

FUJITSU RESTRICTED
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SCHEDULE I

UPDATED SERVICE DELIVERY FRAMEWORK

Version History

Version No.	Date	Comments
13.0		Added as per CCN1638, Amended as per CCN1639, CCN1643, CCN1645, CCN1653a

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SCHEDULE I
UPDATED SRVICE DELIVERY FRAMWORK

Schedule I

Updated Service Delivery Framework

The Parties have agreed an updated service delivery framework, as is set forth within the parts of this Schedule I (with each referenced in the format Schedule I[●]). The terms of all such parts of this Schedule I shall apply in accordance with the terms set forth therein.

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Schedule II

Revenue Switch Mechanism

1. OVERVIEW

- 1.1 Paragraph 4.7 of CCN 1600 set out a joint intention of Post Office and Fujitsu Services to evolve the Services under this Agreement to reflect Post Office's changing business requirements and also in line with new technology.
- 1.2 Through a joint initiative, Post Office and Fujitsu Services identified and agreed a number of areas of this Agreement to be updated and Services to be evolved in line with this joint intention, such initiative being referred to as "**Project Everest**". It is intended that such updates and evolution will result in a reduction over the Term in the Operational Charges.
- 1.3 In order to implement Project Everest, Fujitsu Services requires Post Office to make certain financial commitments with respect to the committed spend under the Agreement and Post Office has agreed to provide such commitments, as specifically described within this Schedule II (Revenue Switch Mechanism).

2. DEFINITIONS

- 2.1 "**Actual Spend**" means the total amount of spend actually agreed and contracted for between Post Office and Fujitsu Services under this Agreement in respect of:
- 2.1.1 the Operational Services (including HNG-X Test Infrastructure);
 - 2.1.2 the Horizon Software IPR pursuant to Clause 30.19 of the Agreement;
 - 2.1.3 the Core Team;
 - 2.1.4 Trinity 3;
 - 2.1.5 Invest to Save provisions as described in paragraph 17 of Schedule D1; and
 - 2.1.6 any Additional Services (whether under this Agreement or otherwise),
- during the Commitment Period. This shall include: (i) all amounts invoiced and paid under the Agreement; (ii) all amounts invoiced and payable but not yet paid under the Agreement;

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

and (iii) all amounts in respect of which Fujitsu Services is entitled to invoice pursuant to the terms of this Agreement but has not yet done so.

2.2 “**Additional Services**” means any combination of any of the following:

- 2.2.1 Committed Development Services;
- 2.2.2 extensions or changes to current Services within the Term of this Agreement but excluding any extensions or changes or new Services directly related to the current POLSAP Services, and/or Branch Network Services
- 2.2.3 evolved and updated services introduced as a result of Project Everest;
- 2.2.4 Programme Spend; and
- 2.2.5 new Services (whether under this Agreement or otherwise) which Fujitsu Services has chosen to bid for, to the extent awarded to Fujitsu Services and which are performed during the Commitment Period, excluding any extensions or changes or new Services directly related to the current POLSAP Services, and/or Branch Network Services,

2.3 “**Committed Development Services**” means any Development Services ordered by Post Office on the basis of a minimum pre-committed spend or capacity in accordance with the processes and principles contained within Schedule I3 (Digital Development Services).

2.4 “**Committed Spend**” means committed total spend under this Agreement for:

- 2.4.1 the Operational Services (including HNG-X Test Infrastructure);
- 2.4.2 the Horizon Software IPR pursuant to Clause 30.19 of the Agreement;
- 2.4.3 the Core Team
- 2.4.4 Trinity 3; and
- 2.4.5 Invest to Save provisions as described in paragraph 17 of Schedule D1,

in each case during the Commitment Period that would have been payable by Post Office to Fujitsu Services pursuant to this Agreement but for the implementation of Variabilisation.

2.5 “**Commitment Period**” means the period starting on 1 April 2017 and ending at the end of the term of this Agreement, as specified in clause 46.1.

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

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- 2.6 **“Pivot to Cloud”** means the evolution of the Horizon system services and the underlying infrastructure to the Fujitsu Services K5 cloud based hosting environment. For clarity, Pivot to Cloud is being implemented under two programmes of work, referred to as “Cloud Enablement” (also known as “K5 foundation”) and “Belfast Migration”.
- 2.7 **“Programme Spend”** means all spend relating to Services relating to the following Post Office programmes of work: (i) Solar (including Project Mercury); and (ii) Pivot to Cloud (including costs associated with decommissioning, and remaining payments with respect to the lease charges for Belfast data centres agreed by Post Office within the Belfast Migration project) including all Charges for all CTs relating to the same (whether ordered on a committed basis or time and materials).
- 2.8 **“Project Mercury”** means the initial iteration of HNGT delivered as part of Solar.
- 2.9 **“Solar”** means the development of a new version of the Horizon application with a Thin Client HTML5 browser driven solution delivered from the Fujitsu Services K5 cloud that is capable of offering Post Office products and services from the Post Office Counters and retail partners.
- 2.10 **“Trinity 3”** refers to the risk and resilience project relating to the data centre asset refresh for the Belfast data centre, as is set forth within paragraph 1.2.2 (b) of Schedule E (Termination and The Exit Plan). For the purposes of assessing Committed Spend, the committed value of Trinity 3 shall be considered to be £7.5m in 2019/20 and £7.5m in 2020/21.
- 2.11 **“Variabilisation”** means the process by which the parties are agreeing changes to the pricing model for the Services to a consumption-based, demand-driven, charging mechanism, including through evolution of the application support, service management and reporting Services to underpin the move to demand driven charges and which will affect the revised technology and to support Post Office’s future business strategy, the framework for which is set out in Schedule I2 (Variabilisation Framework).
- 3. COMMITMENT**
- 3.1 Post Office shall procure from Fujitsu Services Additional Services that can be compliantly awarded to Fujitsu Services such that the Actual Spend during the Commitment Period is no less than the Committed Spend.
- 3.2 The Parties agree that, as at 1 April 2017, the Committed Spend, were the Commitment Period to run from 1 April 2017 until 31 March 2023, is £195.74m and is made up of the figures set out in Annex 3 to this Schedule I1 (Revenue Switch Mechanism), it being understood that:
- (a) the provisions of the Agreement that operate to vary the Charges comprising the

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

Committed Spend will continue to do so (including, but not limited to, indexation and termination); and (b) in the event that the Commitment Period ends prior to the 31 March 2023, the Committed Spend will be calculated for the shorter period and will also include the Termination Charges calculated in accordance with the Agreement. The parties will monitor and regularly update the Committed Spend in accordance with Annex 1 to this Schedule II (Revenue Switch Mechanism) and the final Committed Spend figure shall only be established by the parties at the expiry of the Commitment Period.

- 3.3 Where a CT relates to Committed Development Services, all spend under such CT (whether above or below any commitment therein) shall be included within Actual Spend. In addition, where any such CT is terminated in advance of its anticipated end date (whether any relevant commitment has been met or not), all amounts invoiced and paid under such CT shall be included within Actual Spend.
- 3.4 All Programme Spend from 1 August 2017 onwards shall be included within Actual Spend.
- 3.5 For the avoidance of doubt, Actual Spend shall not include any amounts relating to any spend agreed and contracted for between Post Office and Fujitsu Services on an ad hoc, time and materials basis, save for where such spend forms part of Programme Spend.
- 3.6 On a six-monthly basis, within the appropriate commercial governance forum, the parties shall review Actual Spend to date and the Committed Spend in accordance with Annex 1 to this Schedule II (Revenue Switch Mechanism). Notwithstanding any such review of Actual Spend, Post Office's success in procuring Additional Services to meet the requirements of paragraph 3.1 shall only be finally assessed at the end of the Commitment Period.
- 3.7 No later than 3 months prior to the start of the final 12-month period of the Commitment Period, Post Office and Fujitsu Services shall meet at an executive level to assess whether Actual Spend is likely to meet Committed Spend by the end of the Committed Period and agree any relevant actions that may be required.
- 3.8 In the event that at the end of the Commitment Period the Actual Spend does not exceed the Committed Spend, the matter shall be escalated between the parties to the appropriate governance forum involving attendees at the most senior level for both Post Office and Fujitsu Services for consideration and agreement as to any relevant actions that may be required to bridge the gap between the Actual Spend and Committed Spend. If following such escalation, no resolution is agreed between the parties within 30 days from the date of such escalation, Fujitsu Services shall have the right to invoice the Post Office for the difference between the Committed Spend and the Actual Spend and the Post Office shall pay that invoiced amount in accordance with the payment timescales set out within Schedule D2 (Ordering, Invoicing and Payment).

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

- 3.9 There may be circumstances where Fujitsu Services chooses not to bid for a new service (including, but not limited to, where the required service is predominantly for pass-through third party goods or services). To the extent that the parties agree that it would make strategic sense for Fujitsu Services to provide these new services the parties shall, acting reasonably, agree the extent to which the spend on such new services shall be included within Actual Spend. By way of example, this may involve splitting the new services into multiple CTs or service lines to isolate the pass-through costs from spend on Fujitsu Services' resources.

4. WORKED EXAMPLES

- 4.1 Annex 2 contains various worked examples of the operation of this Schedule II (Revenue Switch Mechanism).

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ANNEX 1

Key Principles for Review Process

Part A – Committed Spend Review

1. The Parties agree that the Committed Spend will be reviewed and revised, using the mechanisms in the Agreement, for the purposes of tracking Actual Spend at the end of the Commitment Period against the Committed Spend.

Part B – Tracking Actual Spend and Forecast

1. For the purposes of Paragraph 3.6 of this Schedule II (Revenue Switch Mechanism) the first review shall take place before 31 May, 2018.
2. Each review shall:
 - a. agree the values to be included in the Actual Spend in terms of each of the categories detailed in paragraph 2.2 of this Schedule II (Revenue Switch Mechanism); and
 - b. escalate any unresolved items to the executive governance forum.
3. The parties shall record in the minutes of the executive governance forum the agreed Actual Spend total for each review period.

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COMMERCIAL IN CONFIDENCE

ANNEX 2

Worked Examples

Example 1

In Year X the Committed Spend for the period is £31m including indexation adjustment for BAU and Test Rigs, and £7.5m for Trinity projects. Through Everest the projected spend is as follows:

1. Horizon Agreement for year x has Operational Services (BAU)
 - a. fixed price component of £15m
 - b. variable price estimate of £12m
2. DDS and Core teams has
 - a. Fixed price of £4m
 - b. DDS capacity order for the year is £5m for 100 sprint resource units
3. Belfast Migration spend is forecast to be £5m
4. During the year the DDS through governance the following changes are made
 - a. Capacity reduced and used to 90 sprint resource units
 - b. POL orders 50 days call off consultancy to support as hoc requirements of which 30 days are used
 - c. Changes to Belfast solution which simplifies the migration and reduces spend by £1m
 - d. Additional resources are required from Japan for Belfast Migration and ordered on a time and material (T&M) basis at an estimated cost of £500k.
5. Consumed resource units for the year are
 - a. BAU variable £12.5m
 - b. DDS Resource Units £ 4.5m
 - c. Belfast main contract £ 4.0m
 - d. Belfast Japan £ 0.3m

Schedule I

Page

FUJITSU RESTRICTED
COMMERCIAL IN CONFIDENCE

The annual review would therefore confirm the following:

6. Committed Spend for the year is

a. BAU & Test Rigs	£31.0
b. Trinity projects	<u>£ 7.5</u>
	£38.5m

7. Actual Spend for the purposes of calculation are

a. BAU fixed	£15.0
b. BAU Variable	£12.5
c. DDS & Core Fixed	£ 4.0
d. DDS Resource Units	£ 4.5
e. Programme Spend	<u>£ 4.3</u>
	£39.5m

Notes to accompany worked example 1:

- ☐ The Belfast Japan time and material charges are included in the Actual Spend because all of Belfast Migration is included in the definition of Programme Spend. Accommodation and agree travel expenses would not be included in the Actual Spend.
- ☐ Notwithstanding paragraph 3.6 of Schedule I1 (Revenue Switch Mechanism), although reviewed on a sixth monthly basis for convenience, the ultimate assessment of whether Actual Spend exceeds the Committed Spend shall be undertaken at the end of the Commitment Period and accordingly there is no consequence should Actual Spend fail to exceed Committed Spend in respect of any given year.

Example 2

The scenario is as per Example 1 with the following additions.

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

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1. Post Office awards a new Service to Fujitsu Services under the Agreement of an estimated £1m per annum starting at the beginning of year x, priced 100% on a variable Resource Unit cost of £500.
 2. Post Office places multiple CTs during the year of £3m on a T&M basis.
 3. Post Office places new project (Project Calculus) with Fujitsu Services at the start of the year for £2m for a specified mix of skills. Project Calculus is outside of the definition of Programme Spend. This is placed as follows
 - a. £1.5m for fixed capacity order billed on T&M basis
 - b. £0.5m as a capped T&M.
 4. At the year end the utilisation was
 - a. New Service Resource Units is 1800 = £0.9m
 - b. Project Calculus capacity (increased through governance) £1.6m
 - c. Project Calculus T&M £0.3m
 5. The impact on the Actual Spend for calculation purposes is

a. Existing Actual Spend as per example 1	£39.5m
b. Service Resource Units	£ 0.9m
c. Project Calculus (capacity CT only)	<u>£ 1.6m</u>
	£42.0m

Notes to accompany worked example 2:

- ☐ Project Calculus charges can only be included in the Actual Spend when it is ordered within the definition of Committed Development Services (i.e. only those ordered under the CT for capacity). The time and material charges are excluded in the Actual Spend because the Development Services ordered by Post Office do not qualify as Additional Services as defined above. In summary:

Schedule I

Page

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

- ☐ All time and material resource under Programme Spend as defined in 2.6 above are included in Actual Spend (example 1 – Belfast Japan).
- ☐ Other time and material charges not invoiced under a capacity CT are excluded from Actual Spend.

FUJITSU RESTRICTED

COMMERCIAL IN CONFIDENCE

ANNEX 3

Initial Calculation of Committed Spend

	<u>2017/18</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>Total</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
FO Run	25.0	26.0	26.7	26.7	26.7	26.7	157.9
Invest to Save Credit	1.5	0.8	1.1	1.3	1.5	1.9	8.2
Total FO Run Incl. I2S Credit	23.4	25.2	25.6	25.4	25.2	24.8	149.7
Core Team	2.8	2.9	3.0	3.0	3.0	3.0	17.7
Horizon Tech Refresh	-	-	8.0	8.0	-	-	16.0
IP Licensing	-	-	-	-	-	10.0	10.0
Invest to Save	3.9	0.0	0.0	-	-	-	3.9
Total (excl. Test Rigs)	30.1	28.1	36.6	36.4	28.2	37.8	197.2
HNG-X Test Infrastructure	2.3	2.3	1.0	1.0	1.0	1.0	8.6
Total (Incl. Test Rigs)	32.5	30.4	37.6	37.4	29.2	38.8	205.8

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Schedule I

Page

FUJITSU RESTRICTED
COMMERCIAL IN CONFIDENCE

	2015-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	\$m	\$m	\$m	\$m	\$m	\$m	\$m
FO Run	24.90	24.40	23.60	22.90	22.60	22.60	141.00
Core Team	2.80	2.80	2.80	2.80	2.80	2.80	16.80
Horizon Tech Refresh			7.50	7.50			15.00
IP Licensing						10.00	10.00
Invest-to-Save	1.30	1.30	1.30	0.8			4.70
Total	29.00	28.50	35.20	34.00	25.40	35.40	187.50
HNG-X Test Infrastructure	2.34	2.19	0.93	0.93	0.93	0.93	8.24
Total (incl. Test Rigs)	31.34	30.69	36.13	34.93	26.33	36.33	195.74

Schedule I

Page

FUJITSU RESTRICTED
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Committed Spend = ~~£206~~195.74m for full term of the Horizon Agreement, calculated as at 1 April 2019~~7~~

Schedule I

Page

CONFIDENTIAL

Schedule I2**Variabilisation Framework****1. VARIABILISATION APPROACH****1.1 Variabilisation Principles**

- 1.1.1 "Variabilisation" refers to the process of changing the pricing model for the Services to a consumption-based, demand-driven charging mechanism, including through evolution of the application support, service management and reporting Services to underpin the move to demand-driven charges through a revision of technology and to support Post Office's future business strategy.
- 1.1.2 The baseline for the purposes of assessing the success of Variabilisation is the total 2017/18 Service Charges for the Operational Services plus HNG-X Test Infrastructure, being £27.24m (the "**Baseline**") (established in accordance with Annex 1).
- 1.1.3 Through following the process of Variabilisation as described within this Schedule, the parties aim to move Operational Services plus HNG-X Test Infrastructure, the Charges for which represent, during 2017/18, at least 50% of the Baseline, to a consumption-based or demand-driven charging mechanism (the "**Variabilisation Goal**").
- 1.1.4 The parties will aim to achieve the Variabilisation Goal through an open and transparent joint process. Variabilisation shall be completed by 31 March 2020 ("**Variabilisation Completion**").
- 1.1.5 The parties will, through the relevant joint governance forums, agree a rolling six-monthly plan, detailing the intended Variabilisation activities to be undertaken by the parties during such period.
- 1.1.6 The achieved percentage of Variabilised Services (defined below) as against the Variabilisation Goal shall be regularly assessed by the parties within the relevant governance forum and ultimately upon Variabilisation Completion. A worked example of how this achieved percentage is calculated is included at Annex 2 of this Schedule I2 (Variabilisation Framework).
- 1.1.7 Where any Variabilised Service is charged on the basis of consumption but for reasons of service continuity, protection, financial reasons or

CONFIDENTIAL

otherwise, Post Office agrees to a minimum quantity of consumed units, the entire spend on such Variabilised Service shall be considered “variable” for the purposes of assessing the achieved percentage of Variabilised Services against the Variabilisation Goal.

