(iii) Recipient shall use reasonable endeavours to migrate away from the affected Service as soon as reasonably practicable.

13.5 A Party may, at any time, request an extension to any Service End Date and/or the Long Stop Date (other than in accordance with Clause 13.1) by providing a notice to the MSA Management Board in accordance with Schedule 3 (Governance and Service Management) and the relevant Service End Date and/or the Long Stop Date shall, if the members of the MSA Management Board agree that the relevant Service and/or the Long Stop Date should be extended, be extended by the period of time determined by the MSA Management Board in accordance with Schedule 3 (Governance and Service Management).

13.6 If the Transaction Date has occurred and Provider is still providing any IT Services and/or Finance Services after 31 March 2015, Provider shall be entitled to increase the Internal Charges for any such IT Services and/or Finance Services to reflect market rates. In these circumstances, the MSA Management Board shall determine (in accordance with Schedule 3 (Governance and Service Management)) the level of the increase to the Internal Charges, which shall not be more than 130% of the then current Internal Charges for any such IT Services and/or Finance Services.

13.7 Clause 13.6 shall not apply if:

(A) a notice to terminate an IT Service or Finance Service (as the case may be) pursuant to Clause 10.2 (Termination of Services) does not take effect immediately in accordance with Clause 14.8 (Separation Plans) and as a result the relevant IT Service or Finance Service is still being provided by Provider after 31 March 2015;

(B) as part of a Detailed Separation Plan, the Parties agree that the relevant IT Service or Finance Service cannot be terminated by 31 March 2015; or

(C) the Parties otherwise agree an extension to the Service End Date for an IT Service or Finance Service (as the case may be).

13.8 Unless the Parties otherwise agree in writing or, in respect of Clause 13.5, unless otherwise determined by the MSA Management Board, any Service provided through the operation of Clause 13.1, Clause 13.4 or Clause 13.5 shall be provided on the same terms (other than as provided in Clause 13.2, Clause 13.4 and Clause 13.6) as it was provided prior to its expiry or termination.

14. SEPARATION PLANS

14.1 The Parties acknowledge that it is their intention that this Agreement should not operate as a permanent arrangement for the supply of the Services and that the Parties shall work together in good faith, and Provider shall provide reasonable assistance and cooperation to facilitate the smooth migration of Recipient Group away from the reliance upon Provider for the provision of each Service upon the termination or expiry of each Service and the separation of each of their respective Group's businesses ("**Separation**") in accordance with this Clause 14.

14.2 The Parties acknowledge and agree that Provider's ability to migrate away from the provision of each Service depends on Recipient's, any other member of the Recipient Group's and any Recipient Personnel's performance of its respective obligations set out in the Separation Plans and

this Agreement and any Recipient Third Party provider's performance of its obligations set out in the Separation Plans.

14.3 Each Party shall appoint (and will notify the other Party with contact details of) an overall separation project director (the "**Separation Project Director**") who shall be a senior employee of the relevant Party and who shall have responsibility for the overall Separation arrangements for that Party together with, in the case of Recipient, the Procurement Plan.

14.4 Unless otherwise agreed by the Parties, each Separation Project Director will, in accordance with the timeframes specified in Clause 14.5, work with the other to develop:

(A) a plan for Separation from all Services save for the Finance Services and IT Services (the "**General Separation Plan**") with a view to Separation of such Services occurring as soon as reasonably possible having regard to the objective of the Parties to mitigate and reduce Costs incurred in connection with Separation as far as reasonably possible;

(B) a high level plan for Separation of the Finance Services and IT Services and any finance or IT elements of Services other than the Finance Services and IT Services ("**High Level Finance and IT Separation Plan**");

(C) a detailed plan for Separation of the relevant Finance Service and/or IT Service with a view to Separation of the relevant Finance Service and/or IT Service occurring within 24 months of the date of service of the relevant notice pursuant to Clause 10.2 or such longer period as may be determined in accordance with Clause 14.8 (a "**Detailed Separation Plan**").

14.5 The Separation Project Directors shall agree the Separation Plans as soon as practicable and, in any event, shall agree:

(A) the General Separation Plan within 80 days of the date of this Agreement.

(B) the High Level Finance and IT Separation Plan within 6 months of the date of this Agreement; and

(C) a Detailed Separation Plan in respect of the relevant Finance Service and/or IT Service within six (6) months of service of a notice by either Party to terminate a Finance Service or IT Service pursuant to Clause 10.2.

14.6 If the Separation Project Directors do not agree the relevant Separation Plan by the relevant dates specified in Clause 14.5, then the Business Sponsors Board shall use all reasonable endeavours to agree the relevant Separation Plan within 10 Business Days of the matter being referred to it.

14.7 If the Business Sponsors Board does not agree the relevant Separation Plan by the dates specified in Clause 14.6, then the issue shall be escalated to the MSA Management Board which shall use all reasonable endeavours to agree the relevant Separation Plan within 20 Business Days of the matter being referred to it and thereafter shall be escalated in accordance with Schedule 3 (Governance and Service Management) and thereafter in accordance with the dispute resolution procedure set out in Clauses 43.5 to 43.10 (Dispute Resolution), Clause 44 (Arbitration) and Clause 45 (Conduct of Disputes).

14.8 If a Party serves notice to terminate a Finance Service and/or IT Service in accordance with Clause 10.2 (Termination of Services) and the other Party reasonably considers that a notice period longer than 24 months is required in respect of Separation of the relevant Finance Service and/or IT Service, it shall escalate the issue to the MSA Management Board within 20 Business Days of receipt of the notice and the notice shall not, unless otherwise agreed in writing by the Parties, take effect until the issue has been resolved in accordance with the dispute resolution procedure set out in Clauses 43.5 to 43.10 (Dispute Resolution), Clause 44 (Arbitration) and Clause 45 (Conduct of Disputes).

14.9 Without prejudice to Clauses 13.3 (Service Extensions) and 14.2 (Separation Plans), if at any time during the term of this Agreement either Party envisages that:

(A) any stage of the relevant Separation Plan may not be completed by the date required by the Separation Plan; or

(B) Separation in respect of a Finance Service and/or IT Service may not be achieved by the date a notice served pursuant to Clause 10.2 is due to expire,

it shall notify the other Party immediately and the Separation Project Directors and the TSA Drivers shall meet to discuss any amendments or adjustments to the relevant Separation Plan as may be necessary, including if agreed an extension of the period for Separation of the relevant Service, and otherwise to escalate any issues in accordance with Schedule 3 (Governance and Service Management).

14.10 Each General Separation Plan and Detailed Separation Plan shall (to the extent relevant):

(A) adhere to the Separation Principles in Paragraph 1 of Schedule 6 (Separation); and

(B) shall include a plan for separating each Service.

14.11 The Separation Project Director appointed by each Party shall be:

(A) authorised to agree variations in respect of the Separation Plans; and

(B) generally available to discuss any aspect of the Separation Plans.

14.12 The Parties shall perform their respective obligations set out in each Separation Plan.

Data Migration

14.13 Data extraction and migration shall, unless otherwise agreed by the Parties, be performed as part of the Separation of the IT Services and the relevant Detailed Separation Plans shall:

(A) provide for and address the assistance to be provided by Provider in connection with the extraction and migration of Migration Data from Provider's IT Systems to Recipient's IT Systems; and

(B) detail appropriate timelines in respect of each Party's activities to extract and migrate the Migration Data related to the IT Service. Provider agrees that such timelines shall provide

for extraction of the relevant Migration Data to allow Recipient a reasonable period in which to migrate the Migration Data onto its IT Systems and perform sufficient testing of the Migration Data on its IT Systems prior to the expiry of the relevant IT Service.

14.14 Recipient may request Provider to provide reasonable assistance and cooperation in relation to the extraction and migration of Migration Data in respect of the Separation of any Service which is not an IT Service prior to the termination or expiry of such Service. If Provider agrees (such agreement not to be unreasonably withheld or delayed) to provide such assistance and cooperation, the timelines to extract and migrate the relevant Migration Data shall be agreed in the General Separation Plan in respect of such Service. If Provider does not agree to provide the assistance and cooperation requested by Recipient, Recipient may refer the matter to the MSA Management Board to determine whether Provider shall provide the assistance and cooperation requested by Recipient in respect of extracting and migrating the relevant Migration Data relating to the Service. It shall not be unreasonable for Provider not to agree to provide assistance and cooperation in connection with the migration of data pursuant to this Clause 14.14 where such assistance and cooperation would require Provider to engage the provision of services or assistance from a Third Party.

14.15 Provider shall in accordance with the relevant Detailed Separation Plan provide reasonable assistance and cooperation:

(A) in relation to the extraction and migration from Provider's IT Systems to Recipient's IT Systems of:

(i) Recipient Data; and

(ii) any other data which relates to Recipient's business and which Recipient is not prohibited from using under the Mails Distribution Agreement,

to the extent such data is not already on Recipient's IT System ("**Migration Data**"); and

(B) including providing information (to the extent reasonably practicable) in relation to:

(i) the Services; and

(ii) the format of the Migration Data which will be migrated to Recipient's IT Systems pursuant to this Clause 14.

14.16 Provider shall, at its own Cost, extract Migration Data from Provider's IT Systems in accordance with the relevant Detailed Separation Plan and Recipient shall bear all other Costs associated with the migration of such Migration Data from Provider's IT System to Recipient's IT System.

14.17 As part of Separation of an IT Service, the Parties will provide each other with information in relation to:

(A) the operation of the Parties' IT Systems and interfaces between the IT Systems; and

(B) the manner in which Recipient uses Provider's IT Systems.

15. CONTACT CENTRE SERVICES AND OFFICIAL MAIL SERVICES

15.1 The Parties agree that:

(A) notwithstanding paragraph 1.2 of the Contact Centre Agreement, the Contact Centre Agreement shall be terminated with effect from the date of this Agreement; and

(B) notwithstanding any provision to the contrary in any Current Official Mail Services Agreement, the Official Mail Services shall continue to be provided in accordance with the Current Official Mail Services Agreement until the earlier of: (i) the Service End Date in respect of the Official Mail Services; and (ii) the date the New Official Mail Services Agreement is entered into, and each Current Official Mail Services Agreement shall be terminated with effect from the date of the New Official Mail Services Agreement. For the avoidance of doubt, notwithstanding any provision to the contrary in any Current Official Mail Services Agreement, the relevant member of Recipient Group that receives any services from any member of Provider Group pursuant to any Current Official Mail Services Agreement shall not be liable to pay any Costs to the relevant member of Provider Group in connection with the termination of such Current Official Mail Services Agreement pursuant to this Clause 15.1(B).

15.2 The Parties shall use all reasonable endeavours to enter into a written agreement, as soon as reasonably practicable after the date of this Agreement and in any event by 31 March 2013, governing the provision of services equivalent to the services listed at Paragraph 4 of Schedule 1 (Services) by Provider to Recipient ("**New Official Mail Services Agreement**").

16. THIRD PARTY CONSENTS

Obtaining and Maintaining

16.1 If either Party identifies that a Third Party Consent is required, it shall notify the other Party as soon as reasonably practicable and the Parties shall co-operate in good faith to agree whether one or both Parties should approach the relevant Third Party in respect of the Third Party Consent, and the Parties shall:

(A) use all reasonable endeavours to:

(i) obtain, as soon as reasonably practicable, such Third Party Consent; and

(ii) maintain such Third Party Consent until the relevant Service End Date;

(B) keep the other Party fully informed of its progress in obtaining the Third Party Consent;

(C) subject to Clause 16.8, use all reasonable endeavours to provide promptly such assistance in obtaining and maintaining the Third Party Consent as the other Party may reasonably request; and

(D) keep the other Party informed of the terms or conditions of a Third Party Consent with which it is aware that the other Party must comply, and obtain the other Party's consent prior to entering into such terms and conditions.

16.2 To the extent:

(A) either Party breaches the terms of a Third Party Consent notified to it in accordance with Clause 16.1(D), it shall reimburse the other Party for all Costs, expenses and damages incurred by the other Party in connection with such breach;

(B) an Authorised User causes Provider to breach a Contract (the terms of which have been notified to Recipient (or a member of Recipient Group) or it is reasonable to expect Recipient (or a member of Recipient Group) to be aware), Recipient shall reimburse Provider for all Costs, expenses and damages incurred by Provider in connection with such breach;

(C) Provider or any member of Provider Group causes Recipient to breach a contract entered into by Recipient in respect of which Provider receives the benefit pursuant to Clause 20.12 (Contracts and Consents) (the terms of which have been notified to Provider (or a member of Provider Group) or it is reasonable to expect Provider (or a member of Provider Group) to be aware), