the ETU Agent and summarised and forwarded to the Reconciliation Application; and

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(c) the Reconciliation Application (as used by NBS) receives data from the ETU Agents and from e-pay and prepares reports reconciling these data streams and identifying reconciliation exceptions for investigation and corrective action.

4.4 Bureau Application

4.4.1 The Bureau Application provides the ability to trade foreign currencies and traveller's cheques at Counter Positions. The service provided in a particular Branch can range from none to full bureau de change facilities, depending on the Bureau Type defined in Reference Data for the Branch in question.

4.4.2 The Bureau Application has the following major features:

(a) the ability to receive Spot Rates Files and Margins Files from the Post Office, and to use the data in these files to control the rates at which currencies and travellers' cheques are traded; and

(b) extension of EPOSS counter functionality to support, depending on Bureau Type, for:

(i) buying currency and travellers' cheques;

(ii) selling currency and travellers' cheques;

(iii) remitting currency and travellers' cheques for sale (but not travellers' cheques redeemed) into and out of Branches;

(iv) transferring currency and travellers' cheques for sale (but not travellers' cheques redeemed) between Stock Units;

(v) revaluing currency to reflect changes in spot rates; and

(vi) declaring the quantities of bureau stock on hand;and;

(c) The ability to receive payment for foreign currency by means of a variety of methods of payment, including credit cards and debit cards in addition to cash.

4.5 APOP Facility

4.5.1 The AP Out-Payments (APOP) Facility is a set of components that support the creation of APOP Services. Each business application that makes use of the APOP Facility will be segmented into its own APOP Service:

4.5.2 The components of APOP are as follows:

4.5.2.1 An APOP database which stores details of Transaction Vouchers and the actions that have been performed on a Transaction Voucher by each APOP transaction;

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4.5.2.2 An APOP authorisation service which processes APOP transactions by applying the rules defined in the APOP Service Definition for the APOP Service;

4.5.2.3 An APOP branch service that processes APOP on-line transactions initiated from an AP-ADC counter Transaction using the APOP authorisation service referred to in paragraph 4.5.2.2;

4.5.2.4 An APOP batch service which will send/receive batch files to/from the EDG/DES and process APOP batch transactions using the APOP authorisation service referred to in paragraph 4.5.2.2;

4.5.2.5 An APOP administration service that will process APOP on-line transactions initiated from an APOP Administration Workstation using the APOP authorisation service referred to in paragraph 4.5.2.2. Transactions will be routed to the APOP authorisation service by a web server;

4.5.2.6 An APOP reporting service that will process APOP transactions to extracts records from the APOP database using the APOP authorisation service referred to in paragraph 4.5.2.2;

4.5.2.7 An APOP housekeeping service that will process time-driven event APOP transactions using the APOP authorisation service referred to in paragraph 4.5.2.2;

4.5.2.8 An APOP archiving service that archives data from the APOP database;

4.5.2.9 A web service to route APOP on-line counter transactions to the APOP database for the APOP Service;

4.5.2.10 Templates for the counter and branch receipts; a

4.5.2.11 Templates for the office counter weekly and office weekly reports.

4.5.3 An APOP Service comprises at least the elements set out in paragraphs 4.5.2.3, 4.5.2.9, 4.5.2.10 and 4.5.2.11.

4.5.4 The production of Reference Data by Post Office to make use of the APOP Facility shall be in accordance with and subject to the provisions of the CCD entitled "APOP Authorisation Service Reference Manual" (AP/MAN/004).

FUJ00000070



4.5.5 The CCD entitled "APOP Definition" (BP/SPE/046) sets out the rules that shall apply in determining whether the Post Office is required to request a Work Package in respect of introducing additional APOP Services/AP Transactions using the APOP Facility and/or modifying an existing APOP Service. Where so required by the provisions of that CCD, Post Office shall request a Work Package for the introduction and/or modification (as applicable) of such services/transactions;

4.5.6 Post Office shall be responsible for:

4.5.6.1 the design and development of new AP Transactions that use the APOP Facility;

4.5.6.2 (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change – Reference Data" (CS/PRD/058)) ensuring that Post Office Reference Data, intended to introduce those new Transactions, functions correctly within the Horizon Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect;

4.5.6.3 defining receipts (for all AP Transactions that use the APOP Facility) that contain sufficient information to allow manual recovery of a subset of the Transaction data following a system failure, to the extent that such manual data recovery is required by Post Office;

4.5.6.4 transforming incoming data files into standard APOP format according to the APOP Interface Specifications for live purposes; and

4.5.6.5 generating required reports from extract files generated by APOP, according to the APOP Interface Specifications for live purposes.

## 5. LIST OF RELATED DOCUMENTS

Table A below lists those CCDs which provide a high level technical/functional overview of each Horizon Application. The CCDs listed in Table B below supplement that Table and relate to more than one Horizon Application. Further details of each Horizon Application can be found in those CCDs which are indicated to relate to that Horizon Application in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001).

## 6. Not Used

## 7. PAF FACILITY

7.1 The PAF Facility is a generic facility based on QAS Software. It is not an Horizon Application itself, but may be invoked by a PAF Calling Application.

7.2 The function of the PAF Facility is to:

FUJ00000070



7.2.1 allow Users to validate an address by entering the details of premises and postcode or premises, street and town of the address to be validated;

7.2.2 present Users with a validated postal address;

7.2.3 permit Users to enter a postal address manually; and

7.2.4 make available the manually entered postal address for use in the PAF Calling Application.

7.3 The PAF Facility comprises the following:

7.3.1 an application module installed at each Counter Position in all Branches;

7.3.2 a data communications link to enable an address to be validated against the PAF Database held in the Data Centres;

7.3.3 an interface with the servers in the Data Centres that host the PAF Database and interface software;

7.3.4 a web service; and

7.3.5 the PAF Database.

7.4 Post Office acknowledges and agrees that:

7.4.1 it has mandated the use of the QAS Software as a key element of the PAF Facility and has satisfied itself that the QAS Software is capable of meeting its business requirements in that connection; and

7.4.2 notwithstanding anything to the contrary elsewhere in this Agreement (Clause 67.5 being subject to this provision in this instance):

(a) a fault in the QAS Software; or

(b) a failure of the PAF Facility or any PAF Calling Application caused by a fault in the QAS Software

A fault or failure referred to in paragraphs 7.4.2 (a) and 7.4.2 (b) shall not, of itself, constitute a Default by Fujitsu Services except to the extent that such fault or failure has been caused by an act or omission of Fujitsu Services.

7.5 Fujitsu Services shall notify QAS Limited as soon as reasonably practicable where it discovers that the PAF Database (or any update thereof) is not, without modification, compatible and capable of use with the PAF Facility. Where following such notification QAS Limited fails to resolve the issue of compatibility and/or use within a reasonable time, Fujitsu Services shall notify Post Office accordingly. Thereafter Post Office shall be responsible for resolving or procuring the resolution of the issue of compatibility and/or use.

FUJ00000070



7.6 Post Office shall be responsible for ensuring that reasonable access to and assistance from QAS Limited (its successors and assigns) is provided to Fujitsu Services to support the implementation of the PAF Facility.

## 8. FALLBACK

EPOSS, APS and LFS, but not NBS (which has a process of recovery of incomplete transactions in the event of a counter failure) shall have fallback Transactions that minimise or negate the impact of failure in any of the Applicable Services which use those Horizon Applications.

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**Table A**

| Horizon Application | Horizon Application Definition or Equivalent |
|---|---|
| EPOSS – Counter and Branch Administration | EPOSS Definition<br><br>(BP/SPE/033) |
| EPOSS – Debit Card Method of Payment | Debit Card MoP Functional Description (Replaced )<br><br>(EF/SER/001) (Replaced )<br><br>Mapping Schedule B3.2 to the HNG-X Solution<br><br>REQ/GEN/REP/1091 |
| Bureau | Bureau Definition<br><br>(BP/SPE/043) |
| APS | APS Definition<br><br>(BP/SPE/038) |
| ETU | ETU Definition<br><br>(BP/SPE/044) |
| LFS | LFS Definition<br><br>(BP/SPE/037) |
| Mails Application | Mails Definition<br><br>(BP/SPE/042) |
| Message Broadcast | Message Broadcast Definition<br><br>(BP/SPE/036) |
| NBS | NBS Definition<br><br>(BP/SPE/035) |
| Reference Data Management | Reference Data Definition<br><br>(BP/SPE/040) |
| Reconciliation | Reconciliation Definition<br><br>(BP/SPE/034) |
| Audit | Audit Trail Functional Specification |

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| | |
|---|---|
| | (CR/FSP/006) |
| APOP Facility | APOP Definition<br><br>(BP/SPE/046) |

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**Table B**

| Document Title | Fujitsu Services Reference |
|---|---|
| Security Functional Specification (Replaced )<br><br>HNG-X Technical Security Architecture | RS/FSP/001 (Replaced)<br><br>ARC/SEC/ARC/0003 |
| ICL Pathway Core Systems Release Plus Contents Description<br><br>*(This CCD does not apply to NBS)* | PA/STR/013 |
| Supplement to Addendum B of ICL Pathway Core System Release Plus Contents<br><br>*(This CCD does not apply to NBS)* | PA/STR/014 |
| Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service | SD/DES/005 |

## 9. POL SERVICE TYPES

9.1 The POL Service Types applicable to the period between the Amendment Date and Acceptance Point Z3 are set out in Annex 1 to this Schedule.

9.2 If Post Office notifies Fujitsu Services in writing that it no longer requires use of a POL Service Type and requests that Fujitsu Services disable that POL Service Type in accordance with Clause 10.5, then where Post Office ceasing to use that POL Service Type may affect the use of any other POL Service Type(s), Fujitsu Services shall advise Post Office accordingly. Where Fujitsu Services so advises Post Office, the Parties will discuss and agree (acting reasonably) the appropriate steps to be taken to address the effect of disabling the POL Service Type on any other POL Service Type(s).

## 10. ASSOCIATED DOCUMENTS

10.1 The following CCDs are associated with this Schedule B4.2:

| | **Document Reference** | **Document Title** |
|---|---|---|
| 1 | COM/CUS/SPE/0001 | Post Office Contract Controlled and Contract |

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| | Document Reference | Document Title |
|---|---|---|
| | | Referenced Document List |
| 2 | AP/MAN/002 (Replaced )<br><br>DES/GEN/MAN/0002 | AP-ADC Reference Manual (Replaced )<br><br>AP-ADC Reference Manual |
| 3 | BP/DOC/008 | Automated Payments System Client List |
| 4 | BP/DOC/014 | POCL Automated Payments Generic Rules |
| 5 | CR/IFS/002 | Automated Payments Interface Specification - EDG / DES |
| 7 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 8 | AP/MAN/004 | APOP Authorisation Service Reference Manual |
| 9 | BP/SPE/046 | APOP Definition |
| 10 | BP/IFS/011 | Application Interface Specification Reference Data to Pathway Type B Data for CSR+ |
| 11 | CS/IFS/003 (Replaced )<br><br>SVM/SDM/STD/0001 | Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement (Replaced )<br><br>Fujitsu Services/Post Office Ltd Operational Business Change – HNG-X Branch, Interface Agreement |
| 12 | CR/FSP/006 | Audit Trail Functional Specification |
| 13 | BP/IFS/010 | Application Interface Specification Reference Data to Fujitsu Services Limited |
| 14 | EF/SER/001 (Replaced )<br><br>REQ/GEN/REP/1091 | Debit Card MoP Functional Description (Replaced)<br><br>Mapping Schedule B3.2 to the HNG-X Solution |
| 15 | SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform |

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| | Document Reference | Document Title |
|---|---|---|
| | | Service |
| 16 | RS/FSP/001 (Replaced )<br><br>ARC/SEC/ARC/0003 | Security Functional Specification (Replaced )<br><br>HNG-X Technical Security Architecture |
| 17 | Not Used | |
| 18 | PA/STR/014 | Supplement to Addendum B of ICL Pathway Core System Release Plus Contents **[CAT D]** |
| 19 | Not used | **[Duplicate of Row 15]** |
| 20 | BP/SPE/043 | Bureau Definition |
| 21 | BP/SPE/038 | APS Definition |
| 22 | BP/SPE/044 | ETU Definition |
| 23 | BP/SPE/042 | Mails Definition |
| 24 | BP/SPE/036 | Message Broadcast Definition |
| 25 | BP/SPE/035 | NBS Definition |
| 26 | BP/SPE/040 | Reference Data Definition |
| 27 | BP/SPE/034 | Reconciliation Definition |
| 28 | SU/IFS/028 | GEC Meters Ltd - "Watercard" Budget Prepayment System Transaction Terminal Outline Requirements |
| 29 | SU/IFS/029 | GEC Meters "Watercard" Payment System 2K Card Data Specification (I2C) |
| 30 | SU/IFS/027 | Kent Meters/GEC Meters "Watercard" Payment System Card Data Encryption Specification |
| 31 | Not Used | |
| 32 | SU/IFS/024 | A Point of Sale Supporting the Quantum Application Utilising the POCL Secure DLL |
| 33 | Not Used | |
| 34 | AP/IFS/042 | Pathway to CQO Application Interface Specification |

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| | Document Reference | Document Title |
|---|---|---|
| | | |
| 35 | Not Used | |
| 36 | BP/DES/022 | Post Office Ltd - Bar Code Control Document |
| 37 | Not Used | |
| 38 | Not Used | |
| 39 | Not Used | |
| 40 | BP/DES/023 | LFS to SAPADS and SAPADS to LFS Application Interface Specification |
| 41 | CR/FSP/014 | APS Client Connection Service Description [ |
| 42 | AP/IFS/048 | APS Host Operational Reconciliation Reports |
| 43 | BP/PRD/023 | LFS Business Process Diagrams |
| 44 | AP/IFS/052 | Pathway to Client Standard Magcard/Barcode Application Interface Specification |
| 45 | AP/IFS/056 | Pathway to Client Type 'G' Magcard/Barcode Application Interface Specification |
| 46 | CR/SPE/022 | Automated Payments Client Specification - Mid Kent Water] |
| 47 | AP/IFS/053 | Pathway to Client Standard Watercard Application Interface Specification |
| 48 | CR/SPE/014 | Automated Payments Client Specification - Knowsley Borough Council] |
| 49 | CR/SPE/019 | Automated Payments Client Specification - Yorkshire Electricity |
| 50 | CR/SPE/009 | Automated Payments Client Specification - Girobank |
| 51 | CR/SPE/016 | Automated Payments Client Specification - Oxfordshire Social Services |
| 52 | CR/SPE/012 | Automated Payments Client Specification - Scottish and Southern Energy] |
| 53 | CR/SPE/013 | Automated Payments Client Specification - Northern Ireland Electricity |
| 54 | Not Used | |

FUJ00000070

CONFIDENTIAL

| | Document Reference | Document Title |
|---|---|---|
| 55 | Not Used | |
| 56 | Not Used | |
| 57 | Not Used | |
| 58 | Not Used | |
| 59 | CR/SPE/021 | Automated Payments Client Specification - DVLNI |
| 60 | AP/IFS/060 | Pathway to Client BT Application Interface Specification [ |
| 61 | CR/SPE/030 | Automated Payments Client Specification - Standard Life |
| 62 | CR/SPE/018 | Automated Payments Client Specification - TVL Legal & Trade |
| 63 | NB/SPE/003 | Network Banking: Counter Dialogue - Activity & Screen Flows |
| 64 | Not Used | |
| 65 | AP/IFS/059 | Pathway to Client Type T Application Interface Specification |
| 66 | CR/SPE/023 | Automated Payments Client Specification - Siemens Metering Ltd |
| 67 | CR/SPE/020 | Automated Payments Client Specification - British Telecomm |
| 68 | Not Used | |
| 69 | PI/DES/002 | Logical Design for EPOSS/TIP Reconciliation Controls |
| 70 | AP/SPE/001 | APS Token Technology Specification (Bar Code) |
| 71 | AP/SPE/002 | APS Token Technology Specification (APS Magnetic Stripe) |
| 72 | SU/IFS/034 | POCL Token Technology Specification GEC Watercard |
| 73 | TD/SPE/006 | TMS Hardware Design Specification |
| 74 | BP/SPE/033 | EPOSS Definition |

FUJ00000070

CONFIDENTIAL

| | Document Reference | Document Title |
|---|---|---|
| 75 | BP/SPE/037 | LFS Definition |
| 76 | EF/IFS/002 | Horizon – Streamline Application Interface Specification |
| 77 | ET/IFS/001 | Application Interface Specification: Horizon to e-pay |
| 78 | IM/MAN/023 | Bureau Rate Board Technical Installation Guide |
| 79 | AS/REP/013 | Rate Board Cables |
| 80 | RD/IFS/033 | PO Ltd to Fujitsu Services Bureau de Change Rates Interface Specification |
| 81 | NB/IFS/012 | Bureau de Change Transactions Feed for FRTS |
| 82 | AP/IFS/061 | Horizon to Client Type 'X' Magcard/Barcode Application Interface Specification |
| 83 | CR/SPE/035 | Automated Payments Client Specification - DVLA S60 **[** |
| 84 | Not Used | |
| 85 | IM/MAN/024 | Bureau Rate Technical Maintenance Guide |
| 86 | DV/IFS/001 | Horizon to DVLA Application Interface Specification |
| 87 | DV/IFS/002 | Horizon to DVLA Technical Interface Specification **[CAT F]** |
| 88 | EA/IFS/001 (Replaced )<br><br>EA/IFS/003 | Horizon to POL Finance Systems Interface Specification (Replaced )<br><br>AIS Branch Ledger Entry Interface – Horizon to POL Finance Systems Interface Specification |
| 89 | NB/IFS/024 | EMV Banking and Retail: NBX – LINK Application Interface Specification |
| 90 | NB/IFS/025 | EMV Banking and Retail: NBX - CAPO Application Interface Specification |
| 91 | NB/IFS/026 | EMV Banking and Retail: NBX – A&L Application Interface Specification |
| 92 | NB/IFS/030 | NBX - FI Reconciliation and Settlement File Format AIS |

FUJ00000070



| | Document Reference | Document Title |
|---|---|---|
| 93 | NB/IFS/031 | Horizon - Card Account Mapping |
| 94 | NB/IFS/033 | Horizon - LiNK Mapping |
| 95 | NB/IFS/034 | Horizon A&L Mapping |
| 96 | NB/IFS/036 | Transaction Enquiry Service (TES) Post Office Reports Specification |
| 97 | RD/IFS/037 | Post Office Ltd. to Fujitsu Services EMV Retail PIN Pad Reference Data Interface Specification |
| 98 | RD/IFS/038 | Post Office Ltd. to Fujitsu Services EMV Banking PIN Pad Reference Data Interface Specification |
| 99 | NB/IFS/035 | NBX Business Parameters |
| 100 | NB/PRP/004 | EMV Banking: User Interface Design Proposal **[CAT F]** |
| 101 | NB/REQ/003 | EMV Retail: User Interface Design Proposal **[CAT F]** |
| 102 | EA/IFS/006 | Horizon to POL MIS AIS |
| 103 | AS/IFS/001 | Horizon to EDG Feed for Track and Trace |
| 104 | EA/IFS/005 | Horizon to POL Client Transaction Summaries AIS |
| 105 | EA/IFS/003 | Horizon to POL Finance Interface Specification |
| 106 | EA/IFS/028 | Horizon to POL FS interface functional specification |
| 107 | EA/IFS/015 | Horizon to HR SAP System Applications Interface Specifications |
| 108 | AP/IFS/062 | Horizon to Client Type 'XO' Application Interface Specification |
| 109 | AP/IFS/063 | Post Office Limited EDG to Horizon APOP Authorisation Service Application Interface Specification |
| 110 | AP/IFS/065 | APOP Host System Reporting to EDG Application Interface Specification |

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| | Document Reference | Document Title |
|---|---|---|
| 111 | AP/MAN/002 (Replaced )<br><br>DES/GEN/MAN/0002 | AP-ADC Reference Manual (Replaced )<br><br>AP-ADC Reference Manual |
| 112 | CR/IFS/002 | Automated Payments Interface Specification - EDG / DES |
| 113 | Not Used | |
| 114 | BP/SPE/040 | Reference Data Definition |

10.2 There are no CRDs associated with this Schedule B4.2.

FUJ00000070

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## ANNEX 1

## POL SERVICE TYPES

| | Horizon | |
|---|---|---|
| 1 | EPOSS | |
| 2 | APS | |
| 3 | APS (AP-ADC) | |
| 4 | APS (APOP) | |
| 5 | NBS (supporting CAPO) | |
| 6 | NBS (supporting A&L) | |
| 7 | NBS (supporting LINK) | |
| 8 | APS (AP-ADC supporting DVLA) | |
| 9 | ETU Application | |
| 10 | Bureau Application | |
| 11 | Mails Application | |
| 12 | EPOSS (supporting basic MOPs) | |
| 13 | Debit Card | |
| 14 | LFS | |
| 15 | Transaction Management Service | |
| 16 | NBS (Supporting TES-QA) | |
| 17 | General capability within each of EPOSS, APS, NBS, LFS, ETU, Bureau, Mails. | |
| 18 | Reference Data Management Application | |
| 19 | PAF Facility | |
| 20 | Message Broadcast | |

FUJ00000070



| | Horizon | |
|---|---|---|
| 21 | Audit | |
| 22 | Reconciliation (Banking) | |
| 23 | APS (Reconciliation) | |

FUJ00000070

CONFIDENTIAL

# SCHEDULE B4.3

## EXISTING CENTRAL AND TELECOMMUNICATIONS INFRASTRUCTURE

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections by FS |
| 1.3 | 19/01/07 | Further minor amendments. |
| 2.0 | 25/01/07 | Baseline copy of 1.3 |
| 2.1 | 13/05/09 | Applying changes as per CCN1258 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all Schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference updates and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE B4.3

## EXISTING CENTRAL AND TELECOMMUNICATIONS INFRASTRUCTURE

### 1. INTRODUCTION

1.1 This Schedule B4.3 provides an overview of the Horizon Service Infrastructure and the Horizon Infrastructure Services that Fujitsu Services shall provide to Post Office in order to deliver the Horizon Applications and thereby provide the HNG-X Services from the Amendment Date until Trigger Point T5 (Data Centre Ready for HNG-X).

1.2 This Schedule B4.3 shall cease to have effect at Trigger Point T5 (Data Centre Ready for HNG-X).

1.3 The Horizon Service Infrastructure comprises the:

1.3.1 Horizon Branch Infrastructure, the provisions relating to which are set out in Schedule B3.4;

1.3.2 Horizon Central Infrastructure; and

1.3.3 Horizon Telecommunications Infrastructure.

1.4 The Horizon Infrastructure Services provide the functions and capabilities of the Horizon Service Infrastructure (used to deliver the Horizon Applications) and comprise the OPS and the TMS.

1.5 The provisions of this Schedule B4.3 shall not apply in respect of the Horizon PostShop Infrastructure which does not comprise Horizon Branch Infrastructure, Horizon Central Infrastructure or Horizon Telecommunications Infrastructure as defined (accordingly it does not form part of the Horizon Service Infrastructure). The PostShop Infrastructure is detailed in CS/SER/027 PostShop Service description.

### 2. HORIZON CENTRAL INFRASTRUCTURE

2.1 Subject to paragraph 3.4, Fujitsu Services shall provide all equipment at the Data Centres necessary to provide the Services. This equipment, including the telecommunications equipment, shall have sufficient capacity to meet the business volumes as set out in the CCD entitled “Horizon Capacity Management and Business Volumes” (PA/PER/033).

2.2 The CCD entitled "Core System Release Asset Register" (CS/REP/045) **[This is no longer a CCD]** contains an inventory of the hardware and software to be used to provide the host and network facilities of the Horizon Service Infrastructure and located in the Data Centres as at 24 September 1999.

2.3 From the Amendment Date until Trigger Point HNG-X Project Workstream X3 (HNG-X Pilot and Acceptance), Fujitsu Services shall maintain hardware and software in relation to the Horizon Service Infrastructure providing, as a whole, equivalent capability to

FUJ00000070



those listed in the CCD entitled "Core System Release Asset Register" (CS/REP/045). Such hardware and software shall constitute the "Horizon Initial Central Infrastructure".

2.4 Fujitsu Services shall in addition maintain all increases in the capacity of the Horizon Services Infrastructure which have been made at the request of Post Office.

2.5 Fujitsu Services shall specifically retain all hardware and software provided to a particular Post Office specification, save that Fujitsu Services may substitute identical replacements for such hardware and software.

2.6 Fujitsu Services may replace, upgrade, remove or decommission hardware and software from time to time comprised in the Horizon Service Infrastructure provided that it continues at all times to comply with its obligations in paragraphs 2.3, 2.4 and 2.5 (unless agreed otherwise under the Change Control Procedure).

2.7 Fujitsu Services' SMS software shall monitor installed PIN Pads and detect PIN Pad failures.

## 3. HORIZON TELECOMMUNICATIONS INFRASTRUCTURE

3.1 Communications Access Methods

3.1.1 The Horizon Telecommunications Infrastructure shall use one or more of the following communications access methods between the Horizon Branch Infrastructure and the Data Centres:

3.1.1.1 Integrated Services Digital Network (ISDN);

3.1.1.2 Integrated Satellite Business Network (ISBN), generally referred to as Hughes VSAT, , which shall be replaced by BT Enterprise VSAT on a Branch by Branch basis on commencement of Associated Change Workstream A3 (Branch Network Changes) and shall be fully withdrawn on completion of Associated Change Workstream A3 (Branch Network Changes);

3.1.1.3 Public Switch Telephone Network (PSTN) as part of the data recovery service;

3.1.1.4 Asymmetric Digital Subscriber Line (ADSL);

3.1.1.5 frame relay, which shall be replaced by the VSAT on commencement of Associated Change Workstream A3 (Branch Network Changes);

3.1.1.6 Branch Network Resilience (BNR), which shall be withdrawn on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout) and shall be fully withdrawn on completion of Associated Change Workstream A7 (Branch Router Rollout);

FUJ00000070



3.1.1.7 IP Stream, which, if it becomes available, shall be introduced on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout); or

3.1.1.8 General Packet Radio Service (GPRS) / Enhanced Data GSM Environment (EDGE) which shall be introduced on a Branch by Branch basis on commencement of Associated Change Workstream A7 (Branch Router Rollout).

3.1.2 There may be restrictions on the size of the Branch that can be supported on some technologies. Any such restrictions will be set out in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

3.1.3 The backup network is designed to cater for failures of the primary network at individual Branches and not for a total failure of the primary network at all Branches. Any capacity limits for the backup network will be set out in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

3.2 The Horizon Telecommunications Infrastructure shall include capability to enable connection between the Data Centres and Post Office systems or Client systems. The style of connection and operation may support real time transaction dialogues and/or bulk file transfer as required by the relevant Horizon Application specified in Schedule B4.2.

3.3 Fujitsu Services shall be responsible for provision of, security of, and management of the communications link between the Data Centres and Alliance & Leicester (which for the purposes of this Schedule shall include the physical routers, encryption devices, file transfer management servers and associated cabling), subject to Post Office complying with (and ensuring that any third party Post Office uses for siting or storage of such equipment complies with) the following:

3.3.1 provision of a suitable physical operating environment for Fujitsu Services' equipment used for or in connection with the communications link including the following:

3.3.1.1 ensuring the physical security of all equipment which is located on Post Office and/or any such third party's premises to protect against unauthorised access; and

3.3.1.2 provision of environmental conditions as reasonably required by Fujitsu Services.

3.3.2 permitting Fujitsu Services to gain access (at reasonable times and on reasonable notice) to all locations where such equipment is held or is to be installed, in order to enable Fujitsu Services to effect or procure the installation, maintenance, repair, renewal and support of such equipment.

3.4 Post Office shall be responsible for procuring the provision of, security of, and management of the communications links between the Data Centres and CAPO and

FUJ00000070



LINK respectively (which for the purposes of this schedule shall include the physical routers, encryption devices, file transfer management servers and associated cabling) in accordance with and subject to paragraph 3.5, subject to Fujitsu Services complying with (and ensuring that any third party Fujitsu Services uses for siting or storage of such equipment complies with) the following:

3.4.1 provision of a suitable physical operating environment for CAPO and LINK equipment used for or in connection with the communications links including the following:

3.4.1.1 ensuring the physical security of all equipment which is located on Fujitsu Services and/or any such third party's premises to protect against unauthorised access; and

3.4.1.2 provision of environmental conditions as reasonably required by CAPO and/or LINK;

3.4.2 permitting CAPO and/or LINK (including their respective contractors) to gain access (at reasonable times and on reasonable notice, and subject to paragraph 3.5) to all locations where such equipment is held or is to be installed, in order to enable Post Office to effect or procure the installation, maintenance, repair, renewal and support of such equipment; and

3.4.3 any reasonable request for co-operation and/or information made by Post Office from time to time, where the provision of such co-operation or information is necessary to enable Post Office to perform the Post Office Communications Links Services.

3.5 Post Office shall, in relation to paragraph 3.4, be responsible for ensuring that:

3.5.1 the Post Office Communications Links Services are carried out promptly, efficiently, diligently and professionally, and with all reasonable skill and care;

3.5.2 it obtains an undertaking from each LINK and CAPO that its respective employees, servants, agents or sub-contractors engaged to perform the Post Office Communications Links Services:

3.5.2.1 keep confidential, and do not disclose to anyone else, any Confidential Information of Fujitsu Services disclosed by or obtained from Fujitsu Services in the course of performing the Post Office Communications Links Services;

3.5.2.2 use such Confidential Information only to the extent reasonably required to perform the Post Office Communications Links Services; and

3.5.2.3 return such Confidential Information held in tangible form to Post Office, and irretrievably delete or destroy all such information held in electronic form, on termination or expiry of that party's obligations in respect of the Post Office Communications Links Services,

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other than as required by law;

3.5.3 it or any third party engaged by it to perform the Post Office Communications Links Services complies with any reasonable instructions and/or requirements (including without limit any reasonable instructions and/or requirements relating to Data Centre security) given to it by Fujitsu Services from time to time; and

3.5.4 the communication links between the Data Centres and CAPO and LINK (respectively) shall have sufficient capacity to meet Post Office's business volume requirements from time to time.

3.6 Post Office shall fully indemnify Fujitsu Services in respect of any personal injury or loss of or damage to Property incurred by Fujitsu Services, its contractors or their respective employees and authorised agents to the extent that such personal injury or loss of or damage to Property is caused by a Default of Post Office, its employees, agents or contractors in connection with the performance of the Post Office Communications Links Services.

## 4. OFFICE PLATFORM SERVICE

4.1 Purpose

This paragraph 4 details the functions and capabilities provided by the OPS that shall be supplied by Fujitsu Services. The OPS is provided using the Equipment installed in Branches which enable the Horizon Applications to operate in accordance with the functionality described in Schedule B4.2.

4.2 Overview

4.2.1 Fujitsu Services shall, in each Branch, install the Equipment used to provide OPS, and provide OPS, subject to the limits specified in Annex A to Schedule D1.

4.2.2 Two categories of Counter Position configurations shall be provided:

4.2.2.1 a range of standard configurations (as specified in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003)) which shall be suitable for the majority of Branches; and

4.2.2.2 a mobile configuration, as defined in the CCD entitled "Introduction of the Mobile Configuration" (CR/SPE/025), which shall be installed in Branches to the maximum number described in Annex A to Schedule D1.

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4.3 General Service Description

4.3.1 Demonstrations and marketing

Fujitsu Services shall provide OPS Equipment which shall be required to demonstrate and market office platform services to Clients and prospective Clients. The Equipment that is required shall be set out in marketing plans as agreed jointly between Post Office and Fujitsu Services from time to time.

4.3.2 Appearance of the Equipment within OPS

4.3.2.1 With the exception of PIN Pads, the standards for equipment livery to be used within OPS are defined in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003). The standards for equipment livery for PIN Pads are defined in the CCD "PIN Pad Product Specification" (NB/PDN/010).

4.3.2.2 The procedures required to maintain the appearance of the Equipment shall be minimal and capable of being undertaken by the local Branch Users. It shall be comparable to the cleaning required of any desk-based office computer system.

4.3.3 Health, Safety and Legal obligations

All Equipment used to provide OPS shall comply with the health, safety and legal requirements laid down in Schedule A4.

4.3.4 Equipment Environmental Considerations

All Equipment used to provide OPS shall comply with the Equipment environmental considerations laid down in Schedule A4.

4.3.5 Continued Support of Operating Systems, Middleware and Horizon Applications Software

Fujitsu Services shall fully support the Software in the Horizon Service Infrastructure during the life of the elements of Horizon Service Infrastructure on which such Software is utilised in providing Services.

4.3.6 Capabilities of OPS

4.3.6.1 Fujitsu Services shall provide Horizon Service Infrastructure appropriate for each Branch.

4.3.6.2 Fujitsu Services shall install and support Horizon Service Infrastructure provided as mobile counter configurations, in accordance with the limits set out in Annex A of Schedule D1, where requested by Post Office.

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4.3.6.3 In each Branch, at each Counter Position PC, OPS shall comprise Equipment as specified in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003). The capabilities of this equipment shall comply with the manufacturers specification.

4.3.6.4 Fujitsu Services shall ensure that all automated Counter Positions shall have the capability to support the use of PIN Pads (PPR010).

4.3.7 Ability to Provide Authorisation to Post Office Products

Infrastructure Services and Horizon Service Infrastructure shall support authorisations for Post Office products through access to computer systems which are external to Post Office Services or are within Post Office Services.

4.4 Availability

4.4.1 User access to OPS

4.4.1.1 Users may only log-on to the OPS in their Branch in accordance with their defined role. Any access to data or services outside of that Branch is controlled exclusively by the relevant counter application.

4.4.1.2 Access to OPS and Post Office Services offered via OPS to Users working in the Branches shall be controlled by a mechanism conforming to the CCD entitled "HNGX-UI Style Guide" (DES/APP/STD/0001) (formerly "Horizon Office Platform Service Style Guide" (SD/STD/001)), offering multiple access levels and providing specific identification of each User. An exception to this is the Mails Application which does not conform to the "HNGX-UI Style Guide" (DES/APPS/STD/0001) (formerly "Horizon Office Platform Service Style Guide" (SD/STD/001)).

4.4.1.3 Authentication of all Users logging on to the OPS in the Branch shall be undertaken by the elements of Horizon Service Infrastructure on which OPS is based. Full access control and password management facilities shall be provided. Users shall only access those Horizon Applications for which they have been given permission by the Branch. Each User shall be identified by a unique User-id and individual password.

4.4.1.4 The OPS shall provide facilities to enable the Branch Manager to establish new Users and set an initial password for all Users in a Branch. Should a User forget their password the Branch Manager shall be able to reset the password. The same procedure shall apply at single Counter Position Branches and multiple Counter Position Branches.

4.4.1.5 For situations where the sole User (e.g. Branch Manager in a single Counter Position Branch) has forgotten their password, the OPS shall provide the facility to generate a unique key as part of the log-on to a specific username. This shall be telephoned to the Help Desk who shall provide the corresponding key which, when input to OPS, shall allow

FUJ00000070



access to the administration facilities. The User shall then be able to reset their User password.

4.4.2 Concurrency

The Pathway solution for OPS is based on a PC infrastructure configured such that multiple activities within a Branch do not significantly impact on each other. In particular, back office processes (e.g. report production) will be operated on a logically consistent set of data which will not be affected by any concurrent counter transactions.

4.5 Peripherals

4.5.1 Horizon Service Infrastructure – OPS: Peripheral and input devices Equipment General Requirements

Peripheral and input devices supplied as part of the elements of Horizon Service Infrastructure on which OPS is provided shall be capable of detecting contention, premature removal and swapping of Smart Tokens.

4.5.2 Peripherals Flexibility

4.5.2.1 OPS and the elements of Horizon Service Infrastructure on which OPS is provided shall have the flexibility for additional peripheral equipment to be added in the future, including input devices and printers.

4.5.2.2 The Counter Position PC shall have the capability of having at least four additional RS-232 connected peripherals added to a Counter Position configuration as initially installed at roll out of the Horizon Service Infrastructure.

4.5.3 Future Flexibility for Sharing of Specialist Peripherals

OPS, and the elements of Horizon Service Infrastructure on which OPS is provided, shall be able to be connected via RS-232 ports, and shall support such connection, to specialist peripherals in such a way that the specialist peripherals may be accessed by one or more Counter Position PCs. In such a case it shall be possible to restrict access to a subset of the Counter Position PCs in each Branch. This capability shall not be applicable to PIN Pads which can not be connected to or accessed by more than one Counter Position PC at any one time.

4.6 Security

4.6.1 Security of data and audit trail for OPS

4.6.1.1 All data captured at a Branch either as part of a Transaction performed at a Counter Position or as an administration function shall form part of a unique Transaction which shall be given a unique reference number

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by Riposte and details stored in the message store. The format of this message store entry shall vary according to the Transaction type but will typically contain:

(a) Post Office ID;

(b) Counter Position ID;

(c) unique Transaction ID;

(d) date;

(e) time;

(f) User ID;

(g) Horizon Application; and

(h) Transaction details.

4.6.1.2 Each Counter Position PC shall contain a journal and all journal entries shall be automatically replicated to all other members of the work group. A work group shall include all the Counter Position PCs in the Branch and one of the correspondence servers, at which TMS is provided. This correspondence server forms part of a "cluster" of correspondence servers of which two are located on one Data Centre site and the remaining two located on the other Data Centre site. All Transactions associated with one correspondence server are automatically replicated to the other site. Within each site all Transactions are reliably mirrored within a multiple disk array which has no single point of failure.

4.6.1.3 Once data are stored in the message store they shall never be altered. New Transactions shall always be appended to the message store. Retrieval of data using a particular key field shall retrieve all entries containing that field.

4.6.1.4 The security of data held within OPS shall not be compromised by any Incident nor when OPS is re-established following any Incident.

4.6.1.5 Fujitsu Services shall provide synchronisation facilities which shall automatically check the status of the journal for a node when it is re-established following failure. Should the journal be out of step (e.g. through failure of the Counter Position PC) Fujitsu Services shall automatically synchronise the journal and any data files to the same state as all other journals in that work group. Synchronisation may occur from another Counter Position PC (in a multi-Counter Position Branch) or from one of the correspondence servers or the second hard disk referred to in paragraph 6.2.4.2 (in a single Counter Position Branch).

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4.6.1.6 The operating system supporting the OPS shall provide assurance of access control and data integrity functions.

4.6.2 OPS Secure Suspension

4.6.2.1 The OPS and the elements of the Horizon Service Infrastructure on which OPS is provided shall provide secure time-out facilities for each Counter Position PC.

4.6.2.2 Fujitsu Services shall provide a User activated suspension which shall enable the User to either:

(a) clear the screen and leave the Counter Position PC for a short period. In such circumstances, the User session shall be reactivated by the User entering their password. Any Horizon Applications which were active shall be left active. The display presented when the suspension facility is activated shall be different to any normal desktop or Horizon Application screen; or

(b) suspend a customer session and start a second session, and thereafter swap between the two sessions until one of them has been completed.

While an individual Transaction is waiting for input from a peripheral, a pick-list or on-line interaction, or while reports or receipts are printing, these facilities may be inhibited.

4.6.2.3 Should the User who initiated the suspension be unable to re-activate the facility, the following actions may be taken:

(a) after a period of time, during which there is no active session, the session shall be automatically logged-out. A journal message will be created indicating this;

(b) the Branch Manager may assume responsibility for any uncompleted session, the Stock Unit or share thereof, by entering his own User name / password;

(c) once the Counter Position PC has logged-out, any authorised User may then use that Counter Position PC; and

(d) all the above Events shall be written to the journal.

4.6.2.4 The facility shall allow the User to resume work with the minimum delay consistent with achieving security in accordance with the provisions hereof.

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4.6.3 Inactivity Time-out

4.6.3.1 The OPS and the elements of Horizon Service Infrastructure on which OPS is provided shall provide secure inactivity time-out facilities if the Counter Position PC is inactive for a period defined in reference data for each Counter Position PC.

4.6.3.2 Should the User be unable to re-activate the facility, the following actions may be taken:

(a) after a period of time during which there is no active session the session shall be automatically logged-out. A journal message shall be created indicating this;

(b) the Branch Manager may assume responsibility for any uncompleted session, the Stock Unit or share thereof, by entering his own User name / password;

(c) once the Counter Position PC has logged-out, any authorised User may then use that Counter Position PC; and

(d) the above events shall be written to the journal.

4.6.3.3 The facility shall allow the User to resume work with the minimum delay consistent with achieving security in accordance with the provisions hereof.

4.6.4 Encryption Key Management

4.6.4.1 The OPS shall support a reliable and secure means for the storage and transfer of data. This shall include the use of techniques used selectively and in agreement between Post Office and Fujitsu Services as specified in the CCD entitled "HNG-X Technical Security Architecture" (ARC/SEC/ARC/0003) (formerly "Security Functional Specification" (RS/FSP/001)).

4.6.4.2 With the exception of PIN Pads (in which case paragraph 4.6.4.3 shall apply), a key management system shall be in place so the encrypted data can be deciphered without risk of that cryptographic key being exposed.

4.6.4.3 Fujitsu Services shall support the use of PIN Pads and the associated cryptographic management. PIN Pads shall comply with the requirements of ISO 9564.

4.6.5 Horizon OPS Style Guide

Any Post Office Service to be offered via the OPS shall be provided in accordance with the CCD entitled "HNGX-UI Style Guide" (DES/APP/STD/0001)

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(formerly "Horizon Office Platform Service Style Guide" (SD/STD/001)) which shall set out, among other things, general guidelines for the Human Computer Interface. An exception to this is the Mails Application which does not conform to the "HNGX-UI Style Guide" (DES/APP/STD/0001) (formerly "Horizon Office Platform Service Style Guide" (SD/STD/001)).

## 5. TRANSACTION MANAGEMENT SERVICE

### 5.1 Purpose

This Section details the functions and capabilities provided by the TMS that shall be supplied by Fujitsu Services.

### 5.2 Overview

5.2.1 The TMS shall provide the interworking between the Branches and the Data Centres using the Horizon Telecommunications Infrastructure. TMS shall be provided using both the Branch and the correspondence server Equipment, presenting interfaces to the Post Office Client systems or the Post Office systems. Such interfaces shall be implemented using TMS Agents, which are specified in paragraph 5.4.1.

5.2.2 The role of TMS shall be to provide a secure and resilient messaging and journalling service which shall support the transfer of data between OPS and Post Office Client Services, and Post Office Services.

### 5.3 General Attributes

#### 5.3.1 Scalability

5.3.1.1 Fujitsu Services shall provide TMS such that it shall be scaleable to meet Post Office's future business needs in accordance with the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

5.3.1.2 The modular nature of TMS and the Horizon Service Infrastructure shall be scaleable to enable the workload growth specified in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) to be accommodated, subject to the relevant provisions in Schedule A5 and Schedule B4.2.

#### 5.3.2 Data Integrity

5.3.2.1 A Horizon Application or TMS Agent shall be able to be certain, at some level, that data have been positively acknowledged as received by TMS, or a peer Horizon Application connected to TMS.

5.3.2.2 Data transfers shall be capable of being despatched as:

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(a) immediate;

(b) background / trickle fed; and

(c) time deferred.

5.3.3 Exclusivity

5.3.3.1 No computer system shall be connected to the Horizon Central Infrastructure or to those elements of the Horizon Telecommunications Infrastructure which are employed exclusively in the provision of the Infrastructure Services without the approval of Post Office.

5.3.3.2 Fujitsu Services shall maintain a register of computer systems with which such connections are allowed.

5.3.3.3 The Horizon Central Infrastructure and Horizon Telecommunications Infrastructure shall provide links into other computer systems as required to support the introduction of new or re-engineered Transactions required by Post Office.

5.3.3.4 The identity of any computer system with which a link is to be established shall be authenticated.

5.3.3.5 Fujitsu Services shall produce reports detailing any attempt to establish a link which is rejected. Fujitsu Services shall provide these reports to Post Office on request. Such reports will not be required where the link is between TMS and the Banks; and the rejection is due to a failure of the Banks; or between TMS and the MA and the rejection is due to a failure of the MA.

5.4 General Service description

5.4.1 Interface support

5.4.1.1 TMS shall interface with each instance of OPS within each Branch.

5.4.1.2 Fujitsu Services shall support the interfaces between the Horizon Service Infrastructure and the following:

(a) Alliance & Leicester;

(b) Merchant Acquirer;

(c) e-pay;

(d) those AP Clients listed as "POL" in the spreadsheet associated with the CCD entitled "Automated Payments System Client List" (including, without limitation, the DVLA On-Line link); and

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(e) Post Office systems connected in accordance with the CCD entitled "HNG-X RGM Technical Interface Specification" (DES/NET/TIS/0005) (formerly "Horizon to Post Office Technical Interface Specification" (TI/IFS/008)).

5.4.1.3 The development and implementation of the interfaces specified in paragraph 5.4.1.2 shall principally take the form of TMS Agents which act upon Transactions originated within the Branches, and the Horizon Central Infrastructure which receives Transactions or data from Post Office, Client systems, Merchant Acquirer or e-pay.

5.4.1.4 The TMS Agents described in paragraph 5.4.1.3 shall support the transfer of data between OPS and TMS within a Branch, or between TMS and the Horizon Central Infrastructure within the Data Centres. The style of processing carried out by TMS Agents will be one of immediate (in support of real-time transactions), or batch (in support of bulk processing).

5.4.1.5 Further TMS Agents to support additional Post Office services or additional Client services may be agreed from time to time between Post Office and Fujitsu Services.

5.4.2 Data delivery

5.4.2.1 TMS shall provide for the distribution and collection of both file and record level data to and from the OPS.

5.4.2.2 Overnight Fujitsu Services shall produce a report of those Branches which have not been polled in the last 24 hours (including date of report, FAD code of each unpolled Branch and the date when that Branch was last polled), and that report shall be e-mailed to Post Office's business support unit.

5.4.2.3 Large data transfers shall be capable of being delivered in the same order as sent.

5.4.3 File Operations

5.4.3.1 The Horizon Central Infrastructure shall support the transfer of files between the data centres and computer systems which are attached to the Horizon Service Infrastructure.

5.4.3.2 The Horizon Central Infrastructure shall provide a file distribution function which shall be responsible for transfer, monitoring and retry of files.

5.4.3.3 The Horizon Central Infrastructure shall support the following functions, without limitation:

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(a) triggering of transfers;

(b) reporting of transfer failures and retry of these transfers;

(c) verifying that file transfers are to/from pre-defined computer systems in the register referred to in paragraph 5.3.3.2.

5.4.4 File Processing

5.4.4.1 Data file processing shall be provided by the Horizon Central Infrastructure, optionally supported by TMS Agents. Conventional file processing facilities shall be provided as required by the Horizon Applications, including without limitation:

(a) validation of data files;

(b) concatenation and merging of files;

(c) generation of many data files from one data file;

(d) reformatting of the contents of a data file;

(e) generation of control totals;

(f) reconciliation of control totals; and

(g) production of reports, financial and other summaries.

5.4.5 Data Transfer Methods

5.4.5.1 The Horizon Central Infrastructure will support the automatic collection and delivery of data files to/from Post Office or Client systems.

5.4.5.2 The interfaces between the Data Centres and Post Office or Client systems shall support real and delayed time initiation of activities.

5.4.5.3 The Horizon Central Infrastructure will support the transfer to the EDG of files of Transactions records, such records having been produced by the Automated Payment Service in live operational use or for testing purposes. This facility will enable these data files to be transferred using a file push mechanism that will place the data files into predefined locations within the EDG. Subject to paragraphs 5.8 and 5.9 of Schedule D1, any changes to the Horizon Central Infrastructure as a result of the migration of the related Client systems from their existing interfaces with the Infrastructure to the EDG shall be dealt with through the Change Control Procedure.

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5.4.6 End to End Recovery

End-to-end recovery facilities shall be performed by Fujitsu Services in accordance with the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly "Business Continuity Framework" (CS/SIP/002)).

## 6. GENERAL INFRASTRUCTURE SERVICES REQUIREMENTS

### 6.1 Introduction

This section contains characteristics common to both the OPS and TMS Infrastructure Services.

### 6.2 Links from OPS to TMS

#### 6.2.1 General

6.2.1.1 Each instance of OPS within Branches shall interface with TMS to allow the transfer, in both directions, of authorised data files and messages.

6.2.1.2 The transfer of data between OPS and TMS shall be secure, complete, accurate and robust.

6.2.1.3 Within OPS it shall be possible for OPS to identify whether data from OPS have been received by TMS or not.

#### 6.2.2 Data Replication

6.2.2.1 Fujitsu Services shall use data replication and synchronisation techniques to ensure that data transfer between Counter Positions at which OPS is provided and between instances of OPS at each Counter Position and the TMS are secure, complete, accurate and robust.

6.2.2.2 Once a Transaction has been settled at a Counter Position, TMS shall commit the full Transaction details to that Counter Position PCs message store. The Transaction details shall simultaneously be automatically replicated to all other Counter Position PCs in the Branch so that the data are securely captured. In addition, Fujitsu Services shall automatically replicate Transaction details to a remote server at which TMS is provided.

6.2.2.3 The OPS Counter Position PCs and TMS servers are known as "nodes".

6.2.2.4 All data and message transfers from a single node shall be generated in a strict numbered sequence with a unique node identification. Any attempt to introduce a fraudulent message shall be automatically detected and rejected by OPS.

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6.2.2.5 An additional pseudo random sequence number produced from a cryptographic algorithm can also be included to provide a very high level of message integrity as agreed between the Parties from time to time, such agreement not to be unreasonably withheld. Details of the use of the cryptographic algorithm are contained in the CCD entitled "HNG-X Technical Security Architecture" (ARC/SEC/ARC/0003) (formerly "Security Functional Specification" (RS/FSP/001)).

6.2.2.6 Data and message transfers shall be resilient to either network or node failure. When the failure condition is resolved the nodes shall automatically synchronise and complete any data or message transfers that are required to ensure these nodes are in a consistent state.

6.2.3 Data Integrity

6.2.3.1 Fujitsu Services shall use techniques to ensure data integrity within the OPS and as part of data/message transfer between OPS and TMS, including:

(a) cyclic redundancy checks shall be calculated for all journal records, including Reference Data;

(b) digital signatures shall be used for all data where assurance of content and source are required; and

(c) data encryption shall be used selectively on certain data fields.

6.2.3.2 All messages and data shall have a cyclic redundancy check applied when they are initially committed to the journal and this shall be checked every time the message or data is accessed. This shall protect against accidental corruption and casual tampering. Any failure of a cyclic redundancy check shall cause the message to be rejected and retrieved from alternate nodes.

6.2.3.3 In the event that nodes fail, recovery shall take place through the use of the following techniques: associating of Post Office and correspondence server nodes, message numbering, marker (message high and low water marks) exchange message transfers to equalise water marks, and in accordance with the CCD entitled "Post Office Site Failure Contingency Procedures".

6.2.3.4 Where Post Office requires the origin of data to be authenticated, Fujitsu Services shall apply a digital signature to the data prior to transmission and shall then check it upon receipt. Digital signature techniques and the data to which they are applied shall be described in the CCD entitled "HNG-X Technical Security Architecture" (ARC/SEC/ARC/0003) (formerly "Security Functional Specification" (RS/FSP/001)).

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6.2.3.5 Fujitsu Services shall automatically detect any attempt to alter data and shall log such attempts for subsequent investigation by Fujitsu Services. Details of all such attempts shall be passed to Post Office.

6.2.4 Recovery

6.2.4.1 Fujitsu Services shall perform general recovery processes as specified in the CCD entitled "HNG-X Business Continuity Framework" (SVM/SDM/SIP/0001) (formerly "Business Continuity Framework" (CS/SIP/002)).

6.2.4.2 The Counter Position PC in all single Counter Position Branches shall be fitted with a second hard disk which shall be exchangeable to facilitate rapid exchange of systems and Transaction data in the event of a system failure other than a hard disk failure.

6.3 PIN Pad Firmware Distribution

Fujitsu Services shall provide and maintain firmware distribution facilities to ensure the distribution of firmware from the Data Centres to PIN Pads. The facility shall meet the software control requirements of ISOP 9564.

6.4 Functional Title of Code

Fujitsu Services shall ensure that each component of the Horizon Service Infrastructure is clearly marked with a functional title or code so that it can be readily identified in the relevant documentation and related to its proper place in the Horizon Service Infrastructure.

## 7. NBS SPECIFIC BUSINESS CONTINUITY REQUIREMENTS

7.1 Each Data Centre (if required to support the NBS on its own as a result of a failure of the other Data Centre) shall have the capability in normal operation, with no failures having occurred:

7.1.1 to support the Contracted Volumes in relation to the NBS and Debit Card as defined in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); and

7.1.2 to support Fujitsu Services' obligations in respect of NBS Service Levels set out in Annex 3 to Schedule B4.4 without preventing or impairing that Data Centre's support for Fujitsu Services' obligations in respect of the Service Levels for other Services in existence at the Amendment Date.

7.2 The Data Centres (including NBS elements) will be configured such that no single point of failure within the Data Centres will cause the NBS to fail with both Data Centres in operation.

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7.3 Switchover to backup systems within the Data Centres and for the network connections within the Data Centres:

7.3.1 for real-time elements of the NBS affecting Banking Transactions at Counter Positions shall be automated with the exception of the persistent store which shall be manually switched over; and

7.3.2 for non-real time elements may be automated or manual.

7.4 The Central Network

7.4.1 The loss of a major switching node within the Central Network shall not cause the NBS to fail and should such loss occur Fujitsu Services (in addition to its other obligations under this Agreement) shall use all reasonable endeavours to procure that any shortfall in system performance is recovered within seven days of that loss.

7.4.2 The Central Network shall be configured such that there shall be no single point of failure within the Central Network.

7.5 The Alliance & Leicester Circuit

7.5.1 The Alliance & Leicester Circuit shall be configured such that there shall be no single point of failure (including site failure) within the Alliance & Leicester Circuit.

7.5.2 The Alliance & Leicester Circuit shall have the capability in normal operation, with no failures having occurred to that link:

7.5.2 (a) to support the Contracted Volumes for Alliance & Leicester in relation to the NBS as defined in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); and

7.5.2 (b) to support Fujitsu Services' obligations in respect of NBS Service Levels set out in Annex 3 to Schedule B4.4.

## 8. ASSOCIATED DOCUMENTS

8.1 The following CCDs are associated with this Schedule B4.3:

| | Document Reference | Document Title |
|---|---|---|
| 1 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 2 | BP/DES/003 | Counter Hardware Design Specification |
| 3 | CR/SPE/025 | Introduction of the Mobile Configuration |

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CONFIDENTIAL

| | | |
|---|---|---|
| 4 | NB/PDN/010 | PIN Pad Product Specification |
| 5 | SD/STD/001 (Replaced)<br><br>DES/APP/STD/0001 | Horizon Office Platform Service Style Guide (Replaced )<br><br>HNGX-UI Style Guide |
| 6 | RS/FSP/001 (Replaced)<br><br>(ARC/SEC/ARC/0003) | Security Functional Specification (Replaced)<br><br>HNG-X Technical Security Architecture |
| 7 | BP/DOC/008 | Automated Payments System Client List |
| 8 | TI/IFS/008 | Horizon to Post Office Technical Interface Specification |
| 9 | CS/SIP/002 (Replaced)<br><br>SVM/SDM/SIP/0001 | Business Continuity Framework (Replaced)<br><br>HNG-X Business Continuity Framework |
| 10 | BP/PRO/003 | Post Office Site Failure Contingency Procedures **[CAT F]** |
| 11 | SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service |
| 12 | AP/IFS/030 | Pathway to AP Client Generic Technical Interface Specification |
| 13 | AP/IFS/046 | Pathway to CQO Technical Interface Specification |
| 14 | CR/SPE/025 | Introduction Of The Mobile Configuration |
| 15 | AP/DOC/004 | Software Sub-licence for Smart Card Security Software |
| 16 | TD/STD/004 | Generalised API for OPS/TMS Technical Design Standard |
| 17 | IM/SPE/026 | Paypole Product Specification |
| 18 | TD/ARC/029 | TMS Architecture Specification |
| 19 | CS/PRO/149 (Replaced )<br><br>SVM/SDM/PRO/0013 | Calculating Mean Time Between Failure (Replaced )<br><br>Calculating Mean Time Between Failure and |

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| | | |
|---|---|---|
| | | Availability Process |
| 20 | ET/IFS/003 | ETU Technical Interface Specification: Horizon to e-pay |
| 21 | NB/IFS/027 (Replaced )<br><br>DES/NET/TIS/0006 | EMV Banking and Retail: NBX - POCA Technical Interface Specification (Replaced )<br><br>CAPO-HNG-X Technical Interface Specification |
| 22 | NB/IFS/028 (Replaced )<br><br>DES/NET/TIS/0008 | EMV Banking and Retail: NBX - LINK Technical Interface Specification (Replaced)<br><br>VOCALINK – HNG-X Technical Interface Specification |
| 23 | NB/IFS/029 (Replaced )<br><br>DES/NET/TIS/1839 | EMV Banking and Retail: NBX – A&L Technical Interface Specification (Replaced )<br><br>Santander HNG-X Technical Interface Specification |
| 24 | AS/IFS/002 | Horizon to EDG - Technical Interface Specification for Track and Trace |
| 25 | EA/IFS/030 (Replaced)<br><br>POLSAP/DES/GEN/SPE/0002 | Technical Interface Specification Impact Programme: POLFS S80 Technical Interface Specifications (Replaced)<br><br>POLSAP Technical Interface Specification |
| 26 | EF/IFS/001 (Replaced)<br><br>DES/NET/TIS/0004 | Horizon-Streamline Technical Interface Specification (Replaced)<br><br>Streamline HNG-X Technical Interface Specification |
| 27 | RS/FSP/003 | Statements on Security Objectives and Methods for the Protection of Siemens Metering Code and Data |

8.2 There are no CRDs associated with this Schedule B4.3.

FUJ00000070

CONFIDENTIAL

# SCHEDULE B4.4

# EXISTING SERVICE LEVELS

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS. |
| 1.3 | 19/01/07 | Further minor amendments |
| 1.4 | 22/01/07 | Further minor amendments |
| 2.0 | 25/01/07 | Baseline copy of 1.4 |
| 2.1 | 27/06/07 | Applying CCN1202 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 3.1 | 12/06/09 | Applying changes as per CCN1252a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference updates and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE B4.4

## EXISTING SERVICE LEVELS

### 1. INTRODUCTION

1.1 The provisions of this Schedule B4.4 shall apply to the HNG-X Services (other than the BCSF Service) from the Amendment Date and shall cease to have effect on commencement of the relevant Trigger Event as set out within the tables in Schedule B3.1. For the purposes of determining which existing Service Levels are affected upon the occurrence of such Trigger Event, Annex 6 to this Schedule B4.4 sets out each existing Service Level, as described in this Schedule B4.4, and its corresponding Service Description.

1.2 This Schedule B4.4 defines up to three thresholds in respect of each Service Level as follows:

1.2.1 the level of Service ("**Service Level Target**" or "**SLT**") required from Fujitsu Services by Post Office;

1.2.2 the level of Service which, if not achieved by Fujitsu Services, shall give rise to payment of liquidated damages by Fujitsu Services (the "**Liquidated Damage Threshold**" or "**LDT**"). Payment of liquidated damages notwithstanding, a failure of any LDT shall not (on its own) constitute a Default; and

1.2.3 the level of Service below the SLT and (if applicable) the LDT which if not achieved by Fujitsu Services shall give rise to payment by Fujitsu Services of Post Office Additional Costs or liquidated damages as described (where relevant) in this Schedule (the "**Additional Remedy Level**" or "**ARL**").

1.3 For the avoidance of doubt, the Parties agree that not all SLT failures shall give rise to payment of liquidated damages. The SLT failures that do not give rise to payment of liquidated damages are set out in each relevant Service Description CCD.

### 2. GENERAL PRINCIPLES

2.1 The purpose of remedies (liquidated damages or any other additional remedy specified in a Service Description) is that Post Office shall not be disadvantaged by failures of Fujitsu Services to provide the Services to the agreed specification and reliability.

2.2 For the avoidance of doubt, liquidated damages shall be based upon the applicable fixed amounts or rates stated in this Schedule B4.4.

2.3 The performance of the Services against the SLT, LDT and ARL applicable in respect of each Service Level shall be measured and reported and success or

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failure against each shall be judged over Service Level Measurement Periods defined for each Service. Additionally, all levels of service shall be monitored on a weekly and monthly basis and any failure to meet a Service Level assessed over that month shall be reported to Post Office by means of the Service Review Book produced on a monthly basis detailing all Service Levels and the actual levels of service achieved in that month.

2.4 In respect of any SLT that has a Service Level Measurement Period equivalent to a SLT Calendar Year or a Service Level Measurement Period that is otherwise defined with reference to a SLT Calendar Year, in the event that the remainder of the term of the Agreement after the last SLT Calendar Year of the term of the Agreement in relation to that SLT ("Final Period") is less than six (6) months then Fujitsu Services shall:

2.4.1 continue to measure and report performance against that SLT during the Final Period; and

2.4.2 not be obliged to take any remedial action should that SLT fail to be achieved at any time during the Final Period.

2.5 The values applicable to each SLT are set out in the Annexes to this Schedule B4.4.

2.6 Subject to any provisions to the contrary in this Schedule B4.4 in respect of a particular Service Level, where Service Levels are expressed in terms of performance required by a particular "Day":

2.6.1 "**Day A**" means the day of the specified triggering event (such as the date of a Transaction);

2.6.2 "**Day B**" means the day following Day A; and

2.6.3 "**Day C**" means the day following Day B and so on.

## 3. SERVICE LEVELS

3.1 The Annexes to this Schedule B4.4 define the SLTs, LDTs and ARLs for the following groups of Services:

3.1.1 Service Desk services (Annex 1);

3.1.2 Data Delivery services (Annex 2);

3.1.3 Banking services (Annex 3); and

3.1.4 Miscellaneous services (Annex 4).

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## 4. SERVICE LEVEL RELIEF – VOLUMETRIC LIMITS

4.1 Annex 5 to this Schedule B4.4 sets out the limits for certain Operational Services (the "**Volumetric Limits**") which if exceeded over the period specified in the table in Annex 5 (the "**Relevant Period**") will entitle Fujitsu Services to adjust the measurements of performance in respect of the Service Levels (SLTs and (if applicable) the LDTs and ARLs) affected by that excess (the "**Affected Service Levels**"). Such adjustment shall be made on the following basis:

4.1.1 if the Relevant Period for a Volumetric Limit is a calendar month and that limit is exceeded, Fujitsu Services shall identify for joint consideration with Post Office the days in that month on which the average daily volume (based upon measurements of actual volumes over the previous three months, or otherwise as agreed by the Parties (acting reasonably)) has been exceeded and shall specify for joint consideration the reasons for that excess if caused or contributed to by Fujitsu Services.

4.1.2 if the Relevant Period for a Volumetric Limit is a day and that limit is exceeded, Fujitsu Services shall specify for joint consideration the reason for that excess if caused or contributed to by Fujitsu Services.

4.1.3 for each day on which the average daily volume referred to in paragraph 4.1.1 or the Volumetric Limit referred to in paragraph 4.1.2 is exceeded:

(a) as a result of Default by Fujitsu Services, no adjustment shall be made to the performance measurements for the Affected Service Levels in respect of that day; or

(b) for any reason other than a Default by Fujitsu Services, the performance measurements for the Affected Service Levels in respect of that day shall be disregarded and replaced with an average measurement for that day (based upon actual performance measurements over the previous three calendar months, or otherwise as agreed by the Parties (acting reasonably)).

4.2 Following each Service Level Measurement Period the Parties will assess whether, on average, over the relevant Service Level Measurement Period any of the Volumetric Limits has been exceeded by 10% or more. In making that assessment the Parties shall consider the cause of any daily peaks in excess of daily averages during that period, and disregard the measurements in respect of those days where the peaks have arisen as a result of Fujitsu Services' Default. If having made such assessment, the Parties agree that a Volumetric Limit has been exceeded by 10% (and in the case of monthly Volumetric Limits, those limits have been exceeded in any three consecutive months), the Parties shall meet to discuss and agree (acting reasonably) appropriate changes to the Volumetric Limits and any change to the applicable Service Levels.

FUJ00000070

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

5.1 The CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) (the "**Business Volumes CCD**") defines various limits on numbers of Transactions or instances of Service as "**Contracted Volumes**" or "**Design Limits**" for EPOSS, APS, LFS, Message Broadcast Service, Reference Data Management Service, NBS, DCMoP and on-line Transactions.

5.2 On each day that any of the Contracted Volumes referred to in the Business Volumes CCD is exceeded, the measures of Fujitsu Services' performance for the Service Levels (SLTs and (if applicable) the LDTs and ARLs) listed in the Business Volumes CCD shall be disregarded and replaced with an average measurement for that day (based upon actual performance measurements over the previous three calendar months, or otherwise as agreed by the Parties (acting reasonably)).

5.3 If the Contracted Volumes referred to in the Business Volumes CCD are exceeded, Post Office and Fujitsu Services shall jointly consider the reasons for such excess and whether it is temporary or is or is likely to be continuing. If such excess is or is likely to be continuing Fujitsu Services shall be entitled to make a reasonable and proportionate adjustment to the relevant Contracted Volume and/or the affected Service Levels or obligations specified in the Business Volumes CCD, such adjustment to be agreed with Post Office under the Change Control Procedure.

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

## 6. OTHER SERVICE LEVEL/OBLIGATION RELIEF

6.1 The Parties shall agree (such agreement not to be unreasonably withheld) appropriate relief from Service Levels if any new facilities or products are introduced, by agreement, with less testing than would otherwise be required to safeguard Fujitsu Services' position.

6.2 For the periods in which the NBS and/or any of the Horizon Applications (other than NBS) or Infrastructure Services are suspended in accordance with paragraph 3.4.15 of the CCD entitled "Service Management – Service Description" (SVM/SDM/SD/0007) (formerly "Service Management Service - Service Description" (CS/SER/014)), measurements of Fujitsu Services' performance in respect of all Service Levels detrimentally affected by such

FUJ00000070



suspension (in respect of those Horizon Applications and Services) shall be disregarded and Fujitsu Services shall be released from those of its obligations in respect of those Horizon Applications and Services which it is unable to perform as a result of such suspension.

6.3 If Fujitsu Services fails to achieve any Service Level or service target (as the case may be) and can demonstrate to Post Office's reasonable satisfaction that such failure occurred as a result of a fault or problem within the QAS Software, such fault or problem requiring the Third Line Support Service or Application Support Service (Fourth Line) in order to be resolved, then the measures of Fujitsu Services' performance in respect of such Service Level and other service target shall be disregarded for the period affected by the QAS Software fault or problem.

## 7. RECTIFICATION PLAN

7.1 In the event that an ARL specified in this Schedule B4.4 is failed, Fujitsu Services and Post Office shall agree a method of rectification and timetable for the resolution of the cause of that failure (a "Rectification Plan"). For the avoidance of doubt, Fujitsu Services shall remain liable for financial remedies payable in accordance with this Schedule B4.4 in respect of that failure.

7.2 In the event that the Rectification Plan involves a change to the provision of the Services, such change shall be agreed under the Change Control Procedure and shall be made at no charge to Post Office.

7.3 Without prejudice to Post Office's rights to remedies provided in this Agreement, during the period the Rectification Plan is being implemented Fujitsu Services shall maintain performance of all other Services in accordance with the Service Levels specified in this Schedule B4.4 unless otherwise agreed with Post Office as part of the Rectification Plan.

7.4 In the event that the Rectification Plan is not agreed by the Parties (acting reasonably) within three (3) calendar months of the occurrence of an ARL failure or the Rectification Plan fails to resolve the cause of the ARL failure to which it relates, such that the ARL failure occurs again and is persistent, the following provisions shall apply:

7.4.1 Post Office shall have the right to conduct, and require Fujitsu Services to co-operate and assist with, a tender process for sub-contracting by Fujitsu Services of the Operational Services in relation to which the ARL failure has occurred to an alternative service provider (the "**Service Provider**"). If the Parties agree that it would be more appropriate for Fujitsu Services to conduct, and Post Office to co-operate with, the tender process, then the Parties shall procure the same.

7.4.2 Without prejudice to the generality of the foregoing, Fujitsu Services shall disclose to any bona fide potential Service Provider (subject to the same executing an Agreed Form NDA or any other form of non-

FUJ00000070



disclosure agreement mutually agreed by Post Office, Fujitsu Services and such bona fide potential Service Provider) Confidential Information to the extent that such disclosure is reasonably required to enable any potential Service Provider to prepare a reasonably detailed tender proposal.

7.4.3 If the outcome of any tender process is that Fujitsu Services were to sub-contract the Operational Services in question to a Service Provider identified in the tender process, the performance in respect of the failed ARL for that Operational Service would be improved then Post Office shall have the right to require Fujitsu Services to sub-contract such Operational Service to such Service Provider at no higher cost to Post Office than was previously the case.

## 8. DISPUTE RESOLUTION

Any dispute arising in connection with the application of this Schedule B4.4 shall be resolved in accordance with the Dispute Resolution Procedure.

## 9. ASSOCIATED DOCUMENTS

9.1 The following CCDs are associated with this Schedule B4.4:

| | Document Reference | Document Title |
|---|---|---|
| 1 | CS/SER/002 | Horizon Systems Helpdesk: Service Description |
| 2 | SVM/SDM/SD/0002 | Engineering Service: Service Description |
| 3 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 4 | CS/SER/004 | Message Broadcast: Service Description |
| 5 | BP/SPE/035 | NBS Definition |
| 6 | CS/SPE/011 | Network Banking End to End Reconciliation Reporting |
| 7 | NB/PRO/002 | On Line Services Reconciliation & Incident Management |
| 8 | SVM/SDM/SD/0011 | Branch Network: Service Description |
| 9 | CS/SER/015 | Management Information Service: Service Description |

FUJ00000070

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| | | |
|---|---|---|
| 10 | EF/SER/001 (Replaced )<br><br>REQ/GEN/REP/1091 | Debit Card MoP Functional Description (Replaced )<br><br>Mapping Schedule B3.2 to the HNG-X Solution |
| 11 | EF/IFS/002 | Horizon – Streamline Application Interface Specification |
| 12 | EA/IFS/030 (Replaced)<br><br>POLSAP/DES/GEN/SPE/0002 | Technical Interface Specification Impact Programme: POL F S S80 Technical Interface Specifications (Replaced)<br><br>POLSAP Technical Interface Specification |
| 13 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 14 | CS/SER/014 (Replaced)<br><br>SVM/SDM/SD/0007 | Service Management Service - Service Description (Replaced)<br><br>Service Management - Service Description |
| 15 | CS/PRO/163 | Closure of Associated NBX Circuits |
| 16 | CS/SER/010 | Transaction Benchmark Service: Service Description |
| 17 | IM/MAN/022 | PIN Pad Technical Installation Training Guide |

9.2 There are no CRDs associated with this Schedule B4.4.

FUJ00000070

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## ANNEX 1 TO SCHEDULE B4.4 - SERVICE DESK SERVICE LEVELS

### 1. INTRODUCTION

1.1 The SLTs for the Service Desk Service are specified in this Annex 1 to Schedule B4.4.

1.2 In respect of the Service Desk Service there are no SLTs with associated LDTs or ARLs. The SLTs with no associated LDTs, and in relation to which no liquidated damages or other express contractual remedy is payable, are set out in paragraph 2 of this Annex 1.

1.3 For the purposes of the SLTs set out in paragraph 2 of this Annex 1, all timing measurements for Service Level purposes in respect of calls left on the Service Desk Voicemail Service shall commence at 08:00 hours on the Service Desk Day following that call.

1.4 Fujitsu Services shall be entitled to suspend a Service Desk call for reasons which shall include the time that the call is with British Telecom for action, provided there is evidence of management controls and checks on British Telecom by Fujitsu Services during this suspension.

### 2. SERVICE LEVEL TARGETS FOR WHICH NO LIQUIDATED DAMAGES APPLY

2.1 Fujitsu Services shall provide the Service Desk Service which shall act as a point of contact for Post Office staff and staff of Post Office Clients having a direct interface with the Horizon Service Infrastructure provided.

2.2 Telephone answering Service Levels will be measured from the point the redirected telephone call enters the Service Desk telephone switch.

2.3 Hours of Service

2.3.1 Fujitsu Services shall provide a continuous Service Desk Service during each Service Desk Day.

2.3.2 The Service Desk Voicemail Service shall be provided outside of Service Desk Days with Service Desk ring back commencing at 08:00 hours on the following Service Desk Day.

2.3.3 Arrangements for Bank Holidays shall only vary from a normal Service Desk Day where agreed with Post Office, having regard to their applicability throughout the United Kingdom.

2.3.4 Fujitsu Services shall ensure that calls made to the Service Desk outside specified hours are accepted by Fujitsu Services which may be by the Service Desk Voicemail Service.

2.4 To the extent that such notification is required by law, Fujitsu Services shall be responsible for ensuring that Service Desk staff are properly notified that calls will be

FUJ00000070



recorded and Post Office shall be responsible for ensuring that Users (and others who call the Service Desk on Post Office business) are properly so notified.

2.5 Service Level Targets

2.5.1 Fujitsu Services shall answer at least 80% of all calls to the Service Desk within thirty (30) seconds and the average time to answer in each Service Level Measurement Period shall be less than ten (10) seconds.

2.5.2 The percentage of "calls not answered" shall be less than five (5). This includes calls where the line is busy as well as calls answered which are put on the "waiting queue" that ring off after 40 seconds.

2.5.3 Until 31st March 2015, Fujitsu Services shall resolve at least 95% of calls assigned to the "first level" (also known as "Level 1") (as described in the CCD entitled "Horizon Systems Helpdesk: Service Description" (CS/SER/002)) within five (5) minutes. The average time to resolve first level calls in each Service Level Measurement Period shall be less than three (3) minutes.

2.5.4 Until 31st March 2015, Fujitsu Services shall resolve at least 95% of calls assigned to the "second level" (also known as "Level 2") (as described in the CCD entitled "Horizon Systems Helpdesk: Service Description" (CS/SER/002)) within thirty (30) minutes and the average time to resolve second level calls in each Service Level Measurement Period shall be less than ten (10) minutes.

2.5.5 The Service Desk Voicemail Service shall be available during all periods outside of Service Desk Days. Fujitsu Services' performance against this obligation shall be reported in the Service Review Book.

2.5.6 Fujitsu Services shall ensure that all calls recorded by the Service Desk Voicemail Service will be raised as calls on the Fujitsu Services call logging system on the next Service Desk Day following the recorded call. Fujitsu Services' performance against this obligation shall be reported in the Service Review Book.

2.5.7 Reboot Incidents

(a) Fujitsu Services shall use all reasonable endeavours to ensure that the number of Reboot Incidents reported to the Service Desk and in relation to which the Service Desk has not (whilst acting reasonably) refused authorisation shall be less than the number equal to 1 multiplied by the average number of open Counter Positions in any period of four months.

(b) Fujitsu Services shall be entitled to carry out planned reboots outside Working Hours. Such planned reboots shall not count as Reboot

FUJ00000070



Incidents and shall not exceed one per Counter Position per calendar month.

2.6 Service Level relief

2.6.1 If for any reason other than a Default by Fujitsu Services, the Service Desk becomes unavailable for use, the Service Levels in paragraph 2 of this Annex 1 of Schedule B4.4 will be suspended for the period of such unavailability subject to a maximum period of either:

(a) three hours; or

(b) the remainder of the Service Desk Day,

whichever is the shorter period.

FUJ00000070

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## ANNEX 2 TO SCHEDULE B4.4 - DATA DELIVERY SERVICE LEVELS

### 1. INTRODUCTION

1.1 The data delivery SLTs for the following are specified in this Annex 2 to Schedule B4.4:

1.1.1 APS;

1.1.2 Transaction loading onto Configured POL FS;

1.1.3 LFS;

1.1.4 delivery of Transaction Correction Records;

1.1.5 delivery of HR SAP Files;

1.1.6 APS Client data;

1.1.7 Reference Data;

1.1.8 Message Broadcast Service;

1.1.9 delivery of Reconciliation and Settlement Reports;

1.1.10 dispatch of REC Files;

1.1.11 Not used; and

1.1.12 delivery of Client Transaction summary (CTS) files.

1.2 In respect of each of the above:

1.2.1 the SLTs with associated LDTs and/or ARLs are described in paragraph 2 of this Annex 2; and

1.2.2 the SLTs with no associated LDTs, and in relation to which no liquidated damages or other express contractual remedy is payable, are set out in paragraph 3 of this Annex 2.

1.3 Where Fujitsu Services is obliged to arrange and undertake a visit to a Branch to recover Transaction records as described in the CCD entitled "Engineering Service: Service Description" (SVM/SDM/SD/0002) in order to avoid the Day J Service Levels (SLTs and LDTs) set out in this Annex 2 being failed (each a "Recovery Visit"), in assessing whether there has been a failure of those Service Levels the following principles shall apply:

FUJ00000070



1.3.1 For the purposes of such assessment, the following shall be disregarded from all relevant Service Level measurements in respect of the Branches in question:

(a) days on which Fujitsu Services has been unable to contact a Branch (despite reasonable endeavours to do so) to arrange a Recovery Visit, which includes days on which that Branch is not open for business;

(b) each day of delay caused by a Branch declining the earliest offered date for a Recovery Visit (provided the Recovery Visit offered on that date would not extend beyond the end of Post Office Core Day or, if later, the normal business opening hours of that Branch), which includes days on which that Branch is not open for business;

(c) each day of delay caused by a Branch cancelling, refusing or otherwise preventing an arranged Recovery Visit but excluding days on which a Recovery Visit is prevented by a Branch from being completed as a result of that visit extending beyond the normal business opening hours of that Branch without prior agreement of that Branch; and

(d) each day that a Recovery Visit, which by prior arrangement with a Branch is scheduled to take place or continue beyond the hours that Branch is open for business, is prevented from being completed by that Branch contrary to that arrangement.

1.3.2 For the purposes of such assessment, the period commencing on the day on which Fujitsu Services becomes aware that a Branch does not have the PSTN telephone capability or "plug-in" PSTN telephone capability required for a Recovery Visit and ending on and including the day on which an ISDN or ADSL connection is re-established to that Branch, shall be disregarded from all relevant Service Level measurements in connection with the application of the Service Levels in this Annex 2 to that Branch.

1.4 Fujitsu Services shall arrange and undertake Recovery Visits in order to achieve the Day J Service Levels set out in this Annex 2, unless prevented from arranging such visits or from undertaking them within Post Office Core Day or, if later, the normal business opening hours of the Branch in question.

## 2. SERVICE LEVEL TARGETS FOR WHICH LIQUIDATED DAMAGES OR ADDITIONAL REMEDIES APPLY

2.1 APS Service Levels with remedies

2.1.1 Availability

Unless otherwise agreed by Post Office, the APS shall be fully available in a Branch whenever that Branch is open, either through normal procedures or in fallback.

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2.1.2 Application of APS Service Levels

The SLTs, LDTs and ARLs specified in paragraph 2.1 of this Annex 2 are of generic application to APS Clients and the relevant performance measurements for all APS Clients (for which services are being provided as at the Amendment Date) shall be aggregated for the purposes of those SLTs, LDTs and ARLs. All APS Clients introduced after the Amendment Date shall be included in that aggregate unless it is specifically stated otherwise in the applicable CCN.

2.1.3 Data File delivery

(a) Delivery of APS Transaction records shall not normally be before 03:00 on the day following the completion of those Transactions (referred to as "Day B" in the tables below).

(b) Where Fujitsu Services is required to deliver APS Client files on specified days, the terms Day B, Day C, Day D and Day J used in this paragraph 2.1 of this Annex 2 shall be construed as the days on which files could have been delivered as specified in the relevant AP Client Specification. If files may only be delivered Monday to Friday inclusive, then for Transactions completed on Thursday, Day B shall be Friday and Day C shall be Monday.

(c) The SLT, LDT and ARL for APS Transaction Data File delivery are as shown in the table below:

| **Service Requirement** | **SLT** | **LDT** | **ARL** |
|---|---|---|---|
| APS Transaction Data File delivery | 96.5% of all Transaction records delivered by 23:59 hours Day B;<br>97.5% of all Transaction records delivered by 23:59 hours Day C (i.e. 1 Day after Day B);<br>98.5% of all Transaction records delivered by 23:59 hours Day D (i.e. 1 Day after Day C);<br>100% of all Transaction records delivered by 23:59 hours Day J (i.e. 6 Days after Day D). | 96.5% of all Transaction records delivered by 23:59 hours Day B;<br>97.5% of all Transaction records delivered by 23:59 hours Day C (i.e. 1 Day after Day B);<br>98.5% of all Transaction records delivered by 23:59 hours Day D (i.e. 1 Day after Day C);<br>100% of all Transaction records delivered by 23:59 hours Day J (i.e. 6 Days after Day D). | 98% of all Transaction records delivered by 23:59 hours Day D. |

FUJ00000070



(d) For the purposes of paragraph 2.1.3(c) above, in relation to each AP Client serviced by the APS via the EDG:

(i) the Transaction record file shall be deemed to be delivered when it is delivered to the EDG and not the AP Client; and

(ii) a successful Transaction record file delivery will be deemed to have occurred when the file transfer software running on the remote file transfer management service (FTMS) gateway identifies that a successful transfer to the EDG has occurred or cannot occur because of problems within the EDG infrastructure.

2.1.4 Remedies

(a) The liquidated damages for late delivery of APS Transaction Data Files shall be calculated when the relevant LDT is breached as follows:

liquidated damages =

(((100 - actual level of Service by Day J) / 100) * total number of Transactions * 1.46 pence) +

(((98.5 – (the greater of the ARL (98) and the actual level of Service by Day D)) / 100) * (total number of Transactions - any also failing at Day J) * 1.46 pence) +

(((97.5 - actual level of Service by Day C) / 100) * (total number of Transactions - any also failing at Day D and Day J) * 1.46 pence) +

(((96.5 - actual level of Service by Day B) / 100) * (total number of Transactions - any also failing at Day J, Day D and Day C) * 1.46 pence).

(b) Where the level of service falls below the ARL specified in the table in paragraph 2.1.3(c) Post Office shall be entitled to recover in addition to any liquidated damages recovered under paragraph 2.1.4(a), the greater of:

(i) liquidated damages calculated as follows:

liquidated damages =

((ARL (98) – the actual level of Service by Day D) / 100) * (total number of Transactions - any also failing at Day J) * 1.46 pence; and

(ii) Post Office Additional Costs.

FUJ00000070

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2.2 Transaction loading onto Configured POL FS

2.2.1 In respect of all Transactions undertaken on a particular day, the proportion of Transaction records delivered from TMS to Configured POL FS following that day (i.e. Transactions on Day A, delivery to Configured POL FS by 07:30 Day B, Day C, Day D and Day J) shall be measured by Fujitsu Services.

2.2.2 Subject to paragraph 2.2.4, Fujitsu Services shall use reasonable endeavours within the capacity and performance constraints of the POL FS System to ensure that all Transactions occurring on Day A are loaded onto Configured POL FS as set out in the table below:

| Service Requirement | Target |
|---|---|
| Transactions loaded from TMS onto Configured POL FS. | 96% of all Transaction records loaded onto Configured POL FS by 07:30 hours on Day B;<br><br>97% of all Transaction records loaded onto Configured POL FS by 07:30 hours on Day C (i.e. 1 Day after Day B);<br><br>98% of all Transaction records loaded onto Configured POL FS by 07:30 hours on Day D (i.e. 1 Day after Day C);<br><br>100% of all Transaction records loaded onto Configured POL FS by 07:30 hours on Day J (i.e. 6 Days after Day D). |

2.2.3 If Fujitsu Services persistently fails to achieve the targets described in paragraph 2.2.2 as a result of lack of capacity or performance of the POL FS System, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

2.2.4 The measurement of the targets in paragraph 2.2.2 shall not include:

(a) in the event that the QA/Test SAP System is used as the failover system for the Production SAP System pursuant to paragraph 2.2.5, any Transactions required to be loaded onto Configured POL FS during the period commencing from the day on which the QA/Test SAP System is used and expiring on the day on which the Production SAP System becomes available and Fujitsu Services has completed the loading of all data onto the Production SAP System from the QA/Test SAP System;

(b) any failure to load any Transaction onto Configured POL FS where such failure is caused either by:

(i) the incorrect functioning of PRISM application code; or

FUJ00000070



(ii) the incorrect configuration of Configured POL FS (including but not limited to missing FAD) provided that such incorrect configuration is a result of configuration activity that is not the responsibility of Fujitsu Services."

2.2.5 Business Continuity

(a) In the event that an incident or a major failure of the Production SAP System causes the Production SAP System (situated in the live Data Centre) to be unavailable:

(i) Fujitsu Services shall notify Post Office of such incident or failure (in such manner as is practicable in the circumstances) as soon as reasonably practicable and if such notification is not in written form, shall confirm in writing in accordance with the normal practice for incident management between the Parties;

(ii) the QA/Test SAP System (situated in the DR Data Centre) shall be used as the failover system for the Production SAP System; and

(iii) the POL FS Services in respect of the QA/Test SAP System shall be suspended for the duration of such incident or failure.

(b) Fujitsu Services shall ensure that the time taken for failover referred to in paragraph 2.2.5(a) (measured between notice being given by Fujitsu Services pursuant to section 2.2.5(a)(i) and the QA/Test SAP System being re-configured for use as the Production SAP System) does not exceed 48 hours. In the event that such failover is required, it shall be permissible for the POL FS Services to be reduced in terms of number of concurrent users, response times and hours of service.

(c) Fujitsu Services is not obliged to provide failover systems for the QA/Test SAP System or the Development SAP System and, in the event that an incident or a system failure causes either the QA/Test SAP System or the Development SAP System to become unavailable, the POL FS Services in respect of the QA/Test SAP System and the Development SAP System shall be suspended for the duration of such incident or failure.

(d) In the event that Fujitsu Services gives notice pursuant to section 2.2.5(a)(i) above, Post Office shall ensure that the QA/Test SAP System is available for failover within two hours of such notice being given

FUJ00000070

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2.3 LFS Service Levels

2.3.1 Purpose

Fujitsu Services shall provide the LFS at all Branches for all of the hours that they are open for business.

2.3.2 Services Measures

The LFS measures are categorised as follows:

(a) transfer of data from Branch to SAPADS; and

(b) transfer of data from SAPADS to Branch.

2.3.3 Branch to SAPADS Data Transfer

The SLT and LDT for Branch to SAPADS data transfer are set out in the table below:

| Service Requirement | Data available at the Branch by: | SLT | LDT | ARL |
|---|---|---|---|---|
| Confirmation of pouch received at Branch | 19:00 on Day A | 97.2%, of pouch confirmation messages available by 19:00 on Day A to be delivered to SAPADS by 08:00 on Day B | 99% of pouch confirmation messages available by 19:00 on Day A to be delivered to SAPADS by 08:00 on Day B | N/A |

2.3.4 SAPADS to Branch Data Transfer

(a) The SLT and ARL for SAPADS to Branch data transfer are set out in the table below:

| Service Requirement | Data available at the SAPADS/ LFS boundary by | SLT | LDT | ARL |
|---|---|---|---|---|
| Delivery of SAPADS Planned Orders to Branches | 06:00 on Day A | 90% of planned orders available by 06:00 on Day A to be at the Branch(es) by 08:00 on Day A;<br>96% at the Branch(es) by | N/A | 95% of planned orders available by 06:00 on Day A to be at the Branch(es) by 12:00 on |

FUJ00000070



| Service Requirement | Data available at the SAPADS/ LFS boundary by | SLT | LDT | ARL |
|---|---|---|---|---|
| | | 12:00 on Day A. | | Day A. |

(b) Delivery of SAPADS planned orders to Branches which occur by 06:00 on Sundays shall not be included in the calculation of the SLT and ARL set out in the table above. On Sundays, Fujitsu Services shall use reasonable endeavours to achieve the SLT set out in the above table for delivery of SAPADS planned orders to Branches.

2.3.5 LFS Remedies

(a) In the event that either of the Service Level Targets specified in the tables in paragraphs 2.3.3 or 2.3.4(a) are not achieved, Fujitsu Services shall provide Post Office with an analysis of the reason for the failure. Fujitsu Services and Post Office shall agree a reasonable rectification and improvement plan to address the failure.

(b) liquidated damages in respect of failures to achieve the LDT for Branch to SAPADS data transfer set out in the table in paragraph 2.3.3 shall be calculated as follows:

liquidated damages =

(L-(0.01 * T)) * £3.82, or zero if the result of that calculation is negative, where:

L = the number of times (summed for all Branches) that a pouch delivery confirmation entered at a Branch before 19.00 has been delivered to SAPADS after 08:00 the next day; and

T = the number of times (summed for all Branches) that a pouch delivery confirmation has been entered at a Branch before 19.00.

For the purposes of L and T, each delivery will have a single confirmation, whether that delivery comprises one pouch or multiple pouches.

(c) In the event that Fujitsu Services fails to achieve the ARL in respect of SAPADS to Branch data transfer set out in the table in paragraph 2.3.4(a), Post Office shall be entitled to recover Post Office Additional Costs from Fujitsu Services.

2.4 Delivery of Transaction Correction Records to Branches

FUJ00000070



2.4.1 The SLT and ARL for the delivery of Transaction Correction Records to Branches are set out in the table below:

| Service Requirement | Data available for extraction from Configured POL FS by | SLT | LDT | ARL |
|---|---|---|---|---|
| Delivery of Transaction Correction Records to Branches | 23:59:59 on Day A | For Transaction Correction Records available by 23:59:59 on Day A:<br>90% to be at the Branch(es) by 08:00 on Day B;<br>96% to be at the Branch(es) by 12:00 on Day B;<br>100% to be at the Branch(es) by 23:59:59 on Day J (i.e. 6 Days after Day D). | N/A | 95% of Transaction Correction Records available by 23:59:59 on Day A to be at the Branch(es) by 12:00 on Day B. |

2.4.2 Delivery of Transaction Correction Records which are available to be extracted from Configured POL FS for delivery to Branches between 23:59:59 on Saturdays and 23:59:59 on Sundays shall not be included in the calculation of the SLT and ARL set out in the table above. Fujitsu Services shall use reasonable endeavours to achieve the SLT set out in the above table for delivery of such Transaction Correction Records to Branches.

2.4.3 In the event that any of the SLTs specified in the table in paragraph 2.4.1 are not achieved, Fujitsu Services shall provide Post Office with an analysis of the reason for the failure. Fujitsu Services and Post Office shall agree a reasonable rectification and improvement plan to address the failure.

2.4.4 In the event that Fujitsu Services fails to achieve the ARL set out in the table in paragraph 2.4.1, Post Office shall be entitled to recover Post Office Additional Costs from Fujitsu Services.

2.5 Delivery of HR SAP Files

2.5.1 For the purpose of this paragraph 2.5, the term "Pay Run Date" means the date on which Post Office processes Agents' remuneration as defined by Post Office Reference Data.

2.5.2 The Service Levels for delivery of the HR SAP Files to the TIP Gateway are as set out in the table below:

FUJ00000070

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| Service Requirement | Notification by Post Office of Pay Run Date | SLT | LDT | ARL |
|---|---|---|---|---|
| Delivery of HR SAP Files | At least 14 days prior to the Pay Run Date | HR SAP File delivered to TIP Gateway by 21.30 on the Friday preceding the Pay Run Date | N/A | HR SAP File delivered to TIP Gateway by 21.30 on the Friday preceding the Pay Run Date |

2.5.3 In the event that the SLT specified in the table in paragraph 2.5.2 is not achieved, Fujitsu Services shall provide Post Office with an analysis of the reason for the failure. Fujitsu Services and Post Office shall agree a reasonable rectification and improvement plan to address the failure.

2.5.4 In the event that Fujitsu Services fails to achieve the ARL set out in the table in paragraph 2.5.2, Post Office shall be entitled to recover Post Office Additional Costs from Fujitsu Services.

## 3. SERVICE LEVEL TARGETS WITH NO ASSOCIATED LIQUIDATED DAMAGES THRESHOLDS OR ADDITIONAL REMEDY LEVELS

### 3.1 APS Client data

3.1.1 APS Client data is Reference Data created by an APS Client. Post Office shall procure that such data is provided by the Client to Fujitsu Services, for distribution to Branches.

3.1.2 All APS Client data received by Fujitsu Services by 20:00 hours shall be available at all relevant Counter Positions in accordance with the Service Levels set out in the table in paragraph 3.1.3.

3.1.3 The Service Level Targets for APS Client data are set out in the table below:

| Service Requirement | SLT (applicable in respect of APS Client data received by 20:00 on Day A) |
|---|---|
| Delivery of APS Client data | 96% of Counter Positions can access the data at the start of the next Post Office Core Day (i.e. Day B);<br>97% of Counter Positions can access the data at the start of the second Post Office Core Day following Day A (i.e. Day C);<br>98% of Counter Positions can access the data at the start of the third Post Office Core Day following Day A (i.e. Day D);<br>100% of Counter Positions can access the data at the start of the ninth Post Office Core Day following |

FUJ00000070

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| Service Requirement | SLT (applicable in respect of APS Client data received by 20:00 on Day A) |
|---|---|
| | Day A (i.e. Day J). |

3.2 Reference Data

3.2.1 Post Office Reference Data shall be delivered to Fujitsu Services within the lead-times specified in the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058). Post Office shall be responsible for final validation and authorisation of Post Office supplied Reference Data, the date of such authorisation being referred to in this paragraph 3.2 as the "**Authorisation Date**".

3.2.2 For each delivery of Reference Data that is to be released to the live estate Post Office and Fujitsu Services shall agree a release date (the "**Agreed Release Date**") which shall be at least one Working Day later than the Authorisation Date and be the date on which Fujitsu Services initiates the release of that Reference Data to the live estate.

3.2.3 The Service Level Targets for Post Office Reference Data are set out in the table below:

| Service Requirement | SLT |
|---|---|
| Reference Data delivery | 96% of Counter Positions will have received the correct version of the Reference Data by the start of Post Office Core Day on the day following the Agreed Release Date (i.e. by Day B);<br><br>97% of Counter Positions will have received the correct version of the Reference Data by the start of Post Office Core Day two days after the Agreed Release Date (i.e. by Day C);<br><br>98% of Counter Positions will have received the correct version of the Reference Data by the start of Post Office Core Day three days after the Agreed Release Date (i.e. by Day D);<br><br>100% of Counter Positions will have received the correct version of the Reference Data by the start of Post Office Core Day nine days |

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| Service Requirement | SLT |
|---|---|
| | after the Agreed Release Date (i.e. by Day J). |

3.3 LFS Service Levels

3.3.1 SLTs for Branch to SAPADS data transfer are set out in the table below:

| Service Requirement | Data available at the Branch by | SLT |
|---|---|---|
| Confirmation of pouch received at Branch | 19:00 on Day A | 97% of pouch confirmation messages available by 19:00 on Day A to be delivered to SAPADS by 22:00 on Day A;<br><br>100% of pouch confirmation messages available by 19:00 on Day A to be delivered to SAPADS by 22:00 hours on Day I. |
| Details of SAPADS pouch Collected from Branch | 19:00 on Day A | 97% to SAPADS by 22:00 on Day A;<br><br>97.2% to SAPADS by 08:00 on Day B;<br><br>100% to SAPADS by 22:00 hours on Day I. |
| Daily Cash on Hand details | 19:00 hours on Day A | 96.25% to SAPADS by 23:59 hours on Day A. |

3.3.2 SLTs for SAPADS to Branch data transfer are set out in the table below:

| Service Requirement | Data available at SAPADS / LFS Boundary | SLT |
|---|---|---|
| Delivery of SAPADS Advice Notes to Branches | 18:00 on day A | 97% at the Branch(es) by 08:00 on Day C. |

3.3.3 In the event that any of the Service Level Targets in this paragraph 3.3 are not met, Fujitsu Services shall provide Post Office with an analysis of the reason for the failure. Fujitsu Services and Post Office shall agree a reasonable rectification and improvement plan to address the failure.

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3.4 Message Broadcast Service

3.4.1 Introduction

(a) This paragraph 3.4 sets out the Service Levels which apply to the Message Broadcast Service ("MBS").

(b) Notwithstanding paragraph 2.4 of this Schedule B4.4, Fujitsu Services shall not be required to report performance against the SLT specified in paragraph 3.4.3.

(c) For the avoidance of doubt, there is no LDT or ARL applicable to the MBS.

3.4.2 Hours of service

Fujitsu Services shall provide the MBS such that:

(a) messages can be submitted at any time during the Post Office Core Day;

(b) messages stored at a Branch can be viewed at the Branch at any time that the OPS is available.

3.4.3 Message delivery

For valid messages successfully passed to Fujitsu Services in accordance with the standards and procedures set out in the CCD entitled "Message Broadcast: Service Description" (SVM/SDM/SD/0018) (formerly "Message Broadcast: Service Description" (CS/SER/004)), the SLT shall be that all messages shall be available for onward transmission to the Branches, within three (3) hours of the "message receipt time" as defined in that CCD such that valid messages would be expected to be available to be viewed in each targeted Branch within four (4) hours of the "message receipt time", provided that the targeted Branch is operating and communicating normally. The three (3) and four (4) hour targets only apply within the hours of the Post Office Core Day, will not be reported upon and will have no associated remedies or termination rights, but from time to time Post Office may monitor performance by inspection. Fujitsu Services' sole obligation with regard to the three (3) and four (4) hour target times shall be to use reasonable endeavours to achieve them.

3.4.4 Report delivery

The report of Branches which may have been unable to receive messages shall normally be available to Post Office by 08:00 the following Post Office Core Day.

3.4.5 Volumes

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(a) As a minimum, the MBS shall have sufficient capacity to support:

(i) the submission of six (6) messages per day by Post Office; and

(ii) three (3) new messages for any given Branch per day.

(b) Fujitsu Services shall use reasonable endeavours to process messages above these volumes, up to:

(i) the submission of a maximum of 13 messages per day by Post Office; and

(ii) a maximum of seven (7) new messages for any given Branch per day.

(c) The message delivery service levels in paragraph 3.4.3 above shall only apply to message volumes up to the limits set out in paragraph 3.4.5(a) above. For message volumes above these limits, no service levels shall apply.

3.5 Delivery of Reconciliation and Settlement Reports

3.5.1 Fujitsu Services shall deliver to Post Office the Reconciliation and Settlement Reports generated from DRSH and TESQA.

3.5.2 The delivery targets for the Reconciliation and Settlement Reports are set out in the table below:

| **LREC File received by Fujitsu Services** | **Delivery targets** |
|---|---|
| By 23:59:59 on Day A. | Delivery of Reconciliation and Settlement Reports to the TIP Gateway by 08.05 on Day B (irrespective of whether any DRSH failure occurs during the overnight batch window). |
| Between 00.00 and 01.59.59 on Day B | Delivery of Reconciliation and Settlement Reports to the TIP Gateway by 08.05 on Day B or where there is a DRSH failure during the overnight batch window by 10.05 on Day B. |
| Between 02.00 and 22.00 on Day B. | Reconciliation and Settlement Reports delivered pursuant to this SLT will not be enriched with LREC data received from LINK until Day C. However, delivery of the Reconciliation and Settlement Reports (without the LREC enrichment) will be made to the TIP Gateway by 08:05 on Day B or where there is a DRSH failure during the overnight batch window by 10:05 on |

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| | |
|---|---|
| | Day B. |

3.5.3 Subject to paragraph 3.5.4, the SLT is that the number of Reconciliation and Settlement Reports which fail to deliver in accordance with paragraph 3.5.2 shall not (in respect of each delivery target above) exceed two (2) failures in any SLT Calendar Year. Fujitsu Services will notify Post Office of any such delivery failures using a manual (ie non automated) method (eg email).

3.5.4 A further SLT is that 100% of the Reconciliation and Settlement Reports shall be delivered by Fujitsu Services to the TIP Gateway (or other location agreed by the Parties) by:

(a) 12:00 on Day B where the failure occurs on a system involved in the generation of the Reconciliation and Settlement reports (excluding DRSH or Transaction Enquiry Service) and the failure occurs during the overnight batch window; or

(b) 18:00 on Day B where the failure occurs on the DRSH and / or Transaction Enquiry Service, and the failure occurs during the overnight batch window,

with the proviso that, if the LREC File is received by Fujitsu Services between 02:00 and 22:00 on Day B, then any such Reconciliation and Settlement Reports will not be enriched with LREC data received from LINK until Day C.

3.5.5 For the purposes of the SLTs described in paragraphs 3.5.3 and 3.5.4, the Service Level Measurement Period is each SLT Calendar Year.

3.6 Dispatch of REC Files

3.6.1 Fujitsu Services shall use reasonable endeavours to ensure that 100 % REC Files are dispatched from Fujitsu Services' server to CAPO and Alliance & Leicester by 00:10 on each day.

3.6.2 The Service Level Target is that, subject to paragraphs 3.6.3 and 3.6.4, all REC Files shall be delivered to each of CAPO and Alliance & Leicester by 03:00 on each day of each SLT Calendar Year.

3.6.3 Subject to paragraph 3.6.5, the number of REC Files which fail to be delivered to CAPO in accordance with paragraph 3.6.2 shall not exceed two (2) failures in any SLT Calendar Year.

3.6.4 Subject to paragraph 3.6.5, the number of REC Files which fail to be delivered to Alliance & Leicester in accordance with paragraph 3.6.2 shall not exceed two (2) failures in any SLT Calendar Year.

FUJ00000070

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3.6.5 A further SLT is that, in any SLT Calendar Year, 100 % of REC Files shall be delivered to CAPO by 16:00 on Day B and 100 % of REC Files shall be delivered to Alliance & Leicester by 18:00 on Day B.

3.6.6 For the purposes of the SLTs described in this paragraph 3.6, the Service Level Measurement Period is each SLT Calendar Year.

3.7 Not used

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## ANNEX 3 TO SCHEDULE B4.4 - BANKING SERVICES

## PART A - NBS SERVICE LEVELS AND REMEDIES

### 1. NBS SERVICE LEVEL PRINCIPLES

1.1 This Part A of Annex 3 to Schedule B4.4 specifies the SLTs and ARLs and the performance measurements required in respect of them for the NBS. No LDTs are specified for the NBS in this Annex, but liquidated damages shall be payable by Fujitsu Services in accordance with paragraph 3 and 4 of this Annex 3.

1.2 For the purposes of this Annex 3:

"**Availability Period**" means each period of six (6) months commencing on 1 January and 1 July each SLT Calendar Year;

"**Central NB System**" means the elements of the NB System which enable on-line Banking Transactions to be carried out, excluding all:

1.2.1 such elements in Branches (or other Post Office locations where the NBS is available);

1.2.2 network components between each Branch (or other Post Office locations where the NBS is available) and the Data Centres; and

1.2.3 network components between the Data Centres and the Banks;

"**Core NB System Fault**" means a fault in the Central NB System which causes the NBS not to be available in any one or more Branches for the period that fault persists;

"**Customer Critical Exception**" means a NB Priority Exception in respect of which Fujitsu Services has received a Disputed Banking Transaction Notice; and

"**Non NB Core Hours**" means all hours which are not NB Core Hours.

1.3 The Service Levels described in this Annex 3 relate to the performance of the NBS within the NBS Service Boundaries as measured at the points and/or in the manner described in this Annex 3.

1.4 All calculations (including percentages and averages) upon which the SLTs, ARLs or other targets in this Schedule are based shall be calculated, and Fujitsu Services' performance assessed, for the relevant Service Level Measurement Period or Availability Period as a whole. Without prejudice to that calculation and assessment, Fujitsu Services' performance against the Service Levels in this Annex 3 shall be reported monthly for service monitoring purposes in the Service Review Book.

1.5 The architecture of the NB System shall be capable of supporting Banking Transactions (in accordance with applicable Service Levels) carried out in each Branch during the hours that Branch is actually open for business, except during the period from 2000 to 0800 each 24 hour period when Banking Transactions shall not

FUJ00000070



be able to be carried out in Branches due to system management activities (including the introduction of major Releases in accordance with paragraph 3.5.1 of the CCD entitled "Service Management: Service Description" (SVM/SDM/SD/0007) (formerly "Service Management Service: Service Description" (CS/SER/014))), activities in support of software distribution, continuity tests and Reference Data update and such other activities as the parties may agree). Such periods shall be scheduled by agreement with Post Office in accordance with current practices used in respect of the Applications (other than the NBS) and the Infrastructure Services, such agreement not to be unreasonably withheld.

1.6 For the purposes of the NBS, in particular the NBS Service Levels described in this Annex 3 to Schedule B4.4, the result of the following calculation:

- MCWP minus MAAWP,

(such result being referred to in this paragraph 1.6 as the "**NB Additional Time**") shall not be less than 15 seconds. Once set, or as otherwise specified in the CCD entitled "NBS Definition" (BP/SPE/035), changes to the MCWP and/or MAAWP where the resulting MCWP is less than or equal to 40 seconds and where the resulting NB Additional Time is more than or equal to 15 seconds shall be subject to change under Operational Business Change (as applicable in respect of product change), and changes where the resulting MCWP is greater than 40 seconds and/or the resulting NB Additional Time is less than 15 seconds shall be subject to agreement under the Change Control Procedure.

1.7 This Annex 3 sets out five categories of performance measures:

1.7.1 NB Request and NB Authorisation transmission time measures;

1.7.2 NBS availability measures; and

1.7.3 Data Reconciliation Service measures.

Of these, paragraphs 1.7.1 and 1.7.2 above are subject to liquidated damages whilst paragraph 1.7.3 is not.

## 2. PERFORMANCE MEASURES

2.1 <u>NB Request and NB Authorisation transmission times</u>

2.1.1 Banking Transactions referred to in this paragraph 2.1 shall be those for which a NB Request is generated and a corresponding NB Authorisation is received from the Banks before the earliest of:

(a) the MCWP has expired;

(b) the Banking Transaction is Declined by the Counter Clerk; and

(c) the Banking Transaction fails,

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and no other Banking Transactions shall be included in the calculation set out in paragraph 2.1.4.

2.1.2 For each Banking Transaction, Fujitsu Services shall record the time (for the purposes of this paragraph 2.1 referred to as "T1") which elapses between the NB Request being generated at the relevant automated Counter Position, and the corresponding NB Authorisation being received back at that Counter Position.

2.1.3 For each Banking Transaction, Fujitsu Services shall record the time (for the purposes of this paragraph 2.1 referred to as "T2") which elapses between the NB Authorisation Agent generating each NB Request for routing to the Banks and the corresponding NB Authorisation being received back from the Banks by the NB Authorisation Agent.

2.1.4 Fujitsu Services shall calculate a value for "T" for each Banking Transaction as follows:

T = T1 -T2.

2.1.5 The Service Level Targets are that the average Time for NBS Transactions conducted in Branches using Fixed ADSL and Dialled Connections taken together, for the periods such connections are scheduled to be established, shall not exceed 2.5 seconds.

2.2 NBS availability measures

2.2.1 Central Systems Availability

(a) Subject to paragraph 2.2.1(b), Fujitsu Services shall record and/or calculate the following:

(i) the number of Core NB System Faults which causes the NBS not to be available in 20% or more of all Branches; and

(ii) in respect of each Core NB System Fault, the average period of time ("Average Branch Outage") that the NBS is not available in a Branch affected by that Core NB System Fault, as follows:

Average Branch Outage = A multiplied by B,

where:

A = the period, excluding the first five minutes, that a Core NB System Fault causes the NBS not to be available in any one or more Branches;

FUJ00000070



B = the number of Branches where the NBS is not available as a result of that Core NB System Fault expressed as a proportion of the total number of Branches.

(b) For the purposes of the recording and/or calculations referred to in paragraph 2.2.1(a) of this Annex 3 which are to be used for the purposes of paragraph 2.2.1(c) of this Annex 3:

(i) Core NB System Faults that cause the NBS not to be available for 5 minutes or less; and

(ii) all non-availability of the NBS due to any of the system management activities referred to in paragraph 1.7 of this Annex 3 or to any other system changes agreed by the Parties,

shall be excluded, and

(iii) Branches referred to in paragraph 2.2.1(a) of this Annex 3 are those Branches where the NBS is required (subject to Clause 2.2) to be available.

(c) The Service Level Targets in respect of each Availability Period are set out in the following table:

| **Service Level Measure** | **Service Level Targets for NB Core Hours** | **Service Level Targets for Non NB Core Hours** |
|---|---|---|
| The number of Core NB System Faults which causes the NBS not to be available in more than 20% of all Branches shall not exceed: | < = 3 | < = 12 |
| The aggregate Average Branch Outage shall not exceed: | < = 3 hours 25 minutes | < = 15 hours |

(d) Notwithstanding any provision contained in this paragraph 2.2.1 but subject to paragraph 2.2.1(e), Fujitsu Services shall use reasonable endeavours to ensure that the targets in the following table shall apply in respect of each period of three months commencing from month one and month four of each Availability Period:

FUJ00000070

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| Service Level Measure | Service Level Targets for NB Core Hours | Service Level Targets for Non NB Core Hours |
|---|---|---|
| The aggregate Average Branch Outage shall not exceed: | < = 3 hours 25 minutes | < = 7 hours 30 minutes |

(e) If Fujitsu Services persistently fails to achieve the targets described in paragraph 2.2.1(d) as a result of a lack of capacity or performance of the Horizon Service Infrastructure, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

2.3 Data Reconciliation Service measures

2.3.1 Fujitsu Services shall measure the time taken to resolve each NB Priority Exception, counting time within MSU Days only, as follows:

(a) where no Disputed Banking Transaction Notice has been received by Fujitsu Services and a Banking Transaction persists in system state category number 4 or 12 as set out in the CCD entitled "Network Banking End to End Reconciliation Reporting" (CS/SPE/011), such measurement shall commence at 0800 on the second MSU Day following receipt by the DRSH of the corresponding C4 Confirmation or D Message (as applicable);

(b) where a Disputed Banking Transaction Notice is received by Fujitsu Services and a corresponding C4 Confirmation or D Message has been received by the DRSH prior to the day of receipt of that Disputed Banking Transaction Notice, such measurement shall commence at the time of receipt of the Disputed Banking Transaction Notice (but not if already commenced in accordance with (a) above, in which case (a) shall apply); and

(c) where a Disputed Banking Transaction Notice is received by Fujitsu Services and a corresponding C4 Confirmation or D Message is received by the DRSH on the same day as that Disputed Banking Transaction Notice or on a subsequent day, such measurement shall commence at 0800 on the next MSU Day following receipt of that C4 Confirmation or D Message (as applicable).

In each case above the NB Priority Exception shall be deemed resolved and measurement shall stop at the time Fujitsu Services sends information to Post Office sufficient to enable Post Office to settle that exception with the relevant Bank, as described in the CCD entitled "Reconciliation Service:

FUJ00000070



Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002)).

2.3.2 In respect of each NB Priority Exception where Fujitsu Services requires:

(a) information from, or access to, a Branch; or

(b) information from the Post Office regarding Banks,

for that exception to be resolved, the following shall not count towards the time for resolution of that exception:

(a) the period, if any, during which Fujitsu Services is unable to contact (by telephone or other method agreed by the Parties) the Branch in question or the Post Office regarding Banks in order to request that information or access, provided that Fujitsu Services has used reasonable endeavours to make such contact; and

(b) the period, if any, whilst Fujitsu Services waits for that information or access to be provided by the Branch in question or the Post Office regarding Banks, having requested it, provided that Fujitsu Services has repeated such request at reasonably frequent intervals.

The discounting of the periods described in 2.3.2(c) and 2.3.2(d) above shall be subject to Fujitsu Services providing reports to Post Office setting out the reasons for discounting any such periods from the resolution time for a NB Priority Exception and the duration of such periods.

2.3.3 In respect of each Disputed Banking Transaction Notice, Fujitsu Services shall continue to check on each MSU Day following that notice whether a corresponding C4 Confirmation or D Message has been received until either a Customer Critical Exception arises and is resolved or Fujitsu Services and Post Office agree alternative action.

2.3.4 For the purposes of paragraph 2.3 of this Annex 3:

(a) "day" means a period running for 24 hours from 00:00; and

(b) a C4 Confirmation or D Message received on a day by the DRSH after 21:30 on that day shall be deemed to have been received the next day.

2.3.5 The Service Level Target set out in paragraph 2.3.6 of this Annex 3 shall apply in respect of:

(a) all Customer Critical Exceptions; and

(b) the first 500 NB Priority Exceptions (other than Customer Critical Exceptions) occurring on each day (excluding those described in paragraph 2.3.5(c)),

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but shall not apply in respect of:

(c) NB Priority Exceptions (other than Customer Critical Exceptions) arising from a common cause, in each case where the number of NB Priority Exceptions arising from such common cause is greater than 100.

2.3.6 The Service Level Target is that the resolution time (measured in accordance with paragraphs 2.3.1 and 2.3.2 of this Annex 3) for 95 % of the NB Priority Exceptions specified in paragraph 2.3.5 of this Schedule B4.4 shall not exceed 8 hours.

## 3. REMEDIES

### 3.1 Liquidated Damages

3.1.1 The liquidated damages payable by Fujitsu Services shall be based on a series of measurements, accumulated over a range of Services. This paragraph 3 specifies the contribution made by the NBS.

3.1.2 In respect of each Service Level Measurement Period the liquidated damages payable by Fujitsu Services for failures to achieve the SLTs set out in paragraphs 2.1.5 and 2.3.3 of this Annex 3 shall equal:

(a) the sum of Remedies(Time) and Remedies(Reliability) as referred to in paragraph 3.3 of this Annex 3 and Table 4 of the CCD entitled *"Branch Network: Service Description" (SVM/SDM/SD/0011)* respectively for that period, less

(b) the amount recoverable under paragraph 3.1.7(a) as liquidated damages for any failures of the ARLs corresponding to those SLTs.

3.1.3 In respect of each Availability Period the liquidated damages payable by Fujitsu Services under this Annex 3 shall equal the sum of Remedies(Availability1) and Remedies(Availability2) as referred to in paragraph 3.4 for that period.

3.1.4 In addition to the sums referred to in paragraphs 3.1.2 and 3.1.3 of this Annex 3 Fujitsu Services shall also pay liquidated damages calculated as set out in paragraph 4 of this Annex 3.

3.1.5 The total cumulative sums payable for liquidated damages by Fujitsu Services under this Agreement shall not exceed the limits set out in paragraph 2.7 of Schedule C1.

3.1.6 Liquidated damages shall never be payable by Post Office under this Annex 3 and if the result of a calculation under paragraphs 3.1.2, 3.1.3 or 4 is negative, Fujitsu Services shall not be obliged to pay liquidated damages in respect of that Service Level Measurement Period or Availability Period (as the case may be) and the negative sum shall be disregarded and not set off

FUJ00000070



against liquidated damages payable by Fujitsu Services in respect of future Service Level Measurement Periods or Availability Periods.

3.1.7 If Fujitsu Services fails to achieve the ARL specified in paragraph 2.3.4 of this Annex 3 in a Service Level Measurement Period, Post Office shall be entitled to recover in respect of that failure the greater of:

(a) liquidated damages equal to the sum of Remedies(Time) and Remedies(Reliability) as referred to in paragraph 3.3 of this Annex 3 and Table 4 of the CCD entitled *"Branch Network: Service Description" (SVM/SDM/SD/0011)* for that period, substituting, in making that calculation, the figures in the second column in the following table with the figures in the third column:

| Term as defined in paragraph 3.2 below | Figure in defined term | Substitute figure |
|---|---|---|
| FixedC(NBS) | 4 | 8 |
| DialledC(NBS) | 8 | 12 |
| ADSLC(NBS) | 5 | 9 |
| F | 99 | 95 |
| D | 97 | 90 |
| A | 99 | 95 |

and

(b) Post Office Additional Costs.

3.2 Definitions

In this paragraph 3.2 of this Annex 3, the following expressions shall have the following meanings:

**FixedT(NBS)** The total number of Banking Transactions carried out using a Fixed Connection in the relevant Service Level Measurement Period.

**DialledT(NBS)** The total number of Banking Transactions carried out using a Dialled Connection in the relevant Service Level Measurement Period.

**ADSLT(NBS)** The total number of Banking Transactions carried out using a ADSL Connection in the relevant Service Level Measurement

FUJ00000070

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| | |
|---|---|
| | Period. |
| **FixedC(NBS)** | FixedT(NBS) multiplied by (Fixed $T_{AVE}$ - 4). |
| **DialledC(NBS)** | DialledT(NBS) multiplied by (Dialled $T_{AVE}$ - 8). |
| **ADSLC(NBS)** | ADSLT(NBS) multiplied by ($ADSLT_{AVE}$ - 5). |
| **Reliability (Dialled)** | Reliability in Branches using Dialled Connections taken together, for the periods such Dialled Connections are scheduled to be used. |
| **Reliability (Fixed)** | Reliability in Branches using Fixed Connections taken together, for the periods such Fixed Connections are scheduled to be established. |
| **Reliability (ADSL)** | Reliability in Branches using ADSL Connections taken together, for the periods such ADSL Connections are scheduled to be established. |
| **F** | 99 – Reliability (Fixed) divided by 100. |
| **D** | 97 - Reliability (Dialled) divided by 100. |
| **A** | 99 – Reliability (ADSL) divided by 100. |
| **Counter Transaction Time** | 30 Seconds. |
| **V** | Aggregate Average Branch Outage (NB Core Hours) – SLT Average Branch Outage (NB Core Hours), or zero if the result of that calculation is negative. |
| **H** | Total NB Core Hours in the Availability Period. |
| **A** | H - SLT Average Branch Outage (NB Core Hours). |
| **T(D)** | Total number of Cash Deposit Banking Transactions. |
| **T(W)** | Total number of Non-CAPO cash Withdrawal Banking Transactions + Total number of Non-CAPO Cash Withdrawal with Balance Banking Transactions. |
| **T(B)** | Total number of Non-CAPO Balance Enquiry Banking Transactions. |

3.3 NB Request and NB Authorisation transmission times

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3.3.1 The formula for calculating liquidated damages for excess NB Request and NB Authorisation transmission time shall be as follows:

(((Number of Fixed Transactions x (average number of Fixed Transactions – 2.5)) +

((Number of ADSL Transactions x (average number of ADSL Transactions – 2.5)) +

((Number of Dialled Transactions x (average number of Dialled Transactions – 2.5))) x 1.03p

3.3.2 The result of the calculation of Remedies(Time) may be a negative value.

3.4 NBS Availability

3.4.1 The formulae for calculating liquidated damages for non-availability of the NBS shall be as follows:

(a) Remedies(Availability1) = {T(D) + T (W) x 0.8 + T(B)} x {V/A} x £0.37

(b) Remedies(Availability2) = {Number of Core NB System faults (Non-NB Core Hours) - Service Level Targets Core NB System Faults (Non-NB Core Hours)) x £2,538.

3.4.2 If the result of the calculation of Remedies(Availability2) is negative, a value of zero shall be substituted as the value of Remedies(Availability2).

4. **MIS BANK ANALYSIS REPORT**

If the "**MIS Bank Analysis Report**" which Fujitsu Services is obliged to provide under the CCD entitled "Management Information Service: Service Description" (CS/SER/015) is not provided once a week electronically using "Business Objects" software (or such other software as may be agreed by the parties in writing from time to time) within one (1) Working Day after the end of the period covered by the Report or such later time as Post Office may specify then Fujitsu Services shall pay to Post Office liquidated damages calculated as follows:

4.1.1 Remedies (MIS Bank Analysis Report) = (number of Transactions on report in question/1,000,000) x (number of Working Days report is late x£69.79).

4.1.2 There shall be no Service Level Targets or ARLs in respect of the delivery of the MIS Bank Analysis Report.

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## PART B - DEBIT CARD SERVICE LEVELS AND REMEDIES

### 5. PAYMENT FILE DELIVERY

5.1 Fujitsu Services' obligations regarding transmission of Payment Files (as that term is defined in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution" (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001))) to the MA shall be as specified in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution" (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)). In the event that an attempt to transmit a Payment File to the MA in accordance with that CCD fails then those provisions shall be supplemented by paragraph 5.2.

5.2 Where Fujitsu Services attempts to transmit a Payment File to the MA and the attempt is unsuccessful Fujitsu Services shall be required to make one further attempt to transmit that file to the MA on that day. If such further attempt fails, Fujitsu Services shall report the same to the Post Office. Thereafter, Fujitsu Services shall provide such assistance and co-operation as set out in the Working Document entitled "DC Operational Level Agreement" for the purposes of procuring the transmission of that Payment File to the MA as soon as reasonably practicable.

5.3 In the event that the process specified in paragraph 5.2 above has been followed by Fujitsu Services, no payment of liquidated damages (as specified in paragraph 5.4 below) will be payable by Fujitsu Services due to the relevant Payment File not reaching the MA.

5.4 Subject to paragraph 5.3 above, in the event that a Payment File is not received by the MA by the time specified for such in the CCD entitled "Horizon – Streamline Application Interface Specification" (EF/IFS/002) on the day after creation of the Payment File, liquidated damages will be payable by Fujitsu Services to Post Office, by Fujitsu Services issuing Post Office with a credit note, as soon as reasonably practicable following the day on which the MA receives the Payment File. Such liquidated damages (to be applied by way of credit) will be calculated in accordance with the following formula:

liquidated damages per Payment File not received as stated above (£) = {(X x Y)/365} x Z

where:

X = the value (pounds sterling) of the relevant Payment File;

Y = the figure (expressed as a percentage) representing the base rate of Barclays Bank Plc (prevailing on the day the Payment File is required to be delivered (as specified in the CCD entitled "Horizon – Streamline Application Interface Specification" (EF/IFS/002)) plus 3 per cent.; and

Z = the number of days from and including the date after creation of the Payment File until and including the day on which the MA receives the Payment File.

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## 6. DEBIT CARD EXCEPTIONS

6.1 For the purposes of this paragraph 6:

6.1.1 "**DC Exception**" means a DC Transaction which is in system state category number 1 or 6, as set out in the CCD entitled "Network Banking End to End Reconciliation Reporting" (CS/SPE/011);

6.1.2 "**DC Exception Reimbursement**" means a DC Exception classified as such by Fujitsu Services in the relevant BIM Report;

6.1.3 "**DC Transaction Value**" means the transaction value (in pounds sterling) of the relevant DC Exception; and

6.1.4 "**Relevant Data**" has the meaning give to that term in paragraph 6.3 below.

6.2 In the event that a DC Exception arises solely as a result of the acts or omissions of Fujitsu Services, Fujitsu Services shall send to Post Office a BIM Report in accordance with the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002)).

6.3 Fujitsu Services shall include in the BIM Report submitted pursuant to paragraph 6.2 above the Merchant ID, the card number, Transaction amount, Transaction code and Transaction date for the DC Exception in question. In addition, save in respect of each DC Exception Reimbursement (in which case the provisions of paragraph 6.6 below shall apply), Fujitsu Services shall use reasonable endeavours to obtain from the relevant Branch the following data (the "Relevant Data") (for inclusion in the relevant BIM Report) from the receipt for the DC Exception in question:

6.3.1 issue number (to the extent that the issue number is required by the card scheme issuer for manual settlement (as confirmed in the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002))); and

6.3.2 Expiry Date.

6.4 Fujitsu Services' obligation to obtain the Relevant Data as specified in paragraph 6.3 above shall cease in the event that:

6.4.1 Fujitsu Services has been notified by the NBSC of the closure of the Branch; or

6.4.2 upon contacting the Branch, the information cannot be obtained (including, without limitation, where the Receipt either does not exist, is damaged or the information is illegible).

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The detailed process for attempting to contact the Branch and attempting to obtain the Relevant Data shall be documented in the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002)).

6.5 In respect of each DC Exception (other than a DC Exception Reimbursement), in the event that:

6.5.1 Fujitsu Services fails to provide the Relevant Data;

6.5.2 the circumstances specified in sub-paragraphs 6.4.1 or 6.4.2 above have not arisen; and

6.5.3 Post Office itself obtains the Relevant Data directly from the Branch,

Fujitsu Services shall pay Post Office the sum of £353.47 (representing Post Office's costs of obtaining the Relevant Data and effecting manual settlement).

6.6 In respect of each DC Exception Reimbursement, Fujitsu Services shall pay to Post Office an amount equal to the sum of the DC Transaction Value and £125.06.

6.7 Save where paragraph 6.5 applies (in which event the provisions of this paragraph 6.7 shall not apply), for each DC Exception (other than a DC Exception Reimbursement) Fujitsu Services shall (provided manual settlement has been effected) pay to Post Office the lesser of:

6.7.1 £125.06; and

6.7.2 £100.00,

in respect of Post Office's costs of effecting manual settlement.

6.8 Save in respect of a DC Exception Reimbursement, in the event that:

6.8.1 due solely to the acts or omissions of Fujitsu Services the BIM Report referred to in paragraph 6.2 is not delivered to Post Office within the time period (for the purposes of avoiding "charge backs") specified in the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002)) or the BIM Report is delivered within that time period but it does not include the Relevant Data in circumstances where Fujitsu Services is in Default of its obligation in paragraph 6.3 above to obtain such Relevant Data or a payment is required to be made to Post Office pursuant to paragraph 6.5 above; and

6.8.2 the Merchant Acquirer does not reimburse Post Office the DC Transaction Value,

Fujitsu Services will reimburse Post Office the DC Transaction Value.

FUJ00000070

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6.9 In the event that Fujitsu Services fails to deliver the BIM Report on time pursuant to paragraph 6.2 above or the BIM Report is delivered on time but it does not include the Relevant Data in circumstances where Fujitsu Services is in Default of its obligation in paragraph 6.3 above to obtain such Relevant Data or a payment is required to be made to Post Office pursuant to paragraph 6.5 above, it shall pay to Post Office liquidated damages. The liquidated damages shall be calculated in accordance with the following formula:

liquidated damages (£) = (N x TV x Y) / 365

where:

N = the number of MSU Days, including the day the BIM Report was due for delivery pursuant to paragraph 6.2 above, that the BIM Report is delivered late;

TV = the DC Transaction Value; and

Y = the figure (expressed as a percentage) representing the base rate of Barclays Bank Plc (prevailing on the day the BIM Report was due for delivery (as specified in the CCD entitled "Reconciliation Service: Service Description" (SVM/SDM/SD/0015) (formerly "On Line Services Reconciliation & Incident Management" (NB/PRO/002))) plus 3 per cent.

6.10 The Parties acknowledge that the fundamental commercial assumptions underlying the provisions of this paragraph 6 are that (i) the total number of DC Exceptions in any calendar month shall not exceed 100 and (ii) the total number of DC Exception Reimbursements in any calendar month shall not exceed 20. Accordingly, the Parties agree that should these assumptions prove to be incorrect they shall review and in good faith negotiate appropriate amendments to the provisions of this paragraph 6.

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## ANNEX 4 TO SCHEDULE B4.4 - MISCELLANEOUS SERVICES

### 1. IMPLEMENTATION - SERVICE LEVEL TARGETS: INSTALLATION OF SERVICE INFRASTRUCTURE

General principles for creating Service Levels for each Implementation shall be agreed between Post Office and Fujitsu Services on a case by case basis in accordance with the Change Control Procedure.

### 2. SERVICE LEVELS AND OTHER TARGETS FOR TESQA

2.1 Availability

2.1.1 Fujitsu Services shall, upon the expiry of each SLT Calendar Year, measure the time that TESQA was available to be logged on to by TESQA Users as a proportion of the total time between 07:00 and 22:00 on each day of that year ("**TESQA Availability**").

2.1.2 The Service Level Target is that TESQA Availability in each SLT Calendar Year shall be no less than 99.75% which equals less than or equal to 13 hours 30 minutes Downtime. Fujitsu Services shall notify Post Office of any failures to achieve this target monthly on an exception basis.

2.1.3 For the purposes of the above SLT, the Service Level Measurement Period is each SLT Calendar Year.

2.2 Query Time

2.2.1 Fujitsu Services shall use reasonable endeavours to ensure that the query time for all properly constrained transaction queries (as defined below) between 07:00 and 18:00 is no longer than 20 seconds.

2.2.2 For the purposes of paragraph 2.2.1, a properly constrained transaction query is one of:

(a) A PAN and a date/time range of 31 days or less (rolling).

(b) A PAN, an amount and a date/time range of 31 days or less (rolling).

(c) A PAN, a Banking Transaction and a date/time range of 31 days or less (rolling).

(d) A PAN, a FAD, a frequency greater than 1 and a date/time range of 31 days or less (rolling).

(e) No PAN, but an amount greater than 4,999.98 and a date range of less than 1 day.

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(f) No PAN, but a frequency greater than 4 and a date range of less than 1 day

2.2.3 If Fujitsu Services persistently fails to achieve the target described in paragraph 2.2.1 as a result of a lack of capacity or performance of the Horizon Service Infrastructure, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

2.2.4 Fujitsu Services shall make available a report of the TESQA query times to the Service Management Relationship. The report shall show, for different periods during 07:00 and 22:00 of each day, the query times for each type of query (including for properly constrained transaction queries, unconstrained transaction queries, data queries and count only queries).

2.2.5 TESQA will have the ability to decrypt encrypted PANs on an individual basis. These requests shall be excluded from the measurement of achievement of the target in paragraph 2.2.1 above.

2.2.6 For properly constrained transaction queries using a PAN as described in paragraph 2.2.2 above, the target time in paragraph 2.2.1 above shall be extended. Such extension to the target time shall be agreed between the Parties and shall not exceed twice the target time in paragraph 2.2.1 above. The extended target time shall apply from X2 (as described in Part 1 of Annex 1 of Schedule B5) until a date to be agreed between the Parties that shall be a date after there are no more in clear PAN values within the Transaction Enquiry Service.

2.3 Data Load

2.3.1 Fujitsu Services shall measure the time taken for data to become available for interrogation to TESQA, measured from the time that the data is available within the Data Centre either from an external source, or when an update to the status of a Transaction is recorded in Transaction data by the Data Centre components internally ("Data Load Time").

2.3.2 The Service Level Target in respect of the Data Load Time is that:

(a) Subject to paragraph 2.3.2(c), 97% of the data will be available within 15 minutes between 07:00 and 20:00 on each day of each SLT Calendar Year, except in the event that the Transaction Enquiry Service fails or an Incident occurs in which case the data will be available within two hours (for 100% of all queries);

(b) Subject to paragraph 2.3.2(c), 97% of the data will be available within 40 minutes between 20:00 and 22:00 on each day of each SLT Calendar Year, except in the event that the Transaction Enquiry Service fails or an Incident occurs in which case the data will be available within two hours (for 100% of all queries);

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(c) 100% of the data will be available within four hours during each SLT Calendar Year at all other times of the day; and

(d) For the purposes of the SLT described in paragraph 2.3.2, the Service Level Measurement Period is each SLT Calendar Year.

2.4 After Hours Availability

2.4.1 Fujitsu Services shall use reasonable endeavours to:

(a) ensure that TESQA is available to be logged on to by TESQA Users under normal operation on a 24 x 7 basis other than during periods of daily overnight maintenance;

(b) notify Post Office in advance of the approximate start and finish times of such overnight maintenance periods, such periods being no longer than four hours in duration; and

(c) ensure that during such overnight maintenance periods TESQA is taken off-line for a total period of no longer than 30 minutes duration.

## 3. SERVICE LEVELS FOR POL FS SERVICES

### 3.1 Availability

3.1.1 Fujitsu Services shall measure the time that Configured POL FS in live operational use (as opposed to in development or testing environments) is available to be logged into by POL FS Users as a proportion of the total time between 07:30 and 19:30 hours on Working Days ("**POL FS Availability**").

3.1.2 Subject to paragraph 3.1.3, the Service Level Target for the POL FS System is that:

(a) POL FS Availability in each Service Level Measurement Period shall be greater than or equal to 98.5%.

(b) the POL FS System shall not be unavailable to be logged into by POL FS Users on any single occasion in any Service Level Measurement Period for more than four hours, or ten hours where offsite engineering expertise or replacement equipment is required,

measuring time in relation to paragraphs 3.1.2(a) and 3.1.2(b) between 07:30 and 19:30 on Working Days only and excluding time required, following a failure, to repair or recover Configured POL FS, the SAP Loading Applications and/or the underlying database.

3.1.3 If the elements of the POL FS System used to support live operational use of Configured POL FS become unavailable and failover occurs pursuant to paragraph 5.2 of Schedule B2, the period of such unavailability shall not be

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taken into account for the purposes of assessing Fujitsu Services' performance in respect of the SLT set out in paragraph 3.1.2 above.

3.1.4 In the event that the SLT set out in paragraph 3.1.2 is not met, Fujitsu Services shall provide Post Office with an analysis of the reasons for the failure. Post Office and Fujitsu Services shall agree a reasonable rectification and improvement plan to address the failure.

3.2 Data Loads

3.2.1 Fujitsu Services shall use reasonable endeavours within the capacity and performance constraints of the POL FS System to ensure that all data from the following sources, required to be loaded onto Configured POL FS, which is received by the following times, is successfully loaded onto Configured POL FS by 07:30 on Day B.

| Data source | Data received by Fujitsu Services from data source by |
|---|---|
| SAPADS | 05:30 hrs on Day B |
| RDS (Vendors) | 23:59 hrs on Day A |
| RDS (Customer) | 23:59 hrs on Day A |
| RDS (Products) | 23:59 on Day A |
| RDS (Branch) | 23:59 on Day A |

3.2.2 When a new Client interface to the POL FS System is introduced by Post Office the design target for "New Client" in paragraph 3.2.1 shall apply to data being loaded from that Client provided that:

(a) no volumes in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) are exceeded; and

(b) no new physical link to the POL FS System is required.

3.2.3 The measurement of the design targets in paragraph 3.2.1 shall not include any failure to load any data onto Configured POL FS where such failure is caused either by:

(a) the incorrect functioning of PRISM application code; or

(b) the incorrect configuration of Configured POL FS (including but not limited to missing FAD) provided that such incorrect configuration is a result of configuration activity that is not the responsibility of Fujitsu Services.

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3.2.4 If Fujitsu Services persistently fails to achieve the targets described in paragraph 3.2.1 as a result of lack of capacity or performance of the POL FS System, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

3.3 Transaction Performance

3.3.1 For the purposes of this paragraph 3.3, **"SAP System Time"** means the time that it takes for the SAP Software elements (excluding network and communication links) of the POL FS System to complete any given transaction that a POL FS User may perform using Configured POL FS.

3.3.2 The Parties shall agree from time to time (such agreement not to be unreasonably withheld) and record a reasonable sample set of transactions types that may be undertaken by POL FS Users ("**Sample Transaction Types**") using Configured POL FS and a target maximum SAP System Time in respect of each such transaction type and each shall be specified, once agreed, in this Schedule B4.4.

3.3.3 Fujitsu Services shall monitor the Sample Transaction Types to determine the average SAP System Time for transactions of each Sample Transaction Type in each Service Level Measurement Period.

3.3.4 Fujitsu Services shall use reasonable endeavours within the capacity and performance constraints of the POL FS System to ensure that the average SAP System Times for transactions of each Sample Transaction Type as measured in each Service Level Measurement Period do not exceed the applicable target maximum SAP System Times specified in this accordance with paragraph 3.3.2 of this Schedule B4.4.

3.3.5 If Fujitsu Services persistently fails to achieve the targets referred to in paragraph 3.3.4 as a result of a lack of capacity or performance of the POL FS System, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

3.4 Data File Production

3.4.1 Provided that data is available to be extracted from Configured POL FS by the times agreed for the commencement of the jobs to perform the extractions as set out in the CCD entitled "POLSAP Technical Interface Specification" (POLSAP/DES/GEN/SPE/0002) (formerly " Technical Interface Specification Impact Programme: POLFS S80 Technical Specifications" (EA/IFS/030)), Fujitsu Services shall use reasonable endeavours to produce the following data files from Configured POL FS by the following times:

| Data file to be produced | Data file to be produced by |
|---|---|
| **NS&I File** | 100% produced by 23:59 Saturday |
| **Alliance & Leicester File** | 100% produced by 23:59 Saturday |

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| | |
|---|---|
| **SAPADS File** | 100% produced 07:30 daily |

3.4.2 The measurement of the design targets in paragraph 3.4.1 shall not include any failure to extract any data from Configured POL FS where such failure is caused either by:

(a) the incorrect functioning of PRISM application code; or

(b) the incorrect configuration of Configured POL FS (including but not limited to missing FAD) provided that such incorrect configuration is a result of configuration activity that is not the responsibility of Fujitsu Services.

3.4.3 If Fujitsu Services persistently fails to achieve the targets described in paragraph 3.4.1 as a result of lack of capacity or performance of the POL FS System, then increases in capacity or performance required to address the deficiency shall be dealt with by the Capacity Management Service.

3.5 Remedies

The targets specified in paragraphs 3.2.1, 3.3.4 and 3.4.1 are not SLTs, ARLs or LDTs and there are no remedies applicable in the event of failure to achieve those targets or the SLT described in paragraph 3.1.2, other than the remedies specified in this paragraph 3 which shall be Post Office's exclusive remedy in respect of any such failures.

3.6 Failover

If the elements of the POL FS System used to support live operational use of Configured POL FS become unavailable and failover occurs pursuant to paragraph 5.2 of Schedule B2, the period of such unavailability shall not be taken into account for the purposes of assessing Fujitsu Services' performance in respect of the design targets set out in paragraphs 3.2, 3.3 and 3.4 above.

4. SERVICE LEVELS FOR POL MI HOSTING SERVICES

4.1 Availability

4.1.1 Fujitsu Services shall measure the time that Configured POL MI is in live operational use (as opposed to in development or testing environments) ia available to be logged into by POL MI users as a proportion of the total time between 0700 and 1900 on Working Days excluding any pre-arranged system outage agreed between the parties ("POL MI Availability).

4.1.2 Subject to paragraph 4.1.3, the Service Level Target for the POL MI System is that:

4.1.2.1 POL MI Availability in each Service Level Measurement Period shall be greater than or equal to 98.5%,

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4.1.2.2 The POL MI System shall not be unavailable to be logged into by POL MI Users on any single occasion in any Service Level Measurement Period for more than four hours, or ten hours where offsite engineering expertise or replacement equipment is required.,

measuring time in relation to paragraphs 4.1.2.1 and 4.1.2.2 between 0700 and 1900 on Working Days only and excluding time required, following a failure, to repair or recover Configured POL MI and/or the underlying database. For the avoidance of doubt, there are no remedies applicable in the event of failure to achieve the SLT described in this paragraph other than the remedies specified in this paragraph 4 which shall be Post Office's exclusive remedy in respect of any such failures,

4.1.3 In the event that the SLT set out in paragraph 4.1.2 is not met, Fujitsu Services shall provide Post Office with an analysis of the reasons for the failure. Post Office and Fujitsu Services shall agree a reasonable rectification and improvement plan to address the failure.

4.1.4 If Fujitsu Services persistently fails to achieve the targets described in paragraph 4.1.2 as a result of lack of capacity or performance of the POL MI System, then increases in capacity or performance required to address the deficiency shall be the responsibility of Post Office and until such deficiency is resolved Fujitsu Services shall not be required to achieve the targets described in paragraph 4.1.2.

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## ANNEX 5 TO SCHEDULE B4.4 – VOLUMETRIC LIMITS

| Service | Volumetric Limit | | Relevant Period | Affected Service Levels |
|---|---|---|---|---|
| Reconciliation Service | 100 exceptions | | Per day | Annex 4 paragraph 2 |
| Service Desk Service | Financial Year | Limit (Branch originated Incidents recorded at the Service Desk) | Per calendar month | Annex 1 paragraph 2 |
| | 02/03 | 13000 | Per calendar month | |
| | 03/04 | 13000 | Per calendar month | |
| | 04/05 | 13000 | Per calendar month | |
| | 05/06 | 12750 | Per calendar month | |
| | 06/07 | 12500 | Per calendar month | |
| | 07/08 | 12250 | Per calendar month | |
| | 08/09 | 12000 | Per calendar month | |
| | 09/10 | 11750 | Per calendar month | |

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## ANNEX 6 TO SCHEDULE B4.4

## TABLE OF EXISTING SERVICE LEVELS AND CORRESPONDING SERVICE DESCRIPTIONS

| Existing Service Level | Existing Service Level Reference in Schedule B4.4 | Corresponding Service Description |
|---|---|---|
| Service Desk | Annex 1 | Service Desk Service |
| APS | Annex 2, paragraph 2.1 | Data Centre Operations Service |
| Transaction loading onto Configured POL FS | Annex 2, paragraph 2.2 | Data Centre Operations Service |
| LFS | Annex 2, paragraphs 2.3 and 3.3 | Data Centre Operations Service |
| Delivery of Transaction Correction Records | Annex 2, paragraph 2.4 | Data Centre Operations Service |
| Delivery of HR SAP Files | Annex 2, paragraph 2.5 | Data Centre Operations Service |
| APS Client data | Annex 2, paragraph 3.1 | Data Centre Operations Service |
| Reference Data | Annex 2, paragraph 3.2 | Reference Data Service |
| Message Broadcast | Annex 2, paragraph 3.4 | Message Broadcast Service |
| Delivery of Reconciliation and Settlement Reports | Annex 2, paragraph 3.5 | Reconciliation Service |
| Dispatch of REC Files | Annex 2, paragraph 3.6 | Reconciliation Service |
| Delivery of Data Files to POL MIS | Annex 2, paragraph 3.7 | Data Centre Operations Service |
| Delivery of CTS files | Annex 2, paragraph 3.8 | Data Centre Operations Service |
| NB Request and NB Authorisation transmission times | Annex 3, paragraph 2.1 | Data Centre Operations Service |
| NBS Availability Measures | Annex 3, paragraph 2.2 | Data Centre Operations |

FUJ00000070

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| Existing Service Level | Existing Service Level Reference in Schedule B4.4 | Corresponding Service Description |
|---|---|---|
| | | Service |
| Data Reconciliation Service measures | Annex 3, paragraph 2.3 | Reconciliation Service |
| NB Request and NB Authorisation transmission times | Annex 3, paragraph 3.3 | Data Centre Operations Service |
| NBS Availability | Annex 3, paragraph 3.4 | Data Centre Operations Service |
| MIS Bank Analysis Report | Annex 3, paragraph 4 | Management Information Service |
| Payment File Delivery | Annex 3, paragraph 5 | Reconciliation |
| Debit Card Exceptions | Annex 3, paragraph 6 | Reconciliation |
| TESQA | Annex 4, paragraph 2 | Data Centre Operations Service |
| POL FS | Annex 4, paragraph 3 | Data Centre Operations Service |

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**SCHEDULE B5**

**TRANSITION AND MIGRATION**

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.2 |
| 4.1 | 13/05/09 | Applying changes as per CCN1258 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/12/09 | Applying changes as per CCN 1268 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Applying changes as per CCN1289a and CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

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# SCHEDULE B5

# TRANSITION AND MIGRATION

1. [NOT USED]

## 2. INTRODUCTION

2.1 This Schedule B5:

2.1.1 records the activities and obligations that are to be performed (and the Dependencies as at signature of CCN1246 that are to be satisfied) in relation to Transition and incorporates the HNG-X Programme Plan as at signature of CCN1246 relating to the performance of those activities and obligations (and the satisfaction of those Dependencies)

2.1.2 describes certain transitional business continuity arrangements; and

2.1.3 describes the Infrastructure Services and the elements of:

(a) the Horizon Service Infrastructure forming part of the Infrastructure; and

(b) the Horizon Applications that will apply;

during the Roll Out Phase.

2.2 Provisions relating to performance of the Tasks, and the procedure for reviewing and making changes to the HNG-X Programme Plan after the date of signature of CCN1200, are set out in Schedule B6.2.

2.3 Fujitsu Services shall carry out Transition in compliance with the Migration and Implementation Requirements and the HNG-X Migration Assumptions.

2.4 The HNG-X Programme Plan and a description of the Dependencies as at the date of signature of CCN1246 are set out at Parts 2 and 3, respectively, of Annex 1 to this Schedule. The Parties agree that those parts to that Annex need not be updated to reflect changes made subsequently to the HNG-X Programme Plan.

## 3. ACTIVITIES AND OBLIGATIONS RELATING TO TRANSITION

### 3.1 Introduction

The activities and obligations that are to be performed in relation to Transition fall into two categories:

3.1.1 those activities and obligations that are required exclusively for the purposes of Project HNG-X (**"HNG-X Project Activities"**); and

3.1.2 those activities and obligations that effect changes to the Existing Services, Horizon Applications and Horizon Service Infrastructure that are not required exclusively for the purposes of Project HNG-X (**"Associated Change Activities"**).

### 3.2 HNG-X Project Activities

3.2.1 The HNG-X Project Activities are divided across the following HNG-X Project Workstreams:

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(a) HNG-X Application development and testing;

(b) Migrate Data Centres to HNG-X Configuration;

(c) HNG-X Application Pilot;

(d) HNG-X Application Rollout;

(e) Not used;

(f) Post Application ADSL Changes; and

(g) Decommission of Horizon equipment situated in the Data Centres.

3.2.2 The HNG-X Project Workstreams are further described in Part 1 of Annex 1 to this Schedule.

3.2.3 The relationship between the Tasks and Dependencies and the respective HNG-X Project Workstreams is set out at Level 2 in the HNG-X Programme Plan.

## 3.3 Associated Change Activities

3.3.1 The Associated Change Activities are divided across the following Associated Change Workstreams:

(a) Service Desk Improvements;

(b) Next Day Engineering Service;

(c) Branch Network Changes;

(d) AP Clients Migrated to EDG;

(e) Branch router development;

(f) Branch Router Rollout; and

(g) Horizon counter PCI development

3.3.2 The Associated Change Workstreams are further described in Part 1 of Annex 1 to this Schedule.

3.3.3 The relationship between the Tasks and Dependencies and the respective Associated Change Workstreams is set out at Level 2 in the HNG-X Programme Plan.

## 3.4 Trigger Events

The Trigger Events for the transition of the HNG-X Services, other than the BCSF Service, are set out in Schedule B3.1.

## 3.5 Migration Assumptions

3.5.1 Where any HNG-X Requirement within the Migration and Implementation Requirements is inconsistent with an assumption which is (a) related to that HNG-X Requirement and (b) set out in the HNG-X Migration Assumptions, that

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inconsistency shall be dealt with in accordance with paragraph 4.1.2 of Schedule B6.1.

3.5.2 In the event that:

(a) the outcome of paragraph 3.5.1 is that an HNG-X Requirement is modified under the HNG-X Programme Requirements Change Control Process to avoid an inconsistency with the HNG-X Migration Assumptions and there is a consequent amendment needed to (i) any Tasks or (ii) any Dependencies related to those Tasks; or

(b) there is any inconsistency between the HNG-X Migration Assumptions and (i) any Tasks or (ii) any Dependencies related to those Tasks, then to the extent that such inconsistency is identified before completion of the Task referred to in the HNG-X Programme Plan as 'HNGXL2_0330' ("High-level Design"),

such matters and any amendment necessary to the HNG-X Programme Plan shall be dealt with under the Change Control Procedure with the intention that:

(c) such adjustment to the Charges for Project HNG-X as may be necessary shall not include adjustment to any of the Price Thresholds; and

(d) neither Party shall be obliged to carry out such Tasks or Dependencies to the extent of that inconsistency until an appropriate CCN has been agreed by both Parties.

3.5.3 If the outcome of paragraph 3.5.1 is not that an HNG-X Requirement is modified, but the Parties agree instead to modify the HNG-X Migration Assumptions to avoid an inconsistency with that HNG-X Requirement, such modification and any consequent amendment needed to (i) any Tasks or (ii) any Dependencies related to those Tasks, shall be dealt with under the Change Control Procedure with the intention that:

(a) any adjustment to the Charges for Project HNG-X as may be necessary may include adjustment to the Price Thresholds; and

(b) neither Party shall be obliged to carry out such Tasks or Dependencies to the extent of that inconsistency until an appropriate CCN has been agreed by both Parties.

## 4. TRANSITIONAL BUSINESS CONTINUITY, INFRASTRUCTURE AND HORIZON APPLICATIONS DURING TRANSITION

4.1 Annex 2 to this Schedule B5 sets out:

4.1.1 in Part 1 of that Annex, the Infrastructure Services and the elements of the Horizon Service Infrastructure forming part of the Infrastructure during the Roll Out Phase;

4.1.2 in Part 2 of that Annex, the elements of the Horizon Applications that shall apply in each Branch during the Roll Out Phase, prior to the HNG-X Date for that Branch; and

4.1.3 in Part 3 of that Annex, the business continuity provisions specific to NBS that shall apply during the Roll Out Phase.

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## 5. ASSOCIATED DOCUMENTS

5.1 The following CCDs are associated with this Schedule B5:

| | Document Reference | Document Title |
|---|---|---|
| 1 | REQ/CUS/STG/0001 | HNG-X Migration Strategy - Agreed Assumptions and Constraints |
| 2 | SD/STD/001 | Horizon Office Platform Service Style Guide |
| 3 | RS/FSP/001 | Security Functional Specification |
| 4 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 5 | CS/SIP/002 | Business Continuity Framework |
| 6 | AP/MAN/002 | AP-ADC Reference Manual |
| 7 | BP/DOC/008 | Automated Payments System Client List |
| 8 | BP/DOC/014 | POCL Automated Payments Generic Rules |
| 9 | CR/IFS/002 | Automated Payments Interface Specification - EDG / DES |
| 10 | CS/PRD/058 | Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data |
| 11 | BP/IFS/010 | Application Interface Specification Reference Data to Fujitsu Services Limited |
| 12 | CS/IFS/003 | Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement |
| 13 | CR/FSP/006 | Audit Trail Functional Specification |
| 14 | EF/SER/001 | Debit Card MoP Functional Description |
| 15 | SD/DES/005 | Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service |

5.2 There are no CRDs associated with this Schedule B5.

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**ANNEX 1**

**PART 1**

**HNG-X PROJECT WORKSTREAMS, ASSOCIATED CHANGE WORKSTREAMS AND RELATED TRIGGER POINTS, ACCEPTANCE POINTS AND PURCHASE POINTS**

## 1. ILLUSTRATIVE DIAGRAM

1.1 The following diagram shows, for illustrative purposes only, the relationship between HNG-X Project Activities and Associated Change Activities, and some of the Dependencies between them. It also indicates the Parties' views, at the date of signature of CCN1200, of the key Acceptance Points and the points at which significant purchases occur.

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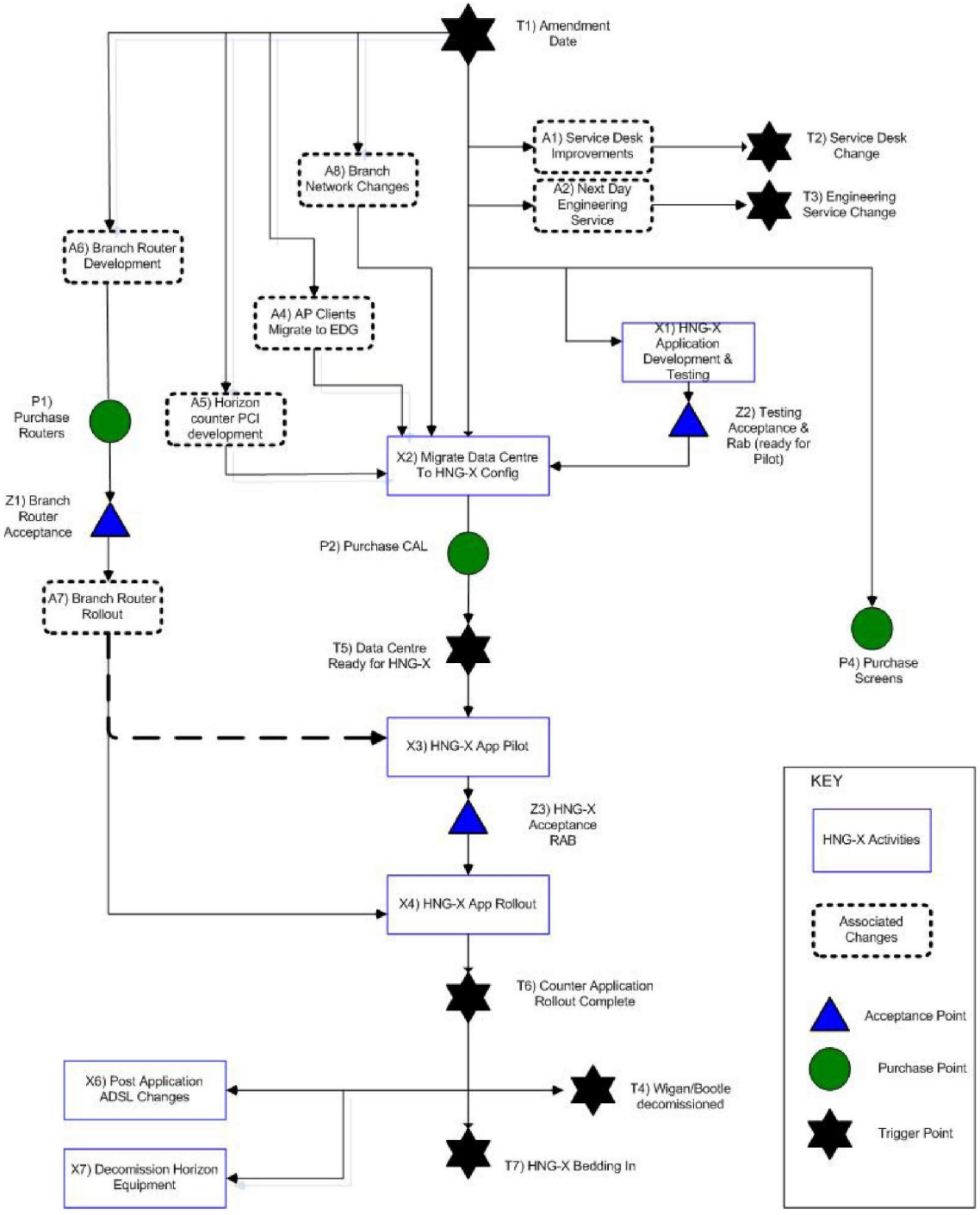

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1.2 In the diagram above and elsewhere in this Agreement, references in the form:

1.2.1 "X1", "X2", "Xn": are references to the HNG-X Project Workstreams designated as such in the first column in Table 1 in this Annex;

1.2.2 "A1", "A2", "An": are references to the Associated Change Workstreams designated as such in the first column in Table 2 in this Annex;

1.2.3 "Z1", "Z2", "Zn": are references to the Acceptance Points designated as such in the first column in Table 3 in this Annex;

1.2.4 "P1", "P2", "Pn": are references to the Purchase Points designated as such in the first column in Table 4 in this Annex; and

1.2.5 "T1, "T2", "Tn": are references to the Trigger Points designated as such in the first column in Table 5 in this Annex.

1.3 Where there is an inconsistency between the description of an item in the diagram above and the description of that item in the Tables in this Part 1 of Annex 1, the description in those Tables shall prevail.

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## DESCRIPTIVE TABLES

**Table 1 - HNG-X Project Workstreams**

| # | Name and HNG-X Programme Plan Reference | Description |
|---|---|---|
| X1 | HNG-X Application development and testing<br><br>**HNGXL2_0175** | Development and testing of the Business Capabilities and Support Facilities and associated HNG-X Service Infrastructure including any changes required to intercept new functionality released on the Horizon Service Infrastructure. This work includes purchase and building of test environments in the Data Centres. This environment will later become the production system at the live Data Centre and the disaster recovery/test system at the disaster recovery site, each such site being a different Data Centre. |
| X1a | FS Testing complete<br><br>**HNGXL2_0942** | A milestone within HNG-X Project Workstream X1 when Fujitsu Services testing is complete. |
| X2 | Migrate Data Centre to HNG-X Configuration<br><br>**HNGXL2_0955** | Migrate the environment used in testing referred to in X1 above to its production configuration.<br><br>Before this activity can start, the AP Clients need to have been migrated to the EDG (A4), the Business Capabilities and Support Facilities development, testing and acceptance has to complete (X1, Z2) and branch network changes have to be completed (A3).<br><br>Included in this activity is the decommissioning of the Data Centres at Wigan and Bootle. |
| X3 | HNG-X Pilot and Acceptance<br><br>**HNGXL2_0990** | Pilot of the Business Capabilities and Support Facilities in the Branch estate.<br><br>Pilot Branches must have had their router installed before they are migrated and the Data Centre needs to be ready for the HNG-X System (T5). |
| X4 | HNG-X Application Rollout<br><br>**HNGXL2_1005** | Rollout of the Business Capabilities and Support Facilities to the Branch estate. Before this can take place, Z3 must have occurred. Rollout will be in accordance with the HNG-X Migration Assumptions.<br><br>Rollout will be deemed to have been completed when the HNG-X Applications have been rolled out to 96% of the Branch estate. Following completion of rollout, Fujitsu Services will accommodate |

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| # | Name and HNG-X Programme Plan Reference | Description |
|---|---|---|
| | | a 2 week activity in order to roll out any remaining Branches that have not been rolled out in the planned period. Branches requiring roll-out beyond that point will be subject to separate arrangements through the Change Control Procedure. Such changes will not be chargeable to Post Office, unless the failure to rollout within the planned period (including the subsequent 2 week activity) is due to matters within the sole responsibility of Post Office.<br><br>Each individual Branch must have had its router installed before it can be migrated. |
| X5 | **Not Used** | |
| X6 | Post Application ADSL Changes<br><br>**HNGXL2_1020** | Branches on ADSL IPStream Office will be migrated to IPStream Home once HNG-X Application Rollout (X4) is complete. This is planned to take three months. |
| X7 | Decommission of Horizon equipment<br><br>**HNGXL2_1010** | Once HNG-X Application Rollout (X4) is complete, elements of the Horizon Service Infrastructure remaining at the Data Centres will be decommissioned. As part of this activity, some software changes will be made at the Data Centres. |

**Table 2 - Associated Change Workstreams**

| # | Name | Description |
|---|---|---|
| A1 | Service Desk Improvements<br><br>**HNGXL2_0010** | The migration of the existing help desk dedicated to Post Office to a single Service Desk shared with other customers of Fujitsu Services, such Service Desk to be based in the United Kingdom and use Fujitsu Services' corporate tool set. |
| A2 | Next Day Engineering Service<br><br>**HNGXL2_0025** | The introduction of 'next day' Service Levels in relation to the Engineering Service, as set out in the Service Description for the Engineering Service. |

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| # | Name | Description |
|---|---|---|
| A3 | Branch Network Changes<br><br>**HNGXL2_0035** | Changes to the Branch telecommunications network including:<br>1) the Branch Network Resilience Service;<br>2) ADSL IP Stream for rural Branches;<br>3) ADSL IP Stream for remaining Branches using ADSL;<br>4) the replacement of VSAT by ADSL or ISDN (in accordance with the HNG-X Migration Assumptions); and<br>5) the consolidation of ISDN types to single data type. |
| A4 | Confirm all Clients have successfully moved to EDG<br><br>**HNGXL2_1130** | APS Clients that are currently directly connected to the Horizon Service Infrastructure are migrated to use the EDG instead.<br><br>The migration is under the management of Post Office. If there is a risk that not all AP Clients will be migrated to the EDG by the time X2 is due to commence, written notice must be given by Post Office to Fujitsu Services by 1 October 2006 in order to allow an alternative approach to be developed (notification after this date risks delay to Project HNG-X). Any changes required will be handled under the Change Control Procedure. |
| A5 | Horizon counter PCI development<br><br>**HNGX_941833** | Development of the solution to implement agreed changes to Horizon counters and the HNG-X System for the handling of Sensitive Authentication Data and Cardholder Data. |
| A6 | Branch router development<br><br>**HNGXL2_0095** | Development of the solution to allow a router to be installed in each Branch to replace the network functionality provided, as at the date of signature of CCN 1200, by the Branch gateway PCs. These changes are introduced to improve the Branch network service (e.g. backup network to almost all Branches) rather than as a cost reduction. The router replaces the facilities provided by the Branch Network Resilience Service. |
| A7 | Branch Router Rollout<br><br>**HNGXL2_0135** | Rollout of routers to the Branch estate can start once the development (A6) and Data Centre Migration (X2) are complete.<br><br>Router rollout dates are as stated in the Programme Plan at Schedule B6.2 Annex 1. As this change is made to the Horizon Service Infrastructure it will be handled as a Release for the Horizon Service Infrastructure.<br><br>Also included in this change is migrating, where reasonably possible, any remaining Branches on ISDN to leased circuits.<br><br>The router devices shall be installed by engineers dedicated solely to the rollout and shall be at no additional cost to Post Office other |

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| # | Name | Description |
|---|---|---|
| | | than as set out in Schedule D7, paragraph 3.3.3.<br><br>The provisions in this row A7 (as amended by CCN 1246) are without prejudice to the provisions of CCN1219 or Commercial Terms (CTs) numbered CT0615c and CT0673 which relate to (amongst other matters) the replacement of Old Style Mobile Configurations with Replacement Mobile Configurations and the roll out of Replacement Mobile Configurations in connection with the roll out of routers to Branches. |

**Table 3 – Acceptance Points**

| | |
|---|---|
| Z1 | HNG-X Acceptance Gateway 1 (Readiness for Router Roll Out) - **HNGXL2_0130** |
| Z2 | HNG-X Acceptance Gateway 3 (Readiness for Live Pilot) and subsequent authorisation for Live Pilot by the RAB - **HNGXL2_0945** |
| Z3 | HNG-X Acceptance Gateway 4 (Readiness for Branch Migration) and subsequent authorisation for migration by the RAB – **HNGXL2_1000** |
| Z4 | **Not Used** |

**Table 4 - Purchase Points**

| # | Name and HNG-X Programme Plan Reference | Description |
|---|---|---|
| P1 | Order Router<br><br>**HNGXL2_0125** | Commit to the purchase of the 3G, 4 port routers for Branches. This needs to occur six months before the rollout of routers (A7) to allow for manufacturing. Some units will need to be purchased before this to support development and testing. |
| P2 | Purchase CAL<br><br>**HNGXL2_0950** | Purchase of Microsoft CAL (Client Access Licences) for counter access to Windows based platforms in the Data Centre. This needs to occur before the Live Pilot. |
| P3 | | |

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| | | |
|---|---|---|
| | **Not Used** | |
| P4 | **Not Used** | |

**Table 5 - Trigger Points**

| # | Name and HNG-X Programme Plan Reference | Description | Planned Date (as at T1 and to be superseded by the HNG-X Programme Plan) |
|---|---|---|---|
| T1 | Amendment Date | The effective date of CCN 1200. | 1 April 2006 |
| T2 | Service Desk Change<br><br>**HNGXL2_0020** | Service Desk changes (A1) complete. | 1 October 2006 |
| T3 | Engineering Service Change Complete<br><br>**HNGXL2_0030** | Engineering Service changes (A2) complete. | 2 May 2006 |
| T4 | Wigan/Bootle Decommissioned<br><br>**HNGXL2_1025** | Data Centres at Wigan and Bootle decommissioned following move of elements of the Horizon Service Infrastructure in those Data Centres to alternative Data Centres of Fujitsu Services. The decommissioning is expected to take three months from the point that the Data Centre is ready for HNG-X (T5). | As shown in the HNG-X Programme Plan at Part 2 of Annex 1 to this Schedule B5 |
| T5 | Data Centre Ready for HNG-X<br><br>**HNGXL2_0965** | Data Centre ready for Live Pilot – which will occur when all changes complete for Live Pilot to go ahead. | As shown in the HNG-X Programme Plan at Part 2 of Annex 1 to |

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| | | | |
|---|---|---|---|
| | | | this Schedule B5 |
| T6 | Counter Application Rollout Complete<br><br>**HNGXL2_1015** | Completion of HNG-X Application Rollout (X4) which will occur when the last Branch is migrated from the Horizon Applications to the Business Capabilities and Support Facilities. | As shown in the HNG-X Programme Plan at Part 2 of Annex 1 to this Schedule B5 |
| T7 | HNG-X Bedding in Period Complete<br><br>**HNGXL2_1070** | Twelve months after completion of HNG-X Application Rollout (X4). This time is to allow the HNG-X System to bed in fully. | As shown in the HNG-X Programme Plan at Part 2 of Annex 1 to this Schedule B5 |

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**ANNEX 1**

**PART 2**

**HNG-X PROGRAMME PLAN**

HNG-X Version 80 Amendment 20 Plan – Level 2



HNGX12_090929CHK P1V80A20.mpp

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**ANNEX 1**

**PART 3**

**DEPENDENCIES**



Dependencies as at CCN1268.xls

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# ANNEX 2

## PART 1

## TRANSITIONAL INFRASTRUCTURE

### 1. INTRODUCTION

1.1 This Part 1 of Annex 2 provides an overview of:

1.1.1 the elements of the Horizon Service Infrastructure forming part of the Infrastructure; and

1.1.2 the related Infrastructure Services that Fujitsu Services shall provide to Post Office,

during the Roll Out Phase.

1.2 The provisions of this Part 1 of Annex 2 shall cease to have effect upon the occurrence of Trigger Point T6: (Counter Application Rollout Complete).

1.3 There are four elements to the Infrastructure applicable to Branches awaiting installation of the Business Capabilities and Support Facilities during the Roll Out Phase:

1.3.1 the Central Infrastructure and Branch Telecom Infrastructure parts of the HNG-X Service Infrastructure described in paragraphs 1.2 and 1.3.2 of Schedule B3.3;

1.3.2 the Branch Infrastructure part of the HNG-X Service Infrastructure described in paragraph 2 of Schedule B3.4;

1.3.3 Office Platform Service (OPS) (as defined in this Annex); and

1.3.4 Transaction Management Service (TMS) (as defined in this Annex).

1.4 OPS shall cease to be applicable in respect of each Branch upon the installation of the Business Capabilities and Support Facilities in respect of that Branch and TMS will cease to be applicable in respect of any Transactions carried out after such date at each such Branch.

1.5 Unless specified otherwise, all references to Branches and Counter Positions in the following paragraphs of this Annex shall be construed to mean those Branches and Counter Positions during the Roll Out Phase where the Business Capabilities and Support Facilities have not been installed and activated.

### 2. OFFICE PLATFORM SERVICE

#### 2.1 Purpose

This paragraph 2 details the functions and capabilities provided by the OPS. The OPS is provided using the Equipment installed in Branches described in Schedule B3.4.

#### 2.2 Availability

##### 2.2.1 User access to OPS

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(a) Users may only log-on to the OPS in their Branch in accordance with their defined role. Any access to data or services outside of that Branch is controlled exclusively by the relevant counter application.

(b) Access to OPS and services offered via OPS to Users working in the Branches shall be controlled by a mechanism conforming to the CCD entitled "Horizon Office Platform Service Style Guide" (SD/STD/001), offering multiple access levels and providing specific identification of each User. An exception to this is the Mails Application which does not conform to the "Horizon Office Platform Service Style Guide" (SD/STD/001).

(c) Authentication of all Users logging on to the OPS in the Branch shall be undertaken by the elements of the Infrastructure on which OPS is based. Full access control and password management facilities shall be provided. Users shall only access those Applications for which they have been given permission by the Branch. Each User shall be identified by a unique User-id and individual password.

(d) The OPS shall provide facilities to enable the Branch Manager to establish new Users and set an initial password for all Users in a Branch. Should a User forget their password the Branch Manager shall be able to reset the password. The same procedure shall apply at single Counter Position Branches and multiple Counter Position Branches.

(e) For situations where the sole User (e.g. Branch Manager in a single Counter Position Branch) has forgotten their password, the OPS shall provide the facility to generate a unique key as part of the log on to a specific username. This shall be phoned to the Help Desk who shall provide the corresponding key which when input to OPS shall allow access to the administration facilities. The User shall then be able to reset their User password.

### 2.2.2 Concurrency

The solution for OPS is based on a PC infrastructure configured such that multiple activities within a Branch do not significantly impact on each other. In particular back office processes (e.g. report production) will be operate on a logically consistent set of data which will not be affected by any concurrent counter transactions.

## 2.3 Security

### 2.3.1 Security of data and audit trail for OPS

(a) All data captured at a Branch either as part of a Transaction performed at a Counter Position or as an administration function shall form part of a unique Transaction which shall be given a unique reference number by Riposte and details stored in the message store. The format of this message store entry shall vary according to the Transaction type but will typically contain:

(i) Post Office ID;

(ii) Counter Position ID;

(iii) unique Transaction ID;

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(iv) date;

(v) time;

(vi) User ID;

(vii) Application; and

(viii) Transaction details.

(b) Each Counter Position PC shall contain a journal and all journal entries shall be automatically replicated to all other members of the work group. A work group shall include all the Counter Position PCs in the Branch and one of the correspondence servers, at which TMS is provided. This correspondence server forms part of a "cluster" of correspondence servers of which two are located on one Data Centre site and the remaining two located on the other Data Centre site. All Transactions associated with one correspondence server are automatically replicated to the other site. Within each site all Transactions are reliably mirrored within a multiple disk array which has no single point of failure.

(c) Once data are stored in the message store they shall never be altered. New Transactions shall always be appended to the message store. Retrieval of data using a particular key field shall retrieve all entries containing that field.

(d) The security of data held within OPS shall not be compromised by any incident nor when OPS is re-established following any Incident.

(e) Fujitsu Services shall provide synchronisation facilities which shall automatically check the status of the journal for a node when it is re-established following failure. Should the journal be out of step (e.g. through failure of the Counter Position PC) Fujitsu Services shall automatically synchronise the journal and any data files to the same state as all other journals in that work group. Synchronisation may occur from another Counter Position PC (in a multi-Counter Position Branch) or from one of the correspondence servers or the second hard disc referred to in paragraph 4.2.4(b) (in a single Counter Position Branch).

(f) The operating system supporting the OPS shall provide assurance of access control and data integrity functions.

2.3.2 **OPS Secure Suspension**

(a) The OPS and the elements of the Infrastructure on which OPS is provided shall provide secure time-out facilities for each Counter Position PC.

(b) Fujitsu Services shall provide a User activated suspension which shall enable the User to either:

(i) clear the screen and leave the Counter Position PC for a short period. In such circumstances, the User session shall be reactivated by the User entering their password. Any applications which were active shall be left active. The display presented when the suspension facility is activated shall be different to any normal desktop or application screen; or

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(ii) suspend a customer session and start a second session, and thereafter swap between the two sessions until one of them has been completed.

While an individual Transaction is waiting for input from a peripheral, a pick-list or on-line interaction, or while reports or receipts are printing, these facilities may be inhibited.

(c) Should the User who initiated the suspension be unable to re-activate the facility, the following actions may be taken:

(i) after a period of time, during which there is no active session, the session shall be automatically logged-out. A journal message will be created indicating this;

(ii) the Branch Manager may assume responsibility for any uncompleted session, the Stock Unit or share thereof, by entering his own User name password;

(iii) once the Counter Position PC has logged-out any authorised User may then use that Counter Position PC; and

(iv) all the above Events shall be written to the journal.

(d) The facility shall allow the User to resume work with the minimum delay consistent with achieving security in accordance with the provisions hereof.

2.3.3 **Inactivity Time-out**

(a) The OPS and the elements of the Infrastructure on which OPS is provided shall provide secure inactivity time-out facilities if the Counter Position PC is inactive for a period defined in reference data for each Counter Position PC.

(b) Should the User be unable to re-activate the facility, the following actions may be taken:

(i) after a period of time during which there is no active session the session shall be automatically logged-out. A journal message shall be created indicating this;

(ii) the Branch Manager may assume responsibility for any uncompleted session, the Stock Unit or share thereof, by entering his own User name / password;

(iii) once the Counter Position PC has logged-out, any authorised User may then use that Counter Position PC; and

(iv) the above events shall be written to the journal.

(c) The facility shall allow the User to resume work with the minimum delay consistent with achieving security in accordance with the provisions hereof.

2.3.4 **Encryption Key Management**

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(a) The OPS shall support a reliable and secure means for the storage and transfer of data. This shall include the use of techniques used selectively and in agreement between Post Office and Fujitsu Services as specified in the CCD entitled "Security Functional Specification" (RS/FSP/001).

(b) With the exception of PIN Pads (in which case paragraph 2.3.4(c) shall apply), a key management system shall be in place so the encrypted data can be deciphered without risk of that cryptographic key being exposed.

(c) Fujitsu Services shall support the use of PIN Pads and the associated cryptographic management. PIN Pads shall comply with the requirements of ISO 9564.

### 2.3.5 Horizon OPS Style Guide

Any HNG-X Service to be offered via the OPS shall be provided in accordance with the CCD entitled "Horizon Office Platform Service Style Guide" (SD/STD/001) which shall set out, among other things, general guidelines for the Human Computer Interface. An exception to this is the Mails Application which does not conform to the "Horizon Office Platform Service Style Guide" (SD/STD/001).

## 3. TRANSACTION MANAGEMENT SERVICE

### 3.1 Purpose

This paragraph 3 details the functions and capabilities provided by the TMS.

### 3.2 Overview

3.2.1 The TMS shall provide the interworking between the Branches and the Data Centres using the Branch Telecom Infrastructure. TMS shall be provided using both Branch and correspondence server Equipment, presenting interfaces to the HNG-X Service Infrastructure for onward transmission to Client systems or the Post Office Service Environment.

3.2.2 The role of TMS shall be to provide a secure and resilient messaging and journalling service which shall support the transfer of data between OPS and the HNG-X Service Infrastructure.

### 3.3 General Attributes

#### 3.3.1 Scalability

(a) Fujitsu Services shall provide TMS such that it shall be scaleable to meet Post Office's future business needs in accordance with the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033).

(b) The modular nature of TMS and the Horizon Service Infrastructure shall be scaleable to enable the workload growth specified in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) to be accommodated, subject to the design constraints of the Horizon Applications.

#### 3.3.2 Data Integrity

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(a) A Horizon Application or TMS Agent shall be able to be certain, at some level, that data have been positively acknowledged as received by TMS, or a peer application connected to TMS.

(b) Data transfers shall be capable of being despatched as:

(i) immediate;

(ii) background / trickle fed; and

(iii) time deferred.

## 3.4 General Service description

### 3.4.1 Interface support

TMS shall interface with each instance of OPS within each Branch.

### 3.4.2 Data delivery

(a) TMS shall provide for the distribution and collection of both file and record level data to and from the OPS.

(b) Overnight Fujitsu Services shall produce a report of those Branches which have not been polled in the last 24 hours (including date of report, FAD code of each unpolled Branch and the date when that Branch was last polled), and that report shall be e-mailed to Post Office's Business Support Unit.

# 4. GENERAL INFRASTRUCTURE SERVICES REQUIREMENTS

## 4.1 Introduction

This paragraph 4 contains characteristics common to both the OPS and TMS.

## 4.2 Links from OPS to TMS

### 4.2.1 General

(a) Each instance of OPS within Branches shall interface with TMS to allow the transfer, in both directions, of authorised data files and messages.

(b) The transfer of data between OPS and TMS shall be secure, complete, accurate and robust.

(c) Within OPS it shall be possible for OPS to identify whether data from OPS have been received by TMS or not.

### 4.2.2 Data Replication

(a) Fujitsu Services shall use data replication and synchronisation techniques to ensure that data transfer between Counter Positions at which OPS is provided and between instances of OPS at each Counter Position and the TMS are secure, complete, accurate and robust.

(b) Once a Transaction has been settled at a Counter Position, TMS shall commit the full Transaction details to that Counter Position PC's message store. The Transaction details shall simultaneously be

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automatically replicated to all other Counter Position PCs in the Branch so that the data are securely captured. In addition, Fujitsu Services shall automatically replicate Transaction details to a remote server at which TMS is provided.

(c) The OPS Counter Position PCs and TMS servers are known as "nodes".

(d) All data and message transfers from a single node shall be generated in a strict numbered sequence with a unique node identification. Any attempt to introduce a fraudulent message shall be automatically detected and rejected by OPS.

(e) Data and message transfers shall be resilient to either network or node failure. When the failure condition is resolved the nodes shall automatically synchronise and complete any data or message transfers that are required to ensure these nodes are in a consistent state.

4.2.3 **Data Integrity**

(a) Fujitsu Services shall use techniques to ensure data integrity within the OPS and as part of data/message transfer between OPS and TMS, including:

(i) cyclic redundancy checks shall be calculated for all journal records, including Reference Data; and

(ii) data encryption used selectively on certain data fields.

(b) All messages and data shall have a cyclic redundancy check applied when they are initially committed to the journal and this shall be checked every time the message or data is accessed. This shall protect against accidental corruption and casual tampering. Any failure of a cyclic redundancy check shall cause the message to be rejected and retrieved from alternate nodes.

(c) In the event that nodes fail, recovery shall take place through the use of the following techniques: associating of Post Office and correspondence server nodes, message numbering, marker (message high and low water marks) exchange message transfers to equalise water marks.

(d) Fujitsu Services shall automatically detect any attempt to alter data and shall log such attempts for subsequent investigation by Fujitsu Services. Details of all such attempts shall be passed to Post Office.

4.2.4 **Recovery**

(a) Fujitsu Services shall perform general recovery processes as specified in the CCD entitled “Business Continuity Framework” (CS/SIP/002).

(b) The Counter Position PC in all single Counter Position Branches shall be fitted with a second hard disk which shall be exchangeable to facilitate rapid exchange of systems and Transaction data in the event of a system failure other than a hard disk failure.

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## PART 2

## TRANSITIONAL APPLICATIONS

The following provisions of this Part 2 of Annex 2 will be effective in respect of each Branch until the HNG-X Date for that Branch.

1. **EPOSS**

1.1 EPOSS is an electronic point of sale service application which provides the following functions:

1.1.1 on all Counter Positions in all Branches and Other Authorised Locations:

(a) facilities to Counter Clerks in support of Transactions with Customers;

(b) a "till" function; and

(c) a framework within which other applications can be invoked to support specialised Transactions within a Customer Session;

1.1.2 to Users within Branches including:

(a) stock balancing;

(b) Branch cash accounting;

(c) production of Client summaries; and

(d) User administration tasks;

1.1.3 transfer of data to Post Office systems and services outside the Horizon Service Infrastructure using the File Management Support Facility; and

1.1.4 management information reporting using the File Management Support Facility.

1.2 EPOSS records Transactions to the Riposte message store. These are replicated by Riposte to the message stores on file servers at the Data Centres. The TMS Agents extract and reformat Transaction data and present it for further analysis, summarisation and forwarding by the Business Capabilities and Support Facilities.

1.3 Cash, cheque and voucher methods of payment are handled by EPOSS. For payment using a debit card, EPOSS (from the settlement menu) initiates Debit Card to obtain authorisation of payment.

2. **APS**

2.1 APS is a generic application that enables Post Office to provide a range of bill payment and pre-payment services to the customers of many Post Office Clients. APS provides transaction facilities at the counter, integrated into Customer Sessions using facilities provided by EPOSS. APS also supports transfer of data to and from Post Office Client systems and Post Office systems via the Business Capabilities and Support Facilities. APS is available at all Counter Positions in all Branches.

FUJ00000070



2.2 APS supports a range of advanced data capture facilities (the "AP-ADC Facility") which are controlled and constrained by Post Office Reference Data. These facilities extend the capabilities of APS and provide support for:

2.2.1 product selection mechanisms using picklists;

2.2.2 a range of data capture and validation routines;

2.2.3 external applications as the Parties may agree under the Change Control Procedure; and

2.2.4 the use of print templates in support of customised receipt and slip print layouts.

The production of Reference Data by Post Office to make use of the AP-ADC Facility shall be in accordance with and subject to the provisions of the CCD entitled "AP-ADC Reference Manual" (AP/MAN/002) once that CCD has been agreed and introduced in accordance with the provisions of CCN 1131b. Until that CCD has been agreed and introduced, the production of Reference Data by Post Office to make use of the AP-ADC Facility shall be in accordance with the document entitled "AP-ADC Reference Manual" (AP/MAN/002) version 3.2 (or any subsequent version thereof agreed through the Change Control Procedure).

2.3 APS supports the following range of Tokens conforming to the standards in the relevant CCDs:

2.3.1 magnetic stripe cards; and

2.3.2 bar coded documents.

2.4 APS supports the use of desktop buttons, which may be specified as being equivalent to a manually entered AP barcode Token.

2.5 As referred to in paragraph 2.2.3 of this Annex, APS supports access to DVLA POME for the purpose of vehicle re-licensing Transactions only. DVLA POME is the Driver Vehicle and Licensing Agency (DVLA) and Post Office MOT enquiry service which is based on systems that are external to the Horizon Service Infrastructure. The AP-ADC Facility will perform online interactions with DVLA POME using the DVLA Licensing capability of the Business Capabilities and Support Facilities during a vehicle re-licensing Transaction. Such interaction will take place via the DVLA On-line Link. Information concerning MOT status and vehicle excise duty as well as other supporting data will be retrieved during the course of such on-line interaction, as specified by Post Office Reference Data for the purposes of the re-licensing Transaction. The interaction with DVLA POME may be configured to deal with scenarios where no response is received from DVLA POME within designated time periods.

2.6 APS handles interaction with customer Tokens and records Transactions in the Riposte message store. It also passes Transaction details to EPOSS for incorporation into a Customer Session. Transaction data is replicated by Riposte to the message stores on file servers at the Data Centres. The APS agents extract and reformat transaction data and present it for further analysis, summarisation and forwarding by the Business Capabilities and Support Facilities.

2.7 The clients and tokens supported by APS are referred to in the CCD entitled "Automated Payments System Client List" (BP/DOC/008). Specific payments and the APS Transactions which support them conform to the relevant AP Client Specification, which in turn references the CCD entitled "POCL Automated Payments Generic Rules" (BP/DOC/014) and appropriate Token Technology Specification(s). Data is transferred to AP Clients using the File Management Support Facility in accordance with the appropriate Application Interface Specification. Such transfer will either be direct to the

FUJ00000070



AP Client in accordance with the relevant automated payment client specification or via the EDG in accordance with the CCD entitled "Automated Payments Interface Specification - EDG / DES" (CR/IFS/002).

2.8 Post Office will be responsible for:

2.8.1 the design and development of new AP Transactions that use the AP-ADC Facility;

2.8.2 (save to the extent that Fujitsu Services is required to facilitate testing of Post Office Reference Data in accordance with the CCD entitled "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058)) ensuring that Post Office Reference Data, intended to introduce those new Transactions, functions correctly within the Horizon Service Infrastructure (in accordance with any applicable Reference Data rules) and has the desired business effect; and

2.8.3 defining receipts (for all AP Transactions that use the AP-ADC Facility) that contain sufficient information to allow manual recovery of a subset of the transaction data following a system failure, to the extent that such manual data recovery is required by Post Office.

## 3. LFS

3.1 The LFS application provides an interface between Branches and the Post Office's Advanced Distribution System (SAP/ADS) using the File Management Support Facility and is at all Branches.

3.2 LFS includes an LFS Branch application. This is present on all Counter Positions at all Branches. It provides:

3.2.1 screen dialogues for inputting relevant data which are written to the Riposte message store;

3.2.2 facilities for scanning bar coded labels to monitor movement of cash and stock bags and pouches into and out of the Branch. Data captured from these bar codes are written to the Riposte message store; and

3.2.3 a facility for viewing specialised messages originated by SAP/ADS and transmitted to the Branch.

3.3 LFS includes an interface to SAP/ADS for the exchange of batch data using the File Management Support Facility and manages the forwarding to, and receipt from, Branches of that data. Data created in Branches is extracted from the Riposte message stores by agent applications.

## 4. MESSAGE BROADCAST

4.1 The Message Broadcast ("MBS") application provides a mechanism for transmitting plain text messages to all Branches or to Branches specified in a list.

4.2 MBS comprises the MBS Branch application, which provides facilities for managing messages received, presenting available messages for selection by Users, displaying messages on the Counter Position screen and printing them to the back-office printer. This is available at all Counter Positions in all Branches (but messages can only be received at locations with a data communications link).

4.3 MBS utilises the Message Handling Support Facility, which provides facilities for creating messages by text input (including copying text from other electronic documents

FUJ00000070



including emails received by Fujitsu Services from Post Office) and distributing them to Branches.

5. **NBS**

5.1 The NBS application supports transaction of banking business in Branches. It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. NBS is invoked from EPOSS either by:

5.1.1 a card swipe (or input of card details) where EMV functionality is not supported in respect of that card; or

5.1.2 a Customer inserting his or her card into the chip card reader in a PIN Pad where such card supports EMV functionality,

while in serve customer mode other than at the settlement menu.

5.2 The following Transaction types are supported by the NBS:

5.2.1 cash deposit;

5.2.2 cash withdrawal;

5.2.3 balance enquiry;

5.2.4 withdraw limit;

5.2.5 change of PIN at PIN Pad; and

5.2.6 cheque deposit.

5.3 NBS has the following functional components:

5.3.1 NBS manages reading of data from magnetic stripe bank cards and EMV chip cards, presentation of screen dialogues to the User and User data input, input of PIN numbers by customers, and printing of receipts. It also integrates the banking Transactions into an EPOSS Customer Session. NBS writes data to a message store, including "immediate" messages to initiate message exchange with the Bank systems, this message exchange being brokered by the Business Capabilities and Support Facilities.

5.3.2 NB Authorisation Agent applications run on servers at the Data Centres. Such servers harvest relevant "immediate" and standard messages. Messages between the Counter Position and the Bank systems are brokered by the Business Capabilities and Support Facilities. Standard messages are harvested by the agents and summarised and forwarded to the Reconciliation Application within the Business Capabilities and Support Facilities; and

5.3.3 The Reconciliation Application as used by NBS receives data from the NB Authorisation Agents and from Bank systems and prepares reports reconciling these data streams and identifying reconciliation exceptions for investigation and corrective action. These facilities are provided by the Business Capabilities and Support Facilities.

FUJ00000070



## 6. REFERENCE DATA MANAGEMENT APPLICATION

6.1 The Reference Data Management Application is a database application running in the Data Centre. It receives Reference data from the Post Office Reference Data System in accordance with the CCD entitled "Application Interface Specification Reference Data to Fujitsu Services Limited" (BP/IFS/010). It also provides facilities for the manual input of data by Fujitsu Services' personnel and incorporation of system generated data from other parts of the Horizon Service Infrastructure.

6.2 Reference Data from Post Office Reference Data System is delivered in separately identifiable change instructions and loaded into Fujitsu Services' Reference Data Management Centre. These change instructions are then made available to a daily extract process when correct authorisation for each request is received from Post Office. Details regarding the delivery and authorisation of Reference Data are given in the following CCDs:

6.2.1 for products, "Fujitsu Services / Post Office Ltd Interface Agreement for Operational Business Change - Reference Data" (CS/PRD/058); and

6.2.2 for Branches, "Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement" (CS/IFS/003).

6.3 Reference Data Management Application is implemented with the following major functional components:

6.3.1 Reference Data Management agents running on Data Centre servers;

6.3.2 host database application in the Data Centre; and

6.3.3 file transfer capabilities provided by the Central Infrastructure.

6.4 Reference Data Management Application provides facilities for version control of Reference Data including start and end dates for its validity. It manages distribution of Reference Data to Branches via the Infrastructure.

6.5 Reference Data Management Application provides data used by all the other Initial Horizon Applications and has the potential to extend this to additional Horizon Applications running on the Horizon Service Infrastructure.

6.6 Reference Data Management Application shall check Reference Data consistency and report exceptions.

## 7. AUDIT FACILITIES

7.1 The Audit facilities provide the mechanisms to record and maintain an audit trail of Transactions and events according to the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006).

7.2 The Audit facilities enable the recording of an operational audit trail and a commercial audit trail as such terms are referred to in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006). These comprise the audit trail associated with the operation of the Applications operated by Fujitsu Services, and the audit trail of that part of Fujitsu Services' internal commercial records to which Post Office's internal auditors or agents have access.

7.3 Data within the operational audit trail will be retained for 18 months, although transaction data in the TMS journal, including data relating to NBS and Debit Card will be retained for seven years.

FUJ00000070



7.4 Data within the commercial audit trail will be retained for seven years, although some data will be retained for the term of the Agreement which may be longer.

7.5 Access to audit trail data is provided to authorised Post Office personnel either by interactive access or through a set of standard reports.

7.6 The storing of audit data and the retrieval of data to satisfy the requests are provided by the Business Capabilities and Support Facilities.

## 8. RECONCILIATION FACILITIES

Reconciliation Facilities are provided by the Business Capabilities and Support Facilities.

## 9. DEBIT CARD

9.1 The Debit Card application supports Transaction of Debit Card payments in Branches. It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. Debit Card can be invoked from EPOSS either by:

9.1.1 a card swipe (or input of card details) if EMV functionality is not supported in respect of that card; or

9.1.2 a Customer inserting his or her card into the chip card reader in a PIN Pad where such card supports EMV functionality,

when EPOSS is at the settlement menu.

9.2 The following Transaction types are supported:

9.2.1 Debit Card purchase;

9.2.2 Debit Card refund; and

9.2.3 Explicit Reversal (as defined in the CCD entitled "Debit Card MoP Functional Description" (EF/SER/001)) or its equivalent functionality in the Business Capabilities and Support Facilities.

9.3 Debit Card has the following functional components:

9.3.1 Debit Card manages reading of data from magnetic stripe debit cards and EMV chip cards, presentation of screen dialogues to the User and User data input, and printing of receipts. It also integrates the DC Transactions into an EPOSS customer session. Debit Card writes data to the Riposte message store, including "immediate" message exchange with the Data Centre, and onwards to the Merchant Acquirer (this message exchange being brokered by the Business Capabilities and Support Facilities); and

9.3.2 The DC Authorisation Agents run on servers at the Data Centres. Such servers harvest relevant "immediate" and standard messages. Messages between the Counter Position and the Merchant Acquirer are brokered by the Business Capabilities and Support Facilities. Standard messages are harvested by the agents and summarised and forwarded to the Reconciliation Application provided by the Business Capabilities and Support Facilities.

FUJ00000070



## 10. MAILS APPLICATION

10.1 Mails is a postal acceptance application designed to fully automate the service selection and pricing of mails items transacted at Counter Positions. Mails provides transaction facilities at each Counter Position, integrated into the Customer Session using facilities provided by EPOSS. Mails replaces the scales functionality of EPOSS.

10.2 Mails is a standard cashier script application that has been customised for UK use by the addition / alteration of cashier scripts and the creation of specific Mails Reference Data. Mails Reference Data is unique to the Mails Application and is supplied by Post Office Limited. Mails Reference Data contains Client data, typically comprising services, tariffs, rules and constraints.

10.3 Mails accepts manual input of data (weight, destination, service type) as well as automatic input from electronic weigh scales and barcode readers.

10.4 Mails is implemented with the following major functional components:

10.4.1 Mails Application running on every Counter Position;

10.4.2 Data Centre support for Reference Data subscription groups;

10.4.3 Mails agents (for Reference Data distribution) running on the Data Centre servers; and

10.4.4 File transfer facilities supported by the Business Capabilities and Support Facilities.

10.5 Mails supports the following postal acceptance functionality:

10.5.1 Mails includes the Clients, their products and services as defined by Mails Reference Data;

10.5.2 Mails applies conformance to the business rules defined in Mails Reference Data and only permits users to select those services that are valid for a set of input variables (weight, destination, value of content, delivery urgency and signature required);

10.5.3 Mails can be customised by Mails Reference Data;

10.5.4 Mails prints postage labels and receipts as defined in the CCD entitled "Horizon OPS Reports and Receipts - Post Office Account Horizon Office Platform Service" (SD/DES/005);

10.5.5 Mails includes on screen help and links to additional Mails help screens in the form of HTML pages which can be accessed by the Counter Clerk;

10.5.6 Mails accesses the generic Postcode Address File ("PA File") to verify or complete a destination address on selected services;

10.5.7 Mails captures track and trace barcode information during a mails acceptance transaction and passes this information along with associated PA File data to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities; and

10.5.8 Mails allows the capture of the track and trace barcode information and verification of price for pre- franked "bulk mail". The track and trace and item

FUJ00000070



details are sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities.

10.6 Mails records complete postage related details including value, weight, destination, service(s), track and trace, postcode and label as well as all other standard transaction details to the message store.

## 11. MAILS ADMINISTRATION APPLICATION

11.1 Mails Administration supports the following functions:

11.1.1 Mails despatch and exception handling;

11.1.2 Local collect;

11.1.3 Return of undelivered priority mails items; and

11.1.4 Fast input of "bulk mail" (known as "Speed Bulk").

11.2 Mails despatch

11.2.1 The despatch process allows the reconciliation between track and trace items scanned in as part of the acceptance process and those awaiting collection by the carrier.

11.2.2 For mails items confirmed as available for despatch a record will be created and sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities.

11.2.3 The despatch process will include a mechanism for recording if the despatch is the last for that day.

11.2.4 The despatch process will allow reconciliation errors to be corrected or an exception report produced prior to the despatch of the remaining items.

11.3 Local collect

11.3.1 The local collect function allows mails items delivered to the Branch for local collect to be scanned in using the track and trace barcode. A record of barcodes will be sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities.

11.3.2 The local collect function allows mails items to be collected by Customers and will charge either an open or fixed fee. A record of each collected item will be sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities.

11.3.3 The local collect function allows items that have not been collected after a defined period to be scanned out of the Branch. A record of each non collected item will be sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities along with a code indicating the reason for non collection.

11.4 Return of undelivered priority items

Priority mails items not delivered by the carriers delivery agent can be returned to any Post Office and recorded by scanning the track and trace barcode. A record of each collected item will be sent to the EDG by the Business Capabilities and Support

FUJ00000070



Facilities for onward transfer to Clients along with a code indicating the reason for non delivery.

11.5 Speed Bulk

Pre-franked mails (Bulk Mails) can be scanned in without any weight / price checks. A record of each collected item will be sent to the EDG for onward transfer to Clients by the Business Capabilities and Support Facilities.

## 12. ETU APPLICATION

12.1 The ETU Application supports the Customer purchase or refund of mobile phone related credits and associated content products (e.g. ring tones). It is installed at all Counter Positions in all Branches, but requires an operational data communications link in order to process Transactions. ETU credit products (known as Topup products or PIN products) are invoked by swiping a card (or input of card details). ETU content products (known as PIN/e-voucher products) are invoked by selecting an ETU desktop button. The following Transaction Types are supported:

12.1.1 the purchase of a card based Topup product;

12.1.2 the purchase of card based PIN product;

12.1.3 the purchase of a PIN/e-voucher product;

12.1.4 the refund of a card based Transaction; and

12.1.5 the refund of a PIN/e-voucher Transaction.

12.2 The ETU Application manages reading of data from magnetic stripe cards, the selection of ETU products from menus, the presentation of screen dialogues to the User and User data input, and the printing of receipts. It also integrates the ETU Transactions into an EPOSS Customer Session. ETU writes data to the Riposte message store, including "immediate" messages to initiate message exchange with the e-pay authorisation system, provided by Business Capabilities and Support Facilities.

## 13. BUREAU APPLICATION

13.1 The Bureau Application provides the ability to trade foreign currencies and traveller's cheques at Counter Positions. The service provided in a particular Branch can range from none to full bureau de change facilities, depending on the Bureau Type defined in Reference Data for the Branch in question.

13.2 The Bureau Application has the ability to receive Spot Rates Files and Margins Files from the Post Office using the Business Capabilities and Support Facilities, and to use the data in these files to control the rates at which currencies and travellers' cheques are traded.

13.3 The Bureau Application extends EPOSS counter functionality to support, depending on Bureau Type, for:

13.3.1 buying currency and travellers' cheques;

13.3.2 selling currency and travellers' cheques;

13.3.3 remitting currency and travellers' cheques for sale (but not travellers' cheques redeemed) into and out of Branches;

FUJ00000070



13.3.4 transferring currency and travellers' cheques for sale (but not travellers' cheques redeemed) between Stock Units;

13.3.5 revaluing currency to reflect changes in spot rates; and

13.3.6 declaring the quantities of bureau stock on hand.

## 14. PAF FACILITY

14.1 The PAF Facility is a generic facility based on QAS Software. The PAF Facility is not an Horizon Application itself, but may be invoked by a PAF Calling Application.

14.2 The function of the PAF Facility is to:

14.2.1 allow Users to validate an address by entering the details of premises and postcode or premises, street and town of the address to be validated;

14.2.2 present Users with a validated postal address;

14.2.3 permit Users to enter a postal address manually; and

14.2.4 make available the manually entered postal address for use in the PAF Calling Application.

14.3 The PAF Facility is provided by the Business Capabilities and Support Facilities.

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## PART 3

## NBS SPECIFIC BUSINESS CONTINUITY REQUIREMENTS

This Part 3 of Annex 2 sets out the business continuity provisions specific to NBS that shall apply during the Roll Out Phase.

1. **NBS**

1.1 Each Data Centre (if required to support the NBS on its own as a result of a failure of the other Data Centre) shall have the capability in normal operation with no failures having occurred:

1.1.1 to support the Contracted Volumes in relation to the NBS and Debit Card as defined in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); and

1.1.2 to support Fujitsu Services' obligations in respect of NBS Service Levels set out in (as the case may be):

(a) Annex 3 to Schedule B4.4; or

(b) paragraph 2.3.4 of the CCD entitled "Branch Network: Service Description" (SVM/SDM/SD/0011) and paragraph 3.3.4.5 of the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003),

without preventing or impairing that Data Centre's support for Fujitsu Services' obligations in respect of the Service Levels for other HNG-X Services in existence at the Amendment Date.

1.2 The Data Centres (including NBS elements) will be configured such that no single point of failure within the Data Centres will cause the NBS to fail with both Data Centres in operation.

1.3 Switchover to backup systems within the Data Centres and for the network connections within the Data Centres:

1.3.1 for real-time elements of the NBS affecting Banking Transactions at Counter Positions shall be automated with the exception of the persistent store which shall be manually switched over; and

1.3.2 for non-real time elements may be automated or manual.

FUJ00000070

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# SCHEDULE B6.1

# HNG-X BUSINESS REQUIREMENTS

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version at date of signature of CCN1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS |
| 1.3 | 19/01/07 | Further minor changes |
| 2.0 | 25/01/07 | Baseline copy of 1.3 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 24/12/09 | Applying changes as per CCN 1268 |
| 6.2 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE B6.1

# HNG-X BUSINESS REQUIREMENTS

## 1. INTRODUCTION

1.1 This Schedule B6.1 sets out the HNG-X Requirements (or processes to be followed to create HNG-X Requirements) for the HNG-X System, the solution to which will be developed and documented in accordance with Schedule B6.2.

1.2 This Schedule B6.1 also envisages that the Parties may introduce changes to the live Horizon system and that such changes may or may not impact on the Requirements Definition Process.

## 2. THE THREE BASELINES

2.1 There are three baselines relevant to the definition of HNG-X Requirements and their realisation in the development of the HNG-X System:

2.1.1 the "**Applicable Horizon Baseline**": the baseline that consists of the Horizon Applications and the Horizon Service Infrastructure up to and including Release S92 together with those changes delivered (or to be delivered) after Release S92 which have been agreed in accordance with the Change Control Procedure and which are, as at the date of signature of CCN1200, listed in Annex 13 to this Schedule (as that baseline may be amended in accordance with the provisions of this Schedule);

2.1.2 the "**Requirements Baseline**": the baseline described more fully in paragraph 4 that represents Post Office's requirements for the HNG-X System as set out in this Schedule and agreed in accordance with the Requirements Definition Process (as that baseline may be amended or re-issued in accordance with the provisions of this Schedule); and

2.1.3 the "**Solution Baseline**": the baseline that consists of the HNG-X System as at the HNG-X Initial Acceptance Date (as that HNG-X System may be modified to rectify any HNG-X Acceptance Incidents).

2.2 For the purpose of the Parties resolving any dispute concerning the Applicable Horizon Baseline or any part of the Applicable Horizon Baseline (including, without limitation, a dispute as to the Existing Functionality), the Parties shall refer to the Horizon system that is in live operation as at the date of the dispute in question and shall (a) exclude the effects of changes that have only been applied as described in paragraph 3.1 of this Schedule, and (b) include the effect of changes described in paragraph 3.2 of this Schedule to the extent they have not been implemented.

## 3. THE APPLICABLE HORIZON BASELINE

3.1 Changes to the live Horizon system that are requested after the date of signature of CCN1200 and that introduce changes or functions that are not intended to be replicated in, or to have any effect upon, the HNG-X System, will be dealt with in accordance with

FUJ00000070



the Change Control Procedure or through Work Orders but shall be ignored in determining the Applicable Horizon Baseline.

3.2 Changes to the live Horizon system that are requested after the date of signature of CCN1200 and that are intended to introduce changes or functions that will be replicated in, or otherwise affect, the HNG-X System, will be dealt with in accordance with the Change Control Procedure or through Work Orders. The Change Control Procedure or the Work Ordering Procedure (as the case may be) will be used to assess the effect of the changes or new functions on the live Horizon system and (so far as possible at the time of agreeing the change) on the Requirements Baseline and the changes and new functions will be taken into account in determining the Applicable Horizon Baseline (and will be recorded by the Parties in a control log initially formed from the information in Annex 13 to this Schedule).

## 4. THE REQUIREMENTS BASELINE

### 4.1 Requirements Areas

4.1.1 The Requirements Baseline will be composed of HNG-X Requirements covering each of the following:

(a) the Functional Requirements;

(b) 'System Capacity and Performance Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 3 to this Schedule;

(c) 'User Interface Requirements' as described in paragraph 4.3;

(d) 'Training Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 4 to this Schedule;

(e) 'Operational and Support Service Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 5 to this Schedule;

(f) 'Migration and Implementation Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 6 to this Schedule;

(g) 'Design and Architecture Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 7 to this Schedule;

(h) 'Security Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 8 to this Schedule;

(i) 'Development Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 9 to this Schedule; and

(j) 'Testing Requirements' which, as at the date of signature of CCN1200, are referred to in Annex 10 to this Schedule.

FUJ00000070



4.1.2 Notwithstanding any other provision of this Agreement (including this Schedule), where any HNG-X Requirement set out or referred to in Annexes 3 to 10 of this Schedule is inconsistent with an HNG-X Assumption which is (a) related to that HNG-X Requirement and (b) set out or referred to in the same Annex or in Annex 12, the HNG-X Assumption shall prevail only to the extent of that inconsistency such that the HNG-X Requirement shall be modified so as to avoid that inconsistency (such modification to be dealt with under the HNG-X Programme Requirements Change Control Process).

4.1.3 Notwithstanding any other provision of this Agreement (including this Schedule), where the application of the Requirements Definition Process or the application of the Business Equivalence Principles would produce an HNG-X Requirement that is inconsistent with the HNG-X Assumption set out in Annex 12, the HNG-X Assumption shall prevail only to the extent of that inconsistency such that the HNG-X Requirement shall be modified so as to avoid that inconsistency (such modification to be dealt with under the HNG-X Programme Requirements Change Control Process).

4.1.4 HNG-X Requirements will be maintained in the HNG-X Requirements Catalogue and issued formally to Fujitsu Services at agreed points throughout Project HNG-X, including at the date of signature of CCN1200, at the end of the Requirements Stage, and at the end of either or both of HNG-X Requirements Assurance and HNG-X Solution Assurance (if these result in amendments to the HNG-X Requirements).

## 4.2 Functional Requirements

4.2.1 The Functional Requirements will be generated by following the Functional Requirements Definition Process. When generating the Functional Requirements in accordance with the Functional Requirements Definition Process, the Parties shall at all times observe and apply the following principles (**"Business Equivalence Principles"**):

(a) other than the Agreed Changes and the Allowed Changes, the Business Capabilities and Support Facilities will provide such functionality as results from applying the guidelines in Annex 1 to the Existing Functionality; and

(b) for the avoidance of doubt, other than the Agreed Changes and the Allowed Changes, the Business Capabilities and Support Facilities will not be required to provide any functionality that does not result from applying the guidelines in Annex 1 to the Existing Functionality.

### 4.2.2 Agreed Changes

(a) The Agreed Changes are agreed as exclusions from, additions to, and changes in the Existing Functionality that are to be applied in generating the Functional Requirements in accordance with the Functional Requirements Definition Process. Agreed Changes are exceptions to the Business Equivalence Principles and cannot

FUJ00000070



themselves be changed by the application of the Business Equivalence Principles.

(b) Any specific functional characteristics of Existing Functionality that have been changed as a direct consequence of applying an Agreed Change are no longer subject to the Business Equivalence Principles.

(c) The effect that an Agreed Change has on the Existing Functionality shall be limited to the direct consequence of applying that Agreed Change to the relevant aspect or aspects of the Existing Functionality.

(d) One of the Agreed Changes is the introduction of Postal Services. The Parties will develop HNG-X Requirements for Postal Services in accordance with the Postal Services Definition Process.

4.2.3 **Allowed Changes**

The **"Allowed Changes"** are changes to aspects of Existing Functionality in respect of which the following conditions are fulfilled:

(a) either:

(i) the aspect of the Existing Functionality is now assessed by Post Office as creating operational or procedural problems or inefficiencies within a Branch; or

(ii) the aspect of the Existing Functionality was previously agreed to be implemented within certain limitations or constraints and these limitations or constraints are not present in, or relevant to, the Solution Architecture or other solution artefact; and

(b) the effect of applying the requested change is assessed by Fujitsu Services, acting reasonably and in good faith, as having an acceptable cost / risk / resources impact on Project HNG-X; and

(c) the effect of any such change is to make the manner in which Users utilise an element of Existing Functionality more efficient without introducing any completely new functionality into the Existing Functionality; and

(d) the required change is notified in writing by Post Office to Fujitsu Services before the end of the Requirements Stage or as part of HNG-X Requirements Assurance; and

(e) the change has not already been assessed as being an Agreed Change.

An Allowed Change shall be dealt with in accordance with the HNG-X Programme Requirements Change Control Process.

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### 4.3 Requirements of the HNG-X User Interface

4.3.1 The HNG-X Requirements that the HNG-X User Interface shall support are:

(a) the Functional Requirements; and

(b) the non-functional HNG-X Requirements for the HNG-X User Interface.

4.3.2 The functionality required to be supported by the HNG-X User Interface will be derived from the Functional Requirements generated through the Requirements Definition Process. This derived functionality will be an input to the process set out in the CCD entitled "Establishing and Assuring the HNG-X User Interface" (REQ/GEN/PRD/0001).

4.3.3 The non-functional HNG-X Requirements for the HNG-X User Interface will be provided by Post Office after the date of signature of CCN1200 in accordance with the CCD entitled "Establishing and Assuring the HNG-X User Interface" (REQ/GEN/PRD/0001).

4.3.4 The HNG-X User Interface design will draw on best practice design from the retail and banking industries as well as industry standards in graphical user interface design. The Parties intend that any similarities between the style and graphical realisation of the HNG-X User Interface and the user interface(s) of the comparable Horizon Applications as may arise shall only arise as a matter of coincidence through the proper operation of the Clean Room Rules.

## 5. REQUIREMENTS DEFINITION PROCESS

The Parties will follow the Requirements Definition Process.

## 6. DEALING WITH CHANGE

### 6.1 Changes to the Applicable Horizon Baseline

Changes to the Applicable Horizon Baseline will be dealt with as set out in paragraphs 3.1 and 3.2.

### 6.2 Changes to the Requirements Baseline

6.2.1 If a change to an HNG-X Requirement or an additional HNG-X Requirement is notified in writing to Fujitsu Services after the date of signature of CCN1200 and prior to the end of the Requirements Stage, it will be dealt with as part of the HNG-X Programme Requirements Change Control Process.

6.2.2 If a change to an HNG-X Requirement or an additional HNG-X Requirement is notified in writing to Fujitsu Services as a result of HNG-X Requirements Assurance or HNG-X Solution Assurance, it will be dealt with as part of the HNG-X Programme Requirements Change Control Process.

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6.2.3 Subject to paragraph 6.2.2, if a change to an HNG-X Requirement is notified in writing to Fujitsu Services after the end of the Requirements Stage then, if that change is:

(a) not the result of the User Interface Definition Process nor the Postal Services Definition Process, and required in order to correct a deviation of that HNG-X Requirement from the Business Equivalence Principles; or

(b) the result of the Postal Services Definition Process and required in order to correct a deviation of that HNG-X Requirement from the Postal Services Assessment Guidelines,

it will be dealt with in accordance with the HNG-X Programme Requirements Change Control Process. Fujitsu Services shall not be entitled to withhold its consent to the changes to the extent that they are required in order to correct the deviation from the Business Equivalence Principles or the Postal Services Assessment Guidelines (as the case may be).

6.2.4 All other changes or additions to HNG-X Requirements proposed after the final version of the Requirements Baseline has been issued will be dealt with in accordance with the Change Control Procedure.

6.2.5 As part of any changes to the Requirements Baseline, the Parties shall agree any necessary changes to the HNG-X Acceptance Method(s) and HNG-X Acceptance Criteria applicable to the relevant HNG-X Requirement.

## 6.3 Changes to the Solution Baseline

6.3.1 If a change to the Solution Baseline is notified in writing to Fujitsu Services within the period of three months after the start of HNG-X Project Workstream X4 (HNG-X Application Rollout) then, if that change is:

(a) not the result of the User Interface Definition Process nor the Postal Services Definition Process, and required in order to correct a deviation of the Solution Baseline from the Business Equivalence Principles; or

(b) the result of the Postal Services Definition Process and required in order to correct a deviation of the Solution Baseline from the Postal Services Assessment Guidelines,

the Parties will meet to agree whether the conditions in paragraph 6.3.1(a) or (b) have been fulfilled, and if such conditions have been fulfilled:

(c) discuss and agree in good faith the steps required to correct a deviation of the Solution Baseline from the Business Equivalence Principles or the Postal Services Assessment Guidelines (as the case may be); or

FUJ00000070



(d) determine such other remedial steps as the Parties (acting reasonably) shall agree; and

such steps, once agreed, shall be documented in accordance with the Change Control Procedure and Fujitsu Services shall not be entitled to withhold its consent to the relevant CCN to the extent that it incorporates the steps in question.

6.3.2 All changes to the Solution Baseline (other than those that fall within paragraph 6.3.1) will be dealt with in accordance with the Change Control Procedure.

6.3.3 The forum for reaching the agreements referred to in paragraphs 6.3.1(c) and 6.3.1(d) shall initially be the Post Office Design Authority and the Fujitsu Services Design Authority but either Party may escalate any disagreement to a the 'Programme Board' (as referred to in Schedule A2) for Project HNG-X for discussion and resolution.

## 7. ASSOCIATED DOCUMENTS

7.1 The following CCDs are associated with this Schedule B6.1:

| | Document Reference | Document Title |
|---|---|---|
| 1. | REQ/GEN/PRD/0001 | Establishing and Assuring the HNG-X User Interface |
| 2. | REQ/CUS/STG/0003 | HNG-X Counter Reference Data Delivery Strategy - Agreed Assumptions and Constraints |
| 3. | REQ/CUS/STG/0002 | HNG-X Branch Exception Handling Strategy – Agreed Assumptions and Constraints |
| 4. | REQ/CUS/BRS/0001 | Postal Services Business and Operational Context |
| 5. | REQ/CUS/STG/0004 | HNG-X Training Strategy (CTO) – Agreed Assumptions and Constraints |
| 6. | REQ/CUS/STG/0001 | HNG-X Migration Strategy - Agreed Assumptions and Constraints |
| 7. | ARC/SEC/ARC/0001 | Security Constraints |

7.2 The following CCDs are also associated with this Schedule B6.1, but only for the purpose of describing (in the first table in Annex 2 to this Schedule) functionality within the Applicable Horizon Baseline that will not be carried forward into the HNG-X System:

| | Document Reference | Document Title |
|---|---|---|
| 1. | SU/IFS/027 | Kent Meters/GEC Meters “Watercard” Payment System Card Data Encryption Specification |

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| | | |
|---|---|---|
| 2. | SU/IFS/028 | GEC Meters Ltd - "Watercard" Budget Prepayment System Transaction Terminal Outline Requirements |
| 3. | SU/IFS/029 | GEC Meters "Watercard" Payment System 2K Card Data Specification (I2C) |
| 4. | SU/IFS/034 | POCL Token Technology Specification GEC Watercard |
| 5. | AP/IFS/053 | Pathway to Client Standard Watercard Application Interface Specification |
| 6. | SU/IFS/024 | A Point of Sale Supporting the Quantum Application Utilising the POCL Secure DLL |
| 7. | RS/FSP/003 | Statements on Security Objectives and Methods for the Protection of Siemens Metering Code and Data |
| 8. | CR/SPE/023 | Automated Payments Client Specification - Siemens Metering Ltd |
| 9. | AP/IFS/042 | Pathway to CQO Application Interface Specification |
| 10. | AP/IFS/046 | Pathway to CQO Technical Interface Specification |
| 11. | BP/SPE/042 | Mails Definition |

7.3 There are no CRDs associated with this Schedule B6.1.

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## ANNEX 1

## BUSINESS EQUIVALENCE GUIDELINES

1. It is intended that the Requirements Baseline will define, and the Business Capabilities and Support Facilities will support, the operation of Post Office business processes in a manner that achieves the same business outcomes for Post Office and their Clients and achieves the same operational effect within a Branch as currently provided by the Existing Functionality.

2. The level of definition in the Functional Requirements and/or the delivered Business Capabilities and Support Facilities must ensure that:

   2.1 the financial outcome resulting from the operation of a specific Transaction for the Customer, Post Office, any affected Client(s), and any Other IT Supplier(s) is identical to the equivalent Transaction carried out using the Existing Functionality;

   2.2 the Post Office products that can be traded within a Branch are the same as those defined in Post Office Reference Data (whether enabled or not) using the Existing Functionality;

   2.3 the Business Rules associated with any Business Capability are applied in the same manner as those used with the equivalent Transaction carried out using the Existing Functionality;

   2.4 the Customer and Counter Clerk interactions that relate to the workflow associated with a particular Use Case and delivered via the HNG-X User Interface enable:

      2.4.1 the same data to be captured using the same format and validation criteria;

      2.4.2 the same initiating Tokens and/or equivalent initiating events to be used;

      2.4.3 equivalent information displays and capture methods via the counter terminal; and

      2.4.4 the same set of user tasks to be performed following an equivalent logical workflow and enabling the same or, where agreed, alternative equivalent operational procedures to be carried out,

      in each case as compared with the Existing Functionality;

   2.5 the outputs resulting from the completion of a Transaction are the same or equivalent and have the same operational effect (in terms of form and occurrence) as those resulting from the associated Transaction conducted using the Existing Functionality. The types of outputs shall include:

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2.5.1 any information exchange or generated data file which includes interactions with hosted systems (e.g. PAF, POL-FS) and external systems (e.g. LINK, DVLA), which shall be the same as that from the Existing Functionality;

2.5.2 any printed item (e.g. Report, Branch receipt, other forms of Branch produced collateral), which shall be equivalent to the Existing Functionality; and

2.5.3 any data, produced or captured, that can be accessed, retrieved by, or provided to, the Post Office, which shall be the same as that from the Existing Functionality, provided that the meaning of the data and/or associated Post Office processes has not changed as a result of the introduction of the HNG-X System. This will be bounded by the scope of any specific limitations agreed as part of the HNG-X Services;

2.6 the outcome of any aspect of Branch trading or operation results in the same state of financial integrity and ability to audit as exists using the Existing Functionality;

2.7 the use and interpretation of Post Office Reference Data (in terms of its data definitions and its use to invoke functionality) will remain the same. Any data items or Reference Data capabilities currently unused within the Existing Functionality will remain unused or suppressed as part of the HNG-X System subject to agreement of Post Office; and

2.8 Users must be able to perceive and perform the functions provided via the changed User Interface such that they can perform the same user tasks, performing equivalent human and computer interactions.

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## ANNEX 2

## AGREED CHANGES

### 1. EXCLUSIONS FROM HORIZON FUNCTIONALITY

The following table describes the functionality within the Applicable Horizon Baseline at the date of signature of CCN1200 that will not be carried forward into the HNG-X System.

| # | Excluded Functionality | Description |
|---|---|---|
| 1 | Session Transfer | A facility that enables a Branch User to log-on at another counter without having to log-off at their previous counter. This facility will automatically log-out the Branch User at their previous counter and move any current activity onto their new counter. This facility is also known as "Session Mobility" or "Session Migration". This facility is not available during certain operations. |
| 2 | Session Suspend | A facility that enables a Branch User to 'Suspend' and subsequently 'Resume' a desktop session. Only one session can be suspended in this way. During the suspension the Branch User is presented with a new main desktop menu and may carry out any of the system functions (including serving another customer) while the original session is suspended. Each of the two sessions (the suspended and the current) can be 'toggled' by selection of the 'suspend/swap' button. The two sessions will remain in existence until the user returns one of the sessions to the 'Desk Top' and then swaps to the other session. This facility is not available during certain operations. |

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| # | Excluded Functionality | Description |
|---|---|---|
| 3 | Watercard | Watercard comprises a smart token processed as part of the Automated Payments Service and is referenced in section 2.2.3(c)(ii) of Schedule B4.2.<br><br>It is defined via the following CCDs: -<br><br>• SU/IFS/027 - Kent Meters/GEC Meters "Watercard" Payment System Card Data Encryption Specification;<br><br>• SU/IFS/028 - GEC Meters Ltd - "Watercard" Budget Prepayment System Transaction Terminal Outline Requirements;<br><br>• SU/IFS/029 - GEC Meters "Watercard" Payment System 2K Card Data Specification (I2C);<br><br>• SU/IFS/034 - POCL Token Technology Specification GEC Watercard; and<br><br>• AP/IFS/053 - Pathway to Client Standard Watercard Application Interface Specification. |
| 4 | Signature variants of Banking transactions | Signature verification comprises one of the NB Customer Verification methods and is referenced in: -<br><br>• BP/SPE/035 – NBS Definition - Section 5.7.3.1 - 2nd and 3rd bullet and items (b) and (c); and<br><br>• NB/SPE/003 – Network Banking: Counter Dialogue - Activity & Screen Flows in section 4.1.2 and then in: -<br><br>o Sections 4.3.1.1, 4.3.1.2 (Cash Withdrawal - transaction type 13 & 14 (with balance));<br>o Sections 4.3.3.1, 4.3.3.2 (Balance Enquiry - transaction type 11);<br>o Sections 4.3.4.1, 4.3.4.2 (Withdraw Limit – transaction type 15);<br>o Section 6.1.1 (Receipts and Reporting); and<br>o Section 6.2 (Receipt layouts). |
| 5 | Counter Clerk copy of AP receipts | Horizon automatically produces a Counter Clerk (or Branch) copy receipt for all Automated Payment transactions together with the customer receipt.<br><br>Customer Receipts will continue to be produced on the HNG-X System. The production of the Counter Clerk receipt will continue for migrated existing ADC transactions but will cease for Automated Payment transactions. |
| 6 | Bubble Help | Bubble Help comprises a facility that enables a Branch User to display a short help text display associated with a desktop button. |

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| # | Excluded Functionality | Description |
|---|---|---|
| 7 | Quantum | Quantum comprises a smart token processed as part of the Horizon Automated Payments Service and is referenced in section 2.2.3 (c) (i) of Schedule B4.2.<br><br>It is defined via the following CCDs: -<br><br>• SU/IFS/024 - A Point of Sale Supporting the Quantum Application Utilising the POCL Secure DLL;<br><br>• SU/IFS/026 - CQO/Service Providers Interfaces;<br><br>• RS/FSP/003 - Statements on Security Objectives and Methods for the Protection of Siemens Metering Code and Data;<br><br>• CR/SPE/023 - Automated Payments Client Specification - Siemens Metering Ltd;<br><br>• AP/IFS/042 - Pathway to CQO Application Interface Specification; and<br><br>• AP/IFS/046 - Pathway to CQO Technical Interface Specification. |
| 8 | POLO card functionality | Post Office Logon (POLO) allows an authorised Branch User to gain access to the Horizon counter system and is used in any of the following circumstances:<br><br>• when the system is first started after installation or after a workstation has been replaced;<br><br>• when a workstation processor is switched back on after being powered off or is restarted; and<br><br>• when the Branch Manager needs to restart the office following the delivery of new security data.<br><br>The procedure involves the use of a memory card called a "PMMC (PostMaster's Memory Card)" and a PIN (Personal Identity Number comprising a string of alphanumeric characters). |
| 9 | Mails Application | The Mails Application is described in paragraph 4.1 of Schedule B4.2 and in the CCD entitled "Mails Definition" (BP/SPE/042). |
| 10 | Talexus | Talexus comprises a smart token processed as part of the Automated Payment Service and is referenced in paragraph 2.2.3 (c) (iii) of Schedule B4.2. Post Office's ability to deploy Talexus via CCN 798 will not be carried forward to the HNG-X |

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| # | Excluded Functionality | Description |
|---|---|---|
| | | System. |

## 2. ADDITIONS TO HORIZON FUNCTIONALITY

The following table describes functionality that is new to the Applicable Horizon Baseline as at the date of signature of CCN1200 that will be delivered by the HNG-X System.

| # | Title | Description |
|---|---|---|
| 1 | Foreign currency revaluation | The calculation that is currently performed to revalue foreign currency on hand shall be automatically applied during the office balancing process. |
| 2 | Postal Services | As described in the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001). |
| 3 | Context Sensitive Help. | A context sensitive help mechanism (to replace the current 'Bubble Help') will be implemented which will be consistent with the CCD entitled "HNG-X Style Guide" (DES/APP/STD/0001).<br><br>This will utilise agreed POL or FS reference data to determine the access points from which the Branch User may invoke relevant help text. This help mechanism will support the structuring of and access to different levels of help text where more detailed help text is specified.<br><br>The exact approach for the context sensitive help mechanism, including appropriate interface definitions to allow Post Office to specify the help text and structure, will be agreed as part of the detailed design work. Note that it may be necessary for Post Office to provide help text for the HNG-X System separately to help text for Horizon during the rollout of the HNG-X System (dual entry). This will be dependent on the interface definition agreed with Post Office. |
| 4 | Help Desk Calls | The ability to log help desk calls via the counter application. |

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## 3. AGREED CHANGES TO HORIZON FUNCTIONALITY

The following table describes changes to functionality within the Applicable Horizon Baseline as at the date of signature of CCN1200 that will be implemented in the HNG-X System.

| # | Title | Description |
|---|---|---|
| 1 | Report simplifications | Report consolidation for the HNG-X System will be achieved through decoupling the call for data about reports from the central database, from the user production and analysis of reports. Reports will be grouped into a small number of categories, such as "Counter Daily Report" and "Counter Weekly Report". A revised counter sequence will be design to enable the user to work through the report set, printing and cutting off as appropriate.<br><br>Post Office confirms that this does not have an adverse impact on branches as the process is similar to present and it also provides a way for single counter position branches to be able to exit to continue customer service if required.<br><br>Any consolidation and/or rationalisation of reports on top of this solution would not necessarily impact the load on the database from report production as those reports will be contained within the bundles of data called in the one data call. However, it is recognised that it would be good practice for Post Office to consolidate and rationalise reports anyway as a house-keeping exercise to improve efficiency at the counter and reduce consumables. This exercise will be carried out in conjunction with the analysis of the functional requirements. The Fujitsu Services baseline assumption for contract is that the following reports will be removed:<br><br>• Counter Daily<br>  ○ APS Transaction Listing<br>  ○ O/L Balance Enquiries<br>  ○ O/L Cash Deposits<br>  ○ O/L Cheque Deposits<br>  ○ O/L Cash Withdrawals (signature and PIN) |

FUJ00000070

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| # | Title | Description |
|---|---|---|
| | | • Counter weekly<br>o O/L Balance Enquiries<br>o O/L Cash Deposits<br>o O/L Cheque Deposits<br>o O/L Cash Withdrawals (signature and PIN) |

FUJ00000070

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| # | Title | Description |
|---|---|---|
| 2 | Changes to the session settlement model | The HNG-X session settlement model will change from Horizon as a consequence of the on-line architecture, the classification of transactions as either 'Recoverable' or 'Cancellable', and changes to the production of some receipt printing.<br><br>The primary areas of difference are: -<br><br>• Transactions will be classed as either 'Recoverable' or 'Cancellable';<br>• the settlement process is now an on-line dialogue supported by some new Counter Clerk dialogues;<br>• certain receipts will now be printed during the settlement process, completing after session data is secured at the Data Centre;<br>• a new settlement transaction sequence will handle transient time-outs to the Data Centre. This will comprise automatic retries and then Counter Clerk managed dialogues supporting 'Retry' and 'Cancel' options;<br>• certain failure conditions will result in the settlement process having to be cancelled. New Counter Clerk dialogues will manage this exception process with respect to the settlement of the 'Recoverable' transactions and the cancellation of the 'Cancellable' transactions. A variant of the Customer Session receipt for session recovery will be produced. Following the printing of the revised session receipts, the Counter Clerk will be logged off; and<br>• a new recovery process will be initiated on subsequent log-on to the original terminal. New Counter Clerk dialogues will manage this recovery process with respect to the final outcome of the failed session.<br><br>Further details will be contained in the Working Document 'HNG-X Session Settlement Process'. |

FUJ00000070



| # | Title | Description |
|---|---|---|
| 3 | Changes to way various Exception conditions are handed | As described in the CCD entitled "HNG-X Branch Exception Handling Strategy – Agreed Assumptions and Constraints" (REQ/CUS/STG/0002). |
| 4 | Changes to the management and distribution of POL Reference Data | As described in the CCD entitled "HNG-X Counter Reference Data Delivery Strategy - Agreed Assumptions and Constraints" (REQ/CUS/STG/0003). |
| 5 | Training capability provided in the Counter Training Offices | As described in Annex 4 of this Schedule. |
| 6 | Changes to Confirmation processing model | Confirmation messages for online transactions will only be harvested in batch mode at end of day. This means that the Transaction Enquiry Service will not receive C2 messages in near real time, and Streamline payment file(s) will only be produced overnight. |
| 7 | PIN Pad required for Banking Deposits | To protect against replay attacks, banking deposit transactions will use a MAC generated by the PIN Pad. This will require the presence of a PIN Pad (a change from Horizon). For the avoidance of doubt, this will not require a PIN to be entered by the customer. |
| 8 | Change to End of Day | Branch end of day will be declared for all branches at 19:00 each day. This will be the same time for all Branches (i.e. there will be no ability to have different Branches with different end of day times). End of day will be declared whether or not those Branches are operating or connected to the Data Centre. |
| 9 | Ad-hoc transaction report for AP PANs | The HNG-X System shall allow the production of an ad-hoc transaction report containing the PAN reference number from the AP token and the AP sequence number, where they are agreed to be part of the transaction and not restricted for security reasons. Fujitsu Services and Post Office will agree the exact structure of this report during the design stage. |

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## ANNEX 3

## SYSTEM CAPACITY AND PERFORMANCE REQUIREMENTS

1. The System Capacity and Performance Requirements as at the date of signature of CCN1200 are contained in document "HNG-X System Capacity and Performance Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these Requirements are categorised as "Type A".

3. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   3.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   3.2 chapter headings; and

   3.3 explanatory text.

4. The Business Equivalence Principles do not apply to the System Capacity and Performance Requirements or associated Service Levels, but it is accepted that the performance characteristics of the HNG-X System counter applications and associated infrastructure must be acceptable to the Post Office. This specific aspect of the Solution Baseline will be assessed to determine that the HNG-X System counter performance delivers equivalent or better performance characteristics to the Applicable Horizon Baseline, based on the following principles:

   4.1 Post Office and Fujitsu Services will jointly agree an assessment process that will:

      (a) define and agree sets of representative Transaction types and a measurement period;

      (b) establish system component benchmark measurements for these Transaction types on the Horizon system and on the HNG-X System (taking account of any changed processes or UI characteristics that may be present in the HNG-X Transaction); and

      (c) allow Post Office to request that the set of Transaction types is augmented (agreement to such requests not to be unreasonably withheld by Fujitsu Services) if anomalous HNG-X Transaction performance characteristics are identified prior to the commencement of the HNG-X Project Workstream X4 (HNG-X Application Rollout).

   4.2 Acceptance by Post Office of the HNG-X System counter performance will be based on the average system component benchmark measurements for each of the agreed sets of representative Transaction types for the HNG-X System

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being no worse than the comparable measurements for each of the Transaction types within the Applicable Horizon Baseline or where comparison is not applicable, to their agreed design targets.

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## ANNEX 4

## TRAINING REQUIREMENTS

1. The Training Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Training High Level Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type B".

3. As described in Paragraph 4.1.2 of this Schedule, these HNG-X Requirements are subject to the assumptions and constraints contained in the CCD entitled "HNG-X Training Strategy (CTO) – Agreed Assumptions and Constraints" (REQ/CUS/STG/0004).

4. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   4.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   4.2 chapter headings; and

   4.3 explanatory text.

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## ANNEX 5

## OPERATIONAL AND SUPPORT SERVICE REQUIREMENTS

1. The Operational and Support Service Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Operational and Support Service Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   3.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   3.2 chapter headings; and

   3.3 explanatory text.

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## ANNEX 6

## MIGRATION AND IMPLEMENTATION REQUIREMENTS

1. The Migration and Implementation Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Migration and Implementation Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. As described in Paragraph 4.1.2 of this Schedule, these HNG-X Requirements are subject to the assumptions and constraints contained in CCD entitled "HNG-X Migration Strategy - Agreed Assumptions and Constraints" (REQ/CUS/STG/0001).

4. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   4.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   4.2 chapter headings; and

   4.3 explanatory text.

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## ANNEX 7

## DESIGN AND ARCHITECTURE REQUIREMENTS

1. The Design and Architecture Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Design and Architecture Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   3.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   3.2 chapter headings; and

   3.3 explanatory text.

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## ANNEX 8

## SECURITY REQUIREMENTS

1. The Security Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Security Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. As described in Paragraph 4.1.2 of this Schedule, these HNG-X Requirements are subject to the assumptions and constraints contained in CCD entitled "Security Constraints" (ARC/SEC/ARC/0001).

4. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   4.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   4.2 chapter headings; and

   4.3 explanatory text.

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## ANNEX 9

## DEVELOPMENT REQUIREMENTS

1. The Development Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Development Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   3.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   3.2 chapter headings; and

   3.3 explanatory text.

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## ANNEX 10

## TESTING REQUIREMENTS

1. The Testing Requirements as at the date of signature of CCN1200 are contained in document "HNG-X Testing Requirements" version 0.2 dated 15 August, 2006, which forms part of the HNG-X Requirements Catalogue Draft at Contract.

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type A".

3. All HNG-X Requirements are shown in tabular format with a unique identifier, HNG-X Acceptance Methods and HNG-X Acceptance Criteria. In some cases these HNG-X Requirements will be contained within textual information which gives a contextual setting. This context is provided merely to help the reader and can contain:

   3.1 glossary applicable to the HNG-X Requirements contained in this Annex;

   3.2 chapter headings; and

   3.3 explanatory text.

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## ANNEX 11

## REQUIREMENTS DEFINITION PROCESS

## PART 1 – FUNCTIONAL REQUIREMENTS DEFINITION PROCESS

### 1. INTRODUCTION AND SCOPE

1.1 Project HNG-X will commence with the Requirements Stage, which includes specification and assurance activities, and which will be directed by the Requirements Definition Process.

1.2 Part 1 of this Annex 11 is concerned with the definition and assurance processes to establish a baseline of Functional Requirements.

1.3 This process will focus on the specification of the business process and data requirements of the Business Capabilities and Support Facilities. Any of the existing non-functional HNG-X Requirements that relate to specific requirements, artefacts or capabilities will also be applied at this stage.

1.4 HNG-X Requirements Assurance will be conducted as a joint activity comprising both business content assurance and the inclusion of any agreed optimisation or improvement opportunities that would facilitate solution design. Both these aspects of HNG-X Requirements Assurance will involve Fujitsu Services and will occur progressively and prior to the final issuing to Fujitsu Services of the Functional Requirements.

### 2. PRINCIPLES

The principles that will apply during the definition and assurance process, in particular concerning the interchange of HNG-X Requirements artefacts between Post Office and Fujitsu Services are as follows:

2.1 DOORS (as configured within Post Office for Project HNG-X) is the master repository of all HNG-X Requirements;

2.2 the intention is to be able to compartmentalise the HNG-X Requirements so that each group of HNG-X Requirements has its own life and own versioning;

2.3 functional Use Cases will be grouped into convenient business areas which will be made available to Fujitsu Services at relevant points to enable early visibility and a more interactive approach to solution design; and

2.4 to ensure integrity of the HNG-X Requirements as a whole set there will be a number of assurance steps which begin at the start of a piece of work in each business area and complete with the handover of a completed HNG-X Requirements set. Fujitsu Services are fully involved in this approach from the beginning of the process through to final baselining of the HNG-X Requirements set, and will assist in optimising the overall Use Case model so that constraints applicable to the existing Horizon architecture are not unnecessarily carried forward into the HNG-X System.

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## 3. REQUIREMENT ANALYSIS METHOD

3.1 Analyst teams from both Parties will progressively develop the Use Case specifications required for each business area, initially assessing the proposed Use Case goals and descriptions and the various source materials to determine their status and relevance. The required business processes and logical operations will be described as Use Cases, with each being developed through normal flow and then variant and exception paths with interaction at key stages with the HNG-X Requirements Assurance process.

3.2 Certain Use Cases relate to functionality that Fujitsu Services has proposed will be delivered by solution components that are retained from Horizon. These are classified as "Retained Functionality" Use Cases and it has been agreed that these Use Cases will only require a minimum level of functional specification.

## 4. HNG-X REQUIREMENTS ASSURANCE

### 4.1 Introduction

HNG-X Requirements Assurance represents a significant and necessary stage in the HNG-X solution lifecycle, providing the means by which Post Office and Fujitsu Services can progressively gain confidence in the scope, capabilities and impact of the emerging HNG-X Requirements and solution artefacts. The assurance role will involve both business and functional content assurance and 'solution design' assurance. Fujitsu Services will support Post Office in both of these activities – initially through the provision of knowledgeable personnel to assist in minimising the risk of functional omission and subsequently to work with Post Office to verify and improve various aspects of the emergent solution, both in terms of solution optimisation and economic rationalisation of HNG-X Requirements.

### 4.2 Assurance Steps

The approach is underpinned by a series of assurance steps which cover:

4.2.1 content assurance: gradually moving towards a series of fully dressed Use Cases through a series of assurance stages which verify them on an incremental basis;

4.2.2 optimisation and completion:

(a) ensuring all Use Cases are up to date with all relevant Horizon or HNG-X changes and are collectively consistent; and

(b) giving visibility of the HNG-X Requirements to Fujitsu Services in order to obtain feedback from a solution perspective on any optimisation or improvement opportunities. It is recognised that these HNG-X Requirements are still subject to change and that any solution activities based on this material may be impacted once the final Requirements Baseline has been issued.

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4.2.3 further Requirements Baseline: if the above process results in amendments to the HNG-X Requirements, the Requirements Baseline will either be revised or re-issued.

4.3 **Roles**

The assurance role will encompass the need to:

4.3.1 ensure compliance – by supporting the business analyst teams of both Parties in following the Requirements Definition Process and their use of the underlying tools and standards, and in producing deliverables that meet the defined quality standards;

4.3.2 achieve assurance – by reviewing the business content of the HNG-X Requirements artefacts for accuracy and completeness, and by enabling effective dialogue, optimisation and handover activities with the Fujitsu Services Design Authority;

4.3.3 ensure integrity and consistency – by applying 'whole service' and 'cross service' assessments of HNG-X Requirement definitions, shared or common specifications, and the relationship between newly specified and retained functionality; and

4.3.4 maintain the Requirements Baseline – by establishing processes for identifying the various sources of change that will occur throughout Project HNG-X and managing their application to the Requirements Baseline.

This participative approach will however recognise the overriding roles and responsibilities of Post Office (in terms of HNG-X Requirements Assurance) and Fujitsu Services (in terms of solution definition, build and implementation) in this process.

## PART 2 - HNG-X REQUIREMENTS BASELINING PROCESS

1. An initial version of the full set of Functional Requirements will be provided to Fujitsu Services as part of Post Office issuing an initial Requirements Baseline at the end of the Requirements Stage. As HNG-X Requirements Assurance may not have been completed at this point, further amendments to the initial Requirements Baseline may be required in order to take account of amendments, additions or deletions to HNG-X Requirements as a result of HNG-X Requirements Assurance. Where the overall impact of such changes is significant, the Requirements Baseline shall be re-issued by Post Office. Where the impact is minimal, there would be no need to re-issue the Requirements Baseline and any amendments shall be dealt with in accordance with paragraph 6.2 of this Schedule B6.1.

2. Individual HNG-X Requirements that are not produced as part of the Functional Requirements Definition Process described in Annex 11 Part 1 may be baselined prior to establishing the final Requirements Baseline. This approach will enable Fujitsu Services to make design or solution decisions with more certainty where necessary. At the date of signature of CCN1200, the HNG-X Requirements are as described in Annexes 3 to 10 to this Schedule B6.1 and will be marked as baselined at version 0.2.

FUJ00000070



HNG-X Requirements which become individually baselined after this date will be marked as such in DOORS and formally handed over to Fujitsu Services ahead of the full HNG-X Requirements set.

3. For the avoidance of doubt, Fujitsu Services shall not be entitled to reject or refuse an HNG-X Requirement that complies with the provisions of this Schedule B6.1 other than in accordance with Clause 34.5.

## PART 3 – NON-FUNCTIONAL HNG-X REQUIREMENTS RELATING TO THE USER INTERFACE DEFINITION PROCESS

1. The non-functional HNG-X Requirements relating to the HNG-X User Interface will be established and assured in accordance with the CCD entitled "Establishing and Assuring the HNG-X User Interface" (REQ/GEN/PRD/0001).

2. For the purposes of the HNG-X Programme Requirements Change Control Process, these HNG-X Requirements are categorised as "Type B".

## PART 4 – HNG-X REQUIREMENTS RELATING TO THE POSTAL SERVICES DEFINITION PROCESS

1. The Functional Requirements relating to the Postal Services will be generated by following the Functional Requirements Definition Process set out in Part 1 of this Annex but will be established and assured as defined in the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001) by following the Postal Services Assessment Guidelines in place of the guidelines in Annex 1.

2. The non-functional HNG-X Requirements relating to the Postal Services will be established and assured in accordance with the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001).

## PART 5 – HNG-X PROGRAMME REQUIREMENTS CHANGE CONTROL PROCESS

### 1. INTRODUCTION

1.1 The HNG-X Programme Requirements Change Control Process is owned by the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager, and is intended as a mechanism which applies a discretionary level of control to the scope of the HNG-X Requirements without invoking the Change Control Procedure.

1.2 An HNG-X Programme Change Authority will be established with representation from the Fujitsu Services' Design Authority and the Post Office Design Authority who will be responsible for the initial impact assessment of proposed changes and for recommending to the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager whether a change can be dealt with within their level of authority. Final responsibility for this decision remains with the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager.

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1.3 The treatment of a proposed change will differ depending on whether the HNG-X Requirement to which the change is proposed has been baselined, has been baselined at high level, or is still under development. These are categorised respectively as "Type A", "Type B" and "Type C" HNG-X Requirements, with their treatment described in paragraph 2 of this Part 5 of this Annex. New HNG-X Requirements are categorised as "Type D".

1.4 Subject to paragraph 1.5, the HNG-X Programme Requirements Change Control Process will cease to operate after the end of the Requirements Stage, after which changes to HNG-X Requirements will be dealt with through the Change Control Procedure.

1.5 After the end of the Requirements Stage, the HNG-X Programme Requirements Change Control Process shall continue to apply to:

1.5.1 the management of changes or additions to the HNG-X Requirements as a result of HNG-X Requirements Assurance or HNG-X Solution Assurance in accordance with paragraph 6.2.2 of this Schedule;

1.5.2 the management of a deviation of a Postal Services Requirement from the Postal Services Assessment Guidelines in accordance with paragraph 6.2.3(b) of this Schedule;

1.5.3 for any HNG-X Requirement other than a Postal Services Requirement, the management of a deviation from the Business Equivalence Principles in accordance with paragraph 6.2.3(a) of this Schedule; and

1.5.4 for any HNG-X Requirement, the management of an inconsistency between that HNG-X Requirement and (a) an HNG-X Assumption related to that HNG-X Requirement (and set out or referred to in the same Annex to this Schedule as that HNG-X Requirement) or (b) the HNG-X Assumption set out in Annex 12, in accordance with paragraph 4.1.2 or 4.1.3 of this Schedule (as the case may be).

## 2. TREATMENT OF DIFFERENT TYPES OF HNG-X REQUIREMENTS

### 2.1 Non Baselined Functional Requirements (Requirement Type C)

2.1.1 Any Functional Requirement which has not been individually baselined and which does not depart from the Business Equivalence Principles is regarded as under development and is not subject to the Change Control Procedure or HNG-X Programme Change Assessment.

2.1.2 Where the generation of a Functional Requirement deviates from the Business Equivalence Principles (as recognised by the author of the HNG-X Requirement or as identified during HNG-X Requirements Assurance) and is not the result of an Agreed Change, an assessment will be made by the HNG-X Programme Change Authority against the conditions for an Allowed Change as set out in paragraph 4.2.3 of this Schedule B6.1 as follows:

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(a) where the HNG-X Requirement is agreed as fulfilling the conditions of an Allowed Change, the agreement will be logged by the HNG-X Programme Change Authority as an Allowed Change and the HNG-X Requirement may continue to be developed without recourse to the Change Control Procedure or HNG-X Programme Change Assessment; and

(b) where the HNG-X Requirement does not fulfil the conditions of an Allowed Change, the HNG-X Requirement must be passed for HNG-X Programme Change Assessment or reverted to a definition which accords with the Business Equivalence Principles.

2.2 **Requirements Baselined at High Level including Agreed Changes (Requirement Type B)**

2.2.1 HNG-X Requirements, including Agreed Changes, which are baselined at high level may be described or elaborated in more detail within the scope of the high level HNG-X Requirement without recourse to the Change Control Procedure or HNG-X Programme Change Assessment. However, where the elaboration of the HNG-X Requirement extends the scope (as recognised by the author of the HNG-X Requirement or as identified during HNG-X Requirements Assurance or HNG-X Solution Assurance, and which for Postal Services Requirements shall be assessed against the scope defined in section 4 of the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001) using the Postal Services Assessment Guidelines), an assessment will be made by the HNG-X Programme Change Authority as to whether the extension of scope fulfils the conditions that it must have an acceptable cost, time, risk and resourcing impact on Project HNG-X and appropriate actions will be taken as follows:

(a) where the extension of scope is agreed as fulfilling the above conditions, the extension of scope will be adopted under the governance of the HNG-X Programme Change Authority and the HNG-X Requirement or Agreed Change may continue to be developed without recourse to the Change Control Procedure or HNG-X Programme Change Assessment; and

(b) where the extension to scope does not fulfil the above conditions, the extension to scope must be passed for HNG-X Programme Change Assessment or reverted to a definition within the scope of the higher level HNG-X Requirement.

2.3 **Baselined Requirements (Requirement Type A)**

Once an HNG-X Requirement has been agreed and individually baselined, any proposed change to that HNG-X Requirement will be passed for HNG-X Programme Change Assessment. Following the formal handover of the final Requirements Baseline any HNG-X Requirements which have been assessed as deviating from the Business Equivalence Principles (in the case of all HNG-X Requirements other than Postal Services Requirements) or the Postal Services Assessment Guidelines (in the case of

FUJ00000070



Postal Services Requirements) shall also be passed for HNG-X Programme Change Assessment.

2.4 **New Requirements (Requirement Type D)**

New HNG-X Requirements will be initially assessed by the HNG-X Programme Change Authority to determine whether they fall within the definition of an Allowed Change. When the HNG-X Requirement is not assessed as an Allowed Change it will be passed for HNG-X Programme Change Assessment. When the HNG-X Requirement is assessed as an Allowed Change it will be processed as an HNG-X Requirement Type C in accordance with paragraph 2.1 of Part 5 of this Annex.

2.5 Fujitsu Services may propose that any additional or new HNG-X Requirement be subject to a caveat detailing any exceptions to full compliance in respect of that particular HNG-X Requirement only (and not in respect of any HNG-X Requirement already forming part of the HNG-X Requirements Catalogue) and the Parties shall, acting reasonably and in good faith, agree whether to adopt that caveat in respect of that particular HNG-X Requirement.

3. **HNG-X PROGRAMME CHANGE ASSESSMENT**

3.1 Proposed changes to HNG-X Requirements, new HNG-X Requirements and any changes or additions to the non-functional HNG-X Requirements relating to the HNG-X User Interface or Postal Services which are passed for HNG-X Programme Change Assessment will be initially assessed by the HNG-X Programme Change Authority to determine whether the change is likely to impact time or cost beyond the level of authority of the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager, or whether there is likely to be any impact outside of Project HNG-X.

3.2 Where the change will clearly exceed this authority or will clearly have an impact outside the Project HNG-X, the change will be dealt with under the Change Control Procedure (or agreed with the author to be rejected).

3.3 Where the change appears likely to have minimal impact such that, considered with other proposed changes, it can be managed within the level of authority of the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager and has no impact external to the Project HNG-X, the change will be passed to the appropriate team within Fujitsu Services or Post Office to undertake further impact assessment (under the control of the HNG-X Programme Change Authority).

3.4 If the further impact assessment referred to in paragraph 3.3 of this Part 5 confirms the initial assessment, the change will be approved and the HNG-X Requirement can be updated accordingly, subject to the final approval of the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager. Once approved, if the change relates to a Functional Requirement, the change shall be deemed to be an Agreed Change. The baselined status (as indicated by the Requirement Type A, B C or D) of the HNG-X Requirement will not be changed by this process, but the version number of the HNG-X Requirement will be updated accordingly.

FUJ00000070



3.5 If the further impact assessment referred to in paragraph 3.3 of this Part 5 rejects the initial assessment, the change will be dealt with under the Change Control Procedure (or agreed with the author to be rejected).

## 4. RECORDING OF CHANGES

All changes which are agreed as "Allowed Changes" or "Agreed Changes" shall be logged as such by the HNG-X Programme Change Authority. This log shall initially be formed from the information in Annex 2 to this Schedule as at the date of signature of CCN1200 and subsequently maintained by the HNG-X Programme Change Authority throughout Project HNG-X.

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## ANNEX 12

## GENERAL ASSUMPTION

Only one assumption has been identified as being of general application to the HNG-X Requirements. This is stated below:

General Assumption 01

The existing Horizon Icon Design Service will not be continued for the HNG-X System. There will be a limited set of icons agreed during the HNG-X User Interface design phase, which may be re-used as appropriate in the HNG-X User Interface. Any proposed changes or additions to the agreed set will be dealt with in accordance with the Change Control Procedure.

FUJ00000070

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## ANNEX 13

## CHANGES DELIVERED (OR TO BE DELIVERED) AFTER RELEASE S92 AGREED AS PART OF THE APPLICABLE HORIZON BASELINE

| POL CR ref. | Change Work Package ref. | Summary description |
|---|---|---|
| PSO_FSL_CR00968_FS | PWY_CWP_530 | Receipt Template for Automation of Travellers Cheques ADC Product |
| PSO_FSL_CR00680 | PWY_CWP_525 (Note: Subject to being approved) | Including figures for cash in pouches in Flexible Planning input |
| PSO_FSL_CR00956 | PWY_CWP_520 | Gift Voucher Shop Receipts |
| PSO_FSL_CR00950_FSv2 | PWY_CWP_517 | Generic Branch Receipt Template |
| PSO_FSL_CR00326 | PWY_CWP_404 | Provision of DR capability to connect POLFS users to POLFS when NDC is not available. |
| PSO_FSL_CR00925_FS | PWY_CWP_508 | Cessation of the BBC AP interfaces |
| PSO_FSL_CR00921v2 | PWY_CWP_505 | PostShop Receipt Template (applicable to the Superstock Service from 1st April 2010) |
| PSO_FSL_CR0893 | PWY_CWP_496 | Implement changes to XI as identified in the changed functional spec |
| PSO_FSL_CR00786 | PWY_CWP_481 | A & L Sequential Referencing onto ADC |
| PSO_FSL_CR00754 | PWY_CWP_471 | Shopping Basket Finance Integration (Flowers and Travel Insurance) |
| PSO_FSL_CR00744 | PWY_CWP_466 | Transmit PDR data from Horizon to POLFS and MI system. |
| PSO_FSL_CR00734 | PWY_CWP_457 | Amend Horizon to accept 5 digit item numbers |
| POLCC_FSL__CR0077 | PWY_CWP_453 | BAU - New Barcode range for P6097 Labels |
| POLCC_FSL_CR0693 | PWY_CWP_437 | Removal of a line on the Despatch Report |
| PSO_FSL_CR00531 | PWY_CWP_414 | Quantity function in Smartpost to operate when PAF is optional and not selected. |
| PSO_FSL_CR00584 | PWY_CWP_410 | New despatch report for existing client |
| PSO_FSL_CR00583 | PWY_CWP_409 | Country of destination on T& T message |

FUJ00000070

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| POL CR ref. | Change Work Package ref. | Summary description |
|---|---|---|
| POLCC_FSL_CR00547 | PWY_CWP_393 | New Algorithm Condition permissible in Field Validation |
| PSO_FSL_CR00873 | PWY_CWP_494 | New AP-ADC Data Type - StackLookup |
| PSO_FSL_CR00781v2_FS | PWY_CWP_480 | Mails Receipt changes |
| PSO_FSL_CR00756 | PWY_CWP_474 | Allow today's date to be used in selecting the date range on the Office Weekly Sales Report |
| PSO_FSL_CR00728 | PWY_CWP_456 | Cut Off facility for the Office Weekly Postage Labels report |
| PSO_FSL_CR00727 | PWY_CWP_455 | Date Range for Daily Rem reports |
| POLCC_FSL_CR0073 | PWY_CWP_439 | Rejected Postage Label Report |
| POLCC_FSL_CR0071 | PWY_CWP_423 | Printing Retailer Logos on Retailer branded Orders |

FUJ00000070

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# SCHEDULE B6.2

# HNG-X DESIGN AND BUILD

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 2.1 | 19/03/07 | Applying CCN 1206 |
| 2.2 | 24/10/07 | Anomaly: omission of text in paragraph 13.1 |
| 3.0 | 25/10/07 | Baseline copy of 2.2 |
| 4.0 | 23/02/09 | Baseline copy of 3.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 24/12/09 | Applying changes as per CCN 1268 |
| 7.0 | 24/05/10 | Moving schedule to version 7.0 |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE B6.2

## HNG-X DESIGN AND BUILD

### 1. INTRODUCTION

This Schedule deals with:

1.1 an overview of the manner in which the HNG-X Requirements set out in or generated by the process in Schedule B6.1 will be logged and confirmed;

1.2 the agreed processes for design and development in support of the solution specification, build and test stages of the lifecycle of the HNG-X Development, including offshore development. The Parties acknowledge that Post Office is embarking on a project management methodology referred to as RMG Harmony. This methodology is in development at the date of signature of CCN1200. As such this Schedule may or may not align with RMG Harmony. In the event that Post Office requires changes to this Schedule to better align it with RMG Harmony those changes will be dealt with in accordance with the Change Control Procedure;

1.3 an overview of the Solution Baseline Documentation Set;

1.4 maintenance of the HNG-X Programme Plan and associated budgeting and reporting; and

1.5 other matters relating to the conduct of Project HNG-X and the Associated Changes.

### 2. HNG-X REQUIREMENTS

2.1 The HNG-X Requirements that will form the Requirements Baseline are referred to in, or will be generated in the manner defined in, Schedule B6.1.

2.2 Fujitsu Services will establish a method of requirements traceability against the Requirements Baseline for use during the HNG-X Development Period. Fujitsu Services will provide Post Office with a completed compliance matrix for all HNG-X Requirements listed in the Requirements Baseline by the milestone entitled "Requirements Compliance Matrix Baselined" in the HNG-X Programme Plan.

### 3. SOLUTION BASELINE DOCUMENTATION SET

3.1 Fujitsu Services shall develop a set of documents and other artefacts that accurately reflects the Solution Baseline (the "Solution Baseline Documentation Set"). The Solution Baseline Documentation Set will consist of updated versions of Schedules B3.2, B3.3 and B3.4, the Solution Architecture, and more detailed information (which may be based on aspects of the Requirements Baseline and/or a set of architectural and design artefacts). The Parties shall work together throughout the two month period following the end of the

FUJ00000070



Requirements Stage to agree by the end of that period the list of documents and other artefacts that will form the Solution Baseline Documentation Set (together with a summary description for each such document and artefact).

3.2 Changes to components or component usage explicitly described in the Solution Architecture, or in other documents and artefacts of the Solution Baseline Documentation Set which have been agreed between the Parties as requiring Post Office approval, shall be approved by Post Office and Fujitsu Services.

## 4. ARCHITECTURE & DESIGN

4.1 Fujitsu Services will create and maintain, for the duration of the HNG-X Development Period, an architectural solution description, which shall be developed from the Solution Architecture and shall take account of relevant HNG-X Requirements (the "Architectural Solution Description"). The Architectural Solution Description will be used to support HNG-X Solution Assurance in the manner described in paragraph 5.4.2 and the Parties shall agree, in accordance with paragraph 3, which elements of the Architectural Solution Description shall form part of the Solution Baseline Documentation Set.

4.2 The Architectural Solution Description will consist of a number of architectural and design artefacts that capture the design characteristics of the component sub-systems of the solution. The architectural and design artefacts will take a number of forms, dependent on the nature of the sub-system but typically dictated by whether the component is to be newly created or retained or enhanced legacy. Architectural and design artefact production will be tracked through the HNG-X Programme Plan. Fujitsu Services shall work with Post Office to agree, such agreement not to be unreasonably withheld, the form of the architectural and design artefacts by the date for such agreement set out in the HNG-X Programme Plan.

## 5. HNG-X SOLUTION ASSURANCE

5.1 HNG-X Solution Assurance is a significant and necessary activity in the HNG-X solution lifecycle providing the means by which Post Office and Fujitsu Services will progressively gain confidence in the emerging solution.

5.2 HNG-X Solution Assurance will continue the engagement between Post Office and Fujitsu Services that was established to conduct Requirements Assurance as a pre-cursor to establishing the Requirements Baseline.

5.3 The objectives of HNG-X Solution Assurance are to enable:

5.3.1 Post Office and Fujitsu Services to develop a common and shared understanding of the Requirements Baseline;

5.3.2 Post Office to amplify, explain or clarify any points of difficulty in the interpretation of the Requirements Baseline as requested by Fujitsu Services;

FUJ00000070



5.3.3 Post Office and Fujitsu Services to monitor the progress of the Solution Baseline towards satisfying the Requirements Baseline;

5.3.4 Post Office and Fujitsu Services to progressively gain confidence in the completeness and integrity of the Solution Baseline;

5.3.5 Fujitsu Services to confirm to Post Office the operational effect of applying the HNG-X Assumptions to the Architectural Solution Description; and

5.3.6 Fujitsu Services to advise Post Office of potential operational or functional implications which may arise in the development of the Architectural Solution Description and for Post Office to consider appropriate actions, such actions to be agreed between the Parties. Such advice shall not include operational implications relating to the usability characteristics of the HNG-X User Interface or the user interface of the CSRDE, where such implications would be specific to Post Office's business operations and practices.

## 5.4 HNG-X Solution Assurance Roles and Responsibilities

5.4.1 The HNG-X Solution Assurance role will be led by the Post Office Design Authority and his team, supported by Fujitsu Services.

5.4.2 Fujitsu Services will demonstrate, through discussion and by the provision of appropriate architectural and design artefacts, how the Design and Architecture Requirements are met. In addition, Fujitsu Services will, through the provision of an appropriate compliance matrix, demonstrate the incorporation of all of the HNG-X Requirements in the Requirements Baseline against relevant solution artefacts.

5.4.3 During HNG-X Solution Assurance Post Office will not specify any design or design component to Fujitsu Services but will provide feedback where it does not reasonably believe that the solution design will correctly meet the Requirements Baseline, or where it believes that the solution outcome would result in unacceptable implications.

5.4.4 HNG-X Solution Assurance will be carried out via a joint design forum and ad-hoc discussions provided that the workings of the design forum or the holding of such ad-hoc discussions do not adversely impact progress against the HNG-X Programme Plan. Where Fujitsu Services believes that such an adverse impact has occurred or is likely to occur, then this issue shall be raised with both the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager for resolution and such impact shall be assessed via the mechanisms described in paragraph 13.1.

FUJ00000070



5.4.5 This participative approach will recognise the respective and overriding roles and responsibilities of Post Office (in terms of HNG-X Requirements Assurance) and of Fujitsu Services (in terms of solution definition, build and implementation) in this process.

## 6. DEVELOPMENT

6.1 Fujitsu Services will develop the components of the solution using a combination of "waterfall", iterative and prototyping development methods as appropriate to the component or sub-system being created. In general:

6.1.1 the "waterfall" approach will typically be used for retained "legacy" in the Data Centre and those components that are related to the internal workings of the solution (not business/user visible);

6.1.2 iterative methods will typically be used to deliver subsets of business functionality earlier in the lifecycle (to support incremental testing); and

6.1.3 prototyping will typically be deployed where the requirements are not clearly understood or where Fujitsu Services and Post Office jointly agree that this is the correct approach for the creation of a particular aspect of the system.

Fujitsu Services will agree with Post Office, such agreement not to be unreasonably withheld, which development method will be used for each sub-system or component of the solution.

6.2 Fujitsu Services will act in accordance with the Fujitsu Services "Solution Framework" methodologies, as enhanced by the Fujitsu Services team to support the needs of the development stream and this will be captured in revisions to the Working Document "Development Strategy for HNG-X" (DEV/MGT/STG/0001), which will be shared with Post Office. Decisions on which development tooling and development methodologies are to be used will be driven out of the programme and implemented within the project lifecycle as indicated by Level 2 key milestones in the HNG-X Programme Plan.

6.3 Each Party shall comply with its obligations set out in Annex 2 to this Schedule with regard to the HNG-X Development.

6.4 Fujitsu Services shall provide a measurement mechanism which can be used to estimate the functional size and complexity of software components and which can be used to estimate the functional size and complexity of future software changes.

6.5 In accordance with agreed Work Order(s), Fujitsu Services shall support Post Office in activities necessary for Post Office to achieve:

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6.5.1 certification, accreditation or assurance with its Clients or other third parties; and

6.5.2 re-certification or re-accreditation with its Clients or other third parties.

6.6 Fujitsu Services shall allow Post Office training development staff access to the pre-release solution as is becomes available, to facilitate the development by Post Office of accurate training material.

## 7. TESTING

7.1 Project HNG-X will follow a jointly developed, jointly agreed testing strategy that has been created to exploit the benefits of the re-engineered solution to be delivered by a service oriented architecture (as that term is described in the Solution Architecture) and an object oriented development approach. From the agreed testing strategy, revisions to the generic testing processes will be drawn. The approach will re-balance the testing lifecycle to strengthen the earlier stages of testing and thus reduce the risk of significant issues emerging in the later stages. To ensure that each stage of testing delivers the appropriate contribution to the programme it is important to establish and manage the commencement (trends, stability, readiness) and completion (coverage, completeness, closure) criteria for each testing stage.

7.2 Each test stage will have associated, documented quality gates (QGs) that will support the readiness review process to decide whether it is appropriate to enter or leave the stage of testing to which the QGs relate. The entry QG will be based on objective entry criteria, drawn from generic checklists, to support the assessment of readiness, timeliness, worth and risk.

7.3 Independent testing of the solution will be carried out by a jointly resourced and managed team where each organisation takes leadership of an individual test stage as agreed between the Parties. The scheduling of tests shall take account of, and be consistent with, the HNG-X Acceptance Plan.

7.4 The Parties will use reasonable endeavours to jointly agree, by the touchpoint in the HNG-X Programme Plan entitled "HNG-X Testing Approach Agreed", such agreement not to be unreasonably withheld, a CCD entitled "Testing Approach for HNG-X" (TST/GEN/STG/0002) which will define the joint approach to be used for testing. Such CCD will be based on the then current version of the Working Document "HNG-X Testing Strategy", the version at the date of signature of CCN1200 being version 1.0 (March 2006).

## 8. ACCEPTANCE

The HNG-X Acceptance Process will be managed in accordance with Schedule B6.3 by the respective HNG-X Acceptance Managers of Post Office and Fujitsu Services for the period to HNG-X Initial Acceptance and by the Post Office Acceptance Manager and Fujitsu Services Post Office Account service management team for the period from HNG-X Initial Acceptance to HNG-X Final Acceptance.

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## 9. HNG-X PROGRAMME PLAN

9.1 Fujitsu Services shall maintain the HNG-X Programme Plan for the fulfilment of its obligations under this Agreement in relation to Project HNG-X and the Associated Change Activities.

9.2 The HNG-X Programme Plan maintained by Fujitsu Services shall comprise three Levels. The Level 2 elements of the HNG-X Programme Plan, as at the date of signature of CCN1246, are set out in Part 2 of Annex 1 to Schedule B5.

9.3 The Level 3 elements of the HNG-X Programme Plan shall be at a level of detail equivalent to those elements described as such in Annex 1 to this Schedule (this is included for illustrative purposes only).

9.4 Within eight Working Days of the start of each Planning Period following the date of signature of CCN 1200, Fujitsu Services shall issue a revised version of the HNG-X Programme Plan which shall contain:

9.4.1 the Tasks required for completion of Project HNG-X and the Associated Change Activities;

9.4.2 until 31st October 2006, the Level 3 elements of the HNG-X Programme Plan associated with such FS Tasks as are scheduled to take place up to 30th November 2006;

9.4.3 from 1st November 2006, the Level 3 elements of the HNG-X Programme Plan required for completion of Project HNG-X and those Level 3 elements that are recorded in the HNG-X Programme Plan that are related to the Associated Change Activities; and

9.4.4 the milestone dates for Post Office Tasks and, so far as reasonably practicable, Post Office's other obligations under this Agreement, on which the commencement or completion of an FS Task is dependent (a "Development Dependency").

Any revised version of the HNG-X Programme Plan issued pursuant to this paragraph shall only become effective in accordance with the terms of paragraph 13.

9.5 In respect of each version of the HNG-X Programme Plan provided in accordance with paragraph 9.4, each Level 3 element on the HNG-X Programme Plan to be performed by Fujitsu Services:

9.5.1 having a deliverable to be produced as a result of that element, shall have a summary description of that deliverable; and

9.5.2 if related to HNG-X Development, shall have a HNG-X T&M Budget associated with it.

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9.6 Fujitsu Services shall complete each of its Tasks, using its reasonable endeavours to do so by the date shown for the completion of that Task in the HNG-X Programme Plan.

9.7 Post Office shall achieve each of its Development Dependencies, using its reasonable endeavours to do so by the date shown for the achievement of that Development Dependency in the HNG-X Programme Plan.

9.8 The initial version of the HNG-X Programme Plan at Level 2 (as set out in Part 2 of Annex 1 to Schedule B5) will be baselined at the date of signature of CCN 1246 such that any changes to costs, effort and timescales can be managed in accordance with this Schedule B6.2.

9.9 Part 1 of Annex 1 to Schedule B5 (excluding the diagram) contains references to certain dates in the initial version of the HNG-X Programme Plan for the key milestones and touchpoints between Fujitsu Services and Post Office or third parties for the delivery of Project HNG-X and the Associated Changes.

## 10. REPORTING AND OBLIGATIONS IF DELAY OCCURS

10.1 From the date of signature of CCN 1200, Fujitsu Services shall report to Post Office in respect of each Planning Period its progress in achieving its Tasks set out in the HNG-X Programme Plan for that Planning Period and on its management of the work set out in that plan, such reporting to include earned value analysis.

10.2 Fujitsu Services shall report to Post Office in accordance with paragraph 10.1 not later than the eighth Working Day after the end of the Planning Period to which the report relates.

10.3 From the date of signature of CCN 1200, Post Office shall report to Fujitsu Services in respect of each Planning Period its progress in achieving the Development Dependencies for that Planning Period and on its management of the work relating to those Development Dependencies.

10.4 Post Office shall report to Fujitsu Services in accordance with paragraph 10.3 not later than the fifth Working Day after the end of the Planning Period to which the report relates.

10.5 If at any time an FS Task has not been, or Fujitsu Services forecasts that it may not be, started or completed by the date set for that event in the HNG-X Programme Plan, Fujitsu Services shall notify Post Office forthwith and shall provide a report to Post Office with a red, amber, green colour coding system ("RAG Report") to highlight that FS Task.

10.6 If at any time a Development Dependency has not been, or Post Office forecasts that it may not be, achieved by the date set for that Development Dependency in the HNG-X Programme Plan, Post Office shall notify Fujitsu Services forthwith

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and shall provide a RAG Report to Fujitsu Services to highlight that Development Dependency.

10.7 If at any time an FS Task has a change in the effort required for its completion based on the effort for that event in the HNG-X Programme Plan, Fujitsu Services shall notify Post Office forthwith and shall provide a RAG Report to highlight FS Tasks for which the effort has changed. Any change to the effort required for completion of an FS Task will only take effect in the HNG-X Programme Plan in accordance with paragraph 13.1.

10.8 If a failure or delay to carry out (a) an FS Task or (b) a Level 3 element set out in the HNG-X Programme Plan to be performed by Fujitsu Services:

10.8.1 affects (a) any key milestone or touchpoint referred to in paragraph 9.9 or (b) any Development Dependency (in both cases as set out in or derived from the HNG-X Programme Plan), Fujitsu Services shall as soon as reasonably practicable provide proposals to mitigate the failure or delay; or

10.8.2 does not affect (a) any key milestone or touchpoint referred to in paragraph 9.9 or (b) any Development Dependency (in both cases as set out in or derived from the HNG-X Programme Plan), Fujitsu Services shall take such action as is necessary to mitigate the failure or delay and shall report such action to Post Office in accordance with paragraph 10.1.

Any proposal provided by Fujitsu Services under paragraph 10.8.1 shall be agreed with Post Office before it is implemented.

10.9 If there is a failure or delay to (a) achieve a Development Dependency or (b) carry out a Level 3 element set out in the HNG-X Programme Plan to be performed by Post Office, Post Office shall take such action as is necessary to mitigate the failure or delay and shall report such action to Fujitsu Services in accordance with paragraph 10.3.

## 11. BUDGET REPORT AND SUPPORTING INFORMATION FOR INVOICES

11.1 Fujitsu Services shall provide together with the reports to be provided under paragraph 10.1:

11.1.1 a report in spreadsheet form providing, in respect of HNG-X Development work only, the amount invoiced or due to be invoiced up to the end of the Planning Period to which the report relates, an estimate of Fujitsu Services Charges to completion of HNG-X Development and the aggregate HNG-X T&M Budget at such completion, together with an assessment of Gain Share which may be payable and/or a comparison of the figures given in the report against the Lower Target Price, Upper Target Price, Soft Cap and/or Hard Cap, in each case in accordance with the provisions of Schedule D8; and

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11.1.2 a document setting out for the invoicing period to which the reports relate supporting information giving, in respect of each Level 3 element identified in the HNG-X Programme Plan to be performed by Fujitsu Services during that invoicing period, details of the number of hours worked by each grade of resource in respect of that Level 3 element.

11.2 The format of the reports and supporting information to be provided in accordance with paragraphs 10.1, 10.3 and 11.1, shall be agreed by the Parties, such agreement not to be unreasonably withheld.

## 12. CONTRACTOR PERSONNEL

12.1 From the date of signature of CCN 1200 until the HNG-X Initial Acceptance Date, Fujitsu Services shall supply (and update when changes occur) the name, job title, project role and grade for those Fujitsu Services personnel working on HNG-X Development including those personnel that are off-shored.

12.2 From the date of signature of CCN 1200 until the HNG-X Initial Acceptance Date, Fujitsu Services shall produce organisational charts showing Fujitsu Services personnel working on HNG-X Development including those personnel that are off-shored. Fujitsu Services shall provide revised versions of those charts to Post Office when there are material changes to them.

## 13. CHANGING THE HNG-X PROGRAMME PLAN

13.1

Changes to scheduling of, or the effort required for, Tasks or Development Dependencies that the Parties consider will not cause the 108.5 Band to be exceeded and to which paragraph 13.5 does not apply shall require the written agreement of both Parties at HNG-X Authority Level 1 (such agreement not to be unreasonably withheld by either Party) and shall take effect immediately upon that written agreement. Changes to scheduling of, or the effort required for, Tasks or Development Dependencies that the Parties consider will cause the 108.5 Band to be exceeded and to which paragraph 13.5 does not apply shall be dealt with under the Change Control Procedure. All changes that impact any of the dates set out in the HNG-X Programme Plan for any of the key milestones and touchpoints listed in Part 1 of Annex 1 to Schedule B5 (excluding the diagram) will be managed under the Change Control Procedure. The Parties agree that Part 1 of Annex 1 to Schedule B5 need not be updated to reflect changes made subsequently to the HNG-X Programme Plan and that the HNG-X Programme Plan shall have precedence over the dates in that Annex.

13.1.1 Without prejudice to the generality of paragraph 13.1 and subject to that paragraph, in order to manage (after the date of signature of CCN1246) any further increases in the chargeable man day estimates provided by Fujitsu Services to complete the HNG-X Development and/or Associated Change Development:

(a) Fujitsu Services HNG-X Programme Director shall notify Post Office HNG-X Programme Manager in writing of any change in the aggregate number of man days budgeted (as chargeable to Post Office) to complete the HNG-X Development or Associated Change Development ("a man-day change");

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(b) In relation to any such man-day change of 20 days or less, Post Office shall be deemed to have approved such change unless it notifies Fujitsu Services within 2 working days of receipt (unless such man-day change coupled with all other man-day changes in that month exceeds 100 man-days);

(c) for any man-day change not within sub-paragraph (b) above, the Fujitsu HNG-X Programme Director and the Post Office HNG-X Programme Manager shall promptly meet to agree in writing the approach to be taken in relation to such proposed change;

(d) all man-day changes within a calendar month will be discussed at a monthly meeting to be combined with the last Joint Supply Board of each month.

13.2 If the Parties fail to reach agreement at HNG-X Authority Level 1 on a change of the type described in the first sentence of paragraph 13.1, the dispute shall be referred to HNG-X Authority Level 2. If the Parties fail to reach such agreement at HNG-X Authority Level 2, the dispute shall be referred for resolution at the Executive Review level of the DRP and if not resolved shall (unless the Parties agree otherwise) be escalated further in accordance with the DRP.

13.3 Fujitsu Services shall be entitled at its discretion to reschedule the Level 3 elements of the HNG-X Programme Plan within the period bounded by the start and completion dates for the associated Task in the HNG-X Programme Plan.

13.4 Failure to complete a Task due to Fujitsu Services' Default

13.4.1 To the extent that a failure by Fujitsu Services to carry out an FS Task by the completion date for that Task in the HNG-X Programme Plan is due to a Default of Fujitsu Services, then:

13.4.1.1 Fujitsu Services shall not be entitled to extend the period for the completion of that FS Task or revise the HNG-X T&M Budget for that FS Task without the agreement of Post Office in accordance with the provisions of paragraph 13.1; and

13.4.1.2 the cost of preparing reports and proposals and taking any mitigating action in accordance with paragraph 10 shall be borne by Fujitsu Services.

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13.4.2 To the extent that a failure by Post Office to achieve a Development Dependency by the achievement date for that Development Dependency in the HNG-X Programme Plan is due to a Default of Fujitsu Services, then:

13.4.2.1 if the Development Dependency is not achieved by the date specified for that Development Dependency in the HNG-X Programme Plan, the period for achieving that delayed Development Dependency shall be extended by the period reasonably necessary for that Development Dependency to be achieved, taking into account:

(a) whether the reasons for delay, to the extent they can be identified, are likely to continue to cause delay;

(b) the availability of appropriate resources (both existing Post Office resources and any available to Post Office to buy in);

(c) the nature of the Development Dependency to be achieved; and

(d) other Development Dependencies which have not yet been achieved,

provided that Post Office shall use reasonable endeavours to redeploy any resources allocated to achieve that Development Dependency throughout the period of delay so as to minimise that period of extension;

13.4.2.2 the length of the time extensions to Development Dependencies in accordance with paragraph 13.4.2.1 shall require written agreement at HNG-X Authority Level 1 (such agreement not to be unreasonably withheld by either Party) and shall take effect immediately subject to written confirmation at HNG-X Authority Level 2 (which shall be given or refused within one week of such agreement);

13.4.2.3 if the Parties fail to reach such agreement at HNG-X Authority Level 1 or HNG-X Authority Level 2, for the purposes of establishing the effective ongoing HNG-X Programme Plan, Fujitsu Services shall be entitled to determine on the basis of and taking into account the factors set out in paragraph 13.4.2.1 the amount of time by which each delayed Development Dependency shall be extended. Post Office shall work to that revised HNG-X Programme Plan but shall be entitled to seek a further extension of time for such Development Dependencies through the dispute resolution process referred to in paragraph 13.4.2.4; and

13.4.2.4 Disputes as to:

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(a) whether or to what extent a Default by Post Office or some other failure has caused a Development Dependency to be delayed; or

(b) the amount by which the time for a Development Dependency should be extended,

shall be referred for resolution at the Executive Review level of the DRP and if not resolved shall (unless the Parties agree otherwise) be escalated further in accordance with the DRP.

13.5 Failure to complete a Task not due to Fujitsu Services' Default

13.5.1 The provisions of this paragraph 13.5 shall only apply if and to the extent that a failure by Fujitsu Services to carry out an FS Task by the completion date for that FS Task in the HNG-X Programme Plan is due to a failure by Post Office or any of its agents or sub-contractors to (i) achieve any Development Dependencies by the date shown for the achievement of them set out in the HNG-X Programme Plan, or (ii) fulfil its other obligations under this Agreement, provided that Fujitsu Services notified Post Office of its failure to fulfil that obligation and its effect on Fujitsu Services' ability to perform the FS Task.

13.5.2 If an FS Task is not completed by the date specified for that FS Task in the HNG-X Programme Plan, the period for completing that delayed FS Task shall be extended by the period reasonably necessary for that FS Task to be completed, taking into account:

(a) whether the reasons for delay, to the extent they can be identified, are likely to continue to cause delay;

(b) the availability of appropriate resources (both existing Fujitsu Services resources and any available to Fujitsu Services to buy in);

(c) the nature of the FS Task to be completed; and

(d) other FS Tasks which remain incomplete,

provided that Fujitsu Services shall use reasonable endeavours to redeploy any resources allocated to that FS Task throughout the period of delay so as to minimise that period of extension.

13.5.3 Fujitsu Services shall revise the HNG-X T&M Budget for completing each of its delayed FS Tasks to the extent reasonably necessary to reflect:

(a) any additional work required; and/or

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(b) additional resource required to be allocated to that FS Task,

for it to be completed within the period of extension described in paragraph 13.5.2, provided that Fujitsu Services shall use reasonable endeavours to redeploy any resources allocated to that FS Task throughout the period of delay.

13.5.4 The length of the time extensions to FS Tasks in accordance with paragraph 13.5.2 shall require written agreement at HNG-X Authority Level 1 (such agreement not to be unreasonably withheld by either Party) and shall take effect immediately subject to written confirmation at HNG-X Authority Level 2 (which shall be given or refused within one week of such agreement).

13.5.5 If the Parties fail to reach such agreement at HNG-X Authority Level 1 or HNG-X Authority Level 2, for the purposes of establishing the effective ongoing HNG-X Programme Plan, Post Office shall be entitled to determine on the basis of and taking into account the factors set out in paragraph 13.5.2 the amount of time by which each delayed FS Task shall be extended. Fujitsu Services shall work to that revised HNG-X Programme Plan but shall be entitled to seek a further extension of time for such FS Tasks through the dispute resolution process referred to in paragraph 13.5.6.

13.5.6 Disputes as to:

(a) whether or to what extent a Default by Fujitsu Services or some other failure has caused an FS Task to be delayed;

(b) the amount by which the time for an FS Task should be extended; or

(c) the increase (if any) to the HNG-X T&M Budget to reflect the additional work or resource required to complete a delayed or extended FS Task,

shall be referred for resolution at the Executive Review level of the DRP and if not resolved shall (unless the Parties agree otherwise) be escalated further in accordance with the DRP.

13.6 Notwithstanding anything to the contrary in Clauses 57 and 68, written agreements and confirmations referred to in paragraphs 13.1 to 13.5 may be effected by written agreement including, without limitation, email exchange or agreed meeting minutes.

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## 14. OFFSHORE DEVELOPMENT

### 14.1 Appointment and Induction of Offshore Development Partner

14.1.1 Fujitsu Services has appointed Zensar Technologies UK Limited as an HNG-X Sub-contractor, in the role of offshore development partner (the "Offshore Development Partner"). This paragraph 14 sets out the circumstances in which Fujitsu Services may use the Offshore Development Partner, its management of the Offshore Development Partner and Post Office's role in that process. It is without prejudice to Fujitsu Services obligations under Clause 58.2.

14.1.2 Fujitsu Services will agree the appointment, by the Offshore Development Partner, of a Fujitsu Services' Offshore Project Manager and a Fujitsu Services' Offshore Design Authority to oversee the Offshore Development Partner's contribution to HNG-X Development work. These appointments will be notified to Post Office by Fujitsu Services as soon as reasonably practicable.

14.1.3 Fujitsu Services will ensure that the Fujitsu Services' Offshore Project Manager and the Fujitsu Services' Offshore Design Authority appointed by the Offshore Development Partner have a full understanding of both the technical solution proposed and the business environment within Post Office sufficient to fulfil Fujitsu Services' obligations in respect of offshore activities.

14.1.4 The Fujitsu Services' Offshore Project Manager and the Fujitsu Services' Offshore Design Authority will ensure that such induction information is communicated within the Offshore Development Partner's teams through mandatory briefings and a record will be maintained to demonstrate all individuals have received this communication. Post Office will agree the content of this communication in advance, such agreement not to be unreasonably withheld.

14.1.5 The Parties will agree Post Office's involvement in the activities, including any support to be provided to Fujitsu Services, set out in paragraphs 14.1.3 and 14.1.4, such agreement not to be unreasonably withheld by either Party.

### 14.2 Use of Offshore Development Partner

14.2.1 Fujitsu Services will propose which components of the solution are to be produced offshore on a case-by-case basis and which aspects of development (design, development, test) are to be produced by the Offshore Development Partner. Fujitsu Services shall provide reasonable notice to Post Office to consider such proposals and shall seek Post

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Office agreement to these proposals before they are implemented, such agreement not to be unreasonably withheld. The decision to offshore the development of a component will be based on information that will include architectural considerations, skills availability, development knowledge, support constraints and security measures.

14.2.2 Before Fujitsu Services proposes to Post Office, pursuant to paragraph 14.2.1, that any HNG-X Development work be undertaken by the Offshore Development Partner, Fujitsu Services shall, at no cost to the Post Office, carry out an assessment of the potential risks involved in such work being undertaken offshore by the Offshore Development Partner. Such assessment shall consider any potential risks arising from the physical, logical and management security standards to be followed by the Offshore Development Partner in undertaking such work.

14.2.3 Fujitsu Services shall disclose to Post Office (a) the results of the assessment referred to in paragraph 14.2.2 and (b) details of the processes, procedures, systems and controls it has or intends to put in place to address the risks identified in that assessment. The commencement of any offshore HNG-X Development work by the Offshore Development Partner shall be conditional on Post Office confirming to Fujitsu Services that it is satisfied with such assessment and such processes, procedures, systems and controls.

14.2.4 Fujitsu Services will enter into contractual arrangements with the Offshore Development Partner that will entitle it to require the Offshore Development Partner to put in place the following security measures in respect of any HNG-X Development work undertaken by it offshore:

(a) physically isolating the Offshore Development Partner's development environment for HNG-X Development from other areas, with access restricted to only those resources of the Offshore Development Partner who are carrying out such activities; and

(b) isolating the Offshore Development Partner's networks for such development environment from other areas and other networks including data security, network security, server security, document security and web security.

As a result of an assessment conducted pursuant to paragraph 14.2.2 or otherwise, the Parties may agree in writing that the Offshore Development Partner implement the measures referred to in this paragraph in relation to HNG-X Development work. As part of any such agreement, the Parties shall also agree any additional charges to be paid by Post Office for those measures, such charges to reflect any additional costs incurred by the Offshore Development Partner in implementing those measures.

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14.2.5 Fujitsu Services shall be responsible for ensuring that the Offshore Development Partner implements and observes any security measures disclosed to Post Office pursuant to paragraph 14.2.3 (to the extent they are relevant to the Offshore Development Partner) or agreed by the Parties pursuant to paragraph 14.2.4. Other than as referred to in paragraph 14.2.4, the cost of such security measures shall be borne by Fujitsu Services.

14.2.6 The requirements for the components of the solution that are to be developed offshore will be passed to the Offshore Development Partner under the control of the Fujitsu Services' 'Requirements and Acceptance' team, in accordance with established Project HNG-X practice. The Fujitsu Services' Offshore Design Authority will actively participate in the review, interpretation and assurance of these requirements. Fujitsu Services will arrange reviews involving the Fujitsu Services Design Authority, the Fujitsu Services' Offshore Design Authority and the Post Office Design Authority where it believes significant clarification or better understanding of an HNG-X Requirement is needed. Post Office may request Fujitsu Services to arrange such a review if it reasonably believes a review to be necessary for specific HNG-X Requirements.

14.2.7 The independent testing stages of Project HNG-X will be supported by the Offshore Development Partner's personnel working on and offshore and it is anticipated that there will be regular contact with the joint Post Office and Fujitsu Services testing team with respect to offshore developed technology where this touches the business/user environment. A series of two way visits is envisaged.

## 14.3 Programme Management of Offshore development

14.3.1 Fujitsu Services has appointed the Fujitsu Services Project Manager, who is a senior project management professional, to oversee the relationship with the Offshore Development Partner to ensure that synergy with the programme is maintained and pro-actively managed. The Fujitsu Services Project Manager will ensure all risks associated with the offshore development are managed, such risks and their associated action plans to be shared with Post Office.

14.3.2 Offshore activities will be included within the HNG-X Programme Plan (Levels 1, 2 and 3) and weekly time recording will be supported within Fujitsu Services' standard RTR toolset, in accordance with agreed reporting processes for Project HNG-X. Offshore activities will be included within Project HNG-X reporting in accordance with this Schedule B6.2.

14.3.3 Fujitsu Services will hold all offshore generated artefacts within the nominated repositories for Project HNG-X and knowledge share will be

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supported by the continued involvement of offshore staff within their respective programme communities (design, development and test).

14.3.4 Fujitsu Services will ensure that all risks and issues that originate or are identified offshore are managed through the appropriate programme registers and processes. Such risks and issues will be made visible to Post Office who will be invited to participate in their resolution.

14.3.5 Fujitsu Services will work with the Offshore Development Partner to put in place measures, equivalent to those set out at Clause 41 (Fujitsu Services Key Personnel) of this Agreement, aimed at ensuring that the Fujitsu Services' Offshore Project Manager and the Fujitsu Services' Offshore Design Authority are retained as key personnel.

14.3.6 For the avoidance of doubt, the Offshore Development Partner's compliance with the provisions of this paragraph 14 and its performance of any of Fujitsu Services' obligations under this Agreement shall be subject to the same rights of audit as if those obligations were performed by Fujitsu Services and Fujitsu Services shall ensure that the Offshore Development Partner maintains Records and cooperates with, and provides assistance and information in relation to, any audit, in each case in accordance with Clause 25 (Audit).

## 15. ASSOCIATED DOCUMENTS

15.1 The following CCDs are associated with this Schedule B.6.2:

| | Document Reference | Document Title |
|---|---|---|
| | REQ/CUS/BRS/0001 | Postal Services Business and Operational Context |
| | TST/GEN/STG/0002 | Testing Approach for HNG-X |

15.2 There are no CRDs associated with this Schedule B6.2.

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**ANNEX 1**

**HNG-X PROGRAMME PLAN: LEVEL 3 ELEMENTS**

**(For illustrative purposes only) For the avoidance of doubt, the latest agreed plan is at Schedule B5 Annex 1 Part 2.**



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## ANNEX 2

## DEVELOPMENT RULES

**DEFINITIONS**

For the purposes of this Annex only, the following terms shall have the following meanings:

| | |
|---|---|
| Clean Room | means the separate operational environment where the Clean Room Team will work during the development lifecycle for production of the Clean Room Outputs; |
| Clean Room Outputs | means the UI and CSRDE outputs for the HNG-X business application developed by Fujitsu Services in the Clean Room; |
| Clean Room Rules | means the set of operational processes and practices used by the Clean Room Team to work on the Clean Room Outputs as set out in Section C of this Annex; |
| Clean Room Team | means all individuals engaged on Project HNG-X by Fujitsu Services who are based in the Clean Room; |
| Fujitsu Filter Team | means the identified individuals in the General Development Team (and outside the Clean Room) responsible for the interface with the Clean Room Team; |
| General Development Team | means all individuals engaged on Project HNG-X by Fujitsu Services who are involved in the creation or use of IPR; and |
| General Development Team Rules | means the rules set out in Section B of this Annex. |

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## SECTION A: GENERAL

### 1. BACKGROUND

1.1 Fujitsu Services does not intentionally engage in the production of software or systems which unlawfully copy the proprietary works of others. Nor does it intentionally misuse confidential information to assist such production.

1.2 In addition Fujitsu Services takes appropriate steps to ensure the potential risk of inadvertent copying of proprietary works is minimised.

1.3 As a result of Post Office's business decisions not to continue using the parts of the current Horizon systems from Fujitsu Services' existing subcontractor there is a possibility that Fujitsu Services will be required to produce evidence that the replacement software did not benefit either from the unlawful copying by Fujitsu Services of proprietary material or the misuse of third party confidential information.

### 2. APPROACH

2.1 This document sets out the approach agreed between Fujitsu Services and Post Office:

2.1.1 to control the risk of infringement of third party rights during the development of HNG-X; and

2.1.2 to enable Fujitsu Services to demonstrate that Fujitsu Services design and code outputs are based upon the HNG-X Requirements not the unlawful copying or misuse by Fujitsu Services of third party rights in existing systems.

2.2 The use of the Clean Room is to produce Clean Room Outputs based only on the Post Office's HNG-X Requirements and not created as a result of any unlawful copying or misuse by Fujitsu Services of third party rights in existing systems.

2.3 Post Office acknowledges that it has a role to play to assist Fujitsu Services in avoiding the risk of infringement of that third party IPR and Section D of this Annex sets out details of the actions and responsibilities of Post Office in this respect.

2.4 The rules applicable to the Clean Room are not intended to replace those applicable to the General Development Team. The General Development Team Rules shall unless modified by the Clean Room Rules also apply to the Clean Room Team.

2.5 Neither the Clean Room Rules nor the General Development Team Rules shall replace Fujitsu Services' other applicable general development or quality assurance obligations. Rather the Clean Room Rules and the General Development Team Rules are intended to bring specific focus and awareness in

FUJ00000070



areas where these need to be modified or augmented to meet identified risks of IPR infringement.

## 3. SCOPE

3.1 The Parties have agreed that where there are real risks of actual IPR infringement Fujitsu Services shall put in place a system where part of its team (the "Clean Room Team") will work in isolation to prevent such infringement.

3.2 For the purpose of this Annex the additional rules applicable to the Clean Room Team are called the Clean Room Rules.

## SECTION B: GENERAL DEVELOPMENT TEAM RULES

## 4. GENERAL

4.1 These rules apply to all of the activities undertaken by Fujitsu Services for Post Office involving the creation or use of IPR.

4.2 General Development Team shall not use, copy or adapt (from any other programming language) or reverse engineer any third party proprietary software or software tool (and its related documentation) unless they have first satisfied themselves that:

4.2.1 they know the origin of the same; and

4.2.2 Fujitsu Services is licensed or otherwise authorised to make use of such IPR in this way.

4.3 For the avoidance of doubt in respect of the General Development Team there shall be no separation physical or functional outside the Clean Room of ongoing maintenance and other work in respect of Horizon and the development of HNG-X.

## 5. INDIVIDUALS ENGAGED

5.1 Members of the General Development Team (other than the Clean Room Team) may have background knowledge of Horizon and access to Horizon code and Escher APIs.

5.2 All members of the General Development Team shall have been briefed appropriately on the General Development Team Rules and of the need to ensure that all contact with the Clean Room Team is through the Fujitsu Filter Team.

5.3 Adherence by the General Development Team to the General Development Team Rules shall be through normal supervision by Fujitsu Services line management.

FUJ00000070



## 6. RECORDS

The General Development Team shall maintain such records as are required through its normal development procedures and good industry practice.

## 7. AUDIT AND COMPLIANCE

7.1 Fujitsu Services will implement appropriate controls to check compliance with the General Development Team Rules through its management organisation.

7.2 Compliance with the General Development Rules and the Clean Room Rules shall be subject to the standard Fujitsu Services' company quality audit procedure.

## 8. CHANGES TO THE GENERAL DEVELOPMENT TEAM RULES

Fujitsu Services shall retain the ability to control changes to the General Development Team Rules and to modify and update such General Development Team Rules provided any such changes are good industry practice.

## SECTION C: CLEAN ROOM RULES

## 9. IDENTIFYING THE NEED FOR A CLEAN ROOM PROCESS

9.1 Fujitsu Services does not intend to unlawfully copy third party proprietary material included in the existing Horizon system or otherwise.

9.2 To ensure that this is not done inadvertently and to assist in proving that the development of HNG-X took place lawfully Fujitsu Services shall ensure that work or parts of work needed to create certain HNG-X elements are performed by Fujitsu Services under Clean Room Rules by a separate development team located in a Clean Room with inputs and outputs suitably monitored and recorded.

9.3 In order to avoid any infringement or risk of infringement the following elements of the project need to be created in the separate environment to which these Clean Room Rules shall apply:

**A. Work to create UI Clean Room Outputs**

- UI Construct Catalogue to create new constructs defined by UI Clean Room Team;
- UI Prototypes for use in Usability Trials;
- HNG-X Style Guide being the final formal documentation of UI Clean Room Outputs; and

FUJ00000070



**B. Work to create CSRDE Clean Room Outputs**

- Carrier Services technical data model, including schema, to meet the Postal Services Requirements;
- CSRDT;
- the design of the user interface for using the CSRDT; and
- the design and prototype of the code to access the CSRDE from the Postal Services Functional Requirements.

9.4 The Parties will jointly keep under review through the governance arrangements set out in Schedule A2 and the Change Control Procedure and Work Ordering Procedure the risks of infringement of any other aspects or third party rights and the action required including the creation of Clean Room conditions for such additional elements.

## 10. CLEAN ROOM TEAM

10.1 Fujitsu Services shall make arrangements for the creation at a location physically separated from its main development team of a group (initially eight to ten people) who will be responsible for creating the UI and CSRDE Clean Room Outputs.

10.2 Fujitsu Services shall ensure that the development personnel in the Clean Room Team are selected by Fujitsu Services so as to avoid the use of individuals with prior knowledge of any relevant third party materials and software. For the HNG–X UI Clean Room process Fujitsu Services shall select only those personnel who have not had significant experience of, or any access to the source materials of, the existing Horizon UI. For the CSRDE Clean Room process, Fujitsu Services shall select only those personnel who have not had significant experience of, or any access to the source materials of, the existing Escher Mails data editor. Members of the Clean Room Team shall be requested to confirm that they have not had such experience or access.

10.3 After their selection, Fujitsu Services shall ensure that the Clean Room Team shall not have any access to any relevant third party materials and software used in the Horizon system. For the HNG–X UI Clean Room process, Fujitsu Services shall ensure that the relevant personnel shall continue not to have access to the source materials of the existing Horizon UI. For the CSRDE Clean Room process, Fujitsu Services shall ensure that the relevant personnel shall continue not to have access to the existing Escher Mails data editor.

10.4 Fujitsu Services shall ensure that members of the Clean Room Team do not have knowledge of or access to any relevant Escher materials and software (including the source materials) and that they do not attempt to obtain such knowledge or access.

FUJ00000070



10.5 Fujitsu Services shall restrict access by Clean Room Team to personnel outside of the Clean Room whether in General Development Team or elsewhere that might have such knowledge or materials so that the isolation of the Clean Room Team does not become ineffective.

10.6 Fujitsu Services shall make and keep suitable records of the input of information software and materials to the Clean Room.

10.7 Each member of the Clean Room Team shall be responsible for keeping suitable personal records of their Clean Room activity.

## 11. FUJITSU FILTER TEAM

11.1 Communication with the Clean Room Team shall be via a nominated set of individuals (the "Fujitsu Filter Team") external to the Clean Room Team who shall be responsible for recording and vetting of inputs to the Clean Room Team.

11.2 All communication between the Clean Room Team and either Post Office or the remainder of the HNG-X development team shall be controlled by a Fujitsu Filter Team. The responsibility of the Fujitsu Filter Team is to ensure that the terms of reference for the Clean Room Team are not inadvertently compromised by the inputs to it.

11.3 The Fujitsu Filter Team consists of a senior technical manager appointed by the Fujitsu Services' HNG-X Programme Manager along with one or more assistants. The Fujitsu Filter Team is part of the HNG-X project team outside the Clean Room Team, and is responsible for the following:

11.3.1 Production of the Terms of Reference for the UI and Postal Services (CSRDE) Clean Room Teams, including synopsis / contents list for the UI Style Guide, Counter Architecture and Interfaces;

11.3.2 Identification of individual Process Steps from the sample Post Office Business Use Cases for prototyping of UI scenarios and CSRDE specific Process Steps;

11.3.3 Recording and review of other Post Office and Fujitsu Services' inputs to the Clean Rooms;

11.3.4 Communicating any Fujitsu Services feedback to the Clean Room Team and ensuring any feed back provided to the Clean Room Team relates only to the above referenced inputs to the Clean Room and not to replication of existing systems;

11.4 The Fujitsu Filter Team shall also raise any issues of concern, or refer any such issues raised by the Clean Room Team to Fujitsu Services' legal advisers.

FUJ00000070



11.5 All feedback correspondence originating from Fujitsu Services or Post Office should include an identifier which clearly identifies the correspondence as containing feedback intending to lead to a change in the outputs of the Clean Room Team.

11.6 Fujitsu Services shall from time to time inform Post Office of the members of the Fujitsu Filter Team and shall promptly upon each change to the Fujitsu Filter Team personnel inform Post Office of that change.

## SECTION D: RELATED POST OFFICE OBLIGATIONS

12.1 Post Office shall prepare its HNG-X Requirements in a format that where reasonably possible avoids dictating a specific solution or design which in the reasonable opinion of Post Office might infringe third party IPR.

12.2 Post Office shall as soon as reasonably practicable respond to reasonable requests for information from Fujitsu Services aimed at establishing the bona fides of any source of its HNG-X Requirement.

12.3 Post Office shall ensure that all its inputs for the Clean Room Team are submitted via the Fujitsu Filter Team.

12.4 Post Office shall (at Fujitsu Services' cost) take all steps reasonably requested by Fujitsu Services to assist Fujitsu Services in establishing and operating its General Development Team Rules or Clean Room Rules but only to the extent such steps relate to the actions of Post Office's employees, agents or contractors under this Agreement.

12.5 Post Office shall as soon as reasonably practicable notify Fujitsu Services of any matters which come to its attention that might reasonably result in a breach by Fujitsu Services of the General Development Team Rules or Clean Room Rules.

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# SCHEDULE B6.3

# HNG-X ACCEPTANCE PROCESS

**Version History**

| Version No. | Date | Reason for Issue |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 24/12/09 | Applying changes as per CCN 1268 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE B6.3

# HNG-X ACCEPTANCE PROCESS

## 1. INTRODUCTION

1.1 The purpose of this Schedule is to describe a clear, agreed process that enables objective confirmation (or otherwise) of the fulfilment of Fujitsu Services' delivery obligations in respect of Project HNG-X and certain of the Associated Change Activities.

1.2 The process includes a mechanism for managing any and all rectification activities identified in order to complete the fulfilment of any HNG-X Acceptance Criteria that have not been met.

## 2. DEFINITIONS

2.1 Acceptance

2.1.1 The HNG-X Acceptance Process will enable Post Office and Fujitsu Services to provide:

2.1.1.1 confirmation that the deliverables are fit to proceed to the next stage in the HNG-X Acceptance Process; and

2.1.1.2 confirmation that Fujitsu Services has met the HNG-X Requirements, and any related contractual obligations, in an agreed manner.

2.1.2 HNG-X Initial Acceptance will be achieved on progressing through HNG-X Acceptance Gateway 4.

2.1.3 HNG-X Final Acceptance will be achieved once all HNG-X Acceptance Gateways have been passed through.

2.2 HNG-X Acceptance Process Stages

2.2.1 A series of HNG-X Acceptance Gateways exists for the HNG-X Acceptance Process. The HNG-X Acceptance Gateways are each numbered but such numbering does not imply that the HNG-X Acceptance Gateways must be achieved in strict sequential order. The series of numbered HNG-X Acceptance Gateways for HNG-X is stated below, with the corresponding "Z#" point (as defined in Schedule B5) stated alongside:

2.2.1.1 HNG-X Acceptance Gateway 1 - Readiness for Router Roll Out (Acceptance Point Z1);

2.2.1.2 HNG-X Acceptance Gateway 2 - Readiness for Data Centre Migration;

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2.2.1.3 HNG-X Acceptance Gateway 3 – Readiness for Live Pilot (Acceptance Point Z2);

2.2.1.4 HNG-X Acceptance Gateway 4 – Readiness for Branch Migration (Acceptance Point Z3);

2.2.1.5 HNG-X Acceptance Gateway 5 is not used.

2.2.1.6 HNG-X Acceptance Gateway 6 – End of Live Monitoring.

2.2.2 HNG-X Acceptance Gateways 1 and 2 must both be passed through as pre-requisites for passing through HNG-X Acceptance Gateway 3. HNG-X Acceptance Gateways 1 and 2 may be passed through in any order (the actual order to be agreed and documented in the HNG-X Programme Plan).

2.2.3 Not Used.

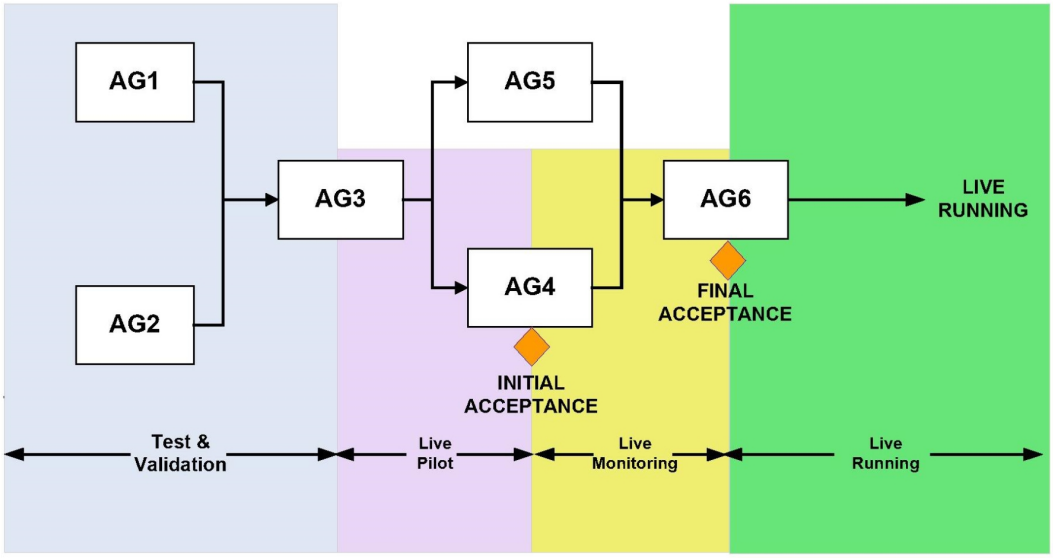
2.2.4 A series of HNG-X Acceptance Process Stages exist, delineated by specific HNG-X Acceptance Gateways as follows:

2.2.4.1 HNG-X Acceptance Process Stage "Test and Validation" is from delivery of the agreed HNG-X Acceptance Plan to HNG-X Acceptance Gateway 3;

2.2.4.2 HNG-X Acceptance Process Stage "Live Pilot" is from HNG-X Acceptance Gateway 3 to HNG-X Acceptance Gateway 4; and

2.2.4.3 HNG-X Acceptance Process Stage "Live Monitoring" is from HNG-X Acceptance Gateway 4 to HNG-X Acceptance Gateway 6.

2.2.5 The HNG-X Acceptance Gateways and the HNG-X Acceptance Process Stages can be represented diagrammatically as follows (HNG-X Acceptance Gateways depicted as "AG"):



FUJ00000070



2.2.6 The HNG-X Acceptance Plan documents, inter alia, all the HNG-X Acceptance Criteria and when they need to be achieved by. The HNG-X Acceptance Process from AG4 to HNG-X Final Acceptance will be managed for Fujitsu Services by its Post Office Account Service Management team.

2.2.7 'The Fujitsu Services' Post Office Account Service Management team will support the Fujitsu Services Acceptance Manager throughout the Live Pilot stage by managing the provision of acceptance evidence in support of those HNG-X Acceptance Criteria with the Acceptance Method of HNG-X Monitoring.

2.3 HNG-X Acceptance Criterion

2.3.1 An HNG-X Acceptance Criterion is a clear, objective and unambiguous statement against which fulfilment (with supporting evidence) of an HNG-X Requirement using an HNG-X Acceptance Method can be determined. There will be one HNG-X Acceptance Criterion against each instance of an allocated HNG-X Acceptance Method. There may be HNG-X Requirements that are, in themselves, measurable and unambiguous. In such cases, the HNG-X Acceptance Criterion may be marked 'as per the HNG-X Requirement'. Where the HNG-X Requirement is expressed as a Use Case, the HNG-X Acceptance Criterion will be the fulfilment of the Use Case pre-conditions and post-conditions or, subject to agreement between the HNG-X Acceptance Managers, the HNG-X High Level Test Plans as detailed in the Test Automation Toolset and associated with the relevant HNG-X Requirement, except where explicitly stated.

2.3.2 HNG-X Acceptance Criteria will be documented by Post Office in DOORS and extracted by Post Office into the HNG-X Requirements Catalogue at appropriate points during Project HNG-X, including at the date of signature of CCN1200 and at the end of the Requirements Stage.

2.3.3 Fujitsu Services is responsible for producing, within the timescale agreed between the Parties, evidence to demonstrate that the relevant HNG-X Acceptance Criterion has been met.

2.3.4 Further details of the presentation and status of HNG-X Acceptance Criteria are set out in the table below:

| **HNG-X ACCEPTANCE CRITERIA FOR:** | | |
|---|---|---|
| **Functional Requirements (general)** | | |

FUJ00000070

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| | | |
|---|---|---|
| Development approach for HNG-X Acceptance Criteria | Functional Requirements will be specified through Use Cases.<br><br>Use Cases in themselves will not have HNG-X Acceptance Methods and HNG-X Acceptance Criteria as they are at a different level of specification and form the starting point for test scripts. However, Use Cases will each contain pre-conditions, minimal guarantees and success guarantees, i.e. what is required to be true before the Use Case is activated and what is expected after the Use Case has been activated for both the main flow and any variant paths.<br><br>Acceptance of each Use Case will therefore be fulfilled when all paths have been exercised, and the pre-conditions, minimal guarantees and success guarantees or, subject to agreement between the HNG-X Acceptance Managers, the tests associated with the relevant HNG-X High Level Test Plan, have been met. At the end of the Requirements Stage these will be described within DOORS, and a version-controlled extract will be provided by Post Office in the HNG-X Requirements Catalogue, version 1. Further version-controlled extracts shall be provided by Post Office following any amendments to, or re-issuing of, HNG-X Requirements in accordance with Schedule B6.1. | |
| Position at the date of signature of CCN1200 | HNG-X Acceptance Criteria not available. | |
| **Functional Requirements (Retained Functionality)** | | |
| Development approach for HNG-X Acceptance Criteria | Certain Functional Requirements will be expressed as Retained Functionality Use Cases which are agreed not to require main, variant and exception paths. They will contain, as a minimum, a goal and a description and in some cases more detail relating to Business Rules and usage. Acceptance of these Retained Functionality Use Cases will, as a minimum, be via the HNG-X Acceptance Methods of HNG-X Solution Test and/or HNG-X Release Validation and will require traditional narrative HNG-X Acceptance Criterion statements or, subject to agreement between the HNG-X Acceptance Managers, HNG-X High Level Test Plans to be jointly developed by Post Office and Fujitsu Services which | |

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| | | |
|---|---|---|
| | shall reference existing Horizon test materials where relevant.<br><br>Development of HNG-X Acceptance Methods and HNG-X Acceptance Criteria will not be complete for Retained Functionality Use Cases by the end of the Requirements Stage. These will be agreed by the joint test teams following the end of the Requirements Stage and, following such agreement, will be included in any subsequent versions of the Requirements Baseline issued by Post Office to Fujitsu Services. | |
| Position at the date of signature of CCN1200 | HNG-X Acceptance Criteria not available. | |
| **Functional Requirements (Postal Services)** | | |
| Development approach for HNG-X Acceptance Criteria | The approach to acceptance for Postal Services will be as described for Functional Requirements (general) except where HNG-X Requirements are provided in narrative form and have narrative HNG-X Acceptance Criteria. | |
| Position at the date of signature of CCN1200 | The scope of Postal Services and the materials to be provided at contract will be described in the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001). | |
| **Training Requirements** | | |
| Development approach for HNG-X Acceptance Criteria | High level pre-contract HNG-X Acceptance Methods and HNG-X Acceptance Criteria (in narrative form) to support high level training requirements have been created. These will be further developed after the date of signature of CCN1200.<br><br>The position at the end of the Requirements Stage will be that updated HNG-X Acceptance Criteria and HNG-X Acceptance Methods will be provided by Post Office within DOORS. A version-controlled extract will be provided by Post Office in the HNG-X Requirements Catalogue, version 1. Further version-controlled extracts shall be provided by Post Office following any amendments to, or re-issuing of, HNG-X Requirements in accordance with Schedule B6.1. | |

FUJ00000070

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| | | |
|---|---|---|
| Position at the date of signature of CCN1200 | HNG-X Acceptance Methods and HNG-X Acceptance Criteria will be provided by Post Office within the HNG-X Requirements Catalogue Draft at Contract. The HNG-X Requirements Catalogue Draft at Contract will identify which of these HNG-X Acceptance Methods and HNG-X Acceptance Criteria have and have not been agreed between the Parties at the date of signature of CCN1200. Any such HNG-X Acceptance Methods and HNG-X Acceptance Criteria not so agreed will be documented as areas for agreement and detailed work after the date of signature of CCN1200. | |
| **The User Interface** | | |
| Development approach for HNG-X Acceptance Criteria | The functionality required to be supported by the HNG-X User Interface will be derived from the Functional Requirements generated through the Requirements Definition Process. No HNG-X Acceptance Criteria or HNG-X Acceptance Methods are required to additionally and specifically accept these HNG-X Requirements in terms of their presence within the HNG-X User Interface as this is a fundamental pre-requisite to testing for acceptance of the Functional Requirement.<br><br>Non-functional HNG-X Requirements for the HNG-X User Interface will be created in the traditional narrative style and will include HNG-X Acceptance Criteria and HNG-X Acceptance Methods. A high level view of the acceptance events which relate to these HNG-X Requirements are described in the CCD entitled "Establishing and Assuring the HNG-X User Interface" (REQ/GEN/PRD/0001). | |
| Position at the date of signature of CCN1200 | HNG-X Acceptance Criteria not available and not required. | |
| **System Capacity and Performance; Migration and Implementation; Operational and Support Services; Design and Architecture; Security; Development; and Testing Requirements** | | |
| Development approach for HNG-X Acceptance Criteria | HNG-X Acceptance Methods and HNG-X Acceptance Criteria are being created for all HNG-X Requirements.<br><br>The position at the end of the Requirements Stage will be that updated HNG-X Acceptance Criteria and HNG-X Acceptance Methods will be provided by Post Office within DOORS. A version-controlled extract will be | |

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| | | |
|---|---|---|
| | provided by Post Office in the HNG-X Requirements Catalogue, version 1. Further version-controlled extracts shall be provided by Post Office following any amendments to, or re-issuing of, HNG-X Requirements in accordance with Schedule B6.1. | |
| Position at the date of signature of CCN1200 | HNG-X Acceptance Methods and HNG-X Acceptance Criteria will be provided by Post Office within the HNG-X Requirements Catalogue Draft at Contract. These HNG-X Acceptance Methods and HNG-X Acceptance Criteria will not have been agreed between the Parties at the date of signature of CCN1200 and will be areas for agreement and detailed work after that date. | |

2.4 HNG-X Acceptance Methods

2.4.1 HNG-X Acceptance Methods are an agreed set of pre-defined techniques by which HNG-X Requirements can be objectively measured as fulfilled or not, each against one or more agreed HNG-X Acceptance Criteria. HNG-X Acceptance Methods are described in more detail at Annex C to this Schedule.

2.4.2 In general, an HNG-X Requirement will be allocated one or more HNG-X Acceptance Methods. The objectives in allocating HNG-X Acceptance Method(s) to HNG-X Requirements are to progress toward overall HNG-X Final Acceptance as efficiently as possible, but subject to also being able to identify and resolve defects (non-compliances) as early as possible in the HNG-X Acceptance Process, to reduce overall development costs and risks.

2.4.3 In summary, the relationships are:

2.4.3.1 each HNG-X Requirement will have one or more HNG-X Acceptance Methods; and

2.4.3.2 each HNG-X Acceptance Method for an HNG-X Requirement will have one HNG-X Acceptance Criterion.

2.4.4 The agreed HNG-X Acceptance Method(s) allocated against each HNG-X Requirement will be documented by Post Office in DOORS and extracted by Post Office into the HNG-X Requirements Catalogue.

2.5 HNG-X Acceptance Tracking

2.5.1 HNG-X Acceptance Tracking will be achieved through the production of a single HNG-X Acceptance Tracking report that will be initially derived from the HNG-X

FUJ00000070



Requirements. During the HNG-X Acceptance Process, the Acceptance status of the HNG-X Requirements will be recorded in the Test Automation Toolset and will be incrementally updated with the outcomes of the various activities that form part of the HNG-X Acceptance Process.

2.5.2 The acceptance status of the HNG-X Requirements will be maintained by Post Office and shared with Fujitsu Services.

## 2.6 HNG-X High Level Test Plans

HNG-X High Level Test Plans (HNG-X HLTPs) identify those functions and conditions that are mapped against the HNG-X Acceptance Criteria and that are required to support the HNG-X Acceptance Process. HNG-X HLTPs will be produced by Post Office or Fujitsu Services in accordance with HNG-X Programme Plan and are subject to joint review.

## 2.7 HNG-X Acceptance Incident

An HNG-X Acceptance Incident is raised when the HNG-X Acceptance Method fails to prove that an HNG-X Acceptance Criterion has been met. HNG-X Acceptance Incidents are classified according to Annex A to this Schedule.

## 2.8 HNG-X Minor Concession

Where the evidence fails to prove that an HNG-X Acceptance Criterion has been met, Fujitsu Services may request Post Office to grant an HNG-X Minor Concession on the basis that the failure of compliance or the deviation from the stated HNG-X Requirement presents no adverse impact to Post Office. In all such cases a defect shall be raised and if Post Office agrees to grant an HNG-X Minor Concession, details of the failure of compliance or the deviation from the stated HNG-X Requirements shall be recorded by Post Office and linked to the relevant HNG-X Requirement. Confirmation that all such details have been recorded by Post Office shall allow the defect to be closed and the HNG-X Requirements shall be deemed to have been satisfied providing that there are no additional test(s) associated with the HNG-X Requirement that have either not been run or failed for a different reason.

Should Post Office refuse to grant an HNG-X Minor Concession, the failure of compliance or deviation from the stated HNG-X Requirement shall be rectified through a defect management process agreed by the HNG-X Acceptance Board.

Following the granting of an HNG-X Minor Concession, should Post Office identify any unexpected consequences that have arisen as a direct result of an HNG-X Minor Concession then they shall be treated as an incident, and a date for resolution and rectification measures agreed through the HNG-X Acceptance Board, but will not be classified as an HNG-X Acceptance incident for acceptance purposes. This shall apply up until HNG-X Final Acceptance after which no further Incidents arising from any HNG-X Minor Concessions shall be raised.

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The Post Office shall maintain a register of all HNG-X Minor Concessions and shall periodically share with Fujitsu Services details of all HNG-X Minor Concessions that have been granted.

2.9 HNG-X Acceptance Incident Collection

An HNG-X Acceptance Incident Collection is a facility in PEAK whereby fault reports deemed to be HNG-X Acceptance Incidents will be grouped for management and reporting purposes.

2.10 HNG-X Acceptance Dispute

For the purposes of the HNG-X Acceptance Process, an ' HNG-X Acceptance Dispute' is defined in paragraph 7.1. An HNG-X Acceptance Dispute is not a Dispute in the broader context of the overall Agreement between Post Office and Fujitsu Services.

2.11 HNG-X Acceptance Plan

The HNG-X Acceptance Plan will define which HNG-X Acceptance Criteria will be assessed during which HNG-X Acceptance Process Stage. This plan will be produced by the Post Office HNG-X Acceptance Manager and agreed by the Fujitsu Services' HNG-X Acceptance Manager, such agreement not to be unreasonably withheld.

## 3. HNG-X ACCEPTANCE PROCESS

### 3.1 Roles and Responsibilities

#### 3.1.1 HNG-X Acceptance Manager

The primary responsibility for managing the HNG-X Acceptance Process rests with the HNG-X Acceptance Managers. This may be a specified individual or, more likely, a role adopted by the respective HNG-X Programme Managers.

#### 3.1.2 HNG-X Acceptance Board

An HNG-X Acceptance Board will be nominated and the primary function of this board shall be to assess and agree the acceptance status of the HNG-X Acceptance Criteria associated with the relevant HNG-X Acceptance Gateway. The Fujitsu and Post Office HNG-X Acceptance Managers shall prepare material for assessment by the HNG-X Acceptance Board from which the HNG-X Acceptance Board shall provide a recommendation to the 'Joint Release Authorisation Board' concerning progression through the relevant HNG-X Acceptance Gateway.

The HNG-X Acceptance Board shall be constituted, deal with matters and meet at intervals as set out in Schedule A2.

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3.1.3 HNG-X Acceptance Dispute Board

An HNG-X Acceptance Dispute Board will be nominated and the primary function of this board shall be to settle any HNG-X Acceptance Disputes that cannot be resolved by the HNG-X Acceptance Managers. The HNG-X Acceptance Dispute Board shall be constituted, deal with the matters and meet at the intervals as set out in Schedule A2.

3.2 Changes to the Agreement

3.2.1 After the end of the HNG-X Requirements Baselining Process and prior to HNG-X Final Acceptance, where either Party requests a change to any provision of this Agreement relating to HNG-X Requirements or the HNG-X solution, the Change Control Procedure will be followed and both Fujitsu Services and Post Office will review the HNG-X Acceptance Criteria to determine whether any changes are required. Such changes may include:

3.2.1.1 deletion of HNG-X Acceptance Criteria that were derived from deleted provisions;

3.2.1.2 addition of new HNG-X Acceptance Criteria relating to new or extended provisions; and/or

3.2.1.3 modification of HNG-X Acceptance Criteria relating to changed provisions.

3.2.2 If changes are made to tests that are already in progress or have been completed then, unless both Parties agree otherwise, or the results of those changed tests can be derived from the results of tests already carried out, those tests shall be repeated.

3.2.3 Within 60 days of Final Acceptance, Fujitsu Services shall present to Post Office a CCN to incorporate all Minor Concessions continuing to have an impact after Final Acceptance into the relevant requirements. This shall allow a clear requirements baseline for the HNG-X Release.

## 4. PROGRESSING THROUGH THE HNG-X ACCEPTANCE PROCESS

4.1 Paragraph 2.2.4 identifies the three key stages during which the HNG-X Acceptance Process takes place, namely Test and Validation, Live Pilot and Live Monitoring. Progression from one stage to the next is controlled by an HNG-X Acceptance Gateway that has to be passed through.

4.2 HNG-X Acceptance Gateways have parameters associated with them that are configured to meet the specific arrangements agreed between Post Office and Fujitsu Services. The parameters are:

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4.2.1 as detailed in paragraph 4.6;

4.2.2 the number and status of HNG-X High Severity Acceptance Incidents;

4.2.3 the number and status of HNG-X Medium Severity Acceptance Incidents; and

4.2.4 the number and status of HNG-X Low Severity Acceptance Incidents.

4.3 The three key HNG-X Acceptance Gateways controlling progression through the HNG-X Acceptance Process Stages are HNG-X Acceptance Gateways 3, 4 and 6 respectively as described in paragraph 4.5.

4.4 [NOT USED]

4.5 Achieving HNG-X Stage Progression and Progression through an HNG-X Acceptance Gateway

4.5.1 From Test and Validation to Live Pilot (HNG-X Acceptance Gateway 3)

4.5.1.1 Progression through HNG-X Acceptance Gateway 3 shall occur once all of the following have been satisfied:

(a) subject to paragraph 4.6, all the HNG-X Acceptance Criteria allocated in the HNG-X Acceptance Plan to Test and Validation have been achieved;

(b) activities leading to HNG-X Acceptance Gateway 1 (named "Readiness for Router Roll–Out (Z1)" and HNG-X Acceptance Gateway 2 (named "Readiness for Data Centre Migration") must be completed and these two HNG-X Acceptance Gateways passed through in accordance with paragraph 4.5.4.2 as pre-requisites to achieve HNG-X Acceptance Gateway 3. Failure to progress through HNG-X Acceptance Gateway 1 and HNG-X Acceptance Gateway 2 will not prohibit any other programme activities from continuing prior to HNG-X Acceptance Gateway 3;

(c) there are no outstanding HNG-X High Severity Acceptance Incidents;

(d) the number of outstanding HNG-X Medium Severity Acceptance Incidents is five or fewer and an agreed workaround exists for each of them; and

(e) there is an agreed workaround for all outstanding HNG-X Low Severity Acceptance Incidents except for those which the Parties agree do not require a workaround.

FUJ00000070



4.5.1.2 Notwithstanding progression through HNG-X Acceptance Gateway 3 in accordance with paragraph 4.5.1.1, Live Pilot shall not commence until confirmation that it may do so is given in writing to Fujitsu Services by the Post Office Release Authorisation Board.

4.5.2 Achieving HNG-X Initial Acceptance - From Live Pilot to Live Monitoring (HNG-X Acceptance Gateway 4)

4.5.2.1 Achievement of HNG-X Initial Acceptance shall occur on progression from Live Pilot to Live Monitoring once all of the following have been satisfied:

(a) subject to paragraph 4.6, all HNG-X Acceptance Criteria allocated in the HNG-X Acceptance Plan to Live Pilot have been achieved;

(b) there are no outstanding HNG-X High Severity Acceptance Incidents;

(c) the number of outstanding HNG-X Medium Severity Acceptance Incidents is five or fewer;

(d) each HNG-X Medium Severity Acceptance Incident has an agreed workaround and, subject to paragraph 6.4.2, an agreed HNG-X Rectification Plan; and

(e) each HNG-X Low Severity Acceptance Incident has, subject to paragraph 6.4.4, a target timescale for rectification and has an agreed workaround except those for which the Parties agree that such a workaround is not required.

4.5.2.2 Notwithstanding achievement of HNG-X Initial Acceptance in accordance with paragraph 4.5.2.1, Live Monitoring shall not commence until confirmation that it may do so is given in writing to Fujitsu Services by the Post Office Release Authorisation Board.

4.5.3 Achieving HNG-X Final Acceptance (HNG-X Acceptance Gateway 6)

4.5.3.1 HNG-X Final Acceptance shall occur once all of the following have been satisfied:

(a) the earliest planned date as specified in the HNG-X Programme Plan for completion of Live Monitoring has occurred;

(b) subject to paragraph 4.6, all HNG-X Acceptance Criteria allocated to Live Monitoring as set out in the HNG-X Acceptance Plan have been achieved;

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(c) there are no outstanding HNG-X High Severity Acceptance Incidents;

(d) the number of outstanding HNG-X Medium Severity Acceptance Incidents arising from HNG-X Acceptance Criteria scheduled to be achieved during Live Monitoring is two or fewer. For the avoidance of doubt, this means that the total number of HNG-X Medium Severity Acceptance Incidents at this HNG-X Acceptance Gateway (including those outstanding from previous HNG-X Acceptance Gateways) could be seven. However, this total of seven would be reduced if any of the original HNG-X Medium Severity Acceptance Incidents have been closed in accordance with their agreed HNG-X Rectification Plans;

(e) each HNG-X Medium Severity Acceptance Incident has an agreed workaround and, subject to paragraph 6.4.2, an agreed HNG-X Rectification Plan; and

(f) each HNG-X Low Severity Acceptance Incident has, subject to paragraph 6.4.4, a target timescale for rectification and has an agreed workaround except those for which the Parties agree such a workaround is not required.

4.5.4 Progressing through HNG-X Acceptance Gateways 1 and 2

4.5.4.1 Not Used.

4.5.4.2 Progression through HNG-X Acceptance Gateways 1 and 2 occur once all of the following have been satisfied for the HNG-X Acceptance Criteria allocated to achieving progression through the respective HNG-X Acceptance Gateway:

(a) subject to paragraph 4.6, all such HNG-X Acceptance Criteria have been achieved;

(b) there are no outstanding HNG-X High Severity Acceptance Incidents;

(c) the number of outstanding HNG-X Medium Severity Acceptance Incidents, together with any related HNG-X Rectification Plans or agreed workarounds, are agreed between the Parties as being acceptable to progress through the HNG-X Acceptance Gateway; and

(d) the number of outstanding HNG-X Low Severity Acceptance Incidents, together with any related HNG-X Rectification Plans or agreed workarounds, are agreed between the Parties as being acceptable to progress through the HNG-X Acceptance Gateway.

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4.6 Progressing to the Next Stage or through HNG-X Acceptance Gateways 1 and 2

4.6.1 If the Parties do not agree whether HNG-X Final Acceptance, HNG-X Stage Progression or progression through HNG-X Acceptance Gateways 1 and 2 has occurred, the matter will be resolved through the procedure described in paragraph 7 for resolving HNG-X Acceptance Disputes.

4.6.2 If, following investigation by Fujitsu Services, an HNG-X Acceptance Incident is found to have been caused solely by a fault or deficiency in anything other than those elements of HNG-X provided by Fujitsu Services, it shall not count towards the thresholds identified in paragraph 4.5.

4.6.3 HNG-X Acceptance Incidents that are agreed to result from the same failure or deficiency, or to affect the same operational process or business function, may be aggregated into a single HNG-X Acceptance Incident for the purposes of the thresholds identified in paragraph 4.5.

The aggregation of two or more HNG-X Acceptance Incidents into a single HNG-X Acceptance Incident shall be proposed by the Fujitsu HNG-X Acceptance Manager and agreed by the Post Office HNG-X Acceptance Manager, such agreement not to be unreasonably withheld.

4.6.4 If, other than as a result of a Default of Fujitsu Services, it is impossible for a test to be carried out when scheduled in the HNG-X Acceptance Plan then that test becomes known as a "Deferred Test". Deferred Tests will be carried out as soon as reasonably practicable or at such later time as the Parties may agree (which shall be no later than six months after HNG-X Final Acceptance) provided that performance on that agreed date does not, other than as a result of a Default of Fujitsu Services, become impossible (in which event the Deferred Test shall be carried out as soon as reasonably practicable).

4.6.5 The non-occurrence of a Deferred Test at the time originally scheduled in the HNG-X Acceptance Plan will not prevent HNG-X Stage Progression, HNG-X Final Acceptance or progression through HNG-X Acceptance Gateways 1 and 2 each of which will be assessed on the basis of:

4.6.5.1 those tests scheduled to take place for that HNG-X Stage Progression, HNG-X Final Acceptance or progression through HNG-X Acceptance Gateways 1 and 2, as the case may be, which are not Deferred Tests; and

4.6.5.2 those Deferred Tests which were originally scheduled to take place as part of a previous HNG-X Stage Progression, HNG-X Final Acceptance or progression through HNG-X Acceptance Gateways 1 and 2 and which have been rescheduled in accordance with paragraph 4.6.4 to take place for that HNG-X Stage Progression, HNG-X Final Acceptance or progression through HNG-X Acceptance Gateways 1, 2 or 5.

FUJ00000070



4.6.6 If, when a Deferred Test is carried out after HNG-X Final Acceptance, it is not successfully completed, that failure shall not of itself constitute a Default under the Agreement or entitle Post Office to raise an HNG-X Acceptance Incident.

4.6.7 Where a test that was originally scheduled to be carried out by Fujitsu Services in the Solution Test Stage becomes a Deferred Test in accordance with paragraph 4.6.4, the failure of Fujitsu Services to carry out that Deferred Test in accordance with paragraph 4.6.4 shall constitute a Default under the Agreement.

4.6.8 Other than as set out in paragraph 4.6.6, nothing in paragraph 4.6 shall reduce or alter any obligations of Fujitsu Services under this Agreement.

## 5. HANDLING HNG-X ACCEPTANCE TESTING EVIDENCE

5.1 Evidence (including, without limitation, test results, test observations, data or other information) provided by Fujitsu Services for review in relation to fulfilment of HNG-X Acceptance Criteria ("HNG-X Acceptance Testing Evidence") shall by default be available to all Post Office employees and contractors unless such evidence is:

5.1.1 Confidential Information, in which case disclosure shall be governed by the provisions of Clause 61 of the Agreement; or

5.1.2 considered to be or categorised as sensitive in accordance with paragraphs 5.2 or 5.3 of this Schedule, in which case disclosure will be governed by those provisions (as applicable).

5.2 HNG-X Acceptance Testing Evidence that can reasonably be considered to be particularly sensitive because access to such information could compromise the security of the HNG-X or other Post Office Services will be restricted to named employees or contractors of Post Office who will be nominated by Post Office to review it on Post Office's behalf. Access to the information will be in accordance with such reasonable conditions as may be imposed by Fujitsu Services.

5.3 Subject to paragraph 5.4, HNG-X Acceptance Testing Evidence categorised by Fujitsu Services (acting reasonably) as particularly commercially sensitive to Fujitsu Services will only be disclosed to named employees or contractors of Post Office (such named individuals to be approved by Fujitsu Services). Post Office will place such named employees and contractors under a duty to keep confidential and not disclose Fujitsu Services' commercially sensitive information to any other person or Party without Fujitsu Services' prior written consent (which consent shall not be unreasonably withheld or delayed).

5.4 Fujitsu Services will not be entitled to categorise any HNG-X Acceptance Testing Evidence as commercially sensitive where that evidence solely reflects a visible manifestation or result of the operation of the HNG-X System, as opposed to how the HNG-X System achieves that manifestation or result.

FUJ00000070



5.5 Sensitive information disclosed as HNG-X Acceptance Testing Evidence pursuant to paragraphs 5.3 or 5.4 may also be disclosed by Post Office or Fujitsu Services to the HNG-X Acceptance Board if such disclosure is necessary for the resolution of an HNG-X Acceptance Dispute.

5.6 At Post Office's request Fujitsu Services will supply supporting evidence for the completion of a test that can reasonably be regarded as necessary for Post Office to validate whether the HNG-X Acceptance Criteria for that test have been met.

## 6. MANAGING HNG-X ACCEPTANCE INCIDENTS

6.1 Raising HNG-X Acceptance Incidents

6.1.1 An HNG-X Acceptance Incident will be raised by Fujitsu Services when the HNG-X Acceptance Method used fails to prove that the HNG-X Acceptance Criterion has been met. In addition, Fujitsu Services will report to Post Office any material undesirable occurrences, which are not HNG-X Acceptance Incidents, observed by it whilst conducting tests.

6.1.2 Post Office may raise an HNG-X Acceptance Incident whenever Post Office becomes aware of evidence that (a) any of the occurrences referred to in paragraph 6.1.1 have arisen (b) the HNG-X Acceptance Criteria are not being met or (c) the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process has resulted or might reasonably be expected to result in the existing Horizon Applications or the Horizon Service Infrastructure no longer functioning or being performed (as the case may be) in accordance with the provisions of the Agreement.

6.1.3 Where the HNG-X Requirements Catalogue or Annex 2 of Schedule B6.1 expressly states that the application will not permit specified functions or activities or cause certain specified behaviour, and those functions, activities or behaviour are observed to occur during testing of the application, then the observing Party will (in the case of Fujitsu Services) or may (in the case of Post Office) raise an HNG-X Acceptance Incident.

6.1.4 Following resolution of an HNG-X Acceptance Incident raised in accordance with paragraph 6.1.1, 6.1.2 or 6.1.3, a further HNG-X Acceptance Incident can be raised in accordance with paragraph 6.1.1 if the applicable functions, activities or behaviour are observed to occur again.

6.1.5 Each Party will raise an HNG-X Acceptance Incident as soon as reasonably practicable after becoming aware of such incident. However, HNG-X Acceptance Incidents may not be raised in respect of any HNG-X Acceptance Criteria before commencement of the testing or assessment of those HNG-X Acceptance Criteria in accordance with the HNG-X Acceptance Plan. Once HNG-X Final Acceptance has occurred no new HNG-X Acceptance Incidents

FUJ00000070



may be raised. For the purposes of this paragraph a "new HNG-X Acceptance Incident" means an HNG-X Acceptance Incident that occurs after the HNG-X Final Acceptance Date or which occurs on or before that date, but is not reported to Fujitsu Services before the HNG-X Final Acceptance Date. Once HNG-X Initial Acceptance has occurred no additional HNG-X Acceptance Incidents will be classified as HNG-X Acceptance Incidents in respect of HNG-X Initial Acceptance.

6.1.6 An HNG-X Acceptance Incident manifests itself as one or more defects originating from either the Test Automation Toolset or PEAK. Such defects will be allocated to HNG-X Acceptance Incidents following review and agreement by the HNG-X Acceptance Managers from both Parties.

6.1.7 A PEAK fault report that is allocated to the HNG-X Acceptance Incident Collection can only be closed with the agreement of both HNG-X Acceptance Managers.

6.1.8 If a dispute arises whereby the HNG-X Acceptance Managers cannot agree as to the status of a defect associated with an HNG-X Acceptance Incident, the matter will be escalated according to the procedure described in paragraph 7 for resolving HNG-X Acceptance Disputes..

6.2 Analysing and Classifying HNG-X Acceptance Incidents

6.2.1 HNG-X Acceptance Incidents will be jointly analysed by Fujitsu Services and Post Office and a written report produced which will record:

6.2.1.1 initially, the agreed (such agreement not to be unreasonably withheld by either Party) severity classification of the HNG-X Acceptance Incident as identified in Annex A to this Schedule; and subsequently

6.2.1.2 related rectification activities (if applicable); and

6.2.1.3 re-testing dates/periods (if applicable).

This information will be included in the test report issued at the time of completing the HNG-X Acceptance Process Stage during which the HNG-X Acceptance Incident was raised.

6.2.2 For the purpose of paragraph 6.2.1, an HNG-X Acceptance Incident will be regarded as having been caused by the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process:

6.2.2.1 if that incident is identified during any of the HNG-X Acceptance Process Stages; and

FUJ00000070



6.2.2.2 where the behaviour of Horizon giving rise to that incident (i) has not been previously observed, or (ii) had been previously observed in relation to the Horizon Service Infrastructure or the Horizon Application but such behaviour had been resolved prior to commencement of testing of HNG-X,

unless following investigation by Fujitsu Services, that incident is found to be unrelated to the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process and Fujitsu Services has provided Post Office with reasonable evidence to demonstrate this.

6.2.3 Where an HNG-X Acceptance Incident can be attributed to faults in HNG-X, the severity of that incident (for the purposes of HNG-X Final Acceptance and HNG-X Initial Acceptance) shall be classified with reference to the fault in HNG-X alone.

6.2.4 Either Party may request that the severity of an HNG-X Acceptance Incident be re-classified in recognition of new evidence or if it is reasonably believed that the impact of the HNG-X Acceptance Incident should be re-assessed. Agreement to such requested re-classification shall not be unreasonably withheld by either Party.

6.3 Repeat Acceptance Activities

6.3.1 Any failed test may, prior to the end of the agreed Live Monitoring be repeated as many times as necessary in order for HNG-X Final Acceptance to be achieved. Dates for such repeat tests will be agreed by the joint test teams having regard to the overall HNG-X Programme Plan. Post Office will be responsible for making personnel available to observe repeat testing if required. Repeat tests will be proposed only when it is reasonably believed a different (i.e. improved) outcome would result.

6.3.2 In the case of repeated HNG-X Document Reviews, HNG-X Design Walkthroughs or HNG-X Monitoring, Post Office will be entitled to the same elapsed time for the repeated activity as was scheduled for the original failed activity. Repeat HNG-X Document Reviews or HNG-X Design Walkthroughs will be proposed only when it is reasonably believed a different (i.e. improved) outcome would result.

6.4 HNG-X Rectification Plan

6.4.1 For each HNG-X Medium Severity Acceptance Incident outstanding on the HNG-X Initial Acceptance Date or on the HNG-X Final Acceptance Date, Fujitsu Services will have prepared a written HNG-X Rectification Plan that includes:

FUJ00000070



6.4.1.1 a statement of the operational impact and any necessary temporary procedures to be adopted by Users;

6.4.1.2 a description of how rectification is to be achieved; and

6.4.1.3 a timetable for rectification.

Post Office shall not unreasonably withhold its agreement to any such HNG-X Rectification Plan and neither Party shall unreasonably withhold its agreement to any workaround referred to in this Schedule.

6.4.2 It is acknowledged by the Parties that exceptionally they may agree that such a HNG-X Rectification Plan is not required for each outstanding HNG-X Medium Severity Acceptance Incident.

6.4.3 For each HNG-X Low Severity Acceptance Incident outstanding on the HNG-X Initial Acceptance Date or on the HNG-X Final Acceptance Date, Fujitsu Services will identify a target timescale for rectification.

6.4.4 It is acknowledged by the Parties that they may agree that such a target timescale for rectification is not required for each outstanding HNG-X Low Severity Acceptance Incident.

## 7. HNG-X ACCEPTANCE DISPUTE PROCESS

### 7.1 General

If Post Office and Fujitsu Services do not agree on any matters relating to this Schedule including:

7.1.1 the form or content of the HNG-X tests as defined in the HNG-X HLTPs or in the Test Automation Toolset;

7.1.2 changes to HNG-X Acceptance Criteria, HNG-X tests, or the HNG-X Acceptance Plan arising from changes to the provisions of the HNG-X Requirements Catalogue;

7.1.3 whether any tests, HNG-X Document Reviews, HNG-X Design Walkthroughs or HNG-X Monitoring should be repeated pursuant to paragraph 6.3 as a consequence of changes to the HNG-X tests;

7.1.4 results of HNG-X tests;

7.1.5 whether an event or occurrence is an HNG-X Acceptance Incident;

7.1.6 the aggregation into HNG-X Acceptance Incidents;

FUJ00000070



7.1.7 classification of severity of HNG-X Acceptance Incidents;

7.1.8 whether progression through an HNG-X Acceptance Gateway or from one HNG-X Acceptance Process Stage to another has occurred or should proceed;

7.1.9 whether an HNG-X Acceptance Incident has been caused by a deficiency or fault in a component of the HNG-X System (for which Fujitsu Services is responsible) or a deficiency or fault in other services, systems or data (including, without limitation, Reference Data) of Post Office or a third party (for which Post Office is responsible); or

7.1.10 adequacy of HNG-X Rectification Plans,

the Parties will refer such dispute (an "HNG-X Acceptance Dispute") to the HNG-X Acceptance Dispute Board for resolution.

7.2 HNG-X Acceptance Dispute Resolution

7.2.1 The HNG-X Acceptance Dispute Board is required to use all reasonable endeavours to reach an agreed resolution on any HNG-X Acceptance Dispute that is referred to it.

7.2.2 If the HNG-X Acceptance Dispute is resolved by the HNG-X Acceptance Dispute Board, the decision of the HNG-X Acceptance Dispute Board will be final and binding on the Parties.

7.2.3 In the event that an HNG-X Acceptance Dispute cannot be resolved by the HNG-X Acceptance Dispute Board it will be escalated for Executive Review and dealt with in accordance with the Dispute Resolution Procedure.

## 8. ASSOCIATED DOCUMENTS

8.1 The following CCDs are associated with this Schedule B6.3:

| | Document Reference | Document Title |
|---|---|---|
| 1 | REQ/CUS/BRS/0001 | Postal Services Business and Operational Context |
| 2 | REQ/GEN/PRD/0001 | Establishing and Assuring the HNG-X User Interface |

8.2 There are no CRDs associated with this Schedule B6.3.

FUJ00000070



## ANNEX A : HNG-X ACCEPTANCE INCIDENT SEVERITY MATRIX

| Severity | Description |
|---|---|
| **High** | The HNG-X Acceptance Incident was caused by the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process and results in a defect that would render a key element of one or more of the Business Capabilities and Support Facilities or a key element of the Infrastructure unfit for operational use, which could include:<br>a) not allowing Post Office to undertake one or more Transaction types;<br>b) not allowing Post Office to undertake one or more Transaction types using the required business inputs or generating the required business outcome;<br>c) creating system performance issues which are in, or are likely to cause a, breach of Service Level Targets. |
| **Medium** | The HNG-X Acceptance Incident was caused by the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process and results in a defect that would not prevent operation of one or more of the Business Capabilities and Support Facilities or elements of the Infrastructure, but would cause problems in the operational use of one or more Transaction types. |
| **Low** | The HNG-X Acceptance Incident was caused by the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process and results in a defect that does not cause any adverse operational impact in the use of the Business Capabilities and Support Facilities or an element of the Infrastructure, or the HNG-X Acceptance Incident can be addressed by a Fujitsu Services workaround without any adverse operational impact for Post Office. |
| **Non Incident** | An incident raised by either Party which, following investigation is found:<br>➢ not to be a defect;<br>➢ not to have resulted from the introduction of changes arising from Project HNG-X and/or the Associated Change Activities that are subject to the HNG-X Acceptance Process; or<br>➢ not to fall within the high, medium or low categories set out in this column. |

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## ANNEX B : HNG-X ACCEPTANCE BOARD

Refer to Schedule A2, Annex 1.

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## ANNEX C : HNG-X ACCEPTANCE METHODS

| Type | Description |
|---|---|
| **HNG-X Document Review** | HNG-X Acceptance Criteria that cannot be objectively verified by a test of HNG-X may be satisfied by Post Office undertaking a HNG-X Document Review. The outcome of any such review will be documented by Post Office in the HNG-X Acceptance Tracking Document. Fujitsu Services will supply a list of documents (and any specific references within such documents) for Post Office review, which may satisfy the agreed HNG-X Acceptance Criteria. |
| **HNG-X Design Walkthrough** | HNG-X Acceptance Criteria may be satisfied by Post Office participating in an HNG-X Design Walkthrough led by Fujitsu Services of the Fujitsu Services' design. The outcome of any such HNG-X Design Walkthrough will be documented by Post Office in the HNG-X Acceptance Tracking Document. |
| **HNG-X Solution Test** | Tests that are owned and managed by Fujitsu Services with significant collaborative support from Post Office, for the purpose of verifying that the Fujitsu Services' solution for the HNG-X System satisfies the relevant HNG-X Acceptance Criteria. The collaborative team will produce a joint test report presenting the results of the tests. |
| **HNG-X Release Validation** | Tests that are run and managed by Post Office with significant collaborative support from Fujitsu Services, for the purpose of verifying that the HNG-X Release satisfies the relevant HNG-X Acceptance Criteria. The combined team will produce a joint test report presenting the results of the tests and provide evidence on any areas of non conformance. |
| **HNG-X Monitoring** | Post Office shall specify any need beyond the level of support that Fujitsu Services are required to provide under normal operational practice (such as a report etc). Duration, nature and characteristics to be agreed in advance between Post Office and Fujitsu Services and will take place during Live Pilot or exceptionally during Live Monitoring. The total duration of HNG-X Monitoring and the obligations on Fujitsu Services to produce data/reports to support Post Office monitoring to be agreed between Post Office and Fujitsu Services (each acting reasonably and in good faith) for a particular HNG-X Requirement. |
| **HNG-X Statement of Fact** | Where the solution to an HNG-X Acceptance Criterion is self-evident and does not lend itself to formal proving. |
| **HNG-X Statement of Obligation** | Relates to HNG-X Acceptance Criterion that represents an ongoing contractual obligation for HNG-X. |
| **Other** | Used by exception, to be agreed between the Parties. |

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# SCHEDULE C1

# SERVICE LEVEL PRINCIPLES AND REMEDIES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to v8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v8.1 in accordance with CCN1349 |
| 10.0 | 10/09/15 | CCD reference update and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE C1

## SERVICE LEVEL PRINCIPLES AND REMEDIES

### 1. INTRODUCTION

1.1 This Schedule sets out the Service Level principles and remedies that apply from the commencement of the relevant Trigger Event as set out within the tables in Schedule B3.1. Prior to the commencement of the relevant Trigger Event as set out within the tables in Schedule B3.1, the provisions of Schedule B4.4 shall apply.

1.2 This Schedule defines up to three thresholds in respect of each Service Level as follows:

1.2.1 the level of Service ("**Service Level Target**" or "**SLT**") required from Fujitsu Services by Post Office;

1.2.2 the level of Service which, if not achieved by Fujitsu Services, shall give rise to payment of liquidated damages by Fujitsu Services (the "**Liquidated Damage Threshold**" or "**LDT**"). Payment of liquidated damages notwithstanding, a failure of any LDT shall not (on its own) constitute a Default; and

1.2.3 the level of Service below the SLT and (if applicable) the LDT which if not achieved by Fujitsu Services shall give rise to payment by Fujitsu Services of Post Office's Additional Costs or liquidated damages as described (where relevant) in this Schedule and each relevant Service Description (the "**Additional Remedy Level**" or "**ARL**").

1.3 For the avoidance of doubt, the Parties agree that not all SLT failures shall give rise to payment of liquidated damages. The SLT failures that do not give rise to payment of liquidated damages are set out in each relevant Service Description.

### 2. GENERAL PRINCIPLES

2.1 The purpose of remedies (liquidated damages or any other additional remedy specified in a Service Description) is that Post Office shall not be disadvantaged by failures of Fujitsu Services to provide the HNG-X Services to the agreed specification and reliability.

2.2 For the avoidance of doubt, liquidated damages shall be based upon the applicable fixed amounts or rates stated in the relevant Service Descriptions.

2.3 The performance of the HNG-X Services (other than the BCSF Service) against the SLT, LDT and ARL applicable in respect of each Service Level shall be measured and reported and success or failure against each shall be judged over Service Level Measurement Periods defined for each HNG-X Service (other than the BCSF Service). Additionally, all levels of service shall be monitored on a weekly and monthly basis and any failure to meet a Service Level assessed over that month shall be reported to Post

FUJ00000070



Office by means of the Service Review Book produced on a monthly basis detailing all Service Levels and the actual levels of service achieved during that month.

2.4 In respect of any SLT that has a Service Level Measurement Period equivalent to a SLT Calendar Year or a Service Level Measurement Period that is otherwise defined with reference to a SLT Calendar Year, in the event that the remainder of the term of the Agreement after the last SLT Calendar Year of the term of the Agreement in relation to that SLT ("Final Period") is less than six (6) months then Fujitsu Services shall:

2.4.1 continue to measure and report performance against that SLT during the Final Period; and

2.5.2 not be obliged to take any remedial action should that SLT fail to be achieved at any time during the Final Period.

2.5 The values applicable to each SLT are set out in the relevant Service Description.

2.6 Subject to any provisions to the contrary in a Service Description in respect of a particular Service Level, where Service Levels are expressed in terms of performance required by a particular "Day":

2.6.1 "**Day A**" means the day of the specified triggering event (such as the date of a Transaction);

2.6.2 "**Day B**" means the day following Day A; and

2.6.3 "**Day C**" means the day following Day B and so on.

2.7 Liquidated Damages

2.7.1 The total cumulative sums payable by Fujitsu Services for liquidated damages in respect of the Counter Availability SLT shall not exceed £2,000,000 (two million pounds) in any Financial Year.

2.7.2 The liquidated damages payable by Fujitsu Services in respect of any Failure Event in respect of the Counter Availability SLT shall not exceed £400,000 (four hundred thousand pounds).

2.7.3 The aggregate limit on Fujitsu Services' liability referred to in Clause 44.4 shall apply.

2.8 If the Parties agree to suspend any of the Services in accordance with the CCD entitled "*Service Level Target & Liquidated Damages Exclusions*" (SVM/SDM/PRO/0006), Fujitsu Services shall, for the period of such suspension, be released from its obligation to comply with any Service Levels and/or LDTs to the extent they relate to the suspended Service(s), save where the suspension is due to Fujitsu Services Default.

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## 3. SERVICE LEVELS

3.1 Subject to paragraph 3.2, the relevant Service Description for the HNG-X Service will define the SLTs, LDTs and ARLs.

3.2 Save as provided in paragraph 6.1 of Schedule C1 and section 3.6.1 of the CCD entitled "Service Integration Service, Service Description" (SVM/SDM/SD/0010), the provisions of this Schedule C1 shall otherwise not apply to the Superstock Solution.

## 4. SERVICE LEVEL RELIEF – VOLUMETRIC LIMITS

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

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

5.1 The CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) (the "**Business Volumes CCD**") defines various limits on numbers of Transactions or instances of Service as "**Contracted Volumes**" or "**Design Limits**" for Point of Sale Business Capability, In/Out Payment Business Capability, Cash and Stock Management Business Capability, Message Broadcast Service, Reference Data Management Service, Banking Business Capability, Payment Management Business Capability and on-line Transactions.

5.2 On each day that any of the Contracted Volumes referred to in the Business Volumes CCD is exceeded, the measures of Fujitsu Services' performance for the Service Levels (SLTs and (if applicable) the LDTs and ARLs) listed in the Business Volumes CCD shall be disregarded and replaced with an average measurement for that day (based upon actual performance measurements over the previous three calendar months, or otherwise as agreed by the Parties (acting reasonably)).

5.3 If the Contracted Volumes referred to in the Business Volumes CCD are exceeded, Post Office and Fujitsu Services shall jointly consider the reasons for such excess and whether it is temporary or is or is likely to be continuing. If such excess is or is likely to be continuing Fujitsu Services shall be entitled to make a reasonable and proportionate adjustment to the relevant Contracted Volume and/or the affected Service Levels or obligations specified in the Business Volumes CCD, such adjustment to be agreed with Post Office under the Change Control Procedure.

5.4 If any of the Design Limits specified in the Business Volumes CCD are exceeded then the measures of Fujitsu Services' performance for any Service Level or other service target involving data processing (requiring either automated or manual processing or both) shall be disregarded to the extent that Fujitsu Services can demonstrate to Post Office's satisfaction (Post Office acting reasonably) that failure to meet the Service Level and/or service target, as the case may be, occurred as a result of a Design Limit

FUJ00000070



being exceeded. Fujitsu Services shall use reasonable endeavours to meet those Service Levels and/or service targets during the period when the measures of Fujitsu Services' performance are disregarded.

## 6. OTHER SERVICE LEVEL/OBLIGATION RELIEF

6.1 The Parties shall agree (such agreement not to be unreasonably withheld) appropriate relief from Service Levels if any new facilities or products introduced, by agreement, with less testing than would otherwise be required to safeguard Fujitsu Services' position.

6.2 For the periods in which any of the Business Capabilities and/or Support Facilities are suspended in accordance with paragraph 2.8 of the CCD entitled "Service Management Service: Service Description" (SVM/SDM/SD/0007), measurements of Fujitsu Services' performance in respect of all Service Levels detrimentally affected by such suspension (in respect of those Business Capabilities and/or Support Facilities) shall be disregarded and Fujitsu Services shall be released from those of its obligations in respect of those Business Capabilities and/or Support Facilities which it is unable to perform as a result of such suspension.

6.3 If Fujitsu Services fails to achieve any Service Level or service target (as the case may be) and can demonstrate to Post Office's reasonable satisfaction that such failure occurred as a result of a fault or problem within the QAS Software, such fault or problem requiring the Third Line Software Support Service or Application Support Service (Fourth Line) in order to be resolved, then the measures of Fujitsu Services' performance in respect of such Service Level and other service target shall be disregarded for the period affected by the QAS Software fault or problem.

## 7. RECTIFICATION PLAN

7.1 In the event that an ARL specified in the relevant Service Description is failed, Fujitsu Services and Post Office shall agree a method of rectification and timetable for the resolution of the cause of that failure (a "Rectification Plan"). For the avoidance of doubt, Fujitsu Services shall remain liable for financial remedies payable in accordance with the Service Description in respect of that failure.

7.2 In the event that the Rectification Plan involves a change to the provision of the Services, such change shall be agreed under the Change Control Procedure and shall be made at no charge to Post Office.

7.3 Without prejudice to Post Office's rights to remedies provided in this Agreement, during the period the Rectification Plan is being implemented Fujitsu Services shall maintain performance of all other Services in accordance with the Service Levels specified in each relevant Service Description unless otherwise agreed with Post Office as part of the Rectification Plan.

7.4 In the event that the Rectification Plan is not agreed by the Parties (acting reasonably) within three (3) calendar months of the occurrence of an ARL failure or the Rectification

FUJ00000070



Plan fails to resolve the cause of the ARL failure to which it relates, such that the ARL failure occurs again and is persistent, the following provisions shall apply:

7.4.1 Post Office shall have the right to conduct, and require Fujitsu Services to co-operate and assist with (including by Fujitsu Services providing such information as it would have been required to under paragraph 6.6 of Schedule D6), a tender process for sub-contracting by Fujitsu Services of the Operational Services in relation to which the ARL failure has occurred (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to an alternative service provider at Fujitsu Services' cost (the "**Service Provider**"). If the Parties agree that it would be more appropriate for Fujitsu Services to conduct, and Post Office to co-operate with, the tender process, then the Parties shall procure the same.

7.4.2 Without prejudice to the generality of the foregoing, Fujitsu Services shall disclose to any bona fide potential Service Provider (subject to the same executing an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such bona fide potential Service Provider) Confidential Information to the extent that such disclosure is reasonably required to enable any potential Service Provider to prepare a reasonably detailed tender proposal.

7.4.3 If the outcome of any tender process is that Fujitsu Services were to sub-contract the Operational Services in question (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to a Service Provider identified in the tender process, the performance in respect of the failed ARL for that Operational Service (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) would be improved then Post Office shall have the right to require Fujitsu Services to sub-contract such Operational Service (and where the ARL failure has occurred in relation to an Operational Service which, together with one or more other Operational Services, constitutes a Testable Service, such Operational Services will be tendered together) to such Service Provider at no higher cost to Post Office than was previously the case.

## 8. DISPUTE RESOLUTION

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

## 9. ASSOCIATED DOCUMENTS

9.1 The following CCDs are associated with this Schedule C1:

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| 1 | SVM/SDM/SD/0010 | Service Integration Service, Service Description |
| 2 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 3 | SVM/SDM/SD/0007 | Service Management Service: Service Description |
| 4 | SVM/SDM/PRO/0006 | Service Level Target & Liquidated Damages Exclusions |
| 5 | CS/PER/041 (Replaced)<br><br>SVM/SDM/PRO/0004 | Definition of Remote and Intermediate Locations (Replaced)<br><br>Definitions of Engineering Service Priority and Local/Remote Locations Process |

9.2 There are no CRDs associated with this Schedule C1.

FUJ00000070

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# SCHEDULE C2

# SUB-CONTRACTORS

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 08/05/07 | Applying CCN1209 |
| 3.0 | 09/07/07 | Baseline copy of 1.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.2 |
| 4.1 | 12/05/09 | Applying changes as per CCN1256 |
| 4.2 | 15/06/09 | Applying changes as per CCN1263 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 6.2 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes in CCN 1310b and CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349 and CCN1323 |
| 10.0 | 10/09/15 | Applying changes as in CCN1401b and as subsequently amended in this CCN1506 and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE C2

## SUB-CONTRACTORS

1. Table of Fujitsu Services' Sub-contractors

Fujitsu Services' Sub-contractors, together with a description of their areas of responsibility, are listed in the following table:

| SUB-CONTRACTOR | SCOPE OF SUBCONTRACTED SERVICES | TERM OF SUBCONTRACT |
|---|---|---|
| BT Plc | - Broadband (ADSL) in Branch Network Service<br>- Satellite (VSAT) in Branch Network Service<br>- ISDN in Central Network Service<br>- Fixed Circuits in Central Network Service | There is an ongoing agreement in place between Fujitsu and BT.<br><br>VSAT Term is 31st March 2017. |
| Cisco | - for provision of Network Support (Central Network Service | Ongoing agreement |
| Digi (Terminated upon exit of the Engineering Services on 31st March 2015) | - support of Branch Router in Engineering Service | Initial Term: 31st March 2015 |
| EMC Computer Systems (UK) Ltd | - Storage Support (replaced as part of Belfast Refresh Programme) as part of the Datacentre Operations Service | Current Term: 30th September 2015 |
| Everything Everywhere Limited | - Mobile Data Services in Branch Network Service | There is an ongoing agreement in place between Fujtsu and Everything Everywhere Limited. . |
| Fujitsu (FTS) Ltd | - Hardware Support" as part of the Datacentre Operations Service | Fujitsu Subsidiary operating under an indefinite Inter Company Agreement |
| Fujitsu Consulting (India Ltd). | - Provision of SAP application support<br>- Systems Management Centre support<br>- Design, development and testing of | Current Term of Provision of SAP application support: March 2016 |

FUJ00000070

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| SUB-CONTRACTOR | SCOPE OF SUBCONTRACTED SERVICES | TERM OF SUBCONTRACT |
|---|---|---|
| | components | All other Services expire upon the earlier of termination or expiry of this Agreement. |
| Fujitsu Telecoms Engineering Ltd (Terminated upon exit of the Engineering Services on 31st March 2015) | - To carry out repairs to the Epson Counter Printer | Fujitsu Subsidiary operating under an indefinite Inter Company Agreement |
| IBM Financial Services Ltd | - Software Support as part of the Systems Management Service | Current Term: 31 March 2017 |
| Ingenico | - PIN Pad software support. | Current Term: March 2016<br><br>. |
| KCom Group Plc | - Phone Lines (PSTN)<br>- Broadband (ADSL) for Kingston Telecoms Hull area in Branch Network Service | Ongoing agreement |
| SPC (Terminated upon exit of the Engineering Services on 31st March 2015) | - To carry out repairs to the Base Units and Monitors | Current Term: 30th September 2014.<br><br>Following this term the ongoing agreement will continue to ensure cover is provided for the term of the Agreement |
| Talk Talk Telecom Group Plc | - Broadband in Branch Network Service | Ongoing Agreement subject to 30day notice period. |
| Touch Logistics (Terminated upon exit of the Engineering Services on 31st March 2015) | - Provision of Break Fix resolution of hardware faults | Current Term: 31st July 2014.<br><br>Fujitsu has the right to extend the agreement further and would look to |

FUJ00000070

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| SUB-CONTRACTOR | SCOPE OF SUBCONTRACTED SERVICES | TERM OF SUBCONTRACT |
|---|---|---|
| | | make it co terminus with the Post Office contract due to expire 31/03/2015. |
| Transaction Network Services (UK) Ltd | - Debit Card Circuits in Central Network Service | 6 Month Rolling contract unless notice is give 30 days prior to renewal. |
| Triage<br><br>(Terminated upon exit of the Engineering Services on 31st March 2015) | - Provision of Operational Business Change logistics and maintenance . Also provide repairs to Keyboards, the OKI Back Office Printer and Geller Portable Hosted Units (PHU'S) | Current expiry date: 2nd July 2014.<br><br>As this is not a specific customer schedule Fujitsu doesn't plan to make the agreement co terminus with the Post Office contract due to expire 31/03/2015. However, Fujitsu will ensure that contract cover is in place for the duration of the Post Office contract. |
| Virgin Media Limited | - Intercampus Links in Central Network Service | Ongoing Agreement subject to 30day notice period for cancellation. |
| Vodafone Limited | Provision of telecommunications lines and services including<br><br>- IP Connect Services in Central Network Service<br>- ISDN Call Termination Services in Branch Network Service<br>- Mobile Data Services in Branch Network Service<br>- | Ongoing Agreement expiring on 90 days notice |

2. Associated Documents

FUJ00000070

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3.1 There are no CCDs associated with this Schedule C2.

3.2 There are no CRDs associated with this Schedule C2.

FUJ00000070

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# SCHEDULE C3

## Licences

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 3.0 | 23/02/09 | Baseline copy of 2.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 05/01/10 | Applying changes as per CNN1272 |
| 6.2 | 29.01.10 | Applying changes as per CCN1273 |
| 6.3 | 01/04/10 | Applying changes as per CCN1270 |
| 6.4 | 29/03/10 | Applying changes as per CCN1276a |
| 7.0 | 24/05/10 | Baseline copy of 6.1,6.2,6.3 and 6.4 |
| 8.0 | 21/02/12 | Applying changes in line with CCN1310b, CCN 1296 and CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/2015 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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**SCHEDULE C3**

## LICENCES

### 1. HNG-X THIRD PARTY SOFTWARE

1.1 Table 1 below lists HNG-X Third Party Software licensed to Post Office in accordance with the applicable provisions of Clause 30 of this Agreement.

**Table 1: HNG-X Third Party Software**

| Description and Product Name | Scope & purpose | Class | Licence Note |
|---|---|---|---|
| Interstage Java Virtual Machine | | HNG-X Third Party Software (Fujitsu Corporation Limited). | |
| Hypercom PIN Pad Software | The software used to support the operation of PIN Pads. | HNG-X Third Party Software (Hypercom). | |
| • McAfee Web Gateway | Gateway Security | HNG-X Third Party Software | Where the equipment is moved outside the UK, the party responsible for initiating the move shall be liable for the costs arising from any resultant licensing impact |

FUJ00000070

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| Description and Product Name | Scope & purpose | Class | Licence Note |
|---|---|---|---|
| IBM<br><br>• IBM WebSphere Application Server Processor<br>• IBM Tivoli Workload Scheduler Processor<br>• IBM InfoSphere Datastage Processor<br>• IBM InfoSphere DataStage for non- Production Environments Processor Value Unit<br>• IBM InfoSphere DataStage and QualityStage Designer Concurrent User<br>• IBM InfoSphere FastTrack 10 Authorised Users | Support to Credence<br><br>(POL MI) Application | HNG-X Third Party Software | IBM Licence terms at:<br><br>Ibm.com/software/sla |

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1.2 Table 2 below lists the software which Post Office sub-licenses or grants rights to use to Fujitsu Services in accordance with Clause 31 of this Agreement.

**Table 2: Software provided by Post Office**

| Original supplier and Software product name | Purpose and applicable Service | Sub-licence (SL) or right to use (RTU) | Any additional restrictions on the sub-licence |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| SAP UK Limited<br><br>mySAP.com Solution Suite version 4.7 and SAP NetWeaver Master Data Management version 3.0(and any updates to or new versions thereof provided by Post Office for use by Fujitsu Services) | Purpose: Facilitates and supports the configuration of Configured POL FS Services or, from the POLSAP R1 Go Live Date, the POLSAP Services by Post Office or a third party on behalf of Post Office<br><br>Service: POL FS Services or, from the POLSAP R1 Go Live Date, the POLSAP Services | RTU | The specific terms and conditions including any further rights and restrictions are specified in the CCD entitled: "SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" (CF/CON/001) |

FUJ00000070

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| Original supplier and Software product name | Purpose and applicable Service | Sub-licence (SL) or right to use (RTU) | Any additional restrictions on the sub-licence |
|---|---|---|---|
| SAP UK Limited<br><br>Name: DB for SAP versions 9.2.04 and 9.2.05 (and any updates to or new versions thereof provided by Post Office for use by Fujitsu Services) | Purpose: the database engine used in conjunction with the SAP Software<br><br>Service: POL FS Service or, from the POLSAP R1 Go Live Date, the POLSAP Services | RTU | The specific terms and conditions including any further rights and restrictions are specified in the CCD entitled: "SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" (CF/CON/001) |

FUJ00000070

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1.3 Table 2A below lists the Third Party Data that Post Office sub-licenses to Fujitsu Services in accordance with Clause 31 to this Agreement.

**Table 2A.**

| Data source and data product name | Purpose and applicable Service/Application | Any additional restrictions on the sub-licence |
|---|---|---|
| | | |
| Royal Mail<br><br>Name: "PAF" | Purpose: Data used to validate postcodes and identify/confirm address details.<br><br>Application: PAF Calling Application | |

1.4 Should the Parties agree that the Microsoft NT operating system in use at Counter Positions will be upgraded to an alternative operating system, then whichever Party acquires the licences for that upgrade, the appropriate licensing terms will be agreed by the Parties and the Agreement amended under the Change Control Procedure to reflect these terms.

1.5 In the event that:

1.5.1 the licence terms agreed pursuant to paragraph 1.4 involve Post Office or any other member of the Royal Mail Group (any such member being for the purposes of this paragraph 1.5 "the relevant Post Office company") procuring the operating system third party software listed in table 3 below from the provider of that software;

1.5.2 the terms of the licence agreement provide, or an arrangement between the Parties exists, that Fujitsu Services pays to the software provider the charges payable under the licence agreement; and

1.5.3 the terms of the licence agreement provide that the relevant Post Office company is ultimately responsible or in any way liable for the charges payable under that agreement,

then to the extent that Fujitsu Services determines not to pay, or fails to pay, any amounts in respect of the software provider's charges by the due date for payment ("Unpaid Amounts"), Fujitsu Services shall:

1.5.3.1 forthwith provide to Post Office in writing a reasonably detailed explanation as to why such determination was made and/or such amounts were not paid; and

FUJ00000070



1.5.3.2 forthwith upon request by Post Office return to Post Office all such amounts as shall have been paid by Post Office to Fujitsu Services in respect (and to the extent) of the Unpaid Amounts,

and the Parties shall cooperate and agree (acting reasonably) what further action need be taken by each of them with respect to procuring the operating system third party software and the payment or non-payment (as the case may be) of the software provider's charges.

**Table 3: Operating system third party software**

| Description and Product Name | Scope & purpose |
|---|---|
| To be agreed | |

## 2. ESCHER UPGRADE SOFTWARE

2.1 Table 4 below lists the Escher Upgrade Software which as from Trigger Point T6 (Counter Application Rollout Complete) shall no longer constitute Third Party Software. For the avoidance of doubt, the provisions set out in paragraphs 2.2 to 2.4 of this Schedule C3 shall continue to apply.

**Table 4**

| Description and Product Name | Scope & purpose |
|---|---|
| WebRiposte | An enhanced version of Riposte providing additional services based upon web-enabled functionality |
| Asset Manager | A component of Riposte providing mechanisms for managing financial information and accessing transaction data |
| Framework | A bespoke set of software components facilitating the development of Horizon financial transactions |
| Mails Product | Escher Mails product (version 3.3) allows the introduction of country specific services and charges and the future implementation of size based pricing for non-standard letters and packets, including track and trace facilities. |

FUJ00000070

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2.2 Confidentiality

2.2.1 Post Office agrees that any information disclosed to it in connection with the Escher Upgrade Software which is designated by Fujitsu Services as "Escher Confidential Information" shall be kept in strictest confidence and not disclosed to any party except as permitted under this paragraph 2 of Schedule C3 and paragraph 2 of Schedule B4.1.

2.2.2 Escher Confidential Information shall not comprise Confidential Information for the purposes of this Agreement and, accordingly, the provisions of Clause 61 shall not apply to Escher Confidential Information.

2.2.3 Post Office shall:

(a) take all reasonable precautions to protect the confidentiality of Escher Confidential Information;

(b) not duplicate or reproduce Escher Confidential Information except as necessary for the purposes of this Agreement; and

(c) upon termination of the Existing Licences, immediately return to Fujitsu Services all documents and other materials which contain or relate to Escher Confidential Information.

2.2.4 The non-disclosure and confidentiality provisions contained in this paragraph 2 of this Schedule C3 will survive the termination of any or all of its other provisions but shall expire 20 years after the expiry or termination of this Agreement. Post Office acknowledges and agrees that Fujitsu Services and any third party are, in addition to other remedies, entitled to seek an injunction to prevent Post Office from disclosing Escher Confidential Information in breach of this paragraph 2 of this Schedule C3 and/or paragraph 2 of Schedule B4.1.

2.2.5 Post Office may with Fujitsu Services' written consent disclose Escher Confidential Information to third parties. If Fujitsu Services agrees to allow Post Office to disclose Escher Confidential Information to a third party, prior to making any such disclosure, Post Office shall first obtain such third party's written agreement to comply with all non-disclosure and confidentiality terms herein.

2.2.6 Post Office shall keep a record of all disclosures by it of Escher Confidential Information to third parties including the names of the persons to whom Escher Confidential Information was disclosed by Post Office and a description of the Escher Confidential Information disclosed.

2.2.7 Post Office may disclose Escher Confidential Information:

FUJ00000070



(a) if and to the extent required by law, regulation or by order of a court of competent jurisdiction provided, however, that Post Office shall in each case notify Fujitsu Services in advance of such disclosure;

(b) to its professional advisers for the purposes of audit or receiving professional advice;

(c) to employees and staff of Royal Mail Group plc to the extent that such disclosure is necessary for such employees or staff to perform functions relating to the development, operation, receipt or management of the Existing Services;

(d) where such information was already in the public domain at the time it was disclosed or otherwise received by the other party;

(e) where such information becomes part of the public domain after disclosure by means other than breach of the confidentiality obligations contained in this paragraph 2.2 of this Schedule C3; or

(f) where such information came into a party's possession lawfully from a third party that was, itself, lawfully in possession of that information and entitled to distribute it.

2.2.8 Where Escher Confidential Information is disclosed under paragraphs 2.2.7(b) or 2.2.7(c) of this Schedule C3, Post Office shall procure that the third parties referred to in those paragraphs shall not disclose that Escher Confidential Information without the prior written consent of Fujitsu Services.

2.2.9 The Existing Licences and their contents are deemed Escher Confidential Information and, subject to paragraph 2.2.7 of this Schedule C3, Post Office may not disclose the Existing Licences to a third party without the express written consent of Fujitsu Services, except that Post Office may disclose those elements of the Existing Licences which relate to the use of the Escher Upgrade Software to the operator replacing Fujitsu Services in the event a direct licence is to be granted to that replacement operator under paragraph 2.2.3.4 of Schedule B4.1 provided that such operator has, in advance of such disclosure, entered into substantially equivalent confidentiality provisions with Post Office as are set out in this paragraph 2 of this Schedule C3.

2.2.10 Escher Upgrade Software related documentation, defect reports, and all other non-public information related to the Escher Upgrade Software, are and shall be deemed Escher Confidential Information.

2.3 Breach

FUJ00000070



2.3.1 If either Party believes the other to be in breach of any obligation imposed by paragraph 2 of Schedule B4.1 and/or this paragraph 2 of this Schedule C3, the non-breaching Party shall provide written notice of such breach to the other.

2.3.2 Upon receipt of such notice, if such breach exists, the recipient shall have twenty (20) days to remedy such breach or provide assurances in a form reasonably acceptable to the non-breaching Party that the breach will be corrected within such longer period as the non-breaching Party may specify.

2.4 Termination

2.4.1 If a breach by Post Office of any obligation imposed by paragraph 2 of Schedule B4.1 and/or this paragraph 2 of this Schedule C3 has not within the twenty (20) day period provided under paragraph 2.3.2 of this Schedule C3 been remedied or assurances, in a form reasonably acceptable to Fujitsu Services, provided to Fujitsu Services that the breach will be corrected within such longer period as Fujitsu Services may specify, Fujitsu Services may by notice in writing to Post Office terminate the rights granted by paragraph 2.2.1 of Schedule B4.1 and Fujitsu Services shall be relieved of its obligations under paragraph 2.2.3.4 of Schedule B4.1.

2.4.2 Upon the earlier of (i) termination under paragraph 2.4.1 of this Schedule C3 of the rights granted to Post Office by paragraph 2.2.1 of Schedule B4.1 or (ii) Trigger Point T6 (Counter Application Rollout Complete), Post Office shall cease to use the Escher Upgrade Software and shall, as directed by Fujitsu Services, either return or destroy all copies of such software.

## 3. ASSOCIATED DOCUMENTS

3.1 The following CCDs are associated with this Schedule C3:

| | Document Reference | Document Title |
|---|---|---|
| | | |
| 2 | CF/CON/001 | SAP Software Right to Use and Maintenance Agreement for Fujitsu Services |

3.2 There are no CRDs associated with this Schedule C3.

FUJ00000070

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**SCHEDULE D1**

## CHARGES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.4 |
| 3.0 | 09/07/07 | Baseline copy of 2.6 |
| 4.0 | 14/04/08 | Baseline copy of v3.4 |
| 5.0 | 23/02/09 | Baseline copy of 4.2 |
| 5.1 | 19/05/09 | RPI Increase 2009 |
| 5.2 | 12/06/09 | Applying changes as per CCN 1253 |
| 5.3 | 15/06/09 | Applying changes as per CCN1252a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 30/09/09 | Amendments as per CCN 1254a |
| 6.2 | 04/01/10 | Amendments as per CCN 1268 |
| 6.3 | 05/01/10 | Applying changes as per CCN1272 |
| 6.4 | 29.01.10 | Applying changes as per CCN1273 |
| 6.5 | 24/03/10 | Applying changes as per CCN1266b |
| 6.6 | 30/03/10 | Applying changes as per CCN1271c, CCN1275 and CCN 1276a |
| 6.7 | 01/04/10 | Applying changes as per CCN 1270 |
| 6.8 | 23/04/10 | Applying RPI for 2010 and including tidy up changes |
| 6.9 | 05/05/10 | Minor tidy up adjustments |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1303, CCN1289a CCN1291, CCN1296, CCN1292, CCN1293, CCN1297, CCN1295a, CCN1301d, CCN1304b, CCN1281d, CCN1306a, CCN1309a, and CCN1294d, |
| 9.0 | 13/01/14 | Applying changes as per CCN1307a, CCN1308b, CCN1311b, CCN1313c, CCN1316a, CCN1317, CCN1318a, CCN1321, CCN1322b, CCN1325a, CCN1327a, CCN1328b, CCN1329a, CCN1332a, CCN1337a, CCN1340, CCN1341, CCN1342a, CCN1343a, CCN1348b, CCN1349 and CCN1400 |

FUJ00000070

CONFIDENTIAL

| | | |
|---|---|---|
| 10.0 | 10/09/2015 | Applying changes as per CCN1338, CCN1339a, , CCN1402, CCN1403, CCN1404, CCN1405, CCN1408, CCN1409a, CCN1410, CCN1411, CCN1414, CCN1415, CCN1418, CCN1419, CCN1420a and CCN1421a and as subsequently amended in this CCN1506 and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE D1

# CHARGES

## 1 GENERAL

1.1 All amounts set out in this Schedule are before adjustment for RPI as set out in paragraph 16 and exclusive of VAT.

1.2 All annual Charges set out in this Schedule D1, unless otherwise stated, relate to Financial Years. All monthly Charges relate to calendar months. All Charges shall, unless stated otherwise, become due for payment on a monthly basis in accordance with the provisions of Schedule D2.

1.3 Where during the term of this Agreement any charge under this Schedule D1 is amended by approved CCN the Parties shall set out in the table contained in Annex E to this Schedule D1 the number of the approved CCN, the amount of the variation and the date on which the revised charge becomes effective.

1.4 In consideration for the provision by Fujitsu Services of the relevant Services, Post Office shall pay to Fujitsu Services the following:

1.4.1 Operational Charges in accordance with paragraph 2 as varied in accordance with paragraphs 4 and 5;

1.4.2 additional Operational Charges in accordance with paragraph 6;

1.4.3 Call Off Charges in accordance with paragraph 7;

1.4.4 Charges for Service Integration Services in accordance with paragraph 8;

1.4.5 Third Party Management Service Charges in accordance with paragraph 9;

1.4.6 Development Charges in accordance with paragraph 10;

1.4.7 SIP Charges in accordance with paragraph 11;

1.4.8 Transfer Charges in accordance with paragraph 12;

1.4.9 Capacity Addition Costs in accordance with paragraph 13;

1.4.10 PIN Pad Procurement Charges in accordance with paragraph 14;

1.4.11 Charges for Hardware in accordance with paragraph 15;

1.4.12 the Gain Share payments set out in Annex G; and

1.5 The Charges have been based on an assumption that the numbers of Branches, Counter Positions, Old Style Mobile Configurations, New Style Mobile Configurations, CTOs and New CTO Configurations in each Financial Year will not exceed the numbers

FUJ00000070



corresponding to that Financial Year as set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A. Should this assumption not be satisfied, as evidenced by:

1.5.1 Post Office providing a forecast of numbers of Branches, Counter Positions, Old Style Mobile Configurations, New Style Mobile Configurations, CTOs or New CTO Configurations which exceed the limits set out in that Table for that Financial Year; or

1.5.2 the actual number of Branches, Counter Positions or CTOs exceeding the applicable limits in any three consecutive months,

the Parties shall agree changes to the Charges or Service Descriptions under the Change Control Procedure to deal with additional equipment required by Fujitsu Services to perform its obligations under this Agreement or the lack of availability of such equipment for spares, maintenance or Operational Business Change purposes.

1.6 Services which cause or would cause the limits in the Table in Part 2 of Annex A to be exceeded or the conditions specified in that Table not to be satisfied shall be subject to the Change Control Procedure.

1.7 In this Schedule D1, unless stated otherwise, any reference to a paragraph or Annex is to the relevant paragraph of, or annex to, this Schedule D1.

1.8 Without prejudice to any Charges which shall have become due to be paid by Post Office to Fujitsu Services, and subject to paragraphs 9.2 and 9.3, if any Terminable Service is subject to Partial Termination, the Operational Charges in respect of each Service comprised within that Terminable Service shall not be payable in respect of the period after the date of such Partial Termination.

1.9 For the purposes of this Schedule D1, from approval by Post Office of a part 2 Exit Plan for a particular Operational Service, "Counter Positions" shall mean those Counter Positions that are supported by Fujitsu Services and "Branches" means those Branches that are supported by Fujitsu Services with respect to that Operational Service. For the avoidance of doubt, once a particular Operational Service, Counter Positions or Branches is/are supported by a Next Supplier or any other supplier (and not Fujitsu Services) it/they shall cease to be "Counter Positions" or "Branches" for such Operational Service for the purposes of this Schedule D1.

*Example*

*Day 1 - Fujitsu supports the same 100 Counter Positions in respect of both the Engineering Service and the Service Desk Service.*

*Day 2 - There is a ramp down of the Engineering Service and 50 Counter Positions become supported by a Next Supplier while the remaining 50 Counter Positions are still supported by Fujitsu. There is no change in respect of the Service Desk Service.*

FUJ00000070

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*From Day 2, the number of Counter Positions for calculating the variable charge for the Engineering Service would be 50 but it would still be 100 for the Service Desk Service.*

## 2 THE OPERATIONAL CHARGES

2.1 In consideration for the provision of each of the Operational Services, Post Office shall pay to Fujitsu Services in respect of such time as such Operational Service is being provided an amount per month calculated as follows (subject to adjustment in accordance with paragraphs 4 and 5 of this Schedule D1):

2.2 In respect of each of the following Operational Services:

2.2.1 Central Network Service;

2.2.2 Reference Data Management Service;

2.2.3 Management Information Service;

2.2.4 Reconciliation Service;

2.2.5 Not used;

2.2.6 CMT Service;

2.2.6A POLSAP Hosting Service;

2.2.6B POLSAP Applications Support Service

2.2.6B Credence/MDM Service,

Post Office shall pay to Fujitsu Services in respect of each month the Operational Fixed Charge for that Operational Service for that month;

2.2.7 Operational Business Change (Branch Change) Service,

In respect of each month until 31 March 2015, Post Office shall pay to Fujitsu Services in respect of each month other than December in each Financial Year the Operational Fixed Charge for that Operational Service for that month. In respect of each subsequent month, Post Office shall pay to Fujitsu Services the Operational Fixed Charge for that Operational Service for that month.

2.3 In respect of each of the following Operational Services:

2.3.1 Service Desk Service; and

2.3.2 Engineering Service,

FUJ00000070



the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

2.3.3 the Operational Fixed Charge for that Operational Service in respect of that month; plus

2.3.4 an amount equal to the Operational Unit Charge for that Operational Service in respect of that month multiplied by the number of Counter Positions in operation at the beginning of that month; plus

2.3.5 an amount equal to the Margin Rate for that Operational Service in respect of that month multiplied by the number of Counter Positions in operation at the beginning of that month.

2.3A In the event that Post Office elects to reduce the Service Level for "Calls answered within 30 seconds" for the Service Desk Service from 90% to 80%, then the monthly Charges for the Service Desk Service (as calculated in accordance with paragraph 2.3 above) will be reduced by the Agreed Monthly Reduction

2.4 In respect of the Security Management Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

2.4.1 the Operational Fixed Charge for the Security Management Service in respect of that month; plus

2.4.2 an amount equal to the Operational Unit Charge for the Security Management Service in respect of that month multiplied by the number of Branches in operation at the beginning of that month; plus

2.4.3 an amount equal to the Margin Rate for the Security Management Service in respect of that month multiplied by the number of Branches in operation at the beginning of that month; plus

2.4.4 an amount equal to the Operational Unit Charge for the Operational Service 'Security Management Service' in respect of that month multiplied by the number of Post Office Ltd Generic Web Services (GWS) Clients minus three in operation at the beginning of that month.

2.5 In respect of the Data Centre Operations Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

2.5.1 the Operational Fixed Charge for the Data Centre Operations Service in respect of that month; minus

2.5.2 an amount equal to the Operational Unit Charge for the Data Centre Operations Service in respect of that month multiplied by the Volume Forecast Reduction; and the result of paragraph 2.5.1 minus paragraph 2.5.2 then added to:

FUJ00000070



2.5.3 an amount equal to the Margin Rate for the Data Centre Operations Service in respect of that month multiplied by a percentage equal to 100 minus the Volume Forecast Reduction.

2.6 After any Volume Forecast Reduction shall have been made, each of the Operational Unit Charge and Margin Rate for the Data Centre Operations Service for each month after that in which such Volume Forecast Reduction takes effect shall be reduced by multiplying it by the percentage calculated by subtracting that Volume Forecast Reduction from 100; the resultant new Operational Unit Charge and Margin Rate shall be restated in this Schedule under the Change Control Procedure.

2.7 In respect of the Third Line Software Support Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

2.7.1 the Operational Fixed Charge for the Third Line Software Support Service in respect of that month; plus

2.7.2 an amount equal to the Operational Unit Charge for the Third Line Software Support Service in respect of that month multiplied by the number of POL Service Types in operation at the beginning of that month; plus

2.7.3 an amount equal to the Margin Rate for the Third Line Software Support Service in respect of that month multiplied by the number of POL Service Types in operation at the beginning of that month; plus

2.7.4 an amount equal to the Operational Unit Charge for the Operational Service 'Third Line Software Support Service' in respect of that month multiplied by the number of Post Office Ltd Generic Web Services (GWS) Clients minus three in operation at the beginning of that month.

2.8 In respect of the Service Management Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

2.8.1 the Operational Fixed Charge for the Service Management Service in respect of that month; plus

2.8.2 an amount equal to the Operational Unit Charge per Branch for the Service Management Service in respect of that month multiplied by the number of Branches in operation at the beginning of that month; plus

2.8.3 an amount equal to the Operational Unit Charge per POL Service Type for the Service Management Service in respect of that month multiplied by the number of POL Service Types in operation as at the beginning of that month; plus

2.8.4 an amount equal to the Margin Rate per Branch for the Service Management Service in respect of that month multiplied by the number of Branches in operation at the beginning of that month; plus

FUJ00000070



2.8.5 an amount equal to the Margin Rate per POL Service Type for the Service Management Service in respect of that month multiplied by the number of POL Service Types in operation at the beginning of that month; plus

2.8.6 an amount equal to the Operational Unit Charge for the Operational Service 'Service Management Service' in respect of that month multiplied by the number of Post Office Ltd Generic Web Services (GWS) Clients minus three in operation at the beginning of that month.

2.9 In respect of the Branch Network Service the Post Office shall pay to Fujitsu Services:

2.9.1 in respect of each month during the Financial Year 2006/7 the Operational Fixed Charge for the Branch Network Service in respect of that month; and

2.9.2 in respect of each subsequent month, the aggregate of:

(a) the Operational Fixed Charge for the Branch Network Service in respect of that month; and

(b) an amount per month equal to:

(i) the aggregate of the amounts charged to Fujitsu Services in respect of that month by the providers of network connections to Branches; plus

(ii) the margin thereon, calculated by multiplying such amount in 2.9.2(b)(i) by 5 divided by 95.

2.10 Fujitsu Services shall provide Post Office at the beginning of each Financial Year with an estimate of the Operational Charges for the Branch Network Service in that Financial Year and the remaining Financial Years during the term of this Agreement based for each Financial Year upon Post Office's then current forecast of numbers of Branches and Fujitsu Services' forecast of the mix of technology types for network connections and the unit prices for each such technology type.

2.11 In respect of the Salesforce Support Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following:

(a) the Operational Fixed Charge for the Salesforce Support Service in respect of that month; plus

(b) the Escalated Calls Fixed charge which covers the management of Salesforce Support Service Escalated Calls which will be reviewed after three months of live Service; plus

(c) an amount equal to the Operational Variable Charge for the Salesforce Support Service in respect of that month for the use of the Fujitsu Cloud Services. This will be at the prevailing rates published at http://globalcloud.uk.fujitsu.com/portal/ctrl/UsePrice multiplied by the usage for that month for the UK based hosting activity. For the Germany based disaster

FUJ00000070



recovery hosting activity the prevailing rates are published at https://globalcloud.de.fujitsu.com/portala/ctrl/UsePrice and will be multiplied by the usage for that month and multiplied by the Bank of England rate at which Fujitsu translates this Euro value to Sterling (GBP).

The Operational Fixed Charges are based on a maximum of 400 users, and 15 calls per month. If the total number of users or calls exceeds the maximum number the Parties shall assess the impact upon fixed charges through the Change Control Procedure.

The variable charges for the service are from the Fujitsu Global Cloud Platform and are published at http://globalcloud.uk.fujitsu.com/portal/ctrl/UsePrice and https://globalcloud.de.fujitsu.com/portala/ctrl/UsePrice. Fujitsu shall provide these rates to Post Office in writing each time they are updated. For the avoidance of doubt these are not subject to annual indexation.

2.12 In respect of the Application Support Service (Fourth Line) the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following;

(a) the Operational Fixed Charge for that Operational Service in respect of that month; plus

(b) an amount equal to the Operational Unit Charge for the Operational Service 'Application Support Service (Fourth Line)' in respect of that month multiplied by the number of Post Office Ltd Generic Web Services (GWS) Clients minus three in operation at the beginning of that month.

2.13 In respect of the Systems Management Service the Post Office shall pay to Fujitsu Services in respect of each month the aggregate of the following;

(a) the Operational Fixed Charge for that Operational Service in respect of that month; plus

(b) an amount equal to the Operational Unit Charge for that Operational Service in respect of that month multiplied by the number of Counter Positions in operation at the beginning of that month; plus

(c) an amount equal to the Margin Rate for that Operational Service in respect of that month multiplied by the number of Counter Positions in operation at the beginning of that month; plus

(d) an amount equal to the Operational Unit Charge for the Operational Service 'Systems Management Service' in respect of that month multiplied by the number of Post Office Ltd Generic Web Services (GWS) Clients minus three in operation at the beginning of that month.

FUJ00000070

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## 3 MARGIN PROTECTION

3.1 If in any of the Financial Years 2008/9 to 2011/12 (inclusive) the aggregate amount of all the Operational Charges calculated in respect of that Financial Year by reference to a Margin Rate (excluding, for the avoidance of doubt and for the purposes of this paragraph, any "Late Cost to Post Office" applicable in respect of such Margin Rates in accordance with paragraph 4.2.3) (plus the margin calculated in respect of that Financial Year in accordance with paragraph 2.9.2(b)(i)) shall be less than the Protected Margin for that Financial Year, then Post Office shall pay to Fujitsu Services an amount equal to the difference.

3.2 The amount paid by Post Office in accordance with paragraph 3.1 in respect of any Financial Year shall be available to Post Office as a credit to be applied against the margin on any new Services agreed under the Change Control Procedure which Post Office obtains from Fujitsu Services in that Financial Year, provided such new Service is provided for longer than twelve months.

3.3 Any credit available to Post Office pursuant to paragraph 3.2 shall be made available monthly throughout the Financial Year in question based on estimates made on a year to date basis in respect of each month. As soon as reasonably practicable following the end of each such Financial Year the actual amount available by way of credit during that Financial Year shall be calculated. If the amount available as a credit in respect of the Financial Year as so calculated is greater than the aggregate of the monthly credits actually made available to Post Office during that Financial Year the difference shall be made available to the Post Office as an additional credit on the basis set out in paragraph 3.2. If the amount available as a credit in respect of the Financial Year as so calculated is less than the aggregate of the monthly credits actually utilised by Post Office during that Financial Year then the Post Office shall repay to Fujitsu Services an amount equal to that shortfall.

3.4 In settlement of the incorrect calculation and invoicing by Fujitsu Services of margin protection payments during the period April 2008 up to and including August 2009, the parties have agreed that Fujitsu shall pay back to Post Office the sum of £339,396 erroneously paid out by Post Office during such period in margin protection payments. £300,000 of such sum shall be repaid upon signature by the parties of the POLSAP Phase 1 Live Service CCN, and the balance shall be repaid upon signature of CCN 1268, each as a credit to Post Office to be offset against monthly Operational Charges. Notwithstanding anything to the contrary in this Agreement, such repayment by Fujitsu shall not operate so as to reduce the aggregate amount of Operational Charges paid by Post Office in the relevant Financial Year and so triggering margin protection payments by Post Office pursuant to paragraph 3.1 above.

3.5 With effect from September 2009, without prejudice to its other obligations in relation to margin protection, Fujitsu Services shall apply correctly the margin calculation at paragraph 2.9.2 (b) (ii) above.

FUJ00000070

CONFIDENTIAL

## 4 VARIATION OF OPERATIONAL CHARGES – TRIGGER POINTS

4.1 Assumptions have been made by the Parties about the timing of certain events set out in the Trigger Point Table (referred to as "Trigger Points") in settling the amounts of the Operational Charges.

4.1A For the avoidance of doubt, the planned dates in the Trigger Point Table shall not be changed to reflect any changes that might be made to the HNG-X Programme Plan and no adjustment shall be made to the Operational Charges in relation to Trigger Points other than pursuant to paragraphs 4.2.3 or 4.2.4, unless the Parties agree otherwise under the Change Control Procedure.

4.2 The principles that shall apply for adjustment to the Operational Fixed Charges and Operational Unit Charges when Trigger Points occur early or late are as follows:

4.2.1 Not Used

4.2.2 In the event that Project HNG-X is terminated either pursuant to (i) Clause 47.15 (but only as a consequence of the Agreement terminating pursuant to Clause 47.4 or 47.7) or (ii) Clause 47.11.2, then the dates stated in the Trigger Point Table for such of the Trigger Points that are planned to occur after HNG-X Initial Acceptance (being, for the avoidance of doubt, Trigger Point T6 (Counter Application Roll Out Complete) only) shall be put back (for the purposes of this paragraph 4 only) to the date of the expiry or earlier termination of the Agreement, provided that in each case such termination of Project HNG-X occurred prior to HNG-X Initial Acceptance.

4.2.3 The Operational Fixed Charges and/or Operational Unit Charges (as specified in the final column of the Trigger Point Table) for the Operational Services corresponding to the Trigger Points (if any) adjusted in accordance with paragraph 4.2.2 shall each be increased in each complete calendar month in the period by which such Trigger Points are put back, by the amount of the "Late Cost to Post Office" (if any) specified in the Trigger Point Table.

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4.2.4 If any of the Trigger Points are delayed beyond the planned dates specified in the Trigger Point Table, then to the extent that the delay was:

(a) caused by a Default or delay of Post Office or any of its employees, agents or subcontractors, then Fujitsu Services shall be entitled to increase the Operational Fixed Charges and/or Operational Unit Charges (as specified in the final column of the Trigger Point Table) for the Operational Services corresponding to that Trigger Point (as identified in the Trigger Point Table) in each complete calendar month

FUJ00000070



during the period of that delay or Default by the amount of the "Late Cost to Post Office" (if any) specified in the Trigger Point Table;

b) not caused by a Default or delay of Post Office, or any of its employees, agents or subcontractors, then, without prejudice to any other right or remedy of Post Office, Fujitsu Services shall continue to charge Post Office the relevant Operational Charges in Annex C of this Schedule D1 without any adjustment.

## 5 VARIATION OF OPERATIONAL UNIT CHARGES AND OPERATIONAL FIXED CHARGES

Engineering Service

5.1 In the event that the Incident Priority Allocation Table set out in the CCD entitled "Engineering Service: Service Description" (SVM/SDM/SD/0002) is amended from time to time in accordance with the Change Control Procedure so as to result in the re-allocation of one or more pieces of Hardware as between Priorities and a change in the proportion of Incidents in each category of Priorities (A, B and C) (each a "Proportion Change"), then:

5.1.1 the Operational Unit Charge per Counter Position and Margin Rate per Counter Position (if any) applicable in respect of the Engineering Service for each month following such re-allocation of Hardware taking effect shall be varied in accordance with the Table set out in Annex F to the extent of the Proportion Change (expressed in percentage terms) in each category of Priorities;

5.1.2 the Proportion Change (expressed in percentage terms) in each category of Priorities shall be rounded to the nearest one decimal place in determining the extent of a variation to an Operational Unit Charge or Margin Rate; and

5.1.3 variations to the Operational Unit Charges and the Margin Rates pursuant to paragraph 5.1.1 in each Financial Year shall be documented in the Operational Charges Table under the Change Control Procedure and with effect from the date such changes to the Operational Charges Table take effect, paragraph 5.1.1 shall cease to apply in respect of the Proportion Change that gave rise to such changes.

5.1A Always subject to Post Office fulfilling the criteria and complying with its obligations as stipulated in the CCD SVM/SDM/SD/002 Engineering Service, Post Office will be entitled to £21.53 discount per incident closed via the Bar Code Reader self fix option – this amount is subject to RPI each Financial year. The discount will be calculated monthly in arrears and the agreed amount applied as a credit against the Operational Charges in the following month (or via a cheque where the monthly Operational Charges are insufficient or are no longer due). Such discount has been agreed between the Parties in-line with the provisions of Paragraph 5.3 of Schedule D3 (Gain Share).

FUJ00000070



Operational Business Change (Branch Change) Service

5.2 In respect of each month until 31 March 2015, the Operational Fixed Charge in the Operational Charges Table for the Operational Business Change (Branch Change) Service is for a pre-paid level of Operational Business Change. The amounts paid by way of such Operational Fixed Charge shall be deducted from any amounts payable by Post Office for Operational Business Change under paragraph 7.1. Any amount by which the Operational Fixed Charge in any month is greater than the charge payable under paragraph 7.1 shall not be carried forward.

Data Centre Operations Service

5.3 If the number of SAP Basis Calls per month exceeds 200 in any three months within a six month period providing that the SAP Basis Calls are not due to a fault in the POLSAP Central Infrastructure or POLSAP Software that is attributable solely to Fujitsu Services' actions and Fujitsu Services demonstrates to the satisfaction of Post Office (acting reasonably) that it will as a result thereafter require additional resource to manage SAP Basis Calls above 200 per month, the Parties shall agree under the Change Control Procedure (such agreement not to be unreasonably withheld) adjustments to:

5.3.1 the Operational Fixed Charge for the Data Centre Operations Service and the number of SAP Basis Calls included within that Charge, as necessary to reflect such additional resource requirement; and

5.3.2 the Charge per SAP Basis Call and threshold from which that Charge applies, as set out in paragraph 6.1.

5.3A The parties agree that the relevant monthly Operational Charges may be varied (up or down) to reflect the difference between the assumed salary costs of the five persons anticipated to be transferring to Fujitsu Services from CSC Steria at the date of CCN1270 (and which is agreed to be £8,627.60 gross a month) (the **"ASC Figure"**) and the actual salary costs of the individuals as at the point of transfer. Such variation to be limited to 10% of the ASC Figure (either way). No further increase or decrease in the relevant monthly Operating Charges shall be payable in respect of such persons.

XP Support

5.4 The Operational Fixed Charge for the Systems Management Service is based on the assumption that XP will be supported by Microsoft until expiry of this Agreement. If this assumption is not satisfied, the Charges and/or Service Description for the Systems Management Service shall be adjusted under the Change Control Procedure.

NBS Audit Record Queries

5.5 If Post Office exercises its option under the CCD entitled "Service Description for the Security Management Service" (CS/SER/016), when that CCD is in effect, or the CCD entitled "Security Management Service: Service Description" (SVM/SDM/SD/0017), when that CCD is in effect, to vary the maximum number of Audit Record Queries which Fujitsu Services is required to carry out, the Operational Fixed Charge in respect of the

FUJ00000070



Security Management Service shall, with effect from the date on which that revised maximum becomes effective, be increased by £219.18 per Audit Record Query by which such maximum is increased.

Reference Data Processes

5.6 For every month after the Amendment Date during which the Reference Data processes have not been improved by Post Office (or its agents or subcontractors) performing the work necessary to achieve the following aims:

5.6.1 reduce errors and rework by streamlining the end-to-end Reference Data processes and simplifying/rationalising the business rules around different Reference Data types and their sources/validation;

5.6.2 introduce a generic model of product data to minimise the number of product types, eliminate "special" product features and increase use of "soft" reference data methods in lieu of "hard" application coding; and

5.6.3 apply Reference Data consistently across all elements of end-to-end solution.

5.6A Post Office shall pay to Fujitsu Services an addition to the Operational Fixed Charge for the Reference Data Management Service due in respect of that month. In Financial Year 2011/12 the additional monthly charge (if applicable) shall be £20,637, In respect of each subsequent month, the charge shall be £21,627 where applicable. From 1st September 2013 no such charges shall apply.

Services introduced by CCN

5.7 Post Office may terminate the Services introduced by (i) CCN641a and (ii) CCN807 and CCN1163 (as listed in the CCN Service List), by raising a CCN to terminate such Service, subject to Fujitsu Services being entitled to reimbursement by Post Office of its reasonable costs incurred in the termination of such Service by raising an invoice in accordance with Schedule D2 in respect of such costs as they arise. If such Services are so terminated, an amount per month equal to the monthly charge value for each such Service (as set out in column three of the CCN Service List for the CCN introducing the Service in question) shall be deducted from the Operational Fixed Charge for the Data Centre Operations Service.

5.8 All of the Services introduced by CCN (as listed in the CCN Service List), other than CCN641a, CCN807 and CCN1163, shall terminate in sequence with the migration of the related Client systems from their existing interfaces with the Infrastructure to the EDG.

5.9 If following notice given by Post Office and development of an alternative approach in accordance with row A4 in Table 2 of Annex 1 to Schedule B5 any of the Client systems referred to in paragraph 5.8 shall not have been migrated to the EDG by the date of completion of HNG-X Project Workstream X2 (Migrate Data Centre to HNG-X configuration), the Services introduced by CCN (as listed in the CCN Service List) related to those Client systems shall continue and, with effect from that date, the Charges for those Services set out in the CCN Service List shall be payable by Post

FUJ00000070



Office to Fujitsu Services until the relevant Client systems have been migrated to the EDG.

5.10 Periodic review of the CCN Service List to update it for additions and deletions shall be managed by the Commercial Leads.

BFPO Branches.

5.11 For the avoidance of doubt all variable Operational charges as listed in Annex B Schedule D1 will be applied to BFPO Branches.

5.12 Impact of termination or expiry of the Service Desk Service on the Engineering Service:

5.12.1 At the date of CCN1400, it was acknowledged that the termination of the Service Desk Service may have an impact on the volume of Engineering Service visits to Branches. To this end, it is agreed that the Engineering Service shall be subject to Branch visit volume baselines to be agreed between the parties (the "Expected Engineering Volumes") calculated by reference to the Engineering Reference Period in accordance with the process set out below. This baseline shall be set out in a formal exchange of letters.

5.12.2 With respect to the Engineering Service, Fujitsu Services shall record the volume of Engineering Service visits to Branch and shall provide to Post Office data relating to engineering visits in the Engineering Reference Period. The "Engineering Reference Period" will be the later of either:

a) Six complete calendar months immediately prior to commencement of rampdown of the Service Desk Service; or
b) Six complete calendar months immediately prior to notification of termination of the Service Desk,

5.12.3 The Engineering Reference Period will be used to generate a forecast of expected volume of Engineering Service visits to Branches for the period where Fujitsu Services is providing the Engineering Service but the service desk is provided by a Next Supplier (i.e. after the Service Desk Service has been terminated) so as to enable the parties to agree the "Expected Engineering Volumes".

5.12.4 In order to determine the Expected Engineering Volumes:

a) Post Office and Fujitsu Services shall jointly normalise the volume of visit data measured during the Engineering Reference Period to take account of
   i) particular circumstances occurring at any point in the Engineering Reference Period;
   ii) any peak periods included in the Engineering Reference Period, whereby downward adjustments shall be made based on a reversal of the uplifts (adjusted for any particular circumstances at that time) experienced for each month in the same peak period in the prior year.

b) Normalisation will only be applied to significant programmes that have materially impacted the Expected Engineering Volumes. Historic examples of

FUJ00000070



where this has been the case are the introduction of new media to Epson printers which generated circa1000 additional engineering visits per month and the programme rollout of new PIN Pads that generated circa 400 additional engineering visits per month.

c) An 8% variance will be applied to the agreed volumes to generate upper (108%) & lower (92%) threshold for each month.

d) With respect to months October to December (inclusive), an additional "peak uplift" shall be applied to the Expected Engineering Volumes. The increased percentage shall be applied for these months to take account of the expected greater volumes of Engineering visits to Branches. The peak uplift in 2012 was as follows :-

| | | |
|---|---|---|
| i) | October | +10.0% |
| ii) | November | +19.7% |
| iii) | December | +12.7% |

For the avoidance of doubt, months January to September (inclusive) will be considered normal (non peak) months for the purpose of this calculation (and shall therefore only be subject to the variance highlighted in paragraph c) above.

5.12.5 The agreed volumes together with the upper and lower thresholds and peak uplift determined in accordance with paragraph 5.12.4 above shall form the Expected Engineering Volumes. In addition, the Expected Engineering Volumes shall be linked to the estate volume of 29,600 counters (or as per the average number of counters during the Engineering Reference Period). If the actual estate size varies materially (+/- 1%) between the volume agreed by reference to the Engineering Reference Period and the period associated with the actual engineering visits measurement, an appropriate adjustment will be made to the Expected Engineering Volumes.

5.12.6 At the end of each 3 month period following termination of the Service Desk Service, the parties shall total the actual Engineering Service visits to Branches, this sum being, subject to paragraph 5.12.10 below the "Actual Engineering Visits"

5.12.7 Should Actual Engineering Visits be greater than the upper threshold for the Expected Engineering Volumes for that 3 month period, Post Office shall pay Fujitsu Services a sum equivalent to credits as detailed in paragraph 5.12.9 below for each Engineering visit to a Branch above the upper threshold.

5.12.8 Should Actual Engineering Visits be lower than the lower threshold for the Expected Engineering Volumes for that month , Fujitsu Services will credit Post Office as detailed in paragraph 5.12.9 for each Engineering visit to a Branch below the lower threshold.

5.12.9 For each additional visit over and above the Upper Threshold (108%) for the 3 month period, Fujitsu Services shall be entitled to charge £125 per visit. In the event that the number of visits made in that 3 month period is below the Lower Threshold (92%), Fujitsu Services shall give a credit to the Post Office of £100 per visit. Additional charges and credits shall be applied to the operational charge invoice and Fujitsu Services shall provide supporting information.

FUJ00000070

CONFIDENTIAL

5.12.10 For the avoidance of doubt, Actual Engineering Visits shall be based on:

a) the number of incidents passed from the Next Supplier of the replacement Service Desk to the Engineering Service; and
b) the proactive incidents logged by Fujitsu Services (i.e. Bad blocks on Hard Disc drives), but in this latter category these shall be limited to no more than 100 visits per month. If the actual volume of proactive incidents logged by Fujitsu Services is greater than 100, only 100 will be counted in the actual Engineering Service visits to Branches volumes for that month.

The following will be excluded from the measure of actual Engineering Service visits to Branches:

i) any agreed user self-fix incidents that do not require an engineer to attend the Branch, provided the Service Desk identifies them, and does not pass them to Fujitsu Services' engineering queue;
ii) any repeat visits to Branches with respect to the same recorded incident; and/or
iii) any engineering visits due to issues, or incidents arising from unexpected failure across the branch network of a hardware component due to age that exceeds a 50% degradation in the MTBF rates (such rates determined by reference to the MTBF rates occurring immediately prior to termination of the Service Desk Service), save where such degradation in the MTBF rate can be directly attributed to circumstances linked to a change introduced at the request of Post Office whereupon such additional failures (over and above the MTBF rate + 50% degradation) shall be included in the calculations.

5.12.11 From the date that the Expected Engineering Volume becomes effective the charges to Post Office in respect of MTBF excess visits shall cease to apply.

## 6 ADDITIONAL OPERATIONAL CHARGES

Additional Charges in respect of the Data Centre Operations Service

6.1 As an additional monthly Charge for the Data Centre Operations Service, if the number of SAP Basis Calls per month exceeds ten, Post Office shall pay to Fujitsu Services £204.83 for each such SAP Basis Call in excess of ten per month.

Additional Charges following termination for convenience

6.2 If Project HNG-X is terminated pursuant to (i) Clause 47.15, but only as a consequence of the Agreement terminating pursuant to Clause 47.4 or 47.7, or (ii) Clause 47.11.2, Post Office shall pay to Fujitsu Services, in respect of the period (if any) between 31 March 2010 and the earlier of termination or expiry of this Agreement an amount equal to:

6.2.1 the costs incurred by Fujitsu Services in respect of hardware and/or software maintenance and support additional to those allowed for in the Charges plus

FUJ00000070



margin thereon, calculated together by multiplying such costs by 100 divided by 78; and

6.2.2 the costs incurred by Fujitsu Services in respect of additional hardware, software or other equipment required in the Data Centres plus margin thereon, calculated together by multiplying such costs by 100 divided by 95,

in each case where such maintenance, support, hardware, software or equipment is necessary in Fujitsu Services' reasonable opinion for the provision of Services in accordance with this Agreement. All such costs shall be subject to Open Book verification (which, in the case of paragraph 6.2.1, shall be by reference to HNG-X Baseline Open Book Information), and shall be invoiced by Fujitsu Services in accordance with Schedule D2 after such verification has been undertaken.

Branch Network Resilience

6.3 In respect of BNR the Post Office shall pay to Fujitsu Services in respect of each month an amount equal to the aggregate of:

6.3.1 the Non-Router Proportion multiplied by the following;

| | **Financial Years ending 31 March** | | | | |
|---|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** | **2011** |
| | **£'s** | | | | |
| Non Router Proportion multiplied by | 16,667 | 18,270 | 19,001 | 19,172 | 19,632 |

6.3.2 18.22 pence per minute for each call made using a GSM Connection, the number of such GSM Connections being subject to the limits set out in paragraph 6.5; and

6.3.3 7.63 pence per minute for each call made using a GSM CSD Connection.

6.4 The amount of 18.22 pence referred to in paragraph 6.3.2 shall be varied by Fujitsu Services by an amount equal to the extent of the changes in its GSM supplier costs.

6.5 The total number of GSM Connections available is limited in accordance with the CCD entitled "Branch Network Resilience Service Description" (CS/SER/031The number of new GSM Connections that can be made in a rolling four week period shall not exceed an amount (rounded up to the nearest whole number) equal to 92 multiplied by the Non-Router Proportion, with the weekly target of new GSM Connections being an amount equal to 23 multiplied by the Non-Router Proportion. In the event that an engineer is despatched to establish a GSM Connection as described in the CCD entitled "Branch

FUJ00000070



Network Resilience Service Description" (CS/SER/031) and is denied access to the Branch through no fault of Fujitsu Services, that attempted visit shall count (as a GSM Connection) towards the limit for the four week period in question. For the purposes of these limits the four week periods shall commence on the Working Day following the completion of the BNR pilot.

6.6 Where Fujitsu Services would have been obliged to arrange and undertake a Recovery Visit (as defined in paragraph 3.1.2.2 of the CCD entitled "Engineering Service: Service Description" (SVM/SDM/SD/0002)) and as a result of a GSM Connection having been established such Recovery Visit is not necessary, Post Office shall be entitled to a credit of £75.25 against the Charges set out in paragraph 6.3 for the month in which the Recovery Visit would have taken place.

6.7 IBM Credence Software

The IBM Credence Software shall be charged (excluding VAT) as follows:

- March 2010 £119,565
- October 2010 £122,434.56
- October 2011 £122,434.56
- October 2012 £134,470.37
- October 2013 £138,638.95

In addition, a support charge of £866.77 per month will be chargeable from 1st December 2009.

6.8 In full and final settlement of any cause of action that at the date of signature of CCN 1268 Post Office may have against Fujitsu Services arising from Project HNG-X not having been delivered in accordance with the timescales under the HNG-X Programme Plan in its agreed form prior to signature of CCN 1268 (but no other cause of action), which settlement (for the avoidance of doubt) does not preclude adjustments (as agreed between the parties from time to time) to these terms in the event that the plan is further amended, Fujitsu Services shall pay to Post Office each month, between October 2009 and February 2010 inclusive, the sum of £1 million (exclusive of VAT). This shall be in the form of a credit note which will be offset against the total Operational Charges invoiced for the relevant month. The credit note shall not operate so as to reduce the aggregate amount of the Operational Charges calculated in respect of the relevant Financial Year thus triggering margin protection payments by Post Office pursuant to paragraph 3.1 of this Schedule D1.

## 7 CHARGES FOR THE CALL-OFF SERVICES

Operational Business Change (Branch Change) Service

7.1 Post Office shall pay Fujitsu Services for the Operational Business Change (Branch Change) Service at the prices set out in, as applicable in accordance with the provisions of Schedule B3.1, the CCD entitled "Operational Business Change – Branch, Service

FUJ00000070



Descriptions and Schedule of Service Prices" (CS/PDN/015) or the CCD entitled "Operational Business Change (Branch Change) Service: Service Description" (SVM/SDM/SD/0014). Fujitsu Services shall invoice such Charges on a quarterly basis in arrear. In respect of each month until 31 March 2015, for the purposes of applying the monthly pre-paid amounts referred to in paragraph 5.2, Fujitsu Services shall set out within each such invoice, the Charges payable for Operational Business Change (Branch Change) Service in each month in that quarter.

7.2 New entries to the CCDs referred to in paragraph 7.1 shall be priced on the following time and materials cost basis:

| **Operational Business Change categories** | **Rate/price** |
|---|---|
| Service engineer (until 31st March 2015) | Post Office Core Day: £44.75 per person per hour<br><br>Outside Post Office Core Day: £107.87 per person per hour<br><br>Public holidays: £120.29 per person per hour<br><br>Call-out charge: £160.36 |
| Electrician (until 31st March 2015) | £48.10 per person per hour |
| Administrator | £33.66 per person per hour |
| Project manager | £1,081.30 per day |
| Materials | Price set to produce a margin calculated by dividing the Fujitsu Service Cost by nine and multiplying by ten. |

Message Broadcast Service

7.3 In respect of the Message Broadcast Service, Post Office shall pay to Fujitsu Services:

7.3.1 during the period that the CCD "Message Broadcast: Service Description" (CS/SER/004) is effective in accordance with the provisions of Schedule B3.1, £127.58 per message plus 1 pence per Branch to which it is successfully delivered as requested; and

7.3.2 during the period that the CCD "Message Broadcast Service: Service Description" (SVM/SDM/SD/0018) is effective in accordance with the provisions of Schedule B3.1, £148.37 per message.

Training Counter Update Service

7.4 Off-line upgrades to Old CTO Configurations shall be provided as follows:

7.4.1 Fujitsu Services shall provide ad hoc software and related reference data upgrades to Old CTO Configurations. For the avoidance of doubt Head Office Counter Positions do not require off-line upgrade.

FUJ00000070



7.4.2 Post Office shall provide Fujitsu Services with not less than 13 weeks written notice of a requirement to deliver a new software and related reference data build to Old CTO Configurations. Post Office may request this service up to four times per Financial Year, provided that a request is not made before implementation of the previous build is complete.

7.4.3 If notice is given by Post Office in accordance with paragraph 7.4.2, Post Office and Fujitsu Services shall agree which elements, as set out in the CCD entitled "Counter Training Offices Strategy" (IM/STR/056), shall form part of the required software and reference data build.

7.4.4 The software upgrade shall be carried out in accordance with the CCD entitled "Counter Training Offices Strategy" (IM/STR/056).

7.4.5 The price that shall be paid by Post Office to Fujitsu Services for the Training Counter Update Service for each upgrade of Old CTO Configurations shall be the aggregate of:

(a) a fixed charge of £42,880.23;

(b) a variable charge of £21.90 multiplied by the number of terminals being upgraded; and

(c) a variable charge of £146.27 multiplied by the number of locations (if any) in excess of 47 locations at which upgrades are to be carried out.

Additional Charges in respect of the Data Centre Operations Service

7.5 As an additional Charge for the Data Centre Operations Service, Post Office shall pay Fujitsu Services for PODG Client File Re-Send Service at the prices set out in, as applicable in accordance with the provisions of Schedule B3.1Annex A to the CCD entitled "Service Description for Data Centre Operations Service" (SVM/SDM/SD/0003).

Additional Charges in respect of the Reference Data Management Service

7.6 As an additional Charge for the Reference Data Management Service, Post Office shall pay Fujitsu Services for:

7.6.1 Client Take-On Service at the prices set out in, as applicable in accordance with the provisions of Schedule B3.1, the CCD entitled “Service Description for AP Client Take-On Service” (CS/SER/011). Charges for additional ad-hoc services are stated in Table 1 below, and any change to these (other than by application of RPI in accordance with paragraphs 16.1 and 16.2 of Schedule D1 of the Agreement) shall be undertaken through the Change Control Procedure

**Table 1**

| | **Charges for Financial Year ending 31/03/15** | **Fixed charge per request** |
|---|---|---|

FUJ00000070



| | | |
|---|---|---|
| A | Ad-hoc Client Take on Facility: full cycle including regression | £341.83 |
| B | Ad-hoc Client Take on Facility: cycle less regression | £2,444.41 |
| C | Ad-hoc Client Take on Facility: regression only | £978.39 |
| D | Ad-hoc Client Take on Facility: test file only | £1,642.14 |

7.6.2 AP Client Delivery Agreement Change Service at the prices set out in, as applicable in accordance with the provisions of Schedule B3.1, the CCD entitled "Service Description for AP Client Delivery Agreement Change Service" (CS/SER/012) or Charges for Service Requests are stated in Table 2 below, and any change to these (other than by application of RPI in accordance with paragraphs 16.1 and 16.2 of Schedule D1 of the Agreement) shall be undertaken through the Change Control Procedure

**Table 2**

| | **Charges for Financial Year ending 31/03/10** | **Fixed charge per request** |
|---|---|---|
| A | Service request (other than an interface transfer) for a Santander Client | £799.47 |
| B | Service request (other than an interface transfer) for a Non-Santander Client | £1,598.97 |
| C | Service request to transfer a Client to a different Agent Interface | £1,598.97 |

7.6.3 Requests for reference data Support of SV&I Test Rigs for Horizon pursuant to the CCD entitled "Reference Data Management Service: Service Description" (SVM/SDM/SD/0013) shall be priced on the following basis:

Post Office shall pay Fujitsu Services £1,254.00 per request

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Horizon Icon Service

7.7 If Post Office require additional icons to be included in new Releases for (i) the Horizon Service Infrastructure or (ii) the elements of the Horizon Service Infrastructure used during the Roll Out Phase, the price that Post Office shall pay to Fujitsu Services for such icons shall be as set out in the CCD entitled "Horizon Icon Service Prices" (CS/PDN/019).

New Extract Definition Requests

7.8 If Post Office requests New Extract Definitions pursuant to the CCD entitled "APOP Definition" (BP/SPE/046) the price that Post Office shall pay to Fujitsu Services for each such New Extract Definition provided shall be £5,199.88.

7.9 If Post Office requests additional or amended receipt templates for Horizon pursuant to the CCD entitled "Receipt Template Service: Service Description" (SVM/SDM/SD/0022) the price that Post Office shall pay to Fujitsu Services for such receipt templates shall .be:

-For each new template - £2360.35
-For each major amendment - £1180.18
-For each minor amendment - no charge.
Note: These charges are baselined at April 2012

Payment Cardholder Environment (PCI) Penetration Testing

7.10 The unit price per Penetration Test carried out by Fujitsu, in accordance with the scope described under the Security Management Service: Service Description referenced SVM/SDM/SD/017, is £23,707. Should changes be made to the Cardholder Environment the unit charge shall be revised and agreed in accordance with the Change Control Procedure.

7.11 Work will be completed within 8 weeks from the date Fujitsu receive a Purchase Order for carrying out a Penetration Test.

PODG Client Connection Service

7.12 Post Office shall pay Fujitsu Services for the PODG Client Connection Service at the prices set out below in accordance with the provisions of Schedule B3.1 and Annex C to the CCD entitled " Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003).

| Description of Change | Charges |
|---|---|
| OBC102 - Route changes without security or network changes | £2,835.25 per route |

FUJ00000070

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| | |
|---|---|
| OBC103 - Route changes with security changes | £4,381.75per route |
| OBC104 - Security changes | £1,546.50per security credential set |
| OBC105 - Route changes with network changes | £4,897.25per route |
| OBC106 - Addition of new End Points | £8,248.00per end point |
| OBC107 - Addition new End Points with associated UAT | £12,887.50per end point |
| OBC108 - Removal of Routes | £1,134.10per route |
| OBC109 – Removal of End Points | £3,093.00 per end point |
| OBC110 – Removal of Routes and associated End Points | £3,608.50per end point with route |
| OBC111 - Ad Hoc changes<br><br>Password reminder<br><br>File Re-send<br><br>Back up data transfer<br><br>One off DOS and UNIX file format conversion | £515.50per each type of change |
| OBC112 - Non Standard Changes | Hourly rate priced in accordance with the rates in Schedule D1, section 10.4 |

For the avoidance of doubt, addition of new End Points with ISDN network type is out of scope of the PODG Client Connection Service.

7.13 Post Office shall pay Fujitsu Services a charge, calculated on a Time and Material basis using the rates in Schedule D1, section 10.4, if a request under the PODG Client Connection Service is cancelled or paused for 3 months or more due to Fujitsu Services waiting for input or clarification from Post Office on one or more items causing work to be paused.

## 8 CHARGES FOR THE SERVICE INTEGRATION SERVICES

Superstock Service Charges

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8.1 By notifying Fujitsu Services no later than the 31st March 2011 Post Office may elect to choose one of the three options described below (and the monthly charge below shall be invoiced accordingly). Without any notification received by Fujitsu within the allocated timescale, Option 1 will apply by default:

- Option 1: the Superstock Service is extended for a period of twelve months with no ability for Post Office to terminate such service early for convenience.
- Option 2: The Superstock Service is extended for a period of 6 months with no ability for Post Office to terminate such service early for convenience. Post Office will have the ability to terminate for convenience the Superstock Service after the end of the sixth month by giving no less than 30 days written notice.
- Option 3: the Superstock Service is renewed month on month and Post Office will have the ability to terminate for convenience the Superstock Service by giving no less than 30 days written notice.

| | | | Financial Years ending 31 March | |
|---|---|---|---|---|
| | Options | Renewal Period | Annual | Monthly |
| | | | 2011/12 | 2011/12 |
| Superstock data centre services | Option 1 | 12 month renewal | £90,816 | £7,567 |
| | Option 2 | 6 month renewal then month to month | £105,232 | £8,769 |
| | Option 3 | Month to month only | £170,576 | £14,230 |

8.2 For the year ending 31st April 2013 the Superstock Service is renewed month on month and Post Office will have the ability to terminate for convenience the Superstock Service by giving no less than 3 months written notice.

| | | Financial Year ending 31 March 2013<br>Monthly Charge |
|---|---|---|
| **Superstock data centre services** | **Month to Month Only (with 3months written notice)** | **£13,053.00** |

## 9 CHARGES FOR THIRD PARTY MANAGEMENT SERVICES

9.1 Subject to paragraphs 9.2 and 9.3, the Charges payable by Post Office to Fujitsu Services for the provision of the Third Party Management Services shall be agreed under the Change Control Procedure in respect of each third party that the Parties agree shall be managed by Fujitsu Services as part of that Service.

FUJ00000070



9.2 In the event of Partial Termination of any Terminable Service pursuant to Clause 47.10.1 or 47.10.2 and the Parties agree or Post Office directs (where Post Office is entitled to direct pursuant to paragraph 2.5 of Schedule E) that Fujitsu Services shall be responsible for the management of the provision by a third party to the Post Office of services equivalent to that Terminable Service, the Charges which shall be paid by Post Office to Fujitsu Services for the provision of the Third Party Management Service in respect of such equivalent services shall, subject to paragraph 9.3, be equivalent to the Service Management Element which would have been payable had that Terminable Service not been terminated.

9.3 In the event that Partial Termination of any Terminable Service occurs pursuant to Clause 47.10.1 or 47.10.2 and the specification of the third party services (if any) that Fujitsu Services is directed by Post Office or agrees to manage as part of the Third Party Management Service is different to the specification that applied to that Terminable Service as referred to in Schedule B3.1, the Charges payable by Post Office under paragraph 9.2 shall be increased by an amount equivalent to the Interface Operational Costs reasonably incurred by Fujitsu Services which would not have been incurred but for such differences in specification plus margin thereon calculated by multiplying such Interface Operational Costs by 22 divided by 78 or, in the case only of network connections provided by a third party, 5 divided by 95.

## 10 CHARGES FOR DEVELOPMENT SERVICES

Pre-Paid Development Charges

10.1 In consideration of the provision by Fujitsu Services of the Development Services, Post Office shall pay to Fujitsu Services on the first day of each month an amount equal to one twelfth of the amount set out in the following Table in respect of the Financial Year in which such month falls.

| **Pre-paid Development Charges (£ millions) in Financial Years ending 31 March:** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| 6.7 | 5.53 | 4.62 | 4.66 | 0 | 0 | 0 | 0 | 0 |

10.2 Each monthly payment made in accordance with paragraph 10.1 shall be available to Post Office as a credit to offset against the following Charges due that month:

10.2.1 firstly against the Charges for HNG-X Development and Associated Change Development (if any due that month in accordance with the provisions of Schedule D8); and

10.2.2 secondly, if any balance of such payment remains, against the Charges due that month for any Development Services (but not the SIP) undertaken by Fujitsu Services pursuant to a Work Order.

FUJ00000070

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10.3 If any balance of such payment remains after the amounts applied in accordance with paragraphs 10.2.1 and 10.2.2, such balance shall not, subject to paragraph 12.2 of this Schedule D1 and paragraph 2.6 of Schedule D8, be offset against any other Charges nor shall it be carried forward.

Development Resources

10.4 Unless otherwise agreed, if in any Financial Year Post Office requires Fujitsu Services to provide resources for Development Services pursuant to Schedule B1.1, Post Office shall pay Fujitsu Services for such services on a time-cost basis according to the following rates including where such resources fall within either the Inner Core Team, Outer Core Team or the Standing Team:

| Grade | Rate per hour On Shore | Rate per hour Near Shore | Rate per hour Offshore (India) |
|---|---|---|---|
| Systems Engineer | £83.38 | £98.19 | £37.86 |
| Senior System Engineer | £100.85 | £101.94 | £40.06 |
| Lead System Engineer | £118.65 | £109.44 | £43.79 |
| Unit Leader | £133.29 | £128.36 | £60.77 |
| Consultant (including SAP Consultant) | £153.38 | Not applicable | Not applicable |
| Senior Consultant, Manager | £171.54 | Not applicable | Not applicable |
| Senior Manager, Principal Specialist | £201.51 | Not applicable | Not applicable |
| Exit Manager | £171.54 | N/A | N/A |
| Transition Director | £201.51 | N/A | N/A |

Core and Standing Teams to 31st March 2015

10.4A During the period up to 31st March 2015, where members of the Inner Core Team, Outer Core Team and Standing Team are retained on the contract full time for an extended period for development work other than POLSAP or SIP (which already attract discounts), the following discounts shall apply retrospectively to the date of CCN1271c or the date they commenced the development work, whichever is the later.

FUJ00000070



Discounts shall be calculated for all the Inner Core Team, Outer Core Team and Standing Team personnel and the discount calculations for each year shall be presented to the Demand Planning Board each March for agreement.

For the Inner Core Team only, in recognition of the commitment of the team through to the end of the Agreement, the anticipated final discount level shall be refunded annually. In the event that eligibility for the Inner Core final discount ceases, then Post Office shall repay all sums previously refunded by Fujitsu Services against that discount at the end of the year at the time the other discounts are reconciled.

Payments of the agreed discount sum to Post Office shall be made on the April monthly invoice each year as a credit (or via a cheque where the monthly operational charges are insufficient or are no longer due). Discounts are only applied against standard UK rates; there is no discount on Near Shore or Offshore rates. Where a post is discontinued, or personnel replaced, at Post Office's request (except where personnel are replaced under paragraph 3c of Annex 3 to Schedule A2), the eligibility for discount will be frozen at the point of leaving the post or its discontinuance. If personnel are absent temporarily for personal, sickness or Fujitsu Services requested reasons, the eligibility for discounts shall not be affected by the absence.

DISCOUNTS

| Length of Service | Inner Core | Outer Core | Standing |
|---|---|---|---|
| 0 up to 12 months | 0% | 0% | 0% |
| 12 up to 36 months | 0% | 4.5% | 4% |
| 36 up to 60 months | 0% | 8% | 6% |
| 60 months or greater | 18% | 12% | 8% |

Core and Standing Teams from 1st April 2015

10.4B During the period from 1st April 2015, the following charging structure will apply in respect of the Inner Core Team and the Outer Core Team:

10.4B.1 Each full time post for the Inner Core Team shall be charged at the Rate Card rate. Subject to Clauses 10.4B.2 and 10.4B.3, a discount of 18% of the total amount charged for the Inner Core Team shall be calculated on a monthly basis and applied as a credit to the Operational Charge.

10.4B.2 In the event that Post Office removes a full time post from the Inner Core Team, the following will apply:

(a) As set out in paragraph 12 of Annex 3 to Schedule A2, where Post Office removes any or all full time posts from the Inner Core Team by notice in writing, on or prior to 30th September 2014, there shall be no additional charge.

(b) Where Post Office removes a full time post from the Inner Core Team after 30th September 2014 but prior to 1 October 2016, Post Office shall pay to Fujitsu Services a sum equivalent to the 18% discount

FUJ00000070



applied in respect of such full time post in a six month period. This amount shall be invoiced by Fujitsu Services as a one off additional charge for the month in which the full time post is removed from the Inner Core team.

(c) Where Post Office removes a full time post from the Inner Core Team on or after 1 October 2016, Post Office shall repay to Fujitsu Services an amount equal to the 18% discount that would have been applied in the period from the date of such removal until 31st March 2017 only (e.g. if 3 months remains to 31st March 2017, then Post Office shall only be required to repay 3 months discount). This amount shall be invoiced by Fujitsu Services as a one off additional charge for the month in which the full time post is removed from the Inner Core team.

10.4B.3 In the event that Post Office provides notice to increase the Inner Core Team in accordance with paragraph 11.3 of Annex 3 to Schedule A2 after 31st March 2015, the 18% discount shall only apply 3 full months after the resource is added to the Inner Core Team. For the avoidance of doubt, this paragraph 10.4.3B shall not apply if Post Office provides notice to increase the Inner Core Team in accordance with paragraph 11.3 of Annex 3 to Schedule A2 on or before 31st March 2015.

10.4B.4 Paragraphs 10.4B.1, 10.4B.2 and 10.4B.3 above will not apply in the event that the Inner Core Team is terminated by Post Office in accordance with paragraph 12 of Annex 3 to Schedule A2.

For the Outer Core Team the discount structure during the period 1st April 2015 to 31st March 2017 is based upon the following table:

| **Committed monthly spend (made by Post Office 3 months in advance)** | **Discount** |
|---|---|
| >£150,000 | 1% |
| >£200,000 | 2% |
| >£250,000 | 3% |
| >£350,000 | 4% |
| >£500,000 | 5% |

The following shall also apply to the Charging for the Outer Core team:

(i) The default pre-committed monthly Charge for the Outer Core team shall be £150,000.

(ii) Post Office shall confirm its committed monthly spend and the mix of skills in this team 3 months in advance of the month to which it wishes to apply the discount. In order to qualify for the discount, the Post Office shall provide its projected spend for 1st April 2015 to 30th June 2015 on or before 31st December 2014.

(iii) Fujitsu Services shall apply the discount applicable to the committed monthly spend in each monthly invoice.

(iv) Save with respect to the period April 2015 to June 2015 (inclusive) should Post Office fail to commit to a monthly spend 3 months in advance or separately fails to meet monthly committed level of spend they will lose the discount for that and the previous 2 months. In the event that Post Office fails to meet its monthly committed level of spend in April 2015, May 2015 or June 2015, it shall only lose the discount for that month. In both cases, this shall be invoiced by Fujitsu Services as a one off additional charge for the month in which the committed monthly spend is not achieved.

(v) Post Office shall receive an additional 1% discount to the Rate Card for each additional 6 month period that Post Office, in advance, makes a committed monthly spend. For example, if Post Office were to commit to spend £500,000 per month from 1st April 2015 to 31st March 2017 it would be entitled to a

FUJ00000070



discount of 9% on the rates set out in the Rate Card. In order to receive this discount, Post Office must give the commitment at least 3 months prior to the first day of the committed period. So, for example, in order to receive the total discount for 2 years commitment Post Office shall be required to make this commitment by 31st December 2014.

(vi) There are no individual resource rate card reductions in addition to this mechanism.

10.5 The Development Charges shall be due for payment monthly in arrears.

10.6 The Charges calculated in accordance with paragraph 10.4 in respect of work undertaken for that day by each:

10.6.1 Consultant, shall not exceed £1,135.01 in total per day;

10.6.2 Senior Consultant Manager or Exit Manager, shall not exceed £1,269.91 in total per day; and

10.6.3 Senior Manager, Principal Specialist or Transition Director shall not exceed £1,491.38 in total per day.

10.7 Fujitsu Services will be entitled to be reimbursed by the Post Office for all reasonable expenses incurred by it in providing Development Services, including (without limitation) travel and subsistence expenses. Fujitsu Services shall notify Post Office in advance of any unusual anticipated expenses, such as international travel.

10.8 Fujitsu Services shall, unless otherwise agreed, be entitled to charge for materials, equipment, licences, support and other third party charges reasonably incurred by Fujitsu Services in performing Development Services so as to make a 10% margin in relation to those bought in elements of Fujitsu Service Cost (which for this purpose shall not include any Fujitsu Services labour costs).

Credits relating to HNG-X Development

10.9 An amount equivalent to £5,600,000 (exclusive of VAT) in aggregate shall be available to Post Office as a credit to offset against the Charges for Operational Services. Of that £5,600,000:

10.9.1 £2,133,333.33 shall be available upon signature of the POLSAP Phase 1 Live Service CCN.

10.9.2 £1,733,333.33 shall be available upon signature of the Test Rig CCN (Infrastructure including CIT, SV&I and INT Rigs).

10.9.3 £1,733,333.33 shall be available upon signature of the HNG-X Release 2 bundle (inclusive of the component Commercial Terms (CTs) for each individual change plus the overall 'wrapper' CCN authorising the release as a whole and the CCN authorising the on-going service charge adjustments).

FUJ00000070



The above credits (in paragraphs 10.9.1 to 10.9.3 inclusive) not being dependent upon the actual value of the CTs or CCNs. The credits shall each be made available to Post Office to offset against the first monthly invoice for total Operational Charges following the date of signature of the relevant CCN. The Margin Protection adjustment shall not operate to reduce the full value of the credits above.

New Business after initial HNG-X release

10.10 Post Office commits to procuring from Fujitsu Services further HNG-X releases and /or other new business agreed from time to time (after the initial HNG-X release) to a minimum value of £13.25 million including, but not necessarily limited to, Infrastructure and the Wrappers in the table below, although it is recognised that formal CCNs/CTs cannot be signed until the content of such CCNs/CTs is agreed.

| New business |
|---|
| HNG-X Infrastructure (CIT, SV&I, INT Rigs) |
| HNG-X R2/R3/R/4 (i.e. further releases after the initial HNG-X release) |
| HNG-X R4/R5 Wrappers CT |

Fixed Price Basis

10.11 If a fixed price basis is used for Development Services, Fujitsu Service Cost may include a level of contingency and the fixed price will be assessed and agreed in advance on an Open Book basis as set out in Schedule D4.

Gain Share

10.12 Gain Share may apply in relation to the provision of Development Services in accordance with the principles set out in Schedule D3.

## 11 SIP CHARGES

11.1 Unless otherwise agreed, if in any Financial Year Fujitsu Services provides members of the SIP Team pursuant to Schedule B1.2, Post Office shall pay Fujitsu Services for such provision on a time-cost basis, being rates equal to the cost to Fujitsu Services (on a break-even basis) of employing the relevant individuals, taking into account for the purposes of calculating that cost any averaging required where the relevant individual's grade encompasses more than one professional community grade within Fujitsu Services' organisational structure. Such cost shall be certified by Fujitsu Services in accordance with paragraph 1.5 of Schedule D4.

11.2 During the Financial Year 2006/7 the charges for each grade of Fujitsu Services staff in the SIP shall, unless paragraph 11.4 applies, be calculated according to the rates for non-committed resource set out in the following table:

FUJ00000070

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| Grade | Rate per working day (non-committed resource)<br><br>On Shore | Rate per working day (committed resource)<br><br>On Shore |
|---|---|---|
| Systems Engineer | Not applicable | Not applicable |
| Senior System Engineer | Not applicable | Not applicable |
| Lead System Engineer | Not applicable | Not applicable |
| Consultant, Unit Leader | £487.13 | £444.14 |
| Senior Consultant, Manager | £632.87 | £575.64 |
| Senior Manager, Principal Specialist | £799.86 | £728.05 |

11.3 The number of hours charged in accordance with paragraph 11.2 for any individual for any day shall not exceed 7.4

11.4 The rate per working day for the relevant grade of committed resource in the table above shall apply in respect of each Fujitsu Services SIP Team Member of that grade where Post Office notifies Fujitsu Services by 30 September 2006 that it will commit to utilising the specified role in which an individual of that grade is engaged for at least 100 days of the remainder of Financial Year 2006/7. If by the end of Financial Year 2006/7 Post Office has not utilised that specified role for 100 days or more, the charges for the individual performing that role shall be recalculated using the applicable rate for non-committed resource and Post Office shall pay to Fujitsu Services an amount equal to the difference.

11.5 The Charges for resources for the SIP shall become due for payment monthly in arrear.

11.6 The rates for each grade set out in the table in paragraph 11.2 shall be varied in each subsequent Financial Year to reflect the costs to Fujitsu Services referred to in paragraph 11.1 (the component elements of which costs are as set out in the table "Breakdown of Day Rate Calculation – Example Grades" referred to in paragraph 2 of the CCD entitled "HNG-X Baseline Open Book Information" (COM/MGT/PRO/0002)) for that Financial Year as applicable in respect of each such grade, taking into account any averaging required where that grade encompasses more than one professional community grade within Fujitsu Services organisational structure. For the purposes of the rates for each grade of committed resource in the table in paragraph 11.2, such variation shall be on the basis that Post Office commits at the beginning of the Financial Year to utilising that grade of resource for 204 days in that Financial Year. Paragraph

FUJ00000070



11.4 shall apply in respect of each Financial Year after 2006/7 with the necessary changes deemed to be made to it to reflect such 204 day commitment applying from the beginning of the Financial Year rather than the 100 days referred to applying from September 2006.

11.7 In each case where a Fujitsu Services SIP Team Member is unable to perform a specified role due to illness, injury or any other reason outside Post Office's control, the number of days for which he is unable to perform that role shall be deemed to be included within a period of utilisation of that role for the purposes of determining whether Post Office has not utilised a specified role.

## 12 CHARGES FOR TRANSFER SERVICES

12.1 Post Office shall pay Fujitsu Services for all Transfer Services provided in the event of Partial Termination, termination of Project HNG-X, termination of the Agreement or expiry of the Agreement on a time-cost basis according to the rates set out in the Table in paragraph 10.4 (but subject to paragraph 10.6) and on the basis set out in paragraph 10.5.

12.2 If Transfer Services are provided prior to 31 March 2010, any unused balance at the end of each month of the pre-payment referred to in paragraph 10.3 may, at Post Office's option, be offset as a credit against the Charges due that month for such Transfer Services in accordance with paragraph 12.1.

12.3 Fujitsu Services' Charges in respect of materials and expenses in connection with the provision of Transfer Services shall be calculated in the same way as they are calculated for Development Services as set out in paragraphs 10.7 and 10.8.

## 13 CAPACITY ADDITIONS

13.1 The capacity planning and performance and volume monitoring carried out as part of the Service Management Service may from time to time identify that forecast volumes of Post Office business are likely to exceed those allowed for and the consequent need to add capacity to an element of Infrastructure (Branch equipment, communications network or Data Centre) so as to maintain Fujitsu Services' capability to achieve Service Levels.

13.2 Such additions will be supported by analysis carried out in accordance with the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) and be subject to the Change Control Procedure.

13.3 Fujitsu Services shall be entitled to recover from Post Office its reasonably incurred, increased direct costs and expenses of performing its obligations under this Agreement to the extent that such increased direct costs and expenses were the result of a Design Limit being exceeded. Fujitsu Services shall use all reasonable endeavours to mitigate the amounts payable in accordance with this paragraph and shall provide an Open Book statement of such increased direct costs and expenses incurred for approval by Post Office, such approval not to be unreasonably withheld.

FUJ00000070



13.4 Other enhancements to the Infrastructure may be required from time to time in accordance with the Work Ordering Procedure or Change Control Procedure, as applicable. Unless otherwise agreed, the pricing principles are as follows:

13.4.1 Fujitsu Services shall be entitled to Charge for the work undertaken by it in relation to such enhancements on the time and materials basis set out under the heading "Development Resources" in paragraph 10.4 (but subject to paragraph 10.6).

13.4.2 If a fixed price basis is to be used in relation to such work, such fixed price will be assessed and agreed between Post Office and Fujitsu Services in advance on an Open Book basis. In arriving at such fixed price, Fujitsu Services shall be entitled to include a level of contingency above Fujitsu Service Cost.

13.4.3 As an alternative to the charging mechanisms described in this paragraph, Gain Share may be considered in accordance with the principles of Schedule D3.

## 14 PIN PADS AND PAYPOLE PROCUREMENT

Additional Paypoles

14.1 Post Office shall be responsible for installation and maintenance of Paypoles.

14.2 Post Office may, on giving Fujitsu Services at least 100 days' prior written notice, require Fujitsu Services to procure further Paypoles.

14.3 In the event that Post Office serves notice on Fujitsu Services in accordance with paragraph 14.2, Fujitsu Services shall procure the number of Paypoles specified in the notice and shall use reasonable endeavours to do so within that 100 day notice period.

14.4 Fujitsu Services' Charge for procuring each additional Paypole (including box for delivery) shall be £59.06 and shall become due for payment upon delivery of such Paypole. This Charge is subject to the proviso that each notice for additional Paypoles given by Post Office under paragraph 14.2 is for no more than 1000 Paypoles.

Additional PIN Pads and PIN Pad OBC Stock

14.5 Until 31st March 2015, in the event that the PIN Pad OBC Stock is reduced to 100 PIN Pad Units or less, Fujitsu Services shall notify Post Office of such in writing or by email.

14.6 Post Office shall within five Working Days of receipt of such notification from Fujitsu Services confirm to Fujitsu Services in writing or by email (a "PIN Pad OBC Stock Notice") whether or not it requires Fujitsu Services to increase the PIN Pad OBC Stock.

14.7 Where Fujitsu Services receives a PIN Pad OBC Stock Notice stating that the PIN Pad OBC Stock should not be increased, Fujitsu Services shall be relieved of its obligations to supply and install PIN PADs set out in either of the CCDs entitled "Fujitsu Services/Post Office Ltd Operational Business Change - Branch Interface Agreement" (CS/IFS/003) or "Operational Business Change (Branch Change) Service: Service Description" (SVM/SDM/SD/0014) to the extent that it does not have the necessary PIN

FUJ00000070



Pad OBC Stock. Such relief shall apply until Fujitsu Services receives the required PIN Pad Units to be added to PIN Pad OBC Stock (following written notification from Post Office to Fujitsu Services that it requires Fujitsu Services to increase the PIN Pad OBC Stock).

14.8 Where a PIN Pad OBC Stock Notice requires Fujitsu Services to augment the PIN Pad OBC Stock, Fujitsu Services shall procure the required number of PIN Pad Units and shall use reasonable endeavours to do so within 100 days of receipt of the PIN Pad OBC Stock Notice.

14.9 Fujitsu Services' Charge for each additional PIN Pad Unit procured shall be £399.96 and shall become due for payment upon delivery of such PIN Pad Unit. This Charge is subject to the proviso that each PIN Pad OBC Stock Notice for additional PIN Pad Units given by Post Office under paragraph 14.6 is for no more than 1000 PIN Pad Units.

14.10 For the avoidance of doubt, the Charges specified in paragraph 14.9 shall be in addition to any Charges agreed in respect of PIN Pad related services set out in the CCD entitled "Operational Business Change (Branch Change) Service: Service Description" (SVM/SDM/SD/0014).

## 15 CHARGES FOR NBX HARDWARE

15.1 In respect of Hardware procured by Fujitsu Services pursuant to Commercial Terms numbered CT 176A, the sum of £24,923.50 shall become due for payment by Post Office to Fujitsu Services on the first day of each calendar month between the Amendment Date and 31 March 2010.

15.2 In the event that this Agreement is terminated prior to 31 March 2010, the aggregate of the payments that would, but for such termination, have become due for payment in accordance with paragraph 15.1 shall instead become due for payment by Post Office to Fujitsu Services upon such termination.

## 16 INDEXATION

16.1 Each of:

16.1.1 the fixed charges and charging rates contained in this Schedule, its Annexes and those in the CCDs referred to in paragraph 5, 6 and 7 (but not any other CCDs);

16.1.2 the daily limits referred to in paragraph 10.6, and

other than:

16.1.3 Not Used

16.1.4 all amounts allowable as credits unexpended under paragraph 10.9,

16.1.5 the rates set out in the Table in paragraph 11.2, the Charge for NBX Hardware referred to in paragraph 15.1; and

FUJ00000070



16.1.6 the Charges for each of the Services in the Table in Annex D which are marked "Not Indexed" in the column of the table headed "Indexation Provision",

are referred to in this paragraph 16 as the Indexed Charges.

16.2 During the period up to 31st March 2015, the Indexed Charges (other than the Near Shore and Offshore Rates) shall be indexed as follows:

16.2.1 In respect of each Financial Year subsequent to the Financial Year ending 31st March 2006 up to the Financial Year ending 31st March 2015, each of the Indexed Charges other than the Near Shore and Offshore Rates contained in the table set out in paragraph 10.4 shall be multiplied by a percentage equal to 100+ the RPI Percentage applicable to that Financial Year.

16.2.2 Such calculations shall be carried out before the start of each new Financial Year and the Indexed Charges as so adjusted shall be recorded in revised versions of this Schedule D1 and relevant CCDs.

16.2.3 The adjustment described in this paragraph 16.2 shall be made for the first time in respect of the Indexed Charges referred to in paragraphs 16.1.3 and 16.1.4 so as to be effective in respect of those Indexed Charges in Financial Year ending 31st March 2010.

16.2A During the period from 31st March 2015 up to 31st March 2017, the Indexed Charges (other than the Varied Indexed Charges, Near Shore and Offshore Rates) shall be indexed as follows:

16.2A.1 In respect of each Financial Year subsequent to the Financial Year ending 31 March 2015, each of the Indexed Charges other than the Varied Indexed Charges, the Near Shore and Offshore Rates contained in the table set out in paragraph 10.4 shall be multiplied by a percentage equal to 100+ the RPI Percentage applicable to that Financial Year.

16.2A.2 Such calculations shall be carried out before the start of each new Financial Year and the Indexed Charges (other than the Varied Indexed Charges, Near Shore and Offshore Rates) as so adjusted shall be recorded in revised versions of this Schedule D1 and relevant CCDs.

16.2B During the period from 31st March 2015 up to 31st March 2017, the Varied Indexed Charges shall be indexed as follows:

16.2B.1 In respect of each Financial Year subsequent to the Financial Year ending 31st March 2015 in which the RPI Percentage is below 5%, each of the Varied Indexed Charges shall be indexed in accordance with the following formula:

(RPI Percentage x (35% x Varied Indexed Charges)) + Varied Indexed Charges.

16.2B.2 In respect of each Financial Year subsequent to the Financial Year ending 31st March 2015 in which the RPI Percentage is 5% or greater, each of the Varied Indexed Charges shall be indexed in accordance with the following formula:

(5% x (35% x Varied Indexed Charges)) + ((RPI Percentage – 5%) x Varied Indexed Charges) + Varied Indexed Charges.

FUJ00000070



16.2B.3 Such calculations shall be carried out before the start of each new Financial Year and the Varied Indexed Charges as so adjusted shall be recorded in revised versions of this Schedule D1 and relevant CCDs.

16.2C With regard to Service Desk Service only, the first six month fixed period extension (from 1st April 2015 to 30th September 2015 shall be subject to a 5% increase in the Charges (as at 31st March 2015, uplifted for any relevant RPI adjustment) set out in Annex B of Schedule D1 with respect to the Service Desk Service. For any subsequent six month fix period extension after 30th September 2015, the Charges set out in Annex B of Schedule D1 with respect to the Service Desk Service shall be subject to a 10% increase in the Charges (as at 31st March 2015 uplifted for any relevant RPI adjustment).

16.3 The RPI Percentage applicable to the Indexed Charges (including but not limited to the Varied Indexed Charges from 31st March 2015) other than the Near Shore and Offshore Rates contained in the table set out in paragraph 10.4 in respect of any Financial Year means the difference, expressed as a percentage, between the level of the Retail Prices Index in respect of the December in the previous Financial Year and the level of the Retail Prices Index in respect of the December falling in the Financial Year immediately preceding that previous Financial Year.

16.4 In respect of each Financial Year ("Year Z") subsequent to the Financial Year ending 31 March 2006, each of the Near Shore and Offshore Rates contained in the table set out in paragraph 10.4 shall be adjusted as follows:

16.4.1 converted into Rupees at the Relevant Exchange Rate prevailing in respect of December in Year X (as defined in paragraph 16.4.2 below);

16.4.2 multiplied by a percentage equal to 100 plus the difference, expressed as a percentage, between the level of the Relevant Indian Index in respect of the December in the previous Financial Year ("Year Y") and the level of the Relevant Indian Index in respect of the December falling in the Financial Year immediately preceding that previous Financial Year ("Year X"); and

16.4.3 converted back into sterling at the Relevant Exchange Rate prevailing in respect of December in the previous Financial Year ("Year Y").

16.5 For this purpose:

16.5.1 the Relevant Indian Index shall mean the all-India Consumer Price index (UNME) published by the Government of India Ministry of Statistics and Programme Implementation. In the event that such index is no longer published and the Parties fail to agree a suitable substitute index it shall mean such index as is recommended as a suitable alternative by expert determination in accordance with Schedule A2;

16.5.1.1 At the end of December 2010 the all-India Consumer Price index (UNME) referred to in paragraph 16.5.1 above was ceased. The Relevant Indian Index used in the calculation in paragraph 16.4 to derive the indexation to be applied to the Near Shore and Offshore Rates for year ending 31st March 2013 onwards shall be based on the "All India General (all Groups) Consumer Price

FUJ00000070



Index for Urban Areas" as published by the by the Government of India Ministry of Statistics and Programme Implementation; and

16.5.2 the Relevant Exchange Rate in respect of any December shall be the arithmetical mean of all the daily spot exchange rates published by the Bank of England in respect of that December on its website (www.bankofengland.co.uk) under reference "Rupee to Sterling Daily Spot Rate – XUDLBK97".

16.6 For the avoidance of doubt, any Service provided in one Financial Year but not invoiced until a subsequent Financial Year shall be invoiced at the fixed charge or charging rate applicable to such Service at the time it was supplied.

16.7 The rates at which liquidated damages are payable in respect of Service Level Measurement Periods shall be increased in each of the Financial Years set out in the following table by the RPI Adjustment Factor for that Financial Year, being the difference, expressed as a percentage, between the level of RPI in respect of the December in the year immediately preceding that Financial Year and the level of RPI in respect of December 2005.

| | | **Financial Years ending 31 March** | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | |
| RPI Adjustment Factor (%) | | 4.43% | 8.6% | 9.58% | 12.31% | 17.67% | 23.34% | 27.15% | 30.55% | |

The RPI Adjustment Factors in respect of the Financial Years set out in the above table shall be inserted in the table when ascertained.

## 17 ASSOCIATED DOCUMENTS

17.1 The following CCDs are associated with this Schedule D1:

| | **Document Reference** | **Document Title** |
|---|---|---|
| 1 | SVM/SDM/SD/0002 | Engineering Service: Service Description |
| 2 | CS/SER/031 | Branch Network Resilience Service Description |
| 3 | CS/PDN/015 | Operational Business Change – Branch, Service Descriptions and Schedule of Service Prices |
| 4 | SVM/SDM/SD/0014 | Operational Business Change (Branch Change) Service: Service Description |

FUJ00000070

CONFIDENTIAL

| | | |
|---|---|---|
| 5 | CS/SER/004 | Message Broadcast Service: Service Description |
| 6 | SVM/SDM/SD/0018 | Message Broadcast: Service Description |
| 7 | IM/STR/056 | Counter Training Offices Strategy |
| 8 | SVM/SDM/SD/0003 | Service Description for Data Centre Operations Service |
| 9 | Not Used | Not Used |
| 10 | SVM/SDM/SD/0013 | Reference Data Management Service: Service Description |
| 11 | Not Used | Not Used |
| 12 | CS/PDN/019 | Horizon Icon Service Prices |
| 13 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 14 | CS/IFS/003 | Fujitsu Services/Post Office Ltd Operational Business Change – Branch, Interface Agreement |
| 15 | SVM/SDM/SD/0014 | Operational Business Change (Branch Change) Service: Service Description |
| 16 | Not Used | Not Used |
| 17 | CS/SER/016 | Service Description for the Security Management Service |
| 18 | SVM/SDM/SD/0017 | Security Management Service: Service Description |
| 19 | Not Used | Not Used |
| 20 | BP/SPE/046 | APOP Definition |
| 21 | COM/MGT/PRO/0002 | HNG-X Baseline Open Book Information |
| 22 | All references tbd | Software Register |
| 23 | SVM/SDM/SD/1977 | Salesforce Support Service Service Description |
| 24 | SVM/SDM/SD/2191 | POLSAP Hosting Service Service Description |
| 25 | SVM/SDM/SD/2306 | POLSAP Applications Support Service Service Description |

FUJ00000070



| | | | | |
|---|---|---|---|---|
| 26 | SVM/SDM/SD/2192 | Credence/MDM Descriptio | Service | Service |

17.2 There are no CRDs associated with this Schedule D1.

FUJ00000070

CONFIDENTIAL

## ANNEX A

### Part 1

### BRANCH AND COUNTER POSITION LIMITS

| | | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 to end of term |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Maximum Number of Branches | 14257 | 14509 | 13843 | 13640 | 13441 | 13241 | 13038 | 12838 | 12638 | 12638 |
| 2 | Maximum number of Counter Positions | 35617 | 35330 | 35068 | 34812 | 34553 | 34253 | 33953 | 33653 | 33353 | 33353 |
| 3 | Old Style Mobile Configurations (included in rows 1 and 2) | 273 | 283 | 284 | 284 | 284 | 284 | 284 | 284 | 284 | 284 |
| 4 | New Style Mobile Configurations (included in rows 1 and 2) | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 |
| 5 | CTOs (included in row 1) | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 | 57 |
| 6 | New CTO Configurations (included in row 2) | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 | 374 |
| 7 | BFPO Branches (included in row 1) | | | | | | 45 | 45 | 45 | 45 | 45 |

FUJ00000070

CONFIDENTIAL

**Part 2**

**OTHER LIMITS**

| ROW | ITEM | LIMIT | CONDITIONS |
|---|---|---|---|
| 1. | Branch geography | United Kingdom | |
| 2. | Single position gateway configurations installed (each having two hard disks and a communications card) | Within the overall limits in the Branch and Counter Positions Limits Table:<br><br>7,200 | With an additional float of 15 single position gateway configurations for Operational Business Change purposes.<br><br>Limit applies until completion of Associated Change Activity A7. |
| 3. | Sum of:<br><br>Multi-position gateway configurations; and<br><br>Single position gateway configurations installed<br><br>(each having a communications card) | Within the overall limits in the Branch and Counter Positions Limits Table:<br><br>16,715 | With an additional float of 35 multi-position gateway configurations for Operational Business Change purposes.<br><br>Limit applies until completion of Associated Change Activity A7. |
| 4. | Number of Post Office Clients with PODG Gold Service Delivery Type supported by the Post Office Data Gateway Service | 5 | |
| 5. | Provision of the Managed Switch Service introduced by CCN1308b and amended by CCN1402 | Provision to 820 Branches | Provision beyond 820 Branches to be separately impacted by a subsequent CCN |

FUJ00000070

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**ANNEX B**

**OPERATIONAL CHARGES TABLE**

The Operational Charges Table is in this embedded file "D1- Annex B Ver9.xls"



D1 - Annex B
Ver10.xls

FUJ00000070

FUJ00000070

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## ANNEX C

## TRIGGER POINT TABLE

| Operational Service | Trigger Point (Code given in Schedule B5, Annex 1, Part 1) | Planned Date (as at CCN1246) (for the purposes of the Operational Charges) | Charge element | Late Cost to Post Office (cost and margin) £ per calendar month | Charge to be adjusted (Operational Fixed Charge or Operational Unit Charge): |
|---|---|---|---|---|---|
| Service Desk Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Cost | [redacted] | Unit Charge per Counter Position |
| | | | Price | 1.43 | Unit Charge per Counter Position |
| Engineering Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 3,280 | Fixed Charges |
| | | | Cost | [redacted] | Unit Charge per Counter Position |
| | | | Price | 6.43 | Unit Charge per Counter Position |
| Data Centre Operations Service | Data Centre Ready for HNG-X (T5) | 6 March 2009 | Price | 486,682.68 | Fixed Charges |
| | | | Cost | [redacted] | Unit Charge per 1% Volume Forecast Reduction |
| | | | Price | 4,086.29 | Unit Charge per 1% Volume Forecast Reduction |

FUJ00000070

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| Operational Service | Trigger Point (Code given in Schedule B5, Annex 1, Part 1) | Planned Date (as at CCN1246) (for the purposes of the Operational Charges) | Charge element | Late Cost to Post Office (cost and margin) £ per calendar month | Charge to be adjusted (Operational Fixed Charge or Operational Unit Charge): |
|---|---|---|---|---|---|
| Data Centre Operations Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 225,444.03 | Fixed Charges |
| | | | Cost | [redacted] | Unit Charge per 1% Volume Forecast Reduction |
| | | | Price | 1,323.35 | Unit Charge per 1% Volume Forecast Reduction |
| Central Network Service | Wigan/Bootle Decommissioned (T4) | 23 February 2010 | Price | 105,479 | Fixed Charges |
| | | | [redacted] | [redacted] | [redacted] |
| Third Line Software Support Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 350,673 | Fixed Charges |
| | | | Cost | [redacted] | Unit Charge per POL Service Type |
| | | | Price | 1,286 | Unit Charge per POL Service Type |
| Application Support Service (Fourth Line) | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 290,671.12 | Fixed Charges |
| Reference Data Management Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 1,194 | Fixed Charges |

FUJ00000070

CONFIDENTIAL

| Operational Service | Trigger Point (Code given in Schedule B5, Annex 1, Part 1) | Planned Date (as at CCN1246) (for the purposes of the Operational Charges) | Charge element | Late Cost to Post Office (cost and margin) £ per calendar month | Charge to be adjusted (Operational Fixed Charge or Operational Unit Charge): |
|---|---|---|---|---|---|
| Reconciliation Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 8,837 | Fixed Charges |
| Operational Business Change (Branch Change) Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Price | 32,121 | Fixed Charges |
| Systems Management Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Cost | [redacted] | Unit Charge per Counter Position |
| | | | Price | 4.00 | Unit Charge per Counter Position |
| Service Management Service | Counter Application Roll Out Complete (T6) | 18 September 2009 | Cost | [redacted] | Unit Charge per POL Service Type |
| | | | Cost | | Unit Charge per Branch |
| | | | Price | 129.02 | Unit Charge per POL Service Type |
| | | | Price | 0.180 | Unit Charge per Branch |

FUJ00000070

FUJ00000070

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## ANNEX D

## CCN SERVICE LIST

| CCN | Description of charge | Monthly charge value | Ad hoc services: charge per event | Month in which Monthly Charge first becomes payable | Indexation Provision |
|---|---|---|---|---|---|
| CCN641a | Disaster recovery for Huthwaite Gateway: | | | | |
| | Equipment rental | £917.00 | | January 2003 | Not indexed |
| | Maintenance and support | £2,223.63 | | January 2003 | Subject to RPI |
| CCN733b | Automated Payments Client Spec. for DVLNI | | | | |
| | Equipment maintenance & ISDN rental | £101.00 | | January 2003 | Not indexed |
| | Administration & support | £154.44 | | January 2003 | Subject to RPI |
| CCN739 | Introduce Standard Life As An AP Client With A Direct Connection To Fujitsu Services | | | | |
| | Equipment maintenance & ISDN rental | £101.00 | | January 2003 | Not Indexed |
| | Administration & support | £154.44 | | January 2003 | Subject to RPI |
| CCN800 | Connection to Girobank Disaster Recovery site | | | | |
| | Equipment maintenance and ISDN rental | £94.00 | | January 2003 | Not indexed |
| | Administration and support | £153.54 | | January 2003 | Subject to RPI |

FUJ00000070

CONFIDENTIAL

| CCN | Description of charge | Monthly charge value | Ad hoc services: charge per event | Month in which Monthly Charge first becomes payable | Indexation Provision |
|---|---|---|---|---|---|
| | Preparation and operation of regular test (max two per year) | | Up to 10 man days at £772.55 per day | | Subject to RPI |
| CCN807 and CCN1163 | Changes to AP Client take-on and Token Verification services | | | | |
| | Client Take on Facility | £2,110.85 | | January 2003 | Subject to RPI |
| | Client Take on (regression) Facility | £1,214.37 | | February 2003 | Subject to RPI |
| CCN832 | Introduce Quantrill as an APS Client with a Direct Interface to Fujitsu Services | | | | |
| | Equipment maintenance and ISDN rental | £94.00 | | January 2003 | Not indexed |
| | Administration and support | £153.54 | | January 2003 | Subject to RPI |
| CCN869b | Introduce AON Ltd as an APS Client with a Direct Interface to Fujitsu Services | | | | |
| | Equipment maintenance | £30.65 | | January 2003 | Subject to RPI |
| | ISDN Rental | £69.00 | | January 2003 | Not indexed |
| | Administration and support | £230.46 | | January 2003 | Subject to RPI |
| CCN872 | Introduce ESP as an APS Client with a Direct Interface to Fujitsu Services | | | | |

FUJ00000070

CONFIDENTIAL

| CCN | Description of charge | Monthly charge value | Ad hoc services: charge per event | Month in which Monthly Charge first becomes payable | Indexation Provision |
|---|---|---|---|---|---|
| | Equipment maintenance | £30.65 | | January 2003 | Subject to RPI |
| | ISDN Rental | £69.00 | | January 2003 | Not indexed |
| | Administration and support | £230.46 | | January 2003 | Subject to RPI |
| CCN937 | Introduce First Rate as an APS Client with a Direct Interface to Fujitsu Services | | | | |
| | Equipment maintenance | £30.65 | | January 2003 | Subject to RPI |
| | ISDN Rental | £69.00 | | January 2003 | Not indexed |
| | Administration and support | £230.46 | | January 2003 | Subject to RPI |
| CCN799 | Introduce DVLA as an APS Client with a Direct Interface to Fujitsu Services | | | | |
| | Equipment maintenance and ISDN rental | £94 | | January 2003 | Not indexed |
| | Administration and support | £204.70 | | January 2003 | Subject to RPI |
| CCN972 | Introduce CAPO as an APS Client with a Direct Interface to Fujitsu Services | | | | |
| | Equipment maintenance | £60.36 | | January 2003 | Subject to RPI |
| | ISDN rental | £130.33 | | January 2003 | Not indexed |

FUJ00000070

CONFIDENTIAL

| CCN | Description of charge | Monthly charge value | Ad hoc services: charge per event | Month in which Monthly Charge first becomes payable | Indexation Provision |
|---|---|---|---|---|---|
| | Administration and support | £193.36 | | January 2003 | Subject to RPI |
| | Annual DR test | | Up to 8 man days at £772.55 per day | | Subject to RPI |
| CCN1102 b | Complete Introduction of National Savings and Investments as an APS Client | | | | |
| | Equipment maintenance and ISDN rental | £181.90 | | August 2003 | Not indexed |
| | Administration and support | £313.20 | | August 2003 | Subject to RPI |
| | Annual Disaster Recovery Test | | Up to 5 man days at £772.55 per day | | Subject to RPI |
| CCN1120 a | Complete introduction of Prudential as an APS Client | | | | |
| | Equipment Maintenance | £30.65 | | March 2004 | Subject to RPI |
| | ISDN Rental | £69.00 | | March 2004 | Not indexed |
| | Administration and support | £193.28 | | March 2004 | Subject to RPI |
| CCN1138 | Introduction file transfer interfaces to DES / EDG | | | | |
| | Equipment Maintenance | £48.25 | | October 2004 | Subject to RPI |

FUJ00000070

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| CCN | Description of charge | Monthly charge value | Ad hoc services: charge per event | Month in which Monthly Charge first becomes payable | Indexation Provision |
|---|---|---|---|---|---|
| | Administration and support | £193.24 | | October 2004 | Subject to RPI |
| | Annual DR Test | | Up to 5 man days at £772.55 per day | | Subject to RPI |
| CCN1223 | Charges for execution of Business Continuity tests | | Up to 2 man days at £772.55 per day | | Subject to RPI |
| CCN1276a | Change from Postshops Service to Superstock Service | £7,568.00 | £513.33 | April 2010 | Subject to RPI |
| CCN1270 | Introduction of POLSAP Services (Phase 1) | £126,278 | | September 2010 | Subject to RPI |
| CCN1322b | Salesforce Support Service Fixed Charge | £9,721.07 in Year 1<br>£8,921.79 in Year 2<br>£8,397.79 in Year 3 | | Aug 2012 | Subject to RPI from April 2013 |
| | Escalated Calls Fixed charge | 2,025.00 | | Aug 2012 | Subject to RPI from April 2013 |
| | Salesforce Support Service Variable charges | Various | | Aug 2012 | Subject to increases as published on the Fujitsu Global Cloud Tariff |

FUJ00000070

FUJ00000070

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## ANNEX E

## VARIATIONS IN MONTHLY CHARGES

| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN1208 | Engineering Service; Unit Charge per Counter Position for the year 2007 | -£0.13 | 01/11/2006 |
| CCN1202 | Data Centre Operations Service: Fixed Charges | £5,517 per month | 01/07/2007 |
| CCN1202 | Data Centre Operations Service: Unit Charge per 1% Volume Forecast Reduction | £27.59 per month | 01/07/2007 |
| CCN1213 | | -£0.03 per month | 01/04/2007 |
| CCN1219 | | £0.46 per month | 01/01/2008 |
| CCN1235a | Data Centre Operations Service: Fixed Charges | £1,427.74 per month | 01/10/2007 |
| CCN1235a | Data Centre Operations Service: Unit Charge per 1% Volume Forecast Reduction | £7.13 per month | 01/10/2007 |
| CCN1235a | Central Network Service: Fixed Charges | £48.43 per month | 01/10/2007 |
| CCN1235a | Third Line Software Support Service: Fixed Charges | £1,843.44 per month | 01/10/2007 |
| CCN1243 | Third Line Software Support Service: Fixed Charges | £1,132 per month | 01/11/2008 |
| CCN 1244a | Branch Network Service: Fixed Charges | £ 4,526.37 per month | 01/10/2008 |
| CCN 1244 | CMT Service: Fixed Charges | £ 785.00 per month | 01/01/2009 |
| CCN1246 | Data Centre Ops Service: Fixed Charges | (£83,333 per month) | 01/04/2008 |
| CCN1246 | Data Centre Ops Service: Fixed Charges | ( minus £84,083 per month) | 01/04/2009 |
| CCN 1253 | Central Network Service: Fixed Charges | £1,150.00 per month | 1 January 2008 |
| CCN 1252a | Data Centre Operations Service: Fixed Charges | £20,640 per month | 1 February 2009 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN 1252a | Central Network Service: Fixed Charges | £1,866 per month | 1 February 2009 |
| CCN 1252a | Systems Management Service: Fixed Charges | £2,239 per month | 1 February 2009 |
| CCN 1252a | Service Management Service: Fixed Charges | £6,219 per month | 1 February 2009 |
| CCN 1252a | Security Management Service: Fixed Charge | £622 per month | 1 February 2009 |
| CCN 1254a | Reference Data Management Service Fixed Charge | £171.00 per month | 1 January 2009 |
| CCN 1254a | Third Line Software Support Service | £1,863.00 per month | 1 January 2009 |
| CCN 1254a | Service Management Service | £385.00 per month | 1 January 2009 |
| CCN1266b | Third Line Software Support Service: Fixed Charges | £5,646.42 per month | 1 September 2010 |
| CCN1275 | Central Network Services: Fixed Charges | £3,047.26 per month | Effective date of change is anticipated to be 1st March 2011 but will be confirmed and updated retrospectively via the Change Control Procedure |
| CCN1270 | Service Desk Service: Fixed Charges | £15,563 per month | 1st September 2010 |
| CCN1270 | Data Centre Operations Service: Fixed Charges | £8,584 per month | 1st September 2010 |
| CCN1270 | Application Support Service (4th Line): Fixed Charges | £102,131 per month | 1st September 2010 |
| CCN1272 | Data Centre Operations Service: Fixed Charges | £134,334 per month | 1st February 2010 |
| CCN1291 | Service Management Charges: Fixed Charges | £1,696.37 per month | 1st September 2010 |
| CCN1292 | Third Line Software Support Service: Fixed Charges | £ -1676.25 per month | 1 September 2010 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN 1293 | Application Support Service (4th Line): Fixed Charges | £4,295.41 per month | 1 September 2010 |
| | | £1,214.61 per month | 1 April 2011 |
| | | £1,241.81 per month | 1 April 2012 |
| | | £1,161.55 per month | 1 April 2013 |
| | | £1,182.15 per month | 1 April 2014 |
| CCN 1297 | Data Centre Operations Service: Fixed Charges | £ 118.00 per month | 1 October 2010 |
| | Central Network Service: Fixed Charges | £ 621.00 per month | 1 October 2010 |
| CCN1289a | Engineering Services Fixed Charges | £15853.39 per month (and for subsequent Financial Years the variation to the monthly fixed charge is<br>2012: £4,404.00<br>2013: £5202.58) | 1 October 2010 |
| CCN 1304b | Application Support Service (Fourth Line) | £1,582 per month | 1 April 2011 |
| CCN1281d | Branch Network Service: Fixed Charges | £1,406.25 per month | 1 April 2011 |
| | | £1406.25 per month | 1 April 2012 |
| CCN 1309a | Security Management Service: Fixed Charges | £9383.40 per month | 1st October 2010 |
| CCN 1310b | Third Line Software Support Service: Fixed Charges | £1926.00 per month | 1st September 2011 |
| | Application Support Service (Fourth Line): Fixed Charges | £1019.25 per month | 1st September 2011 |
| | Application Support Service (Fourth Line): Fixed Charges | £1875.00 per month | 1st April 2012 |
| CCN 1318a | Data Centre Operations Service: fixed charges | £2,119.79 | 1st April 2012 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN 1307a | Data Centre Operations Service: fixed charges | £333.33 | 1st April 2012 |
| | Central Network Service: fixed charges | £1,639.89 | 1st April 2012 |
| | Systems Management Service: fixed charges | £656.00 | 1st April 2012 |
| | Third Line Software Support Service: Fixed Charges | £711.11 | 1st April 2012 |
| | Service Management Service: Fixed Charges | £3,405.00 | 1st April 2012 |
| | Security Management Service: Fixed Charges | £656.00 | 1st April 2012 |
| | Application Support Service: Fixed Charges | £3,156.29 | 1st April 2012 |
| CCN 1311b | Branch Network Service: Fixed Charges | £3125.00 per month | From the Month following completion of the roll-out (anticipated to be May 2012 at time of CCN approval). |
| CCN 1325a | Data Centre Operations Service: fixed charges | - £ 951.59 per month | 1st June 2012 |
| CCN 1327a | Service Desk Service: Fixed Charges | -£16,310.02 per month | 1st April 2012 |
| CCN 1327a | Application Support Service (Fourth Line): Fixed Charge | £16,310.02 per month | 1st April 2012 |
| CCN 1328b | Data Centre Operations Fixed Charges | £140,504.62 per month | 1st April 2013 |
| CNN 1328b | Service Management Service Fixed Charges | £10,575.62 per month | 1st April 2013 |
| CCN 1332a | Service Management Service Fixed Charges | £155.33 per month | 1st April 2013 |
| CCN 1332a | Application Support Service (Fourth Line) Fixed Charges | £2,029.32 per month | 1st April 2013 |
| CCN 1332a | Security Management Service Fixed Charges | £22,263.33 per month | 1st November 2012 |
| CCN 1332a | Data Centre Operations Fixed Charges | £1,658.00 per month | 1st January 2013 |
| CCN 1313c | Third Line Software Support Service: Unit Charge per | £472.62 per month | From the date of go-live of the fourth GWS |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| | GWS client | | Client |
| CCN 1313c | Service Management Service : Unit Charge per GWS client | £207.24 per month | From the date of go-live of the fourth GWS Client |
| CCN1316a | Security Management Service: Fixed Charges | £197.75 | 1st April 2012 |
| CCN1341 | Data Centre Operations Service – Fixed Charge | £169.04 | May 1st 2013 |
| CCN1341 | Central Network Service – Fixed Charge | £1,370.94 | May 1st 2013 |
| CCN1341 | Application Support Service (Fourth Line) Service - Fixed Charge | £1,264.36 | May 1st 2013 |
| CCN1341 | Operational Security Service – Fixed Charge | £617.96 | May 1st 2013 |
| CCN1308b | Service Desk Service: Fixed charges | £4,346.71 per month | 01/07/2013 |
| CCN1308b | Central Network Service: fixed charges | £5,486.50 per month | 01/07/2013 |
| CCN1308b | Engineering Service: Fixed Charges | £902.37 per month | 01/07/2013 |
| CCN1308b | Third Line Software Support Service: Fixed Charges | £305.90 per month | 01/07/2013 |
| CCN1308b | Service Management Service: Fixed Charges | £5,463.01 per month | 01/07/2013 |
| CCN1308b | Branch Network Service: Fixed Charges | £6,811.20 per month | 01/07/2013 |
| CCN1308b | Systems Management Service: Fixed Charges | £7,060.39 per month | 01/07/2013 |
| CCN1308b | Application Support Service (Fourth Line): Fixed Charges | £5,648.31 per month | 01/07/2013 |
| CCN1342a | Service Desk Service: Fixed Charges | £583 per month | 1st July 2013 |
| CCN1342a | Data Centre Operations Service: Fixed Charges | £1,849.82 per month | 1st July 2013 |
| CCN1342a | Central Network Service : Fixed Charges | £58.75 per month | 1st July 2013 |
| CCN1342a | Application Support service (4th Line) : Fixed Charges | £705 per month | 1st July 2013 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN1342a | Systems Management Service: Fixed Charges | £723.75 per month | 1st July 2013 |
| CCN1342a | Security Management Service: Fixed Charges | £ 705 per month | 1st July 2013 |
| CCN 1348b | Reference Data Management Service: Fixed Charges | £10,000.00 per month | 1st September 2013 |
| CCN1340 | Salesforce Support Service Introduction of UAT Environment: Fixed Charges | £1,157.75 | 1 June 2013 |
| CCN1400 | Data Centre Operations Service: Fixed Charge | (minus £63,659.11 per month) | 1 April 2014 |
| CCN1400 | Applications Support Service (4th Line) :Fixed Charges | (minus £133,802.42per month) | 1 April 2014 |
| CCN1400 | Service Desk Service: Fixed Charges | minus £3,506.26 per month) | 1 October 2013 |
| CCN1400 | Service Desk Service: Unit charge per counter position | (minus £1.05 per month) | 1 October 2013 |
| CCN1400 | Service Desk Service: Service Management element | (minus £0.09 per month) | 1 October 2013 |
| CCN1400 | Service Desk Service :Fixed Charges | (minus £807.15 per month) | 1 April 2014 |
| CCN1400 | Service Management Service Charges: Fixed Charges | (minus £9,203.55per month) | 1 April 2014 |
| CCN1400 | Central Network Service: Fixed Charge | (minus £2,185.15per month | 1 April 2014 |
| CCN1400 | Systems Management Service: Fixed Charge | (minus £2,621.95per month) | 1 April 2014 |
| CCN1400 | Security Management Service: Fixed Charge | (minus £728.38per month) | 1 April 2014 |
| CCN1400 | POLSAP Hosting Services | £42,661.24 per month | 1 April 2014 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN1400 | POLSAP Applications Support Services | £134,609.58per month | 1 April 2014 |
| CCN1400 | Credence/MDM Service | £35,736.91 per month | 1 April 2014 |
| CCN1402 | Service Desk Service: Fixed Charges | £376.71 per month | 01/02/2014 |
| CCN1402 | Central Network Charges: Fixed Charges | £475.50 per month | 01/02/2014 |
| CCN1402 | Engineering Services: Fixed Charges | £78.21 per month | 01/02/2014 |
| CCN1402 | Third Line Software Support Service: Fixed Charges | £26.51 per month | 01/02/2014 |
| CCN1402 | Branch Network Service: Fixed Charges | £590.30 per month | 01/02/2014 |
| CCN1403 | Central Network Service: Fixed Charge | £370.80 per month | 1st May 2014 |
| CCN1403 | Service Management Service: Fixed Charge | £284.97 per month | 1st May 2014 |
| CCN1404 | Security Management Service Fixed Charges | £1,322.96 | 1st April 2015 |
| CCN1404 | Application Support Service (Fourth Line) Fixed Charges | £7,617.67 | 1st April 2015 |
| CCN1404 | Branch Network Service: Fixed Charges | £6,811.20 | 1st April 2015 |
| CCN1404 | Central Network Service Fixed Charges | £6,916.19 | 1st April 2015 |
| CCN1404 | Data Centre Operations Service Fixed Charges | £2,018.46 | 1st April 2015 |
| CCN1404 | Reference Data Management Service charging amendment Fixed Charges | £10,000.00 | 1st April 2015 |
| CCN1404 | Service Management Service: Fixed Charges | £5,463.01 | 1st April 2015 |
| CCN1404 | Systems Management Service: Fixed Charges | £7,784.14 | 1st April 2015 |
| CCN1404 | Third Line Software Support Service: Fixed Charges | £305.90 | 1st April 2015 |
| CCN1409a | Service Desk Service | -£16,896.80 (plus associated | 3rd July 2014 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| | | Variable Charges) | |
| CCN1409a | Service Management Service | £51,733.83 per month | 3rd July 2014 – 31st March 2015 |
| CCN1409a | Service Management Service | £22,085.13 per month | 1st April 2015 |
| CCN1409a | Management Information Service | -£442.09 per month | 3rd July 2014 |
| CCN1409a | Security Management Service | -£683.08 per month | 3rd July 2014 |
| CCN1410 | Application Support Service: (Fourth Line) Fixed Charge | £1,740.90 per month | 1st April 2014 |
| CCN1410 | Application Support Service: (Fourth Line) Fixed Charge | £1,740.90 per month | 1st August 2014 |
| CCN1339a | Data Centre Operations Service: fixed charges (Reduction) | -£10,513.75 | 1st July 2015 |
| CCN1339a | Systems Management Service: fixed charges (Increase) | £1,907.81 | 1st July 2015 |
| CCN1339a | Security Management Service: fixed charges (Increase) | £294.86 | 1st July 2015 |
| CCN1338 | Data Centre Operations Service: Fixed Charge | £472.97 | 1st March 2014 |
| CCN1338 | Systems Management Service: Fixed Charge | £12,109.74 | 1st March 2014 |
| CCN1338 | Service Management Service: Fixed Charge | £3,160.41 | 1st March 2014 |
| CCN1338 | Third Line Software Support Service: Fixed Charge | £2,456.41 | 1st March 2014 |
| CCN1338 | Application Support Service (Fourth Line): Fixed Charge | £2,576.28 | 1st March 2014 |
| CCN1338 | Central Network Service: Fixed Charge | £8,195.03 | 1st March 2014 |
| CCN1411 | Security Management Service: Fixed Charge | £213.73 | 01st October 2014 |
| CCN1411 | Application Support Service (Fourth Line) [Fixed Charge] | £1,581.60 | 01st October 2014 |
| CCN1411 | Systems Management | £242.81 | 01st October 2014 |

FUJ00000070

CONFIDENTIAL

| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| | Service [Fixed Charge] | | |
| CCN1411 | Central Network Service [Fixed Charge] | £322.26 | 01st October 2014 |
| CCN1415 | Salesforce Support Service Fixed Charge | £10,080.90 | 01st April 2015 – 31ST March 2016 |
| CCN1415 | Salesforce Support Service Variable charges | Subject to charges as published on the Fujitsu Global Cloud Tariff | 01st April 2015 – 31ST March 2016 |
| CCN1414 | CMT Service: Fixed charge | £37,453.28 per month | 01st April 2015 – 30th September 2015 |
| | | | |
| CCN1418 | POLSAP Hosting Service Fixed Charge | £40,183.61 | 01st April 2015 – 31ST March 2016 |
| CCN1408 | Application Support Service (4th Line): Unit Charge per GWS client | £427.50 per client per month | 01st April 2014 |
| CCN1408 | Systems Management Service: Unit Charge per GWS client | £300.50 per client per month | 01st April 2014 |
| CCN1408 | Security Management Service: Unit Charge per GWS client | £50.08 per client per month | 01st April 2014 |
| CCN1408 | Service Management Charges: Unit Charge per GWS client | £488.08 per client per month | 01st April 2014 |
| CCN1420a | Data Centre Operations Fixed Charges | £159,336.73 per month | 1st April 2015 to 31st March 2016 |
| CCN1420a | Data Centre Operations Fixed Charges | £168,316.85 per month | 1st April 2016 |
| CCN1420a | Service Management Service Fixed Charges | £11,197.86 per month | 1st April 2015 |
| CCN1421a | Operational Business Change (Branch Change) Service - Fixed Charge | £26,500.00 per month | 1st April 2015 |
| CCN1421a | Operational Business Change (Branch Change) Service – Service Management Element | £6,417.17 per month | 1st April 2015 |

FUJ00000070

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| Number of CCN. | Row Changed in Annex B (Description) | Value (£) of Change | Effective Date of Change |
|---|---|---|---|
| CCN1422 | CMT Service: Fixed Charge | £37,453.28 per month | 1st October 2015 to 31st March 2017 |
| CCN1419 | Credence/ MDM Service Fixed Charge (12 month extension) | £48,211.56 | 1st April 2015 |

FUJ00000070

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## ANNEX F

## VARIATIONS IN ENGINEERING SERVICE CHARGES

| Incident Priority Change | | Change in £ per 1% Proportion Change to the Operational Unit Charge per Counter Position ("UC") and Margin Rate per Counter Position (if any) ("MR") in Financial Years ending 31 March: | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| From | To | 2007 | 2008 | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | 2014 | 2015 |
| | | UC | UC | UC | MR | UC | MR | UC | MR | UC | MR | UC | UC | UC |
| Priority B | Priority A | +0.36 | +0.40 | +0.34 | +0.09 | +0.31 | +0.07 | +0.33 | +0.08 | +0.37 | +0.08 | +0.53 | +0.57 | +0.62 |
| Priority A | Priority B | -0.36 | -0.40 | -0.34 | -0.09 | -0.31 | -0.07 | -0.33 | -0.08 | -0.37 | -0.08 | -0.53 | -0.57 | -0.62 |
| Priority B | Priority C | -0.33 | -0.37 | -0.30 | -0.09 | -0.33 | -0.09 | -0.35 | -0.10 | -0.39 | -0.10 | -0.58 | -0.62 | -0.69 |
| Priority C | Priority B | +0.33 | +0.37 | +0.30 | +0.09 | +0.33 | +0.09 | +0.35 | +0.10 | +0.39 | +0.10 | +0.58 | +0.62 | +0.69 |
| Priority C | Priority A | +0.70 | +0.76 | +0.67 | +0.20 | +0.65 | +0.18 | +0.72 | +0.19 | +0.79 | +0.21 | +1.14 | +1.20 | +1.31 |
| Priority A | Priority C | -0.70 | -0.76 | -0.67 | -0.20 | -0.65 | -0.18 | -0.72 | -0.19 | -0.79 | -0.21 | -1.14 | -1.20 | -1.31 |

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## ANNEX G GAIN SHARE

Gain Share Payments Table

| | | Months falling within Financial Years ending 31 March: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CCN No.** | **Month when Gain Share payments commence:** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| | | **Gain Share payments in £ per month** | | | | | | | | |
| CCN1204a | April 2008 | - | | 34,948 | 14,252 | 12,422 | 0 | 0 | 0 | 0 |

CCN1204a referred to in the table above relates to Post Office's initial order for 10,000 replacement counter printers. The Parties anticipate that Post Office may, in its discretion, order additional counter printers and that, when the changes to the Agreement necessary in respect of such additional printers are introduced under the Change Control Procedure, adjustments will be made in respect of the figures in the table above so that they are all positive. In the event that no further printers are ordered by Post Office, beyond the initial order for 10,000 printers, the negative figures in the table above represent amounts that shall be paid on a monthly basis in the Financial Years in question by Fujitsu Services to Post Office. The above figures have been calculated on the basis of an agreed estimate of the value of consumables which will be required in respect of the replacement counter printers and therefore, on or about 1 April 2008, Post Office and Fujitsu Services shall review the above Gain Share payments in the light of the actual cost of such consumables and those payments may be amended by agreement between Post Office and Fujitsu Services (such agreement not to be unreasonably withheld or delayed by either party) in accordance with Change Control Procedure.

FUJ00000070

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| | | Months falling within Financial Years ending 31 March: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CCN No.** | **Month when Gain Share payments commence:** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| | | **Gain Share payments in £ per month** | | | | | | | | |
| CCN1212 | April 2008 | - | | 71,633 | 19,407 | 21,697 | 0 | 0 | 0 | 0 |

CCN1212 referred to in the table above relates to Post Office's additional order for 16,000 replacement counter printers. The above figures have been calculated on the basis of an agreed estimate of the value of consumables which will be required in respect of the replacement counter printers and therefore, on or about 1 April 2008, Post Office and Fujitsu Services shall review the above Gain Share payments in the light of the actual cost of such consumables and those payments may be amended by agreement between Post Office and Fujitsu Services (such agreement not to be unreasonably withheld or delayed by either party) in accordance with Change Control Procedure

| | | Months falling within Financial Years ending 31 March: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CCN No.** | **Month when Gain Share payments commence:** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| | | **Gain Share payments in £ per month** | | | | | | | | |
| CCN1213 | April 2008 | - | | 4,947 | 6,773 | 7,963 | 0 | 0 | 0 | 0 |

CCN1213 referred to in the table above relates to Post Office's additional order for 9,000 replacement counter printers. The above figures have been calculated on the basis of an agreed estimate of the value of consumables which will be required in respect of the replacement counter printers and therefore, on or about 1 April 2008, Post Office and Fujitsu Services shall review the above Gain Share payments in the light of the actual cost of such consumables and those payments may be amended by agreement between Post Office and Fujitsu Services (such agreement not to be unreasonably withheld or delayed by either party) in accordance with Change Control Procedure.

FUJ00000070

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| | | Months falling within Financial Years ending 31 March: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **CCN No.** | **Month when Gain Share payments commence:** | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| | | **Gain Share payments in £ per month** | | | | | | | | |
| CCN1219 | January 2008 | - | -9,766 | -2,650 | 1,591 | 1,690 | 0 | 0 | 0 | 0 |

FUJ00000070

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# SCHEDULE D2

## ORDERING INVOICING AND PAYMENT

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 4.0 | 23/02/09 | Baseline copy of 3.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1294d. |
| 9.0 | 13/01/14 | Applying changes as per CCN1349 and CCN1329a |
| 10.0 | 10/09/2015 | Applying changes as per CCN1426 and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE D2

## ORDERING INVOICING AND PAYMENT

1. **PURPOSE**

1.1 This Schedule sets out the procedures for:

1.1.1 the ordering of Call Off Services;

1.1.2 the ordering of Consumables;

1.1.3 the ordering of Work Packages;

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

1.1.5 the payment of all invoices by Post Office.

2. **ORDERING OF CALL OFF SERVICES**

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

3. **ORDERING OF POST OFFICE CONSUMABLES**

In the event that Post Office exercises its option to obtain Consumables from Fujitsu Services, Post Office shall inform Fujitsu Services of the nominated ordering point(s) for ordering such Consumables. The terms and conditions on which such Consumables are supplied are set out in Clause 14.

4. **ORDERING OF WORK PACKAGES**

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

4.2 A Work Order consists of:

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

(a) agreed Commercial Terms; and

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

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

4.2.3 a signed CCN in accordance with paragraph 4.6.

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

4.3.1 the number of man days of effort by grade;

4.3.2 the start and end dates required; and

FUJ00000070



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

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

4.4.1 the terms and conditions, or in the case of Development Services, the set of Agreed Form Terms & Conditions which shall apply to that Work Package Element and any variations applicable to the Work Package or Work Package Element in question;

4.4.2 any conditions to which the conclusion of the Work Order will be subject (for example, any dependencies on the Post Office, and any acceptance criteria);

4.4.3 any estimated resources which will be required;

4.4.4 the gross price of the Work Package or Work Package Element;

4.4.5 where required, the number of the related CCN; and

4.4.6 the offer expiry date (the "Expiry Date").

4.5 Where a Work Package is broken down into a number of constituent Work Package Elements, a master Agreed Form Commercial Terms may be agreed for the Work Package as a whole so that the Work Orders for its individual Work Package Elements may incorporate, or be made subject to, such master Agreed Form Commercial Terms by reference.

4.6 Where the carrying out of a Work Order would require an amendment to this Agreement, the related CCN must be agreed by the Parties and signed before the Work Order is placed.

## 5. PROCESS FOR AGREEING WORK ORDERS, MAJOR CHANGES TO WORK ORDERS AND ADMINISTRATION

5.1 The process for agreeing Work Orders set out in this Schedule D2 and, in relation to Development Services, also in Schedule B1.1:

5.1.1 may be used, subject to paragraph 5.2, for ordering any goods and services as the Parties so agree; and

5.1.2 shall be used for ordering the Development Services referred to in paragraph 3.1 of Schedule B1.1. Unless agreed otherwise by the Parties in the Commercial Relationship, the Work Ordering Procedure shall be the only method by which Development Services can be procured by Post Office from Fujitsu Services.

5.2 Work Orders shall not be used for:

5.2.1 Operational Business Change (except for multiple Operational Business Changes that the Parties wish to undertake in a single exercise);

5.2.2 work required in respect of subject information requests under the Data Protection Act 1998, as to which the provisions of paragraph 2.4.7 of Schedule A4 shall apply; or

5.2.3 Consumables.

5.3 The processes set out in Schedule B1.1 and this Schedule D2 are subject to the governance arrangements set out in Schedule A2.

FUJ00000070

CONFIDENTIAL

5.4 Requests for Work Packages, Agreed Form Commercial Terms and Purchase Orders shall be sent by Post Office to the address notified to it by Fujitsu Services in accordance with Clause 57 or as otherwise agreed by the Parties.

5.5 Proposals for Work Packages and Agreed Form Commercial Terms shall be sent by Fujitsu Services to the Post Office Change Control Manager.

5.6 Fujitsu Services' authorised representative shall, subject to paragraph 5.7, within three weeks of receipt of a request for a Work Package from Post Office in accordance with paragraph 5.4 or where this is not possible, within such other reasonable timeframe as Fujitsu Services may notify the Post Office Change Control Manager, offer to carry out Work Packages on the Commercial Terms by signing a proposed Agreed Form Terms & Conditions in relation thereto and delivering it to the Post Office Change Control Manager, Finsbury Dials, 1st Floor, 20, Finsbury Street, London, EC2Y 9AQ. If a CCN is required, a copy of the completed CCN signed by Fujitsu Services shall accompany the proposed Agreed Form Commercial Terms. The offer may be taken up by Post Office in the manner described in paragraph 5.8 up to midnight on the Expiry Date.

5.7 In relation to any requests for a Work Package that involve software development received from Post Office in accordance with paragraph 5.4 that, in order to provide a detailed response, would require analysis to be undertaken by Fujitsu Services after 31 March 2010, Fujitsu Services' obligation under paragraph 5.6 shall be for its authorised representative to provide Post Office within three weeks of receipt of that Work Package request with a high level response indicating the charges that would be payable by Post Office to Fujitsu Services for providing a detailed response to the Work Package request. Such high level response shall set out:

5.7.1 the number of man days of effort required by grade;

5.7.2 lead times, start and end dates for the work required; and

5.7.3 the nature of the task envisaged, to enable the appropriate skill set to be identified.

Following review of such high level response, Post Office shall, within a reasonable period, notify Fujitsu Services whether it wishes Fujitsu Services to respond to the request for Work Package on the terms proposed by Fujitsu Services (or such other terms as the Parties may agree) and if so shall authorise Fujitsu Services to produce a detailed response on those terms and otherwise in accordance with paragraph 5.6.

5.8 To place the Work Order for the Work Package on the basis of the Commercial Terms, Post Office Change Control Manager shall:

5.8.1 counter-sign the proposed Agreed Form Terms & Conditions;

5.8.2 where a CCN is required, counter-sign the CCN;

5.8.3 raise a Purchase Order in the amount of the gross price for the Work Package or Work Package Element and enter the Purchase Order number on to the signature sheet of the Agreed Form Terms & Conditions; and

5.8.4 deliver them to Fujitsu Services at the address referred to in paragraph 5.4 before midnight on the Expiry Date.

5.9 If a Work Order is received after the Expiry Date, Fujitsu Services may return the Work Order to Post Office within five Working Days clearly marked "rejected", in which case it shall be of no effect. If not so returned, it shall be deemed accepted notwithstanding that it was received after the Expiry Date.

FUJ00000070



5.10 If following the placing of a Work Order one or other Party discovers that it involves changes to the Agreement such that a CCN should have been agreed beforehand, that Party shall notify the other immediately and the Commercial Leads shall discuss the matter as soon as possible. If the Parties are unable to agree a CCN or a restriction of scope of the Work Order to avoid the need for a CCN, the Work Order shall be suspended and the costs committed on the Work Order up to that date shall be apportioned between the Parties equally.

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

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

5.12.1 a net increase to the relevant budget;

5.12.2 an overall extension of Release timescales; or

5.12.3 any significant increase to the risks assumed by Fujitsu Services or Post Office in the delivery or receipt of Services, prospective Services or the performance of work pursuant to a Work Order,

may be made in accordance with the Change Control Procedure.

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

5.13.1 the request by Post Office or proposal by Fujitsu Services for that change shall be dealt with in the same manner and in the same timescales as a request or proposal for Work Package, as described in paragraphs 5.1 to 5.9; and

5.13.2 the outcome of that request or proposal shall, if the change is approved by both Parties, be a new Work Order related to the Original Work Order.

## 6. FREQUENCY AND TIMING OF INVOICES

6.1 Schedule D1 Monthly Charges

6.1.1 Fujitsu Services shall raise invoices calendar monthly in arrear for the: Operational Charges; the Superstock Service Charges; the pre-paid Development Charges set out in paragraph 10.1 of Schedule D1; the Charges for Fujitsu Services' members of the SIP set out in paragraph 11 of Schedule D1; the Gain Share payments set out in Annex G to Schedule D1; and the Charges for Hardware set out in paragraph 15 of Schedule D1.

6.1.2 Additionally, Fujitsu Services shall raise invoices for the Charges set out in following paragraphs of Schedule D1 as they arise, calendar monthly in arrear: 3.1 (Charges for margin protection); 5.9 (Charges for CCN services); 7, other than paragraph 7.1 (Charges for Call Off Services); 12 (Charges for Transfer Services); 13 (Charges for capacity additions) and 14 (Charges for additional Paypoles and PIN Pads).

6.1.3 For the purposes of this Schedule D2 each calendar month shall constitute an "Invoicing Period" and each Invoicing Period shall commence on the first

FUJ00000070



(1st) day of the relevant calendar month and end on the last day of that calendar month.

6.2 Operational Business Change (Branch Change) Service

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

6.3 Third Party Management Services

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

6.4 Work Orders

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

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

(a) payment for Work Orders where the Work Package or Work Package Element consists of the provision of Professional Services shall be made monthly as each month's work is completed;

(b) payment for other Work Orders shall be made once the Work Package or Work Package Element has been completed and Post Office has confirmed in writing that all specified acceptance criteria have been satisfied; and

(c) the payment terms set out in paragraph 10 shall apply to any such payment.

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

(a) when:

(i) the Work Package or Work Package Element which is the subject matter of that Work Order has been completed and, if acceptance criteria are specified in the Work Order, Post Office has confirmed in writing that all those criteria have been satisfied; or

(ii) Post Office terminates or cancels the Work Order (where it is entitled to do so); or

(iii) any specified period for carrying out the work in the Work Order expires; and

(b) when Fujitsu Services has confirmed in writing that all invoices for that Work Order (which will be listed by Fujitsu Services) have been raised; and

(c) when Post Office has confirmed in writing that none of those invoices are disputed.

FUJ00000070



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

6.5 Consumables

Fujitsu Services shall raise invoices for Consumables following the acceptance of the Consumables by Post Office's designated delivery point.

6.6 Other amounts

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

6.7 Discrete invoices and Delivery Point

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

POLContractManagement@royalmail.com For the avoidance of doubt, paper copies will not be sent to Post Office Ltd.

6.8 Post Office Data Gateway (PODG) Client Connection Service

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

## 7. INVOICE DESIGN

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

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

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

7.3.1 invoice date;

7.3.2 such Purchase Order number as may have been supplied by Post Office to Fujitsu Services;

7.3.3 Work Package number (if relevant);

7.3.4 Invoicing Period;

7.3.5 Fujitsu Services' address and reference number for ACT purposes;

7.3.6 Fujitsu Services' VAT number;

FUJ00000070



7.3.7 the Post Office invoice address;

7.3.8 the total charge per Service;

7.3.9 discounts for early invoice settlement; and

7.3.10 other adjustments made.

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

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

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

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

| | |
|---|---|
| Financial Year 2011/2012 | £153692 |
| Financial Year 2012/2013 | £118140 |
| Financial Year 2013/2014 | £115291 |
| Financial Year 2014/2015 | £102014 |

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

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

## 8. APPLICATION OF LIQUIDATED DAMAGES AND POST OFFICE ADDITIONAL COSTS

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

FUJ00000070

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## 9. FINAL YEAR RETENTION

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

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

9.1.2 submit to Post Office an invoice equal to 80% (eighty percent) of the Charges calculated in accordance with sub-paragraph 9.1.1 above (the balance of 20% being referred to in this paragraph 9 as a "Retention").

9.2 Post Office shall pay to Fujitsu Services the value of the invoice submitted in accordance with sub-paragraph 9.1.2 plus VAT at the prevailing rate.

9.3 The final invoice for the final Financial Year of the Agreement shall include:

9.3.1 a calculation of all moneys outstanding to Fujitsu Services (including the two Retentions referred to in paragraph 9.1.2);

9.3.2 less any adjustments in respect of discounts and remedies;

9.3.3 plus an amount equal to interest on the Retentions at a rate per annum equal to LIBOR plus 1 per cent for the periods of the Retentions;

9.3.4 plus VAT at the prevailing rate.

9.4 Post Office shall pay to Fujitsu Services the value of the invoice submitted in accordance with paragraph 9.3.

## 10. PAYMENT OF INVOICES

10.1 The Contract Manager shall review the invoices and shall authorise valid invoices for payment.

10.2 Payment of Charges in relation to the Services, HNG-X Development and Associated Change Development performed under this Agreement and any other amounts duly payable by Post Office under this Agreement shall be made within 30 days (or such other period as is specified in this Agreement in respect of a particular Charge or other amount duly payable) after:

10.2.1 receipt by Post Office (at its nominated address for invoices) of an invoice for such amounts which complies with paragraph 7 and is validly raised in accordance with paragraph 6; or

10.2.2 in the case of an invoice for such amounts which complies with paragraph 7 and is submitted early in accordance with paragraph 10.3, the date that invoice could have been validly raised in accordance with paragraph 6.

10.3 Each invoice may be submitted by Fujitsu Services to Post Office's nominated address for invoices no earlier than one week before it may be validly raised in accordance with paragraph 6.

10.4 Payments will be made by Post Office to Fujitsu Services by Automated Credit Transfer (ACT) unless otherwise specified by Post Office.

## 11. REPORTS TO THE POST OFFICE

11.1 Fujitsu Services shall use reasonable endeavours to provide, within 21 days of the end of each month, a report to Post Office showing the current status as at the end of

FUJ00000070



that month of all current Work Orders and invoices relating to them. These reports will be sent as scanned documents electronically to POLContractManagement@ GRO and paper copies will not be sent. (For this purpose, a Work Order shall be current if Fujitsu Services expects to raise future invoices relating to it, or if there are invoices raised and not yet paid relating to it). This report shall be in the form of a spreadsheet and shall show for each current Work Order:

11.1.1 invoices raised and paid, with amounts, dates of invoice, dates of payment and relevant Purchase Order number;

11.1.2 invoices raised and not yet paid with amounts, dates of invoice, due dates of payment and relevant Purchase Order number;

11.1.3 invoices disputed with amounts, dates of invoice and relevant Purchase Order number; and

11.1.4 forecast amounts, dates of future invoices and relevant Purchase Order number (if relevant).

## 12. DISPUTES ARISING FROM INVOICES

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

## 13. ASSOCIATED DOCUMENTS

13.1 The following CCDs are associated with this Schedule D2:

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

13.2 There are no CRDs associated with this Schedule D2.

FUJ00000070

CONFIDENTIAL

# SCHEDULE D3

# GAIN SHARE

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all Schedules to v7.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/2015 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

CONFIDENTIAL

## SCHEDULE D3

## GAIN SHARE

1. **INTRODUCTION**

1.1 Where, in accordance with the provisions of this Agreement, in particular those relating to the governance and functions of the SIP set out in Schedules A2 and B1.2, the Parties agree to share the benefit resulting from a cost saving initiative or future development work:

1.1.1 the principles set out in this Schedule D3 (referred to in this Agreement as "Gain Share") shall govern the arrangements for sharing that benefit; and

1.1.2 the details of the arrangement shall be agreed on a case by case basis under a CCN or Work Order or otherwise agreed in writing.

2. **BENEFITS ELIGIBLE FOR GAIN SHARE**

2.1 The benefits from future initiatives or developments that shall be eligible for Gain Share (subject to agreement in accordance with paragraph 1.1.2) ("Benefits") are as follows:

2.1.1 net savings in Fujitsu Services' costs of delivering the HNG-X Services:

(a) excluding those resulting from any Partial Termination;

(b) excluding those resulting from measures taken by Fujitsu Services to reduce the costs in its business generally (except to the extent those measures have been taken specifically in order to generate savings in the provision of Services to Post Office);

(c) as adjusted to allow for variations in the number of Branches, Counter Positions and all other variables referred to in Schedule D1; and

(d) subject to paragraph 5.3, achieved without changing the HNG-X Services, the Service Levels or other provisions of this Agreement;

2.1.2 net savings in Post Office's costs, achieved by involving the SIP, in respect of future IT developments;

2.1.3 net savings in Post Office's non-IT costs that result from initiatives brought to the SIP by Fujitsu Services; and

FUJ00000070



2.1.4 Post Office's increase in profits or reduction in losses arising from new additional revenues from product developments that result from initiatives brought to the SIP by Fujitsu Services. This shall be net of any contribution that is displaced by the new product.

2.2 Where the Parties identify potential initiatives or developments that may result in Benefits arising:

2.2.1 the most appropriate Party shall produce a reasonably detailed business case in writing analysing the potential initiative or development, amounts proposed for investment and the potential Benefits arising. Information from each Party required to produce such a business case that is obtainable through operation of the provisions of Schedule D4 shall be used in such business case; and

2.2.2 such business case shall be presented to the Systems Integration Partnership and Executive Relationship at the earliest opportunity which shall be responsible for determining as soon as reasonably practicable whether and how to implement the relevant initiative or development. The Parties shall only proceed with an initiative or development where they agree that sufficient Benefits will arise from the relevant initiative or development to provide an adequate return to enable each Party to obtain approval for their respective business cases in accordance with internal policies then in force.

2.3 In relation to Benefits within the scope of paragraphs 2.1.2, 2.1.3 or 2.1.4, these shall only be shared by the Parties if the initiative or development work in question is included in the Working Document managed by the Systems Integration Partnership and Executive Relationship referred to in Annex 1 to Schedule A2.

## 3. PAYMENT/CREDIT

3.1 Benefits may be apportioned between the Parties by:

3.1.1 sharing (in accordance with the principles set out in this Schedule) the cost savings that arise from the cost saving initiative or development in question and:

(a) in the case of cost savings made by Fujitsu Services, reducing the Charges under the Change Control Procedure to reflect Post Office's share of those cost savings; and/or

(b) in the case of cost savings made by Post Office, agreeing the payments that will be made by Post Office to Fujitsu Services to reflect Fujitsu Services' share of those savings,

FUJ00000070



in each case, provided that each party has carried out those actions that it agreed to undertake in order to achieve the relevant Benefits; and/or

3.1.2 sharing (in accordance with the principles set out in this Schedule) Post Office's increase in profits or reduction in losses arising from new additional revenues that result from the initiative or future development in question.

3.2 If the Parties agree that paragraph 3.1.1(b) or 3.1.2 apply, Post Office shall pay Fujitsu Services' agreed share of the Benefits which, unless otherwise agreed, shall be invoiced monthly in arrear in accordance with the provisions of Schedule D2.

3.3 The amount of the Benefits from each initiative or development available for Gain Share by each Party shall be ascertained in accordance with the provisions of Schedule D4.

3.4 Any agreed share of Benefits duly payable to Fujitsu Services under this Schedule D3 shall continue beyond termination or expiry of the entire Agreement, and the Open Book provisions in Schedule D4 shall continue to apply to enable verification of the Benefits available.

## 4. GAIN SHARE PRINCIPLES

4.1 Subject to paragraph 5, the Benefits resulting from each initiative or development shall be shared between the Parties according to the following principles:

4.2 **Investment Recovery**

4.2.1 Each Party shall be entitled to recover:

(a) its actual investment in the initiative or development; plus

(b) sufficient additional amounts to deliver an internal rate of return equal to the official Bank of England rate plus 2% per annum,

to the extent the aggregate of (a) and (b) is less than or equal to the Benefits (such amount being the "Investment Recovery").

4.2.2 Investment Recovery by each Party shall be achieved over the life of the assets acquired for the initiative or development or the duration of the initiative or development (as applicable) and shall be phased such that Investment Recovery is paid for out of the Benefits.

4.2.3 The amount of the Benefits utilised for Investment Recovery shall (if possible) be a fixed proportion (to be agreed on a case by case basis)

FUJ00000070



of the Benefits in each of the years over the life of the assets acquired for the initiative or development or the duration of the initiative or development (as applicable).

4.2.4 Each Party's Investment Recovery as a share of the Benefits shall be in proportion to the amount actually invested by that Party in the initiative or development as compared to the amount actually invested by the other Party in that initiative or development.

4.3 **Additional Benefits**

4.3.1 Subject to paragraph 4.4.1, where Fujitsu Services provides actual investment entitling it to an Investment Recovery under paragraph 4.2, the proportion of the Benefits remaining after that allocated for Investment Recovery in accordance with paragraph 4.2 ("Additional Benefits") shall, subject to paragraph 4.3.2, be allocated between the Parties as follows:

(a) in the first twelve calendar months of Investment Recovery, Additional Benefits shall be allocated 70% to Fujitsu Services and 30% to Post Office;

(b) in the twelve calendar months after (a), Additional Benefits shall be allocated 50% to Fujitsu Services and 50% to Post Office;

(c) in the twelve calendar months after (b), Additional Benefits shall be allocated 30% to Fujitsu Services and 70% to Post Office; and

(d) in subsequent years all Additional Benefits shall be allocated to Post Office.

If the initiative or development in question is implemented in stages or is phased, the Additional Benefits resulting from each such stage or phase shall be treated separately and shared in accordance with the provisions above in this paragraph 4.3 with effect from the date of implementation of that stage or phase.

4.3.2 If Fujitsu Services' anticipated return, being calculated as the internal rate of return of a cash flow at constant prices (i.e. without adjustment for inflation) and before tax, comprising (i) its investment (as a negative amount) and (ii) its Investment Recovery and (iii) its share of the Additional Benefits (each of (ii) and (iii) as positive amounts):

(a) is less than 13% per annum then Fujitsu Services' share of the Additional Benefits shall be increased and Post Office's share decreased such that Fujitsu Services' total return on investment is above its

FUJ00000070



anticipated total return on investment but no more than the lesser of:

(i) 13% per annum; and

(ii) the level at which Fujitsu Services' and Post Office's similarly calculated anticipated total internal rates of return on investment are equal; or

(b) exceeds 30% per annum then Fujitsu Services' share of the Additional Benefits shall be decreased and Post Office's share increased such that Fujitsu Services' total return on investment is equal to 30% per annum.

In the case of both (a) and (b) any such adjustments to the share of Additional Benefits will be on a basis that takes into account the years in which the investment is made and the extent of investment made in each year.

4.4 **Alternative Approach**

4.4.1 Where Fujitsu Services does not provide any actual investment entitling it to an Investment Recovery in relation to an initiative or development resulting in Benefits or if the application of the principles set out in this paragraph 4.4 in respect of any Additional Benefits would result in Fujitsu Services having a greater share of those Additional Benefits than it would do under paragraph 4.3, then the principles set out in this paragraph 4.4 shall apply instead of those in paragraph 4.3.

4.4.2 In relation to each initiative or development resulting in Benefits, any Additional Benefits (which, if Fujitsu Services does not provide any actual investment, shall be the proportion of the Benefits remaining after that allocated for Investment Recovery to Post Office only) shall be allocated between the Parties as follows:

(a) in the first thirty six calendar months of Investment Recovery, Additional Benefits shall be allocated 10% to Fujitsu Services and 90% to Post Office; and

(b) in subsequent years all Additional Benefits shall be allocated to Post Office.

4.4.3 If the initiative or development in question is implemented in stages or is phased, the Additional Benefits resulting from each such stage or phase shall be treated separately and shared in accordance with the provisions above in this paragraph 4.4 with effect from the date of implementation of that stage or phase.

FUJ00000070



4.5 For Benefits of the type described in paragraph 2.1.1, if during the periods referred to in paragraphs 4.3.1(a) to (c) (inclusive) and 4.4.2(a) in which Additional Benefits are apportioned (as adjusted in accordance with paragraph 4.3.2, where applicable) it is established through Benchmarking that the Charges for delivering an HNG-X Service (excluding the Gain Share payments (if any) in respect of that HNG-X Service) are above the target price range (as described in paragraph 3.8 of Schedule D6) the Gain Share payments being made to Fujitsu Services in respect of that HNG-X Service shall cease.

## 5. ALTERNATIVE GAIN SHARE APPROACHES

5.1 The Parties acknowledge and agree that the Gain Share principles set out in this Schedule in relation to the Benefits eligible for Gain Share and the means of sharing those benefits may not be applicable or appropriate to every Gain Share initiative or development.

5.2 Each Party shall consider and shall not unreasonably withhold or delay its agreement to any reasonable modified or alternative Gain Share arrangement proposed by the other Party in relation to a particular initiative or development. Such matters shall be dealt with by the Systems Integration Partnership and Executive Relationship.

5.3 The parties acknowledge and agree that in exceptional circumstances it may be beneficial to consider proposals which generate savings in the Charges but only if the HNG-X Services, Service Levels or other provisions of this Agreement are changed. Any Gain Share payable in such cases shall be agreed on a case by case basis following the general approach set out above.

## 6. ASSOCIATED DOCUMENTS

6.1 There are no CCDs associated with this Schedule D3.

6.2 There are no CRDs associated with this Schedule D3.

FUJ00000070

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# SCHEDULE D4

# OPEN BOOK

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to V7.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE D4

## OPEN BOOK

### 1. INTRODUCTION

1.1 The purpose of this Schedule D4 is to define and set out the principles of Open Book cost verification and reporting in relation to HNG-X Development Charges and Migration Charges.

1.2 Fujitsu Services warrants to Post Office that the HNG-X Baseline Open Book Information is, and undertakes that all other information supplied pursuant to this Schedule D4 will be, to the best of the knowledge and belief of Fujitsu Services, having taken reasonable steps to verify the same, true, accurate and not misleading as at the date at which it is supplied and prepared on the same basis, and with the same data, as used by Fujitsu Services for its own accounting records and planning processes.

1.3 Open Book will apply to any information which Post Office reasonably requests to:

1.3.1 verify any proposed variations to the Charges, prior to agreement to such variations under the Change Control Procedure and limited to those items which relate to the parts of the Charges intended to be amended;

1.3.2 investigate through the SIP all cost reduction opportunities, either as part of a specific project or as part of a review of business and technical strategies;

1.3.3 verify that cost savings generated that will be eligible for Gain Share are being stated accurately and in full (including in relation to the amount of Benefits);

1.3.4 verify the Migration Charges;

1.3.5 verify the costs of reinstatement of Horizon Applications in Branches, where Fujitsu Services is entitled to charge Post Office for such costs under Clause 47.13.2; and

1.3.6 verify the following:

(a) costs associated with the procurement of associated activities from third parties in accordance with paragraph 5.2 of Schedule A1 (if Fujitsu Services is appointed as the Preferred Systems Integrator);

(b) charge to Post Office of the Fujitsu Service Cost, as referred to in paragraph 2.1.1 of Schedule A4;

(c) additional Operational Charges in the period from 31 March 2010 if Project HNG-X is terminated for convenience, as referred to in paragraph 6.2 of Schedule D1;

FUJ00000070



(d) the basis of any fixed price proposed by Fujitsu Services for Development Services (prior to agreement upon such price) as referred to in paragraph 10.9 of Schedule D1;

(e) cost to Fujitsu Services of employment of Fujitsu Services SIP Team Members, as referred to in paragraph 11.1 of Schedule D1;

(f) costs incurred by Fujitsu Services as a result of a Design Limit being exceeded as referred to in paragraph 13.3 of Schedule D1;

(g) the basis of any fixed price proposed by Fujitsu Services for enhancements to the Infrastructure (prior to agreement upon such price) as referred to in paragraph 13.4.2 of Schedule D1;

(h) the adjustment in costs incurred by Fujitsu Services as a result of the applicable limits on the volumes of monthly calls to the Service Desk being exceeded or not being reached as referred to in paragraph 2.4.2.1 of the CCD entitled "Service Desk: Service Description" (SVM/SDM/SD/0001);

(i) the adjustment in costs incurred by Fujitsu Services as a result of any increase to the percentage of Incidents logged via a Web Interface as referred to in paragraph 2.4.2.3 of the "Service Desk: Service Description" (SVM/SDM/SD/0001);

(j) the basis of any price proposed in connection with a proposed change to a level of service as referred to in paragraph 2.4.2.4 of the CCD entitled "Service Desk: Service Description" (SVM/SDM/SD/0001); and

(k) the costs associated with an extension pursuant to Clause 10.8 of the Superstock Service, as the basis for revising the Charges for the Superstock Service pursuant to that Clause.

1.4 Any information requested by Post Office in accordance with this Schedule D4 shall be provided by Fujitsu Services in relation to the costs, Charges or prices in question:

1.4.1 subject to paragraph 2.1, in a form which reasonably demonstrates the basis upon which the costs have been or are forecast to be incurred by Fujitsu Services.

1.4.2 in the form of such financial, accounting and other information as Post Office may reasonably require to verify those costs; and

1.4.3 as soon as reasonably practicable.

1.5 Where the cost item to be verified in accordance with this Schedule D4 relates to a product or service which is to be provided by Fujitsu Services in the performance of its obligations under this Agreement and such product or service is procured from within

FUJ00000070



the Fujitsu Services Group, Fujitsu Services shall provide a certificate executed by Fujitsu Services' Chief Financial Officer confirming that:

1.5.1 such product or service has been provided within the Fujitsu Services Group on a break-even basis; and

1.5.2 the costs of such products or services, as reflected in the Charges to Post Office, are consistent with those that are or would be reflected in the charges to other customers of Fujitsu Services if such customers do or were to receive the benefit of the same or substantially similar products or services.

## 2. COST INFORMATION IN RELATION TO VARIED CHARGES

2.1 For the purpose set out in paragraph 1.3.1, the information that Post Office shall be entitled to request from Fujitsu Services shall be:

2.1.1 in relation to any proposed variations of any of the following services, the following cost information:

(a) Service Desk Service

(i) Total headcount;

(ii) Total number of help desk workstations;

(iii) Total headcount related costs and itemisation of what these comprise;

(iv) 'Seat' costs, for example the software, hardware, support and maintenance required to provide the Horizon Service Desk environment; and

(v) Service management headcount and headcount costs.

(b) Engineering Service

(i) Cost of repairs;

(ii) Number of engineering visits;

(iii) Total cost of engineering visit;

(iv) Total cost of router and battery deployment and portable appliance testing; and

(v) Service management headcount and headcount costs.

(c) Operational Business Change (Branch Change) Service

FUJ00000070

CONFIDENTIAL

- Headcount.

(d) Data Centre Operations Service

(i) Total headcount related costs;

(ii) Total hardware maintenance;

(iii) Total hosting costs; and

(iv) Service management headcount and headcount costs.

(e) Systems Management Service

(i) Headcount;

(ii) Total headcount related costs;

(iii) Number of seats;

(iv) Total cost of seats; and

(v) Systems management third party software support costs.

•

(f) Network related Services

(i) Branch Network Service: number of lines and cost per line per service;

(ii) Central Network Service:

(1) Circuit details and costs; and

(2) Network hardware component maintenance; and

(iii) Network management:

(1) Total headcount related costs; and

(2) Third party service management.

(iv) Service management headcount and headcount costs.

(g) Reference Data Management Service

(i) Headcount; and

FUJ00000070



(ii) Total headcount related costs.

(h) Third Line Software Support Service

(i) Headcount; and

(ii) Total headcount related costs.

(i) Management Information Service

(i) Headcount; and

(ii) Total headcount related costs.

(j) Service Management Service

(i) Headcount; and

(ii) Total headcount related costs.

(k) Reconciliation Service

(i) Headcount; and

(ii) Total headcount related costs.

(l) Security Management Service

(i) Headcount; and

(ii) Total headcount related costs.

(m) Application Support Service (Fourth Line)

(i) Headcount;

(ii) Total Headcount related costs; and

(iii) Third party costs.

(n) Service Integration Service

(i) Headcount;

(ii) Total headcount related costs; and

(iii) Third party costs; and

(o) Third Party Management Service

FUJ00000070



(i) Headcount;

(ii) Total headcount related costs; and

(iii) Third party costs.

2.1.2 in relation to any modified or additional non-annualised Charges, details of proposed new or modified capital expenditure in relation to Project HNG-X, the Associated Changes or future projects, such details shall include the quantities, specification, model number, price for each major hardware item, and associated software licences.

2.2 Information provided in accordance with paragraph 2.1 shall be provided in the same format and at the same level of detail as the corresponding information in the HNG-X Baseline Open Book Information.

## 3. OTHER FUJITSU INFORMATION

3.1 In respect of any Charge for services or goods which is stated in Schedule D1 to be priced on an Open Book basis, information provided in accordance with paragraph 1.4 shall include (without limitation) copies of invoices and estimates from suppliers and subcontractors providing those services or goods to Fujitsu Services and details of Fujitsu Services' own costs in similar detail to the HNG-X Baseline Open Book Information for the relevant services.

## 4. POST OFFICE INFORMATION

4.1 Post Office shall, upon the request of Fujitsu Services, provide information to Fujitsu Services which reasonably demonstrates the basis upon which any Gain Share has been calculated by Post Office (but not in relation to net savings in Fujitsu Services' costs of delivering the HNG-X Services in respect of each SIP initiative).

4.2 Any information requested by Fujitsu Services in accordance with paragraph 4.1 shall be provided by Post Office:

4.2.1 in the form of such financial, accounting and other information as Fujitsu Services may reasonably require to verify the costs incurred by Post Office or otherwise verify the basis on which Gain Share has been calculated;

4.2.2 as soon as reasonably practicable; and

4.2.3 accompanied by a certificate from Post Office's Finance Director stating the information supplied is, to the best of his knowledge and belief, having made reasonable enquires to verify the same, true, accurate and not misleading but only to the extent this can be achieved using the management accounting and costing systems normally used by Post Office.

FUJ00000070

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## 5. ASSOCIATED DOCUMENTS

5.1 The following CCDs are associated with this Schedule D4:

| | Document Reference | Document Title |
|---|---|---|
| 1 | COM/MGT/PRO/0002 | HNG-X Baseline Open Book Information |

5.2 The following CRDs are associated with this Schedule D4:

| | Document Reference | Document Title |
|---|---|---|
| | No CRDs Applicable | |

FUJ00000070

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# SCHEDULE D5

# AUDIT

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.2 | 11/10/06 | Minor corrections by FS |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 31/03/10 | Applying changes as per CCN1276a |
| 7.0 | 10/05/10 | Moving schedules to V7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349 and CCN1322b |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

CONFIDENTIAL

# SCHEDULE D5

# AUDIT

## 1. SCOPE

1.1 This Schedule identifies:

1.1.1 in paragraphs 2 to 6 (inclusive) the audit requirements with which Fujitsu Services and its sub-contractors shall comply in connection with Post Office's rights set out in Clause 25 to audit Fujitsu Services' compliance with this Agreement; and

1.1.2 in paragraph 7, provisions of this Agreement dealing with the audit trail of Transactions.

## 2. POST OFFICE'S AGENTS

2.1 For the purpose of this Schedule, Post Office's Agents shall mean:

2.1.1 Post Office;

2.1.2 internal auditors of Post Office or of the Royal Mail Group;

2.1.3 statutory or regulatory auditors of Post Office;

2.1.4 external auditors appointed by Post Office; and

2.1.5 authorised agents or successors of the persons listed in paragraphs 2.1.1 to 2.1.4 (inclusive) above.

## 3. RECORD KEEPING

3.1 Fujitsu Services shall maintain or shall cause to be maintained an audit trail of all Transactions and Events in strict conformance to the relevant standards contained in the documents referred to in paragraph 4.1.4 of Schedule A4.

3.2 Paragraph 3.1 shall not apply in respect of the Superstock Solution or the Salesforce Support Service Hosting.

3.3 The audit trail of Records to which Post Office's Agents may have access in accordance with Clause 25 and paragraph 4 is referred to as the commercial audit trail in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006).

3.4 The exclusion in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006) of any items from the Records shall not prevent Post Office from receiving those items (or information relating to the same) where Post Office is entitled to such items or information in accordance with the provisions of Schedule D4. To the extent that Post Office duly requests and receives Open Book information from Fujitsu Services in

FUJ00000070



accordance with the provisions of Schedule D4 then, notwithstanding any such exclusions in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006), Post Office Agents shall have access to that Open Book information as part of the Records, but shall not be entitled to any additional material pursuant to paragraph 4 as a result of that Open Book information being part of the Records.

## 4. ACCESS

4.1 Fujitsu Services shall provide Post Office's Agents with access to such additional material as may be reasonably required to support the Records. Such access shall include access to:

4.1.1 premises;

4.1.2 facilities;

4.1.3 services;

4.1.4 documentation;

4.1.5 information (magnetic or otherwise);

4.1.6 staff;

4.1.7 procedures; and

4.1.8 timesheets and other data used directly as a basis for charging,

4.1.9 belonging to Fujitsu Services, which relate to the provision of the Services.

4.2 Fujitsu Services shall provide reasonable assistance at all times during the currency of this Agreement for the purposes of allowing Post Office to obtain such information as is necessary to fulfil Post Office's obligations to supply information for parliamentary, judicial, regulatory or administrative purposes.

4.3 On notification of an audit as specified in paragraph 5 Fujitsu Services shall provide Post Office's Agents with reasonable access to the audit trail referred to in paragraph 3.1 and the facility to interrogate that audit trail using reasonably selected criteria.

4.4 Post Office shall require Post Office's Agents to comply with Fujitsu Services' reasonable security requirements whilst on the Fujitsu Services' premises, the scope of which Fujitsu Services shall notify to Post Office's Agents directly on notification of audit.

## 5. NOTIFICATION OF AUDIT

5.1 Subject to Clause 25.3 (Audit), Fujitsu Services and Post Office shall from time to time agree arrangements (such agreement not to be unreasonably withheld or delayed), including timescales, for audits required by Post Office.

FUJ00000070



5.2 With respect to Clause 25.3 (Audit), where the investigations find no evidence of fraudulent activity or other impropriety by Fujitsu Services or Fujitsu Services' agents, then at the discretion of Post Office, Fujitsu Services may be paid reasonable additional charges for its assistance.

## 6. RESPONSE TO AUDITS

6.1 General

6.1.1 Post Office's Agents may produce reports to Post Office indicating areas of non-compliance with the Agreement or any other reports they deem appropriate. Post Office's Agents may also make recommendations.

6.1.2 Following each audit Post Office shall provide, to Fujitsu Services, a report approved by Post Office's Agents indicating:

6.1.2.1 any areas of non-compliance with this Agreement which Fujitsu Services is required to rectify; and

6.1.2.2 any audit recommendation with which Post Office requests Fujitsu Services to comply.

6.1.3 Post Office shall give Fujitsu Services a minimum of 30 days to review the factual issues relevant to Fujitsu Services which are raised by the audit reports and to comment upon the recommendations.

6.1.4 In the event that Fujitsu Services disputes the findings of any audit then the Dispute Resolution Procedure shall be invoked.

6.2 Action on agreed Non-Compliance

Any agreed non-compliance shall constitute a Default and Fujitsu Services shall at Fujitsu Services' own expense, implement any changes necessary to remedy areas of non-compliance with the terms of the Agreement as identified by Post Office's Agents.

6.3 Action on Recommendations

Post Office may request Fujitsu Services to implement audit recommendations in accordance with the provisions of the Change Control Procedure.

6.4 Evidence

Fujitsu Services shall provide, in accordance with the timescales agreed in the implementation plan for any change arising from an audit, evidence, either documentary or demonstrative, of changes required by Post Office in accordance with paragraphs 6.2 and 6.3 above, and shall, if required, provide access to the representatives of Post Office, to permit Post Office's Agents to monitor and confirm the implementation of such changes.

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## 7. AUDIT TRAIL OF TRANSACTIONS

7.1 The Business Capabilities and Support Facilities provided by Fujitsu Services relating to the audit trail of Transactions undertaken in Branches are provided for in Schedule B3.2 and the provisions dealing with the operational audit trail set out in the CCD entitled "Audit Trail Functional Specification" (CR/FSP/006).

7.2 Fujitsu Services shall ensure that Post Office's Agents can gain access in each Branch to the Post Office Data in respect of that Branch held by Fujitsu Services to enable internal Post Office audit requirements to be met.

7.3 Paragraph 7.2 shall not apply in respect of the Superstock Solution or the Salesforce Support Service Hosting.

## 8. ASSOCIATED DOCUMENTS

8.1 The following CCDs are associated with this Schedule D5:

| | Document Reference | Document Title |
|---|---|---|
| 1 | CR/FSP/006 | Audit Trail Functional Specification |

8.2 The following CRDs are associated with this Schedule D5:

| | Document Reference | Document Title |
|---|---|---|
| | NO CRDs APPLICABLE | |

FUJ00000070

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# SCHEDULE D6

# MARKET TESTING

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections |
| 2.0 | 25/01/07 | Baseline copy of 1.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 04/01/10 | Amendments as per CCN 1268 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to V7.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349 and CCN1400 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE D6

# MARKET TESTING

## 1. OVERVIEW

1.1 This Schedule D6 defines the processes available to the Parties for Market Testing the Testable Services.

## 2. MARKET TESTING METHODS

2.1 Subject to paragraphs 5.1 and 6.1, the Market Testing method for all Testable Services shall be Benchmarking.

2.2 Fujitsu Services may not increase any Charges, decrease any Services Levels or (unless required by Post Office pursuant to paragraph 4.3) cease providing any Services in connection with or as a consequence of Market Testing save where Fujitsu Services participates in Competitive Tendering and is appointed by Post Office as the winning tenderer, in which case the Agreement shall be amended under the Change Control Procedure to reflect Fujitsu Services' tender as described in paragraph 4.3.3(a).

2.3 Governance in respect of Market Testing in terms of monitoring, review and reporting of events and progress and issue resolution shall be managed by the Commercial Relationship and overseen by the Systems Integration Partnership and Executive Relationship, as described in Schedule A2.

## 3. BENCHMARKING

3.1 The purpose of Benchmarking (the "Benchmark Purpose") is to compare the value for money of the Benchmark Services with Equivalent Services. The focus shall be on comparing the price of the Benchmark Services with market prices, but taking account of current technologies at the time of Benchmarking, and not restricted to the same technical solution as is used in the HNG-X Services.

3.2 The target price range for each Benchmark Service shall be as described in paragraph 3.8.

3.3 The Charges for the Benchmark Service to be used in Benchmarking comparisons are the Charges then set out in paragraph 2 of Schedule D1 (as adjusted in accordance with paragraph 4 of Schedule D1) for that Service for the remaining term of the Agreement, applying the volumes (in relation to any variable Charges) then forecast in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033), excluding (i) the Service Management Element, and (ii) any Gain Share payments that may be payable to Fujitsu Services in relation to cost savings in respect of that Service.

3.4 Fujitsu Services shall, unless paragraph 5.1.2 applies, initiate Benchmarking and unless any of paragraphs 5.1.1, 5.1.3, 6.1.1 or 6.1.3 apply procure that Benchmarking is completed in respect of each Testable Service referred to in the Benchmarking timetable in Annex 2 (as such timetable is varied in accordance with paragraph 3.5) in each

FUJ00000070



Financial Year in which that Service is due to be Benchmarked as set out in that timetable up to and including 31st March 2015. After 31st March 2015, the Parties acknowledge and agree that there shall be no Benchmarking of Testable Services.

3.5 The Benchmarking timetable in Annex 2 may be revised and any Testable Services set out in Annex 1 may be added to that timetable by written agreement between the Parties, subject to the following provisions:

3.5.1 no more than two Testable Services shall be timetabled for Benchmarking in any Financial Year;

3.5.2 no Testable Service shall be timetabled for Benchmarking more than once every three Financial Years; and

3.5.3 no Testable Service shall be Benchmarked before the Service first becomes eligible for Benchmarking as set out in Annex 1.

If no revisions are agreed to the timetable in Annex 2 then, subject to paragraph 3.5.3, that shall be the timetable for Benchmarking. The date in the Benchmarking timetable by which a Benchmarking is due to be completed shall be put back, day for day, to the extent that Post Office unreasonably withholds or delays its agreement under paragraph 3.7.3 to the Benchmarker's proposed approach for that Benchmarking.

3.6 Fujitsu Services shall procure Benchmarking from the Benchmarking consultancy who ordinarily provides benchmarking services to Fujitsu Services, provided that that person is an independent and generally recognised, within the IT industry, benchmarking consultancy in the United Kingdom (the "Benchmarker"). The Parties acknowledge that at the date of this Agreement Fujitsu Services uses Gartner Consulting or Compass Management Consulting as its benchmarking consultant, either of which may be used by Fujitsu Services as the Benchmarker so long as it remains an independent and generally recognised, within the IT industry, benchmarking consultancy in the United Kingdom. Any alternative benchmarking consultancy used to undertake Benchmarking that meets the requirements of the first sentence of this paragraph shall be notified by Fujitsu Services to Post Office.

3.7 Fujitsu Services shall procure that:

3.7.1 the Benchmarker shall select services for the Benchmark Group of an appropriate standard, quality and relevance to the Benchmark Services in order to achieve the Benchmark Purpose having due regard to all relevant factors, including the nature and type of service concerned and the requirement of the service recipient in relation thereto. The Benchmark Group shall (where such services are available in the market) include examples of services which meet the same business requirements as a Benchmark Service, but which utilise more recent technology than that used to deliver the relevant Benchmark Service;

3.7.2 no later than 30 Working Days before the date notified by Fujitsu Services to Post Office when each Benchmarking is due to commence, Post Office shall be provided with the Benchmarker's proposed approach to Benchmarking,

FUJ00000070



including the Benchmark Group that is proposed and the metrics to be used in adjusting benchmark data so that comparisons can be made on a like-for-like basis;

3.7.3 without prejudice to Post Office's right under paragraph 6.1.3, the Benchmarker shall make such changes to the approach as the Parties and the Benchmarker consider and agree to be reasonable, such changes to the approach to be agreed no later than 20 Working Days before the Benchmarking is due to commence. Either Party may include within such changes as are requested a request that the Benchmark Group includes a service that meets the same business requirements as the Benchmark Service, irrespective of the technology used to deliver that service;

3.7.4 within 30 Working Days following the date on which a particular Benchmarking is due to be completed in accordance with the timetable referred to in paragraph 3.4, the Benchmarker shall deliver a benchmarking report to each Party (a "Benchmarking Report"). The Benchmarking Report shall contain the documented findings and recommendations of the Benchmarker, including any key financial and technical information supporting such recommendations; and

3.7.5 Post Office is given such direct access to the Benchmarker and the data and information underlying the Benchmarking Report as Post Office may reasonably require in order to discuss and understand the Benchmarking Report and its assumptions.

3.8 If the Charges for the Benchmark Services (as described in paragraph 3.3) are greater than the amount "A" calculated using the following formula those Charges shall be deemed to be above the target price range, that range, for the purposes of this Schedule D6, being the range between the lowest price service in the Benchmark Group and the amount "A".

$A = ((0.375N - Z) \times (P2 - P1)) + P1$

where

N is the total number of services in the Benchmark Group;

Z is the integer part of 37.5% of N;

P1, having put the services in the Benchmark Group in ascending order by price (such prices having been adjusted pursuant to any agreed weighting mechanism applied by the Benchmarker) and numbered those services consecutively starting at one for the service with the lowest price, is the price for the service numbered Z; and

P2 is the price for the service numbered Z + 1, such price having been adjusted pursuant to any agreed weighting mechanism applied by the Benchmarker.

3.9 If, pursuant to paragraph 3.8, the Charges for the Benchmark Service are deemed to be above the target price range, within 30 days of the issue of the Benchmarking Report Fujitsu Services shall:

FUJ00000070



3.9.1 either adjust its price for the Benchmark Service so that it falls within the target price range and continue to provide the Benchmark Service as previously; or

3.9.2 initiate Competitive Tendering in accordance with paragraph 5 to appoint a new sub-contractor to Fujitsu Services in respect of the Benchmark Service so that the Benchmark Service may be provided more cost-effectively; or

3.9.3 notify Post Office that (i) it does not consider it possible to provide the Benchmark Service at a price that is within the target price range and achieve an adequate gross margin on that Benchmark Service and (ii) its reasons for this conclusion.

## 4. COMPETITIVE TENDERING

4.1 The purpose of Competitive Tendering is to identify potential alternative suppliers of Competitive Tendering Services (either as potential sub-contractors to Fujitsu Services or as direct suppliers of the service to Post Office) who can offer improved value for money in providing the Competitive Tendering Services.

4.2 Competitive Tendering may be carried out either:

4.2.1 by Fujitsu Services (for the purpose of finding a new sub-contractor), in the circumstances described in paragraph 5.1; or

4.2.2 by Post Office (for the purpose of finding a new direct supplier) pursuant to paragraph 6.1.

4.3 Following Competitive Tendering, Post Office may decide at its sole option:

4.3.1 to continue with the current Service from Fujitsu Services at the current prices;

4.3.2 in the case of Competitive Tendering undertaken by Fujitsu Services where the outcome of the tender process is such that, if Fujitsu Services was to sub-contract all or part of the Competitive Tendering Service in question to an alternative service provider identified in the tender process a downward revision to the Charges would be, in the mutual opinion of the Post Office and Fujitsu Services, deliverable, to require Fujitsu Services to sub-contract such Competitive Tendering Service to such alternative service provider and revise its Charges accordingly so that the Charge for that Competitive Tendering Service shall be equivalent to the sum of: (i) the costs to Fujitsu Services of that sub-contract (which may include Interface Establishment Costs allocated to such alternative service provider), (ii) the Relevant Margin thereon, and (iii) the Service Management Element; or

4.3.3 in the case of Competitive Tendering undertaken by Post Office:

(a) where Fujitsu Services is the winning tenderer, to continue with the Competitive Tendering Service from Fujitsu Services on a revised basis to be agreed under the Change Control Procedure, to reflect the

FUJ00000070



specification and charges for that service tendered by Fujitsu Services, as amended and agreed with Post Office; or

(b) where the outcome of the tender process is that an Equivalent Service to the Competitive Tendering Service is available at a price which is less than the Charges for that Competitive Tendering Service (excluding (i) the Service Management Element, and (ii) any Gain Share payments that may be payable to Fujitsu Services in relation to cost savings in respect of that Service) either:

(i) to invite Fujitsu Services to appoint the winning tenderer as a new subcontractor within 60 Working Days (or such other period as the Parties may agree) of such invitation and to revise its Charges for the Competitive Tendering Service on the same basis as such Charges may be revised under paragraph 4.3.2; or

(ii) to appoint the winning tenderer as a direct supplier to Post Office and terminate that Competitive Tendering Service (as a Terminable Service) in accordance with Clause 47.10.1 of the Agreement.

4.4 In the event that Post Office exercises its option pursuant to paragraph 4.3.3(b)(i) and either:

4.4.1 Fujitsu declines to appoint such winning tenderer; or

4.4.2 the time limit specified in paragraph 4.3.3(b)(i) expires prior to Fujitsu Services appointing the winning tenderer,

Post Office may, at its sole option, exercise its rights under paragraph 4.3.3(b)(ii), failing which paragraph 4.3.1 shall apply.

## 5. COMPETITIVE TENDERING BY FUJITSU SERVICES

5.1 Fujitsu Services shall undertake Competitive Tendering where:

5.1.1 subject to paragraph 6.1.3, the Benchmarker notifies the Parties that, in the Benchmarker's reasonable opinion, due to the lack of availability of suitable services for inclusion in the Benchmark Group or other reasons in connection with the Benchmarking process or criteria, it will not be or has not been possible to perform a satisfactory Benchmarking for that Service and the Parties agree that Competitive Tendering by Fujitsu Services may result in a downward revision to the Charges for the Testable Service in question; or

5.1.2 the Parties have agreed that the Testable Service is one which should be provided by Fujitsu Services through sub-contractors, with the aim that each such subcontract should be of no more than four years' duration; or

FUJ00000070

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5.1.3 Fujitsu Services fails to initiate Benchmarking of a Testable Service in accordance with paragraph 3.4, and Post Office notifies Fujitsu Services that Fujitsu Services shall initiate a competition in respect of that Testable Service in accordance with this paragraph 5; or

5.1.4 paragraph 3.9.2 applies,

and in each case Fujitsu Services shall initiate Competitive Tendering within three months.

5.2 When paragraph 5.1 applies Fujitsu Services shall carry out, or procure that an Independent Adviser (such Independent Adviser to be agreed with Post Office and such agreement not to be unreasonably withheld or delayed) conducts, Competitive Tendering in each case with a view to appointing a new sub-contractor to Fujitsu Services in respect of the Service in question so that the Service may be provided more cost-effectively.

5.3 Fujitsu Services shall ensure that:

5.3.1 once initiated in accordance with paragraph 5.1, Competitive Tendering shall be actively continued and in any event completed within six months or in accordance with any timetable agreed in writing between the Parties;

5.3.2 all invitations to tender and other key tender documents are submitted to Post Office for its approval (such approval not to be unreasonably withheld or delayed) prior to being provided to potential tenderers; and

5.3.3 Post Office is provided with copies of all tenders received, subsequent related correspondence and documentation and valuation assumptions or processes adopted from time to time throughout the tendering process and, in the event an Independent Adviser is used, is given the opportunity to discuss the tenders with that Independent Adviser.

5.4 The three month period referred to in paragraph 5.1 and the six month period referred to in paragraph 5.3.1 shall each be extended, day for day, to the extent that Post Office unreasonably withholds or delays its approval of the tender documentation referred to in paragraph 5.3.2 or otherwise delays the Competitive Tendering by Fujitsu Services in accordance with paragraphs 5.2 and 5.3.

5.5 Fujitsu Services shall disclose to any bona fide potential sub-contractor of Competitive Tendering Services (subject to the same executing an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such potential sub-contractor) Confidential Information to the extent that such disclosure is reasonably required to enable that potential sub-contractor to prepare a reasonably detailed tender proposal, including an anonymised list providing details of the terms and conditions of employment of all Fujitsu Services personnel (and those personnel of its relevant sub-contractors) who are then wholly or mainly employed or engaged in the performance of the Competitive Tendering Services, to the extent such personnel may be subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 if such Services were transferred (including, as a minimum, information on (i) numbers

FUJ00000070



of personnel (employees, contractors and temporary staff), (ii) salaries and other benefits, bonuses and pensions arrangements, (iii) where readily available to Fujitsu Services, skills sets and employment grades, (iv) age and length of service profile, (v) locations of personnel and (vi) such key employee policies as shall be generally known to the relevant employees and relevant to their terms of employment or reasonable expectations).

## 6. COMPETITIVE TENDERING BY POST OFFICE

6.1 Subject to paragraph 6.2, Post Office shall be entitled if:

6.1.1 Benchmarking by Fujitsu Services pursuant to paragraph 3.4 in respect of any Testable Service is not initiated in accordance with the Benchmarking timetable in Annex 2 (as adjusted in accordance with paragraph 3.5) or Fujitsu Services fails to procure the outputs required by paragraph 3.7 to achieve such Benchmarking or Fujitsu Services fails to comply with its obligations under paragraph 3.9 and Fujitsu Services fails to comply with written notice delivered by Post Office to Fujitsu Services within 60 days of such notice to initiate such Benchmarking or procure such outputs or comply with such obligations, or

6.1.2 following Benchmarking, Fujitsu Services gives notice to Post Office in accordance with paragraph 3.9.3; or

6.1.3 it does not agree on a reasonable ground to the Benchmarking approach to be used by the Benchmarker; or

6.1.4 Competitive Tendering by Fujitsu Services is not initiated within the period specified in paragraph 5.1 (as may be adjusted in accordance with paragraph 5.4); or

6.1.5 there is a Default by Fujitsu Services in relation to its Competitive Tendering obligations in paragraph 5.3.1 (the six month period therein as may be adjusted in accordance with paragraph 5.4),

to initiate a competition within six months respectively of (i) expiry of the 60 day notice period referred to in paragraph 6.1.1, (ii) receipt of notice under paragraph 3.9.3, (iii) the date the Benchmarking was due to commence or (iv) expiry of the period referred to in paragraph 5.1 or (v) Fujitsu Services' Default in relation to its obligations in paragraph 5.3.1 (as the case may be), to find an alternative supplier of Equivalent Services to the Testable Service in question. The exercise, by Post Office, of any of its rights under paragraphs 6.1.1, 6.1.4 and 6.1.5 shall be without prejudice to any other rights or remedies available to Post Office in such circumstances.

6.2 Post Office may choose to appoint an Independent Adviser to run such a competition on its behalf, such Independent Adviser to be agreed with Fujitsu Services (such agreement not to be unreasonably withheld or delayed).

6.3 Fujitsu Services shall (subject to any applicable legislation or regulations) be entitled to participate as a tenderer in any such competition. If it participates in such competition, Fujitsu Services shall submit its tender in the same way and to the same timescale as

FUJ00000070



other tenderers and shall not have access to the financial information in respect of any other tender.

6.4 Unless Fujitsu Services exercises or intends to exercise its right under paragraph 6.3 to participate as a tenderer in the competition, Fujitsu Services shall provide Post Office or the Independent Adviser (as the case may be) with such assistance as may reasonably be required to facilitate such a competition, including managing all or any part of the competition should Post Office or the Independent Adviser ask it to do so.

6.5 Fujitsu Services shall disclose to any bona fide potential replacement provider of Competitive Tendering Services (subject to the same executing an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such potential replacement provider) Confidential Information to the extent that such disclosure is reasonably required to enable that potential replacement provider to prepare a reasonably detailed tender proposal.

6.6 Where in accordance with this paragraph 6 Post Office seeks a tender or tenders for a third party contractor to provide Equivalent Services to those of a Competitive Tendering Service, Fujitsu Services shall:

6.6.1 to the extent it can reasonably do so in advance (not knowing which provider will be the winning tenderer) provide to Post Office its best estimate of any Interface Establishment Costs likely to be incurred by Post Office in connection with such services on the basis that the specification of the Competitive Tendering Service and its intended replacement service are the same;

6.6.2 to the extent that any proposed third party replacement service does not meet the specification of the Competitive Tendering Service, Fujitsu Services shall, in a timescale consistent with the tender process, advise Post Office of the Interface Costs likely to be incurred by Post Office in relation to the proposed replacement service; and

6.6.3 provide to Post Office an anonymised list with details of the terms and conditions of employment of all Fujitsu Services personnel (and those personnel of its relevant sub-contractors) who are then wholly or mainly employed or engaged in the performance of the Competitive Tendering Services, to the extent such personnel may be subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 if such Services were transferred (including, as a minimum, information on (i) numbers of personnel (employees, contractors and temporary staff), (ii) salaries and other benefits, bonuses and pensions arrangements, (iii) where readily available to Fujitsu Services, skills sets and employment grades, (iv) age and length of service profile, (v) locations of personnel and (vi) such key employee policies as shall be generally known to the relevant employees and relevant to their terms of employment or reasonable expectations).

FUJ00000070

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## 7. COSTS OF MARKET TESTING

7.1 Unless expressly provided otherwise in paragraph 7.2 or 7.3 below, each Party shall bear its own costs (including, in the case of Fujitsu Services, the costs of the Benchmarker) in relation to Market Testing.

7.2 The costs of undertaking Competitive Tendering incurred by each Party shall be borne solely by Fujitsu Services if:

7.2.1 the Competitive Tendering is undertaken pursuant to paragraph 6.1.2 and the outcome of that Competitive Tendering is that an Equivalent Service to the Competitive Tendering Service is available at a price which is less than the Charges for that Competitive Tendering Service (excluding (i) the Service Management Element, and (ii) any Gain Share payments that may be payable to Fujitsu Services in relation to cost savings in respect of that Service); or

7.2.2 the Competitive Tendering is undertaken pursuant to paragraph 6.1.1, 6.1.4 or 6.1.5.

7.3 The costs of undertaking Competitive Tendering incurred by each Party shall be borne solely by Post Office if:

7.3.1 the Competitive Tendering is undertaken pursuant to paragraph 6.1.2 and the outcome of that Competitive Tendering is that an Equivalent Service to the Competitive Tendering Service is not available at a price which is less than the Charges for that Competitive Tendering Service (excluding (i) the Service Management Element, and (ii) any Gain Share payments that may be payable to Fujitsu Services in relation to cost savings in respect of that Service); or

7.3.2 the Competitive Tendering is undertaken pursuant to paragraph 6.1.3.

## 8. PARTIAL TERMINATION, INTERFACE COSTS AND CHARGES

In the event of termination by Post Office of one or more Terminable Service(s) pursuant to paragraph 4.3.3(b)(ii), the provisions of Clause 48, Schedule E and paragraphs 9.1 and 9.2 of Schedule D1 shall apply.

## 9. DISPUTES

Any dispute arising in relation to this Schedule D6 (including in relation to the suitability of the Benchmarker or Independent Adviser) shall be dealt with in accordance with Schedule A2 to this Agreement.

## 10. ASSOCIATED DOCUMENTS

10.1 The following CCDs are associated with this Schedule D6:

| | Document Reference | Document Title |
|---|---|---|

FUJ00000070



| | | |
|---|---|---|
| 1 | PA/PER/033 | Horizon Capacity Management and Business Volumes |

10.2 The following CRDs are associated with this Schedule D6:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | No CRDs Applicable | |

FUJ00000070

CONFIDENTIAL

**ANNEX 1**

**TESTABLE SERVICES**

| TESTABLE SERVICE | EARLIEST DATE FOR MARKET TESTING |
|---|---|
| Branch Network Service | 1 April 2007 |
| Service Desk Service | six months after Trigger Point T6 (Counter Application Rollout Complete) |
| Engineering Service | Upon Trigger Point T6 (Counter Application Rollout Complete) |
| Reference Data Management Service | twelve months after Trigger Point T6 (Counter Application Rollout Complete) |
| Third Line Software Support Service | 1 November 2010 |
| Application Support Service (Fourth Line) | 1 November 2010 |
| Data Centre Operations Service and Central Network Service (both services together constituting one Testable Service) | six months after Trigger Point T6 (Counter Application Rollout Complete) |
| Systems Management Service | six months after Trigger Point T6 (Counter Application Rollout Complete) |
| Operational Business Change (Branch Change) Service | twelve months after Trigger Point T6 (Counter Application Rollout Complete) |
| Reconciliation Service | twelve months after Trigger Point T6 (Counter Application Rollout Complete) |
| Management Information Service | twelve months after Trigger Point T6 (Counter Application Rollout Complete) |

FUJ00000070

CONFIDENTIAL

## ANNEX 2

## BENCHMARKING TIMETABLE

| Financial Year ending 31 March: | Testable Services | |
|---|---|---|
| | First Market Test in Year | Second Market Test in Year |
| 2007 | None | |
| 2008 | Branch Network Service | None |
| 2009 | None | |
| 2010 | Engineering Service | Service Desk Service |
| 2011 | Data Centre Operations Service and Central Network Service (both services together constituting one Testable Service) | Branch Network Service |
| 2012 | Application Support Service (Fourth Line) | Third Line Software Support Service |
| 2013 | Systems Management Service | Engineering Service |
| 2014 | Service Desk Service | Branch Network Service |
| 2015 | None (unless contract extended beyond 31 March 2015 in which case additions/alterations to be agreed) | |

FUJ00000070

CONFIDENTIAL

# SCHEDULE D7

# MIGRATION CHARGES

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 3.0 | 09/07/07 | Baseline copy of 1.2 |
| 4.0 | 14/04/08 | Baseline copy of 3.1 |
| 5.0 | 23/02/09 | Baseline copy of 4.1 |
| 5.1 | 20/03/09 | Applying CCN 1251 |
| 5.2 | 20/05/09 | Applying RPI for 2009 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/04/10 | Applying RPI for 2010 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1289a, CCN1260c and CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

CONFIDENTIAL

# SCHEDULE D7

# MIGRATION CHARGES

## 1. INTRODUCTION

1.1 This Schedule sets out the Charges for hardware and software to be procured for installation in:

1.1.1 Data Centres as part of Project HNG-X; and

1.1.2 Branches as part of Project HNG-X or the Associated Change Activities,

which shall be paid by Post Office to Fujitsu Services.

1.2 This Schedule also sets out details of the amount payable by Post Office to Fujitsu Services for the conversion of Old CTO Configurations to New CTO Configurations as part of Project HNG-X.

1.3 All amounts set out in this Schedule are exclusive of VAT and shall be invoiced and paid in accordance with Schedule D2.

## 2. DATA CENTRE CHARGES

2.1 Data Centre hardware and software Charges for Financial Year ending 31 March 2007

In consideration for the installation of hardware and software in Data Centres as part of Project HNG-X, Post Office shall pay to Fujitsu Services on the first day of each calendar month in the Financial Year ending 31 March 2007 the sum of £847,795.58.

2.2 Data Centre Software Charge for Financial Year ending 31 March 2008

2.2.1 Prior to Purchase Point P2, Post Office shall notify Fujitsu Services of any variations forecast by Post Office to the forecast numbers of Branches and Counter Positions set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A to Schedule D1 and a pro rata adjustment to the quantity of 35,000 Microsoft Client Access Licences required by Post Office shall be agreed under the Change Control Procedure.

2.2.2 Fujitsu Services shall at Purchase Point P2 procure on behalf of Post Office 35,000 Microsoft Client Access Licences or such other number of such licences as may be agreed pursuant to paragraph 2.2.1.

FUJ00000070

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2.2.3 In consideration for the installation of software in Data Centres as part of Project HNG-X, an amount equal to the aggregate number of Microsoft Client Access Licences to be so procured by Fujitsu Services multiplied by the unit cost to Fujitsu Services of each such Microsoft Client Access Licence, multiplied by 100 and divided by 95, shall be invoiceable in full by Fujitsu Services as and from the date of Purchase Point P2 for payment by Post Office.

2.2.4 The indicative aggregate charge for the installation of software in Data Centres under paragraph 2.2.3 is £863,211. This indicative amount assumes a quantity of 35,000 Microsoft Client Access Licences for a Branch estate based on the forecast numbers of Branches and Counter Positions set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A to Schedule D1.

2.3 Additional Data Centre Hardware Charges for Financial Year ending 31 March 2008

In consideration for the installation of hardware and software in Data Centres for the handling of Sensitive Authentication Data and Cardholder Data as introduced by CCN 1202, Post Office shall pay to Fujitsu Services the sum of £430,622 which shall be payable on 30 June 2007.

2.4 Additional Data Centre Hardware Charges for Financial Year ending 31 March 2009

In consideration for additional hardware and software to be installed in Data Centres in Financial Year ending 31 March 2009, Post Office shall pay to Fujitsu Services the sum of £2,000,000 which shall be payable on 30th September 2008.

2.5 Additional Charges for Removal of the Weekend D approach to Data Centre Migration

In consideration for the removal of the weekend D approach to Data Centre migration as documented in CCN1251, Post Office shall pay to Fujitsu Services the sum of £500,000 which shall be payable on 27th February 2009.

## 3. BRANCH CHARGES

3.1. Indicative quantities of Flat Screens to be installed in Branches as part of Project HNG-X and/or pursuant to the CCD entitled "Engineering Service: Service Description" (SVM/SDM/SD/0002) and are set out in Table 1 below. The quantities set out in Table 1 are based on the forecast numbers of Branches and Counter Positions set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A to Schedule D1. Prior to Purchase Point P4, Post Office shall notify Fujitsu Services of any variations forecast by Post Office to the

FUJ00000070



forecast numbers of Branches and Counter Positions set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A to Schedule D1 and pro rata adjustments to the quantities specified in Table 1 shall be agreed under the Change Control Procedure accordingly

.3.1A Table 1 also includes confirmed quantities of 3G, 4 port routers as confirmed at Purchase Point P1.

3.2 The Charges for hardware and software referred to in Table 1 below shall be calculated by Fujitsu Services and paid by Post Office to Fujitsu Services as described in paragraphs 3.3, 3.4 and 3.5.

| Table 1 | Financial Years ending 31 March | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
| **Hardware for Branches** | | | | | | | |
| **3G, 4 Port Router** | | | | | | | |
| Quantity | | | 12,897 | | | | |
| Annual Charge | | | £4,683,370 | £0 | | | |
| **Flat Screen replacement** | | | | | | | |
| Quantity | | | 980 | 2,427 | 2,956 | 3,535 | 4,176 |
| | | | | | | | |

3.3 In respect of the 3G, 4 port routers:

3.3.1 Fujitsu Services shall procure the quantities in each Financial Year specified in Table 1 above, as adjusted pursuant to paragraph 3.1; and

3.3.2 the total Charge for 3G, 4 port routers in 2009 shall become due for payment on the 30th March 2009. The total Charge for 3G, 4 port routers in 2010 shall become due for payment in accordance with paragraph 3.3.3. The values specified in Table 1 above are inclusive of margin.

3.3.3 Post Office has agreed to pay Fujitsu Services' costs up to a maximum amount of £100,000 to provide an enhanced solution in relation to branch

FUJ00000070



routers and resultant network coverage. Fujitsu will provide Post Office with evidence before Post Office commits to this additional expenditure that reasonably satisfies the Post Office of the benefits that this enhanced solution would provide. Where, without prejudice to the future operation of paragraph 1.5 of Schedule D1, Fujitsu Services needs to bear any additional costs (in excess of the sum payable by Post Office) necessary for Fujitsu Services to meet any existing related contractual obligations (as amended by relevant correspondence, if any) relating to branch routers and network coverage, this shall be set out in a CCN. If Post Office is not satisfied that Fujitsu has proved the value of the enhanced solution it shall not be obliged to incur this additional expenditure and both parties shall revert to their respective rights and obligations prior to this CCN in these respects.

3.4 Not Used

3.5 Not Used.

3.6 The indicative annual charges for 3G, 4 Port Routers that are set out in Table 1 above are on the basis of the quantities of each of those items set out in Table 1 (which are based on the numbers of Branches and Counter Positions set out in the Table entitled "Branch and Counter Position Limits" in Part 1 of Annex A to Schedule D1).

## 4. INDEXATION

The Charges referred to in paragraph 5 in this Schedule D7 shall be adjusted for RPI in the same manner and at the same times as the Indexed Charges (other than the Near Shore and Offshore Rates) are adjusted for RPI, as set out in paragraph 16 of Schedule D1. The charges and rates so adjusted shall be recorded in a new version of this Schedule D7. Charges for hardware in this Schedule D7 are not subject to RPI adjustment.

## 5. HNG-X CTOs

Fujitsu Services has agreed to install 374 New CTO Configurations within 57 CTOs and shall complete such installation no later than Trigger Point T6 (Counter Application Rollout Complete). In consideration of Fujitsu Services carrying out such installations, Post Office shall pay to Fujitsu Services the sum of £78,527 which sum shall be invoiced by Fujitsu Services following completion of all such installations. Any third party charges in respect of such installations shall be payable by Post Office.

## 6. ASSOCIATED DOCUMENTS

6.1 The following CCDs are associated with this Schedule D7:

FUJ00000070

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| | Document Reference | Document Title |
|---|---|---|
| 1 | Horizon Capacity Management and Business Volumes | PA/PER/033 |
| 2 | Engineering Service: Service Description | SVM/SDM/SD/0002 |

6.2 The following CRDs are associated with this Schedule D7:

| | Document Reference | Document Title |
|---|---|---|
| | NO CRDs APPLICABLE | |

FUJ00000070

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**SCHEDULE D8**

**HNG-X AND ASSOCIATED CHANGE DEVELOPMENT CHARGES**

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 25/01/07 | Baseline copy of 1.2 |
| 3.0 | 09/07/07 | Baseline copy of 2.3 |
| 4.0 | 14/04/08 | Baseline copy of 3.4 |
| 5.0 | 23/02/09 | Baseline copy of 4.2 |
| 5.1 | 20/05/09 | Applying RPI for 2009 |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 04/01/10 | Amendments as per CCN 1268 |
| 7.0 | 10/05/10 | Moving all schedules to V7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Moving all schedules to V8.0 in accordance with CCN1294d |
| 9.0 | 13/01/14 | Moving all Schedules to v9.0 in accordance with CCN1349 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE D8

## HNG-X AND ASSOCIATED CHANGE DEVELOPMENT CHARGES

### 1. INTRODUCTION

1.1 This Schedule sets out the Charges for HNG-X Development and Associated Change Development which shall be paid by Post Office to Fujitsu Services.

1.2 All amounts set out in this Schedule (with the exception of the amount set out in paragraph 1.3.1):

1.2.1 are before adjustment for RPI, as described in paragraph 5, and before VAT; and

1.2.2 shall be invoiced and paid in accordance with Schedule D2.

1.3 In this Agreement the following expressions shall have the following meanings:

1.3.1 **"HNG-X Project Price"** means the amount paid, being £60,695,937.02 (excluding VAT but inclusive of adjustments for RPI) for the labour element of the HNG-X release 1 development only (as re-stated at the date of signature of CCN 1268 at Annex 1 of this Schedule D8 and as amended subsequently from time to time under the Change Control Procedure.

1.4 The HNG-X Project Price constitutes all the charges paid for the labour element of the HNG-X release 1 development (as referred to in the definition of the HNG-X Project Price) and Fujitsu Services acknowledge and agree that no other charges whatsoever are payable for the same.

### 2. HNG-X DEVELOPMENT AND ASSOCIATED CHANGE DEVELOPMENT CHARGES

2.1 The sum of £744,000 shall be invoiced by Fujitsu Services to Post Office at any time on or after the date of signature of CCN 1200 for work carried out prior to commencement of HNG-X Development. This figure is included in the value of the HNG-X Project Price above.

2.2 Post Office shall, in addition, pay for further HNG-X Development and Associated Change Development undertaken on and after the date of CCN 1268, (11/12/09) on a time-cost basis, subject to paragraphs 3.3, 3.4 and 3.5, according to the following rates:

| Grade | Rate per hour On Shore | Rate per hour Near Shore | Rate per hour Offshore (India) |
|---|---|---|---|

FUJ00000070

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| Grade | Rate per hour On Shore | Rate per hour Near Shore | Rate per hour Offshore (India) |
|---|---|---|---|
| Systems Engineer | £71.70 | £93.76 | £36.15 |
| Senior System Engineer | £86.72 | £97.34 | £38.25 |
| Lead System Engineer | £102.03 | £104.50 | £41.81 |
| Unit Leader | £114.62 | £122.57 | £58.03 |
| Consultant | £131.89 | - | - |
| Senior Consultant, Manager | £147.51 | - | - |
| Senior Manager, Principal Specialist | £173.28 | - | - |

2.3 The D8 Charges shall be payable monthly in arrear.

2.4 The D8 Charges calculated in accordance with paragraph 2.2 in respect of work undertaken for that day by each of a Consultant, Senior Consultant, Manager and Senior Manager, Principal Specialist shall in each case not exceed 7.4 multiplied by the applicable hourly rate in total per day (rounded downwards to the nearest whole pound).

2.5 Post Office shall be entitled on a monthly basis, in accordance with paragraph 10.2 of Schedule D1, to offset pre-paid Development Charges as a credit against the D8 Charges.

**3.** Not Used.

**4. ADJUSTMENT**

On each occasion that Fujitsu Services is entitled to an adjustment to the HNG-X Project Price, it shall be calculated in accordance with paragraph 2 above.

**5. INDEXATION**

All hourly and daily rates specified in this Schedule D8 shall be adjusted in the same manner and at the same times as the rates set out in paragraph 10.4 of Schedule D1 are adjusted pursuant to paragraph 16 of Schedule D1.

FUJ00000070

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## 6. RETENTIONS

Post Office shall, subject to paragraph 6.7, be entitled to make the following retentions from amounts payable to Fujitsu Services in respect of HNG-X Development Charges:

Initial Acceptance Retention Amount

6.1 if, at the HNG-X Initial Acceptance Date, there are any outstanding HNG-X Medium Severity Acceptance Incidents, Post Office shall be entitled to withhold from the amount or amounts first payable by it relating to HNG-X Development Charges following the HNG-X Initial Acceptance Date an amount of £500,000 (the "Initial Acceptance Retention Amount");

6.2 subject to paragraph 6.3, the Initial Acceptance Retention Amount shall be retained until all HNG-X Medium Severity Acceptance Incidents referred to in paragraph 6.1 shall have been closed (all agreed Rectification Plans and agreed workarounds having been successfully implemented) at which point the Initial Acceptance Retention Amount shall be paid to Fujitsu Services by Post Office following receipt of an invoice for the same raised in accordance with Schedule D2;

6.3 if, at the time at which the Initial Acceptance Retention Amount would otherwise have been paid pursuant to paragraph 6.2, any HNG-X High Severity Acceptance Incident or HNG-X Medium Severity Acceptance Incident raised during live monitoring remains outstanding, the Initial Acceptance Retention Amount shall not be paid but shall instead be applied as the Final Acceptance Retention Amount;

Final Acceptance Retention Amount

6.4 if paragraph 6.3 applies, Post Office shall be entitled to retain the Initial Acceptance Retention Amount as the Final Acceptance Retention Amount;

6.5 if paragraph 6.3 does not apply then if, at the HNG-X Final Acceptance Date, any HNG-X Medium Severity Acceptance Incident raised during live monitoring but after release of the Initial Acceptance Retention Amount remains outstanding, Post Office shall be entitled to withhold (by way of the credit note referred to in paragraph 6.7) from any sums due under this Agreement (including without limitation the Operational Charges) an amount of £500,000 (the "Final Acceptance Retention Amount");

6.6 the Final Acceptance Retention Amount shall be retained until all HNG-X Medium Severity Acceptance Incidents raised on or before the HNG-X Final Acceptance Date shall have been closed (all agreed Rectification Plans and agreed workarounds having been successfully implemented) at which point the Final Acceptance Retention Amount shall be paid to Fujitsu Services by Post Office following receipt of an invoice for the same raised in accordance with Schedule D2; and

FUJ00000070



6.7 if paragraph 6.3 does not apply, Fujitsu Services shall issue to Post Office a credit note for the Final Acceptance Retention Amount in accordance with the provisions of Schedule D2 which Post Office shall be able to apply against any other sums due under this Agreement.

## 7. ASSOCIATED DOCUMENTS

7.1 The following CCDs are associated with this Schedule D8:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | NO CCDs APPLICABLE | |

7.2 The following CRDs are associated with this Schedule D8:

| | **Document Reference** | **Document Title** |
|---|---|---|
| | NO CRDs APPLICABLE | |

FUJ00000070



# ANNEX 1

## 1. Introduction

This paper provides a summary of all Horizon and HNG-X Change Requests or other agreed changes that have been raised and approved by Fujitsu Services since the date of the HNG-X Contract and which align with the V0.80.A20 plan (as at 28th September 2009).

These Change requests are solely those that apply to the development of the initial release of HNG-X.

Change requests that are applicable to HNG-X may also have a commercial impact. This is managed via the Change Management process and agreed via the appropriate Commercial Terms documentation.

The process for applying the effect of the approved CRs is summarised in section 4.

The cost of any development labour in the changes listed in this document, together with the development labour costs related to the HNG-X Initial Requirements Baseline are all included in the HNG-X Project Price.

**Status as at date of HNG-X Contract.**

At the date of the HNG-X contract a number of post-S92 approved Change Requests were agreed to be included in the POL Initial Requirements Baseline. These are listed in Schedule B6.1 – Annex 13 and in section 2.1 below.

**Current Status**

Section 2.3 comprises summary details of approved CRs that have been raised subsequent to the date of the HNG-X Contract with those that are applicable to HNG-X in section 2.3.1 and those that were signed post-CCN1246 section 2.3.2. Section 3 provides a summary of raised but not approved CRs that may have applicability. This will be confirmed once the CR has been approved.

Withdrawn CRs are not included in any of these lists.

This document is updated periodically with the latest approved Change Requests and issued to POL for agreement. Subsequently POL and FS will review the newly applicable changes and agree how they are to be applied to the HNG-X functional or non-functional requirements.

Note – FS Change Management also provide summarised information of agreed Change Requests to POL. This information is reconciled with the details in this paper.

FUJ00000070

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## 2. Change requests to be applied to the HNG-X Initial Requirements Baseline

**CRs approved before HNG-X contract date – no commercial impact**

This comprises the list of CRs that are agreed as part of Applicable Horizon Baseline and listed in Schedule B6.1 – Annex 13.

| POL CR ref. | Change Work Package ref. | FS CP ref | Summary description |
|---|---|---|---|
| PSO_FSL_CR00326 | PWY_CWP_404 | 4037 | Provision of DR capability to connect POLFS users to POLFS when NDC is not available. |
| POLCC_FSL_CR00547 | PWY_CWP_393 | 4080 | New Algorithm Condition permissible in Field Validation |
| PSO_FSL_CR00734 | PWY_CWP_457<br>PWY_CWP_488 | 4100 | Amend Horizon to accept 5 digit item numbers |
| PSO_FSL_CR00583 | PWY_CWP_409 | 4107 | Country of destination on T& T message |
| PSO_FSL_CR00531 | PWY_CWP_414 | 4110 | Quantity function in Smartpost to operate when PAF is optional and not selected. |
| PSO_FSL_CR00584 | PWY_CWP_410 | 4117 | New despatch report for existing client |
| POLCC_FSL_CR0071 | PWY_CWP_423 | 4136 | Printing Retailer Logos on Retailer branded Orders |
| POLCC_FSL_CR0693 | PWY_CWP_437 | 4150 | Removal of a line on the Despatch Report |
| POLCC_FSL_CR0073 | PWY_CWP_439 | 4153 | Rejected Postage Label Report |
| POLCC_FSL_CR0077 | PWY_CWP_453 | 4165 | BAU - New Barcode range for P6097 Labels |
| PSO_FSL_CR00728 | PWY_CWP_456 | 4168 | Cut Off facility for the Office Weekly Postage Labels report |
| PSO_FSL_CR00727 | PWY_CWP_455 | 4169 | Date Range for Daily Rem reports |
| PSO_FSL_CR00744 | PWY_CWP_466 | 4173 | Transmit PDR data from Horizon to POLFS and MI system. |

FUJ00000070

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| POL CR ref. | Change Work Package ref. | FS CP ref | Summary description |
|---|---|---|---|
| PSO_FSL_CR00754 | PWY_CWP_471 | 4184 | Shopping Basket Finance Integration (Flowers and Travel Insurance) |
| PSO_FSL_CR00756 | PWY_CWP_474 | 4185 | Allow today's date to be used in selecting the date range on the Office Weekly Sales Report |
| PSO_FSL_CR00786 | PWY_CWP_481 | 4201 | A & L Sequential Referencing onto ADC |
| PSO_FSL_CR00781 v2_FS | PWY_CWP_480 | 4202 | Mails Receipt changes |
| PSO_FSL_CR0893 | PWY_CWP_496 | 4209 | Implement changes to XI as identified in the changed functional spec |
| PSO_FSL_CR00873 | PWY_CWP_494 | 4212 | New AP-ADC Data Type – StackLookup |
| PSO_FSL_CR00968 _FS | PWY_CWP_530 | 4255 | Receipt Template for Automation of Travellers Cheques ADC Product |
| PSO_FSL_CR00921 v2 | PWY_CWP_505 | 4231 | PostShop Receipt Template |
| PSO_FSL_CR00925 _FS | PWY_CWP_508 | 4237 | Cessation of the BBC AP interfaces |
| PSO_FSL_CR00950 _FSv2 | PWY_CWP_517 | 4247 | Generic Branch Receipt Template |
| PSO_FSL_CR00956 | PWY_CWP_520 | 4249 | Gift Voucher Shop Receipts |
| PSO_FSL_CR00680 | PWY_CWP_525 | 4251 | Including figures for cash in pouches in Flexible Planning input |

FUJ00000070

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### 3. CRs approved before HNG-X contract- commercial impact

This table lists those CRs that were identified as requiring impacting before they could be incorporated into the HNG-X Requirements baseline.

| CT / CWP ref Or CCN ref | FS CP ref | Status | Description | Horizon Release | Band |
|---|---|---|---|---|---|
| PWY_CWP_491 | 4203 | APPROVED | Introduction of a New Portable Counter | T10 | Medium |
| PWY_CWP_490 | 4213 | APPROVED | Addition of BFPO items to Pricing in Proportion CR 659 | T20 | Medium |
| PWY_CWP_473<br><br>(CCN 1211) | 4189<br>4355 | APPROVED | Changes to Support Channel Based Pricing | T20 | Medium |

### 4. CRs approved after HNG-X contract date

**Relevant to HNG-X**

This table shows the changes related to Post Office Change Requests or other agreed changes that have been approved after the HNG-X Contract Date and which have been assessed as having relevance to HNG-X.

The table below records these changes ordered by the Fujitsu Services CP number, and also shows the Fujitsu Services CT number and any related CCN number.

| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| 422 | 4137 | | T20 | Smart Post Pricing in Proportion | |
| 497 | 4207 | | T10 | Change to POL FS interface (A & L Changes) | |
| 498 | 4210 | | T10 | Fujitsu Services consultancy for Requirements Analysis stage of Post Office MoneyGram automation project | |

FUJ00000070

CONFIDENTIAL

| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| 514 | 4236 | | T20 | Suppress XML for DVLA | |
| 534 | 4253 | | T20 | Euro / Dollar Rate Boards | |
| 561 | 4259 | | T40 | Epson Counter Printer Rollout | |
| 561 | 4260 | | T40 | Epson Firmware and Logo Download Support | |
| 539 | 4261 | | T30 | Clearance of Cash in Pouches transactions | |
| 540 | 4263 | | T30 | Pre-paid Cards - Transaction Settlement | |
| 531 | 4272 | | T30 | Unrecognised element on non-initiating Tokens | |
| 561 | 4273 | | T40 | Counter printer Com Port Speed Change | |
| 559 + 567 | 4280 | | T30 | Receipt Template for NS&I Investment Account Deposit ADC Product | |
| 570 | 4302 | | T30 | Receipt Template for Customer Referrals ADC Product | |
| | 4305 | 1202 | HNGx | Application for PCI | |
| 577a | 4306 | 1202 | T60 | Zeroise the PAN numbers on the feed from Horizon to the MI system. | |
| 571 | 4307 | | T40 | Enhancement of APOP report generating functionality to support Accounting/Audit requirements | |
| 576 | 4308 | | T40 | Amendment to Travellers Cheque Sales Daily Report | |
| 580 | 4312 | | T30 | XI changes associated with T30 CP 4261 and 4270 | |

FUJ00000070

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| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| 587 | 4329 | | T40 | Update to Existing FRTS Travel Card receipt Template | |
| 590 | 4333 | | T40 | Update to existing PostShop Receipt Template | |
| 599 | 4350 | | T40 | Update to Existing Environment Agency Receipt Template | |
| | 4357 | 1211 | HNGx | HNG-X CP0003 - Provide Exchange rates for USD and Euro as a parameter into AP-ADC for HNG-X | |
| | 4358 | 1211 | HNGx | HNG-X CP0004 - Introduction of 'NoHome' version of ADC Datatypes for HNG-X | |
| | 4359 | 1211 | HNGx | HNG-X CP0005 - Transfer of Cash and Stock between Branches for HNG-X | |
| | 4360 | 1211 | HNGx | HNG-X CP0006 - MoneyGram - Use of commas within currency fields for HNG-X | |
| | 4361 | 1211 | HNGx | HNG-X CP0007 - PIN Change for LINK - Solution Build & Test and Implementation for HNG-X | |
| | 4362 | 1211 | HNGx | HNG-X CP0008 - APOP Service Introduction - PayOut for HNG-X | |
| | 4363 | 1211 | HNGx | HNG-X CP0009 - MoneyGram - ISDN backup connectivity for HNG-X | |
| 518 | 4364 | 1211 | HNGx | HNG-X CP0010 - Introduction of MoneyGram to HNG-X | |
| | 4382 | 1214 | HNGx | HNG-X CP0016 - Multiple Session Processing - Costing | |

FUJ00000070

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| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| | 4405 | 1219 | HNGx | HNG-X CP0022 - Migration of PHU1.5 Portable Counter to HNG-X | |
| | 4415 | 1217 | HNGx | HNG-X CP0025 - Provision of Postal Services Reference Data (Selectica) | |
| 433 | 4426 | | HNGx | HNG-X CP0028 - WAN network for HNG-X | |
| | 4428 | 1226 | HNGx | HNG-X CP0029 - Introduction of a Remuneration Report for HNG-X | |
| | 4429 | 1226 | HNGx | HNG-X CP0030 - Various smart post changes for HNG-X | |
| | 4430 | 1226 | HNGx | HNG-X CP0031 - Migration of Telecoms Service to HNG - X | |
| | 4431 | 1226 | HNGx | HNG-X CP0032 - Migration of Automated Stock Ordering to HNG-X | |
| | 4432 | 1226 | HNGx | HNG-X CP0033 - Track and Trace messaging via AP-ADC for HNG-X | |
| | 4459 | 1226 | HNGx | HNG-X CP0036 - Obscure 'personal' data in the AP Client File Audit Copy of Telecoms Service Registration File | |
| | 4469 | 1226 | HNGx | HNG-X CP0040 - Extend Riposte Archiving Period for HNG-X | |
| | 4478 | 1216 | HNGx | HNG-X CP0045: Forwarding APADC data to POLMI system from HNGX (without Filtering) | Y |
| | 4482 | 1228 | HNGx | HNG-X CP0047 - HNG-X migration of Horizon to EDG2 interface for Girobank (A&L) AP transaction files | Y |

FUJ00000070

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| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| | 4501 | 1228 | HNGx | HNG-X CP0061 - Automated Stock Ordering - APOP Schema Change | Y |
| | 4508 | 1228 | HNGx | HNG-X CP0065 - Migration of Kahala GDD Integration smartpost Service to HNG-X | Y |
| | 4527 | 1233 | HNGx | HNG-X CP0080 - Optionally Inhibit Label Production for Postal Services - HNG-X | Y |
| 661 | 4526 | 1233 | T82 | Optionally Inhibit Label Production in smart post | Y |
| | 4529 | 1228 | HNGx | HNG-X CP0081 -Support for POL Automation of MVL reconciliation - HNG-X | Y |
| | 4530 | 1230 | HNGx | HNG-X CP0082 - Refinements to HNG-X Session Suspend | Y |
| | 4558 | 1232 | HNGx | HNG-X CP0103 - Reintroduce the AP Transaction Report | Y |
| | 4575 | 1228 | HNGx | HNG-X CP0118 - Migration of Horizon Bureau Pre-order Service to HNG-X | Y |
| | 4577 | 1228 | HNGx | HNG-X CP0119 - Migration of Horizon AP-ADC/APOP Service for Retail to HNG-X | Y |
| | 4645 | 1231 | HNGx | HNG-X CP0174 - Introduction of File Integrity Monitoring for HNG-X to Support PCI Compliance (Updated) | Y |
| 675 | 4628 | | HNGx | HNG-X CP0160 - Consultancy - APOP Future Functionality | Y |
| 685 | 4685 | | HNGx | HNG-X CP0207 - Router Cable Tags | Y |

FUJ00000070

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| CT Number | FS CP number | CCN number | Release | Description | New this issue |
|---|---|---|---|---|---|
| | 4693 | 1243 | HNGx | HNG-X CP0213 Migration of CAPO Withdrawal Correction (WDC) | Y |
| 680 | 4695 | | HNGx | HNG-X CP0215 - PIN Pad Replacement Study | Y |
| | 4707 | 1234 | HNGx | HNG-X CP0226 - Revised Approach to POL-FS Migration (Proof of Concept) | Y |
| | 4708 | 1234 | HNGx | HNG-X CP0227 - Revised Approach to POL-FS Migration | Y |
| 644 | 4454 | | | Horizon Telecoms Service – Change the Counter Interpretation of the Results Provided by the ADSL Checker | Y |

**5. Changes post CCN1246**

| Change | Release | Raised | Description | Status | Comments |
|---|---|---|---|---|---|
| CCN1243 | HNG-X | 01/08/08 | Migration of CAPO Withdrawal Correction to HNG-X | APPROVED | |
| CT0681 | Rel Ind | 20/08/08 | Produce Study Report on the Separation of the Managed Services for the Branch Infrastructure * | CLOSED | |
| CT0746 | HNG-X | 17/04/09 | Increase Max Branches (Re-wording of HNG-X requirement) | APPROVED | completed |
| CT0719 | HNG-X | 13/01/09 | Capacity Study to Determine the Impact on HNG-X of an Increase to the Track & Trace Contractual Limits | APPROVED | completed |

FUJ00000070



| | | | | | |
|---|---|---|---|---|---|
| CT0717 | HNG-X | 11/02/09 | Postal Services Destination Area Rules (MBC001) & PIP Format Selection (MBC003) | APPROVED | completed |
| CT0765 | HNG-X | 01/08/09 | Provision of Test Resources to Fujitsu | APPROVED | negative cost |
| CT0767 | HNG-X | 07/08/09 | Amendment to the existing VocaLiNK firewall rule mapping - HNG-X | SUBMITTED | completed |

* Cancelled by Post Office Ltd before work completed.

## 6. Future changes assessment

This table lists all those unapproved CCNs/CTs that relate to the initial development release of HNG-X which have been raised by Fujitsu Services or requested by Post Office but have not yet reached a conclusion. It provides an initial indication of future changes for planning purposes only. It does not contain any assessment of the commercial implications of the changes.

**Not Yet Approved**

| | | | | | |
|---|---|---|---|---|---|
| 1259b | HNG-X | 15/05/2009 | Deferral of Auto Fault Logging | SUBMITTED | |
| 1260a | Rel Ind | 28/04/2009 | Branch Router Price Confirmation | SUBMITTED | |
| TBA | TBA | TBA | DXI | NOT YET SUBMITTED | |

FUJ00000070

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# SCHEDULE E

# TERMINATION AND THE EXIT PLAN

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 1.1 | 26/09/06 | Minor corrections by PO |
| 1.2 | 11/10/06 | Further minor corrections from FS |
| 1.3 | 05/12/06 | Minor corrections by PO |
| 2.0 | 25/01/07 | Baseline copy of 1.3 |
| 2.1 | 22/05/07 | Applying CCN1210a |
| 3.0 | 09/07/07 | Baseline copy of 2.1 |
| 6.0 | 16/06/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 7.0 | 26/04/10 | Moving all Schedules to v7.0 as agreed with Fujitsu |
| 8.0 | 21/02/12 | Applying changes as per CCN1294d |
| 9.0 | 13/01/14 | Applying changes as per CCN1349, CCN1322b and CCN1400 |
| 10.0 | 10/09/15 | Applying changes as per CCN1409a, CCN1421a, CCN1422 and moving all Schedules to v10.0 in accordance with CCN1506 |

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## SCHEDULE E

## TERMINATION AND THE EXIT PLAN

### 1. INTRODUCTION

1.1 This Schedule E covers the principles, responsibilities and payments related to termination of this Agreement, expiry of an Expiring Service, Partial Termination and termination of Project HNG-X.

1.2 Termination of this Agreement

1.2.1 For the purpose of this Schedule E, termination of this Agreement includes:

(a) termination of this Agreement before its expiry due to Fujitsu Services' Default pursuant to Clause 47.2;

(b) termination of this Agreement before its expiry without Fujitsu Services' Default; and

(c) termination of this Agreement at its expiry.

1.3 Partial Termination

1.3.1 For the purpose of this Schedule E, Partial Termination includes:

(a) termination by Post Office of one or more Terminable Service(s) in relation to Market Testing pursuant to Clause 47.10.1 (where paragraph 4.3.3(b)(ii) of Schedule D6 applies); and

(b) termination by Post Office of one or more Terminable Service(s) for convenience pursuant to Clause 47.10.2;

1.4 Termination of Project HNG-X

1.4.1 For the purpose of this Schedule E, termination of Project HNG-X includes:

(a) termination of Project HNG-X due to Fujitsu Services' Default pursuant to Clause 47.11.1;

(b) termination of Project HNG-X for convenience pursuant to Clause 47.11.2;

(c) automatic termination of Project HNG-X in accordance with Clause 47.15.

1.5 In any of the termination scenarios set out in paragraphs 1.2 and 1.3 (but not in the case of termination of Project HNG-X as referred to in paragraph 1.4) Post Office may seek to obtain the delivery of Replacement Services under this Agreement or seek to

FUJ00000070



continue the Relevant Services after termination, in each case either by performing them itself or by means of the Next Supplier.

1.6 The Parties acknowledge that it is their overall objective in relation to termination of the Agreement, expiry of an Expiring Service and Partial Termination to procure, so far as is reasonable and practicable, that there shall be an orderly transfer of responsibilities for the delivery of the Relevant Services provided under this Agreement or an orderly and efficient transition from the provision of the Relevant Services to the provision of Replacement Services (as the case may be) to the Next Supplier and that any risk to or adverse effect on the continuity and quality of the Services during such transfer shall be minimised.

1.7 The purpose of this Schedule E is to:

1.7.1 set out certain principles governing Partial Termination;

1.7.2 set out the main steps to be followed on termination of this Agreement, Partial Termination and/or termination of Project HNG-X;

1.7.3 set out the assistance that Fujitsu Services shall provide to Post Office and/or its Next Supplier with the intention of helping them (if it is Post Office's chosen strategy to do so) put themselves in a position to commence performance of Replacement Services promptly upon expiry of this Agreement or as soon as reasonably practicable after completion of any period of notice of termination given by Post Office to Fujitsu Services; and

1.7.4 set out the Parties' obligations with respect to the development and maintenance of the Exit Strategy and the Exit Plans.

1.8 Notwithstanding any provisions of this Schedule E to the contrary, if this Agreement is terminated for Post Office Default under Clause 47.4, Fujitsu Services shall not be obliged to develop or implement the General Exit Plan or the HNG-X Exit Plan.

## 2. PARTIAL TERMINATION

Partial Termination Principles

2.1 Post Office shall not be entitled to terminate any Terminable Service under Clause 47.10.1 or 47.10.2 prior to the date or event specified in relation to that Terminable Service in the column headed "Date or Event from which Termination Notice can be given" in the table set out in Annex 1 of this Schedule E.

2.2 Following service of a notice duly served under Clause 47.10.1 or 47.10.2, the Parties shall assess the impact of the relevant Partial Termination upon the rest of this Agreement in order to agree under the Change Control Procedure (such agreement not to be unreasonably withheld or delayed) any consequential changes to this Agreement necessary to deliver the Services continuing after such Partial Termination including, without limitation, the changes necessary to address:

FUJ00000070



2.2.1 the relevant indicative impacts listed in the table at Annex 1 to this Schedule E;

2.2.2 relevant dependencies and interfaces with other Operational Services identified in the CCD (referred to in Schedule B3.1) that describes the Terminable Service to be terminated;

2.2.3 the impact on Fujitsu Services' ability to achieve any Service Level or other obligations the achievement of which is linked to or dependent upon the Terminable Service to be terminated;

2.2.4 any dependencies that Post Office shall fulfil or responsibilities that Post Office shall perform in relation to the impacts referred to in paragraphs 2.2.1, 2.2.2 or 2.2.3;

2.2.5 the transfer pursuant to Clause 48 of ownership of any Project Assets from Fujitsu Services to Post Office or the Next Supplier, the removal of such assets from the Infrastructure and any consequent transfer of liability or risk in respect of such Project Assets;

2.2.6 as contemplated by Clause 43.4, any qualifications and/or exceptions to Clause 43.1 necessary to reflect the transfer of risk and/or control in relation to system or operational security from Fujitsu Services to Post Office or the Next Supplier taking into account:

(a) any new security related responsibilities taken on by Post Office pursuant to paragraph 2.2.4; and

(b) the level of security provided by the Replacement Interfaces; and

2.2.7 the matters referred to in paragraph 2.5.2, if Post Office shall have given a direction pursuant to paragraph 2.5.

2.3 In the case of Partial Termination pursuant to Clause 47.10.1 (where paragraph 4.3.3(b)(ii) of Schedule D6 applies), the objective of paragraph 2.2 shall insofar as it relates to this Agreement be to give effect to the supply by the winning tenderer to Post Office of Replacement Services and documenting the technical and operational interfaces between those Replacement Services and the continuing Services provided by Fujitsu Services based on the specifications for such interfaces that formed part of the tender process and were prepared with Fujitsu Services' input and assistance pursuant to paragraphs 6.4 to 6.6 (inclusive) of Schedule D6.

2.4 If and to the extent that the Parties fail to reach agreement under the Change Control Procedure pursuant to paragraph 2.2 by the date the Terminable Service in question is terminated:

2.4.1 the Parties shall each use all reasonable endeavours to reach agreement such that all the matters referred to in paragraph 2.2 are addressed;

FUJ00000070



2.4.2 with effect from the date of such termination, Fujitsu Services shall perform the obligations and achieve the Service Levels applicable in relation to all continuing Services ("Continuing Obligations") to the extent it reasonably can do so, taking into account those aspects of the performance of that Terminable Service upon which Fujitsu Services' performance of the Continuing Obligations depends; and

2.4.3 to the extent such failure to reach agreement is in relation to the qualifications or exceptions to Clause 43.1 referred to in paragraph 2.2.6 or security related responsibilities to be performed by Post Office, with effect from the date of such termination Post Office shall be responsible for ensuring to the extent that it or a Next Supplier:

(a) establishes the Replacement Interfaces, that the Replacement Interfaces are secure; and/or

(b) operates or provides technical or service linkages to the Replacement Interfaces, that such operation and linkages are performed in a secure manner,

in each case in accordance with the levels of security and the standards of skill, care and diligence that would be reasonably expected to be applied in relation to the relevant Replacement Service taken on by a supplier of IT services using good industry practice and adopting any enhanced security measures that such a supplier could reasonably be expected to adopt if such supplier provided an indemnity to Post Office in the same form as that set out in Clause 43.1 (but subject to the same limitations or exclusions of liability set out in Clauses 43 and 44) in respect of the provision of that Replacement Service.

Any Disputes in relation to this paragraph 2.4 shall be resolved in accordance with the Dispute Resolution Procedure.

2.5 In the case of Partial Termination pursuant to Clause 47.10.1 (where paragraph 4.3.3(b)(ii) of Schedule D6 applies) the Parties may agree or Post Office may direct that Fujitsu Services as the provider of the Third Party Management Services shall be responsible for the management of the provision by the winning tenderer of the Replacement Services, in which case:

2.5.1 the Charges which shall be paid by Post Office to Fujitsu Services for the provision of the Third Party Management Services in respect of such Replacement Services shall be as set out in paragraph 9 of Schedule D1; and

2.5.2 any variations that may be required to the provisions in this Agreement relating to the Third Party Management Services to give effect to such direction by Post Office shall be agreed under the Change Control Procedure. In the absence of such agreement the provisions of the CCD entitled "Third Party Management Service: Service Description" (SVM/SDM/SD/0021) shall apply.

Interface Costs

FUJ00000070

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2.6 Interface Costs incurred following Partial Termination shall be borne as follows:

2.6.1 in the case of Partial Termination under Clause 47.10.1 (Market Testing), where Replacement Services are provided by Post Office or a third party:

(a) all Interface Establishment Costs reasonably incurred by Fujitsu Services shall be reimbursed by Post Office to Fujitsu Services; and

(b) where Fujitsu Services manages the provision of those Replacement Services as part of the Third Party Management Service, all Interface Operational Costs shall, subject to paragraph 9.3 of Schedule D1, be borne by Fujitsu Services; and

2.6.2 in the case of Partial Termination under Clause 47.10.2 (Convenience), where Replacement Services are provided by Post Office or a third party:

(c) an amount equal to all Interface Establishment Costs reasonably incurred by Fujitsu Services, multiplied by 100 and divided by 78, shall be paid by Post Office to Fujitsu Services; and

(d) where Fujitsu Services manages the provision of those Replacement Services as part of the Third Party Management Services, all Interface Operational Costs shall, subject to paragraph 9.3 of Schedule D1, be borne by Fujitsu Services.

2.7 Any reference in this Schedule E to Fujitsu Services bearing Interface Costs shall be without prejudice to any right that Fujitsu Services may have under Schedule D1 to charge the Charges payable by Post Office in connection with the management by Fujitsu Services of any Replacement Services.

## 3. ASSET REGISTER, EXIT STRATEGY AND EXIT PLANS

3.1 The Asset Register, Exit Strategy and Exit Plans shall be developed and maintained in accordance with this paragraph 3

3.2 Phase One

3.2.1 Between the date of signature of CCN 1200 and 31 March 2007 and again between 1 April 2007 and three months after the date of commencement of HNG-X Project Workstream X3 (HNG-X Pilot and Acceptance), Fujitsu Services shall (which in respect of the Terminable Services individually, shall mean to the extent reasonably possible) update the list of assets in each of the categories of assets identified in the CCD entitled "Transfer Asset Register" (COM/MGT/REP/0001) (the "Asset Register") at the level of detail and giving such information in each case as envisaged by version 5.0 of that CCD and Clause 48.6;

3.2.2 Within six months of the date of signature of CCN 1200:

FUJ00000070



(a) Fujitsu Services shall update the Exit Strategy to include all of the matters set out in paragraph 3.2.3; and

(b) the Parties shall, in light of the Exit Strategy updated in accordance with paragraph 3.2.2(a), consider the Exit Plans in Annexes 2 and 3 to this Schedule and update them to identify at a high level any additional activities which the Parties agree are required in relation to termination of this Agreement, Partial Termination and/or termination of Project HNG-X, the detail of such activities to be included in the appropriate Exit Plan in Phase Two.

3.2.3 The Exit Strategy shall:

(a) set out a generic description of all probable post termination scenarios relevant to this Agreement (each an "Exit Scenario") including, without limitation, the following:

(i) full or partial continuation of services substantially the same as the Relevant Services by the Next Supplier;

(ii) full or partial provision of equivalent services by the Next Supplier fully or partially utilising the Infrastructure;

(iii) full or partial provision of equivalent services by the Next Supplier utilising an entirely new infrastructure; and

(iv) continued provision of the Services by Fujitsu Services following termination of Project HNG-X;

(b) identify the major factors which are common to all the Exit Scenarios and those which occur in some only of the Exit Scenarios;

(c) set out the roles and responsibilities of the Parties in the development of the Exit Plans in Phase Two;

(d) set out in broad and general terms:

(i) the categories of information that will be required for exit, distinguishing between those categories which will be required in all probable Exit Scenarios and those which will be required only in particular Exit Scenarios; and

(ii) the sources of such information and how it will be provided.

3.2.4 After the Asset Register has been updated in accordance with paragraph 3.2.1 and the Exit Strategy established in accordance with paragraph 3.2.2, the Parties shall thereafter jointly review and update the Asset Register and/or the Exit Strategy once in every twelve months or if the Commercial Leads decide it is necessary to do so as a result of significant changes to the Services. If the

FUJ00000070



Asset Register or the Exit Strategy is brought up to date following a change to the Services, then that document need not be brought up to date for a further twelve months unless the Commercial Leads decide otherwise.

3.3 Updated Asset Register and Exit Strategy for transition

3.3.1 Fujitsu Services shall provide an updated version of the Asset Register to Post Office by 30th April 2013 which they shall keep up to date throughout the remainder of the Term in accordance with the terms of the Agreement.

3.3.2 Fujitsu Services shall provide an updated version of the Exit Strategy document to Post Office by 31st October 2013, such version to take into account Post Office's intention to transition to a Towers Model.

3.3.3 For the avoidance of doubt, Fujitsu Services shall not charge Post Office for the production of the updated versions of the Asset Register and Exit Strategy in accordance with paragraphs 3.3.1 and 3.3.2 above.

3.4 Exit Plans for transition

3.4.1 Fujitsu Services shall, within 2 months of receipt of a request from Post Office, provide to Post Office part 1 of the Exit Plan (excluding aspects of the Exit Plan which are dependent on the identity of the Next Supplier) for such Services as Post Office may specify.

3.4.2 Fujitsu Services shall provide to Post Office part 2 of the Exit Plan (including aspects of the Exit Plan which are dependent on the identity of the Next Supplier) following notification to Fujitsu Services by Post Office as to who the Next Supplier is and the nature of the transition process that Post Office and the Next Provider requires. Fujitsu Services shall provide part 2 of the Exit Plan within 2 months of receipt of this notification from Post Office provided that, subject to paragraph 3.4.3 below, such notification is received 2 months or longer after the date the request for the part one of the Exit Plan was made in accordance with paragraph 3.4.1 (i.e. the creation of part one of the Exit Plan and part two of the Exit Plan shall not run concurrently). For the avoidance of doubt, Post Office shall provide this information on or before the date it gives written notice of termination of the Terminable Service.

3.4.3 For the avoidance of doubt, Post Office may elect to request only part 2 of the Exit Plan (without requesting part 1) by notifying Fujitsu Services who the Next Supplier is and the nature of the transition process that Post Office and the Next Provider requires. In the event that Post Office requests part 2 of the Exit Plan only, Fujitsu Services shall provide such Exit Plan in accordance with paragraph 3.4.2 above including all aspects of the Exit Plan which are dependent and which are not dependent on the identity of the Next Supplier.

3.4.4 Post Office shall not make a request for an Exit Plan for the following Services in accordance with paragraph 3.4.1 or 3.4.2 above earlier than

FUJ00000070



(a) for an Expiring Service, 24 months prior to the expiry date of such Expiring Service;

(b) for a Service other than an Expiring Service, 36 months prior to the expiry date of such Service;

(c) for a Terminable Service in the event of termination, within one week after notice of termination of such Terminable Service; or

(d) for any Service in the event of termination, within one week after notice of termination of this Agreement.

3.4.5 Following any request for an Exit Plan, Fujitsu Services shall provide reasonable assistance to Post Office for the purposes of determining the implications at that time of the Exit Scenarios.

3.4.6 The Parties shall work together in good faith to review and revise (if appropriate) part one and part two of the Exit Plan to Post Office's reasonable satisfaction within 2 months of receipt by Fujitsu Services of Post Office's request for each Exit Plan.

3.5 Charges for development of Exit Plans

3.5.1 All work performed by Fujitsu Services in writing and reviewing any Exit Plans associated with any Expiring Service (but excluding the POLSAP Applications Support Service and the Part 1 Plan for the Operational Business Change (Branch Change) Service) shall be performed by Fujitsu Services for no additional charge. For the avoidance of doubt, this includes Exit Plans prepared after 31st March 2015. Fujitsu Services may make a charge for the POLSAP Applications Support Exit Plan which shall be agreed through the Change Control Procedure but this charge is capped at £25,000 plus VAT. Fujitsu Services may make a charge for the Operational Business Change (Branch Change) Part 1 Exit Plan which shall be agreed through the Change Control Procedure but this charge is capped at £25,000 plus VAT.

3.5.2 All work performed by Fujitsu Services in writing and reviewing any Exit Plans associated with any Service other than an Expiring Service shall be chargeable by Fujitsu Services in accordance with the Rate Card.

3.6 Each Exit Plan produced by Fujitsu Services shall:

(a) include all of the matters referred to in paragraph 3.8; and

FUJ00000070



(b) be documented in a CCD which, in respect only of the Relevant Services to which it relates, shall supersede and replace Annexes 2 and 3 to this Schedule E.

3.7 Fujitsu Services shall ensure that each Exit Plan produced in accordance with paragraphs 3.4.1 and 3.4.2 is kept up-to-date on a general basis and takes account of any significant changes to this Agreement.

3.8 Each Exit Plan produced in accordance with paragraphs 3.4.1 and 3.4.2 shall cover:

(a) the duties, roles and responsibilities of the Parties;

(b) the practical steps needed to be taken by Fujitsu Services and Post Office;

(c) the relevant time scales and milestones;

(d) in the case of termination or expiry of the Agreement or termination of a Terminable Service or expiry of an Expiring Service, each of the matters set out in Annex 2 to this Schedule E;

(e) in the case of termination of Project HNG-X, each of the matters set out in Annex 3 to this Schedule E; and

(f) in all cases to the extent not covered by the matters referred to in (d) or (e) (as applicable), each of the matters referred to in paragraph 3.9 which are applicable to the Exit Strategy.

3.9 Matters for inclusion in the Exit Plan:

(a) Post Office's procurement exercises (if any) associated with the Proposed Exit Strategy (if and to the extent that Post Office shall have provided details of such exercises to Fujitsu Services);

(b) information about all of the matters covered by Clause 48 (at a level adequate to enable structured planning and transition) including:

(i) transfer and/or return (as appropriate) of the various assets (including Project Assets) and Property of any member of the Royal Mail Group;

(ii) granting of licences by Fujitsu Services;

(iii) transfer of agreements potentially to be assigned, novated or otherwise transferred;

(iv) access to such source code as Post Office is entitled to have access upon termination of the Relevant Services and documentation;

FUJ00000070



(v) provision of assistance by Fujitsu Services up to the date of termination of this Agreement, the Terminable Service(s) in question or Project HNG-X or date of expiry of the Expiring Service(s) (as applicable);

(vi) provision of assistance to the Next Supplier (if any) by Fujitsu Services after the date of termination of this Agreement or the Terminable Service in question; and

(vii) the handling of Fujitsu Services employees to whom employment is to be offered under Clause 48.4.3 and those employees who shall transfer pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006, including (as a minimum) information on employee terms of employment in relation to each employee to whom the offer is made and those to whom the Transfer of Undertakings (Protection of Employment) Regulations 2006 applies;

(c) procedures and arrangements (if any) that are reasonably necessary to decommission the Infrastructure and/or Relevant Services or elements thereof in order to effect an orderly transfer on termination or expiry;

(d) run-down of Relevant Services and transition from the Relevant Services to Replacement Services;

(e) responsibilities in relation to handling any due diligence exercises to be carried out by potential Next Suppliers, including access to information, the relevant Infrastructure and Fujitsu Services and Fujitsu Services' sub-contractor personnel;

(f) provision of information relating to on-going performance and issues in relation to the Relevant Services (including performance statistics and details of any outstanding Incidents); and

(g) in the event of termination of a Terminable Service, the changes to this Agreement (if any) necessary to enable Fujitsu Services to continue providing the remaining Services and the identification of any dependencies that will need to be satisfied by Post Office or the Next Supplier for the continued provision of the remaining Services, all of which shall be dealt with under the Change Control Procedure.

3.10 The Exit Strategy and the Exit Plans shall at all times be developed and revised by agreement between the Parties under the Change Control Procedure such that they are consistent with the principles set out in this Schedule E (as it may be amended from time to time under the Change Control Procedure).

3.11 Each Party shall act and negotiate reasonably in agreeing the contents of the Exit Strategy and the Exit Plans and shall not unreasonably require the exclusion of matters

FUJ00000070



which the other Party reasonably requests should be included or the inclusion of matters which the other Party reasonably requests should be excluded.

3.12 Any failure to agree the Exit Strategy or a revision to the Exit Plans shall not prejudice the rights and/or obligations of either Party pursuant to this Schedule.

3.13 Fujitsu Services and Post Office will discharge their respective responsibilities and perform their obligations as set out in this Schedule and, when required by the Exit Strategy or Exit Plans, in accordance with that document.

3.14 To the extent that there is an inconsistency between the terms of the Exit Strategy or Exit Plans and this Schedule then, unless expressly stated otherwise in this Schedule, the terms of this Schedule shall prevail.

## 4. NEXT SUPPLIERS

4.1 Subject to Post Office procuring that each bona fide potential Next Supplier and/or Next Supplier enters into an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such bona fide potential Next Supplier and/or Next Supplier, Fujitsu Services will:

4.1.1 Provide Post Office with reasonable information and assistance in relation to Post Office's tender process conducted for the provision of services (i) to replace the Relevant Services or the performance of the Relevant Services by a replacement contractor; and/or (ii) in relation to any Tower;

4.1.2 During any tender or due diligence process:

(a) provide bona fide potential Next Suppliers with access to personnel, data and information (via either a real or virtual data room); and

(b) co-operate with bona fide potential Next Suppliers,

in order to enable Post Office to run a procurement process in compliance with the Public Contracts Regulations 2006 (in particular without limitation Regulation 4(3) of the Public Contracts Regulations 2006) for all bona fide potential Next Suppliers (which may include Fujitsu Services).

4.1.3 During any transition, implementation and operational phase by Next Supplier(s), grant rights of access to relevant assets (including remote access for IT related assets), premises, subcontractor contracts and third party contracts.

For the avoidance of doubt, to the extent to which such information provision, support and/or assistance in accordance with this paragraph 4.1 results in Fujitsu Services incurring additional costs which it is able to evidence are over and above the Charges and in particular without limitation are not a second charge for obligations already set out in the Agreement (including but not limited to keeping documentation up to date) such costs shall be recoverable from the Post Office."

FUJ00000070



4.2 Post Office may at any time by notice to Fujitsu Services nominate the Person to be the Next Supplier. Post Office shall procure that on each occasion it appoints a Next Supplier, such Next Supplier shall enter into an Agreed Form NDA or any other form of non-disclosure agreement mutually agreed by Post Office, Fujitsu Services and such Next Supplier. Fujitsu Services shall not be liable for any breach of this Agreement to the extent caused by the Next Supplier.

4.3 Where Post Office appoints or intends to appoint a Next Supplier, Post Office shall be responsible for liaising with and ensuring the co-operation of such Next Supplier in all planning and handover activities in respect of exit transition and where obligations in the General Exit Plan which fall to Post Office are due to be performed by or with the co-operation of the Next Supplier, such obligation will be deemed to include an obligation on the Post Office to procure such performance or co-operation from the Next Supplier.

4.4 Where, following Partial Termination, Relevant Services are provided by a Next Supplier and managed by Fujitsu Services pursuant to the Third Party Management Service, Post Office shall procure that all information reasonably required by Fujitsu Services to perform its obligations in respect of such Third Party Management Service is provided to Fujitsu Services as soon as reasonably practicable.

## 5. OTHER EXIT ASSISTANCE

5.1 Fujitsu Services shall use all reasonable endeavours to procure an orderly and efficient transition from the provision of the Relevant Services to the provision of Replacement Services (as the case may be) to the Next Supplier and shall co-operate with the Next Supplier as required in order to fulfil the obligations under this Schedule E.

5.2 Where, other than in accordance with paragraph 6 of Schedule D6, the Post Office is seeking a tender or tenders for a third party contractor to provide a Replacement Service for any Terminable Service to which Partial Termination applies or where Post Office intends to provide such Replacement Services itself, Fujitsu Services shall:

5.2.1 to the extent it can reasonably do so in advance of such Replacement Services being provided, provide to Post Office its best estimate of any Interface Establishment Costs likely to be incurred by Post Office in connection with such Replacement Service on the basis that the specification of the Terminable Service being terminated and the Replacement Service are the same; and

5.2.2 to the extent that any proposed Replacement Service does not meet the specification of the Terminable Service being terminated, Fujitsu Services shall as soon as reasonably practicable (in a timescale consistent with the tender process, if any) advise Post Office of its likely Interface Costs in relation to the proposed Replacement Service.

5.3 Fujitsu Services shall provide reasonable assistance at all times for a period of six years after the date of Partial Termination or date of termination or expiry of this Agreement, as applicable, for the purposes of allowing Post Office to obtain or have access to such historic records connected with the performance of the Relevant Services as may have

FUJ00000070



been retained by Fujitsu Services after termination as is necessary to fulfil Post Office's obligations to supply information for parliamentary, judicial, or administrative purposes.

5.4 Post Office shall pay Fujitsu Services its reasonable costs directly incurred in providing such assistance after Partial Termination and/or termination of this Agreement provided that Fujitsu Services proves such costs to the reasonable satisfaction of Post Office.

## 6. TERMINATION CHARGE

6.1 The Termination Charge, Partial Termination Charge and HNG-X Termination Charge are each intended to represent a good faith recognition of the loss of revenues Fujitsu Services may reasonably have planned for in establishing the Relevant Services, the supporting infrastructure and/or Project HNG-X. Such charges shall not be applicable (i) where the Agreement or Project HNG-X is terminated in accordance with this Agreement for Default by Fujitsu Services or (ii) in the case of Partial Termination arising in relation to Market Testing.

6.2 Where a Termination Charge, Partial Termination Charge or HNG-X Termination Charge is payable to Fujitsu Services, such payment shall be equal to A + B + C where:

6.2.1 A shall be equal to the aggregate of all costs, reasonably incurred, associated with the termination and, where relevant, transfer of the Relevant Services, including but not limited to the termination of its personnel plus any termination charges payable to suppliers and sub-contractors (in all cases Fujitsu Services being required to take reasonable steps to mitigate such exposure); or

6.2.2 B shall be an allowance for lost profit which:

(a) in the case of termination of Project HNG-X, shall be an amount equal to 15 percent. of the amount (if any) by which the HNG-X Development Charges due for payment by Post Office up to the date of termination of Project HNG-X are less than the Lower Target Price; or

(b) in the case of Partial Termination, shall be the Lost Profit; or

(c) in the case of termination of the Agreement, shall be the aggregate of:

(i) an amount equal to the profit element of the HNG-X Termination Charge calculated in accordance with paragraph 6.2.2(a), or zero if such termination of the Agreement occurs after HNG-X Initial Acceptance or the HNG-X Termination Charge has already been paid by Post Office; plus

(ii) the Lost Profit;

6.2.3 C shall:

(a) in the case of (i) Partial Termination or (ii) termination of the Agreement, after all Migration Charges have become due for payment, be zero;

FUJ00000070



(b) in the case of termination of the Agreement before all Migration Charges have become due for payment or in the case of termination of Project HNG-X be an amount equal to:

(i) the aggregate of all Migration Charges due or which may become due to be paid by Post Office in accordance with the provisions of Schedule D7 if the Agreement or Project HNG-X had not been terminated; minus

(ii) all amounts paid by Post Office in respect of such Migration Charges and all of Fujitsu Services' costs (and associated margin) in relation to such Migration Charges that Fujitsu Services is able to avoid or mitigate (having taken reasonable steps to do so).

6.2.4 All costs forming part of the Termination Charge, Partial Termination Charge or HNG-X Termination Charge shall be determined in accordance with Fujitsu Services' standard accounting practice, supported by proper vouchers and records and verified by Fujitsu Services' auditors.

6.2.5 For the purposes of this paragraph 6.2:

(a) "Lost Profit" means the present value of the lost profit that would have been due to Fujitsu Services during the remainder of the term of the Agreement.

(i) in the case of termination of the Agreement, in relation to all Relevant Services; or

(ii) in the case of Partial Termination, in relation to the Relevant Service that has been terminated,

in each case calculated as at the date of termination of the Agreement or Partial Termination, or as at the date of commencement of the Ramp Down Period in the event the Relevant Service is subject to a Ramp Down Period, as the case may be, according to the following formula:

Lost Profit = $AP_0 + AP_1/(1+r) + AP_2/(1+r)^2$ + [series to continue on same calculation basis until] + $AP_{nn}/(1+r)^{nn}$.

Where the Relevant Service being terminated is subject to a Ramp Down Period, then the profit included within the Charges paid or payable by Post Office during the Ramp Down Period shall be recognised in the calculation of the Lost Profit payable by deducting the amount calculated in accordance with the following from the Lost Profit (as calculated above):

(10/100) multiplied by the total amount of the Charges paid or payable by Fujitsu Services for the Relevant Service during the Ramp Down Period

FUJ00000070



(b) "nn" means the numbering applied to Financial Years, where in respect of the Financial Year in which termination occurs or the Ramp Down Period commences (as the case may be), nn = 0; in respect of the next Financial Year, nn = 1; for the Financial Year after that nn = 2 and so on for each successive Financial Year in the period after such termination :

(i) to 31st March 2015 in the event of Partial Termination of the Expiring Services (excluding the POLSAP Applications Support Service) , save as set out in paragraph (ii) below; or

(ii) in the event that Post Office elects to extend the Service Desk Service, Engineering Service, the OBC Branch Service and/or, CMT Services in accordance with paragraph 10 below, and any such Service is subject to Partial Termination, to the date on which such Service (as extended) would have expired; and

(iii) in the event of Partial Termination of the POLSAP Applications Support Service, to 31st March 2016; and

(iv) for all other Services, to 31 March 2017."

(c) "APnn" means annual profit in the Financial Year numbered nn which:

(i) in the case of termination of the Agreement, is the aggregate of:

(1) as applied to each and aggregated for all Relevant Services, an amount equal to the Operational Fixed Charge applicable in respect of each Relevant Service in that Financial Year multiplied by the Month Number or OBC Month Number (as applicable) multiplied by 10/100; plus

(2) an amount equal to 10/100 multiplied by the aggregate of the "Late Cost to Post Office" (as referred to in paragraph 4.2.3 of Schedule D1) that would have been payable (if any) pursuant to paragraphs 4.2.3 and 4.2.4 of Schedule D1 as an increment to the applicable Operational Fixed Charge and/or Operational Unit Charges between the date of such termination and 31 March 2015; plus either

(3) in respect of each Financial Year from (and including) 2008/9 to (and including) 20011/2012, the Protected Margin for that Financial Year; or

(4) in respect of Financial Years 2006/07 and 2007/08 and all Financial Years after 20011/2012, as applied to each and aggregated for all Relevant Services, an amount equal to the Operational Variable Charge in respect of

FUJ00000070



each Relevant Service in that Financial Year multiplied by the Applicable Margin; or

(ii) in the case of Partial Termination of a Relevant Service, is the aggregate of:

(1) an amount equal to the Operational Fixed Charge applicable in respect of that Relevant Service in that Financial Year multiplied by the Month Number multiplied by 10/100; plus

(2) an amount equal to the Operational Variable Charge in respect of that Relevant Service in that Financial Year multiplied by the Applicable Margin;

(d) "Month Number" means, subject to paragraph 6.2.5 (i) of Schedule E, in the Financial Year in which termination of the Agreement or Partial Termination (other than in respect of the Operational Business Change (Branch Change) Service) occurs, the number of calendar months remaining in that Financial Year after the date of such termination (which shall be deemed to include the month in which such termination occurs) or 12 in all subsequent Financial Years;

(e) "OBC Month Number" means, in the Financial Year in which Partial Termination of the Operational Business Change (Branch Change) Service occurs, the number of calendar months remaining (excluding December) in that Financial Year after the date of such termination (which shall be deemed to include the month in which such termination occurs, save where that month is December in which case it shall be deemed to include the January immediately following) or 11 in all subsequent Financial Years;

(f) "Applicable Margin" means 5/100 in the case of the Branch Network Service or 10/100 in the case of all other Relevant Services; and

(g) "Operational Variable Charge" means in each Financial Year:

(i) in the case of the Branch Network Service, an amount equal to the Charges forecast by Fujitsu Services to be payable that Financial Year by Post Office pursuant to paragraph 2.9.2(b) of Schedule D1, such forecast being the latest provided by Fujitsu Services under paragraph 2.10 of Schedule D1; or

(ii) in the case of all other Relevant Services, the element of the Operational Charges payable in respect of that Relevant Service in that Financial Year calculated using all Operational Unit Charges and Margin Rates applicable in respect of that Relevant Service and the relevant volumes in that Financial Year forecast in the CCD "Horizon Capacity Management and Business Volumes" (PA/PER/033) (such volumes being

FUJ00000070



adjusted as necessary so as to be expressed as monthly volumes); and

(h) "r" means the base rate, expressed as an annual percentage, of Barclays Bank Plc prevailing on the date on which termination of this Agreement or Partial Termination (as the case may be) takes place multiplied by 1/100. For example, if the base rate is 5.1 percent., "r" will be 5.1 x 1/100 = 0.051.

(i) With respect to the CMT Service only, the number of calendar months remaining after the date of such termination shall be capped at 6 months or (if lower) the number of months (including the month in which such termination occurs) remaining to 31st March 2017. For the avoidance of doubt, the total "Lost Profit " in relation to the CMT service shall be the Operational Fixed Charge applicable in respect of the CMT Service multiplied by 6 , or (if lower) the number of months (including the month in which such termination occurs) remaining to 31st March 2017, multiplied by 10/100.

## 7. TRANSFER PAYMENT

7.1 In the event of termination:

7.1.1 in circumstances in which a Termination Charge, Partial Termination Charge or HNG-X Termination Charge is payable, then should Post Office wish to exercise its option under Clause 48.1, the Transfer Payment shall be £1; and

7.1.2 in all other cases, should Post Office wish to exercise its option under Clause 48.1, the Transfer Payment shall be the greater of £1 or a sum equivalent to such Charges as are due or which may become due to be paid by Post Office in respect of those Project Assets which Post Office is entitled and wishes to acquire, to the extent that such Charges have not already been paid by Post Office to Fujitsu Services.

## 8. ASSOCIATED DOCUMENTS

8.1 The following CCDs are associated with this Schedule E:

| | Document Reference | Document Title |
|---|---|---|
| 1 | SVM/SDM/SD/0021 | Third Party Management Service: Service Description |
| 2 | COM/MGT/REP/0001 | Transfer Asset Register |
| 3 | PA/PER/033 | Horizon Capacity Management and Business Volumes |
| 4 | COM/CUS/STG/0001 | HNG-X Exit Strategy |

FUJ00000070

CONFIDENTIAL

8.2 The following CRDs are associated with this Schedule E:

| | Document Reference | Document Title |
|---|---|---|
| | NO CRDs APPLICABLE | |

## 9. ADDITIONAL EXIT PROVISIONS APPLICABLE TO TRANSITION

9.1 Impact of termination or expiry during transition

9.1.1 From 1st April 2015, it is anticipated that Post Office will initiate a number of Partial Terminations of Services as it moves to its new procurement model. To support the transition following these Partial Terminations there may be a resulting change in the scope and charging for the central support Services (Service Management Service, Management Information Service, and Security Management Service). In addition, the Services may be impacted by the termination or expiry of the Engineering Service, Operational Business Change Service and CMT Service.

9.1.2 The impact of any Partial Termination on the remaining Services shall be assessed in accordance with the provisions of paragraph 2.2 of Schedule E.

9.1.3 The impact of any expiry of an Expiring Service shall be assessed in accordance with the provisions of paragraph 2.2 of Schedule E.

9.2 Spares Stock

9.2.1 Post Office shall be responsible for the provision of all spares stock for Expiring Services (excluding POLSAP Applications Support Service) from 1st April 2015. For the avoidance of doubt, all spares stock procured by or on behalf of Post Office shall form part of the Branch Infrastructure.

9.2.2 Post Office may request in writing that Fujitsu Services source the spares stock for Branch Infrastructure on Post Office's behalf (including spares stock identified in a Mini Extension Report). In such circumstances and subject to the availability of such spares, Fujitsu Services shall procure said spares at Post Office's cost. Fujitsu Services shall also be entitled to charge for the storage of these spares. In the event that Post Office extends the Engineering Service, Fujitsu Services shall not be entitled to charge for those spares that it estimates it will require to deliver the Services during the period for which the Engineering Service is extended. Fujitsu Services will continue to be able to charge for the storage of any other spares procured on behalf of Post Office during such period.

9.3 It is noted that at the time of entering into CCN 1400, both parties acknowledge that it is not possible to predetermine all of the potential impact (including changes to the relevant cost base) of the removal of the Service Desk Service and the impact of the removal of other subsequent Terminable Services (whether before or after 31st March 2015) on the remaining Operational Services and/or Transition Support Services. To this end, the provisions of paragraph 2 (Partial Termination) of Schedule E (Termination and the Exit Plan) shall apply in each instances and Fujitsu Services shall be required to impact each expiry and/or termination and the Charges for the remaining services shall be varied according to any increase or decrease in the remaining costs incurred by Fujitsu Services in delivery of the remaining services.

FUJ00000070

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## 10. MINI EXTENSIONS

10.1 In the event that Post Office requires any or all of the Expiring Services (excluding Credence/MDM Service, the Salesforce Support Service, POLSAP Hosting Service and POLSAP Applications Support Service) to continue beyond 31st March 2015, then the following provisions shall apply:

10.1.1 Post Office shall only be able to extend a particular service for fixed 6 month periods. In the event that Post Office requires an additional period beyond 30th September 2015 then Post Office must also elect for an additional fixed 6 month extension period.

10.1.2 In order to extend one of these Expiring Services (excluding POLSAP Applications Support Services), Post Office shall give a minimum of 6 months' written notice, i.e. in the first instance, such written notice must be received by Fujitsu Services prior to 30th September 2014.

10.1.3 For the avoidance of doubt, liquidated damages (where applicable) shall continue to apply during any mini extension in accordance with clause 18 save in the case where the Actual Engineering Visits in any month exceeds the related Expected Engineering Volume by 10%. In such instances, the calculation for liquidated damages in respect of the Counter Availability SLT shall be based on the average downtime for each of the hardware components over the previous three months (not including the month in question), instead of the actual downtime in the month for each of those components. This shall be calculated using the reported downtime for each problem type prefaced "HD" in the Local Failure section of the SLT report produced in accordance with Annex A to the CCD Branch Network Service Description (SVM/SDM/SD/0011).

10.1.3A The Credence/MDM service, the Salesforce Support Service and POLSAP Hosting Service are not extendable beyond 31st March 2015 in accordance with the terms above. The POLSAP Applications Support Service is not extendable beyond 31st March 2016 in accordance with the terms above.

10.1.3B In the event that the Service Desk Service continues beyond 31st March 2015, there shall be no reduction in contracted for Service Levels during the extended period.

**Mini Extension Reports**

10.1.4 Fujitsu Services shall, acting as the informed supplier, ensure that its personnel inform the Service Management Relationship (as defined in Schedule A2) as soon as it is aware of any issues that may impact on the provision of Expiring Services (excluding POLSAP Applications Support Service) beyond March 2015 (be it by Fujitsu Services or the Next Supplier) on a reactive basis. Where such issues are agreed they shall be formally recorded in the minutes and become Refresh Items. If agreement is not reached in the Service Management Relationship then the Parties shall escalate the matter using the Dispute Resolution Procedure.

10.1.5 Additionally, to inform the mini extension request Post Office may elect to commission via a CT, a report identifying any items of risk that would need to be addressed in order for the relevant Service(s) to continue to operate during any Mini Extension in accordance with the Agreement immediately prior to the extension. This report shall be prepared on a pro-active basis with Fujitsu Services consulting relevant sub-contractors as necessary. Such report shall be delivered to Post Office within 3 months of the agreement date of the CT (the

FUJ00000070



**"Mini Extension Report"**). The report shall be delivered on a time and materials basis but the cost of such report shall be capped at £30,000.

10.1.6 Post Office will review the Mini Extension Report and the Parties shall use reasonable endeavours to agree any changes within 15 Working Days of the date the Mini Extension Report is delivered to Post Office. If the Parties are unable to agree the report then the matter shall be escalated via the existing Dispute Resolution Procedure.

10.1.7 Once agreed, any items identified in the Mini Extension Report shall be deemed to be Refresh Items.

10.1.8 If matters relating to potential Refresh Items have been referred to the Dispute Resolution Procedure but not yet resolved and result in a service failure during any mini extension period, then the potential Refresh Items attributable to the service failure shall become Refresh Items.

10.1.9 Post Office may at its sole option determine whether to implement all, some, or none of the Refresh Items set out in the Mini Extension Report and/or Service Management Relationship minutes and/or Dispute Resolution Procedure resolutions. For the avoidance of doubt, Post Office may purchase Refresh Items from any Tower Contractor or any other third party but, as set out in Schedule B1 (Branch Hardware Implementation) only Fujitsu Services may implement such Refresh Items into the Services (at Post Office's additional cost, where such costs are not recoverable under the Charges) to the extent it still provides the applicable Service. In the event that Post Office decides to proceed with some or none of the Refresh Items then Fujitsu Services shall not be liable for any service failure directly attributable to Post Office not proceeding with and/or making available the Refresh Items. In the event that Post Office decides to proceed with some or all of the Refresh Items then, for the avoidance of doubt, Fujitsu Services' obligations to provide the Services in accordance with the Service Levels shall be unaffected to the extent to which Post Office procures and/or provides the Refresh Items within the agreed timescales.

10.1.10 Furthermore, if Post Office does not elect to procure the Mini Extension Report and to the extent that Fujitsu Services has fulfilled its obligations under paragraph 10.1.4 of this Schedule E, then, should the service be impacted by the non-availability, refresh or support of hardware and software, or of spares after 31st March 2015 an appropriate adjustment to service level performance shall be made in relation to failures directly caused by the lack of availability, refresh or support of those spares, hardware or software.

## 10A SPARES STOCK

10A.2 Prior to the termination/expiry of any of the Services, Fujitsu Services will notify Post Office promptly after it becomes aware (or ought reasonably to have become aware), of any:

10A.2.1 software or hardware used in the performance of the Services; or
10A.2.2 spares stocks for Branch Infrastructure,

which is becoming end-of-life and/or coming out of support in the two years after the planned expiry of the Service.

10A.3 Post Office shall be responsible for the provision of all spares stock from 1st April 2015 required for the provision of Expiring Services (excluding POLSAP Applications Support Service). For the avoidance of doubt, Post Office may request that Fujitsu Services source the spares stock on Post Office's behalf. In such circumstances and subject to the availability of such spares, Fujitsu Services shall procure said spares at Post Office's cost. Fujitsu Services shall also be entitled to charge for the storage of these spares.

10A.4 In the event that Post Office extends the Engineering Service, Fujitsu Services shall not be entitled to charge for those spares that it estimates it will require to deliver the

FUJ00000070



Services during the period for which the Engineering Service is extended. Fujitsu Services will continue to be able to charge for the storage of any other spares procured on behalf of Post Office during such period where such spares are stored by Fujitsu Services.

## 10B RAMP DOWN CHARGES

10B.1 Once a particular Operational Service, Counter Positions or Branches is/are supported by a Next Supplier or any other supplier (and not Fujitsu) it/they shall cease to be "Counter Positions" or "Branches" for such Operational Service.

10B.2 For the avoidance of doubt, a single Branch or Counter Position may be supported by Fujitsu in relation to one Operational Service but may be supported by a Next Supplier in relation to another Operational Service. As illustrated in the example in paragraph 1.9 of Schedule D1, that Branch or Counter Position supported by Fujitsu would be included in the variable charge calculation for the Operational Service but not the Branch or Counter Position supported by the Next Supplier.

## 11 RAMP DOWN OF TRANSITIONAL SUPPORT SERVICES

11.1 In order to facilitate the transition to the new Towers Model, the Parties shall work together to ascertain to what extent the elements of the Transitional Support Services are variable as follows:

11.1.1 Upon request from Post Office, Fujitsu Services shall prepare a report (the "**Ramp Down Report**"), within 5 months of the request, for Post Office identifying for each Terminable Service within the Transitional Support Services which elements of such Terminable Service are: (i) potentially variable in that certain parts of that Service provided by Fujitsu Services may be reduced during a ramp down period and the Charges reduced accordingly ("**Variable Services**"); and (ii) fixed (for which no savings will realistically be achievable ahead of the exit of that particular service). The Ramp Down Report shall be written on the basis of an "order of magnitude". Fujitsu Services shall not be required to disclose any commercially sensitive information in the Ramp Down Report concerning how the Services are delivered. Without prejudice to Clause 24 and Schedule D4, Fujitsu Services shall not be required to provide Open Book information as outlined in Schedule D4 for the purposes of the Ramp Down Report. For the avoidance of doubt, the Ramp Down Report shall include the operational charge reduction which Post Office could expect (comprising the cost of the network plus the additional margin) as the result of cessation or decommissioning of individual central network circuits. For avoidance of doubt Post Office acknowledges that in terminating a circuit it may be required to incur termination charges from the circuit provider (charged by Fujitsu Services on a pass through basis) and any additional costs associated with the impact on the remaining circuits (for example a loss of discounts associated with a certain volume of circuits) and/or Services. The provision of the report shall be agreed via the Change Control Procedure and be chargeable by Fujitsu Services up to a maximum amount of £15,000 excluding VAT.

11.1.2 The Parties acknowledge and agree that the more commoditised Services, such as Data Centre Operations, should be capable of being Variable Services. In the Ramp Down Report, Fujitsu Services shall identify the variable elements of such commoditised Services and the associated reduction in the Charges for such variable elements during a Ramp Down Period. For more bespoke Services, such as Applications Support Service (4th Line), Fujitsu Services shall use reasonable endeavours to identify any variable elements and the associated cost drivers, however if this not possible Fujitsu Services shall explain in the Ramp Down Report:

a) why this is the case; and

FUJ00000070



b) any information Fujitsu Services will need to be able to provide the information required to be included in the Ramp Down Report.

11.1.3 Upon receipt of the Ramp Down Report, Post Office shall review this report and provide feedback to Fujitsu Services. The Parties shall promptly meet to discuss Post Office's feedback and based on the agreed outputs of the meeting, Fujitsu Services shall amend the Ramp Down Report and the details of which Services will constitute Variable Services. This process shall be completed within 6 months of the date of the request for the report from Post Office.

11.1.4 Once the Ramp Down Report is agreed, if requested by Post Office, Fujitsu Services shall apply the relevant principles contained in the Ramp Down Report when developing the pricing mechanism for the relevant Exit Plan which shall apply during the ramp down of the relevant Variable Service.

11.1.5 Where a cost saving is achieved by Fujitsu Services as a result of the reduction of volumes or scope of a Variable Service to be delivered by Fujitsu Services during the Ramp Down Period these cost savings will be passed on to Post Office as a reduction in the Charges.

11.1.6 Any Disputes in relation to this paragraph 11 shall be resolved in accordance with the Dispute Resolution Procedure.

11.2 Post Office shall, on termination of a Variable Service, be permitted to ramp down such Variable Service. This shall work as follows:

11.2.1 On or after providing notice to terminate a Variable Service, Post Office shall notify Fujitsu Services of any period during which it wishes to ramp down such Variable Service (the "**Ramp Down Period**") and how it wishes to ramp down such Variable Service. Any such Ramp Down Period shall not extend beyond the expiry of the Agreement.

11.2.2 For a minimum of the relevant termination notice period following the receipt of the notice to terminate such Variable Service, that Variable Service shall continue to be delivered (and paid for) in full.

11.2.3 During the relevant termination notice period, Fujitsu Services shall produce an Exit Plan in accordance with paragraph 3 of this Schedule E which shall set out how the Variable Service will be ramped down and the reductions in the Charges resulting from such ramp down.

11.2.4 The Variable Service shall be ramped down from the end of the relevant termination notice period, except that Post Office may elect to ramp down the Service Desk Service at any stage after the first 3 months of any termination notice period for such Service.

11.2.5 Where a Variable Service is terminated, the impact on the remaining Transitional Support Services shall be determined and any variations to the remaining Services (including any changes to the Charges) shall be agreed between the Parties and implemented in accordance with the Change Control Procedure.

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**ANNEX 1**

| Terminable Service | Termination category | Date or Event from which Termination Notice can be given | Indicative Impacts |
|---|---|---|---|
| Operational Business Change (Branch Change) Service | Terminable as an individual Service | 1st January 2016 | Process and toolset implications on Engineering Service, Branch Network Service and Data Centre Operations Service |
| Engineering Service | Terminable as an individual Service | Signature by both Parties of CCN 1200 | Process, toolset, SLT and operational service threshold implications on Service Desk Service and Operational Business Change (Branch Change) Service and on availability SLTs |
| Service Desk Service | Terminable as an individual Service (Terminated as of 2nd July 2014) | October 2006 | Impacts on Engineering Service SLTs and on process and toolset interfaces to the Systems Management Service, Branch Network Service, Data Centre Operations Service, Central Network Service, Third Line Software Support Service and Service Management Service |
| Branch Network Service | Terminable as an individual Service | April 2007 | Impacts on Engineering Service, Service Desk SLTs and availability and reliability SLTs (amongst others). Process and toolset implications for Service Desk Service.<br>Implications on development if a different technology is used |
| Reconciliation Service | Terminable as an individual Service | Trigger Point T6 (Counter Application Roll out Complete) | Implications on the Third Line Software Support Service which provides back-up to the Reconciliation Service on reconciliation incidents where specialist technical support is required. |
| Reference Data Management Service | Terminable as an individual Service | Trigger Point T6 (Counter Application Roll out Complete) | Implications on process and toolset for Data Centre Operations Service especially. |
| Third Line Software Support | Terminable as an individual Service | Trigger Point T6 (Counter Application Roll out Complete) | Impacts on all SLTs (though only minimally on Service Desk Service and Engineering Service SLTs) |

FUJ00000070

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| Terminable Service | Termination category | Date or Event from which Termination Notice can be given | Indicative Impacts |
|---|---|---|---|
| Service | | | Process and toolset implications on Service Desk Service, Systems Management Service, Data Centre Operations Service, Application Support Service (Fourth Line), Reconciliation Service and Management Information Service |
| Data Centre Operations Service and Central Network Service | Service terminable jointly (not as individual Services) | Trigger Point T6 (Counter Application Roll out Complete) | Termination of Data Centre Operations Service and Central Network Service impacts on the Reconciliation Service, Reference Data Management Service, and "multi-service" SLTs (such as Branch and Counter Position availability), Banking Transaction times and data file delivery SLTs. In addition the POLSAP Hosting Service and Credence/MDM Service shall be impacted. |
| | | | |
| Systems Management Service | Terminable as an individual Service | Trigger Point T6 (Counter Application Roll out Complete) | Termination of Systems Management Service impacts on most SLTs. Process and toolset impacts on many other Services. |
| Application Support Service (Fourth Line) | Terminable as an individual Service | Trigger Point T6 (Counter Application Roll out Complete) | Implications on POA ongoing development capability as links between the two are very significant.<br>Process and toolset implications on Third Line Software Support Service. |
| Salesforce Support Service | Terminable as an individual Service. Note that the terms of the Fujitsu Global Cloud Platform shall apply to the Salesforce Support Service Hosting. | 3 months from start of service | Service is a standalone Service. |

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| Terminable Service | Termination category | Date or Event from which Termination Notice can be given | Indicative Impacts |
|---|---|---|---|
| POLSAP Hosting Service | Terminable as an individual Service | Signature of CCN 1400 | Reference Data Management Service, Data Centre Operations Service and POLSAP Applications Support Service |
| POLSAP Applications Support Service | Terminable as an individual Service | Signature of CCN 1400 | Reference Data Management Service, Data Centre Operations Service and POLSAP Hosting Service |
| Credence/MDM Service | Terminable as an individual Service | Signature of CCN 1400 | Reference Data Management Service and Data Centre Operations Service. |

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## ANNEX 2

## General Exit Plan

| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| 1 | Post Office shall appoint a manager responsible for implementing the General Exit Plan. | 1 day. | 1 day. |
| 2 | At the request of Post Office, Fujitsu Services shall appoint a manager who shall be responsible for implementing the General Exit Plan, to include but not be limited to:<br>• participating in the planning and resourcing of transferring responsibility for the provision of the Relevant Services or equivalent services to the Next Supplier;<br>• managing Fujitsu Services' involvement in that process and committing their resources to it, and managing the timescales concerned; and<br>• organising Fujitsu Services' management and control for the processes described below. | 3 days. | 5 days. |
| 3 | At the request of Post Office, Fujitsu Services shall procure that its sub-contractors used in the provision of the Relevant Services shall meet with Post Office to discuss, in as co-operative manner as is reasonably practicable, the ongoing provision of the Relevant Services with a view to achieving the results of the General Exit Plan. | As and when reasonably requested by Post Office after notice of termination given. | As and when reasonably requested by Post Office after notice of termination given or in the event of expiry of this Agreement or an Expiring Service. |
| 4 | Fujitsu Services shall deliver to Post Office for its approval a detailed transition plan to enable transition of the Relevant Services to the Replacement Services. Such plan shall include, but not be limited to a timetable of events, resources, assumptions, dependencies, activities, and responsibilities. | No later than 2 months after receipt of the views of Post Office in accordance with paragraph 3.4.2 of Schedule E. | No later than 2 calendar months after receipt of the views of Post Office in accordance with paragraph 3.4.2 of Schedule E. |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| 5 | Fujitsu Services shall deliver to Post Office the most recent versions of all internal documentation available to Fujitsu Services which are used for support of the Relevant Services and relevant Applications, Business Capabilities and/or Support Facilities. | 7 days. | 14 days. |
| 6 | Fujitsu Services shall make available to Post Office on reasonable notice appropriate expert staff who shall provide to Post Office such explanations to Post Office as are reasonably necessary to facilitate Post Office's understanding of the documentation referred to in row 5. | No later than 2 months after notice of termination given. | No later than 2 months after notice of termination given. |
| 7 | Fujitsu Services shall deliver to Post Office the following:<br>• an inventory of Post Office Data, plus any other related data available for transfer or deletion;<br>• the definition of all data available for transfer or deletion;<br>• a proposed physical transfer method and method of deletion; and<br>• a proposed method for testing the integrity and completeness of the data transferred and the completeness of the data deleted.<br>In the case of Partial Termination or expiry of an Expiring Service this only applies to the extent that such Post Office Data relates to the Relevant Service or is reasonably relevant for the provision of Replacement Services for the Relevant Service. | Within 1 month from notice of termination of this Agreement. | At least 4 months prior to termination or expiry of this Agreement or an Expiring Service. |
| 8 | Fujitsu Services shall deliver to Post Office an up to date version of the Asset Register together with:<br>• a list of all assets eligible for transfer to Post Office in accordance with Clause 48.1 and the relevant terms of such transfer; and<br>• a list identifying all other assets, other than human resources, skills and know how, that are ineligible for transfer but which are essential to the delivery of the Relevant Services. | Within 1 month from notice of termination of this Agreement. | At least 4 months prior to termination or expiry of this Agreement or an Expiring Service. |

FUJ00000070

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| | The purpose of each component shall be included in the list. | | |
| 9 | Post Office to deliver notification to Fujitsu Services of specific data it wishes to be transferred in accordance with the provisions of row 7, and Post Office and Fujitsu Services to enter into good faith discussions to develop a data transfer plan. | Within 1 month from date of delivery of the items set out in row 7. | Within 2 months from date of delivery of the items set out in row 7. |
| 10 | Post Office to deliver notification to Fujitsu Services of specific assets it wishes to be transferred in accordance with Clause 48.1, and Post Office and Fujitsu Services to enter into good faith discussions to develop a plan for asset transfer. Such plan shall cover both passing of title to assets and any physical transfer required. | As soon as reasonably practicable from date of delivery of the list of all assets eligible for transfer to Post Office referred to in row 8. | Within 3 months from date of delivery of the list of all assets eligible for transfer to Post Office referred to in row 8. |
| 11 | Post Office and Fujitsu Services to enter into good faith negotiations to identify and specify any training requirements related to the transfer of data and/or assets pursuant to rows 9 and 10 above. Such training shall include, at Post Office's request, technical training in respect of:<br><br>development;<br>networks;<br>operations;<br>configuration and change management;<br>system administration;<br>platform management;<br>and security. | As soon as reasonably practicable from delivery of both the list of assets and of data referred to in rows 7 and 8. | Within 1 month from delivery of both the list of assets and of data referred to in rows 7 and 8. |
| 12 | Fujitsu Services to produce and Post Office to approve in respect of the Relevant Services:<br><br>• a training strategy, which details the required courses and their objectives;<br><br>• training materials (include assessment criteria); and<br><br>• a training plan of the required training events. | Within 1 month from notice of termination of this Agreement. | At least 3 months prior to termination or expiry of this Agreement or an Expiring Service. |
| 13 | Fujitsu Services and Post Office shall co-operate in commencing testing and proving the data transfer and deletion plan in respect of the Relevant Services, such that transfer may be concluded in accordance with the agreed plan. In the case of termination or expiry of the | As soon as reasonably practicable after agreement of the data transfer plan referred | The later of 5 months after the date of notice of termination and 3 months after agreement |

FUJ00000070

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| | Agreement or (in accordance with Post Office's reasonable directions) of a Terminable Service, once the transfer of Post Office Data to Post Office in accordance with this requirement is complete, all remaining Post Office Data to which this requirement applies and held by Fujitsu Services shall either be destroyed in the case of termination and expiry of the Agreement or, in the case of termination or expiry of a Terminable Service, only destroyed in accordance with Post Office's reasonable directions. For the purpose of this requirement, "destroyed" means physical destruction of the media upon which such data are held or irretrievable deletion of data from such media (including, without limitation, by reformatting those media). | to in row 9. | of the data transfer plan referred to in row 9. |
| 14 | At the request of Post Office, Fujitsu Services shall:<br>• in the case of properties owned or controlled by Fujitsu Services, permit Post Office and its appointed agents; and<br>• in the case of properties not owned or controlled by Fujitsu Services, use reasonable endeavours to arrange,<br>reasonable access to such properties used by Fujitsu Services to provide the Relevant Services. | Throughout the period between commencement of implementation of the General Exit Plan and completion of transition to the Next Supplier ("Exit Term"). | Throughout the Exit Term. |
| 15 | At the request of Post Office, Fujitsu Services shall provide all reasonable assistance and allow for the decommissioning and transfer of the relevant assets listed in the Asset Register (as updated in accordance with the provisions of row 8) and those notified by Post Office in accordance with the provisions of row 10 that are located on Fujitsu Services' premises (including premises leased or licensed by Fujitsu Services) in accordance with Post Office's reasonable instructions to Post Office's specified location in the UK (or the location of any Next Supplier), including but not limited to physical access to such assets. | Throughout the Exit Term. | Throughout the Exit Term. |
| 16 | Fujitsu Services shall transfer data in an agreed electronic format (where possible) or such other available format to Post Office and make the same available at Post Office's request to the Next Supplier. | On satisfactory completion of the relevant testing mentioned in row 13. | On satisfactory completion of the relevant testing mentioned in row 13. |
| 17 | Fujitsu Services shall: | Following a reasonable interval following termination of this Agreement. Such interval | Following a reasonable interval following termination of this Agreement or expiry of an |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| | • make available two copies in the agreed electronic format of all back-up, archival and operational data including, without limitation all databases developed in relation to the Relevant Services which are licensed for use by Post Office pursuant to this Agreement or in which Post Office owns the Intellectual Property Rights; and<br>• make and deliver up to Post Office printouts of Post Office Data as Post Office may reasonably require and which Fujitsu Services can reasonably produce in respect of the Relevant Services. | to be agreed by the Parties during Phase One. | Expiring Service. Such interval to be agreed by the Parties during Phase One. |
| 18 | Fujitsu Services shall transfer to Post Office the scripts used by the Service Desk, all existing work arounds to known problems, its problem management records and its incident management records (in each case as relevant to the Relevant Services and relevant Applications, Business Capabilities and Support Facilities) in a format to be agreed between the Parties. | 1 month before termination of this Agreement with an update of such information up to and including the date of termination of this Agreement to be sent to Post Office in the agreed format within one month of the date of termination of this Agreement. | 2 months before termination of this Agreement with an update of such information up to and including the date of termination of this Agreement to be sent to Post Office in the agreed format within one month of the date of termination of this Agreement. |
| 19 | Fujitsu Services shall provide reasonable office accommodation for three Post Office or Next Supplier personnel. | Throughout the Exit Term. | Throughout the Exit Term. |
| 20 | Fujitsu Services shall destroy or return to Post Office (as directed by Post Office):<br>• all manuals and all other materials supplied by Post Office to Fujitsu Services (relating to the Relevant Services) and subsequently updated in enabling them to service Post Office's requirements; and<br>• all tapes and disks and other equipment and related software supplied to Fujitsu Services by Post Office during the provision of the Relevant Services,<br>to the extent such manuals, materials, tapes, disks, equipment and/or software relate to the Relevant Services and are not required for the provision by Fujitsu Services of any continuing Services. | Following a reasonable interval following termination of this Agreement. Such interval to be agreed by the Parties during Phase One. | Following a reasonable interval following termination of this Agreement or an Expiring Service. Such interval to be agreed by the Parties during Phase One. |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of General Exit Plan or other specified event) | |
|---|---|---|---|
| | | Notice of termination given for any reason is 6 months or less | Notice of termination for any reason is more than 6 months, or in the event of expiry of this Agreement or an Expiring Service |
| 21 | Post Office shall notify Fujitsu Services of any transition requirements to be provided to Next Supplier after the date of Partial Termination or date of termination of this Agreement, as applicable. | At least 2 months prior to termination of this Agreement. | At least 2 months prior to termination or expiry of this Agreement or an Expiring Service. |
| 22 | Fujitsu Services shall transfer to Post Office its relevant configuration management information in a format to be agreed between the Parties. | At least one month prior to termination of this Agreement. | At least one month prior to termination or expiry of this Agreement or an Expiring Service. |
| 23 | Fujitsu Services shall provide to Post Office an anonymised list with details of the terms and conditions of employment of all Fujitsu Services personnel (and those personnel of its relevant sub-contractors) who are then wholly or mainly employed or engaged in the performance of the Relevant Services, to the extent such personnel may be subject to the Transfer of Undertakings (Protection of Employment) Regulations 2006 if such Services were transferred (including, as a minimum, information on (i) numbers of personnel (employees, contractors and temporary staff), (ii) salaries and other benefits, bonuses and pensions arrangements, (iii) where readily available to Fujitsu Services, skills sets and employment grades, (iv) age and length of service profile, (v) locations of personnel and (vi) such key employee policies as shall be generally known to the relevant employees and relevant to their terms of employment or reasonable expectations).<br><br>For the avoidance of doubt, this provision is without prejudice to any statutory obligations of Fujitsu Services to provide information on employee liabilities and other employee information to Post Office in the event of termination or expiry of this Agreement where the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply. | As soon as possible following notice of termination being given. | In the case of early termination of this Agreement or Partial Termination, as soon as possible following notice of termination being given.<br><br>In the case of expiry of this Agreement or an Expiring Service, no later than 3 months prior to the date of expiry. |

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**ANNEX 3**

**HNG-X Exit Plan**

| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of HNG-X Exit Plan or other specified event) |
|---|---|---|
| 1. | Post Office shall appoint a manager responsible for implementing the HNG-X Exit Plan. | One day. |
| 2. | At the request of Post Office, Fujitsu Services shall appoint a manager who shall be responsible for implementing the HNG-X Exit Plan, to include but not be limited to organising Fujitsu Services' management and control for the processes described below. | Three days. |
| 3. | If Project HNG-X is terminated after commencement of HNG-X Project Workstream X3 (HNG-X Pilot and Acceptance) and before HNG-X Initial Acceptance Fujitsu Services shall deliver to Post Office for its approval a plan for the reinstatement of the Horizon Applications in any pilot Branches. Such plan shall include, but not be limited to a timetable of events, resources, assumptions, dependencies, activities, and responsibilities. | No later than two months after receipt of the views of Post Office in accordance with paragraph 3.3.2 of Schedule E. |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of HNG-X Exit Plan or other specified event) |
|---|---|---|
| 4. | Fujitsu Services shall make available to Post Office on reasonable notice appropriate expert staff who shall provide to Post Office such explanations to Post Office as are reasonably necessary to facilitate Post Office's understanding of the documentation provided by Fujitsu Services in accordance with Clause 27.3. | No later than two months after notice of termination given. |
| 5. | Fujitsu Services shall deliver to Post Office such of the following as were provided to Fujitsu Services by Post Office or generated by Fujitsu Services, in each case for the purposes only of Project HNG-X and excluding all Transaction data:<br>• an inventory of the Post Office Data, plus any other related data available for transfer or deletion;<br>• the definition of all data available for transfer or deletion;<br>• a proposed physical transfer method and method of deletion; and<br>• a proposed method for testing the integrity and completeness of the data transferred and the completeness of the data deleted. | Within one month of notice of termination of Project HNG-X |
| 6. | Fujitsu Services shall deliver to Post Office an up to date version of the Asset Register together with:<br>• a list of all assets eligible for transfer to Post Office pursuant to Clause 48.1 | Within one month from notice of termination of Project HNG-X. |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of HNG-X Exit Plan or other specified event) |
|---|---|---|
| | and the relevant terms of such transfer; and<br><br>• a list identifying all other assets, other than human resources, skills and know how, that were produced or procured by or on behalf of Fujitsu Services for Project HNG-X that are ineligible for transfer. The purpose of each component shall be included in the list. | |
| 7. | Post Office to deliver notification to Fujitsu Services of specific data it wishes to be transferred, and Post Office and Fujitsu Services to enter into good faith discussions to develop a data transfer plan. | Within one month from date of delivery of the items set out in row 5. |
| 8. | Post Office to deliver notification to Fujitsu Services of specific assets it wishes to be transferred to Post Office pursuant to Clause 48.1, and Post Office and Fujitsu Services to enter into good faith discussions to develop a plan for asset transfer. Such plan shall cover both passing of title to assets and any physical transfer required. | As soon as reasonably practicable from date of delivery of the list of all assets eligible for transfer to Post Office referred to in row 6. |
| 9. | Fujitsu Services and Post Office shall co-operate in commencing testing and proving the data transfer and deletion plan, such that transfer may be concluded in accordance with the agreed plan. Once the transfer of Post Office Data to Post Office in accordance with this requirement is complete, all remaining Post Office Data to which this requirement applies held by Fujitsu Services shall be destroyed. For the purpose of this requirement, "destroyed" means physical destruction of the media upon which such data are held or irretrievable deletion of data from such media (including, without limitation, by reformatting those | As soon as reasonably practicable after agreement of the data transfer plan referred to in row 8. |

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| Row No | Activity and Responsibility | Time Scales (Working Days or period from start of implementation of HNG-X Exit Plan or other specified event) |
|---|---|---|
| | media). | |
| 10. | Fujitsu Services shall transfer data in the format (electronic or otherwise) in which it exists at the time it becomes eligible for transfer. | On satisfactory completion of the relevant testing mentioned in row 9. |
| 11 | Fujitsu Services shall destroy or return to Post Office (as directed by Post Office):<br><br>• all manuals and all other materials supplied by Post Office to Fujitsu Services (relating to Project HNG-X only) and subsequently updated in enabling them to service Post Office's requirements; and<br><br>• all tapes and disks and other equipment and related software supplied to Fujitsu Services by Post Office during the development of Project HNG-X for the purposes of Project HNG-X only. | Following a reasonable interval following termination of Project HNG-X. Such interval to be agreed by the Parties during Phase One. |
| 12 | Fujitsu Services shall transfer to Post Office its configuration management information, to the extent it relates to Project HNG-X, in a format to be agreed between the Parties. | At least one month prior to termination of Project HNG-X. |

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# SCHEDULE F

## Key Objectives of the Towers Model, Fujitsu Services Collaboration Requirements and Responsibilities

Version History

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 13/01/14 | Agreed version as at date of signature of CCN 1400 |
| 10.0 | 10/09/15 | Moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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# SCHEDULE F

## Key Objectives of the Towers Model, Fujitsu Services Collaboration Requirements and Responsibilities

In the event of any conflict between this Schedule F and the Agreement, the provisions of the Agreement (including any Service Descriptions) shall prevail.

1. KEY OBJECTIVES OF THE TOWERS MODEL

Fujitsu Services acknowledges that the key objectives of Post Office's Towers Model are set out at paragraphs 1.1 to 1.9 below and that it shall facilitate and not negatively impede those key objectives where relevant. For the avoidance of doubt, Fujitsu Services is not, for the purposes of this Agreement a Tower Contractor.

1.1 Each Tower Contractor understands the need to form and conduct collaborative partnerships with any and all other Tower Contractors in accordance with Good Industry Practice.

1.2 The relationships between all Tower Contractors support and deliver effective, efficient, fit for purpose, stable and operable services to Post Office to the agreed levels and quality of service for those services.

1.3 The governance frameworks and delivery organisations applicable to all services delivered to Post Office are proactive and supportive, taking a collaborative approach to knowledge and skills sharing, benefiting Post Office and the Tower Contractors.

1.4 Each Tower Contractor delivers services using an integrated (through strong interfaces), innovative and strategic approach in accordance with Good Industry Practice. Such approach carried out by each Tower Contractor shall include (but not be limited to) the use of appropriate and cost effective tools, properly skilled and experienced staff, and continuous improvement strategies.

1.5 Each Tower Contractor is focussed on maintaining, delivering and improving user support, user experience, and customer satisfaction in relation to any and all services. Each Tower Contractor acknowledges that the maintenance, delivery and improvement of such factors or items are critical to the effectiveness of any and all services provided to Post Office.

1.6 Each Tower Contractor, and relevant functions of Post Office, works collaboratively together in relation to the provision of the services, and receipt of those services by Post Office.

1.7 Each Tower Contractor shall work with Post Office (and other Tower Contractors, as appropriate) to enable and further improve proper and robust assurance regimes in relation to

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the delivery of services by Tower Contractors in accordance with agreed service requirements and service levels for those services.

1.8 Where a Tower Contractor's activities in relation to the provision of any services have a significant bearing on the activities of any other Tower Contractors or any potential providers of services, that Tower Contractor shall act in good faith and in the best interests of Post Office, and shall act in an unbiased manner in relation to any other such Tower Contractors or any potential providers of services.

1.9 Each Tower Contractor shall conduct its activities in relation to any services it provides in order to support Post Office to achieve benefits including, but not limited to, the following:

(a) A sustainable run rate reduction in costs throughout the lifetime of each applicable contract between that Tower Contractor and Post Office;

(b) Enablement of Post Office to deliver on and support Post Office's strategic plan (whether relating to Post Office's ICT or business strategies);

(c) Enhancement of the capability of Post Office IT&C;

(d) Creation of a post-transformation Post Office IT&C organisation that is business focused, responsive and flexible;

(e) Enhancement of the quality of services provided by Post Office IT&C to its customers or users;

(f) Provision of a catalyst to transform and consolidate the supply chain from which any and all services are delivered to Post Office (including the use of new technologies, standardisation of techniques and methods, e.g. smart shoring); and

(g) The achievement of improvements to services, and the delivery of increased value for money for Post Office.

2. FUJITSU SERVICES COLLABORATION REQUIREMENTS

Fujitsu Services shall:

2.1 Work with Post Office and other Tower Contractors to adopt governance processes and meeting structures to support the delivery and management of the services of the other Tower Contractors where these interface with the Services including all interfaces to the governance structures and processes.

2.2 In relation to any governance meetings required or introduced in accordance with this Agreement, ensure that Post Office and other Tower Contractors (where such are participants) have access to the artefacts used in support of such governance meetings.

2.3 Assist Post Office at stakeholder meetings and strategy forums as directed by Post Office and (including representation or participation at meetings with the National Federation of Sub-postmasters).

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2.4 Establish and maintain positive, collaborative and effective working relationships with:

a) Post Office's relevant internal functions; and

b) all other suppliers of IT services to Post Office, including the Tower Contractors,

as reasonably necessary to perform its obligations under this Agreement and to demonstrably deliver measurable benefits to Post Office.

2.5 Contribute to a balanced scorecard measurement method to prove positive, collaborative and effective working relationships.

2.6 Proactively support and contribute to the innovative and continuous improvement of practices, models and methods for undertaking service management in relation to the Services.

2.7 When reasonably directed by Post Office be engaged and support other Tower Contractors in the design, delivery, transition, operation and improvement of services provided by Tower Contractors to Post Office and changes to the Services to facilitate the Towers Model. In the event that this incurs demonstrable additional cost over and above the current baseline to fulfil this requirement, Fujitsu Services may raise a change under the Change Control Procedure.

2.8 As reasonably requested by Post Office, develop and deliver proposals to Post Office including in relation to: (a) enhancements to existing Services; or (b) new services. Fujitsu Services shall lead and manage any such requested proposals in accordance with any timescales or service levels agreed with Post Office. In the event that this incurs demonstrable additional cost over and above the current baseline to fulfil this requirement, Fujitsu Services may raise a change under the Change Control Procedure.

2.9 In accordance with the CCD entitled "Management Information Service: Service Description" (SVM/SDM/SD/0016), as requested by Post Office, deliver assurance reports and data relating to the provision of the Services to Post Office.

2.10 Comply with its obligations agreed with Post Office and/or Post Office Service Integrator with respect to the implementation and maintenance of any service remediation plans, with the aim of promptly resolving or mitigating any service or service level failures (or related risks or issues). Fujitsu Services must obtain the approval of Post Office before implementing any material new initiatives or changes.

2.11 Provide reasonable support to Post Office in developing, maintaining, working to or complying (where reasonable) with any agreements or arrangements that Post Office has or may enter into with any third parties (including clients) in relation to the Services, including any service level agreements, memorandum of understandings or similar agreements and arrangements. In the event that Post Office request such support, it shall be agreed by the Parties via the Change Control Procedure.

2.12 Support Post Office in the management and enforcement of processes and procedures by:

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(a) complying with any agreed processes and procedures; and

(b) ensuring that such agreed processes and procedures are set out in OLAs between Fujitsu Services and any applicable Tower Contractors (if applicable and as agreed as appropriate following consultation with Post Office).

2.13 Without prejudice to Schedule A2, paragraph 9.7, as directed by Post Office enter into, comply with and update (to ensure ongoing relevance and accuracy) from time to time individual OLAs with each Tower Contractor where and to the extent that the services under the Tower Contractor's agreement interface with the Services.

2.14 Use reasonable endeavours to ensure that all Operating Level Agreements or other agreements entered into between Fujitsu Services and other Tower Contractors shall include:

(a) a description of:

i) the parties;

ii) the purpose, scope, services to be provided;

iii) the required access permissions, tools/equipment, personnel, contacts and escalation levels; and

iv) review periods and dates;

(b) the manner in which the parties will work together to provide compliance with:

i) standards, regulations and security policies applicable to the delivery of the Services; and

ii) the agreed requirements and service levels applicable to the Services;

(c) provisions that require in the Tower Model environment, that Tower Contractors participate in, effective operation of processes and techniques necessary for IT services/Services (including Service/IT service components) to be managed and provided to Post Office in a seamless manner and across the Tower Model. Such processes and techniques shall include:

i) inter-Tower Contractor relationship management processes including escalation routes;

ii) service management processes;

iii) inter-Tower Contractor business continuity and disaster recovery support and crisis management;

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iv) tools access and sharing processes including integration, data interchange, the sharing of Tools and the provision of access to tools owned and deployed by one party or a Tower Contractor;

v) knowledge sharing processes;

vi) reporting processes;

vii) processes associated with the creation and management of enterprise architecture and technology roadmaps;

viii) service validation and testing processes; and

ix) project management and delivery processes;

(d) the responsibilities of each party to that OLA or other agreement (including in relation to timing), and any dependencies on other Tower Contractors, Post Office or third parties, that may impact or limit those responsibilities;

(e) the procedures to be followed (including escalation or governance procedures) in the event of a failure or likely failure of one or more parties in meeting the obligations and/or requirements contained in this Agreement, the relevant OLA, Tower Contractor's agreement with Post Office, or other relevant agreements. This includes (without limitation) ensuring that all interdependencies, including the Fujitsu Dependencies, Tower Contractor Responsibilities and Post Office Obligations, Tower Contractors' responsibilities, performance or non-performance of obligations, delays, and matters that may adversely affect the delivery of IT services or the Services to Post Office are properly managed by Fujitsu Services and other Tower Contractors as necessary; and

(f) a dispute resolution procedure whereby the parties must attempt to resolve any dispute between each applicable Tower Contractor.

2.15 Ensure Post Office and the Post Office Service Integrator has reasonable access to the appropriate Fujitsu Services personnel to continuously develop know-how in support of all services to be delivered under the Towers Model.

To the extent to which any of the above obligations give rise to a demonstrable increase in costs or risk to Fujitsu Services over and above the cost of performance of the Services immediately prior to the creation of the Tower Model environment and/or the introduction of a new Tower Contractor, Fujitsu Services shall be entitled to recover such additional demonstrable costs (and any charges for any additional risk assumed by Fujitsu Services) from Post Office, such demonstrable costs to be agreed by the Change Control Procedure it being acknowledged that both Parties shall use reasonable endeavours to mitigate such additional demonstrable costs or risk.

FUJ00000070

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**SCHEDULE 1**

**INTERPRETATION**

**Version History**

| Version No. | Date | Comments |
|---|---|---|
| 1.0 | 31/08/06 | Agreed version as at date of signature of CCN 1200 |
| 2.0 | 24/01/07 | Baseline copy of 1.5 |
| 3.0 | 06/07/07 | Baseline copy of 2.2 |
| 4.0 | 15/04/08 | Baseline copy of 3.1 |
| 5.0 | 23/02/09 | Baseline copy of 4.4 |
| 5.1 | 13/05/09 | Applying changes as per CCN 1258 |
| 5.2 | 12/06/09 | Applying changes as per CCN1252a |
| 6.0 | 06/07/09 | Moving all schedules to V6.0 as agreed with Fujitsu |
| 6.1 | 23/12/09 | Applying changes as per CCN 1268 |
| 6.2 | 05/01/10 | Applying changes as per CCN1272 |
| 6.3 | 24/03/10 | Applying changes as per CCN1266b |
| 6.4 | 30/03/10 | Applying changes as per CCN1271c and CCN 1276a |
| 6.5 | 01/04/10 | Applying changes as per CCN1270 |
| 7.0 | 10/05/10 | Moving all schedules to v7.0 as agreed with Fujitsu. |
| 8.0 | 21/02/12 | Applying changes in accordance with CCN 1294d, CCN1292, CCN1304b,CCN1306a, CCN1310b |
| 9.0 | 13/01/14 | Applying changes as per CCN1307a, CCN1311b, CCN1320a, CCN1322b and CCN1329a, CCN1342a and CCN1400 |

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CONFIDENTIAL

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| 10.0 | 10/09/15 | CCD reference updates, applying changes as per CCN1338, CCN1409a,CCN1410 CCN1411, CCN1414 CCN1415, CCN1418, CCN1419, CCN1421a, CCN1422 and as subsequently amended in this CCN1506 and moving all Schedules to v10.0 in accordance with CCN1506 |

FUJ00000070

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## SCHEDULE 1

## INTERPRETATION

**DEFINITION OF TERMS**

**Terms having the same meaning which are separated by the word "or" in this Schedule represent alternative versions of equivalent terms and may be used interchangeably**

As used in this Agreement, the following terms have the following meanings:

| Term | Definition |
|---|---|
| **"105 Band"** | has the meaning given to it in paragraph 1.3.5 in Schedule D8; |
| **"108.5 Band"** | has the meaning given to it in paragraph 1.3.6 in Schedule D8; |
| **"Acceptance"** | means acceptance of a Service or Release in accordance with the acceptance processes set out in the CCDs referred to in paragraph 5.11 of Schedule B1.1; |
| **"Acceptance Point"** | means each of the events (or combination of events) designated as an acceptance point in Table 3 in Part 1 of Annex 1 to Schedule B5; |
| **"ACT"** | means Automated Credit Transfer; |
| **"Actual Engineering Service Visits"** | has the meaning given in 5.12.6 of Schedule D1; |
| **"Additional Benefits"** | shall have the meaning given to it in paragraph 4.3.1 of Schedule D3; |
| **"Additional Remedy Level"** or **"ARL"** | shall have the meaning given to it (as applicable) in paragraph 1.2.3 of Schedule C1 or paragraph 1.2.3 of Schedule B4.4; |
| **"Admin Positions"** | means all (i) automated Counter Positions, (ii) New Style Mobile Configurations, (iii) Old Style Mobile Configurations and (iv) operational sets of Counter Equipment which are not Counter Positions; |
| **"ADSL"** | means asynchronous digital subscriber line; |
| **"Affected Service Levels"** | shall have the meaning set out in paragraph 4.1 of Schedule C1; |
| **"Agent"** | means any person authorised to operate a franchise post office or sub-post office, including without limitation sub-post masters on a non-franchise contract, and franchisees of post offices or sub-post offices; |
| **"Agreed Changes"** | means those changes to the Existing Functionality listed in Annex 2 to Schedule B6.1 or subsequently agreed through the HNG-X Programme |

FUJ00000070

CONFIDENTIAL

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| | Requirements Change Control Process; |
| **"Agreed Form Commercial Terms"** | shall have the meaning given to it in paragraph 4.2.1 of Schedule D2; |
| **"Agreed Form NDA"** | means a form of non disclosure agreement agreed by the Parties from time to time, such agreement by the Parties not to be unreasonably withheld or delayed; |
| **"Agreed Form Terms & Conditions"** | means in relation to any Work Order the set of terms and conditions applicable to that Work Order as contained in the CCD entitled "Standard Terms and Conditions for Work Orders" (BP/STD/003); |
| **"Agreed Monthly Reduction"** | means:<br><br>(a) as at 1st April 2013, the amount of fifteen thousand, five hundred and fifty pounds (£15,550); and<br><br>(b) on each anniversary of 1st April 2013, means the amount set out in paragraph (a) above as indexed (as an Indexed Charge) in accordance with paragraphs 16.2 and 16.2A of Schedule D1; |
| **"Agreement"** | means the Codified Agreement as amended by CCN 1200, including the Schedules thereto, the CCDs and CRDs; |
| **"Alliance & Leicester"** or **"A&L"** | means the Bank owned and operated by Alliance & Leicester plc which trades under the name "Alliance & Leicester"; |
| **"Alliance & Leicester Circuit"** | means the communications link between the Data Centres and Alliance & Leicester as described in paragraph 7.5 of Schedule B4.3 or paragraph 3.3.3 in Schedule B3.3 (as applicable); |
| **"Allowed Changes"** | shall have the meaning given to it in paragraph 4.2.3 of Schedule B6.1; |
| **"Alternative Network Arrangement"** | shall have the meaning given to it in Clause 12.3; |
| **"Amendment Date"** | means 1 April 2006; |
| **"AP"** | means automated payment; |
| **"AP Client Delivery Agreement Change Service"** | means the Service referred to in line 6 of Table B of Schedule B3.1; |
| **"AP Client Specification"** | means a document describing an APS Client Service Type; |
| **"APACS"** | means the Association for Payment and Clearing Services; |

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| **"AP-ADC Facility"** | shall have, as applicable in accordance with this Agreement, the meaning given to it in paragraph 2.2.2 of Schedule B4.2, paragraph 2.2 of Part 2 of Annex 2 to Schedule B5 and/or the facility described in paragraph 2.1.4 of Schedule B3.2; |
| **"APOP"** | means automated payment out-payments; |
| **"APOP Administration Workstation"** | an operational PC which enables administration Users to access the APOP administration service; |
| **"APOP Business Capability"** | means the Business Capability referred to at paragraph 2.4 of Schedule B3.2; |
| **"APOP Environment"** | means the infrastructure that supports one or more APOP Services comprising:<br>a) the APOP database including the APOP authorisation service, and the services supported by the APOP authorisation service;<br>b) the APOP web services;<br>c) the APOP administration system; and<br>d) file transfer services between the APOP database and the Post Office Data Gateway Service"; |
| **"APOP Facility"** | means the Horizon Application referred to at paragraph 2.3 of Schedule B4.2; |
| **"APOP Interface Specification"** | means the following CCDs:<br>(a) "Horizon to Client Type 'XO' Application Interface Specification" (AP/IFS/062);<br>(b) " Horizon APOP Authorisation Service Application Interface Specification " (AP/IFS/063);<br>(c) " APOP Host System Reporting to Client Application Interface Specification " (AP/IFS/065); |
| **"APOP Service"** | means the set of functions and capabilities that are provided to support a particular Transaction Voucher type, including:<br>a) AP-ADC counter Transactions;<br>b) APOP authorisation service;<br>c) APOP administration service; |

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| | d) APOP batch service;<br>e) APOP archiving service;<br>f) APOP housekeeping service; and<br>APOP reporting service; |
| **"APOP Service Definition"** | shall have the meaning given to it in the CCD entitled "APOP Authorisation Service Reference Manual" (AP/MAN/004); |
| **"Applicable Horizon Baseline"** | shall have the meaning set out in paragraph 2.1.1 of Schedule B6.1; |
| **"Applicable Services"** | means:<br>(i) from the Amendment Date until Trigger Point T6 (Counter Application Rollout Complete) the following Operational Services, Call Off Services and Horizon Applications: APS, Service Desk Service, Message Broadcast Service, LFS, NBS, Debit Card, Reconciliation Service, Reference Data Management Service, Transaction Processing Service, Management Information Service, Systems Management Service, Third Line Software Support Service, Fourth Line Applications Support, Data Centre Operations Service (including the POL FS Services and after the POLSAP R1 Go Live Date, the POLSAP Services), but excluding the POL MI, Operational Business Change (Branch Change) Service, Branch Network Service, Central Network Service and BNR; and<br>(ii) from Trigger Point T6 (Counter Application Rollout Complete) the following Operational Services and Call Off Services: Service Desk Service, Message Broadcast Service, Reconciliation Service, Reference Data Management Service, Management Information Service, Systems Management Service, Third Line Support Service, Data Centre Operations Service (including the POL FS Services and after the POLSAP R1 Go Live Date, the POLSAP Services) but excluding the POL MI Services, Operational Business Change (Branch Change) Service, Branch Network Service,Central Network Service and Salesforce Support Service |
| **"Application Interface Specification"** or **"AIS"** | means a CCD describing an interface, including, but not limited to, the definition with which data transferred across that interface must comply; |
| **"Application Services"** | means software-based services and solutions managed and distributed by a third party entity to customers across a wide area network, extranet or internet from a central data centre; |
| **"Application Support Service (Fourth Line)"** | means the Service referred to in row 14 of Table A of Schedule B3.1; |

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CONFIDENTIAL

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| **"Applications"** | means the Horizon Applications and the Business Capabilities and Support Facilities; |
| **"APS"** or **"Automated Payment Service"** | means the Horizon Application referred to at (as applicable) paragraph 2.2 of Schedule B4.2 or paragraph 2 in Part 2 of Annex 2 to Schedule B5; |
| **"APS Client Service Type"** | each APS Client Service Type is a particular variant of APS characterised by a specific Token, specific processing rules and specific Client communication protocols. Each APS Client Service Type is documented in an AP Client specification; |
| **"APS Clients"** | means Clients for whom Post Office provides automated payment services using the APS or the In/Out Payment Business Capability; |
| **"ARC (Application Registration Card) Strategic Smartcard"** | means the web service provided by Fujitsu that allows asylum seekers to access the benefits paid to them by the government of the United Kingdom from a Post Office; |
| **"Architectural Solution Description"** | has the meaning given to it in paragraph 4.1 of Schedule B6.2; |
| **"Artefact"** | means documentation, diagrams, processes, specifications, design information, requirements information, formulae, samples, models, drawings, design tools or other data produced or used in connection with use of a Development Methodology; |
| **"Asset Manager"** | means the Software referred to as such and identified in row 4 of Table 1 of Schedule B4.1 or row 2 of Table 4 of Schedule C3 (as applicable); |
| **"Asset Register"** | shall have the meaning given to it in paragraph 3.2.1 of Schedule E; |
| **"Associated Change Activities"** | shall have the meaning given to it in paragraph 3.1.2 of Schedule B5 and further detailed in paragraph 3.3.1 of Schedule B5; |
| **"Associated Change Development"** | means all of the work undertaken by Fujitsu Services pursuant to this Agreement in performing the Associated Change Activities; |
| **"Associated Change Development Charges"** | means the Charges for Associated Change Development calculated in accordance with the provisions of Schedule D8; |
| **"Associated Change Tasks"** | means the Tasks required to be performed by each Party in order to carry out the Associated Change Workstreams; |
| **"Associated Change Workstreams"** | means the workstreams listed in paragraph 3.3.1 of Schedule B5, as further described in Part 1 of Annex 1 to Schedule B5; |
| **"Associated Changes"** | means the changes to the Existing Services, Horizon Applications and Horizon Service Infrastructure effected by the performance of the |

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| | Associated Change Activities; |
| **"ATM"** | means automated teller machine or asynchronous transfer mode as the context requires; |
| **"Audit Record Query"** | shall have the meaning given to it in the Service Description for the Security Management Service; |
| **"Audit Support Facility"** | means the Support Facility referred to at paragraph 3.9 of Schedule B3.2; |
| **"Back Office"** | means applications and operations relating to Post Office Branch business related processing; |
| **"Background IPR Purposes"** | shall have the meaning set out in Clause 48.8.6; |
| **"Bank Holiday"** | means a day on which banks in England are legally closed for business by statute or proclamation; |
| **"Banking & Related Services"** | means Banking Functions, e-pay, Debit Card and Credit Card; |
| **"Banking Business Capability"** | means the Business Capability referred to at paragraph 2.5 of Schedule B3.2; |
| **"Banking Functions"** | means the NBS and/or the Banking Business Capability, as applicable in accordance with this Agreement; |
| **"Banking Obligations"** | means each of the Post Office Responsibilities identified in Annex D to Schedule A5 or classified as a Banking Obligation in accordance with paragraph 2 of Schedule A5; |
| **"Banking Responsibilities"** | means each of the Post Office Responsibilities identified in Annex C to Schedule A5 or classified as a Banking Responsibility in accordance with paragraph 2 of Schedule A5; |
| **"Banking Transaction"** | means the Transactions supported by the Banking Functions; |
| **"Banks"** | means Alliance & Leicester, CAPO and LINK, and such other banks, building societies, financial institutions and/or other organisations for or on behalf of which Post Office provides banking services using the Banking Functions from time to time agreed by the Parties pursuant to the Operational Business Change procedure and /or the Change Control Procedure; |
| **"Baseline 7"** | means:<br><br>(a) the version of this Agreement in force immediately prior to |

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| | signature of CCN1200, known as Baseline 7, being the version of the contract in effect on signature of CCN 1176 as amended by any CCNs approved by the Parties between signature of CCN 1176 and signature of CCN1200; and<br><br>(b) the versions of all CCDs and CRDs applicable to Baseline 7.0 as set out in version 26.0 dated 3 July 2006 of the CCD entitled "Contract Controlled and Referenced Document List" (COM/CUS/SPE/0001) (formerly BP/SPE/026) (the "CCD List") amended as necessary to reflect the agreed version of any CCDs introduced or amended in accordance with the Change Control Procedure (as defined in Baseline 7.0):<br><br>(i) subsequent to version 26.0 dated 3 July 2006 of the CCD List but prior to signature of CCN1200; and<br><br>(ii) pursuant to an express agreement (all such agreements being deemed to be effective for the purposes of establishing Baseline 7) to amend that CCD, as set out in any CCN entered into prior to signature of CCN1200; |
| **"BCSF Service"** | means the provision of the Business Capabilities and Support Facilities; |
| **"Benchmark Group"** | means those services against which the Benchmark Services are to be benchmarked; |
| **"Benchmark Purpose"** | shall have the meaning given to it in paragraph 3.1 of Schedule D6; |
| **"Benchmark Services"** | means the Testable Service which is the subject of Benchmarking at any one time; |
| **"Benchmarker"** | shall have the meaning given to it in paragraph 3.6 of Schedule D6; |
| **"Benchmarking"** | means the process described in Schedule D6 by which the Benchmarker will compare the Benchmark Services to a Benchmark Group. "Benchmark" and "Benchmarked" shall be construed accordingly; |
| **"Benchmarking Report"** | shall have the meaning given to it in paragraph 3.7.4 of Schedule D6; |
| **"Benefits"** | shall have the meaning given to it in paragraph 2.1 of Schedule D3; |
| **"BIM Report"** | means a "Business Incident Management" report, issued by Fujitsu Services to Post Office detailing the corrective action that is required to enable Post Office to resolve a reconciliation exception or error and restore financial integrity within the Applications; |

FUJ00000070

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| **"Board Review"** | shall have the meaning given to it in paragraph 4.1 of Annex 2 to Schedule A2; |
| **"Branch"** | means a post office or any other location where Post Office (whether directly or by means of Agents) transacts business with Customers; |
| **"Branch Administration Support Facility"** | means the Support Facility referred to at paragraph 3.2 of Schedule B3.2; |
| **"Branch Code"** | means FAD; |
| **"Branch Hardware Implementation Service"** | means the services described in Schedule B1.3; |
| **"Branch Hardware"** | means hardware (together with any integral software) which is or is to be (i) installed in a Branch; and (ii) integrated into the Infrastructure, together with any tools supplied with such hardware which are required to facilitate such installation and integration; |
| **"Branch Infrastructure"** | means the Initial Branch Infrastructure and any equipment introduced in excess of the limits of Annex A to Schedule D1; |
| **"Branch Management Business Capability"** | means the Business Capability referred to at paragraph 2.12 of Schedule B3.2; |
| **"Branch Manager"** | means for each Branch, the person nominated by Post Office or the Agent for that Branch; |
| **"Branch Network Connections"** | shall have the meaning given to it in Clause 12.3; |
| **"Branch Network Resilience Service"** or **"BNR"** | means the Service referred to in row 16 of Table A of Schedule B3.1; |
| **"Branch Network Service"** | means the Service referred to in row 5 of Table A of Schedule B3.1; |
| **"Branch Support Facility"** | means the Support Facility referred to at paragraph 3.3 of Schedule B3.2; |
| **"Branch Telecom Infrastructure"** | means those networking elements that provide connectivity between the Branches and the Data Centre, as described in paragraph 1.3.2 of Schedule B3.3; |
| **"Branch Telecommunications Supplier"** | shall have the meaning given to it in Clause 12.3.2; |

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| **"Branch Trading Statement"** | means the method by which the Transactions performed and the cash and Stock on hand at the end of a Post Office Branch Accounting Period are recorded within a Branch; |
| **"BT"** | means British Telecommunications plc; |
| **"Bureau"** | means Bureau Application or Bureau de Change Business Capability as applicable; |
| **"Bureau Application"** | means the B4.2 Horizon Application referred to in (as applicable) paragraph 4.4 of Schedule B4.2 or paragraph 13 of Part 2 of Annex 2 to Schedule B5; |
| **"Bureau Control Totals File"** | means an electronic file sent to Post Office by Fujitsu Services containing a summary of the Transactions performed by an on-demand Bureau Service facility; |
| **"Bureau de Change Business Capability"** | means the Business Capability referred to at paragraph 2.8 of Schedule B3.2; |
| **"Bureau Service Facility"** | shall have the meaning given to it in paragraph 2.8 of Schedule B3.2; |
| **"Bureau Transaction File"** | means an electronic file sent to Post Office by Fujitsu Services containing a record of the Transactions performed by an on-demand Bureau Service facility; |
| **"Bureau Type"** | means a logical grouping of Branches set by Post Office Reference Data that controls the menu access to the Bureau in Branches; Type 0 Branches having no access to Bureau, Type 1 Branches having access to buy functionality only; Type 2 Branches having access to buy plus limited sell functionality; and Type 3 Branches having access to full Bureau functionality; |
| **"Business Capabilities"** | means the business capabilities forming part of the Business Capabilities and Support Facilities; |
| **"Business Capabilities and Support Facilities"** | means:<br>(a) in the period prior to HNG-X Final Acceptance, the HNG-X Application;<br>(b) in the period between HNG-X Final Acceptance and the date that a revised version of Schedule B3.2 is agreed under the Change Control Procedure pursuant to Clause 5.4, the HNG-X Application which forms part of the Solution Baseline accepted by Post Office |

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| | pursuant to the provisions of Schedule B6.3; and<br><br>(c) from the date that a revised version of Schedule B3.2 is agreed under the Change Control Procedure pursuant to Clause 5.4, the HNG-X Application comprising the business capabilities and support facilities as set out in that revised version of Schedule B3.2 (as may be amended from time to time after that date); |
| **"Business Continuity Managers"** | means the persons designated in writing (i) by Post Office to Fujitsu Services and (ii) by Fujitsu Services to Post Office and holding that position for the purposes of this Agreement from time to time; |
| **"Business Continuity Plan"** | means a document produced by Fujitsu Services setting out Fujitsu Services' contingency or continuity plan for ensuring the ongoing operation of any one or more of the Applicable Services in the event of an incident affecting business continuity; |
| **"Business Continuity Services"** | means the obligations to be performed by Fujitsu Services as set out in Schedule B2; |
| **"Business Equivalence Principles"** | shall have the meaning given to it paragraph 4.2.1 of Schedule B6.1 |
| **"Business Rule"** | means the constraints, rules and allowable values which govern the operation of business processes and data; |
| **"Business Unit Director"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"C4 Confirmation"** | means a NB Confirmation derived from the LREC Files and REC Files sent from the Transaction Enquiry Service containing, inter alia, the Banking Function's view of a Banking Transaction; |
| **"Call Off Charges"** | means any one or more of the Charges for Call Off Services set out in paragraph 7 of Schedule D1; |
| **"Call Off Services"** | means the services referred to in Table B of Schedule B3.1; |
| **"Capacity Addition Costs"** | means costs incurred in the addition of capacity under paragraph 13 of Schedule D1; |
| **"Capacity Management Service"** | means the Service to manage the capacity of the Infrastructure which forms part of the Service Management Service as referred to in row 11 of Table A of Schedule B3.1; |

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| **"CAPO"** | means the Bank which supports Post Office account cards; |
| **"Cardholder Data"** | means the PAN or the PAN plus any of the following:<br>- cardholder name<br>- expiration date<br>- Service Code<br>- start date<br>- issue number; |
| **"Card Validation Code" or "Card Validation Value"** | means<br>(i) a data element on a Token's magnetic stripe (or otherwise read from a Token) that uses secure cryptographic process to protect data integrity on the stripe, and reveals any alteration or counterfeiting Referred to as CAV, CVC, CVV or CSC depending on payment card brand as follows:<br>• CAV - Card Authentication Value (JCB payment cards)<br>• CVC – Card Validation Code (MasterCard payment cards)<br>• CVV – Card Verification Value (Visa and Discover payment cards)<br>• CSC – Card Security Code (American Express)<br>or<br>(ii) the three digit value printed to the right of the credit card number in the signature panel area on the back of the card. For American Express cards, the code is a four digit unembossed number printed above the card number on the face of all payment cards. The code is uniquely associated with each individual piece of plastic and ties the card account number to the plastic. The following provides an overview:<br>• CID – Card Identification Number (American Express and Discover payment cards) |

FUJ00000070

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| | • CAV2 – Card Authentication Value 2 (JCB payment cards)<br>• CVC2 – Card Validation Code 2 (Master Card payment cards)<br>• CVV2 – Card Verification Value 2 (Visa payment cards); |
| **"Cash and Stock Management Business Capability"** | means the Business Capability referred to at paragraph 2.11 of Schedule B3.2; |
| **"CCN"** | means a Change Control Note (q.v.); |
| **"CCN List"** | the CCD entitled "Application of CCNs to the Contract Baseline" (BP/CON/271); |
| **"CCN Service List"** | means the list in Annex D to Schedule D1; |
| **"CE Mark"** | means a mandatory European marking for certain product groups to indicate conformity with the essential health and safety requirements set out in European Directives; |
| **"Central Network"** | shall have the meaning given to it in paragraph 3.3.2(a) of Schedule B3.3; |
| **"Central Network Service"** | means the Service referred to in line 6 of Table A of Schedule B3.1; |
| **"Central Telecom Infrastructure"** | means those networking elements that provide connectivity from the Data Centre to the sites referred to in paragraph 1.3.3 of Schedule B3.3; |
| **"Certificate of Posting"** or **"COP"** | means a printed receipt provided to a Customer as evidence of the posting of the Customer's mail; |
| **"CIT"** | means a testing process used to validate interactions between separately developed components, especially in the Counter and Branch Access Layer, before they reach formal testing. |
| **"Change Control Note"** | means a document used in the Change Control Procedure and defined in Schedule A3; |
| **"Change Control Procedure"** or **"Change Control"** | means the procedure described in Schedule A3; |
| **"Change Request"** or **"CR"** | shall have the meaning given to it in paragraph 3.1.1.2 of Schedule A3; |
| **"Channel Integration** | has the meaning set out in Annex D of the CCD "Data Centre Operations |

FUJ00000070

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| **Capability"** | Service: Service Description (SVM/SDM/SD/0003)"; |
| **"Charges"** | means the charges payable by Post Office under this Agreement as specified in Schedule D1 or elsewhere in this Agreement; |
| **"Clean Room Rules"** | shall have the meaning given to it in the definitions section of Annex 2 to Schedule B6.2; |
| **"Client"** | means an organisation (in respect of the Banking Functions, other than a Bank, and in respect of Debit Card functions, other than banks and building societies) on behalf of which Post Office provides a service to Customers at Branches or an organisation from which Post Office receives Data Files or to which Post Office sends Data Files using the Post Office Data Gateway Business Capability; |
| **"Client File Delivery (CFD) Support Facility"** | means the support facility described in 6.2 'Client File Delivery Support Facility' of Schedule B3.2; |
| **"Client Service Type"** | means a variant of a standard service with detailed aspects of that service customised to meet a specific Client's needs; |
| **"Client Take-On Service"** | means the Service referred to in line 5 of Table B of Schedule B3.1; |
| **"CMT Service"** | means the Service referred to in line 15 of Table A of Schedule B3.1; |
| **"Codified Agreement"** | shall have the meaning set out in Recital A; |
| **"Collect and Returns"** | means the web service provided by Fujitsu that allows Royal Mail to offer a local collection and return service to online retailers |
| **"Commercial Leads"** | means the individuals, one from each of Post Office and Fujitsu Services, who have the lead role in relation to the Commercial Relationship, as identified in Schedule A2; |
| **"Commercial Relationship"** | shall have the meaning set out in Annex 1 of Schedule A2; |
| **"Commercial Terms"** | means the commercial terms which form part, or are intended to form part, of a Work Order and describe the terms on which the relevant work is to be carried out or goods supplied including:<br><br>(a) the charges which are payable in respect thereof, and<br><br>(b) any conditions which have to be fulfilled if an Agreed Form Terms & Conditions or Work Order is to be valid (for example, conditions as to the time within which the proposed Agreed Form Terms & Conditions signed by Post Office must be received); |
| **"Common Digital Platform"** | means a platform that is external to Fujitsu Services |

FUJ00000070

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| **("CDP")** | |
| **"Common Digital Platform Adaptor" ("CDPA")** | means the interface that allows for the transference of data into Fujitsu Services domain via the CDP |
| **"Comparative Service Provider"** | means a provider of Comparative Services; |
| **"Comparative Service"** or **"Comparative Services"** | means Equivalent Services to the Benchmark Service or Competitive Tendering Service in question for which tenders will be sought in accordance with Competitive Tendering; |
| **"Compensation Amount"** | shall have the meaning set out in Clause 39C.8; |
| **"Competitive Tendering Services"** | means the Testable Service or Testable Services the subject of Competitive Tendering at any one time; |
| **"Competitive Tendering"** | means a formal tendering exercise as described in Schedule D6 seeking tenders from Comparative Service Providers for Comparative Services; |
| **"Component Integration and Test (CIT) Rig"** | means the RIG used by Development staff to link code modules together and to perform development testing, prior to hand over to the independent Test Team; |
| **"Conditionality Expiry Date"** | means 23:59:59 on 28 February 2007 or such later date as the Parties may agree; |
| **"Conditionality Period"** | means the period commencing on the Amendment Date and ending on the earliest to occur of the following:<br><br>i) receipt by Fujitsu Services of a Funding Notice;<br><br>ii) receipt by Fujitsu Services of notification in writing by Post Office that it will not deliver a Funding Notice;<br><br>iii) expiry of notice to provide Purchase Order Cover; and<br><br>iv) the Conditionality Expiry Date; |
| **"Confidential Information"** | means all information (other than Escher Confidential Information) designated as such by either Party in writing together with the Source Code of Specially Written Software, the existence and terms of this Agreement, the negotiations relating thereto and all other information (whether in writing or not) which relates to the business, affairs, products, developments, trade secrets, know-how, personnel, customers and suppliers of either Party or information which may reasonably be regarded as the confidential information of the disclosing Party; |
| **"Configured POL FS"** | means the elements of the SAP Software hosted within the Infrastructure that are configured by Post Office or by third parties for Post Office use, a |

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| | primary function of which is to enable the consolidation of all cash and near cash within Post Office's network of Branches including, without limitation, all instances of such software in live operational use or used in development or testing environments hosted within the Infrastructure. Although hosted within the Infrastructure, Configured POL FS shall be deemed not to be a part of the Infrastructure and is not Software or an Application or a Business Capability and Support Facility; |
| **Configured POL MI** | Means the elements of POL MI Software hosted within the infrastructure that are configured by Post Office or by third parties for Post Office use, including, without limitation, all instances of such software in live operational use or used in development or testing environments hosted within the Infrastructure, Configured POL MI shall be deemed not to be a part of the Infrastructure and is not Software and is not one of the Applications; |
| **"Consumable"** | means the consumables listed in the CRD entitled "Horizon System Branch Consumables" (CS/SPE/013) as amended by the Parties from time to time; |
| **"Contactless Transaction"** | means a retail transaction whereby payment cards are scanned by the card reader resulting in there being no need for PIN entry, use of a magnetic card reader or signature. Transaction limits are set at a fixed amount and may be changed from time to time, by prior agreement with Post Office, via Reference Data; |
| **"Contract Controlled Document"** or **"CCD"** | means a document which is listed as such in a Schedule of this Agreement or designated as such in a CCN agreed after the date of signature of CCN1200; |
| **"Contract Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding that position for the purposes of this Agreement from time to time; |
| **"Contract Referenced Document"** or **"CRD"** | means a document which is listed as such in a Schedule of this Agreement or designated as such in a CCN agreed after the date of signature of CCN1200; |
| **"Contract Reversal Adjusted Charges"** | shall have the meaning set out in paragraph 3.2 of Schedule A6; |
| **"Contract Reversal Initial Charge"** | shall have the meaning set out in paragraph 3.1 of Schedule A6; |
| **"Contracted Volume"** | means each of the levels defined as a "Contracted Volume" in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033) applicable to components of the Infrastructure as specified in that CCD; |

FUJ00000070

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| **"Contractors"** | shall have the meaning set out in 61.4.3(b); |
| **"Core Document Set"** | means the CCDs indicated to be within such set in the CCD entitled "Post Office Contract Controlled and Contract Referenced Document List" (COM/CUS/SPE/0001); |
| **"Counter Availability SLT"** | means the SLT relating to Counter Position availability referred to in section 2.3.4.2.2 of the CCD entitled "Branch Network: Service Description" (SVM/SDM/SD/0011); |
| **"Counter Clerk"** | means a person who serves Customers at Counter Positions in a Branch; |
| **"Counter Equipment"** | means the PC's, printers, screens, local area network and other equipment installed by Fujitsu Services in Branches for the provision of the Services; |
| **"Counter Position"** | means a serving position automated (with workstation, screen, slip/receipt printer and keyboard/MSR/SCR) to receive Services in a Branch where a Customer transacts business with a Counter Clerk or a similarly automated back-office position in a Branch where a User carries out administration; |
| **"Counter Training Offices"** or **"CTOs"** | means the locations where New CTO Configurations or Old CTO Configurations are installed; |
| **"Court Case Support Services"** | shall have the meaning set out in Clause 25.8; |
| **"Credence/MDM Service"** | means the Service referred to in row 21 of Table A of Schedule B3.1; |
| **"CSRDE"** | shall have the meaning given to it in the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001); |
| **"CTO Branch"** | means a Counter Training Office; |
| **"CTO Counter"** | means a simulated Counter Position in a CTO Branch; |
| **"Customer"** | means a person transacting, or seeking to transact, business with Post Office, through the Infrastructure; |
| **"Customer Session"** | means a set of contiguous Transactions recording business transacted by a single Customer; |
| **"D Messages"** | means a message transmitted to the DRSH when the amount included in settlement of a Banking Transaction differs between the Bank and the Counter Position; |

FUJ00000070

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| **"D8 Charges"** | means the HNG-X Development Charges and the Associated Change Development Charges; |
| **"Data Centre"** or **"Data Centres"** | means any one or more data centres (as the context requires) connected to the Infrastructure and used by Fujitsu Services in the provision of the Services; |
| **"Data Centre Operations Service"** | means the Service referred to in row 4 of Table A of Schedule B3.1; |
| **"Data Controller"** | means Post Office or any Bank, Client or other third party who is the Data Controller (within the meaning ascribed to that expression in the Data Protection Act 1998) of any Personal Data which are processed by Fujitsu Services under the applicable provisions of this Agreement; |
| **"Data File"** | means a set of electronic data, contained within a single file and held, used or transmitted as part of any of the Services provided by Fujitsu Services; |
| **"Data Processor"** | shall have the meaning given thereto in the Data Protection Act 1998; |
| **"Data Reconciliation Service Host"** or **"DRSH"** | means the server in a Data Centre used for processing and storing Banking Transaction and DC Transaction and ETU Transaction data for reconciliation and retrieval purposes; |
| **"DC Authorisation Agent"** | shall have the meaning given to it in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)); |
| **"DC Data"** | means any or all of the following:<br><br>(a) data transmitted and received between the DC Authorisation Agent and the Merchant Acquirer;<br><br>(b) data transmitted and received between the DCM and the Merchant Acquirer; and<br><br>(c) Sensitive DC Data included in a BIM Report; |
| **"DC MoP"** | means a Method of Payment where the form of payment is a DC Token; |
| **"DC Token"** | shall have the meaning given to it in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)); |
| **"DC Transaction"** | shall have the meaning given to it in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution (REQ/GEN/REP/1091) (formerly "Debit Card |

FUJ00000070

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| | MoP Functional Description" (EF/SER/001)) |
| **"DCM"** | shall have the meaning given to it in the CCD entitled "Mapping Schedule B3.2 to the HNG-X Solution (REQ/GEN/REP/1091) (formerly "Debit Card MoP Functional Description" (EF/SER/001)) |
| **"Debit Card"** | means the elements that support DC MoP, being, as applicable in accordance with this Agreement:<br><br>(a) the Horizon Application referred to at (as applicable) paragraph 2.10 of Schedule B4.2 or paragraph 9 in Part 2 of Annex 2 to Schedule B5; or<br><br>(b) the Payment Management Business Capability; |
| **"Debit Card Obligation"** | means each of the Post Office Responsibilities:<br><br>(a) identified in paragraphs 5.10 to 5.13 (inclusive) of Annex B to Schedule A5 (as applicable); or<br><br>(b) classified as a Debit Card Obligation in accordance with paragraph 2 of Schedule A5; |
| **"Debit Card Responsibility"** | means each of the Post Office Responsibilities:<br><br>(a) identified in paragraphs 5.1 to 5.9 (inclusive) of Annex B to Schedule A5 (as applicable); or<br><br>(b) classified as a Debit Card Responsibility in accordance with paragraph 2 of Schedule A5; |
| **"Decision"** | any decision or action which falls within the scope of responsibility of the relevant Relationship as described in the relevant part of Annex 1 to Schedule A2; |
| **"Default"** | means any breach of the obligations of either Party (including but not limited to fundamental breach or breach of a fundamental term) or any default, act, omission, negligence or statement of either Party, its employees, agents or sub-contractors in connection with or in relation to the subject matter of this Agreement and in respect of which such Party is liable to the other; |
| **"Demand Planning Board"** | Has the meaning set out in Annex 1 of Schedule A2; |
| **"Dependencies"** | means a Task to be performed by one Party upon which the performance of any other Task by the other Party depends, such Tasks being identifiable from the HNG-X Programme Plan and further described, as at the date of signature of CCN1200, in Part 3 of Annex 1 to Schedule B5; |

FUJ00000070

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| **"Deposited Software"** | means all software designated as such by the Parties from time to time; |
| **"Design and Architecture Requirements"** | means the HNG-X Requirements referred to in Annex 7 to Schedule B6.1 as may be amended under the HNG-X Programme Requirements Change Control Process or in accordance with the Change Control Procedure; |
| **"Design Authority"** | means, as the context requires, the Post Office Design Authority or the Fujitsu Services Design Authority; |
| **"Design Limit"** | means each of the levels defined as such in the CCD entitled "Horizon Capacity Management and Business Volumes" (PA/PER/033); |
| **"Design Proposal"** | means a Work Package related development document, as further described in accordance with paragraph 8 of Schedule 20 of Baseline 7; |
| **"Design Purpose"** | means any one or more of the following purposes:<br><br>(a) to support the evaluation, selection or procurement of third party software applications or Branch Hardware for integration into the Horizon Service Infrastructure;<br><br>(b) to assist a third party in its development of a software application or Branch Hardware for integration into the Horizon Service Infrastructure;<br><br>(c) to assist with integration of the Horizon Service Infrastructure with other systems; and/or<br><br>(d) to understand how to replace the Horizon Service Infrastructure and the Horizon Applications in the long term, including interfaces with software to be retained beyond the term of this Agreement; |
| **"Developed Documentation"** | means documentation, which is not Specially Written Documentation, produced by or on behalf of Fujitsu Services:<br><br>(a) prior to the Project HNG-X Commencement Date or after that date and used solely in connection with the provision of Existing Services; and<br><br>(b) under a Work Order for Development Services, such documentation having been;<br><br>(i) specified as a deliverable for the Post Office in that Work Order; or<br><br>(ii) requested by the Post Office as a deliverable and acknowledged and produced by Fujitsu Services for the Post Office on that basis in the course of Fujitsu Services' performance of professional services during the stages: |

FUJ00000070

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| | strategic approval; start-up and feasibility; or requirements analysis, of the development process or lifecycle; |
| **"Development Charges"** | means the Charges for the Development Services, as set out in paragraph 10 of Schedule D1; |
| **"Development Director"** | means the person designated in writing by Fujitsu Services to Post Office as holding that position for the purposes of this Agreement from time to time; |
| **"Development Lifecycle Stage"** | shall have the meaning given to it in paragraph 4.1 of Schedule B1.1; |
| **"Development Lifecycle"** | shall have the meaning given to it in paragraph 4.1 of Schedule B1.1; |
| **"Development Methodology"** | means a set of production processes and management disciplines for the effective development and implementation of software and/or infrastructure projects; |
| **"Development Obligation"** | means the relevant obligation imposed on Fujitsu Services when Clause 34.5.6(b) applies:<br><br>(a) in respect of the HNG-X Service Infrastructure and the Business Capabilities and Support Facilities, to comply with the System Capacity and Performance Requirements, the Training Requirements, the Operational and Support Service Requirements, the Migration and Implementation Requirements, the Design and Architecture Requirements, the Security Requirements, the Development Requirements and the Testing Requirements, each as referred to in paragraph 4.1.1 of Schedule B6.1;<br><br>(b) in respect of the functionality of the Business Capabilities and Support Facilities (other than the HNG-X User Interface and the Postal Services Business Capability), to ensure that such functionality accords with the Business Equivalence Principles; and<br><br>(c) in respect of the HNG-X User Interface and Postal Services Business Capability, to ensure that they meet the business needs that are met by the comparable part of the Horizon Applications (it being acknowledged that any similarities between the style and graphical realisation of the HNG-X User Interface and the user interface(s) of the comparable Horizon Applications as may arise shall only arise as a matter of coincidence through the proper operation of the Clean Room Rules), |

FUJ00000070

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| | (together the "Development Obligations"); |
| **"Development SAP Systems"** | until 31 March 2014 shall have the meaning given to it in the "Data Centre Operations: Service Description" (SVM/SDM/SD/0003). From 1 April 2014 shall have the meaning given to it in the "POLSAP Applications Support Service: Service Description" (SVM/SDM/SD/2306); |
| **"Development Services"** | shall have the meaning given to it in paragraphs 3.1 and 1.4 of Schedule B1.1; |
| **"Dialled Connection"** | means a network connection to a Branch to be established for the purposes of transferring data between that Branch and a Data Centre and disconnected once that data transfer is complete, including such connections established via satellite; |
| **"Dispute"** | means any dispute arising out of or in connection with this Agreement; |
| **"Dispute Owner"** | shall have the meaning given to it in paragraph 5.1.1 of Annex 2 to Schedule A2; |
| **"Dispute Resolution Procedure"** or **"DRP"** | means the procedure set out in Annex 2 to Schedule A2; |
| **"Disputed Banking Transaction Notice"** | means Within Period One (as defined in the Service Description for the Security Management Service), notification (and the provision of related information) of a Banking Transaction, which requires investigation, to Fujitsu Services' management support unit (MSU) in accordance with the procedure set out in the Service Description for the Reconciliation Service for raising a DBTN (as referred to in that Service Description); |
| **DIW** | Means the Dynamic Information Warehouse application developed on behalf of Post Office and hosted by Fujitsu Services; |
| **"DOORS"** | means the requirements management tool used by Post Office for version control and management of requirements; |
| **"Downtime"** | means the period (counting time from within the period 08:00 to 18:30 hours of each relevant Post Office Core Day only - excluding Saturday) commencing with a call being made to the Service Desk until resolution of that call (being the point in time when full operational service has been restored to the customer), less all time categorised as "suspended help desk call" as agreed from time to time between Fujitsu Services and Post Office; |
| **"DR Data Centre"** | means the Data Centre described as such in sections 2.9 and 3.9 in the Service Description for the Data Centre Operations Service; |
| **"DRP"** | means the Dispute Resolution Procedure; |

FUJ00000070

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| **"DUKPT"** | means derived unique key per transaction; |
| **"DVLA"** | means the Driver and Vehicle Licensing Agency; |
| **"DVLA Licensing Business Capability"** | means the Business Capability referred to at paragraph 2.6 of Schedule B3.2; |
| **"DVLA On-line Link"** | means the communication links between the Data Centres and the systems of the Driver and Vehicle Licensing Agency; |
| **"DVLA POME"** | means (as applicable) the enquiry service described in paragraph 2.2.6 of Schedule B4.2 or paragraph 2.5 of Part 2 of Annex 2 to Schedule B5; |
| **"EDG"** | means Post Office's external data gateway for routing Transaction data from the Infrastructure to Clients; |
| **"EIR"** | means the Environmental Information Regulations 2004; |
| **"Electronic Top-Up Business Capability"** | means the Business Capability referred to at paragraph 2.7 of Schedule B3.2; |
| **"EMIS"** | means the electronic management information service provided by the Merchant Acquirer; |
| **"EMV"** | means the Europay Mastercard Visa standard for financial smart cards; |
| **"End Point"** | means the starting point of a file transferred into PODG or the destination point of a file transferred from PODG; |
| **"End to End Banking"** | means the end-to-end systems and services (of which (without limitation) the NBS, the NB System and Bank systems form part) required to deliver network banking to Customers; |
| **"End to End Services"** | means the end-to-end systems and services (of which the Infrastructure and the Services form part) required to deliver services to Customers; |
| **"End User"** | means any employee of any member of the Royal Mail Group (and any Agent or employee thereof) carrying out or involved in the carrying out of the business of the Post Office; |
| **"Engineering Service"** | means the Service referred to in row 2 of Table A of Schedule B3.1; |
| **"e-pay"** | means the third party, providing services to or for the benefit of Post Office, that facilitates the handling and authorisation of ETU messages (including, without limitation, ETU Requests and ETU Authorisations); |
| **"EPOSS"** | means the Horizon Application referred to at (as applicable) paragraph 2.1 of Schedule B4.2 or paragraph 1 in Part 2 of Annex 2 to Schedule B5; |

FUJ00000070

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| **"Equipment"** | means any physical hardware (excluding Paypoles and including, without limitation, supply cords, interface cables and cords, User-installable components and peripherals) forming part of the Infrastructure and Stand-Alone Hardware supplied by Fujitsu Services; |
| **"Equivalent Services"** | means, in relation to a Testable Service, a service or services which, at the time that Testable Service is subject to Market Testing, are available from the market:<br><br>(a) to meet the same business requirements and the same or substantially the same specification for that Service (as reflected in all provisions of this Agreement relevant to that Service and the basis on which it is provided); and<br><br>(b) achieve the same or substantially the same Service Levels as those applicable in respect of that Testable Service; |
| **"Escher"** | means Escher Group Ltd, having its principal office at 101 Main Street, Cambridge, Mass. 02142; |
| **"Escher Confidential Information"** | means the information referred to in paragraph 2.2 of Schedule C3; |
| **"Escher Software User"** | means:<br><br>(a) any person authorised by Post Office to use the Services in a franchise post office or sub-post office, including without limitation sub-post masters on a non-franchise contract and franchisees of post offices or sub post offices (together with their employees); and<br><br>(b) any employee of Post Office or employee of Royal Mail Group on behalf of Post Office involved in the development, operation, receipt and/or management of the Existing Services; |
| **"Escher Upgrade Software"** | means WebRiposte, Asset Manager, Framework and Mails and references to the "software" in paragraph 2 of Schedule B4.1 shall, unless the context clearly indicates otherwise, be a reference to the Escher Upgrade Software; |
| **ETL** | Means the Extract, Transform and Load application developed on behalf of Post Office and hosted by Fujitsu Services; |
| **"ETU"** or **"ETU Application"** | means, as applicable in accordance with this Agreement:<br><br>(a) the Horizon Application referred to in (as applicable) paragraph 4.3 of Schedule B4.2 or paragraph 12 of Part 2 of Annex 2 to Schedule B5; and/or |

FUJ00000070

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| | (b) the Electronic Top-Up Business Capability; |
| **"ETU Agent"** | means the software applications used to process:<br><br>(a) ETU Requests and ETU Authorisations transmitted between Branches and e-pay, and<br><br>(b) ETU C0 messages received from the Branches, which are converted into ETU Reversals; |
| **"ETU Authorisation"** | means an authorisation message transmitted on-line from e-pay or the ETU Agent in response to an ETU Request, stating whether that ETU Request has been approved or declined; |
| **"ETU C0 Confirmation"** | means a confirmation message written by the ETU Counter Application during an ETU Transaction when that ETU Transaction has been declined for a reason other than the receipt from e-pay of an ETU Authorisation declining the ETU Transaction; |
| **"ETU C0"** | means a priority message automatically generated following a counter timeout for transmission from a Branch to an ETU Agent; |
| **"ETU C1 Confirmation"** | means a confirmation message written by the ETU Counter Application during an ETU Transaction when that ETU Transaction has been completed; |
| **"ETU Counter Application"** | means the application software that contains the business logic controlling the dialogue with Users of the ETU; |
| **"ETU Decline"** | means an instruction contained in an ETU Authorisation to refuse an ETU Transaction received from e-pay. "Declined" and "Declining" as used in the CCD entitled "ETU Definition" (BP/SPE/044) shall be construed accordingly; |
| **"ETU Receipt"** | means a paper receipt issued during an ETU Transaction either as a record of that ETU Transaction or as part of the process of carrying out that ETU Transaction; |
| **"ETU Request"** | means a priority request message generated for transmission from a Branch to e-pay in order to undertake an ETU Transaction for a Customer; |
| **"ETU Reversal"** | means a message automatically generated by an ETU Agent upon receipt of an ETU C0 message, for transmission from an ETU Agent to e-pay in order to nullify an ETU Request; |
| **"ETU System"** | means the elements of the Infrastructure and the ETU Counter Application which support operational use of the ETU Application; |

FUJ00000070

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| **"ETU Token"** | means a Token supported by ETU, as described in paragraph 5.2.1 of the CCD entitled "ETU Definition" (BP/SPE/044); |
| **"ETU Transaction"** | means any one or more of the following Transactions supported by ETU:<br><br>(a) the purchase of a card based top-up product;<br><br>(b) the purchase of a card based PIN product;<br><br>(c) the purchase of a PIN/e-voucher product;<br><br>(d) the refund of a card based Transaction;<br><br>(e) the refund of a PIN/e-voucher Transaction; |
| **"Event"** | means a recorded and auditable instance of business administration activity, such as the registration of a new User, or the production of a Report; |
| **"Executive Review"** | shall have the meaning given to it in paragraph 3.1 of Annex 2 to Schedule A2; |
| **"Existing Equipment"** | means the Counter Equipment at the Amendment Date; |
| **"Existing Functionality"** | means the functionality of the Applicable Horizon Baseline, including any functionality that has been rendered inactive (through Reference Data or by other means), but excluding any functionality that relates exclusively to a Redundant Business Function; |
| **"Existing Licences"** | means in respect of:<br><br>(a) WebRiposte, Asset Manager and Framework, the licensing agreements between Fujitsu Services and Escher dated 20 December 2000 and 8 May 2001 together with variation agreements dated 18 April 2002 and 26 June 2002 for each of these licence agreements; and<br><br>(b) Mails Product, the applicable licensing provisions of the agreement between Fujitsu Services and Escher dated 20 December 2002; |
| **"Existing Services"** | means, in respect of each Branch, the Services provided over the Infrastructure, using the Horizon Applications to that Branch, prior to the HNG-X Date for that Branch; |
| **"Exit Plan"** or **"Exit Plans"** | means the General Exit Plan and/or the HNG-X Exit Plan (as applicable); |

FUJ00000070

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| **"Exit Scenario"** | shall have the meaning given to it in paragraph 3.2.3(a) of Schedule E; |
| **"Exit Strategy"** | means the exit strategy document containing the information described in paragraph 3.2.3(a) of Schedule E and developed and maintained pursuant to Schedule E; |
| **"Expected Engineering Volume"** | has the meaning given in paragraph 5.12.4 of Schedule D1; |
| **"Expert"** | shall have the meaning given to it in paragraph 7.1 of Annex 2 to Schedule A2; |
| **"Expired Services"** | means services which were previously provided by Fujitsu to the Post Office but which have been terminated or have expired: the Service Desk Service; |
| **"Expiring Services"** | means:<br>(i) the Engineering Service and the Service Desk Service, each of which has an expiry date of 31st March 2015; and<br><br>(ii) POLSAP Applications Support Service which has an expiry date of 31st March 2016; and<br><br>(iii) CMT Service which has an expiry date of 31st March 2017; and<br><br>(iv) Salesforce Support Service which has an expiry date of 31st March 2016; and<br><br>(v) POLSAP Hosting Service which has an expiry date of 31st March 2016; and<br><br>(vi) Credence/ MDM Service which has an expiry date of 31st Match 2016; and<br><br>(vii) Operational Business Change (Branch Change) Service which has an expiry date of 31st March 2017. |
| **"Expiry Date"** | means the offer expiry date specified in the Commercial Terms for a Work Package or Work Package Element; |
| **"Facilitator"** | has the meaning given to it in paragraph 3.4 of Annex 2 to Schedule A2; |
| **"FAD"** | means a unique code that identifies a particular Branch; |
| **"Failure Event"** | means an event or series of connected events which causes one or more Counter Positions to be deemed Unavailable due to a Network Wide Failure or Local Failure. Ongoing failures will be deemed to be part of such Failure Event until the Failure Event is closed in accordance with the Incident closure process which is set out in the Working Document |

FUJ00000070

CONFIDENTIAL

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| | entitled "Major Incident Process" (SVM/SDM/PRO/0001) ('Incident Closure Process'); |
| **"File Management Support Facility"** | means the Support Facility referred to at paragraph 3.5 of Schedule B3.2; |
| **"Final Period"** | shall have the meaning set out in paragraph 2.4 of Schedules C1 or B4.4, as applicable; |
| **"Financial Year"** | means each period during the term of this Agreement commencing on 1 April in any calendar year and ending on 31 March in the following calendar year, save that if this Agreement is terminated early the date of termination shall be deemed to be the end of a Financial Year; |
| **"Fixed Connection"** | means a network connection, other than an ADSL Connection, to a Branch which is intended to be established and held open between times agreed by the Parties; |
| **"FOIA"** | means the Freedom of Information Act 2000; |
| **"FOIA Order"** | shall have the meaning given to it in paragraph 2.9.5 of Schedule A4; |
| **"Force Majeure"** | shall have the meaning set out in Clause 60.1; |
| **"Framework"** | means the Software referred to as such and identified in row 5 of Table 1 of Schedule B4.1 or row 3 of Table 4 of Schedule C3 (as applicable); |
| **"Framework Agreement"** | shall have the meaning set out in Clause 61.4.3(b); |
| **"Fraud Event"** | means any single act of fraud or other criminal activity carried out by a person or more than one person acting together or a series of such acts which are committed by the same person or persons as part of a scheme or plan using the same or similar methods in each case; |
| **"FRIACO"** | means flat rate internet access call origination; |
| **"FS Listed Personnel"** | means (a) the persons from time to time fulfilling the role of the persons whose job titles are currently 'Business Unit Director', 'Commercial Director' and 'Business Development Director'; (b) any Fujitsu Services members of the Systems Integration Partnership and Executive Relationship who are not in (a); and (c) the persons fulfilling the roles within Fujitsu Services' human resources department which are notified to Post Office in writing from time to time; |
| **"FS Task"** | means a Task to be performed by Fujitsu Services; |
| **"Fujitsu Background IPR"** | means all Intellectual Property Rights owned by Fujitsu Services or a member of the Fujitsu Services Group and either (i) created prior to the Project HNG-X Commencement Date or (ii) created after the Project |

FUJ00000070

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| | HNG-X Commencement Date and independently of this Agreement but excluding, for the avoidance of doubt:<br><br>(a) Post Office Foreground IPR;<br><br>(b) Licensed IPR; and<br><br>(c) all IPR required to be assigned to Post Office pursuant to Clause 29; |
| **"Fujitsu Dependency"** | means with respect to:<br><br>(a) Post Office (including the Post Office Service Integrator to the extent to which it acts as the managing partner of Post Office):<br><br>(i) a current Fujitsu Services obligation under this Agreement (including as set out in Schedule F);and<br>(ii) any additional obligations which Post Office and Fujitsu Services agree as part of the impact analysis performed in contemplation of the appointment of the Post Office Service Integrator by Post Office and/or the Partial Termination or termination of any Terminable Service on which Post Office is wholly or partially dependent in order that it may fulfil its own obligations under any agreement relating to the Towers Model; and<br><br>(b) a Tower Contractor, any obligations which Post Office and Fujitsu Services agree as part of the impact analysis performed in contemplation of the appointment of the Post Office Service Integrator by Post Office and/or the Partial Termination or termination of any Terminable Service on which any Tower Contractor (which is the Next Supplier with respect to the relevant Terminable Service) is wholly or partially dependent in order that it may fulfil its own obligations under any agreement relating to the Towers Model. For the avoidance of doubt, this may include:<br><br>(i) obligations that Fujitsu Services currently has to Post Office under the Agreement (including as set out in Schedule F) on which the Tower Contractor is dependant to deliver its services to Post Office under any agreement relating to the Towers Model; and<br>(ii) additional obligations which the parties agree as part of the impact analysis; |
| **"Fujitsu Developed Documentation"** | means Developed Documentation that is not Post Office Developed Documentation; |
| **"Fujitsu Global Cloud** | means Fujitsu Services' commodity infrastructure as a service offering as more particularly described in the service description available at |

FUJ00000070

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| **Service"** | http://globalcloud.uk.fujitsu.com; |
| **"Fujitsu Guarantees"** | means the Fujitsu Services Holdings guarantee dated 31 December 2002 and the Fujitsu Limited guarantee dated 31 December 2002; |
| **"Fujitsu Personnel"** | means employees of Fujitsu Services , its agents, its consultants and its sub-contractors and of any other person who provide or are involved in the provision of the Services; |
| **"Fujitsu Service Cost"** | means in respect of any work carried out by Fujitsu Services, all direct material, supplier, subcontractor and Fujitsu Services labour costs (including, as appropriate service management and/or project costs) reasonably incurred by Fujitsu Services in carrying out such work, plus those indirect costs exclusively incurred in relation to the relevant work, including 6% Horizon contract management overheads, but excluding group overhead recovery; |
| **"Fujitsu Services"** | means Fujitsu Services Limited; |
| **"Fujitsu Services Acceptance Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services Change Control Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding that position for the purposes of this Agreement and the address of that person to which all Change Requests should be delivered by Post Office to Fujitsu Services from time to time; |
| **"Fujitsu Services Group"** | means Fujitsu Services Holdings plc and its subsidiaries; |
| **"Fujitsu Services Project Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services Support Engineer"** | means an engineer employed directly by Fujitsu Services or its supplier(s) with responsibility including the diagnosis, repair and/or swap of Branch equipment; |
| **"Fujitsu Services SIP Team Member"** | shall have the meaning given to it in paragraph 2.1 of Schedule B1.2; |
| **"Fujitsu Services' Design Authority"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services' HNG-X Acceptance Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |

FUJ00000070

CONFIDENTIAL

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| **"Fujitsu Services' HNG-X Programme Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services' Offshore Design Authority"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services' Offshore Project Manager"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services' SI Director"** | means the person designated in writing by Fujitsu Services to Post Office as holding the position for the purposes of this Agreement from time to time; |
| **"Fujitsu Services' Software"** | means software used by Fujitsu Services in connection with the provision of Services and:<br><br>(a) created prior to the Project HNG-X Commencement Date or created after that date and used solely in connection with the provision of Existing Services; and<br><br>(b) in which the Intellectual Property Rights are wholly owned by a member or members of the Fujitsu Services Group,<br><br>including, without limitation, the software which is identified as Fujitsu Services Software in the CCD entitled "Transfer Asset Register" (COM/MGT/REP/0001); |
| **"Full Track"** | means the entire contents of track 1, 2 or 3 from the magnetic stripe or chip on a Token; |
| **"Functional Requirements"** | means the HNG-X Requirements described in paragraph 4.2 of Schedule B6.1; |
| **"Functional Requirements Definition Process"** | means the process for the refinement of Functional Requirements set out or referred to in Part 1 of Annex 11 to Schedule B6.1; |
| **"Funding Notice"** | means a notice delivered by Post Office to Fujitsu Services and expressed to be a Funding Notice given pursuant to Clause 1.1; |
| **"Gain Share"** | means the principles set out in Schedule D3 that govern how the Parties intend to share Benefits resulting from future cost saving initiatives or development work; |
| **"General Exit Plan"** | means the plan set out in Annex 2 to Schedule E to be developed and maintained in accordance with Schedule E setting out the steps to be followed in relation to termination or expiry of this Agreement, Partial |

FUJ00000070

CONFIDENTIAL

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| | Termination and/or expiry of an Expiring Service, as applicable depending on the applicable Exit Scenario; |
| **"Generic Web Service (GWS) Client"** | means Clients for whom Post Office provides services using the Generic Web Service Business Capability; |
| **"Generic Web Service (GWS) Support Facility"** | means the support service described in section 6.4 'Generic Web Service Support Facility' of Schedule B3.2; |
| **"Good Industry Practice"** | means the exercise of that degree of skill, care, prudence, efficiency, foresight and timeliness as would be expected from a leading company within the relevant industry or business sector; |
| **"Good Professional Practice"** | means good practices, methods and procedures (or one of a range of practices, methods and procedures) which would be adopted by a leading supplier exercising in the general conduct of its undertaking that degree of skill, diligence, prudence and foresight which would ordinarily and reasonably be expected from a leading supplier engaged in the business of providing services which are the same as or similar to the Services; |
| **"Governmental Regulation"** | means any United Kingdom primary legislation and any United Kingdom secondary legislation; |
| **"GPRS"** | means general packet radio service; |
| **"Group Commercial and Legal Director"** | means the person designated in writing by Fujitsu Services to Post Office as holding that position for the purposes of this Agreement from time to time. |
| **"GSM"** | means global system for mobile communications; |
| **"GSM Connection"** | means a GSM network connection to a Branch which uses high speed circuit switched data (HSCSD) technology and is intended to be established and held open between times to be agreed between the Parties; |
| **"GSM CSD Connection"** | means a GSM network connection to a single counter Branch which uses circuit switched data (CSD) technology and is intended to be permanently installed; |
| **"Guarantor"** | means either of Fujitsu Services Holdings Plc or Fujitsu Limited; |
| **"H&HNG Systems Integration"** | means the implementation of Infrastructure and software upgrades and additions to the Infrastructure (other than the Branch Infrastructure) to interface to any new systems or Applications and support any new |

FUJ00000070

CONFIDENTIAL

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| | Services operating end-to-end as defined by Post Office requirements in the relevant Work Order; |
| **"Hard Cap"** | shall have the meaning given to it in paragraph 1.3.4 of Schedule D8; |
| **"Hardware"** | means any hardware (excluding Paypoles) used by Fujitsu Services to provide Services under this Agreement; |
| **"Hardware Impact Assessment"** | means:<br><br>(a) in relation to any intended Implementation of Branch Hardware, verification of the Branch Hardware's technical compatibility and ability to interface with other elements of the Infrastructure; and<br><br>(b) in relation to any intended Implementation of Branch Hardware or Stand-Alone Hardware an assessment of the impact of the intended Implementation on the Infrastructure and the HNG-X Services (including, without limitation, the Service Levels and the availability of suitable support); |
| **"Hardware Implementation"** | means Hardware Impact Assessment and Implementation Support (as described under Schedule B1.3 but procured under Schedule B1.1); |
| **"Hardware Procurement"** | means the procurement of Branch Hardware or Stand-Alone Hardware; |
| **"Head of Change and IS"** | means the person designated in writing by Post Office to Fujitsu Services as holding that position for the purposes of this Agreement from time to time; |
| **"Head Office Counter Position"** | means a single position gateway configuration or a multi-position gateway configuration to be installed in Post Office office premises that are not Branches; |
| **"Help Desk"** or **"Helpdesk"** or **"Horizon System Help Desk"** | means Service Desk provided by Fujitsu until the 2nd July 2014 |
| **"HNG-X Acceptance Board"** | means the board described as such in paragraph 3.1.2 of Schedule B6.3; |
| **"HNG-X Acceptance Criterion"** | shall have the meaning given to it in paragraph 2.3 of Schedule B6.3; |
| **"HNG-X Acceptance Dispute"** | shall have the meaning given to it in paragraph 7.1 of Schedule B6.3; |
| **"HNG-X Acceptance Dispute Board"** | means the board set out at Schedule A2, Annex 1; |
| **"HNG-X Acceptance** | means an assessment point at which specific activities or events must meet agreed HNG-X Acceptance Criteria to the parameters defined in |

FUJ00000070

CONFIDENTIAL

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| **Gateway"** | Schedule B6.3 before proceeding to subsequent dependent activities or events; |
| **"HNG-X Acceptance Incident Collection"** | shall have the meaning ascribed to it in paragraph 2.8 of Schedule B6.3; |
| **"HNG-X Acceptance Incident"** | shall have the meaning ascribed to it in paragraph 2.7 of Schedule B6.3; |
| **"HNG-X Acceptance Managers"** | means the Fujitsu Services' HNG-X Acceptance Manager and the Post Office HNG-X Acceptance Manager; |
| **"HNG-X Acceptance Method"** | shall have the meaning ascribed to it in paragraph 2.4 of Schedule B6.3; |
| **"HNG-X Acceptance Plan"** | means a plan produced and agreed in accordance with paragraph 2.10 of Schedule B6.3; |
| **"HNG-X Acceptance Process"** | means the acceptance process for the HNG-X System set out or referred to in Schedule B6.3; |
| **"HNG-X Acceptance Process Stage"** | means a stage in the HNG-X Acceptance Process referred to in paragraph 2.2.4 of Schedule B6.3; |
| **"HNG-X Acceptance Testing Evidence"** | shall have the meaning given to it in paragraph 5.1 of Schedule B6.3; |
| **"HNG-X Acceptance Tracking"** | means the tracking of the HNG-X Acceptance Process as described in paragraph 2.5 of Schedule B6.3; |
| **"HNG-X Acceptance Tracking Document"** | shall have the meaning given to it in paragraph 2.5 of Schedule B6.3; |
| **"HNG-X Application"** | means a software application expressed as series of business capabilities and support facilities which, as at signature of CCN1200, are summarised in Schedule B3.2; |
| **"HNG-X Assumptions"** | means the assumptions and constraints set out in:<br><br>(a) the CCDs referred to in Annexes 4, 6 and 8 to Schedule B6.1;<br><br>(b) Annex 12 to Schedule B6.1; and<br><br>(c) the CCDs entitled "HNG-X Counter Reference Data Delivery Strategy - Agreed Assumptions and Constraints" (REQ/CUS/STG/0003) and "HNG-X Branch Exception Handling Strategy – Agreed Assumptions and Constraints" (REQ/CUS/STG/0002); |

FUJ00000070

CONFIDENTIAL

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| **"HNG-X Authority Level 1"** | means the Post Office HNG-X Programme Manager and the Fujitsu Services' HNG-X Programme Manager; |
| **"HNG-X Authority Level 2"** | means the Post Office Delivery, Integration and Assurance Manager and the Fujitsu Services SI Director; |
| **"HNG-X Baseline Open Book Information"** | means the information set out in the CCD entitled "HNG-X Baseline Open Book Information" (COM/MGT/PRO/0002) version 1.0, dated 16 August 2006; |
| **"HNG-X Central Infrastructure"** | means all of the equipment installed in the Data Centres to provide the Business Capabilities and Support Facilities; |
| **"HNG-X Date"** | means, in respect of each Branch, the Working Day on which the "point of no return" occurs, as described in paragraph 41 of section 8.5 of the CCD entitled "HNG-X Migration Strategy – Agreed Assumptions and Constraints" (REQ/CUS/STG/0001); |
| **"HNG-X Design Walkthrough"** | means an HNG-X Acceptance Method described as such in Annex C of Schedule B6.3; |
| **"HNG-X Development"** | means all of the following work undertaken by Fujitsu Services pursuant to this Agreement:<br><br>(a) all design, development and testing in accordance with Schedule B5 and Schedules B6.1 and B6.2, other than Associated Change Development;<br><br>(b) all work and activities connected with achievement of HNG-X Initial Acceptance and HNG-X Final Acceptance;<br><br>(c) resolution of HNG-X Medium Severity Acceptance Incidents and HNG-X Low Severity Acceptance Incidents outstanding following HNG-X Initial Acceptance and HNG-X Final Acceptance;<br><br>(d) any work required in the three months after start of HNG-X Project Workstream X4 (HNG-X Application Roll Out)] to ensure that the functionality of the Business Capabilities and Support Facilities (other than the HNG-X User Interface and the Postal Services Business Capability) accords with the Business Equivalence Principles; |
| **"HNG-X Development Charges"** | means the Charges for HNG-X Development calculated in accordance with the provisions of Schedule D8; |
| **"HNG-X Development Completion"** | means completion of HNG-X Development by Fujitsu Services such that all HNG-X Development Charges shall have been paid or shall have become due to be paid by Post Office to Fujitsu Services; |

FUJ00000070

CONFIDENTIAL

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| **"HNG-X Development Period"** | means the period commencing on the date signature of CCN 1200 and ending on the completion of HNG-X Development; |
| **"HNG-X Document Review"** | means an HNG-X Acceptance Method described as such in Annex C of Schedule B6.3; |
| **"HNG-X Exit Plan"** | means the plan set out in Annex 3 to Schedule E to be developed and maintained in accordance with Schedule E setting out the steps to be followed in relation to termination of Project HNG-X; |
| **"HNG-X Final Acceptance"** | means progressing through HNG-X Acceptance Gateway 6 by satisfying all of the matters referred to in paragraph 4.5.3.1 of Schedule B6.3; |
| **"HNG-X Final Acceptance Date"** | means the date on which HNG-X Final Acceptance is achieved; |
| **"HNG-X Final Development Charge Date"** | means the date on which Fujitsu Services gives notice to Post Office that no further invoices will be raised in respect of HNG-X Development other than in accordance with paragraph 3.2 of Schedule D8; |
| **"HNG-X High Level Test Plans"** or **"HNG-X HLTP"** | shall have the meaning ascribed to it in paragraph 2.6 of Schedule B6.3; |
| **"HNG-X High Severity Acceptance Incident"** | means an HNG-X Acceptance Incident categorised as 'High' in accordance with Annex A of Schedule B6.3; |
| **"HNG-X Initial Acceptance"** | means progressing through HNG-X Acceptance Gateway 4 by satisfying all of the matters referred to in paragraph 4.5.2.1 of Schedule B6.3; |
| **"HNG-X Initial Acceptance Date"** | means the date on which HNG-X Initial Acceptance is achieved; |
| **"HNG-X Low Severity Acceptance Incident"** | means an HNG-X Acceptance Incident categorised as 'Low' in accordance with Annex A of Schedule B6.3; |
| **"HNG-X Medium Severity Acceptance Incident"** | means an HNG-X Acceptance Incident categorised as 'Medium' in accordance with Annex A of Schedule B6.3; |
| **"HNG-X Migration Assumptions"** | means the agreed assumptions and constraints in respect of Transition as set out in the CCD entitled "HNG-X Migration Strategy – Agreed Assumptions and Constraints" (REQ/CUS/STG/0001); |
| **"HNG-X Minor Concession"** | means an authorised agreement between the Parties to defer or revoke all or part of a HNG-X Project Requirement where such action has a non-significant impact to performance or functionality for the purposes of the HNG-X Acceptance Process; |
| **"HNG-X Monitoring"** | means an HNG-X Acceptance Method described as such in Annex C of |

FUJ00000070

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| | Schedule B6.3; |
| **"HNG-X PCI Date"** | means, in respect of each Branch, its HNG-X Date or the day on which the Branch is activated as part of the Horizon PCI Rollout, whichever is the earlier. The last HNG-X PCI Date shall be no later than completion of T5 (Data Centre Ready for HNG-X) plus 3 months; |
| **"HNG-X Programme Change Assessment"** | means the assessment procedure described in paragraph 3 of Part 5 of Annex 11 to Schedule B6.1; |
| **"HNG-X Programme Change Authority"** | means the body described in paragraph 1.2 of Part 5 of Annex 11 to Schedule B6.1; |
| **"HNG-X Programme Plan"** | means the plan for the fulfilment of each Party's obligations under this Agreement in relation to Project HNG-X and certain of the Associated Change Activities, the initial version of which at Level 2 (as at the date of signature of CCN1246) is set out in Part 2 of Annex 1 to Schedule B5, as the same is maintained and varied from time to time (as a plan, separate from Schedule B5) in accordance with the provisions of this Agreement and, in particular, Schedule B6.2; |
| **"HNG-X Programme Requirements Change Control Process"** | means the process described in Part 5 of Annex 11 to Schedule B6.1; |
| **"HNG-X Project Activities"** | has the meaning set out in paragraph 3.1.1 of Schedule B5 and further detailed in paragraph 3.2.1 of Schedule B5; |
| **"HNG-X Project Price"** | shall have the meaning given to it in paragraph 1.3.1 of Schedule D8; |
| **"HNG-X Project Tasks"** | means the Tasks required to be performed by each Party in order to carry out the HNG-X Project Workstreams; |
| **"HNG-X Project Workstreams"** | means the workstreams listed in paragraph 3.2.1 of Schedule B5, as further described in Part 1 of Annex 1 to Schedule B5; |
| **"HNG-X Rectification Plan"** | means a plan referred to in paragraph 6.4.1 of Schedule B6.3; |
| **"HNG-X Release Validation"** | means an HNG-X Acceptance Method described as such in Annex C of Schedule B6.3; |
| **"HNG-X Requirement"** | means a business requirement of Post Office which is either (i) set out or referred to in Annexes 3 to 10 (inclusive) of Schedule B6.1 (ii) developed in accordance with the Requirements Definition Process or (iii) agreed in accordance with the Change Control Procedure; |
| **"HNG-X Requirements Assurance"** | means the approach agreed by the Parties to the assurance of HNG-X Requirements as described in paragraph 4 of Part 1 of Annex 11 to |

FUJ00000070

CONFIDENTIAL

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| | Schedule B6.1; |
| **"HNG-X Requirements Baselining Process"** | means the process described in Part 2 of Annex 11 to Schedule B6.1; |
| **"HNG-X Requirements Catalogue Draft at Contract"** | means an extract of the HNG-X Requirements Catalogue from DOORS at the date of signature of CCN1200, version 0.2, which represents the HNG-X Requirements referred to in Annexes 3 -10 of Schedule B6.1; |
| **"HNG-X Requirements Catalogue"** | the version controlled list(s) of assured HNG-X Requirements (typically consisting of Use Cases and narrative statements), associated agreed HNG-X Acceptance Criteria, associated agreed HNG-X Acceptance Methods, associated agreed Fujitsu Services compliance statements and associated agreed caveats to full compliance; |
| **"HNG-X Requirements Catalogue, version 1"** | means an extract of the HNG-X Requirements Catalogue from DOORS at the end of the Requirements Stage; |
| **"HNG-X Service Infrastructure"** | means the Branch Infrastructure, the HNG-X Central Infrastructure and the HNG-X Telecommunications Infrastructure; |
| **"HNG-X Services"** | means the Operational Services, Call Off Services, Service Integration Services, Third Party Management Services and BCSF Services; |
| **"HNG-X Solution Assurance"** | means the process described in paragraph 5 of Schedule B6.2; |
| **"HNG-X Solution Test"** | means an HNG-X Acceptance Method described as such in Annex C of Schedule B6.3; |
| **"HNG-X Stage Progression"** | means progression through an HNG-X Acceptance Process Stage in accordance with the rules and process set out at paragraph 4 of Schedule B6.3; |
| **"HNG-X Sub-contractor"** | means any of the Sub-contractors identified as such in the table in paragraph 2 of Schedule C2; |
| **"HNG-X System"** | means the HNG-X Service Infrastructure together with the Business Capabilities and Support Facilities installed on the HNG-X Service Infrastructure; |
| **"HNG-X T&M Budget"** | means Fujitsu Services' estimate of the HNG-X Development Charges and Associated Change Development Charges for the resource and time required to complete (as the context requires) (a) an FS Task (b) a Level 3 element in the HNG-X Programme Plan to be performed by Fujitsu Services or (c) a group of such Tasks taken together (from which the budgeted amounts and hours for each such Task, or Tasks taken together, may be derived); |

FUJ00000070

CONFIDENTIAL

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| **"HNG-X Telecommunications Infrastructure"** | means the Branch Telecom Infrastructure and the Central Telecom Infrastructure; |
| **"HNG-X Termination Charge"** | means the charge set out in paragraph 6 of Schedule E payable by Post Office if Project HNG-X is terminated in accordance with Clause 47.11.2; |
| **"HNG-X Third Party Software"** | means any software identified as such in Schedule C3; |
| **"HNG-X User Interface"** or **"HNG-X UI"** | means the software accessible at Counter Positions (including its configuration, processes, structure and organisation) by which Users interface with the Business Capabilities and Support Facilities over the Infrastructure; |
| **"Horizon Application"** | means software which performs or supports a specific business function at a Branch or in the Back Office and which operates on the Horizon Service Infrastructure, including (without limitation):<br><br>(a) those applications listed in (as applicable) Schedule B4.2 or Part 2 of Annex 2 to Schedule B5; or<br><br>(b) any applications of a similar nature; |
| **"Horizon Audit Facility"** | means the Horizon Application referred to at paragraph 2.8 of Schedule B4.2; |
| **"Horizon Central Infrastructure"** | means the Horizon Initial Central Infrastructure and any additional hardware and software which is introduced prior to the occurrence of Trigger Point T5 (Data Centre Ready for HNG-X) other than any hardware or software introduced pursuant to paragraph 2.4 of Schedule B4.3; |
| **"Horizon Counter Position"** | means a Counter Position, or a similarly automated position at a CTO or at head office premises used by Post Office; |
| **"Horizon Design Documentation"** | means Internal Design Documentation and Specially Commissioned Design Documentation; |
| **"Horizon Icon Service"** | means the Service referred to in row 7 of Table B of Schedule B3.1; |
| **"Horizon Initial Central Infrastructure"** | shall have the meaning specified in paragraph 2.3 of Schedule B4.3; |
| **"Horizon Materials"** | means all documents, software, materials, items or other things whatsoever that were created by or on behalf of Fujitsu Services for or in connection with this Agreement before the Project HNG-X Commencement Date and any other documents, software, materials, items or other things created after that date and used solely in connection |

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| | with the provision of Existing Services; |
| **"Horizon PCI Rollout"** | means the rollout of PCI changes to Horizon Counter Positions as described in the CCD entitled "Security Constraints" (ARC/SEC/ARC/0001); |
| **"Horizon Reconciliation Facility"** | means the Horizon Application referred to at paragraph 2.9 of Schedule B4.2; |
| **"Horizon Service Infrastructure"** | means the Branch Infrastructure, the Horizon Central Infrastructure and the Horizon Telecommunications Infrastructure; |
| **"Horizon Telecommunications Infrastructure"** | means, prior to the occurrence of Trigger Point T5 (Data Centre Ready for HNG-X), the telecommunications links between the Horizon Central Infrastructure on the one hand and each of (a) the Branch Infrastructure (b) Client systems (c) Post Office systems (d) the Merchant Acquirer and (e) Alliance & Leicester systems on the other hand, and shall include any associated telecommunications equipment including, without limitation, transfer management servers and physical routers; |
| **"Horizon Third Party Software"** | means any software identified as such in Schedule B4.1; |
| **"HSCSD"** | means High Speed Circuit Switched Data; |
| **"HSM"** | means the hardware security module in which PINs are translated prior to transmission of encrypted data from the Infrastructure to the Banks; |
| **"Human Computer Interface"** or **"HCI"** | means the interface between the computer systems and Users; |
| **"Icon Business Change CCDs"** | means the CCDs entitled "Horizon Icon Service Description" (CS/PDN/018) and "Horizon Icon Service Prices" (CS/PDN/019) |
| **"Implementation"** | means all or any of the following activities: (a) Hardware Procurement; (b) Implementation Support; (c) Installation Management; and (d) Installation; |
| **"Implementation Support"** | means any or all of the service elements relating to the Implementation of Branch Hardware or Stand-Alone Hardware identified as part of Implementation Support in the Annex to Schedule B1.3 or any similar service element agreed to be such by the Parties from time to time; |
| **"In/Out Payment Business Capability"** | means the Business Capability referred to at paragraph 2.3 of Schedule B3.2; |
| **"Incident"** | means any perceived abnormal or undesirable occurrence relating to the Services; |

FUJ00000070

CONFIDENTIAL

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| **"Indemnified Party"** | shall have the meaning given to it in Clause 34.9; |
| **"Indemnifying Party"** | shall have the meaning given to it in Clause 34.9; |
| **"Independent Adviser"** | means an independent consultancy generally recognised in the IT industry in the United Kingdom who may carry out Competitive Tendering in accordance with Schedule D6; |
| **"Indexed Charges"** | shall have the meaning set out in paragraph 16.1 of Schedule D1; |
| **"Information Condition"** | shall have the meaning set out in Clause 43.12; |
| **"Infrastructure"** | means any of the infrastructure used by Fujitsu Services at the relevant time to deliver the Services, being any of the Horizon Service Infrastructure, the HNG-X Service Infrastructure or, during the Roll Out Phase, the combination of elements of the Horizon Service Infrastructure and the HNG-X Service Infrastructure (as applicable); |
| **"Infrastructure Services"** | means OPS and TMS (including, for the avoidance of doubt, the characteristics which are common to each as described in (as applicable) paragraph 6 of Schedule B4.3 or paragraph 4 of Part 1 of Annex 2 to Schedule B5), the provision of which shall cease at Trigger Point T6 (Counter Application Rollout Complete); |
| **"Initial Branch Infrastructure"** | shall have the meaning specified in paragraph 2.1.1 of Schedule B3.4; |
| **"Initial Horizon Application"** | means EPOSS, APS, LFS, Message Broadcast, NBS and the Horizon Application element of Debit Card and Reference Data Management; |
| **"Inner Core Team"** | means those personnel identified as such in the minutes of the Demand Planning Forum; |
| **"Installation"** | means any or all of the service elements relating to the Implementation of Branch Hardware or Stand-Alone Hardware identified as part of Installation, as referred to in the Annex to Schedule B1.3; |
| **"Installation Management"** | means any or all of the service elements relating to the Implementation of Branch Hardware or Stand-Alone Hardware identified as part of Installation Management in the Annex to Schedule B1.3; |
| **"INT"** | means a testing process used to validate platform and software integration, packaging, provisioning distribution and installation, before software reaches the formal test environments; |
| **"Integration (INT) Rig"** | means the Rig used by the Product Integration Team (PIT) to test packages and associated scripts produced by Development, prior to |

FUJ00000070

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| | handover to the Test Team and the SV&I Rig; |
| **"Intellectual Property Rights"** or **"IPR"** | means patents, trade marks, service marks, design rights (whether registerable or otherwise), applications for any of the foregoing, moral rights, copyright, trade or business names and other similar rights or obligations whether registerable or not in any country (including but not limited to the United Kingdom); |
| **"Interface Costs"** | means Interface Establishment Costs and Interface Operational Costs; |
| **"Interface Establishment Costs"** | means all costs reasonably incurred by Fujitsu Services in establishing any new technical and operational interfaces between a Replacement Service and the Services (other than the Terminable Service being terminated); |
| **"Interface Operational Costs"** | means the ongoing cost to Fujitsu Services of operating, managing and maintaining the technical and operational interfaces between a Replacement Service and the Services (other than the Terminable Service being terminated); |
| **"Internal Code"** | means machine readable software (including PIN Pad firmware) supplied as an integral part of the Hardware and not listed in this Agreement; |
| **"Internal Design Documentation"** | means Fujitsu Services' internal design documentation created for the purposes of this Agreement prior to the Project HNG-X Commencement Date or created after that date and used solely in connection with the provision of Existing Services; |
| **"Investment Recovery"** | shall have the meaning given to it in paragraph 4.2.1 of Schedule D3; |
| **"Invoicing Period"** | shall have the meaning set out in paragraph 6.1.3 of Schedule D2; |
| **"ISDN"** | means integrated services digital network; |
| **"Issuer Identification Number"** or **"IIN"** | means the identification number ascribed to an issuer of a magnetic card or similar token by APACS; |
| **"IT"** | means information technology; |
| **"IT Infrastructure Library"** or **"ITIL"** | means a series of industry standard documents used to aid implementation of a framework for IT services management; |
| **"Joint Objectives"** | shall have the meaning given to it in Recital (E); |
| **"Key Individual"** | means a natural person employed or engaged by either Party and:<br>(a) in the case of Fujitsu Services, who is a member of the SIP or all or substantially all of whose work is directly associated with the provision of the Services to Post Office; or |

FUJ00000070

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| | (b) in the case of Post Office, 20 per cent. or more of whose work facilitates the receipt by Post Office of the Services,<br><br>such work including the support, administration or monitoring of all or any part of the Services and/or the management of staff involved in carrying out such work; |
| **"Key Management System"** or **"KMS"** | means the management of security keys; |
| **"Key Personnel"** | means the specific personnel listed in the CCD entitled "Fujitsu Services Key Personnel" (HR/CON/001); |
| **"LAN"** | means local area network; |
| **"Leased Fixed Circuits"** | |
| **"Level"** | means the level of detail at which tasks or activities are described in the HNG-X Programme Plan being either level 1 (the least detailed), level 2, or level 3 (the most detailed); |
| **"LFS"** | means the Horizon Application referred to at (as applicable) paragraph 2.4 of Schedule B4.2 or paragraph 3 in Part 2 of Annex 2 to Schedule B5; |
| **"LIBOR"** | means the London InterBank Offered Rates; |
| **"Licensed IPR"** | means all Intellectual Property Rights created under this Agreement after the Project HNG-X Commencement Date by or on behalf of Fujitsu Services, any member of the Fujitsu Services Group or any HNG-X Sub-contractor, other than:<br><br>(a) the Post Office Foreground IPR; and<br><br>(b) all Intellectual Property Rights in all Developed Documentation, Fujitsu Services Software, Listed Documentation, Specially Written Software, Specially Written Documentation, Horizon Design Documentation and Horizon Materials; |
| **"Licensed Persons"** | shall have the meaning given to it in paragraph 2.2.1 of Schedule B4.1; |
| **"LINK"** or **"LiNK"** | means the branded and shared network of cash machines and self-service terminals of certain member banks and building societies in the UK, which enables services from one member bank or building society to be available at cash machines of all member banks and building societies, to be construed for the purposes of this Agreement as a single system; |
| **"Liquidated Damages Threshold"** or **"LDT"** | shall have the meaning given to it in (as applicable) paragraph 1.2.2 of Schedule C1 or paragraph 1.2.2 of Schedule B4.4; |

FUJ00000070

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| **"Listed Documentation"** | means documents listed in paragraph 3 of Schedule B4.1 created prior to the Project HNG-X Commencement Date or created after that date and used solely in connection with the provision of Existing Services; |
| **"Live Monitoring"** | means the HNG-X Acceptance Process Stage referred to in paragraph 2.2.4.3 of Schedule B6.3; |
| **"Live Pilot"** | means the HNG-X Acceptance Process Stage referred to in paragraph 2.2.4.2 of Schedule B6.3; |
| **"Live System Test (LST) Rig"** | means the rig used for testing all fixes and releases prior to deployment to the live estate. The LST rig is designed to model the live estate as closely as practical in functional but not in capacity terms; |
| **"Local Allowance"** | means the allowable time for any failure of the Branch Infrastructure and/or the Branch Telecom Infrastructure; |
| **"Local Failure"** | means a failure of the Branch Infrastructure and/or the Branch Telecom Infrastructure; |
| **"Local Loop"** | means, in respect of each Branch, the ISDN, PSTN or ADSL (as applicable) socket in that Branch and its connection to the Central Network; |
| **"Losses"** | shall have the meaning set out in Clause 43.1; |
| **"Lower Target Price"** | has the meaning given to it in paragraph 1.3.1 of Schedule D8; |
| **"LREC File"** | means a reconciliation file generated by LINK which details all financial Banking Transactions acquired and issued for Post Office on that day; |
| **"MAC"** | means message authentication code; |
| **"MAC Team" or "Major Account Controllers"** | means the team which forms a part of the Service Management Service, performing activities in support of the other Operational Services as a subset of the functions previously performed by the Service Desk Service as described in the CCD entitled "Service Management Service: Service Description (SVM/SDM/SD/0007) |
| **"Mails Acceptance"** | means the processes set out in paragraph 2.9.2 in Schedule B3.2; |
| **"Mails Administration"** | means the processes set out in paragraph 2.9.3 in Schedule B3.2; |
| **"Mails Administration Application"** | means the Horizon Application referred to in (as applicable) paragraph 4.2 of Schedule B4.2 or paragraph 11 in Part 2 of Annex 2 to Schedule B5; |
| **"Mails Application"** or | means the Horizon Application referred to in (as applicable) paragraph 4.1 of Schedule B4.2 or paragraph 10 in Part 2 of Annex 2 to Schedule |

FUJ00000070

CONFIDENTIAL

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| **"Mails"** | B5; |
| **"Mails Carriers"** | means organisations with which Post Office contracts directly or indirectly to provide postal services to Customers; |
| **"Mails Product"** | means the software referred to as such and identified in (as applicable) row 7 of Table 1 of Schedule B4.1 or row 4 of Table 4 of Schedule C3 (as applicable); |
| **"Management Information Service"** | means the Service referred to in line 10 of Table A of Schedule B3.1; |
| **"Margin Rate"** | means, in respect of any Operational Service in any month from (and including) April 2008 to (and including) March 2012, the amount, if any, identified in the Operational Charges Table as the Margin Rate for that Operational Service in the Financial Year in which such month falls; |
| **"Margins & Commissions File"** | means an electronic file sent by Post Office to Fujitsu Services containing the trading margins to be used by the Bureau Service; |
| **"Market Testing"** | means either or both of Benchmarking and Competitive Tendering; |
| **"Maximum Authorisation Agent Wait Period"** or **"MAAWP"** | means the period the NB Authorisation Agent shall wait for a corresponding NB Authorisation after generating a NB Request (for transfer to the Banks) before itself generating an NB Authorisation signifying a NB Decline (due to system time-out) to be sent to the relevant automated Counter Position; |
| **"Maximum Counter Wait Period"** or **"MCWP"** | means the period that an automated Counter Position shall wait for a corresponding NB Authorisation after generating a NB Request before itself Declining that Banking Transaction due to system time-out; |
| **MDM** | Means the MasterData Manager application developed on behalf of Post Office and hosted by Fujitsu Services; |
| **"Mean Time Between Failure"** or **"MTBF"** | means the measurement process used to calculate the mean failure rate of Equipment as set out in the CCD entitled "Calculating Mean Time Between Failure and Availability" (SVM/SDM/PRO/0013); |
| **"Mediator"** | shall have the meaning given to it in paragraph 6.1 of Annex 2 to Schedule A2; |
| **"Merchant Acquirer"** or **"MA"** | means the third party (contracted for by PO Ltd) which facilitates the handling of DC messages interfacing between the POL Service Infrastructure and banks as necessary ; |
| **"Message Broadcast Service"** or **"MBS"** | means the Service referred to in line 2 of table B of Schedule B3.1; |

FUJ00000070

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| **"Message Handling Support Facility"** | means the Support Facility referred to at paragraph 3.8 of Schedule B3.2; |
| **"Method of Payment"** | means the form of payment recorded against a Transaction involving a Customer; |
| **"Microsoft Client Access Licence"** or **"Microsoft Client Access Licences"** | means Microsoft's 'Windows Server 2003 Client Access Licence', being the licence required for each Use or device (or combination of both) to access or use the Windows server software for the purpose of exchanging user or application credentials; |
| **"MID"** | means in the context of Debit Card, the merchant identification number; |
| **"Migration and Implementation Requirements"** | means the HNG-X Requirements referred to in Annex 6 to Schedule B6.1, as may be amended under the HNG-X Programme Requirements Change Control Process or in accordance with the Change Control Procedure; |
| **"Migration Charges"** | means the Charges calculated in accordance with the provisions of Schedule D7; |
| **"Mini Extension Report"** | has the meaning given in paragraph 10.1.5 of Schedule E; |
| **"MIS"** | means management information system; |
| **"MSU Day"** | means 0800 to 1730, Monday to Friday (inclusive), excluding Bank Holidays; |
| **"NBSC"** | means Network Business Support Centre (Post Office); |
| **"NB Additional Time"** | shall have the meaning given to it in paragraph 1.6 of Annex 3 to Schedule B4.4; |
| **"NB Authorisation"** | means an authorisation message transmitted on-line from the Banks in response to a NB Request, stating whether that NB Request has been approved or Declined; |
| **"NB Authorisation Agent"** | means the software application to be installed in each Data Centre and used to process NB Requests, NB Authorisations and C0 Confirmations transmitted between the Branch NB System elements and the Banks; |
| **"NB Confirmation"** | means a confirmation message written to record the outcome of a Banking Transaction; |
| **"NB Core Hours"** | means 0800 to 1730 Monday to Friday (inclusive), and 0800 to 1300 Saturday, excluding Bank Holidays; |
| **"NB Customer Verification"** | means the process by which the association of a Customer with a NB Token is to be checked, as described in paragraph 5.7.2 of the CCD |

FUJ00000070



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| | entitled "NBS Definition" (BP/SPE/035); |
| **"NB Decline"** | means a refusal by the NB System or Counter Clerk to proceed with a Banking Transaction after a NB Request is generated or an instruction contained in an NB Authorisation to refuse a Banking Transaction received via NBE. "Declined" and "Declining" shall be construed accordingly; |
| **"NB Pilot (Soft Launch)"** | means the testing that was undertaken by the Parties in a live environment of the NBS and NB System as part of the End to End Service for banking; |
| **"NB Priority Exception"** | means a Banking Transaction for which:<br><br>(a) no Disputed Banking Transaction Notice has been received by Fujitsu Services and which persists in system state category number 4 or 12 as set out in the CCD entitled "Network Banking End to End Reconciliation Reporting" (CS/SPE/011) on the second MSU Day following the day of receipt by the DRSH of the corresponding C4 Confirmation or D Message (as applicable); or<br><br>(b) a Disputed Banking Transaction Notice has been received by Fujitsu Services and which is within or subsequently falls within the system state category number 4 or 12 as set out in the CCD entitled "Network Banking End to End Reconciliation Reporting" (CS/SPE/011); |
| **"NB Project Plan"** | means the plan for the development and implementation of the NBS described in paragraph 8.2 of Schedule 24 to Baseline 7; |
| **"NB Request"** | means a priority request message generated for transmission on-line from a Branch to a Bank in order to undertake a Banking Transaction for a Customer; |
| **"NB System"** | means the elements of the Infrastructure employed by Fujitsu Services in the provision of the Banking Functions; |
| **"NB Token"** | means a Token supported by the NBS, as described in paragraph 5.1.1 of the CCD entitled "NBS Definition" (BP/SPE/035); |
| **"NBS"** | means the Horizon Application referred to at (as applicable) paragraph 2.6 of Schedule B4.2 or paragraph 5 in Part 2 of Annex 2 to Schedule B5; |
| **"NBS Acceptance"** | means acceptance of the NBS in accordance with paragraph 6.3.1 of Schedule 24 to Baseline 7; |

FUJ00000070

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| **"NBS Service Boundaries"** | means the Service Boundaries of the NBS as referred to in Annex 3 to Schedule B4.4; |
| **"Near Shore"** | means, in the context of the location of development staff, those staff from an off-shore developer working in the UK; |
| **"Near Shore and Offshore Rates"** | means the rates contained in the table set out at paragraph 10.4 of Schedule D1, which are described as 'Near Shore' and 'Offshore'; |
| **"Network Banking CCNs"** | means CCN817, CCN865a, CCN907, CCN909a, CCN914a, CCN928b, CCN932, CCN933, CCN934, CCN936b, CCN947, CCN959, CCN967, CCN970a, CCN971 and CCN976a; |
| **"Network Banking Implementation Charges"** | means the charges referred to in paragraph 11 of Schedule 10 of Baseline 7; |
| **"Network Service"** | means, as the context requires, the Branch Network Service and/or the Central Network Service; |
| **"Network Wide Failure"** | means a failure of the HNG-X Central Infrastructure and/or the Central Telecom Infrastructure which results in a loss of the availability of one or more Branches and Counter Positions; |
| **"New CTO Configuration"** | means each simulated Counter Position provided by Fujitsu Services in a Post Office training centre which has a network connection (via a LAN or direct) to the Data Centre; |
| **"New Extract Definitions"** | means a new extract of data from the automated payments out-pay database or changes to existing extracts from that database; |
| **"New Style Mobile Configuration"** | means, in the context of Equipment at Counter Positions, the mobile computer based counter configuration referred to as "new style" and described in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003); |
| **"Next Supplier"** | means the next supplier (if any) nominated by Post Office (whether this be Post Office, another subsidiary of Royal Mail Group Limited or another third party including without limitation a supplier to a Tower) to take over, from Fujitsu Services, the performance of some or all of the Services and/or the provision of Replacement Services; |
| **"Nominated Executive"** | shall have the meaning given to it in paragraph 3.2 of Annex 2 to Schedule A2; |
| **"Non-Router Proportion"** | means, in respect of each month, rolling four week period or week, as the context requires, the proportion calculated according to the following formula:<br><br>$\frac{(A - B)}{A}$ |

FUJ00000070

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| | where:<br><br>(a) A is the total number (determined in accordance with paragraph 3.1 of Schedule D7) of 3G, 4 port routers due to be installed in Branches as part of Associated Change Workstream: Branch Router Rollout (as referred to in paragraph 3.3.1 of Schedule B5); and<br><br>(b) B is the aggregate number of 3G, 4 port routers installed in Branches by Fujitsu Services as part of Associated Change Workstream: Branch Router Rollout by the end of the previous month, rolling four week period or week, as the context requires; |
| **"Non-standard Third Party Material"** | means any third party software (not being a standard software package), document or other material which is not readily available on reasonable commercial arm's-length terms; |
| **"Offshore"** | means personnel of a Fujitsu Services overseas affiliate or sub-contractor who are working in India; |
| **"Offshoring"** | means the process by which a post or task is transferred to an Indian affiliate or sub-contractor; |
| **"OLA"** | means a Working Document that is an operational level agreement and where relevant in the Supply Chain Model as further defined in paragraph 9.7 of Schedule A2 |
| **"OLA(s)"** | has the meaning given in paragraph 9.7 of Schedule A2; |
| **"Old CTO Configuration"** | means each simulated Counter Position provided by Fujitsu Services in a Post Office training centre or for a Post Office demonstration system that utilises an off-line, stand-alone terminal; |
| **"Old Style Mobile Configuration"** | means, in the context of Equipment at Counter Positions, the mobile computer based counter configuration referred to as "old style" and described in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003); |
| **"Open Book"** | means the cost verification method described in Schedule D4, pursuant to which Post Office shall be entitled to request and Fujitsu Services shall be obliged to provide certain costs information as further set out in Schedule D4; |
| **"Operational Business Change"** | means, as the context requires, the services which can be procured by Post Office for operational changes, as set out or referred to in the Service Descriptions for the Operational Business Change (Branch Change) Service, Reference Data Management Service, Message Broadcast Service, Client Take-On Service, AP Client Delivery Agreement Change |

FUJ00000070

CONFIDENTIAL

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| | Service, PODG Client File Re-Send Service and the Horizon Icon Service; |
| **"Operational Business Change (Branch Change) Service"** | means the Service referred to in row 3 of Table A of Schedule B3.1 and row 1 of Table B of Schedule B3.1; |
| **"Operational Business Change Branch CCDs"** | means the CCDs entitled "Post Office Limited Operational Business Change – Branch Interface Agreement" (SVM/SDM/STD/0001), and "Operational Business Change (Branch Change) Service: HNG Service Description" (SVM/SDM/SD/0014)"; |
| **"Operational Change Proposal"** or **"OCP"** | means the process referred to in the CCD entitled "Service Management Service: Service Description" (SVM/SDM/SD/0007); |
| **"Operational Charges Table"** | means the table of that name in Annex B to Schedule D1; |
| **"Operational Charges"** | means the Charges for the Operational Services described in paragraphs 2 and 6 of Schedule D1; |
| **"Operational Fixed Charge"** | means, in respect of any Operational Service in any month, the Charge identified in the Operational Charges Table as a fixed Charge for that Operational Service in the Financial Year in which such month falls (subject to adjustment in accordance with paragraph 5 of Schedule D1); |
| **"Operational Level Target"** or **"OLT"** | means an operational level target of Service required from Fujitsu Services by Post Office; |
| **"Operational Services"** | means:<br><br>(a) in the period up to 31 March 2015, the Services referred to in Table A of Schedule B3.1; and<br><br>(b) in the period from 1 April 2015, the Transitional Support Services, the POLSAP Applications Support Services (through to 31 March 2016) and any Expiring Services that are extended in accordance with paragraph 10 of Schedule E; |
| **"Operational Unit Charge"** | means, in respect of any Operational Service in any month, the unit charge or charges, if any, identified in the Operational Charges Table for that Operational Service in the Financial Year in which such month falls (subject to adjustment in accordance with Schedule D1); |
| **"Operator Cash Branch"** | means a Branch which operates using self-funded model where the cash to operate the branch is provided by the retailer / branch operator; |
| **"OPS"** | means the office platform service described in (as applicable) paragraph 4 of Schedule B4.3 or paragraph 2 in Part 1 of Annex 2 to Schedule B5; |

FUJ00000070

CONFIDENTIAL

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| **"Original Work Order"** | shall have the meaning set out in paragraph 5.13 of Schedule D2; |
| **"Other Authorised Location"** | means a site, other than a Branch, where it may be necessary to install and use elements of the Infrastructure, e.g. training sites, county shows, and exhibitions; |
| **"Other IT Supplier"** | means any company other than Fujitsu Services (and its Sub-contractor) which provides (or is being considered as a potential provider of) IT services, other services or equipment to Post Office; |
| **"Other Stock"** | means all Stock other than Retail Stock, Security Stock and Value Stock, including leaflets, forms and various general consumables and supplies; |
| **"Outer Core Team"** | means those personnel identified as such in the minutes of the Demand planning team; |
| **"PAF Calling Application"** | means the AP-ADC Facility within APS, Mails Application and such other Horizon Applications that the Parties agree under the Change Control Procedure will utilise the PAF Facility; |
| **"PAF Database"** or **"PAF"** | means the database of the Royal Mail Group or one of its Subsidiary Companies containing all known addresses and postcodes in the United Kingdom at the date of the version of the database, (including any updates to, or extracts from, the database from time to time) as provided to Fujitsu Services by Post Office (or a third party on behalf of the Post Office) for use in connection with the provision of the PAF Facility or the PAF Support Facility as the case may be; |
| **"PAF Facility"** | shall have the meaning given to it in paragraph 7 of Schedule B4.2; |
| **"PAF Support Facility"** | means the Support Facility referred to in paragraph 3.7 of Schedule B3.2; |
| **"PAN"** | means the primary account number (part of the IIN) associated with a NB Token; |
| **"Parent Company"** | means any holding company (as defined in Section 736 of the Companies Act 1985); |
| **"Partial Termination"** | means the termination by Post Office, in accordance with this Agreement, of one or more Terminable Service(s) on each occasion that such termination occurs and "Partially Terminate" and its cognates shall be construed accordingly; |
| **"Partial Termination Charge"** | means the Charge calculated in accordance with paragraph 6 of Schedule E and payable by Post Office upon Partial Termination in accordance with Clause 47.10.2; |
| **"Party"** | means each of Post Office and Fujitsu Services; |

FUJ00000070

CONFIDENTIAL

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| **"Payment Management Business Capability"** | means the Business Capability referred to in paragraph 2.10 of Schedule B3.2; |
| **"Paypole"** | means the fixture to which a PIN Pad is attached as described in the CCD entitled "Paypole Product Specification" (IM/SPE/026); |
| **"PCI"** | means Payment Card Industry; |
| **"PEAK"** | means the system used by Fujitsu Services' Post Office Account to record and monitor bugs found during testing; |
| **"Penetration Testing support"** | means the process support involving an active analysis by Fujitsu Services Limited of the system for any potential vulnerabilities. This analysis is described in the Security Management Service description referenced SVM/SDM/SD/017; |
| **"Person"** | includes a partnership, a corporation or association (whether incorporated or unincorporated), as well as a natural person; |
| **"Personal Data"** | means all data which are defined as personal data in the Data Protection Act 1998 and processed by Fujitsu Services under this Agreement; |
| **"Personnel Information"** | shall have the meaning given to it in Clause 41.2; |
| **"Phase One"** | shall have the meaning described in paragraph 3.2 of Schedule E; |
| **"Phase Two"** | shall have the meaning described in paragraph 3.3 of Schedule E; |
| **"PIN"** | means personal identification number; |
| **"PIN Pad"** | means a device used by a Customer to enter a PIN including, without limitation, for the purposes of NB Customer Verification; |
| **"PIN Pad OBC Stock"** | means the stock of PIN Pad Units held from time to time by Fujitsu Services for Operational Business Change requirements which are no longer held following the reduction in scope of the OBC (Branch Change) Service on the 31 March 2015; |
| **"Pin Pad Procurement Charges"** | means the Charges for procuring PIN Pad Units, as set out in paragraph 14 of Schedule D1; |
| **"PIN Pad Site"** | means (i) all automated Counter Positions (ii) New Style Mobile Configurations (iii) Old Style Mobile Configurations (iv) Admin Positions and (v) trolley based solutions in Branches; |
| **"PIN Pad Unit"** | means a PIN Pad, Y cable and cable strap; |
| **"Planning Period"** | means each successive period of two or three weeks designated by |

FUJ00000070

CONFIDENTIAL

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| | Fujitsu Services as a planning period; |
| **"POA"** | means Fujitsu Services' Post Office account; |
| **"PODG"** | means Post Office Data Gateway. It replaces EDG and is used to provide the Post Office Data Gateway Service; |
| **"PODG Client Connection Service"** | means the call off service described in Table B of section 2.2 in Schedule B3.1; |
| **"PODG Client File Re-Send Service"** | means the Service referred to in line 4 of Table B of Schedule B3.1; |
| **"PODG Gold Service Type"** | means a PODG file delivery option where the Route used to deliver files have a specific time range and service level for delivery of files; |
| **"Point of Sale Business Capability"** | means the Business Capability referred to in paragraph 2.2 of Schedule B3.2; |
| **"POL Core Day"** | means the period from 19:00 on a Working Day to 19:00 on the following Working Day; |
| **"POL FS Data"** | means prior to and after the POLSAP R1 Go Live Date any data (including, without limitation, any Personal Data):<br>(a) provided by or on behalf of Post Office for loading onto the POL FS System;<br>(b) produced by the Infrastructure and held on the POL FS System; or<br>(c) contained in any Transaction Correction Record delivered by Fujitsu Services to any Branch; |
| **"POL FS Hosting Services"** | means POL FS Services; |
| **"POL FS Services"** | means the Operational Service described in, as applicable in accordance with the provisions of Schedule B3.1, the CCD entitled "Service Description for the SAP Hosting Service" (CS/SER/022) or in Annex C to the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003) including, without limitation, Fujitsu Services' hosting of Configured POL FS in live operational use or in development or testing environments within the Infrastructure; |
| **"POL FS System"** | means the technical infrastructure (forming part of the Infrastructure) employed by Fujitsu Services in providing the POL FS Services including, without limitation, the SAP System (as that term is defined in the CCD entitled "Service Description for the SAP Hosting Service" (CS/SER/022) or in Annex C to the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003), as applicable) and communication links to and equipment provided by Fujitsu Services at Post Office Premises to facilitate access by POL FS Users to Configured |

FUJ00000070

CONFIDENTIAL

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| | POL FS; |
| **"POL FS Users"** | means Users with access from outside the Infrastructure to Configured POL FS in live operational use or in development or testing environments within the Infrastructure; |
| **"POL MI Data"** | has the meaning given to it in Clause 16.6 |
| **"POL MI Event 1"** | means the date on which the first of, or both, DIW and ETL go live; |
| **"POL MI Event 2"** | means the date on which MDM goes live; |
| **"POL MI Services"** | means the Operational Service described in the CCD entitled "POL MI Hosting Service – Service Description" (POLMI/SVM/SDM/SD/0001) including, without limitation, Fujitsu Service's hosting of Configured POL MI in live operational use or testing environments within the infrastructure; |
| **"POL MI Software"** | means the DIW, ETL and MDM software (and any updates thereto or new versions thereof); |
| **"POL MI System"** | means the technical infrastructure (forming part of the Infrastructure) employed by Fujitsu Services in providing the POL MI Services; |
| **"POL MI Users"** | means Users with access from outside the Infrastructure to Configured POL MI in live operational use or testing environments with the Infrastructure; |
| **"POLSAP Applications Support Service"** | means the Service referred to in row 20 of Table A of Schedule B3.1; |
| **"POLSAP Central Infrastructure"** | Until 31 March 2014 means the technical infrastructure (forming part of the Infrastructure) employed by Fujitsu Services in providing the POLSAP Services including, without limitation, the SAP System (as that term is defined in the CCD entitled "Service Description for the SAP Hosting Service" (CS/SER/022) or in Annex B to the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003), or in the CCD entitled "Third Line Support Service: Service Description" (SVM/SDM/SD/0004) or in the CCD entitled "Application Support Service (Fourth Line): Service Description" (SVM/SDM/SD/0005) (as applicable) and communication links to and equipment provided by Fujitsu Services at Post Office Premises to facilitate access by POLSAP Users to POLSAP Software.<br>From 1 April 2014 means the technical infrastructure (forming part of the Infrastructure) employed by Fujitsu Services in providing the POLSAP Services including, without limitation, the SAP System (as that term is defined in the CCD entitled "POLSAP Applications Support Service: Service Description" (SVM/SDM/SD/2306) and communication links to and equipment provided by Fujitsu Services at Post Office Premises to |

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| | facilitate access by POLSAP Users to POLSAP Software; |
| **"POLSAP Data"** | means after the POLSAP R1 Go Live Date any data (including, without limitation, any Personal Data):<br>(a) including the POL FS Data required to be retained;<br>(b) provided by or on behalf of Post Office for loading onto the POLSAP Software;<br>(c) produced by the POLSAP Central Infrastructure and held on the POLSAP Software; or<br>(d) contained in any Transaction Correction Record delivered by Fujitsu Services to any Branch. |
| **"POLSAP Hosting Service"** | means the Service referred to in row 19 of Table A of Schedule B3.1; |
| **"POLSAP R1 Go Live Date"** | means the date on which the first Release of the POLSAP Services commences the provision of live service to the POLSAP Users following authorisation at a Release Authorisation Board in accordance with Schedule A2; |
| **"POLSAP Services"** | Until 31 March 2014 means the Operational Service described, as applicable, in accordance with the provisions of Schedule B3.1, the CCD entitled "Service Description for the SAP Hosting Service" (CS/SER/022) or in Annex B to the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003) or in the CCD entitled "Third Line Support Service: Service Description" (SVM/SDM/SD/0004) or in the CCD entitled "Application Support Service (Fourth Line): Service Description" (SVM/SDM/SD/0005) including, without limitation, Fujitsu Services' hosting of POLSAP in live operational use or in development or testing environments within the POLSAP Central Infrastructure;<br><br>From 1 April 2014 means the POLSAP Hosting Service and the POLSAP Applications Support Service; |
| **"POLSAP Software"** | means the elements of the SAP Software (and any changes, updates thereto or new versions thereof) hosted within the POLSAP Central Infrastructure for use within the POLSAP Services; |
| **"POLSAP Users"** | means Users with access from outside the POLSAP Central Infrastructure to POLSAP Software in live operational use; |
| **"POL Service Type"** | means, in the period between the Amendment Date and Acceptance Point Z3, each of the items identified as a POL Service Type in paragraph 9 in Schedule B4.2 and thereafter each of the items identified as a POL Service Type in paragraph 8 in Schedule B3.2; |

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| **"Post Office"** | means Post Office Limited or such other subsidiary of Royal Mail Group plc as may be nominated from time to time to take over the rights and obligations of Post Office Limited under this Agreement; |
| **"Post Office Acceptance Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding the position for the purposes of this Agreement from time to time; |
| **"Post Office Additional Costs"** | means, in respect of the ARL failure in question, Post Office's reasonable additional direct costs and expenses arising as a result of that ARL failure including, without limitation, Post Office's additional direct staff, help desk and telephone costs; |
| **"Post Office Background Materials"** | means any software, information, documentation (in the form of CCDs, CRDs or otherwise), logos, design information, requirements or other material:<br><br>(a) which is reasonably required by Fujitsu Services and in which the Intellectual Property Rights are wholly owned by Post Office or a member of the Royal Mail Group; or<br><br>(b) made available or provided by or on behalf of Post Office to Fujitsu Services,<br><br>for the purpose of performing the Services, HNG-X Development and/or Associated Change Development; |
| **"Post Office Cause"** | any breach by Post Office of any of Post Office's Obligations (except to the extent that it is the result of any act or omission by Post Office to which Fujitsu Services has given its prior consent); |
| **"Post Office Change Control Manager"** | means the individual designated in writing by Post Office to Fujitsu Services as holding that position for the purposes of this Agreement from time to time; |
| **"Post Office Core Day"** | means 08:00 to 20:00 Monday to Saturday inclusive, excluding Bank Holidays; |
| **"Post Office Critical Period"** | means the hours during a Post Office Core Day or a number of Post Office Core Days which Post Office may, from time to time, deem as being those hours where a high number or high value of Transactions take place; |
| **"Post Office Data"** | means all data, information, text, drawings, diagrams, images (including, but not limited to logos), or sounds which are embodied in any electronic or tangible medium, and: |

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| | (a) which are supplied or in respect of which access is granted to Fujitsu Services by Post Office pursuant to this Agreement; or<br><br>(b) which is generated by the Horizon Service Infrastructure, Superstock Infrastructure or HNG-X Service Infrastructure; or<br><br>(c) which Fujitsu Services is required to generate in connection with the provision of the HNG-X Services or the Transfer Services; |
| **"Post Office Data Gateway (PODG) Support Facility"** | means the support facility described in section 6.3 'Post Office Data Gateway Support Facility' of Schedule B3.2; |
| **"Post Office Data Gateway Service"** | Shall have the meaning set out in Annex C of the CCD "Data Centre Operations Service: Service Description (SVM/SDM/SD/0003)" |
| **"Post Office Design Authority"** | means the person designated in writing by Post Office to Fujitsu Services as holding the position for the purposes of this Agreement from time to time; |
| **"Post Office Developed Documentation"** | means Developed Documentation that:<br><br>(a) consists wholly of original work (that is, it does not incorporate any pre-existing material in which the Intellectual Property Rights are owned by the Fujitsu Services Group); or<br><br>(b) is a derivative work based predominantly on material in which the Intellectual Property Rights are owned by a member of the Royal Mail Group or have been licensed to Fujitsu Services by Post Office or under a licence procured by and at the cost of Post Office; |
| **"Post Office Foreground IPR"** | shall have the meaning given to it in Clause 29.4; |
| **"Post Office HNG-X Acceptance Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding the position for the purposes of this Agreement from time to time; |
| **"Post Office HNG-X Programme Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding the position for the purposes of this Agreement from time to time; |
| **"Post Office IT & C"** | means the internal business functions of Post Office known as Information Technology & Change; |
| **"Post Office Obligations"** | means a Post Office express obligation on which Fujitsu Services is wholly or partially dependent in order that it may fulfil Fujitsu Services' obligations under this Agreement insofar as those express obligations of |

FUJ00000070

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| | Post Office relate to the Towers Model; |
| **"Post Office Premises"** | means all post offices, sub-post offices, and other premises of Post Office from time to time; |
| **"Post Office Reference Data"** | means the Post Office-run system that maintains the Post Office originated Reference Data for the Services which from POL MI Event 2, will be MDM; |
| **"Post Office Reference Data System"** | means the Post Office-run system that maintains the Post Office originated Reference Data for the Services; |
| **"Post Office Responsibilities"** | means the obligations and responsibilities of Post Office set out or referred to in this Agreement; |
| **"Post Office Service Architecture"** | means the Infrastructure and the Post Office Service Environment; |
| **"Post Office Service Environment"** | means TIP and the Post Office Reference Data System and until the POLSAP R1 Go Live Date, SAPADS; |
| **"Post Office Service Integrator"** | means the supplier appointed by Post Office to act as its service integrator and service desk provider who may also act as its managing partner with respect to the Towers Model, including managing some elements of the Services provided by Fujitsu Services and the Replacement Services provided by a Next Supplier; |
| **"Post Office's Agent"** | means any person(s) or organisation(s) listed in paragraph 2.1 of Schedule D5 authorised to act on behalf of Post Office; |
| **"Postal Services"** | means those services that comply with the summary description contained in paragraph 2.9 of Schedule B3.2 and meet the HNG-X Requirements developed pursuant to the Postal Services Definition Process; |
| **"Postal Services Assessment Guidelines"** | means the guidelines set out or referred to in section 3 of the CCD entitled "Postal Services Business and Operational Context" (REQ/CUS/BRS/0001); |
| **"Postal Services Business Capability"** | means the Business Capability referred to at paragraph 2.9 of Schedule B3.2; |
| **"Postal Services Definition Process"** | means the process for the refinement of Postal Services Requirements set out or referred to in Part 4 of Annex 11 to Schedule B6.1; |
| **"Postal Services Requirements"** | means the HNG-X Requirements referred to in paragraph 4.2.2(d) of Schedule B6.1; |
| **"PPDs"** | means the related set of Processes and Procedures Description documents as described in the "Introduction Processes and Procedures |

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| | Description" document for the appropriate Release; |
| **"Preferred Systems Integrator"** | shall have the meaning given to it in paragraph 2.1 of Schedule A1; |
| **"Previous Employer"** | shall have the meaning set out in Clause 59.1; |
| **"Pricing Profile File"** | means an electronic file sent by Post Office to Fujitsu Services containing the pricing profile to be used by the Bureau Service; |
| **"Price Threshold"** | means the Lower Target Price, the Upper Target Price, the Soft Cap and the Hard Cap; |
| **"Priority"** | means the priority designation set out in the Service Descriptions for (as applicable) the Branch Network Service and/or the Engineering Service; |
| **"Processor Interface"** or **"PI"** | means an instance of a Bank application supporting the online service between Banks and NB Authorisation Agents; |
| **"Production SAP System"** | until 31 March 2014 shall have the meaning given to it in the "Data Centre Operations: Service Description" (SVM/SDM/SD/0003). From 1 April 2014 shall have the meaning given to it in the "POLSAP Applications Support Service: Service Description" (SVM/SDM/SD/2306); |
| **"Professional Services"** | means professional services as described in paragraph 3.1.1 of Schedule B1.1; |
| **"Programme or Release Board"** | shall have the meaning set out in Annex 1 of Schedule A2; |
| **"Programme/Release Relationship"** | means the relationship of that name described in Annex 1 to Schedule A2; |
| **"Project Assets"** | means the assets referred to as such in Clause 48.1; |
| **"Project HNG-X"** | means the initial design, development and testing of the HNG-X Service Infrastructure and the Business Capabilities and Support Facilities, together with all of the HNG-X Project Activities (also known as 'HNG-X Release 1'), but excluding the Associated Change Activities; |
| **"Project HNG-X Commencement Date"** | means 8 February 2006; |
| **"Property"** | means tangible property (including without limitation buildings and land) but excluding the Infrastructure and any part thereof before it has been accepted in accordance with this Agreement; |

FUJ00000070

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| **"Proportion Change"** | shall have the meaning given to it in paragraph 5.1 of Schedule D1; |
| **"Proposed Exit Strategy"** | shall have the meaning given to it in paragraph 3.3.2 of Schedule E; |
| **"Protected Margin"** | means, in respect of each Financial Year from (and including) 2008/2009 to (and including) 2011/2012, the amount stated in respect of that Financial Year in the final row of the Operational Charges Table; |
| **"PSTN"** | means public switch telecommunications network; |
| **"Purchase Order"** | means the form of purchase order generated by Post Office in the course of the Work Ordering Procedure to give each Work Order a unique identifying reference for Post Office purposes; |
| **"Purchase Order Cover"** | shall have the meaning given to it in Clause 1.6 of the Agreement; |
| **"Purchase Point P1"** | means the date on which, for the first time, there is a period of exactly six months from such date until the planned commencement date for rollout of Associated Change Workstream A7 (Branch Router Rollout) (as adjusted from time to time in accordance with the provisions of Schedule B6.2); |
| **"Purchase Point P2"** | means the date on which, for the first time, there is a period of exactly one month from such date until the planned date for Trigger Point T5 (as listed in Table 5 in Part 1 to Annex 1 of Schedule B5, as adjusted from time to time in accordance with the provisions of Schedule B6.2); |
| **"Purchase Point P3"** | means the date on which, for the first time, there is a period of exactly one month from such date until the planned commencement date for rollout of HNG-X Project Workstream X5 (Counter XP Rollout) (as adjusted from time to time in accordance with the provisions of Schedule B6.2); |
| **"Purchase Point P4"** | means 1 July 2008; |
| **"Purchasing Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding that position for the purposes of this Agreement from time to time; |
| **"QA/Test SAP System"** | until 31 March 2014 shall have the meaning given to it in the "Data Centre Operations: Service Description" (SVM/SDM/SD/0003).<br>From 1 April 2014 shall have the meaning given to it in the "POLSAP Applications Support Service: Service Description" (SVM/SDM/SD/2306). |
| **"QAS Software"** | means the QAS software products named QuickAddress Name Tracer, QuickAddress Validator and QuickAddress Pro with Welsh PAF (and updates thereto) as referred to in the table in (as applicable) paragraph 1.2 of Schedule B4.1 or paragraph 6.3 of Schedule C1. QAS Software is hosted within, but is not part of the Infrastructure and is not Software or an |

FUJ00000070

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| | Application. From 17 July 2011 this software is no longer in use; |
| **"Queried Requirement"** | shall have the meaning given to it in Clause 34.5; |
| **"RAC0C1 Model"** | means the request, authorisation and confirmations model of End to End Service flows of Banking Transactions involving, inter alia, as the particular circumstances may permit, NB Requests being issued from Counter Positions, NB Authorisations being issued by the NBS and NB Confirmations being issued from Counter Positions; |
| **"RAG Report"** | has the meaning given to it in paragraph 10.5 of Schedule B6.2; |
| **R&R Required Items** | means those elements of the Branch Network Service that need refreshing or upgrading or a change to the terms of support associated with any spares, hardware, software or firmware which form part of the current Branch Network Service as detailed in the BNS Report Part 1 and/or Part 2 (as relevant); |
| **"Ramp Down Period"** | has the meaning given in paragraph 11.2.1 of Schedule E; |
| **"Ramp Down Report"** | has the meaning given in pargraph 11.1.1 of Schedule E; |
| **"Rate Board"** | means a Post Office device of type:<br><br>(a) Forde Electronics Rate Board; or<br><br>(b) Banking Automation EKSI Multiboard Rate Board; or<br><br>(c) DB7 Model 01169 Rate Board<br><br>for displaying exchange rates including all associated cables and equipment forming the connection between the device itself and the socket used to connect it to the Infrastructure. Rate Boards are not and do not form any part of the Branch Infrastructure, Equipment, Hardware, Infrastructure or Stand-Alone Hardware for the purposes of this Agreement; |
| **"Rate Card"** | means the rate card set out in paragraph 10.4 of Schedule D.1 and any references in this Agreement to "rate card" shall be construed to be references to this defined term; |
| **"RDS"** | means Post Office Reference Data System (q.v); |
| **"Reboot Incident"** | means a Service Desk authorised reboot, a Service Desk authorised office snapshot print preview or any work-around authorised by the Service Desk to remove the necessity to carry out a reboot or office snapshot print previous where the time taken to carry out such work-around (as demonstrated by Fujitsu Services in the test environment |

FUJ00000070

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| | normally used to validate test scripts) is four minutes or longer; |
| **"REC File"** | means a file generated for each of Alliance & Leicester and CAPO at the end of each settlement day (defining the outcome of all Banking Transactions) that is passed to Alliance & Leicester and CAPO respectively; |
| **"Recitals"** | means the recitals (A) to (G) of this Agreement; |
| **"Reconciliation and Settlement Reports"** | means the reports described as such in the CCD entitled "Network Banking End to End Reconciliation Reporting" (CS/SPE/011); |
| **"Reconciliation Service"** | means the Service referred to in row 12 of Table A of Schedule B3.1; |
| **"Reconciliation Support Facility"** | means the Support Facility referred to at paragraph 3.10 of Schedule B3.2; |
| **"Records"** | means the full and accurate records relating to the performance of the Services; |
| **"Rectification Plan"** | shall have the meaning given to it in (as applicable) paragraph 7.1 of Schedule B4.4 or paragraph 7.1 of Schedule C1, as applicable; |
| **"Redundant Business Function"** | means a business function which Post Office has agreed is, or shall become, redundant; |
| **"Reference Data"** | means a set of parameters and relationships controlling the operation of elements of the Infrastructure or Applications; |
| **"Reference Data Management Application"** | means the Horizon Application referred to at (as applicable) paragraph 2.7 of Schedule B4.2 or paragraph 6 in Part 2 of Annex 2 to Schedule B5; |
| **"Reference Data Management Service"** | means the Service referred to in row 8 of Table A of Schedule B3.1; |
| **"Reference Data Support Facility"** | means the Support Facility referred to at paragraph 3.6 of Schedule B3.2; |
| **"Refresh Items"** | means the hardware, software and spares stock which Fujitsu Services identifies and notifies to Post Office and Post Office agrees that it may need to purchase or refresh in accordance with paragraph 1.3.2(e) of Schedule B3.3 and/or paragraphs 10.1.7, 10.1.8 and/or 10.1.9 of Schedule E; |
| **"Refund"** | means a repayment of money to a Customer, by means of a Reversal; |
| **"Relationship"** | shall have the meaning given to it in paragraph 2.1 of Schedule A2; |

FUJ00000070

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| **"Release"** | means a documented collection of software and/or data provided by Fujitsu Services to be deployed in the Infrastructure; |
| **"Release Contents Description"** | means a CCD which defines the scope of a Release; |
| **"Relevant Exchange Rate"** | shall have the meaning set out in paragraph 16.5.2 of Schedule D1; |
| **"Relevant Indian Index"** | shall have the meaning set out in paragraph 16.5.1 of Schedule D1; |
| **"Relevant IT System"** | shall have the meaning given to it in paragraph 2.1 of Schedule A1; |
| **"Relevant Margin"** | means, in respect of:<br><br>(a) the Branch Network Service, the margin calculated by multiplying the costs incurred by Fujitsu Services in providing such Branch Network Service by 5/95; and<br><br>(b) any other Testable Service, the margin calculated by multiplying the costs incurred by Fujitsu Services in providing such Testable Service by 22/78; |
| **"Relevant Period"** | shall have the meaning set out in paragraph 4.1 of Schedule C1; |
| **"Relevant Services"** | means:<br><br>a) in the event of the expiry or termination of this Agreement, all of the Services then being performed by Fujitsu Services which include for the avoidance of doubt, any Development Services in progress at the date of expiry or termination;<br><br>(b) in the event of the expiry of an Expiring Service, the Expiring Service that is the subject of such expiry; or<br><br>(c) in the event of Partial Termination, the Terminable Service(s) that are the subject of such termination; |
| **"REM Collection"** | means a collection of cash and stock remittance pouches by Post Office's secure carrier; |
| **"Remittance"** | means a consignment to or from a Branch of cash, stock, or other value items to be brought to account; |
| **"Replacement Interfaces"** | means the technical and/or operational interfaces between;<br><br>(a) the Services which continue to be provided by Fujitsu Services and the Infrastructure used to deliver those Services after the date of Partial Termination; and |

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| | (b) the Replacement Services and infrastructure provided by Post Office or a Next Supplier; |
| **"Replacement Mobile Configuration"** | means, in the context of Equipment at Counter Positions, the mobile computer based counter configuration referred to as "replacement mobile configuration" and described in the CCD entitled "Counter Hardware Design Specification" (BP/DES/003); |
| **"Replacement Service"** | means a service that closest matches a Relevant Service that, following termination or expiry of that Relevant Service, is procured by Post Office from a Next Supplier or performed by Post Office itself; |
| **"Report"** | means a physical document or information held electronically in such a way that it can be processed readily to produce a physical document; |
| **"Requirements Baseline"** | shall have the meaning set out in paragraph 2.1.2 of Schedule B6.1; |
| **"Requirements Definition Process"** | means the Functional Requirements Definition Process, the HNG-X Requirements Baselining Process, User Interface Definition Process, the Postal Services Definition Process and the HNG-X Programme Requirements Change Control Process; |
| **"Requirements Stage"** | means the period that commences on the Amendment Date and ends when the initial version of the full set of HNG-X Requirements has been issued by Post Office to Fujitsu Services; |
| **"Retail Price Index"** or **"RPI"** | means the "all items retail prices" index currently appearing at table RP02 in the Office for National Statistics Database:http//www.statistics.gov.uk, or the same index in any other Government publication if the aforementioned ceases to be published; |
| **"Retail Stock"** | means items sold in Branches through Post Office's retail accounting scheme; |
| **"Retained Functionality Use Cases"** | means the Use Cases described as such in paragraph 3 of Part 1 of Annex 11 to Schedule B6.1; |
| **"Retention"** | shall have the meaning set out in paragraph 9.1.2 of Schedule D2; |
| **"Reversal"** | means a Transaction which nullifies a previous Transaction and "Reverse" and its cognates shall be construed accordingly; |
| **"RMG Harmony"** | means the Royal Mail Group methodology for managing projects which provides repeatable processes, a means of interfacing with methodologies used by third party suppliers and a framework for project managing the Development Lifecycle; |
| **"Roll Out Phase"** | means the period between the occurrence of Trigger Point T5 (Data Centre Ready for HNG-X) and the occurrence of Trigger Point T6 |

FUJ00000070

CONFIDENTIAL

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| | (Counter Application Rollout Complete); |
| **"Route"** | means the path through the Post Office Data Gateway Service that a file takes from its source End-point to its destination End-point;" |
| **"Royal Mail Group"** or **"Post Office Group"** | means Royal Mail Holdings plc and its Subsidiary Companies; |
| **"RPI Adjustment Factors"** | means those factors set out in the table at paragraph 16.7 of Schedule D1; |
| **"SADD"** | means Service Architecture Design Document (q.v.); |
| **"Salesforce Support Service"** | has the meaning given to it in table 2.1 of Schedule B3.1; |
| **"Salesforce Support Service Other"** | means the part of the Salesforce Support Service which excludes the Salesforce Support Service Hosting; |
| **"Salesforce Support Service Escalated Calls"** | means Post Office calls raised with Salesforce that breach the SLA target that exists between Post Office and Salesforce and are then subsequently passed to Fujitsu to manage the resolution; |
| **"Salesforce Support Service Hosting"** | means the part of the Salesforce Support Service which is provided by the Fujitsu Global Cloud Service. This includes the Hosting of the live PerspecSYS platform in the UK, the Hosting of the DR PerspecSYS platform in Germany, and the use of Internet connectivity into both systems; |
| **"SAP Advanced Distribution System"** | means the Post Office's advanced distribution system as referred to in (as applicable) paragraph 2.4.1 of Schedule B4.2 or paragraph 2.11 of Schedule B3.2; |
| **"SAP Basis Calls"** | means calls to the PRISM helpdesk (related to SAP Basis) passed by the PRISM helpdesk to the SMC helpdesk, the terms PRISM, SAP Basis and SMC helpdesk as used in this definition having the meanings given to them in (as applicable) the CCD entitled "Service Description for the SAP Hosting Service" (CS/SER/022) or the CCD entitled "Data Centre Operations Service: Service Description" (SVM/SDM/SD/0003); |
| **"SAP Loading Application"** | means until the POLSAP R1 Go Live Date the SAP Software configured by Post Office or by a third party on behalf of Post Office for use by Fujitsu Services in loading data for use by Configured POL FS; |
| **"SAP RTU"** | means the CCD entitled "SAP Software Right to Use and Maintenance Agreement for Fujitsu Services" (Post Office reference: HOR/CON/003) |

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| | (Fujitsu Services reference: CF/CON/001); |
| **"SAP Software"** | means the SAP software (and any updates thereto or new versions thereof) referred to in the table in (as applicable) paragraph 1.2 of Schedule B4.1 or paragraph 1.2 of Schedule C3; |
| **"SAP/ADS"** | means SAPADS (q.v.); |
| **"SAPADS"** | means SAP Advanced Distribution System; |
| **"Security Management Service"** | means the Service referred to in row 13 of Table A of Schedule B3.1; |
| **"Security Stock"** | means the stock products which have no cash account value until sold, any item the loss of which would result in loss to Post Office; |
| **"Sensitive Authentication Data"** | means security related information used to authenticate cardholders appearing in plain text or otherwise unprotected form. This information can be any of the following:<br>- Card Validation Code<br>- Card Validation Value<br>- Full Track<br>- PINs<br>- PIN blocks (including encrypted PIN blocks |
| **"Sensitive Data"** | means discretionary data held on track 2 of a NB Token magnetic stripe and NB Token details entered by a Counter Clerk (which will be one of or a combination of the start date, NB Token issue number, validation period and/or expiry date, according to the specific Banking Transaction); |
| **"Sensitive DC Data"** | means data held on track 2 of a DC Token magnetic stripe and DC Token details entered by a Counter Clerk, which will be one of or a combination of the start date, DC Token issue number, validation period and/or expiry period; |
| **"Sensitive Personal Data"** | shall have the meaning set out in paragraph 2.3.4 of Schedule A4; |
| **"Service Architecture Design Document"** | is the document showing the Post Office Service Architecture as it was following the introduction of the NBS; |

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| **"Service Boundary"** | means the interface or interfaces at which responsibility for processing or otherwise handling Transaction data, Reference Data or Data Files or any other data or message passes, in accordance with the applicable AIS and/or TIS between Fujitsu Services, Post Office and/or a third party; |
| **"Service Code"** | means a three or four digit number read from a Token that specifies acceptance requirements and limitations for a magnetic stripe read transaction; |
| **"Service Description"** | means, in respect of each HNG-X Service (other than the BCSF Service), the CCD or CCDs which are in effect at the relevant time and describe that HNG-X Service, as set out in Schedule B3.1; |
| **"Service Desk"** | means, save as expressly provided otherwise, the initial point of call for Users in need of support relating to the Services . Until the 16th June 2014 the Service Desk shall be provided by Fujitsu in accordance with the Service Desk Service Description and after this date it shall be provided to Post Office by the Next Supplier and Fujitsu Services shall interact/interface with the Next Supplier Service Desk in accordance with operating processes agreed with the Next Supplier. Post Office may request that Fujitsu provide a fall back Service Desk until the 2nd July 2014. |
| **"Service Desk Day"** | means, for the Fujitsu provided Service Desk up to the 2nd July 2014: 08:00 – 18:30 Monday to Saturday inclusive, other than Christmas Day; |
| **"Service Desk Service"** | means the Service referred to in row 1 of Table A of Schedule B3.1 until the 2 July 2014, thereafter the Service Desk Service shall be replaced by a service to be provided by the Next Supplier |
| **"Service Desk Voicemail Service"** | means the facility provided by Fujitsu Services up until the 2nd July 2014 for recording telephone calls to the Service Desk outside of the Service Desk Day and ring back on the following Service Desk Day as further described in the CCD entitled "Service Desk: Service Description" (SVM/SDM/SD/001); |
| **"Service Failure"** | means an interruption of a Service that has not been approved by Post Office; |
| **"Service Integration Charges"** | means the Charges for the Service Integration Services, as set out in paragraph 8 of Schedule D1; |
| **"Service Integration Services"** | means the services referred to in Table C of Schedule B3.1; |
| **"Service Level Measurement Period"** | means the period over which Fujitsu Services shall report service performance against Service Levels. Each Service Level Measurement Period shall, unless expressly stated otherwise in this Agreement, be a period of three months ending at the end of June, September, December |

FUJ00000070

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| | and March in each Financial Year; |
| **"Service Level"** | means a quantified and measurable standard, required for a specified Service; |
| **"Service Level Target"** or **"SLT"** | shall have the meaning given to it in (as applicable) paragraph 1.2.1 of Schedule B4.4 or paragraph 1.2.1 of Schedule C1; |
| **"Service Management Element"** | means, for each Operational Service, the service management element, expressed as an amount in the Operational Unit Charge for that Operational Service or (in the absence of an Operational Unit Charge for that Service) the Operational Fixed Charge for that Operational Service, in each case as set out in respect of that Operational Service in the Operational Charges Table; |
| **"Service Management Relationship"** | shall have the meaning set out in Annex 1 of Schedule A2; |
| **"Service Management Report"** | means the Service Review Book; |
| **"Service Management Service"** | means the Service referred to in row 11 of Table A of Schedule B3.1; |
| **"Service Review Book"** | means the Working Document used by Fujitsu Services to report performance of the HNG-X Services against Service Levels and associated volumes, the format of which is agreed by the Parties at meetings of the Service Management Relationship; |
| **"Services"** | means the HNG-X Services, the Business Continuity Services, the Transfer Services, and the Development Services; |
| **"Simple Payment Module"** | means a type of smart card supported by the SML software referred to in Table 2 in Schedule B4.1; |
| **"SIP Charges"** | means the Charges for the SIP, as set out in paragraph 11 of Schedule D1; |
| **"SIP Confidential Information"** | shall have the meaning set out in paragraph 10.1.1 of Schedule B1.2; |
| **"SIP Lead Manager"** | means the person designated in writing by Post Office to Fujitsu Services as holding that position for the purposes of this Agreement from time to time; |
| **"SIP Team"** or **"SIP"** or **"Systems Integration Partnership"** | means the team established by Post Office, comprising employees of Post Office, individuals assigned from third parties and those Fujitsu Services SIP Team Members provided by Fujitsu Services in accordance with Schedule B1.2, to carry out such tasks as Post Office may require |

FUJ00000070

CONFIDENTIAL

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| | from time to time in accordance with Schedule B1.2; |
| **"SLT Calendar Year"** | means each period from 1 January to 31 December (inclusive, in each case) during the term of the Agreement; |
| **"Smart Metering"** | means the web service provided by Fujitsu that allows customers of British Gas to access and top up their Smart Card for usage on British Gas Meters; |
| **"Smart Token"** | means a type of Token (as defined in relation to the Automated Payment Service or the In/Out Payment Business Capability) which uses on-board integrated circuit technology; |
| **"Soft Cap"** | shall have the meaning given to it in paragraph 1.3.3 of Schedule D8; |
| **"Soft Cap Range"** | means the difference between the Upper Target Price and the Soft Cap; |
| **"Software"** | means Fujitsu Services' Software, Specially Written Software, Internal Code, Third Party Software and all other Software licensed by Fujitsu Services to Post Office hereunder; |
| **"Solicitation Fee"** | means a sum equivalent to:<br><br>(a) in the case of a Key Individual who was an employee of the Previous Employer:<br><br>(i) where such employment lasted less than twelve months, the gross salary payable to that Key Individual for the period of his employment plus the reasonable costs incurred by the Previous Employer of recruiting that Key Individual; or<br><br>(ii) where such employment lasted twelve months or more, the gross annual salary of that Key Individual; or<br><br>(b) in the case of a Key Individual who was engaged by the Previous Employer as a contractor:<br><br>(i) where such engagement lasted less than twelve months, the total gross contract fees payable by the Previous Employer for the services provided to it by that Key Individual during the period of his engagement plus the reasonable costs incurred by the Previous Employer of engaging that Key Individual; or<br><br>(ii) where such engagement lasted twelve months or more, the total gross contract fees payable by the Previous Employer for the services provided to it by that Key Individual during the immediately preceding twelve months; |
| **"Solution Architecture"** | means the architecture described in the CCD entitled "HNG-X Solution |

FUJ00000070

CONFIDENTIAL

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| | Architecture Outline" (ARC/SOL/ARC/0001); |
| **"Solution Baseline"** | shall have the meaning set out in paragraph 2.1.3 of Schedule B6.1; |
| **"Solution Baseline Documentation Set"** | has the meaning given to it in paragraph 3 of Schedule B6.2; |
| **"Solution Test Stage"** | means a Fujitsu Services managed test stage (which, for Project HNG-X is a sub-stage of Test and Validation), which will integrate and validate the solution within end to end data flows (within solution boundaries); |
| **"Source Code"** | means software in eye-readable form and in such form that it can be compiled or interpreted into equivalent object code together with all technical information and documentation necessary for the use, reproduction, modification and enhancement of such software; |
| **"Specially Commissioned Design Documentation"** | means design documentation commissioned by Post Office from Fujitsu Services for one or more Design Purposes prior to the Project HNG-X Commencement Date or after that date and used solely in connection with the Existing Services; |
| **"Specially Written Documentation"** | means original documentation produced by or on behalf of Fujitsu Services:<br><br>(a) prior to the Project HNG-X Commencement Date or after that date and used solely in connection with the provision of Existing Services; and<br><br>(b) which relates to Specially Written Software; and<br><br>(c) as a deliverable under a Work Order relating to the development of such Specially Written Software,<br><br>including, without limitation, documentation identified as Specially Written Documentation in the CCD entitled "Transfer Asset Register" ( COM/MGT/REP/0001); |
| **"Specially Written Software"** | means original software developed by or on behalf of Fujitsu Services:<br><br>(a) prior to the Project HNG-X Commencement Date or after that date and used solely in connection with the provision of Existing Services; and<br><br>(b) pursuant to a Work Order for the solution build and test stage of the development process or lifecycle; and<br><br>(c) in accordance with a design proposal or other specification produced in the solution specification stage of the development process or lifecycle, in relation to which Fujitsu Services was |

FUJ00000070

CONFIDENTIAL

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| | engaged under a Work Order,<br><br>including, without limitation, software identified as Specially Written Software in the CCD entitled "Transfer Asset Register"(COM/MGT/REP/0001); |
| **"SPM"** | means Simple Payment Module; |
| **"Spot Rates File"** | means an electronic file sent by Post Office to Fujitsu Services containing exchange rates to be used by the Bureau; |
| **"Stage"** | shall have the meaning given to it in paragraph 1.2 of Annex 2 to Schedule A2; |
| **"Standard GWS client"** | means a new GWS which is implemented in its entirety under the GWS Support Facility; |
| **"Stand-Alone Hardware"** | means hardware (together with any integral software) which is to be installed in a Branch but which is not Branch Hardware, together with any tools supplied with such hardware which are required to facilitate such installation, replacement or removal; |
| **"Standing Team"** | means those personnel identified as such in the minutes of the Demand Planning Forum; |
| **"Statement of Dispute"** | shall have the meaning given to it in paragraph 5.1 of Annex 2 to Schedule A2; |
| **"Stock"** | means items held in Branches and classified as Retail Stock, Security Stock, Value Stock, and Other Stock; |
| **"Stock Unit"** | means an individual unit of accountability, mandatory within a main (branch) post office and optional within a sub post office, for which an individual (or a group of individuals) is accountable. It may contain: (i) Transaction Vouchers for a designated period, (ii) Value Stock, and/or (iii) cash; |
| **"Streamline"** | means the name of the third party Merchant Acquirer appointed by POL. Note that post 01/4/2012 any references to Streamline in the contract shall be construed to mean the replacement Merchant Acquirer as contracted by POL; |
| **"Strive"** | shall have the meaning given to it in Recital E(d); |
| **"Sub-contractor"** | means a person to whom any obligations of Fujitsu Services expressly specified in this Agreement are delegated in accordance with the provisions of this Agreement but shall not (for the avoidance of doubt) include any supplier of products or services which are not expressly specified as obligations of Fujitsu Services under this Agreement and |

FUJ00000070

CONFIDENTIAL

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| | related expressions shall be construed accordingly; |
| **"Subject Information Request"** | means a valid request (as provided for in the Data Protection Act 1998) by or on behalf of a Customer or User for a copy of Personal Data of that Customer or User held or which may be held by Fujitsu Services; |
| **"Subject Lead"** | means, in respect of each Relationship, the individuals representing each Party, identified as the subject leads in respect of that Relationship in Annex 1 to Schedule A2; |
| **"Subject Lead Review"** | shall have the meaning given to it in paragraph 2.1 of Annex 2 to Schedule A2; |
| **"Subsidiary Company"** | shall have the meaning given to it in Section 736 of the Companies Act 1985; |
| **"Sunguard Site"** | means the site currently used by Sunguard Limited (whose registered office is 11 Bridewell Close, Mildenhall, Bury St Edmunds, Suffolk, IP28 7RB) at which it provides certain of business continuity services for the Post Office; |
| **"Superstock"** | means a Geller application hosted on the Superstock Infrastructure; |
| **"Superstock Infrastructure"** | means the hardware and software supplied and used by Fujitsu Services in order to provide the Superstock Services (excluding, for the avoidance of doubt, the PSTN network); |
| **"Superstock Services"** | means the Service referred to in line 1 of Table C of Schedule B3.1; |
| **"Superstock Solution"** | means the Superstock Infrastructure and the Superstock Services (including, without limitation, the provision and use of the Superstock Infrastructure by Fujitsu Services and/or its Sub-contractors to provide those Superstock Services); |
| **"Support Facilities"** | means the support facilities forming part of the Business Capabilities and Support Facilities; |
| **"SV&I"** | means a testing process used for Functional and non-functional testing; |
| **"SV&I Rig"** | means the primary rig used for all functional and non-functional testing, including testing connectivity and interworking with external systems; |
| **"Systems Integration"** | means the procurement, integration, provision and management of any or all applications, infrastructure and services required by Post Office for the |

FUJ00000070



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| | purposes of integrating some or all of the Relevant IT Systems; |
| **"Systems Integration Partnership and Executive Relationship"** | shall have the meaning set out in Annex 1 of Schedule A2; |
| **"Systems Management Service"** | means the Service referred to in row 7 of Table A of Schedule B3.1; |
| **"Task"** | means a task or milestone described at Level 2 in the HNG-X Programme Plan to be performed or achieved by one or other Party as specified in the HNG-X Programme Plan; |
| **"Technical Interface Specification"** or **"TIS"** | means a CCD describing the technical detail of an interface; |
| **"Terminable Service"** | means any individual Operational Service or group of Operational Services taken together that are identified as a terminable service in the column headed "Terminable Service" in the table set out in Annex 1 of Schedule E; |
| **"Termination Charge"** | means the charge set out in paragraph 6 of Schedule E payable by Post Office if the Agreement is terminated in accordance with Clause 47.7; |
| **"TESQA"** | means the software tool made available by Fujitsu Services to Post Office which enables TESQA Users to access the Transaction Enquiry Service; |
| **"TESQA Availability"** | shall have the meaning given to it in paragraph 2.1.1 of Annex 4 to Schedule B4.4; |
| **"TESQA Users"** | means those Users who access TESQA which shall be no more than 20 Users at any one time; |
| **"Test Automation Toolset"** | this consists of the LOADRUNNER software for volume testing and WINRUNNER software for regression testing and volume testing; |
| **"Test and Validation"** | means the HNG-X Acceptance Process Stage referred to in paragraph 2.2.4.1 of Schedule B6.3; |
| **"Testable Services"** | means any individual Operational Service or group of Operational Services taken together that are identified as a testable service in the column headed "Testable Service" in the table set out in Annex 1 to Schedule D6; |
| **"Third Line Software Support Service"** or **"Third Line Support Service"** | means the Service referred to in row 9 of Table A of Schedule B3.1; |

FUJ00000070

CONFIDENTIAL

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| **"Third Party Confidential Information"** | shall have the meaning given to it in Clause 34.2; |
| **"Third Party Data"** | means the data or databases referred to in the table in (as applicable) paragraph 1.3 of Schedule B4.1 or paragraph 1.3 of Schedule C3; |
| **"Third Party Items"** | means the HNG-X Third Party Software and all other software (other than Horizon Third Party Software), documents, materials and other things used in the provision of the HNG-X Services in which the Intellectual Property Rights are owned by a third party and which it is necessary for Post Office to use in order to receive the HNG-X Services over the HNG-X Service Infrastructure or the benefit of its other rights under this Agreement; |
| **"Third Party Management Service Charges"** | means the Charges for the Third Party Management Services, as set out in paragraph 9 of Schedule D1; |
| **"Third Party Management Services"** | means the services (if any) referred to in Table D of Schedule B3.1; |
| **"Third Party Software Owner"** | means the ultimate licensor of any Third Party Software; |
| **"Third Party Software"** | means Horizon Third Party Software and HNG-X Third Party Software; |
| **"TID"** | means, in the context of Debit Card, the terminal identification number; |
| **"TIP Gateway"** | means the Fujitsu Services PC on Post Office premises upon which the Transaction data and Reconciliation and Settlement Reports are placed for extraction by Post Office; |
| **"TMS"** | means the transaction management service described in (as applicable) paragraph 5 of Schedule B4.3 or paragraph 3 in Part 1 of Annex 2 to Schedule B5; |
| **"TMS Agent"** | means part of the Infrastructure that accesses TMS held data; |
| **"TMS Technical Documentation"** | means the documentation referred to in row 5 of Table 3 in Schedule B4.1; |
| **"Token"** | means a magnetic stripe card, smart card, smart key, bar code or other physical device, bearing information capable of being used by an Application; |
| **"Token Technology Specification"** | means a document specifying the technology used by a particular automated payment Token; |
| **"Tower"** | means a package of IT and related servcies to be provided by a single |

FUJ00000070

CONFIDENTIAL

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| | supplier as part of the Towers Model; |
| **"Tower Contractor"** | means a supplier providing a category of technical services under an agreement to perform the role of a Tower in the Post Office's Tower Model together with Post Office Service Integrator; |
| **"Tower Contractor Cause"** | means a failure by a Tower Contractor to carry out a Tower Contractor Responsibility; |
| **"Towers Model"** | means the multi supplier sourcing model under which Post Office will procure IT services for each Tower and for service integration and design using Post Office Service Integrator, including Replacement Services, from a number of different suppliers; |
| **"Tower Contractor Responsibility"** | means the responsibilities of an individual Tower Contractor (i) expressly allocated to that Tower Contractor as set out in the CRD entitled "Tower Contractor Responsibilities" reference TOW/CR/001, together with (ii) additional responsibilities which will directly impact the Services as a result of the appointment of the Post Office Service Integrator by Post Office and/or the Partial Termination or termination of any Terminable Service on which Fujitsu Services is wholly or partially dependent in order that it may fulfil its own obligations under this Agreement; |
| **"Training Counter Update Service"** | means the Service referred to in row 3 of Table B of Schedule B3.1; |
| **"Training Data"** | means the data that is available to the CTO following a reset of that CTO and any data produced as a consequence of performing Training Transactions; |
| **"Training Session"** | means the period of time between reset points of the CTO during which a User of a CTO Counter is logged on; |
| **"Training Support Facility"** | means the Support Facility referred to at paragraph 3.11 of Schedule B3.2; |
| **"Training Transactions"** | means Transactions carried out by a User of a CTO Counter during a Training Session; |
| **"Transaction"** | means a recorded and auditable instance of business activity, involving service provision or Stock movement across organisational or service boundaries; |
| **"Transaction** | means the Services referred to as such which form part of the Management Information Service referred to in row 10 of Table A of |

FUJ00000070

CONFIDENTIAL

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| **Benchmarking Service"** | Schedule B3.1; |
| **"Transaction Correction"** | means a correction to a Branch financial error distributed by Post Office to the Branch Infrastructure via the HNG-X Central Infrastructure; |
| **"Transaction Correction Record"** | means a description by Post Office of corrections that need to be made to Branch Trading Accounts as further described in the CCD entitled "POL Finance Systems to TMS/Horizon Transaction Corrections" (EA/IFS/002); |
| **"Transaction Enquiry Service"** | means the service which provides Users with 180 days of (read-only) historical Transaction details, and includes the production of the Reconciliation and Settlement Reports and despatch of REC Files to CAPO and Alliance & Leicester, as further described in the CCD entitled "NBS Definition" (BP/SPE/035); |
| **"Transaction Information Processing"** or **"TIP"** | means the transaction information processing system developed and operated by Post Office; |
| **"Transaction Management Support Facility"** | means the Support Facility referred to at paragraph 3.4 of Schedule B3.2; |
| **"Transaction Processing System (TPS)"** | means the system which generates Transaction data file and Transaction data file summaries for transfer to Post Office Limited; |
| **"Transaction Voucher"** | means a document used by Post Office as evidence of a Transaction, including as an example, and without limitation, a telephone bill; |
| **"Transfer"** | means transfer of Post Office Stock or money, the transfer of Value Stock, and/or money, either between Stock Units within a Branch, or between Branches; |
| **"Transfer Charges"** | means the Charges for the Transfer Services, as set out in paragraph 12 of Schedule D1; |
| **"Transfer Payment"** | means the sum payable pursuant to Clause 48.3 of this Agreement, calculated in accordance with paragraph 7 of Schedule E; |
| **"Transfer Regulations"** | means the Transfer of Undertakings (Protection of Employment) Regulations 2006; |
| **"Transfer Services"** | means:<br>(a) the Services described in Schedule E to be provided by Fujitsu Services in the circumstances described in that Schedule; and<br>(b) any assistance provided by Fujitsu Services pursuant to Clause 48.4.2,<br>the basis for charging for which is set out at paragraph 12 of Schedule D1; |

FUJ00000070

CONFIDENTIAL

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| **"Transition"** | means the transition from the Horizon Applications and the Horizon Service Infrastructure to the Business Capabilities and Support Facilities and the HNG-X Service Infrastructure, together with changes to the HNG-X Services as described in Schedule B3.1, through the carrying out of the HNG-X Project Activities and the Associated Change Activities in accordance with the HNG-X Programme Plan; |
| **"Trigger Points"** | means each of the events designated as a trigger point in Table 5 in Part 1 of Annex 1 to Schedule B5 and, in relation to the Trigger Point Table, each of the events specified in that table; |
| **"Trigger Events"** | means the events set out in the columns headed 'Trigger Event' in the tables that appear in paragraph 2 of Schedule B3.1; |
| **"Trigger Point Table"** | means the table of that name in Annex C to Schedule D1; |
| **"Unavailable"** | means, in respect of a Counter Position, that it is not able to perform all Transactions, or communicate with the HNG-X Central Infrastructure (and that an agreed fallback condition as defined in Table 3 in section 2.3.4.2.5 of the Branch Network, Service Description does not apply) during a Post Office Core Day; |
| **"Upper Target Price"** | shall have the meaning given to it in paragraph 1.3.2 of Schedule D8; |
| **"Use"** | means the right of Post Office, in connection with the Services (except in the case of Horizon Third Party Software where such right shall be in connection with the Existing Services only) and for no other purposes to load, execute, store, transmit, display, copy (for the purposes of loading, execution, storage, transmission or display) or otherwise to utilise the Software. To the extent permitted by law, such right of Use shall not include the right to reverse assemble, reverse compile, decode or otherwise translate the Software; |
| **"Use Case"** | represents a Post Office Functional Requirement in the form of a description of a set of interactions with the HNG-X System that supports a named business goal; |
| **"User"** | means a person authorised by Post Office to use a Service; |
| **"User Interface Definition Process"** | means the process for the refinement of the HNG-X Requirements for the HNG-X User Interface and the definition of the agreed HNG-X User Interface as set out or referred to in Part 3 of Annex 11 to Schedule B6.1; |
| **"Variable Services"** | has the meaning given in paragraph 11.1.1 of Schedule E; |
| **"Varied Indexed Charges"** | means the Indexed Charges for the following Services insofar as they are provided from 1 April 2015:<br>• Systems Management Service; |

FUJ00000070

CONFIDENTIAL

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| | • Reference Data Management Service;<br>• Third Line Software Support Service;<br>• Management Information Service;<br>• Service Management Service;<br>• Reconciliation Service;<br>• Security Management Service;<br>• Branch Network Resilience Service; and<br>• Applications Support Service (4th Line). |
| **"Volume Forecast Reduction"** | means in any month the reduction (if any) in forecast Transaction volumes for that month as requested by Post Office and implemented in accordance with the procedure set out in the CCD "Horizon Capacity Management and Business Volumes" (PA/PER/033), expressed as a percentage of the Transaction volumes forecast for that month as at the date when that CCD is amended pursuant to CCN 1200; |
| **"Volumetric Limits"** | shall have the meaning set out in paragraph 4.1 of Schedule C1; |
| **"VSAT"** | means very small aperture terminal; |
| **"WAN"** | means wide area network; |
| **"WebRiposte"** | means the Software referred to as such and identified in row 3 of Table 1 of Schedule B4.1 or in row 1 of Table 4 of Schedule C3 (as applicable); |
| **"Work Order"** | shall have the meaning given to it in paragraph 4.2 of Schedule D2; |
| **"Work Ordering Procedure"** | means the procedure for the procurement by Post Office of goods, services or both from Fujitsu Services, as described in Schedule D2 and, in relation to the procurement of Development Services, also in Schedule B1.1; |
| **"Work Package"** | means a discrete package of work (covering the supply of goods, services or both) which is either to be contracted for in a single Work Order or to be divided into Work Package Elements each of which will be contracted for in a single Work Order; |
| **"Work Package Element"** | means any element of a Work Package which is intended to be the subject of a discrete Work Order; |
| **"Worker"** | shall have the meaning given to it in Clause 48.4.3; |
| **"Working Day"** | means a day other than a Bank Holiday, a Saturday or a Sunday; |
| **"Working Document"** | means any document designated as a Working Document and any other document other than the Agreement, Change Control Notes executed by both Parties, Work Orders approved by both Parties, Contract Controlled Documents and Contract Referenced Documents. Working Documents are without prejudice to either of the Parties' contractual or other existing rights or obligations from time to time and nothing contained therein shall be deemed or construed as affecting existing contractual obligations or |

FUJ00000070

CONFIDENTIAL

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| | creating new contractual obligations between either of the Parties; and |
| **"Working Hours"** | means for an individual post office, the hours during which that office is open for normal business. |