1.2 Variabilisation Framework and Candidates

- 1.2.1 Within this Schedule, a “**Resource Unit**” shall refer to any unit of consumption for an element of a Variabilised Service as may be agreed between the parties.
- 1.2.2 Certain elements of the Services may be provided on the basis of specific activities and responsibilities which are Variabilised such that the consumption of such elements by Post Office is measured on a Resource Unit basis. The provision of such Variabilised Services shall be undertaken on the basis of this Schedule 12 (the “**Variabilisation Framework**”). Together, those elements of the Services delivered on a Variabilised basis under this Variabilisation Framework shall be the “Variabilised Services”.
- 1.2.3 As part of Variabilisation, the parties shall jointly identify candidate elements of the Services to be delivered as a Variabilised Service (each being a “**Variabilisation Candidate**”). Each Variabilisation Candidate shall be described in writing, with such written proposal to include:
 - 1.2.3.1 a summary of the Variabilisation Candidate;
 - 1.2.3.2 details of the specific Services that are within the scope of such Variabilisation Candidate (including describing in appropriate detail the changes proposed to the existing Services);
 - 1.2.3.3 any transition or implementation activities that may be required to deliver the Variabilised Service (including any proposed charges relating to the same);
 - 1.2.3.4 details of the underlying Resource Unit by which the Variabilisation Candidate shall be charged to Post Office (with such Resource Unit meeting the characteristics set out within paragraph 1.3 below); and
 - 1.2.3.5 a pricing proposal for the underlying Resource Unit for the Variabilisation Candidate.
- 1.2.4 Each party shall provide the other with reasonable support and assistance as may be required to establish and document each Variabilisation

Schedule I Version 13.0

Page 17 of 99

CONFIDENTIAL

Candidate. This may include appropriate workshops and other assistance with discovery and establishment of appropriate Resource Units.

- 1.2.5 Where the parties agree a Variabilisation Candidate, the Parties shall document in writing such Variabilisation Candidate through the execution of a CCN (each a “**Variabilisation CCN**”). For the avoidance of doubt:

1.2.5.1 each Variabilisation CCN shall include: (i) all relevant changes to the Services; (ii) all relevant changes to the provisions of this Agreement relating to the Charges for the Services to include the agreed charge per Resource Unit and other associated Resource Unit details relating to the Variabilisation Candidate; and (iii) any other required changes to the Agreement; and

1.2.5.2 where a Variabilisation Candidate requires transition or implementation activities in order to deliver the Variabilised Services, the parties will execute an appropriate CT where necessary.

- 1.2.6 The parties acknowledge that:

1.2.6.1 standard commodity-based services provided by Fujitsu Services may meet the requirements of Variabilisation using the standard pricing mechanisms for such services;

1.2.6.2 not all elements of the Services or components of the pricing mechanism may be suitable to move to a demand-driven model; and

1.2.6.3 protection and surety of the Horizon system may require a form of minimum consumption commitment from Post Office to enable Fujitsu Services to meet the service levels and obligations in this Agreement, both current and as may be varied. Notwithstanding this, such minimum commitment should be with reference to a minimum number of Resource Units, rather than minimum spend.

1.3 Resource Unit Characteristics

All Resource Units will have the following characteristics:

1.3.1 consumable on a variable basis by Post Office based on actual demand;

1.3.2 sufficiently granular so as to be truly flexible such that the number of resource units consumed changes meaningfully with an increase or decrease in consumption (for example, if Post Office requires an activity

CONFIDENTIAL

to be performed by Fujitsu Services 100 times, a Resource Unit for the single activity, with the task charged as 100 Resource Units, would meet this requirement, whereas a Resource Unit for the activity to be performed 100 times, with the task charged as 1 Resource Unit, would not);

- 1.3.3 capable of tangible, individual and objective measurement;
- 1.3.4 wherever possible, aligned with an industry-standard definition of the applicable Resource Unit;
- 1.3.5 individually priced with a clear and objective adjustment mechanism for changes in consumption; and
- 1.3.6 accompanied by clear, agreed factors which qualify an activity as meeting any size qualification which may apply to the Resource Unit (for example, the factors that establish the Resource Unit as being "small" or "large" or "simple" or "complex").

CONFIDENTIAL

Annex 1

Baseline Figure

	2017/18 <i>£m</i>
FO Run	24.90
Test Rigs	2.34
Total	27.24

CONFIDENTIAL

Annex 2

Worked Examples

Calculation of like-for-like service charges

The following hypothetical example assumes that all transitional programmes have completed across each Service line. The revised split of operational costs are as follows:

1. Data Centre Operations and Central Networks - calculated on a like for like basis within the Pivot to Cloud project
 - a. Fixed price element £4.0m
 - b. Minimum Resource Unit value £2.0m
 - c. Like for like other variable Resource Units £1.5m
 - d. **Total** **£7.5m**
2. Third and Fourth line support (excluding any impact of creating of OpEx to Capex)
 - a. Fixed price element £3.5m
 - b. Minimum Resource Unit value £2.0m
 - c. Like for Like variable Resource Units £2.8m
 - d. **Total** **£8.3m**
3. Service & Security Management (£6.5m)
 - a. Fixed price element £3.0m
 - b. Like for like variable Resource Units £2.8m
 - c. **Total** **£5.8m**
4. Test Rigs
 - a. Fixed Price Element £0.5m
 - b. Minimum Resource Units £1.8m
 - c. **Total** **£2.3m**
5. Summing the above totals, the total cost of like for like Operational Services and HNG-X Test Infrastructure post-Variabilisation is therefore **£23.9m**

Calculation of achieved Variabilisation percentage is as follows:

Schedule I Version 13.0

CONFIDENTIAL

6. Minimum Resource Units and variable Resource Units

a. Data Centre Ops and Central Networks	£3.5m
b. Third and Fourth Line Support	£4.8m
c. Service & Security Management	£2.8m
d. Test Rigs	<u>£1.8m</u>
e. Total charges from variable Resource Units	£12.9m

7. Variabilisation Achieved

- a. £12.9m of the total £23.9m is charged on a variable basis
- b. The Variabilisation achieved is therefore $12.9 / 23.9 = 54\%$.

Note to accompany the Worked Examples:

The approach adopted above is to base the calculation on a like for like service obligations. Thus in the example the numbers reflect a hypothetical saving as a result of the revised operating model and new technology. This equates to baseline number pre-variabilisation of £3.34m.

For the purposes of this illustrative example a hypothetical split of Operational Charges has been used.

CONFIDENTIAL

Schedule 12.1**Interim ASM Provisions**

The MOU details various evolutions to the delivery of the Services under this Agreement (known as “Project Everest”).

One such evolution related to the parties working together to implement a different model of managing application support and maintenance which aims to:

understand the causes of work;

address the causes in order to improve service and reduce incidents; and

manage the remaining work as efficiently as possible.

This new model will focus on establishing a revised mechanism designed to maintain the current service risk profile between the parties, whilst establishing transparent reporting metrics. The target end state for applications maintenance and support is an open, variable model whereby the parties:

jointly set priorities on stabilising activities provided that such priorities do not impact Fujitsu Services' ability to deliver services in accordance with its obligations;

manage introduction of change more effectively;

increase operational productivity; and

review and if necessary renew service levels to enable Fujitsu Services to balance its resources against the new target operating model.

As at 26 March 2018 the parties intend to maintain the current contracted business hours as per the applications maintenance and support Services contained within the Agreement. Any change to the above stated contracted business hours may drive changes to the end support design.

The parties agreed to adopt a three-phased approach as follows:

Investigation and Identification—to identify the key and material demand drivers and to develop an alternate model which drives continuous improvement and increased value;

Transition—to implement the revised model across all software supported and move to an alternate charging mechanism; and

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Replaced by CCN1642

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Schedule I Version 13.0

Page 23 of 99

CONFIDENTIAL

~~Delivery—ongoing delivery of services with revised reporting matrix in full operation;~~

~~In introducing the new model, the following principles shall apply:~~

~~a transparent level of reporting to sufficient detail such that the investigation and design of the new model can be fairly and reasonably assessed;~~

~~the knowledge base to discharge the current Services and service levels and to support Post Office in any external audit or legal activity will be maintained; and~~

~~the new application maintenance and support model applies irrespective of the application being supported.~~

~~In introducing the new model as described above, the parties will agree through appropriate detailed workstream conversations, the required level of detail for reporting under paragraph 1.5(a). Notwithstanding paragraph 1.5(e), the interface between the new application maintenance and support model and the new devops/DDS model shall be agreed as part of the full CCNs implementing the new application maintenance and support model and DDS (as applicable).~~

~~The parties have now completed the Investigation and Identification Phase described in paragraph 1.4(a). Through this phase, the parties identified the following transformational activities to now be further progressed:~~

~~implementation of the ‘shift-left’ initiatives identified in the SWAT (prioritised) work (examples of which are contained in Appendix 1);~~

~~commence activities relating to agreed approach to providing the application maintenance services;~~

~~identification of the devops capacity which can be freed up and utilised for agreed service projects (provided always that any new Incidents will always take priority); and~~

~~agreeing the governance mechanisms to jointly agree, initiate and manage a list of service projects, including the measurement of resources within these projects.~~

~~It is estimated that the activities identified within paragraph 1.6 (c) relate to up to 30% of the Application Support Service (Fourth Line) — FIXED Charges under this Agreement (as at 26 March 2018).~~

~~On a quarterly basis, the parties shall review progress made in relation to the activities identified within paragraph 1.6 (c) and the aggregate Charges that relate to those activities that have been completed within such quarter as an allocation against the total Charges referred to in paragraph 1.7 above.~~

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Appendix 1

Example Initiatives

Examples of areas that the parties will consider:

~~Messages to be provided to post masters to mitigate incidents;~~

~~Post Office to educate other suppliers to minimize incidents, for example:~~

~~ensuring all Incidents reported to Fujitsu Services have a sufficient level of data; and~~

~~change management disciplines reinforced to reduce incidents related to change (ensuring
processes are in place to alert Fujitsu Services to any third party changes etc.)~~

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SCHEDULE 12

Commented [Fujitsu4]: Added as per CCN1642

APPLICATION SUPPORT AND MAINTENANCE**Schedule 12.1****Service Description**

The parties shall review the contents of CCDs SVM/SDM/SD/0004 and SVM/SDM/SD/0005 (and the relevant provisions relating to the Reference Data Management Service described within SVM/SDM/SD/0013) and agree a revised Service Description for Application Support and Maintenance services. The parties shall seek to agree such revised service description and document the same via a CCN no later than 14 August 2018 ("Revised ASM Service").

The following provisions shall apply from 1 July 2018 up to the effective date of the Revised ASM Service:

— **Interim ASM Service Model**

In the interim period and until such subsequent CCN is agreed, the parties agree that Fujitsu Services shall deliver the Applications Support and Maintenance (ASM) Service in accordance with the Service Descriptions SVM/SDM/SD/0004 and SVM/SDM/SD/0005 (and the relevant provisions relating to the Reference Data Management Service described within SVM/SDM/SD/0013) in respect of which the resources provided as part of ASM undertake this work (the charges for which are set out in Annex B (Operational Charges Table, under the Reference Data Management Service row) to Schedule D1 (Charges)) ("Existing CCDs"), but with the following changes applied as set out within the remaining provisions of this Schedule 12:

— Post Office and Fujitsu Services will create a mandatory Business Impact Forum ("BIF") as a weekly meeting which will have as its agenda and the Terms of Reference the items set out in Appendix A to this Schedule.

— The parties shall review the contents of Appendix A and shall agree any required updates together with amended meeting attendees and terms of reference for the BIF. Until such time as the formal BIF meeting is superseded by a CCN, these provisions shall continue to apply.

— Fujitsu Services will receive all Incidents with respect to Business Capabilities and Support Facilities and associated POL Service Types (regardless of Severity Level) from the Post Office third party service integrator.

— Where a Problem exists as a result of an Incident, all Severity 1 and 2 Problems will be managed in accordance with the Existing CCDs but with respect to Problems relating to Severity 3 or 4 Fujitsu Services shall notify the Post Office and gain its consent to fix the Problem. Post Office shall provide its consent or rejection to such fix within [2] business days following a BIF meeting. The Demand Planning Forum will then prioritise the fix and schedule a suitable timeframe for the fix.

Schedule 1 Version 13.0

Page 26 of 99

CONFIDENTIAL

~~Notwithstanding paragraph 1.4, where Fujitsu Services reasonably determines that a Severity level has been wrongly allocated (for example a Severity 3 should have been a Severity 1 or Severity 2), Fujitsu Services shall be entitled to fix that Problem and Fujitsu Services shall inform Post Office of this fact at the next BIF.~~

~~Fujitsu Services will seek to identify trends in Incidents calls which have been caused as a result of a known Problem. In the event that, despite the Post Office having previously requested that the Problem is not to be fixed, Fujitsu Services has identified that the Problem has caused one or more further Incidents to be raised, which causes Fujitsu Services to incur costs or otherwise negates the business case for the previous decision not to fix the same, Fujitsu Services shall be entitled to escalate the matter to the Service Director or the Group CIO to gain approval to complete the fix.~~

~~All Incidents shall be managed in accordance with the ASM Service. Where the ASM Service identifies that the Problem associated with an Incident relates to a Product as defined in Schedule 13 (Digital Development Services) then the resolution of the Problem shall be passed to the DDS Standing Platform Team as a resolver group. For the avoidance of doubt whilst the ASM Service shall be responsible for management of the Incident and associated Problem the responsibilities for resolution remains within the DDS Standing Platform Team.~~

Cost Driving Initiatives

~~Fujitsu Services and Post Office will work collaboratively together to minimise any impacts to the delivery of the service. These include assessing the Post Office Responsibilities set out in Appendix B. Where there is a material impact to the service a service improvement / initiative will be incepted, and the matter shall be escalated to the Service Director or the Group CIO. The contents of Appendix B shall be reviewed annually and updated accordingly.~~

Definitions

<u>ASM</u>	<u>Means Application Support and Maintenance</u>
<u>Capital Projects</u>	<u>means any work agreed by the parties which can be undertaken by spare Development Capacity Resources, in respect to which Post Office can be capitalised</u>
<u>Development Capacity Resources</u>	<u>means the Fujitsu Services resources undertaking ASM which the parties have agreed should be assigned to undertake Capital Projects.</u>
<u>Known Error Log (KEL)</u>	<u>means a single electronic record maintained by Fujitsu Services which records details of known errors and specifying workarounds and "Known" errors shall be construed accordingly</u>

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<u>Minimum Evidence Set</u>	<u>documentation required in order for Fujitsu Services to support the Incident, as agreed from time to time between the parties</u>
<u>Problem</u>	<u>a Problem is an application related issue being the root cause of one or many Incidents</u>
<u>Incident</u>	<u>an unplanned interruption to Business Capabilities and Support Facilities and associated POL Service Types or failure of a component of any of the above.</u>

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Appendix A

Business Impact Forum

Objectives

The purpose of the forum is to:

- Decide upon the severity/business impact and priority of Problems (and decide whether a fix is to be made).
- Assess the cost to fix Problems being development costs, test costs release and implementation costs.
- Assess the impact of deployment considering how soon does it need to be deployed and whether it needs to be prioritised.
- Assess the overall impact to the release (i.e., timeframes, cost, quality) that will be assigned to deliver the fix of the Problem as part of the scope of its deliverables.
- Assess the risk to the success and business objectives of the release that will deliver the fix to the live environment.
- Assess whether a workaround, if acceptable i.e. not compromising the integrity, availability and security of Horizon, is a more cost effective solution than the actual fix.
- Liaise with the Demand Planning Forum to schedule any approved fixes.

Terms of Reference

- The Business Impact Forum (BIF) convenes primarily to agree whether a Problem must be fixed or a workaround can be a feasible solution.
- Problems routed to BIF or Demand Planning Forum needs an action placed on it.
- The BIF is a joint Governance forum comprising representatives from Post Office and Fujitsu Services. The frequency of BIF is weekly.
- An agenda including the list of Problems to be discussed will be sent with a calendar invite before the set meeting date.
- Minutes capturing BIF decision and actions will be distributed after the meeting.

CONFIDENTIAL

Appendix BPost Office Responsibilities

The following list are examples of the Post Office Responsibilities which will support Fujitsu Services in freeing up Development Capacity Resource and help realise the optimisation and cost savings initiatives. This list shall be reviewed annually to add or remove as appropriate. Any issues relating to these or any other issues which are affecting ASM will be raised within the Service Review meeting.

Post Office shall:

- ensure the Post Office third party service integrator understands the ASM Service boundary described in Annex 1, to help ensure that only ASM Service Incidents that Post Office requires Fujitsu Services to resolve are passed to ASM Service;
- ensure that its Branch Post Masters conform to their process obligations with respect to the Track and Trace Despatch Report;
- provide Fujitsu Services with the specifications of the Branch infrastructure;
- manage the Post Office third party service integrator such that processes agreed within this ASM Service Service Description are maintained;
- ensure the Post Office third party service integrator provides information relating to each Incident as defined in the Minimum Evidence Set to Fujitsu Services in a timely manner (relevant to the associated severity of the Incident) when requested and determined by Fujitsu Services as reasonably necessary, to facilitate the Incident resolution;
- provide sufficiently skilled resources who can attend the BIF and who are empowered to make decisions as to whether such Incidents or Problems should be resolved;
- respond to Fujitsu Services' requests for additional information on unresolved Incidents within 2 business days of request, otherwise the Incident will be returned to the Post Office third party service integrator and any Incident Management SLTs shall not apply until such time as the information has been provided;
- agree to formally document in a Known Error Log (KEL), where Post Office has decided not to proceed with a fix for any Incident or Problem and to share such document with the Post Office third party service integrator to ensure that it does not raise any further Incidents relating to the same issue to Fujitsu Services;
- to ensure any third party products in respect of which Post Office owns the licence (and any related support agreements) and which are used by Fujitsu Services to deliver the ASM Service, remain in place;
- ensure that commentary and evidential data relating to Incidents can be automatically transferred between the Post Office third party service integrator and

Schedule I Version 13.0

Page 30 of 99

CONFIDENTIAL

Fujitsu Services' ASM Incident management systems via the current Incident Management tool used by the parties;

- ensure that any new or updated KEL, communicated by Fujitsu Services via an email to the Post Office third party service integrator is updated on the Post Office third party service integrator systems within a reasonable timescale depending upon the Severity of the Problem following receipt by the Post Office third party service integrator;
- ensure that the ownership and management of all Incidents remains with the Post Office third party service integrator. The Post Office third party service integrator will own the interface with Users and be responsible for all communication with that User;
- manage all Post Office third party application providers to which the ASM Service interfaces, obliging such third parties to respond to Fujitsu Services in a timely manner (relevant to the associated severity of the Incident) where Fujitsu Services reasonably considers that an Incident is related to that third party application interface, otherwise the Incident will be returned to the Post Office third party service integrator and any Incident Management SLTs shall not apply until such time as the information has been provided;
- permit all ASM resources to access both application code, configuration details and application data sets as strictly necessary to provide the ASM Services by agreeing which ASM resources will be permitted under the PCI security controls;
- maintain the Service Management Service, Management Information Service, Security Management Service and the ongoing provision of the HNG-X Test Infrastructure (until a new cloud platform is available), as this ASM Service depends on such Services and Infrastructure being in place; and
- provision of a representative test system which simulates the live Operational Service available to the Incident Service (described above) to allow the reproduction of Incidents (that can be replicated) and the testing of workarounds.

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Schedule 12.2

Commented [Fujitsu5]: Added as per CCn1642

ASM Charges and Commercial ProvisionsCHARGES

The Charges for the Application Support and Maintenance Services (subject to the Committed Savings set forth within paragraph 2 below) are as set out within Schedule D1.

The following provisions apply to the current ASM Charges:

the impact of the Invest to Save Credit and the Trinity Credit will be managed as part of the overall monthly invoicing for the Operational Charges and is excluded from the above values;

the Restructuring Charges and Committed Savings (each as defined below) shall be applied in addition to the Charges;

the Charges are subject to the indexation provisions set out in Schedule D1; and

will be invoiced in accordance with Schedule D2 paragraph 6.

COMMITTED SAVINGS

In consideration for Post Office agreeing to pay the Restructuring Charges (as defined below) in addition to the Charges referred to in paragraph 1.1, above, Fujitsu Services shall restructure the Application Support and Maintenance Service, including through:

design and implementation of organisational structural changes;

ways of working process changes;

in order to transition to and deliver a set of revised Application Support and Maintenance service over a 2 year period.

The Committed Savings shall apply to the Charges with effect from 1 April 2018.

The "Restructuring Charges" shall be as follows:

Schedule I Version 13.0

Page 32 of 99

CONFIDENTIAL

<u>Date of Payment</u>	<u>30 September 2018</u>	<u>30 June 2019</u>
<u>Charge</u>	<u>£2,000,000</u>	<u>£1,000,000</u>

The “Committed Savings” shall be as follows:

<u>Year</u>	<u>2018/19</u>	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>
<u>Saving</u>	<u>-</u> <u>£1,500,000</u>	<u>-</u> <u>£1,500,000</u>	<u>-</u> <u>£1,000,000</u>	<u>-</u> <u>£1,000,000</u>	<u>-</u> <u>£1,000,000</u>

OPTIMISING DEVELOPMENT CAPACITY RESOURCE

Fujitsu Services will make available up to £3,000,000 per annum (as amended through the allocation of the Invest to Save Credit) of Application Support (Fourth Line) resource capacity which can be utilised to deliver capital value projects (each a “Capital Project”).

The parties shall cooperate to optimise the use of the Development Capacity Resource capacity and such use shall be through

Fujitsu Services identifying, managing and delivering a Capital Project which requires no additional resources other than the Development Capacity Resource and the Capability Wrap and the available resource capacity has the requisite skills and experience available for the specific requirements of the Capital Project at the time of request; or

The process described in paragraphs 3.7 and 3.8 below

Spare Development Capacity Resource capacity will not be carried over from a previous month.

Fujitsu Service shall provide a “Capability Wrap” service to manage and optimise the Capital Project utilisation of the Development Capacity Resource. This Capability Wrap shall include the following functions:

senior project management;

architectural management and support; and

functional testing.

Schedule I Version 13.0

Page 33 of 99

CONFIDENTIAL

- ~~— The number of FTEs required to provide the Capability Wrap and the associated Charges shall be agreed and ordered by Post Office and Fujitsu Services annually in advance.~~
- ~~— The maximum Charges for any given year for the Capability Wrap shall be equal to the agreed number of FTEs for such year multiplied by the Rate Card, discounted by a minimum of 10% unless the FTEs drops to below 4 per annum, in which case the parties shall agree the updated discount levels.~~
- ~~— In the event that the project manager within the Capability Wrap identifies that either or both of the testers has spare capacity, the project manager will inform the Post Office Service Director and the Post Office shall have the right to re-allocate up to £10,000 of tester capacity per month within the Capability Wrap to work on another project, provided that this has been scoped and agreed in advance of the month in which the spare capacity is required. Any spare tester capacity within the Capability Wrap which the parties have agreed to roll-over in this manner must be consumed within the next month and cannot be further accumulated into the following month. Post Office expressly agrees that regardless of the agreement to provide a certain amount of resources that can be reallocated for Capital Projects, the management of Incidents affecting live service (and associated Problems) will always take priority over performance of Commercial Terms and as such, any resources may be removed from such Capital Projects if required to resolve an Incident or Problem without prior notice to Post Office and Fujitsu Services will be relieved from any failure to meet its obligations associated with delivering the Capital Project that arise specifically as a result of such resources being removed from the Capital Project.~~
- ~~— Upon receipt of a request for a Capital Project, Fujitsu Services shall, triage the requirement in accordance with the CT process currently in place in order to determine the required resource profile and availability of appropriately skilled resources to be allocated to the project, taking into account current Service Incidents and Problems and resource requirements for existing Capital Projects.~~
- ~~— The Commercial Terms for the requested Capital Project will include the estimated number of days which are intended to be delivered by the Development Capacity Resource, and which additional resources will need to be funded (if any). For CTs where no additional resources outside of the Development Capacity Resource are required, the value of the CT will be shown as Zero. For CTs where some additional resource is needed, the CT will provide an approximate, estimated split (expressed as a resource break down) between the resources to be provided from the Development Capacity Resource and other resources for the purposes of calculating an estimate.~~
- ~~— A monthly report will be provided detailing the number of days of Development Capacity Resource capacity per grade that has been consumed by agreed fixes, Commercial Terms or otherwise by Capital Projects to date but this will not be~~

Schedule I Version 13.0

CONFIDENTIAL

~~detailed at an individual level or set out in timesheets. The parties shall agree appropriate metrics to monitor, forecast and manage the utilisation of the Development Capacity Resource and it shall be reviewed in an appropriate forum.~~

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SCHEDULE I3

Commented [Fujitsu6]: Added as per CCN1643

DIGITAL DEVELOPMENT SERVICES**BACKGROUND**

~~Paragraph 10 of the MOU outlined the parties' intention to agree a structure and process required for Fujitsu Services to establish a Fujitsu Services-led agile software delivery capability (the "Digital Development Services" or "DDS"), including:~~

~~the contractual mechanism for incorporating the new delivery capability into the Agreement;~~

~~the financial charging mechanism;~~

~~the roles, responsibilities and dependencies required for Fujitsu Services to lead the agile teams;~~

~~the size and scope of the teams; and~~

~~the mechanisms and processes required to manage the developments.~~

~~Accordingly this Schedule I3 (Digital Development Services) sets out the structure and process by which Fujitsu Services shall provide, and the Post Office shall consume, Digital Development Services.~~

~~For clarity where the parties agree to use the DDS in order to develop Software the provisions relating to Development Services within Schedule B1.1 (Development Services) shall not apply.~~

DEFINITIONS

~~The following terms shall have the corresponding meanings for the purposes of this Schedule I3 (Digital Development Services):~~

~~**Acceptance** means, in respect of any Sprint Requirement, that the Sprint Functionality meets: (i) its Acceptance Criteria; and (ii) the relevant Definition of Done in accordance with the provisions of paragraph 1.25 of Appendix 1 (Agile Methodology); and "Accepted" shall be construed accordingly;~~

~~**Acceptance Criteria** means, in respect of any Sprint Requirement, the acceptance criteria that shall be applied to the relevant Sprint Functionality;~~

~~**Acceptance Tests** means, in respect of any Sprint Requirement, the tests to be run to determine whether the relevant Sprint Functionality complies with the relevant Acceptance Criteria and the expected results of those tests;~~

Schedule I Version 13.0

Page 36 of 99

CONFIDENTIAL

Agile Methodology means the processes and standards set out in or referred to by paragraph 9;

Agreed Metrics means the metrics referred to in Part 2 of Appendix 4 (*Governance*);

Business Case means, in respect of each Product, a document created by Post Office in accordance with its internal processes and requirements that builds upon the Product Vision and, amongst other things, sets out the expected: (i) investment required for creating the Product; (ii) tangible and intangible benefits; and (iii) financial return on investment;

Collaboration Technology means compatible audio and video conferencing facilities between the Post Office and Fujitsu Services with the ability to share screens;

Daily Stand Up means a meeting of the Sprint Team on each Business Day during the DDS Term (except during any period of leave agreed by the parties) to discuss: (i) tasks completed on the previous Business Day; (ii) tasks to be completed on the current Business Day; and (iii) any impediments potentially affecting attainment of the Sprint Requirements;

DDS Commencement Date means 1 August 2018;

DDS Rate Card means the rate card set out in Appendix 5 (*DDS Charges*);

DDS Service Review means the meeting described under the heading DDS Service Review in Part 1 of Appendix 4 (*Governance*);

DDS Term means the period of time from the DDS Commencement Date until 31 March 2023;

DDS Tools means the tools listed in Appendix 6 (*Tools*), together with any other tools required for delivery of the DDS as agreed between the parties and specified in the Product Overview Document;

Definition of Done means, in respect of any Sprint Requirement, the criteria set out in Appendix 2 (*Definition of Done*) as well as any additional specific criteria agreed by the parties that must be successfully met for the specific Sprint Functionality to be considered complete;

Definition of Ready has the meaning given in paragraph 1.11 of Appendix 1 (*Agile Methodology*);

Delivered Sprint Requirement means a Sprint Requirement that is Accepted;

CONFIDENTIAL

~~Demand Forecast~~ means the overall forecast of demand for the Digital Development Services, including details of all Products within scope of DDS;

~~Digital Demand Forecasting Board~~ means the meeting described under the heading Digital Demand Forecasting Board in Part 1 of Appendix 4 (*Governance*);

~~Disrupted Sprint~~ has the meaning given in paragraph 11.4;

~~Estimating Methodology~~ means the agile methodology used for the purposes of sizing User Stories and allocating an appropriate number of Story Points, as agreed between the parties;

~~MOU~~ means the memorandum of understanding between Post Office and Fujitsu Services dated 16 November 2017;

~~Participants~~ means those persons referred to in Appendix 3;

~~Per Sprint Story Point Allocation~~ means one hundred (100) Story Points;

~~Platform Standing Team~~ has the meaning given in paragraph 3.4;

~~Post Office DDS Locations~~ means the UK offices where any element of the DDS is performed by Fujitsu Services, being: (i) 101 Finsbury Pavement, London, EC2A 1RS; (ii) Finsbury Dials, 20 Finsbury Street, London, EC2Y 9AQ; and (iii) 4 Middle Pavement, The Pavements, Chesterfield, S40 1PA;

~~Product~~ means a software solution, or collection of software solutions with its own Product Backlog, managed independently of any other Product;

~~Product Backlog~~ has the meaning given in paragraph 1.7 of Appendix 1 (*Agile Methodology*);

~~Product Initiation~~ means the process by which the Product Delivery Manager and the Product Owner agree the Product Overview Document;

~~Product Roadmap~~ means the document created per Product which sets out the roadmap for the Product including the Product Vision and the Release Plan and is updated by the Product Delivery Manager regularly;

~~Product Delivery Manager~~ has the meaning given in paragraph 4.7;

~~Product Overview Document~~ means the summary of the Product Vision, the architecture approach, the Release and Test Strategy, the intended service model and the initial release roadmap for each Product;

~~Product Owner~~ has the meaning given in paragraph 4.1;

~~Product Sponsor~~ has the meaning given in paragraph 4.2;

Schedule I Version 13.0

Page 38 of 99

CONFIDENTIAL

Product Vision means a document created by Post Office as an outline of the Product, describing its goals, targeted benefits and overall focus;

Reference User Stories means the library of reference User Stories maintained by Fujitsu Services and reviewed, and where necessary updated, quarterly, containing example User Stories that have been sized and allocated a number of Story Points in accordance with the Estimating Methodology, with each such User Story also including narrative and description so as to set out the justification for the applicable number of Story Points that were allocated and, following the applicable Sprint, the number of Story Points actually required to complete such User Story;

Release means a collection of Delivered Sprint Requirements that have been approved by the Product Owner for release into the live environment in accordance with the Release and Test Strategy;

Release and Test Strategy means a document created by Post Office that sets out the approach to testing and release for the particular Product in accordance with Paragraph 8;

Release Plan means the planned schedule of releases for the Product to the live environment;

Relief Event means a failure by Post Office to satisfy the relevant Sprint Dependencies or Transition Dependencies;

Service Requirement means the document describing the nature and level of in-life support that the Product will require once accepted into production within the Post Office environment;

Software means the software to be developed under this Schedule 13 (*Digital Development Services*);

Source Code means the source code of the Software to which it relates, in the language in which the software was written, together with all related flowcharts and technical documents, all of a level sufficient to enable the Post Office's development personnel to understand, develop and maintain that Software;

Sprint means a development cycle performed as part of the DDS;

Sprint Backlog has the meaning given in paragraph 1.13.1 of Appendix 1 (*Agile Methodology*);

Sprint Closure Report means, in respect of each Sprint, the report to be created as an output of the Sprint Retrospective Meeting which sets out the number of User Stories completed in each Sprint as against the number of User Stories which were proposed to be completed within the same Sprint, details of any Relief Events, and

CONFIDENTIAL

any known reasons where the number of achieved User Stories is less than the number of proposed User Stories in the same Sprint;

Sprint Dependencies means the dependencies listed in paragraph 12 and, in respect of any specific Sprint, the dependencies agreed between the Product Owner and the Product Delivery Manager prior to the commencement of such Sprint in accordance with paragraph 1.14 of Appendix 1 (*Agile Methodology*);

Sprint Functionality has the meaning given in paragraph 1.19 of Appendix 1 (*Agile Methodology*);

Sprint Planning Meeting has the meaning given in paragraph 1.13 of Appendix 1 (*Agile Methodology*);

Sprint Requirement has the meaning given in paragraph 1.13.7 of Appendix 1 (*Agile Methodology*);

Sprint Retrospective Meeting has the meaning given in paragraph 1.27 of Appendix 1 (*Agile Methodology*);

Sprint Review Meeting has the meaning given in paragraph 1.23 of Appendix 1 (*Agile Methodology*);

Sprint Team means the Participants in the Sprint (as described in paragraph 6.1) and any replacements from time to time;

Standard Sprint Team Structure has the meaning given in paragraph 6.1;

Story Points means a unit of measurement of the effort required for completion of each User Story to be estimated by the Sprint Team in accordance with the principles in paragraphs 1.7 and 1.17 of Appendix 1 (*Agile Methodology*);

Transition Dependencies means any Post Office dependencies upon which the successful completion of the transition activities set out within CT 2609 are dependent, as explicitly identified within the CT 2609 as Post Office Dependencies;

Transition Period means the period of transition as set out in the CT 2609; and

User Story means a non-technical description of a development requirement of Post Office, expressed as a high level outcome, including the intended operations, functions, performance, non-functional requirements, service requirements and other characteristics of the Software or part of the Software;

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STRUCTURE OF THE SERVICE

The Oversight Roles

Each party will provide the oversight roles detailed in paragraph 4 to enable delivery and operation of the DDS in accordance with this Schedule I3.

Where any of Fujitsu Services appointed oversight roles are agreed by the parties to be provided from the Core Team, Fujitsu Services agrees that, notwithstanding paragraph 14.2 of Annex 3 of Schedule A2 to the Agreement, Post Office shall not be required to give three (3) months' notice to Fujitsu Services in order to effect this variation of the posts in the Core Team.

The Charges for the Fujitsu Services appointed oversight roles are detailed in Appendix 5 (*DDS Charges*).

Product Roles

The Product Roles provide services to support individual Products which sit outside of the Sprint Team structure, as more fully described in Appendix 3. The "Product Roles" will be made up of the following Participants and will, unless otherwise agreed during Product Initiation or subsequently during an annual review of the same for each Product by the parties, require one of each of the following Participants per Product:

- Product Sponsor (Post Office role);
- Product Owner (Post Office role);
- UX designer (Post Office role);
- Product Delivery Manager (Fujitsu Services role); and
- Solution Owner (Fujitsu Services role);

who shall have the responsibilities set out in Appendix 3 (*Participants*).

The Platform Standing Team

Fujitsu Services shall provide a "Platform Standing Team", which shall provide an overarching capability to manage the delivery of the DDS and shall provide the following functions:

- platform engineering;
- environment and configuration engineering;
- CI/CD automation engineering;

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Schedule I Version 13.0

Page 41 of 99

CONFIDENTIAL

~~security engineering;~~

~~test automation engineering;~~

~~performance and availability engineering.~~

~~The Charges for the Platform Standing Team are detailed in Appendix 5 (DDS Charges).~~

Sprint Teams

~~Sprint Teams shall be responsible for delivering Software that provides functionality to fulfil User Stories under the DDS.~~

~~The make-up of a standard Sprint Team is detailed in paragraph 4 below.~~

~~Sprint Teams shall be ordered by Post Office in accordance with the process set forth within Appendix 5 (DDS Charges).~~

~~The Charges for a standard Sprint Team are detailed in Appendix 5 (DDS Charges).~~

PARTICIPANTS AND THEIR RESPECTIVE ROLES

Post Office oversight roles

~~Post Office shall appoint a “Delivery Lead”. The Delivery Lead shall have the responsibilities set out in Appendix 3 (Participants).~~

~~Post Office shall appoint a “Test Manager”. The Test Manager shall have the responsibilities set out in Appendix 3 (Participants).~~

~~Post Office shall utilise its existing release management process to carry out the activities assigned to the Post Office obligation to provide a release manager, the responsibilities for which are set out in Appendix 3 (Participants).~~

Fujitsu Services oversight roles

~~Fujitsu Services shall appoint a “DDS Lead”. The DDS Lead shall have the responsibilities set out in Appendix 3 (Participants).~~

~~Fujitsu Services shall appoint an “Architect Owner”. The Architect Owner shall have the responsibilities set out in Appendix 3 (Participants).~~

~~Fujitsu Services shall appoint a “Release Coordinator”. The Release Coordinator shall have the responsibilities set out in Appendix 3 (Participants).~~

CONFIDENTIAL

~~The parties may agree jointly to appoint an agile coach and where this is the case the parties shall fund this resource between them with the precise allocation to be agreed but based on the principle that both parties must derive benefit from this role for both parties to share the resource costs.~~

Location

~~Post Office agrees that the individuals fulfilling the Standard Sprint Team roles may be based in different locations, which may be geographically dispersed including outside the UK, provided that Fujitsu Services:~~

~~where individuals are working within Fujitsu Services controlled premises, provides the Sprint Team with Collaboration Technology that ensures that individuals are able to work efficiently and effectively across such locations; and~~

~~ensures that there is no compromise in quality of the Digital Development Services where roles in the Sprint Team fulfilled by members of Fujitsu Services personnel are delivering Digital Development Services from outside the United Kingdom, and ensures that Post Office has access to such members of Fujitsu Services personnel, including the ability to visit them at the relevant Fujitsu Services premises, provided that reasonable notice is provided by to Fujitsu Services by Post Office.~~

~~Where individuals are working within Post Office controlled premises, Post Office shall provide the Sprint Team with Collaboration Technology that ensures that individuals are able to work efficiently and effectively across such locations.~~

KEY PERSONNEL

~~The parties agree that the following roles shall be Key Personnel for the purposes of Clause 41 of the Agreement:~~

~~Product Delivery Manager;~~

~~DDS Lead; and~~

~~Architect Owner.~~

SPRINT TEAM STRUCTURE

~~The following shall be the standard structure for a Sprint Team ("Standard Sprint Team Structure"):~~

~~1. ScrumMaster;~~

CONFIDENTIAL

~~4 Developers;~~~~1 Tech Lead;~~~~2 Test Analysts; and~~~~1 Business Analyst;~~~~each of which shall have the responsibilities set out within Appendix 3 (Participants).~~

~~The parties acknowledge and agree the benefit of standardisation and consistency in the structure and delivery of the Digital Development Services. However, during the Product Initiation phase or at any other time agreed by the Digital Demand Forecasting Board (on at least 90 days' prior notice), if, despite having acted reasonably to seek to use the Standard Sprint Team Structure and standard size of Sprint Team, Post Office and Fujitsu Services are unable to make use of such Standard Sprint Team Structure, Post Office and Fujitsu Services may agree (or, in exceptional circumstances only, where the Standard Sprint Team Structure and standard size of Sprint Team cannot accommodate the Sprints intended for a Sprint Team, Post Office may require):~~

~~an alternative structure for a Sprint Team for a given Product that differs from the Standard Sprint Team Structure in which case the parties will agree upon the allocated roles to be contained within that alternative or smaller Sprint Team and consider any applicable necessary changes to the Per Sprint Story Point Allocation accordingly, taking into consideration the composition of the Sprint Team and increased (for example, due to improved communication as a result of a smaller team) or decreased (for example, a larger percentage of a smaller team providing management, rather than development, functions) efficiencies introduced through the size of Sprint Team;~~

~~an alternative, smaller size for a Sprint Team, in which case the parties will agree upon the allocated roles to be contained within that alternative or smaller Sprint Team and consider any applicable necessary changes to the Per Sprint Story Point Allocation accordingly; or~~

~~to fill a Fujitsu Services appointed role in the given Sprint Team with a Post Office individual (provided that the ScrumMaster and Tech Lead shall always be filled by Fujitsu Services).~~

~~For clarity, the day to day management of the Sprint Team resides with Fujitsu Services and Post Office shall ensure that any of the Sprint Participants who are Post Office roles agree to accept management and direction by Fujitsu Services.~~

Schedule I Version 13.0

Page 44 of 99

CONFIDENTIAL

~~For each Sprint, Fujitsu Services shall ensure that the Fujitsu Services appointed roles in the Standard Sprint Team Structure are filled by effectively trained individuals with the abilities, qualifications and experience necessary to meet the Sprint Requirements. The parties acknowledge the continuity benefit of retaining the same individuals in the appointed roles and therefore any changes will need to be managed to minimise Sprint disruption. In particular, Fujitsu Services shall not change any individual in the Fujitsu Services appointed roles without a valid, justifiable reason for doing so, which it shall provide to Post Office in advance of the individual being changed. Where the Sprint Requirements for a Sprint require particular skillsets, Fujitsu Services may, in consultation with the Product Owner, vary the individuals in the Fujitsu Services appointed roles for that Sprint in order to match such skillsets.~~

~~DEMAND FORECASTING~~

~~*The Digital Demand Forecasting Board*~~

~~Post Office shall be responsible for arranging and managing the Digital Demand Forecasting Board which shall meet every 12 weeks during the DDS Term, and as otherwise required. The Digital Demand Forecasting Board shall work with the Post Office's portfolio management processes to understand, assess and manage the overall Demand Forecast. Should the Digital Demand Forecasting Board fail to meet as scheduled, Fujitsu Services shall escalate the same to Post Office's Group CIO as a priority and the Digital Demand Forecasting Board shall urgently meet within 5 business days of such escalation.~~

~~The Digital Demand Forecasting Board shall be responsible for:~~

- ~~reviewing and registering new Products on the Demand Forecast by assessing whether there is available capacity for these within the current resources involved in the provision of DDS (as set out in Appendix 3);~~
- ~~agreeing the Sprint Team requirements and associated increase or decrease in other resources as appropriate on a 90 day ordering block as more fully described in Appendix 5;~~
- ~~shifting available capacity from one Product to another Product as forecast demand flexes (including where Post Office requires urgent works on a Product or otherwise wishes to prioritise or expedite a Product); and~~
- ~~allocating Sprint Teams to Product Owners and Product Delivery Managers/~~

~~The commercial mechanisms for ordering additional capacity or reducing a previous commitment are set out in Appendix 5 to this Schedule 13.~~

Schedule 1 Version 13.0

Page 45 of 99

CONFIDENTIAL

~~The provisional attendees to the Digital Demand Forecasting Board are set out in Appendix 4 (Governance).~~

~~PRODUCT INITIATION~~

~~Once the Product Vision and Business Case have been produced by the relevant Product Sponsor and approved internally by Post Office, then where Post Office requires Fujitsu Services to commence the delivery of the relevant Product it shall commence Product Initiation. Product Initiation utilises the Product Vision and Business Case to deliver the pre-requisites and dependencies that are necessary before development work can commence.~~

~~As part of Product Initiation, Fujitsu Services, with Post Office input, shall produce the following key deliverables:~~

~~a Product Overview Document, which will contain the following components, some of which will have been prepared by Post Office:~~

~~a detailed Product Vision which has been prepared by the Product Owner;~~

~~an overview of the architectural approach, including an agreement as to any elements of the Product which are Listed Rights (if known at this stage);~~

~~a Release and Test Strategy for the Product which itself has been prepared by the Post Office; and~~

~~the Service Requirements for supporting the Product once live; and~~

~~an initial Product Backlog;~~

~~In order to support Post Office to complete the Product Roadmap for the Product, Fujitsu Services will perform the following activities:~~

~~provide support and expertise to the Product Owner to enable effective planning;~~

~~analyse User Stories to provide advice on dependencies and pre-requisites so that User Stories in the Product Backlog can be correctly prioritised and sequenced;~~

~~provide advice on the size and complexity of each User Story to enable items in the Product Backlog to be scheduled into available Sprints;~~

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~~provide input to enable Product Backlog items to be identified as Planned User Stories and/or Stretch User Stories; and~~

~~feed into the Digital Demand Forecasting board as necessary.~~

~~AGILE METHODOLOGY~~

~~Each party shall act in accordance with the provisions of Appendix 1 (*Agile Methodology*).~~

~~PERFORMANCE METRICS~~

~~The parties shall comply with the terms of Appendix 4 (*Governance*) and Appendix 8 (*Service Credit Mechanism*).~~

~~RELIEF EVENTS AND DISRUPTED SPRINTS~~

~~To the extent that Fujitsu Services becomes aware that it may be unable to complete a Sprint Requirement as the result of the occurrence of a Relief Event, Fujitsu shall:~~

~~notify Post Office as soon as reasonably possible and at the next Daily Stand-up; and~~

~~use its reasonable endeavours to mitigate the Relief Event (which may include working on alternative User Stories within the Sprint Backlog).~~

~~Where Fujitsu Services is not able to sufficiently mitigate the Relief Event, the affected Sprint Requirement(s) shall be removed from the relevant Sprint and the matter shall be escalated to the ScrumMaster and Product Owner, who shall refer the matter (with their recommendations) to the Delivery Lead and Product Delivery Manager for resolution. The parties will agree the impact of the Relief Event on the affected Sprint Requirement(s) upon the Sprint (including with regard to Appendix 8 (*Service Credit Mechanism*)).~~

~~Fujitsu Services shall not be liable for failing to complete a Sprint Requirement that has been removed from a Sprint pursuant to paragraph 11.2, but shall still be required to seek to complete the remainder of the Sprint Requirements in the relevant Sprint.~~

~~Where the Product Owner elects in respect of any given Sprint to cease such Sprint or to make a material change to a Sprint prior to scheduled completion, and such Sprint is thus ceased prior to scheduled completion, such Sprint shall be considered a "**Disrupted Sprint**".~~

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~~Where a Priority 1 or Priority 2 incident occurs in respect of a given Product (as determined by Post Office) and such incident is identified through the existing incident management procedures as being within the remit of the Digital Development Service as a resolver group, then (unless otherwise specified by Post Office), one or more of the Sprint Teams for such Product (as directed by the DDS Lead) shall immediately prioritise resolving such incident, irrespective of the current Sprint Backlog. The occurrence of such Priority 1 or Priority 2 incident shall be considered a Relief Event for the impacted Sprints.~~

~~**CHARGES**~~

~~In consideration for the provision of the Digital Development Services, Post Office shall pay to Fujitsu Services the Charges set out in Appendix 5 (DDS Charges) (the "DDS Charges").~~

~~**DEPENDENCIES**~~

~~The following Post Office Dependencies shall apply to all Sprints:~~

~~Post Office shall provide Collaboration Technology in accordance with paragraph 4.13 together with appropriate workspace for agile development at the Post Office Locations;~~

~~Post Office shall obtain and shall maintain and adhere to the terms of all necessary licences, consents, and permissions necessary for Fujitsu Services, the Sprint Teams and the ScrumMaster to perform their respective roles, responsibilities, obligations and duties under this agreement, provided that Fujitsu Services have previously notified Post Office of these licences, consents and permissions together with the relevant requirements;~~

~~Post Office shall ensure that all network connections and telecommunications links reasonably required by Fujitsu Services in order to provide the Digital Development Services comply with the relevant specifications provided by Fujitsu Services from time to time;~~

~~For each Sprint, Post Office shall ensure that the Post Office-appointed roles in the Standard Sprint Team Structure are filled by effectively trained individuals with the abilities, qualifications and experience reasonably necessary to perform their respective obligations; and~~

~~Post Office shall provide the necessary development and test environments needed for the parties to develop, test and implement the Software created pursuant to the Digital Development Services.~~

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LIABILITY

~~Notwithstanding Clause 44, the total aggregate liability of Fujitsu Services, whether in contract, tort (including negligence) or otherwise for all Defaults arising under or in connection with the Digital Development Services (including this Schedule I3), in any given Financial Year, shall in no circumstances exceed the greater of (i) the Charges for Digital Development Services paid or payable in or in respect of such Financial Year; and (ii) £7,200,000.~~

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APPENDIX 1

AGILE METHODOLOGY

GENERAL

~~The Participants shall adopt an agile development methodology based upon the "Serum Framework" for the Products in the Product Roadmap and development work shall be carried out during a series of Sprints and in accordance with the processes set out within this Appendix 1 (*Agile Methodology*).~~

~~Each Sprint shall have a fixed period of two (2) weeks, during which a Sprint Team shall complete and test Sprint Functionality in respect of all Sprint Requirements in the Sprint Backlog. On the completion of a Sprint, the Sprint Team shall promptly commence the next Sprint for which a Sprint Backlog has been prepared in accordance with paragraphs 1.17 of this Appendix 1 (*Agile Methodology*).~~

~~The Participants shall use the DDS Tools in the provision of the DDS.~~

~~The total number of Story Points for the User Stories allocated to each Sprint shall equal the Per Sprint Story Point Allocation for all Standard Sprint Teams. For the avoidance of doubt, the Sprint Backlog for each Sprint will include additional User Stories in excess of the Per Sprint Story Point Allocation, which may be used by the Sprint Team in place of those User Stories due to be completed during such Sprint where required to enable Fujitsu Services to manage the throughput and achieve the Per Sprint Story Point Allocation. An example of when this might occur is an unexpected inability to complete a given User Story during such Sprint.~~

~~Notwithstanding any other provision of this Agreement the parties acknowledge that the goal of each Sprint is to complete Sprint Functionality to fulfil all Sprint Requirements within the applicable Sprint Backlog; however, by nature of the agile approach used in the delivery of the Digital Development Services, it may be the case that, despite the Sprint Team having completed sufficient Story Points so as to meet the Per Sprint Story Point Allocation for the applicable Sprint, not all such Sprint Functionality is completed within such Sprint. Accordingly, for the purposes of the Service Levels, Fujitsu Services' performance under this DDS Schedule shall be assessed against the number of Story Points actually completed and delivered within each Sprint, rather than the number of Sprint Requirements fulfilled. For the avoidance of doubt, where the estimated Story Points for a Sprint Requirement changes during the course of a Sprint then, where agreed between the parties, the actual Story Point allocation for that Sprint Requirement will be considered for the purposes of assessing Fujitsu Services pursuant to Appendix 8 (*Service Credit Mechanism*).~~

~~Sprints may be run in parallel, where conducted by separate Sprint Teams.~~

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Product Backlog

~~A product backlog shall be prepared for each Product by the relevant Product Owner, using the Product Backlog tool and in consultation with the Product Delivery Manager, and shall include the following items:~~

- ~~— a prioritised set of development requirements (which may include bug fixes, minor enhancements, new feature requests, non-functional requirements, service requirements and major functionality changes) to be completed, expressed as User Stories;~~
- ~~— the estimated business value of each User Story;~~
- ~~— an estimate of the number of Story Points for each User Story, allocated with reference to the Reference User Stories;~~
- ~~— a set of Acceptance Criteria for each User Story and any further details of these User Stories provided by the Product Owner; and~~
- ~~— a Definition of Done for all User Stories;~~

(the “Product Backlog”).

~~The Product Owner may add User Stories to the relevant Product Backlog at any time and, when any such User Story is added, the Product Delivery Manager shall, in consultation with the Product Owner, set the number of Story Points using the Estimating Methodology and with reference to the Reference User Stories and the Acceptance Criteria.~~

~~A Product shall be complete once all User Stories in the Product Backlog have been delivered and the Product Owner has notified Fujitsu Services accordingly. Notwithstanding the foregoing, the Product Owner may opt to end the delivery of the Product at any point prior to the completion of all User Stories.~~

~~For the avoidance of doubt, the Product Backlog may include third line support activities arising as a result of incidents and problems raised by Post Office and triaged for resolution to the Digital Development Service through the existing incident management procedures.~~

User Stories and the Definition of Ready

~~Before User Stories from the relevant Product Backlog can be included in a Sprint, they shall meet the following requirements:~~

~~— User Stories should be written in this format “As a <kind of user> I want <feature> so that <benefit>” and satisfy the criteria of the INVEST matrix;~~

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~~—— User Stories shall each include all appropriate investment criteria and Acceptance Criteria both of which are written in a way that can be understood by the Sprint Team;~~

~~—— User Stories shall be written in a way that can be understood by the Sprint Team, especially the developers and testers;~~

~~—— User Stories shall include both functional and non-functional requirements;~~

~~—— User Stories shall have an associated level of priority;~~

~~—— User Stories shall have unique identifiers to maintain traceability and to ease the mapping of User Stories where User Stories are related;~~

~~—— User Stories have been sized and allocated a number of Story Points using the Estimating Methodology by the Sprint Team (and confirmed by the Product Delivery Manager) and utilising the Reference User Stories; and~~

~~—— the Sprint Team understands how the User Story will be tested and demonstrated;~~

~~(together the “Definition of Ready”);~~

~~—— The Sprint Team, working with the Product Delivery Manager and the Product Owner, shall be entitled to reject any User Stories that do not meet the Definition of Ready at least 10 business days prior to the proposed Sprint. Where a User Story is rejected pursuant to this paragraph 1.12 of Appendix 1 (Agile Methodology), the Product Delivery Manager and the Product Owner may agree to return the User Story to the Product Backlog to be rewritten and included in a later Sprint.~~

Sprint Planning Meeting

~~—— The Participants shall hold a sprint planning meeting at least 5 business days before each Sprint commences (the “Sprint Planning Meeting”). At the Sprint Planning Meeting:~~

~~—— the Product Owner shall identify which User Stories from the relevant Product Backlog he/she wishes to be included in the backlog for such Sprint (the “Sprint Backlog”);~~

~~—— the Sprint Team, working with the Product Delivery Manager and the Product Owner, shall agree the nature of any accompanying documentation required for each User Story within the Sprint Backlog;~~

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- ~~the Sprint Team, working with the Product Delivery Manager and the Product Owner, shall review and confirm and/or refine the estimated number of Story Points for each User Story within the Sprint Backlog;~~
- ~~the Sprint Team, working with the Product Delivery Manager and the Product Owner, shall review and confirm and/or refine the Acceptance Criteria for each User Story within the Sprint Backlog, specify the Acceptance Tests and review and confirm and/or refine the Definition of Done that will apply to every User Story within the Sprint Backlog. As a minimum, the Definition of Done shall include the criteria set out in Appendix 2 (Definition of Done);~~
- ~~based on the output of the processes in paragraphs 1.13.3 and 1.13.4 of this Appendix 1 (Agile Methodology), the Sprint Team, working with the Product Delivery Manager and the Product Owner, shall determine how many of such User Stories can be completed during such Sprint, provided that the sum of the Story Points for the User Stories shall equal the Per Sprint Story Point Allocation;~~
- ~~the Sprint Team, working with the Product Delivery Manager and the Product Owner, may decide to replace a higher priority User Story with a lower priority User Story bearing equal or fewer Story Points if it is technically expedient to do so; and~~
- ~~the Product Delivery Manager and the Product Owner shall agree the final selection of User Stories to be included in the Sprint Backlog (each a "Sprint Requirement");~~
- ~~At the Sprint planning meeting, the Product Delivery Manager and the Product Owner will also identify and agree the specific Sprint Dependencies on Post Office that are required for the Sprint Team to be able to complete the Sprint Requirements.~~
- ~~At the Sprint Planning Meeting, the Product Delivery Manager and the Product Owner will also review and confirm and/or refine which (if any) elements of the Sprint Functionality will be Listed Rights in accordance with Paragraph 7 of Schedule H (Digital Intellectual Property Provisions);~~

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~~Once the Sprint Requirements for a Sprint have been agreed, no alterations or additions to the Sprint Requirements (including the estimated number of Story Points, Definition of Done and Acceptance Criteria) shall be made.~~

Sprint Backlog

~~The Product Delivery Manager shall then prepare the Sprint Backlog in consultation with the Product Owner, which shall include:~~

- ~~the agreed Sprint Requirements;~~
- ~~the agreed number of Story Points allocated to each Sprint Requirement;~~
- ~~a breakdown of each Sprint Requirement into specific tasks and allocation to individuals within the Sprint Team;~~
- ~~the Acceptance Criteria for each Sprint Requirement and the Definition of Done for every Sprint Requirement; and~~
- ~~the agreed Sprint Dependencies.~~

~~The Sprint Backlog shall be completed no later than 10 business days prior to the start of the applicable Sprint and, unless otherwise agreed by the parties, will contain at least 120 Story Points worth of User Stories.~~

Sprints

~~During each Sprint, the Sprint Team shall develop the functionality to meet each Sprint Requirement in accordance with the Sprint Backlog, any agreed coding standards and this Schedule 13 (Digital Development Services) (the "Sprint Functionality").~~

~~By the end of each business day during the course of each Sprint, the Sprint Team shall ensure that all functionality and other materials developed during the course of such business day are made available (in their current state of development) in Source Code form on an agreed code repository, for review by Post Office. The Sprint Team shall consider, and where appropriate implement, any feedback from such review during the course of the Sprint provided that any change to a User Story during the Sprint may only proceed with the express consent of both the Product Delivery Manager and Product Owner.~~

~~During each Sprint, the Sprint Team shall maintain the Sprint Backlog and update it daily to reflect progress towards completion of the Sprint Requirements.~~

~~If, during the course of any Sprint, a dispute between the Parties arises in connection with any Sprint Requirement which cannot be resolved within the Sprint Team, then such Sprint Requirement shall be immediately removed from~~

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~~the scope of such Sprint and the Sprint Team will seek to deliver an alternative User Story from the Sprint Backlog to make up the Per Sprint Story Point Allocation. Where there is no alternative User Story that is reasonably suitable to be delivered during the Sprint in place of such Sprint Requirement, then for the purposes of assessing performance under Appendix 8 (Service Credit Mechanism), the Per Sprint Story Point Allocation for that Sprint shall be reduced by the number of Story Points allocated to the removed Sprint Requirement and all Story Points expended on such Sprint Requirement during the Sprint shall be excluded from any Service Level calculation.~~

~~Sprint Review Meetings~~

~~Within 5 business days of the last day of each Sprint, the Product Delivery Manager, the Product Owner and the Sprint Team shall hold a review meeting in respect of such Sprint (a "Sprint Review Meeting"). At the Sprint Review Meeting, the Participants shall:~~

~~determine whether the Sprint Functionality meets the Acceptance Criteria for each Sprint Requirement, and the Definition of Done for all Sprint Requirements, in the Sprint;~~

~~agree the manner in which any ongoing support for the Sprint Functionality will be handled; and~~

~~review the Agreed Metrics for the Sprint and, where appropriate, propose additional measures to be added to the Agreed Metrics for consideration by the DDS Service Review.~~

~~Any Sprint Requirement the Sprint Functionality for which has: (i) not met its Acceptance Criteria; (ii) not met the relevant Definition of Done; or (iii) not been developed during the relevant Sprint, shall not be submitted to Post Office for Acceptance.~~

~~Any Sprint Requirement the Sprint Functionality for which has: (i) met its Acceptance Criteria; and (ii) met the relevant Definition of Done, shall be submitted to Post Office, in both source and object code form for Acceptance. Within 2 business days of such submission, the Product Owner shall sign such report to indicate agreement as to that Sprint Functionality that has been Accepted. Where the Product Owner has not signed the acceptance report or demonstrated why any Sprint Functionality has not met the Definition of Done and the Acceptance Criteria in accordance with the above timescales, Fujitsu Services shall escalate the matter to the Post Office Delivery Lead who shall use all reasonable endeavours to provide a signed form of acceptance, or provide reasonable evidence of why any Sprint Functionality has not been Accepted, within 24 hours of the escalation.~~

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~~Where Sprint Functionality is:~~

~~Accepted, it shall be marked as complete in the Sprint Backlog and the relevant Product Backlog; or~~

~~not Accepted, it shall not be marked as complete in the Sprint Backlog and the relevant Product Backlog, and the Product Owner shall reset the priority for each outstanding User Story in the relevant Product Backlog.~~

~~***Sprint Retrospective Meetings***~~

~~Within 5 business days of the end of each Sprint, the ScrumMaster, the Delivery Lead, the Product Delivery Manager and the Product Owner shall also hold a retrospective meeting in respect of such Sprint (a “**Sprint Retrospective Meeting**”). At the Sprint Retrospective Meeting, the Participants shall:~~

~~assess the impact of any Disrupted Sprints and/or Relief Event(s) on that Sprint; and~~

~~discuss and agree potential improvements to their practices, teamwork and environment for implementation in subsequent Sprints.~~

~~Prior to the Sprint Retrospective Meeting, the ScrumMaster shall provide all reports specified in Part 2 of Appendix 4 (*Governance*) to Post Office.~~

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APPENDIX 2
DEFINITION OF DONE

THE DEFINITION OF DONE:

The Definition of Done shall comprise the following criteria:

- ~~the Acceptance Criteria applicable to the Sprint Requirement are met;~~
- ~~all code is peer reviewed, compiled and checked into the agreed code repository;~~
- ~~all: (i) code is tested — code comes with automated tests — unit and functional, which have passed successfully (as evidenced by relevant automated test reports); (ii) unit tests are in Post Office's designated development code repository; (iii) manual test scripts are in an appropriate test script management tool; and (iv) automated test scripts checked into a suitable test repository;~~
- ~~all code builds without error and is integrated onto the agreed continuous integration tooling;~~
- ~~the build is deployed to a demo server;~~
- ~~the relevant User Story is updated; and~~
- ~~all agreed documentation has been produced and meets its Acceptance Criteria.~~

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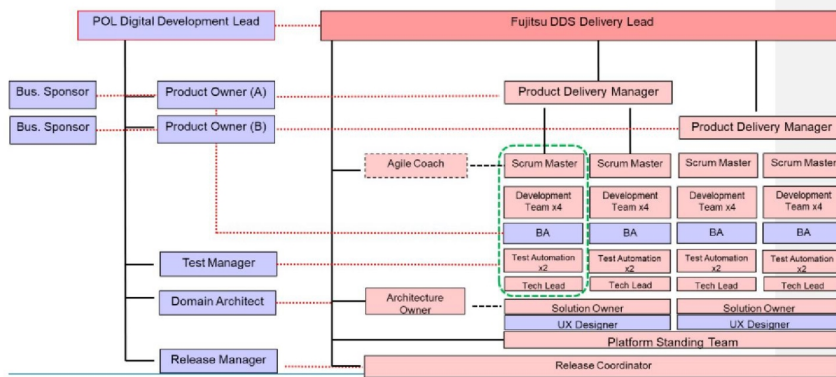
APPENDIX 3

DDS PARTICIPANTS

GENERAL

During the Transition Period, the parties shall review the contents of this Appendix 3 (DDS Participants) and shall agree any required updates together with specific responsibilities for each role set out herein.

ORGANISATION



PLATFORM STANDING TEAM

Scope and Purpose

The Platform Standing Team provide services to support the DDS using a DevOps model. This includes the provisioning, support and maintenance of environments for development, test and validation purposes, the support, operation and maintenance of tooling to support development, test and validation, and the provision of continuous build and integration automation to ensure that developed code can be promoted through each environment and into the live estate.

Platform Engineering

A function that:

Works to identify, plan and monitor demand for DDS

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- Prioritises activities to support the smooth running of DDS
- Maintains, tracks and owns activities and tasks using agile methods to ensure work in progress is minimised and cycle time for activities is optimised
- Contributes to, and reviews architectural designs and decisions with expert advice on platform design
- Identifies and develops platform solutions to ensure high availability
- Identifies, designs and develops mechanisms and solutions that support and enable zero-downtime deployment
- Identifies, designs and develops resource monitoring utilities to identify and prevent performance and availability incidents
- Identifies, designs and develops performance and capacity testing solutions
- Monitors and evaluates resource consumption;
- Supports, guides and coaches team members;
- Acts as a point of contact for platform related matters

Environment and Configuration Engineering

A function that:

- Works to understand planned development activities and identify requirements for new and amended environments and resources
- Provisions required environments and resources through automated means
- Monitors and maintains environment & resources health and stability;
- Improves platform performance & observability;
- Optimises environment usage to reduce cloud consumption charges
- Retires and decommissions environments that are no longer required
- Maintains and monitors access control systems for all platforms, environments and components

Schedule I Version 13.0

Page 59 of 99

CONFIDENTIAL

- Advises sprint teams and other DDS Participants on security requirements and vulnerabilities to ensure security is designed and built in at the earliest opportunity
- Ensures all platforms, environments and components have any necessary security patches and updates deployed
- Identifies and recommends tooling to automate security monitoring and detection
- Implements and manages any agreed security tooling
- Reviews and monitors access logs to identify attempted unauthorised access
- Participates in Root Cause Analysis for security issues where required

Automation Engineering

A function that:

- Works to understand planned code components and identify requirements for the code release automation platform
- Develop and maintain the code release automation platform;
- Install, configure and update code release platform components as needed
- Develop and maintain the central configuration store;
- Maintain and promote release cycles to each environment
- Creates and maintains Source Code repositories, branching strategies and processes for deployment of code to repositories
- Develop and maintain Test Automation solutions
- Manages and schedules automated test scripts as part of an automated deployment solution
- Installs, configures and updates test automation components as needed
- Manages code repositories for automated test scripts, data and other artefacts
- Creates and maintains test automation reporting

Schedule I Version 13.0

Page 60 of 99

CONFIDENTIAL

- ~~— Defines and creates testing scenarios in collaboration with other functions of the Platform Standing Team~~
- ~~— Supports release and deployment activities as required~~
- ~~— Resolves issues and defects in a timely manner utilising automation to identify root cause~~
- ~~— Creates and maintains CI/CD automation reporting~~

~~OVERSIGHT ROLES~~

~~Delivery Lead~~

~~A Post Office participant who shall:~~

- ~~— Schedule and arrange the Digital Demand Forecasting Board; and~~
- ~~— Attend the monthly DDS Service Review meeting~~
- ~~— Participate in product reviews and planning activities~~
- ~~— Ensure that Post Office obligations and dependencies are delivered~~
- ~~— Acts as a point of escalation for Fujitsu Services.~~

~~Release Manager~~

~~A Post Office participant who shall:~~

- ~~— accept delivery from Sprint Teams;~~
- ~~— manage test and release to live;~~
- ~~— maintain visibility of Sprint planning activity;~~
- ~~— agree with the Product Owner when Sprint output is suitable for Release to production;~~
- ~~— manage dependencies and risks related to software release;~~
- ~~— co-ordinate integration activities, stakeholders and third parties;~~
- ~~— agree regression points and approve regression when required~~
- ~~— schedule deployment activities; and~~
- ~~— ensure all stakeholder communication takes place.~~

Schedule I Version 13.0

Page 61 of 99

CONFIDENTIAL

Test ManagerA Post Office participant who shall:

- Create and maintain an overarching Test Strategy for all DDS Products
- Create and maintain a risk-based Test Plan for each DDS Product
- Define and own the test activities as part of an integrated Test and Release process
- Review and validate the test results delivered by each sprint
- Confirm to the Release Manager that delivered code is ready for release
- Own a continual service improvement plan for quality assurance activities
- Ensure that the Test Strategy, Test Plans and processes are communicated to all team members and stakeholders
- Work with the Product Delivery Manager, Product Owner, Business Analysts and Architects to understand the Product Roadmap for each product, and identify the requirements for automated testing.
- Identify, select and continuously review appropriate testing tools and frameworks to meet the testing requirements.
- Create and maintain a technical design for the fully automated test solution to support all DDS Products
- Support the Sprint Teams in the use and adoption of test automation tooling
- Ensure consistency and standards in the creation of automated test scripts across all products and teams through continuous review and feedback
- Ensure that test coverage and quality statistics are produced automatically and included in the agreed service reporting pack
- Provide advice and guidance to the Sprint Teams as required

DDS LeadA Fujitsu Services participant who shall:

- Acts as Fujitsu Services single point of contact for Post Office Delivery Lead

Schedule I Version 13.0

Page 62 of 99

CONFIDENTIAL

- Is accountable for the delivery of the entire DDS capability
- Manages demand, through the Digital Demand Forecasting Board, for all existing products and new products
- Manages overall resource provision to meet demand
- Owns the metrics and reporting related to the services
- Contributes to new Business Cases through sizing and estimation for portfolios of work
- Chairs and facilitates DDS Service Review meetings
- Ensures timely billing and invoicing for all services, including calculation of credits
- Manages continual service improvement activities across the whole DDS service
- Deals with issues and escalations

— The DDS Lead shall be a Key role for the DDS Term

Architecture Owner

A Fujitsu Services participant who shall:

- Define and agree architectural documentation requirements for DDS Products
- Review and approve all design documentation produced during the Product Initiation phase
- Contribute to the architectural roadmap for DDS Products and services
- Act as technical design authority for all DDS design decisions which do not impact the Post Office enterprise architecture
- Seek approval, via an agreed technical authorisation process for all DDS design decisions which impact the Post Office enterprise architecture
- Ensure that all solution designs are compliant with industry best practice and published Post Office technical standards
- Ensure that IPR ownership for all delivered components is registered as per agreed processes

— The Architecture Owner shall be a Key role for the DDS Term

Schedule I Version 13.0

CONFIDENTIAL

~~Solution Architect~~

~~A Post Office participant who shall:~~

- ~~Define and document the enterprise architecture within which DDS Products must operate~~
- ~~Define and document any architectural principles and policies that DDS Products must comply with~~
- ~~Provide timely review and approval of key architectural decisions required for DDS Products~~
- ~~Facilitate the approval of any change requests to the Post Office enterprise architecture that are needed to facilitate development of a DDS Product~~

~~Release Co-ordinator~~

~~A Fujitsu Services participant who shall:~~

- ~~support the Release Manager in release planning activities~~
- ~~co-ordinate and schedule all Fujitsu Services activities related to a release deployment~~
- ~~identify dependencies on other Fujitsu Services provided services in relation to DDS releases~~
- ~~ensure release decisions and plans are communicated to all Fujitsu Services stakeholders~~
- ~~act as a single point of contact for the Release Manager~~

~~PRODUCT ROLES~~

~~The roles in this section relate to individual Products:~~

~~Product Owner~~

~~A Post Office participant who, in respect of their Product, shall:~~

- ~~support Sprint Teams during development;~~
- ~~request User Stories to be added to the Product Backlog;~~
- ~~acts as Post Office's point of contact for the Product Delivery Manager and Sprint Teams;~~

Schedule I Version 13.0

Page 64 of 99

CONFIDENTIAL

- maintains and articulates the Product Vision;
- owns the Product Backlog content, definitively sets priorities and agrees Acceptance Criteria with the Product Delivery Manager and is empowered to make full and binding decisions on functionality and features that should be included in the Product on behalf of the Post Office;
- works with the Sprint Teams(s) to explain User Stories, clarify User Stories and make decisions when requested on a daily basis;
- participates in Sprint Review Meetings and confirms Sprint Requirements as “done” in accordance with the Definition of Done;
- participates in product review meetings and contributes to Product Roadmap;
- reviews and updates the relevant Product Backlog no less frequently than fortnightly; and
- communicates to Post Office stakeholders and users;

Product Sponsor

A Post Office participant who, in respect of their Product, shall:

- be responsible for managing the stakeholders within the Post Office organisation with a view to keeping each stakeholder engaged, informed and supportive of the Product Vision and goals;
- promote and champion the Product internally within Post Office;
- review progress at product review meetings; and
- act as the escalation point for issues within the Post Office;
- ensure Budget is agreed for Product development and Release;
- ensure that the Product receives the correct priority against other business needs; and
- ensure business value is delivered.

Product Delivery Manager

A Fujitsu Services participant who, in respect of their Product, shall:

CONFIDENTIAL

- ~~act as Fujitsu Services' single point of contact for the Product Owner and Product Sponsor;~~
- ~~advise the Product Owner;~~
- ~~seek to ensure User Stories meet the Definition of Ready;~~
- ~~ensure Sprint Teams are resourced;~~
- ~~be accountable for the delivery of DDS for a Product;~~
- ~~ensure compliance with technical standards and ensure quality of deliverables;~~
- ~~manage all Fujitsu Services resources responsible for delivery;~~
- ~~be accountable for the delivery of DDS for a Product;~~
- ~~Own and maintain the Product Roadmap and Release Plan for the Product;~~
- ~~Own the Metrics and reporting related to a Product;~~
- ~~Chair and facilitate product review meetings;~~
- ~~Mentor, coach and advise the Product Owner;~~
- ~~Deal with issues and escalations; and~~
- ~~Ensure compliance for identification and reporting of IPR ownership. The Product Delivery Manager shall be a Key role for as long as the Product is still progressed through DDS.~~

~~**Solution Owner**~~

~~A Fujitsu Services Participant who shall:~~

- ~~Define the architectural roadmap for a DDS product~~
- ~~Produce architectural documentation for the DDS product as agreed with the Architecture Owner~~
- ~~Seek and obtain all necessary approvals for architectural decisions related to the product~~
- ~~Provide any necessary support to the sprint and standing teams to ensure the architectural designs are realised~~

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— Ensure that IPR ownership for all delivered components is registered as per agreed processes

— **UX Designer**

A Post Office participant who shall:

— Create and maintain a style guide describing the framework for the user interface, and rules and guidelines for how to apply the style guide to different requirements, scenarios and devices

— Create a library of reusable assets for use by the development team when building UI components

— contribute to team estimates of User Stories and tasks;

— engage with the Business Analyst, Product Owner and business stakeholders in advance of Sprints to create and amend User Stories that meet the INVEST criteria and document Acceptance Criteria for each;

— engage with other team members to clarify and elaborate User Stories as required during Sprint execution;

— work with the Business Analyst and Product Owner to visually capture user requirements, using wireframes, mockups and other techniques to represent what the delivered Product will look like;

— work with the Business Analyst to map User Stories to business functions and create a story map for approval by the Product Owner;

— work with developers to ensure delivered code meets the requirements for user interface and contributes to the creation of graphical assets for use by developers;

— create and update relevant documentation to agreed standards;

— participate in agile ceremonies and follows the agreed agile processes;

— actively participate in any other activities that are necessary to achieve the agreed Sprint Requirements; and

— maintain all necessary technical skills and qualifications as agreed and defined in the Product Overview Document.

— **STANDARD SPRINT TEAM**

— **ScrumMaster**

Schedule I Version 13.0

Page 67 of 99

CONFIDENTIAL

A Fujitsu Services participant who shall:

- lead the Sprint Team and manage the agile process;
- agree the Sprint Requirements with the Product Owner and Product Delivery Manager and ensure delivery of the Sprint Requirements within the Sprint;
- accept User Stories from the Product Backlog into the Sprint Backlog when the Definition of Ready is met;
- ensure that the Sprint Team reviews and confirms and/or refines estimates of Story Points using the Estimation Model;
- protect the Scrum Sprint Team from interference and distraction; and
- conduct Sprint Retrospective Meetings and capture actions arising

Developer

A Fujitsu Services participant who shall:

- contribute to team estimates of User Stories and tasks;
- work with the Test Analyst, create, update and execute automated testing scripts for functional unit testing;
- create and update software code that meets the agreed technical standards and satisfies the Acceptance Criteria and Definition of Done for assigned User Stories;
- create and update relevant documentation to agreed standards;
- participate in agile ceremonies and follow the agreed agile processes;
- actively participate in any other activities that are necessary to achieve the agreed Sprint Requirements;
- maintain all necessary technical skills and qualifications as agreed and defined in the Product Overview Document;

Tech Lead

A Fujitsu Services participant who shall:

- contribute to team estimates of User Stories and tasks;

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- work with the Sprint Team to ensure that software is created to an architectural design that is consistent and maximises reuse of existing assets;
- ensure that code delivered is to a consistent quality standard
- create and update relevant documentation to agreed standards;
- participate in agile ceremonies and follow the agreed agile processes;
- actively participate in any other activities that are necessary to achieve the agreed Sprint Requirements; and
- maintain all necessary technical skills and qualifications as agreed and defined in the Product Overview Document.

—— **Test Analyst**

A Fujitsu Services participant who shall:

- contribute to team estimates of User Stories and tasks;
- work with the Developers, Business Analyst and other team members, create, update and execute automated testing scripts for functional unit testing;
- create and update relevant documentation to agreed standards;
- participate in agile ceremonies and follow the agreed agile processes;
- actively participate in any other activities that are necessary to achieve the agreed Sprint Requirements; and
- maintain all necessary technical skills and qualifications as agreed and defined in the Product Overview Document.

—— **Business Analyst**

A Post Office participant who shall:

- contribute to team estimates of User Stories and tasks;
- engage with the Product Owner and business stakeholders in advance of Sprints to create and amend User Stories that meet the INVEST criteria and document Acceptance Criteria for each;
- engage with other team members to clarify and elaborate User Stories as required during Sprint execution;

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- ~~work with the UX Designer to map User Stories to business functions and create a story map for approval by the Product Owner;~~
- ~~work with the Test Analyst to ensure automated testing scripts satisfy the Acceptance Criteria;~~
- ~~create and update relevant documentation to agreed standards;~~
- ~~participate in agile ceremonies and follow the agreed agile processes;~~
- ~~actively participate in any other activities that are necessary to achieve the agreed Sprint Requirements; and~~
- ~~maintain all necessary technical skills and qualifications as agreed and defined in the Product Overview Document.~~

~~GENERAL~~

- ~~In addition to the responsibilities described for each role above, Participants shall respond to reasonable queries and/or reasonable requests for information from other Participants as soon as reasonably possible.~~
- ~~In particular, any Participants which are provided by Post Office shall comply with reasonable security-related requests arising from the Environment and Configuration Engineering function of the Platform Standing Team.~~

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APPENDIX 4
GOVERNANCE

GENERAL

~~During the Transition Period, the parties shall review the contents of this Appendix 4 (*Governance*) and shall agree any required updates together with amended meeting attendees, terms of reference for each meeting and meeting schedules. Wherever possible, the parties will make use of existing meetings within the overall governance structure under the Agreement (Schedule A2 Governance) to meet the governance requirements under this Appendix 4 (*Governance*). Until such time as the content of this Appendix 4 is superseded by a CCN, the remainder of this Appendix 4 shall continue to apply.~~

~~All meetings shall be minuted.~~

MEETINGS

Digital Demand Forecasting Board

~~The Digital Demand Forecasting Board shall be conducted in accordance with paragraph 7.1 of Schedule 13 (*Digital Development Services*).~~

~~The provisional attendees at the Digital Demand Forecasting Board are:~~

~~For Post Office:~~

~~Post Office CIO Retail;~~

~~Product Owner(s);~~

~~Digital Development Lead; and~~

~~Product Sponsor; and~~

~~For Fujitsu Services:~~

~~Product Manager(s);~~

~~DDS Lead; and~~

~~Ops Director.~~

Schedule I Version 13.0

Page 71 of 99

CONFIDENTIAL

~~This list of provisional attendees shall be revised during the Transition Period through the mutual agreement of the parties.~~

~~DDS Service Review~~

~~The DDS Service Review shall occur monthly.~~

~~The purpose of the DDS Service Review is to undertake a review across all Products and the DDS as a whole to:~~

~~review the Agreed Metrics for the preceding month, assess the performance of Fujitsu Services against the DDS Service Levels and determine any Corrective Action and/or Service Credits (in accordance with Appendix 8 (Service Credit Mechanism));~~

~~jointly review a holistic service improvement plan with agreed actions on either Fujitsu Services and/or Post Office as applicable to drive for ongoing improvements to DDS;~~

~~approve any open adjustments to the Per Sprint Story Point Allocation for a particular Sprint to reflect agreed impact of any Relief Event(s) on that Sprint; and~~

~~resolve any disputes or escalations referred to it.~~

~~The provisional attendees for the DDS Service Review shall be:~~

~~Delivery Lead;~~

~~DDS Lead;~~

~~Post Office CIO Retail;~~

~~Post Office Vendor Manager;~~

~~Fujitsu Services Commercial Manager; and~~

~~representatives as required from the Product Owners and Product Managers.~~

~~This list of provisional attendees shall be revised during the Transition Period through the mutual agreement of the parties.~~

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AGREED METRICS AND REPORTING

The parties agree that reporting shall cover the following objectives:

measures for the monitoring and management of Sprints;

measures for the monitoring and management of the Platform Standing Team; and

measures used for Service Credits.

Reports will be undertaken using data at source and compiled using automated tooling such as Jira.

During the Transition Period, the parties will agree the specific metrics to be measured and reported in respect of the Digital Development Services (the “Agreed Metrics”). Fujitsu Services shall make available to Post Office a dashboard comprising the Agreed Metrics. Some examples of metrics that may be agreed are as follows:

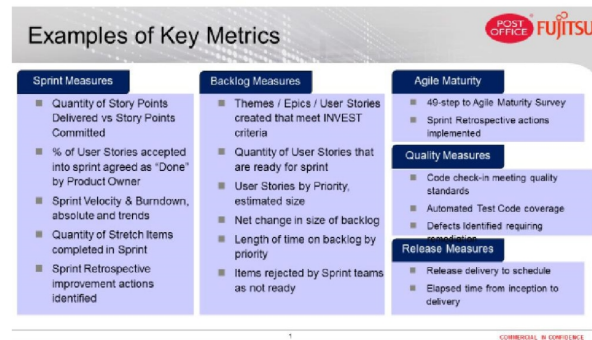
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APPENDIX 5
DDS CHARGES

CHARGES

In consideration for the provision of the Digital Development Services by Fujitsu Services, Post Office shall pay to Fujitsu Services:

the Platform Standing Team Charges;

the Oversight Roles Charges;

the Product Team Charges;

the Sprint Team Charges;

the Product Initiation Charges;

any Burst Capacity Charges; and

the Tooling Charges;

as each such Charge is set out below.

The Charges shall be payable monthly in arrears and shall become due for payment in accordance with the provisions relating to Charges as described within Schedule D2 (Ordering, Invoicing and Payment).

Platform Standing Team Charges

The Platform Standing Team Charges shall be formed of two components:

the applicable Fixed Platform Standing Team Charge as set out within the Charges Table (Annex A); and

the Variable Platform Standing Team Charge, calculated on a time and materials basis on the basis of the DDS Rate Card, for any additional capacity required for the provision of the Platform Standing Team.

Prior to the DDS Commencement Date, Post Office shall sign a CT to cover the Variable Platform Standing Team Charge to cover the period until the end of the first three month period following the end of the Transition Period. The signature of such a CT shall be considered a Transition Dependency. At the end of this first three month period following completion the end of the Transition Period, the parties shall

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~~consider whether any upward adjustment is required to the Fixed Platform Standing Team Charge or amendment to the variable commercial model to reflect the usage of resources which are the subject of the Variable Platform Standing Team Charge during the aforementioned period. Such considerations shall include: (i) the number of roles that are the subject of the Fixed Platform Standing Team Charge (with the current Fixed Platform Standing Team Charge representing 3 FTEs); (ii) the number of concurrent Sprint Teams that the Platform Standing Team are required to support; and (iii) the variable commercial model for supporting incremental Sprints. The parties shall aim to reach agreement on any such adjustment on or before 31 December 2018. Where any such adjustment is agreed, this shall be documented via a CCN. Where no such adjustment is agreed, the Variable Platform Standing Team Charge shall continue to apply and be calculated on a time and materials basis in accordance with the DDS Rate Card and Post Office must raise a further CT to cover the Variable Platform Standing Team Charge as required.~~

~~Where in any given month the number of concurrent Sprint Teams exceeds 6 the parties shall agree any adjustment that may be required to the Platform Standing Team and associated Platform Standing Team Charges.~~

~~The Fixed Platform Standing Team Charges (and the Variable Platform Team Charges associated to Solar) shall be considered spend on Committed Development Services (as defined in Schedule I1 to the Agreement).~~

~~Oversight Roles Charges~~

~~The Oversight Roles Charges shall be as set out within the Charges Table (Annex A).~~

~~The Oversight Roles Charges shall be considered spend on Committed Development Services (as defined in Schedule I1 to the Agreement).~~

~~Product Team Charges~~

~~The Product Team Charges shall be calculated as follows:~~

~~# of Products x Per Product Charge.~~

~~Where:~~

~~the # of Products refers to the number of distinct active Products in relation to which Fujitsu Services are providing Digital Development Services, as agreed between the parties; and~~

Schedule I Version 13.0

Page 75 of 99

CONFIDENTIAL

~~The Per Product Charge is the applicable Charge for the Product Team for the applicable Product (that shall be the amount listed within the Charges Table (Annex A) unless otherwise agreed by the parties).~~

~~The Product Team Charges shall be considered spend on Committed Development Services (as defined in Schedule II to the Agreement).~~

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Sprint Team Charges

~~The Sprint Team Charges shall be calculated as follows (calculated for each Sprint Team and then aggregated across all Sprint Teams):~~

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~~# of Sprints x Per Sprint Charge.~~

~~Where:~~

~~# of Sprints = the number of Sprints scheduled for completion by the Sprint Team within the preceding calendar month; and~~

~~Per Sprint Charge = the agreed charge per Sprint for the applicable Sprint Team.~~

~~The Per Sprint Charge for any given Sprint Team shall be as set out within the Charges Table (Annex A), save where:~~

~~Post Office requests Fujitsu Services to provide resources in place of any Sprint Team resources which are Post Office roles or any Post Office Participants (to the extent that Fujitsu Services is able to provide such resources); or~~

~~a particular Product requires additional resources over and above the Standard Sprint Team Structure, within a given Sprint.~~

~~in which case, the parties shall agree an appropriate adjustment to the Per Sprint Charge for such Sprint Team.~~

~~Where in accordance with the provisions of paragraph 6.2.3, Post Office requires a Fujitsu Services Sprint Team participant to be replaced with a Post Office Sprint Team participant then Fujitsu Services shall provide the Post Office with a credit equal to 10% of the Per Sprint Charge per resource so replaced which may be used to offset any further Sprint Charges for the same Sprint Team.~~

~~The Sprint Team Charges shall be considered spend on Committed Development Services (as defined in Schedule II to the Agreement).~~

Schedule I Version 13.0

Page 76 of 99

CONFIDENTIAL

Product Initiation Charges

Where Post Office requires Fujitsu Services to provide resources to support Product Initiation in accordance with paragraph 8, then such resources shall be chargeable on a time and materials basis in accordance with the DDS Rate Card.

The Product Initiation Charges shall not be considered spend on Committed Development Services (as defined in Schedule I1 to the Agreement).

Burst Capacity Charges

Where the parties agrees that additional resources are required from Fujitsu Services above and beyond those resources which are the subject of the Platform Standing Team Charges, the Oversight Roles Charges, the Product Team Charges, the Sprint Team Charges and the Product Initiation Charges, then such additional resource shall be chargeable on a time and materials basis in accordance with the DDS Rate Card.

The Burst Capacity Charges shall not be considered spend on Committed Development Services (as defined in Schedule I1 to the Agreement).

Tooling Charges

The Tooling Charges shall be as set out within the Charges Table (Annex A).

The Tooling Charges shall not be considered spend on Committed Development Services (as defined in Schedule I1 to the Agreement).

Once the list of tooling is finalised during the Transition Period in accordance with Appendix 6 (Tooling), the parties shall review the Tooling Charges and make any reasonably necessary adjustments to reflect the final list of tooling.

COMMITMENT

Subject to Fujitsu Services complying with the terms of this Schedule, the Post Office hereby commits that the DDS Charges paid or payable in respect of each of the first three fiscal years commencing 1 April 2018 (each such fiscal year being a "DDS Commitment Year") will equal or exceed £7,200,000 per annum (the "DDS Commitment"). Fujitsu Services agrees that any amount which has been spent to date on Development Services between the 1 April 2018 and the DDS Commencement Date will contribute towards the commitment for the first DDS Commitment Year.

Schedule I Version 13.0

Page 77 of 99

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~~Where Post Office in any given DDS Commitment Year fails to meet the commitment set forth within paragraph 2.1 of this Appendix 5 (DDS Charges):~~

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~~by an amount equal to or less than £500,000, Post Office shall, notwithstanding such shortfall, be deemed to have met such commitment in respect of the given DDS Commitment Year provided that the Charges within the four (4) month period immediately following the end of the applicable DDS Commitment Year (the "Remedy Period") exceed the amount of the shortfall. For the avoidance of doubt, until such time as the relevant shortfall is met, the Charges during the Remedy Period shall count towards the shortfall only and not towards meeting any commitment in the subsequent DDS Commitment Year;~~

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~~by an amount exceeding £500,000, Fujitsu Services may invoice Post Office for the shortfall in excess of £500,000 and subsequently paragraph 2.2.1 shall apply in respect of the remaining £500,000 (by way of example, should Post Office fail to meet the commitment by £600,000, Fujitsu Services may invoice Post Office for £100,000, with the remaining £500,000 being then subject to the Remedy Period specified within paragraph 2.2.1 of this Appendix 5 (DDS Charges)); or~~

~~by any amount following the end of the applicable Remedy Period, Fujitsu Services may invoice Post Office for the shortfall at any time following the end of the relevant Remedy Period (as applicable);~~

~~With respect to the final DDS Commitment Year (ending 31st March 2021), no carry over will be available and accordingly paragraphs 2.2.1 to 2.2.3 shall not apply. Instead, Fujitsu Services shall be entitled to invoice Post Office for any shortfall within the final DDS Commitment Year at any time following the end of the final DDS Commitment Year. Notwithstanding the foregoing, where Post Office agrees, pursuant to paragraph 2.4 below, to provide a commitment during the final period of the DDS Term following the final DDS Commitment Year, the provisions of paragraphs 2.2.1 to 2.2.3 shall continue to apply in respect of the final DDS Commitment Year. In the event of any such agreed commitment during the final period of the DDS Term, no further carry over will be available at the end of the DDS Term and accordingly paragraphs 2.2.1 to 2.2.3 shall not apply. Instead, Fujitsu Services shall be entitled to invoice Post Office for any shortfall within the final fiscal year of the DDS Term at any time following the end of the DDS Term.~~

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~~No later than 6 months prior to the expiry of the final DDS Commitment Year, Post Office and Fujitsu Services shall meet to discuss and agree the shape of the commercial deal for DDS within the remaining period of the DDS Term. The parties acknowledge that any variation in the level of commitment by Post Office during such period may result in an adjustment to the Charges for DDS during such period. Where revised commercial terms are agreed by the parties, such terms shall~~

Schedule I Version 13.0

Page 78 of 99

CONFIDENTIAL

be documented within a CCN. In the absence of any agreement being reached between Fujitsu Services and Post Office, the Charges for DDS shall be calculated on a time and materials basis. Where: (i) revised commercial terms are agreed that result in an adjustment to the Charges for DDS due to a reduced commitment by Post Office; or (ii) due to an absence of an agreement being reached, the Sprint Team Charges and Product Charges for DDS are calculated on a time and materials basis, then in each case in no event shall such revised Sprint Team Charges and Product Charges exceed those that would be payable were they to be charged on a time and materials basis at the DDS Rate Card.

ORDERING OF SPRINT TEAM CAPACITY

Subject to paragraph 3.8 below, the parties shall agree the number of Sprint Teams at the Digital Demand Forecasting Board.

Sprint Teams shall be agreed and ordered in blocks of 6 Sprints to cover a 12-week period.

Each block of Sprints shall be ordered at least 90 days in advance of their commencement. For example, the Digital Demand Forecasting Board meeting in March would order Sprints commencing no earlier than July.

Post Office shall confirm the Sprint Team capacity in writing through the minutes of the meeting and Fujitsu Services shall ensure that the ordered capacity is ready to commence work in accordance with such order for each ordered Sprint.

Once ordered Sprints can only be adjusted on less than 90 days' prior notice pursuant to paragraph 3.6 (for the avoidance of doubt, this shall not affect the ability for the Digital Demand Forecasting Board to adjust such Sprints with more than 90 days' prior notice).

Where Post Office requests a change in accordance with paragraph 3.5 the following shall apply:

Where there is a request to increase the number of Sprint Teams and using reasonable endeavours Fujitsu Services is able to meet the request, Post Office shall pay the Charges for such additional Sprint teams in accordance with paragraph 1.6 above.

Where there is a request to decrease the number of Sprint Teams allocated to a specific Product or the number of Sprints then, in addition to the general ability for the Digital Demand Forecasting Board to reallocate Sprint Teams between Products, then with Fujitsu Services' agreement, Post Office may require the Sprint Teams that are the subject to the reduction request to undertake other activities not contained within a Product Backlog ("Additional Activities"), provided that such

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Additional Activities are reasonably within scope of the capabilities and expertise of the applicable Sprint Team. In such circumstances: (i) the Charges for such Sprint Team shall remain as scheduled for the applicable period; and (ii) any work undertaken by such Sprint Team in respect of any Additional Activities shall be excluded from any assessment of performance by such Sprint Team pursuant to Appendix 8.

The parties have agreed the initial Sprint Team capacity (being two Sprint Teams) and following the DDS Commencement Date, Fujitsu Services shall stand up this number of Sprint Teams and this shall be the minimum number of Sprint Teams during the first 90 day period following the DDS Commencement Date (the "Ramp Up Period"). During the Ramp Up Period, Fujitsu Services agrees that Post Office may increase the number of Sprint Teams up to a maximum of 4, provided that:

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Post Office provides Fujitsu Services with at least 30 days' prior notice of the requirement for an additional Sprint Team;

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where more than 3 concurrent Sprint Teams will be required before 60 days after the DDS Commencement Date, any additional requested concurrent Sprint Teams will be subject to paragraph 3.6.1;

where more than 4 concurrent Sprint Teams will be required before 90 days after the DDS Commencement Date, any additional requested concurrent Sprint Teams will be subject to paragraph 3.6.1; and

each Sprint Team uses the Standard Sprint Team Structure.

The provisions of this paragraph 3.7 are without prejudice to paragraph 3.6.1.

Within 10 business days of the DDS Commencement Date the parties shall hold a Digital Demand Forecasting Board and agree and or confirm the number of Sprint Teams for the next block of 6 Sprints following the Ramp Up Period.

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Annex B contains worked examples of the planning approach for the initial Digital Demand Forecasting Board.

GENERAL

All amounts set out in this Appendix 5 (DDS Charges) are before adjustment for RPI as set out in paragraph 16 of Schedule D1 (Charges) and exclusive of VAT.

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All monthly Charges relate to calendar months.

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ANNEX A – CHARGES TABLE AND DDS RATE CARDAll Charges are set out in GBP Sterling and are exclusive of VAT.**Fixed Charges**

DDS Summary	Resource Unit Charge (£ ex VAT)	Charging Basis
DDS Oversight Roles		
Service Charge	68,696	Monthly charge
DDS Platform Standing Team		
(Initial Fixed Platform Standing Team Service Charge)	50,824	Monthly charge
DDS Product Roles		
Service Charge	34,283	Charge per Product Team per month
DDS Tooling Charges		
Variable Service Charge	1,800	Charge per Sprint Team per month
DDS Sprint Consumption Charge		
Blended Teams	47,963	Charge per Sprint Team per Sprint

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DDS Rate Card**Digital Development Service Rate Card**

Role	Charge Per Day (ex VAT)	Minimum Experience Level
Junior Software Engineer	555	A
Senior Software Engineer	789	B
Test Automation Analyst	789	A
Junior Business Analyst	789	A
Platform Engineer	789	A
Tech Lead	789	B
UX Designer	789	A
Senior Business Analyst	888	B
Release Controller	888	B
Scrum Master	888	B
Product Manager	1,020	C
Solution Owner	1,020	C
Test Architect	1,020	B
Platform Lead Engineer	1,020	B
Architecture Owner	1,538	C/D
Agile Coach	1,538	D
DDS Lead	1,538	D

Experience definitions

- A 3-5 years relevant IT experience with some industry knowledge
- B 5-10 years relevant experience IT experience with good industry knowledge
- C 10+ years relevant IT experience with good industry knowledge, management experience
- D 15+ years relevant IT experience, thought leader

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ANNEX B—DIGITAL DEMAND FORECASTING NOTICE TIMESCALES

Fujitsu - Post Office Digital Demand Forecasting Board										Meeting Date: 1st July 2018				
Post Office Attendees:		POL Digital Lead, POL Retail CIO, Product A Product Owner, Product B Product Owner, Release Manager												
Fujitsu Attendees:		FJ DDS Lead, FJ Product Delivery Manager,												
Apologies:														
Sprint Commitment (2 sprints per team per month)														
Product	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19
Product A														
Previous Commitment	2	4	4	6	6	6	6	6	6	6	6	6		
New Commitment	2	4	4	6	6	4	4	4	4	4	4	4	4	4
Product B														
Previous Commitment														
New Commitment					2	2	2	2	2	2	2	2		
Product C														
Previous Commitment														
New Commitment														
Total Sprint Commitment														
Previous Commitment	2	4	4	6	6	6	6	6	6	6	6	6	0	0
New Commitment	2	4	4	6	8	6	6	6	6	6	6	6	4	4
Key	Previously committed, cannot be changed, as within 90 day period New Commitment, changeable up to 90 days prior to sprint start Forecast for information only, can be changed up to 90 days prior to sprint start													

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APPENDIX 6
TOOLS

Fujitsu Services will provide appropriate tooling for all Products for use by both Fujitsu Services and Post Office resources in order to provide DDS:

- A task tracking scheduling tool;
- A collaborative document and knowledge management repository;
- A collaborative communication and messaging tool; and
- A code quality analysis tool.

Fujitsu Services will procure licences for each DDS Participant as defined in this Schedule I3 and in addition for up to 24 additional Post Office users.

If Post Office require additional licences with respect to any of the above tooling, Fujitsu Services shall provide a price on request.

Any Product specific tooling requirements will be agreed during Product Initiation.

The final list of tooling will be agreed during the Transition Period and this Appendix 6 shall be updated accordingly via a CCN.

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APPENDIX 7
INTELLECTUAL PROPERTY RIGHTS TRACKER

In determining whether the IPR in any of the Software to be created pursuant to a Product (or a Release) is a Listed Right, the Fujitsu Services Architect Owner shall, as part of Product Initiation consider the requirements and the manner in which the Sprint Requirements could be delivered by Fujitsu Services. The Architect Owner will liaise with the Product Delivery Manager and the Product Owner to discuss and agree the IPR strategy for the Product. An agreed IPR strategy will be contained within the Product Initiation deliverables.

Any changes to the Product Initiation deliverables that relate to FJ Digital Background IPR, K5 IPR or Horizon IPR will be updated as part of any relevant Sprint Review. With respect to the use of open source or third party IP Rights, recognising the requirement for the Sprint Team to be able to deliver the User Stories in the most efficient manner possible, the use of any such open source or third party IP Rights shall be tracked as part of the Sprint Review Report.

To the extent that there is a change to the Product requirements following Product Initiation that relate to the usage of FJ Digital Background IPR, K5 IPR or Horizon IPR, the Fujitsu Services Architect Owner shall escalate to the Product Owner and the Delivery Lead such that the parties may agree upon any revision to the IPR strategy and the same will be tracked within the updated Product Initiation deliverables accordingly. The parties acknowledge that such a change in the Product may require the Sprint Team to be re-set prior to re-commencing the Product delivery.

The Product Owner shall be responsible for ensuring that Post Office's Chief Technical Office (or nominated representative) agrees to the IPR strategy (including any changes to the IPR strategy) with respect to any Sprint Requirement which is to be designed, coded or supplied as a pre-existing component or an algorithm using any Listed Rights prior to formally approving the Product to be delivered under DDS.

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APPENDIX 10
TRANSITION

During the course of the Transition Period the parties shall review and agree the contents of the following Appendices:

- Appendix 3 (DDS Participants);
- Appendix 4 (Governance); and
- Appendix 6 (Tooling).

as set out within such Appendices.

Where Post Office fails to meet a Transition Dependency then, to the extent that such failure directly impacts a Sprint, the failure shall be a Relief Event for the purpose of the relevant Sprint and Fujitsu Services shall comply with paragraph 11.

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APPENDIX 8 SERVICE CREDIT MECHANISM

DEFINITIONS AND INTERPRETATION

In this Appendix, the following terms and expressions shall have the meaning set out below:

“Average Sprint Performance” means in respect of a given Sprint Team, subject to paragraph 3.1.3 of this Appendix 8 (Service Credit Mechanism), the average Completion Rate over the previous six Sprints completed by such Sprint Team;

“Completion Rate” means in respect of a given Sprint, the percentage of Story Points that were scheduled for completion during such Sprint that were actually completed during such Sprint;

“Expected Service Level” means, in respect of a given Sprint, the expected target percentage (as set out as the ‘expected’ percentage within Attachment 1 to this Appendix 8 (Service Credit Mechanism)) of the Story Points due for completion during such Sprint;

“Improvement Plan” has the meaning given to it in paragraph 4.1 of this Appendix 8 (Service Credit Mechanism);

“Minimum Service Level” means, in respect of a given Sprint, that at least 75% of the Story Points due for completion during such Sprint were actually completed and Accepted;

“Sprint Charges” means, in respect of any given Sprint, the total charges payable by Post Office in respect of such Sprint;

“Sprint Service Credit” means, in respect of any given Sprint, ten per cent (10%) of the Sprint Charges; and

“Threshold Service Level” means, in respect of a given Sprint, the threshold target percentage (as set out as the ‘threshold’ percentage within Attachment 1 to this Appendix 8 (Service Credit Mechanism)) of the Story Points;

SERVICE LEVEL PRINCIPLES

During each Sprint, Fujitsu Services shall provide the Services to a level that meets or exceeds the Expected Service Level for such Sprint and Fujitsu Service’ performance against this target shall be measured and reported in accordance with this Appendix;

SERVICE LEVEL MEASUREMENT

Reporting

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During each Sprint, Fujitsu Services shall measure its performance against the Expected Service Level, Threshold Service Level and Minimum Service Level for such Sprint.

Within the DDS Service Review, Fujitsu Services and Post Office shall review Fujitsu Services' performance during the previous two Sprints. Fujitsu Services shall provide sufficient evidence of its performance during such Sprints to allow assessment of its performance.

Where the period for assessing the Average Sprint Performance of any given Sprint Team includes any Disrupted Sprints, such Disrupted Sprints shall be discounted from the calculated average. By way of example only, where the relevant 6 month period contained 1 Disrupted Sprint, the Average Sprint Performance shall be calculated as an average of the remaining 5 Sprints within such period. Where the number of Disrupted Sprints within any such period exceeds 2, the period shall be extended until an average can be taken across at least 4 Sprints that are not Disrupted Sprints.

CORRECTIVE ACTION

Creation of an Improvement Plan

Where, in respect of any Sprint, the Completion Rate fails to meet the Expected Service Level in respect of such Sprint, Fujitsu Services shall, within 5 business days of the end of such Sprint, provide Post Office with a written plan for improving Fujitsu Services' performance, so as to improve Fujitsu Services' performance and satisfy such Service Levels in the future (an "Improvement Plan") for Post Office's approval. In the event that Post Office (acting reasonably) does not approve the Improvement Plan, Fujitsu Services shall submit a revised plan to address Post Office's concerns. For the avoidance of doubt, an Improvement Plan may result in an individual resource being removed from a Sprint Team where the parties agree that this is an appropriate action to help to address Fujitsu Services' performance issues).

Implementation of Improvement Plan

Upon Post Office's approval, the Improvement Plan shall be implemented by Fujitsu Services in accordance with the timescales set out in the Improvement Plan and Fujitsu Services shall bear the cost of performing its obligations and responsibilities under such Improvement Plan. During the implementation of such Improvement Plan, Fujitsu Services shall provide to Post Office weekly status reports containing progress updates until such time as Fujitsu Services' performance is fully evidenced to be in compliance with the applicable Service Level. For the avoidance of doubt, the implementation of the Improvement

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~~Plan shall not relieve Fujitsu Services of any obligations hereunder or from incurring additional Sprint Service Credits.~~

~~SPRINT SERVICE CREDITS~~

~~This paragraph 5 of Appendix 8 (Service Credit Mechanism) shall not apply until 1 November 2018.~~

~~Calculation~~

~~Where, in respect of any Sprint, the Completion Rate fails to meet:~~

- ~~—— the Minimum Service Level (a “Minimum Service Level Default”); or~~
- ~~—— the Threshold Service Level (but does not fail to meet the applicable Minimum Service Level) in respect of such Sprint and the Average Sprint Performance by Fujitsu Services does not exceed the Threshold Service Level.~~

~~then, subject to paragraphs 5.3, 5.4 and 5.5 of this Appendix 8 (Service Credit Mechanism), Fujitsu Services shall pay to Post Office an amount equal to the Sprint Service Credit for the applicable Sprint, which shall be applied as a credit for the next invoice as a separate line item.~~

~~In no circumstances will the total amounts payable by Fujitsu Services in Sprint Service Credits for any given Sprint exceed 10% of the Sprint Charges for such Sprint.~~

~~Subject to paragraph 6.1 of this Appendix 8 (Service Credit Mechanism), but without prejudice to paragraph 4 (Corrective Action), the payment of Sprint Service Credits shall be the Post Office’s sole remedy with respect to any failure to meet the Service Levels.~~

~~Where a new Product is introduced to the DDS Service or a new Sprint Team commences (as described in the table set out in Attachment 1 to this Appendix 8 (Service Credit Mechanism)), then the Threshold Service Level shall apply for the first 3 or 5 Sprints (as applicable) prior to it becoming set at the “Existing Team” levels. For the purposes of calculating the Average Sprint Performance across 6 Sprints which include new Products or new Sprint Teams, the Threshold Service Level will be calculated as the average of the Threshold Service Level targets across all of the 6 Sprints for the purposes of determining whether a Sprint Team has met the Average Sprint Performance. An example of this process is set out beneath the table in Attachment 1 to this Appendix 8 (Service Credit Mechanism).~~

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TERMINATION

~~Where the average Completion Rate across any twelve (12) consecutive Sprints across all Sprint Teams commencing at any time after 1 November 2018, fails to meet the Threshold Service Level ("Critical Service Failure"), then, notwithstanding paragraph 5.4 of this Appendix 8 (Service Credit Mechanism), provided that during such period there were an average of at least four (4) Sprint Teams running consecutively, Post Office may terminate the Digital Development Service a result of Default by Fujitsu Services by giving Fujitsu Services no less than sixty (60) days' prior written notice. In the event of any Critical Service Failure, paragraph 5.4 of this Appendix 8 (Service Credit Mechanism) shall cease to apply.~~

~~If, in the event of a Critical Service Failure, Post Office commences proceedings against Fujitsu Services in respect of the provision of the Digital Development Services by Fujitsu Services in relation to one or more Products, Fujitsu Services shall not be required to (but may if it so chooses to) provide further Digital Development Services in respect of such Product(s) and Fujitsu Services or Post Office may elect for Fujitsu Services to cease to provide Digital Development Services in respect of such Product(s) on providing at least 10 business days' prior written notice to Post Office, and in that case:~~

~~Fujitsu Services will use all reasonable endeavours to procure an orderly and efficient transition from the provision of the DDS for the Product so terminated to the Post Office or a Replacement Service Provider;~~

~~for the avoidance of doubt, Fujitsu Services shall continue to provide Digital Development Services in accordance with this Schedule 13 in respect of all other Products;~~

~~the Charges relating to the Product Roles and the Sprint Teams associated with the terminated Product shall cease to apply from the date of termination (the "**Product Reduction Amount**") and the Charges related to the Platform Standing Team Charges and the Oversight Roles Charges shall be reviewed by the parties with a view to reducing them by a percentage equal to the average Sprint Team Charges for the affected Product(s) over the previous 6 month period as a proportion of the DDS Charges (excluding the Platform Standing Team Charges, Oversight Roles Charges and Tooling Charges) until such time as new Products are introduced or additional concurrent Sprint Teams are engaged to support existing Products that require additional resources within the Platform Standing Team or Oversight Roles, or such other proportion taking reasonable account of the continued provision of DDS (the "**Product Reduction Percentage**"). The DDS Commitment for the remainder of the current DDS Commitment Year and for each subsequent DDS~~

Schedule I Version 13.0

Page 90 of 99

CONFIDENTIAL

~~Commitment Year shall also be reduced by the Product Reduction Amount and, for so long as it applies, by a percentage equivalent to the Product Reduction Percentage; and~~

~~the annual liability cap referenced in Clause 14.1(ii) shall be reduced by the Product Reduction Amount for each subsequent year of the DDS Term and, for so long as it applies, (for each subsequent year of the DDS Term) by a percentage equivalent to the Product Reduction Percentage.~~

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ATTACHMENT 1 TO APPENDIX 8Target Story Point Percentages

<u>Type of Sprint Team</u>		<u>Number of Sprints Completed by Standard Sprint Teams</u>					
		<u>1***</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6+</u>
<u>Existing Team</u>	<u>Expected</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>
	<u>Threshold</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>
<u>New Product*</u>	<u>Expected</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>85%</u>	<u>85%</u>	<u>90%</u>
	<u>Threshold</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>85%</u>
<u>New Team**</u>	<u>Expected</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>	<u>90%</u>	<u>90%</u>	<u>90%</u>
	<u>Threshold</u>	<u>75%</u>	<u>75%</u>	<u>75%</u>	<u>85%</u>	<u>85%</u>	<u>85%</u>

* A 'New Product' Sprint Team refers to a Sprint Team supporting a new Product that has not previously formed part of the scope of activity undertaken by Fujitsu Services as part of the Digital Development Services. For clarity, an Existing Team moving to a New Product will have the New Product measures applied.

** A 'New Team' Sprint Team refers to any new Sprint Team created to provide support for an existing Product that already forms part of the scope of activity undertaken by Fujitsu Services as part of the Digital Development Services.

*** The number of Sprints completed by a Sprint Team refers to the number of concurrent complete Sprints undertaken by the specific Sprint Team in question, starting from the first Sprint undertaken by that Sprint Team since the last Product Initiation.

WORKING EXAMPLE

Working Example of calculating Average Sprint Performance where the Threshold Service Level is at different figures during the 6 Sprint measurement Period.

NEW PRODUCT

Threshold is 75 Story Points for first 5 sprints, then 85 for subsequent sprints

A new Product is introduced and the Sprint Team performs as follows:

Schedule I Version 13.0

Page 92 of 99

CONFIDENTIAL

Sprint Number	1	2	3	4	5	6	7	8	9	10	11	12
Minimum	75	75	75	75	75	75	75	75	75	75	75	75
Threshold	75	75	75	75	75	85	85	85	85	85	85	85
6 sprint avg Threshold						76.7	78.3	80.0	81.7	83.3	85.0	85.0
Delivered	76	84	88	92	96	100	100	100	100	100	100	100
6 sprint avg delivered						89.3	93.3	96.0	98.0	99.3	100.0	100.0
Credits	0	0	0	0	0	0	0	0	0	0	0	0

The 6 Sprint Average Threshold for Sprint 6 onwards will be calculated as shown in the table above for the purposes of measuring whether the Threshold Service Level and the Average Sprint Performance has been met.

NEW TEAM FOR EXISTING PRODUCT

Threshold is 75 Story Points for first 3 sprints, then 85 for subsequent sprints

A new Sprint Team is introduced and performs as follows:

Sprint Number	1	2	3	4	5	6	7	8	9	10	11	12
Minimum	75	75	75	75	75	75	75	75	75	75	75	75
Threshold	75	75	75	85	85	85	85	85	85	85	85	85
6 sprint avg Threshold						80.0	81.7	83.3	85.0	85.0	85.0	85.0
Delivered	76	84	88	92	96	100	100	100	100	100	100	100
6 sprint avg delivered						89.3	93.3	96.0	98.0	99.3	100.0	100.0
Credits	0	0	0	0	0	0	0	0	0	0	0	0

The 6 Sprint Average Threshold for Sprint 6 onwards will be calculated as shown in the table above for the purposes of measuring whether the Threshold Service Level and the Average Sprint Performance has been met.

SPRINT TEAMS COMMENCING PRIOR TO 1ST NOVEMBER

A new Sprint Team commences DDS on 1st October. For Sprints 1 and 2, Service Levels shall be measured but no Service Credits will apply. For Sprints 3 onwards, the Threshold Service Levels and Expected Service Levels will be as per the table but Service Credits will apply.

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SCHEDULE 14

K5 CLOUD SERVICES

INTRODUCTION

This Schedule shall not apply in the circumstances where Post Office (or a third party acting on behalf of Post Office) has direct access to the K5 cloud platform for the purposes of test and development in a separate environment to the Horizon production environments. In such circumstances, such access and use of the K5 cloud platform shall be undertaken pursuant to clause 76.

Paragraph 2 of this Schedule sets out the provisions that shall apply in respect of the Cloud Services, amending or supplementing the terms and conditions of the Agreement as they apply to the Cloud Services.

SUPPLEMENTARY TERMS

Termination

Subject to paragraph 2.1.2, Fujitsu Services may, upon not less than 12 months' prior written notice elect to discontinue all or part of the K5 Cloud Services (such as, but not limited to, where Fujitsu Limited or Fujitsu Services closes the K5 cloud platform or no longer supports a particular element which is needed by the Post Office), in which case, Fujitsu Services shall, at its cost, migrate the Cloud Services to an alternative platform as may be selected by Fujitsu Services provided that: (i) Fujitsu Services has acted reasonably and sought to take into consideration any concerns raised by Post Office as to such alternative platform; and (ii) the alternative platform provides a service that is equivalent to or better than the K5 Cloud Services with respect to performance, functionality and security. Fujitsu Services agrees that the total Charges payable by the Post Office for the Cloud Services shall be unaffected notwithstanding the migration to the alternative platform. Subject to paragraph 2.1.2, in the event that the Post Office incurs any costs as a result of any such move to an alternative platform, Fujitsu shall be liable to the Post Office for such reasonably demonstrable costs provided that these shall not exceed £1,000,000.

Paragraph 2.1.1 shall not apply with respect to the implementation of those projects that are agreed between the parties as using the K5 cloud platform only on a temporary basis prior to migration to

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~~an alternative cloud platform (currently being HNGT, HHH and Agent's Portal). Instead, the movement of such projects to alternative cloud platforms is hereby agreed by Post Office, subject to the costs of such movement being agreed by the parties.~~

No Direct Access

~~The parties agree that the Post Office shall not have the right to directly access the K5 cloud platform and will not be provided with any administration rights to do so. Any access by the Post Office (or any of its personnel, agents or subcontractors) shall be a breach of this Agreement. Should Post Office request any such direct access, Fujitsu Services shall deny such request and escalate the same to the Post Office's Group CIO. In the event that Post Office repeatedly breaches the provisions of this paragraph 2.2.1, Fujitsu Services shall be entitled (provided it has first escalated the same to the Post Office's Group CIO), on no less than six months' prior written notice to the Post Office, to migrate Post Office to an alternative platform and Post Office shall pay the reasonable costs associated with such move. Fujitsu Services shall nevertheless maintain the provision of the Services throughout any such migration.~~

~~In the event that Post Office subsequently wishes to have (or wishes one of its subcontractors or agents to have) direct access to the K5 cloud platform, the parties will agree any necessary operational changes to the Cloud Services.~~

Changes

~~Fujitsu Services may: (i) change and discontinue at its discretion any of the Cloud Services; (ii) change or remove features or functionality of any of the Cloud Services from time to time; and (iii) change the Service Descriptions relating to the Cloud Services. Unless paragraph 2.3.2 below applies, such a change will not require approval from the Post Office.~~

~~Where any proposed change is material and may degrade the functionality, performance or security of the Cloud Services, in the reasonable opinion of the parties (as discussed in the appropriate governance forum), Fujitsu Services will provide the Post Office with at least 3 months' prior written notice before such change is implemented and the parties will agree the manner in which the effects of the change can be mitigated. Where appropriate mitigations are not possible, Fujitsu Services shall migrate the~~

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Cloud Services to an alternative platform in accordance with the provisions of paragraph 2.1.

For the avoidance of doubt, where any change to the Cloud Services may impact any software licensed to Post Office by a third party independently of Fujitsu Services, such change shall be assessed in accordance with paragraphs 2.3.1 and 2.3.2.

Without prejudice to clause 4, the parties will include, as an item within the appropriate governance forum, a forward-looking schedule of changes to the Cloud Services. Fujitsu Services will use its reasonable endeavours to keep the list up dated such that, where possible, changes proposed are included at least 6 months in advance.

The parties agree that prior to the commencement of any Services that make use of the K5 cloud platform in a live environment, the parties will agree through the Change Control Procedure any necessary changes to the service descriptions within the Agreement that relate to the use of the Cloud Services.

Customer Content

Post Office is responsible for the Customer Content and: (a) shall ensure that it does not, and that its End Users do not, use the Cloud Services to transmit any Customer Content which is unlawful, fraudulent, defamatory, offensive, obscene or that may bring Fujitsu Services or any other member of its group's reputation into disrepute or cause harm or damage in respect of any person, entity, network or system; (b) shall obtain all necessary permissions to use, provide, store and process Customer Content; and (c) shall grant Fujitsu Services permission to use Customer Content to provide the Cloud Services to the Post Office and any End Users.

"Customer Content" means the data, information and material, including the Application Software and any data, text, audio, video, images or other content, that the Post Office or the End User provider, transmits or stores using any of the Cloud Services, excluding any such data, information or material created or provided by Fujitsu Services.

Information Security

Fujitsu Services may install an intrusion detection system ("IDS") in Fujitsu Services' equipment in order to help detect

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communications attempting to disrupt or disable any of the Cloud Services, hack into Fujitsu Services' equipment, or perform hacking using Fujitsu Services equipment, including equipment installed for providing the Cloud Services (collectively, "Offensive Communication"). The contents of any communications with Fujitsu Services' equipment or using Fujitsu Services' equipment may be verified by Fujitsu Services through the IDS to determine whether such communications are Offensive Communications. Fujitsu Services may tabulate and analyse the records of Offensive Communication obtained with the IDS, create statistical data, and use and process the same only for purposes of improving the security of any of the Cloud Services, the Fujitsu Environment and Fujitsu Services' other products and services.

Acts of Emergency

In the event of an emergency and where necessary to protect the integrity of the Cloud Services or to manage or prevent a security risk, Fujitsu Services may temporarily interrupt the Cloud Services and Fujitsu Services shall use reasonable efforts to notify the Post Office promptly upon any such requirement. For the avoidance of doubt, no such interruption shall act to relieve Fujitsu Services from its obligations to provide the Services in accordance with the Service Levels, nor shall it in any way act as a relief event in respect of any such Service Levels.

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SCHEDULE 15

MICROSOFT AZURE TERMS SCHEDULE

The terms of this Schedule apply only in respect of the Microsoft Azure Services and their use by Fujitsu Services in providing the Operational Services.

Post Office accepts that the provision of the Microsoft Azure Services is subject to the Post Office accepting and agreeing to the Customer Agreement which is a binding legal contract between Post Office and Microsoft (or its Affiliate). The Customer Agreement includes the Online Services Terms (as defined therein) and the SLA (as defined therein).

Post Office confirms and agrees that:

- by the date of commencement of Operational Services using the Microsoft Azure Services, it will have made all notifications to and/or secured all consents of third parties required (i) for Fujitsu Services to be authorised to disclose Post Office Data to Microsoft and (ii) for Fujitsu Services to process such Post Office Data, in each case solely to the extent: (a) required by applicable privacy and data protection laws; and (b) necessary for the purposes of making use of the Microsoft Azure Services to provide the Services in accordance with this Agreement;
- it consents to Fujitsu Services performing the activities of Reseller set out or referred to in Clause 4 of the Customer Agreement; and
- Microsoft may send direct communications to Post Office related to the terms of the Customer Agreement or the operation or delivery of the Microsoft Azure Services.

Fujitsu Services shall have no liability to Post Office to provide the Operational Services using the Microsoft Azure Services to the extent that it is unable to do so as a direct result of the failure by Post Office to comply with paragraph 2.a. of this Schedule, provided that Fujitsu Services has taken all commercially reasonable steps to mitigate the impact of such failure.

Fujitsu Services shall have no liability to Post Office for any interruptions or failures of the Microsoft Azure Services (and any associated interruptions or failures of the Operational Services provided by Fujitsu Services under the Agreement) resulting from Microsoft exercising its right to terminate or suspend the Microsoft Azure Services pursuant to and in accordance with the Customer Agreement (other than where such right to terminate or suspend arises due to the acts or omissions of Fujitsu Services), provided always that Fujitsu Services has taken all commercially reasonable steps to mitigate such interruptions or failures.

Fujitsu Services shall have no liability to Post Office for any interruptions or failures of the Operational Services provided by Fujitsu Services under the Agreement, resulting

Schedule I Version 13.0

Page 98 of 99

CONFIDENTIAL

~~from: (a) Microsoft materially altering the Microsoft Azure Services which in turn requires material changes to Fujitsu Services' configuration of the Microsoft Azure Services used in the provision of the Operational Services; or (b) Microsoft exercising any of its rights under the Customer Agreement which would result in Fujitsu Services being unable, or in breach of the terms of this Agreement were it to continue, to provide the Operational Services, provided always that in each case Fujitsu Services has taken all commercially reasonable steps to mitigate such interruptions or failures.~~

~~Post Office agrees and understands:~~

~~that in the event that any one or more of the Microsoft Availability Zones are wholly unavailable, there may be limited Microsoft Azure Services capacity within the remaining Microsoft Availability Zones and there could be some resulting degradation of the Operational Services; and~~

~~that should any such degradation of the Operational Services occur, then Fujitsu Services shall have no liability to Post Office for such degradation, provided always that Fujitsu Services has taken all commercially reasonable steps to mitigate such degradation.~~

~~Save in the circumstances described in paragraphs 3 to 6 above or in Clause 43.10.9, Fujitsu Services shall not be relieved of liability for any failure to provide the Services in accordance with this Agreement caused by any unavailability, interruption or failure of the Microsoft Azure Services.~~

~~Software Licences: Post Office accepts that any obligations of Fujitsu Services within the Agreement relating to the grant or procurement of a licence of third party software shall not (save to the extent otherwise agreed in writing between Post Office and Fujitsu Services) apply to any software made available by Microsoft as part of the Microsoft Azure Services pursuant to the Customer Agreement.~~

~~No Post Office Access~~

~~The parties agree that Post Office shall not (save to the extent otherwise agreed via the Change Control Procedure between Post Office and Fujitsu Services) have the right to directly access the technology environment operated by Microsoft for the purpose of providing the Microsoft Azure Services and will not be provided with any administration rights to do so. Any such access by the Post Office (or any of its personnel, agents or subcontractors) shall be a breach of this Agreement. Should Post Office request any such direct access, Fujitsu Services shall deny such request and escalate the same to the Post Office's Group CIO.~~

~~Fujitsu Services shall not be liable for any failure to provide the Operational Services in accordance with this Agreement to the extent that such failure is caused by Post Office directly accessing the above-referred technology environment in breach of paragraph 7a above, and Fujitsu Services shall have the right to claim any reasonable and demonstrable incremental costs incurred by it in taking any action necessary to remediate any damage or impact to the Operational Services caused by such breach.~~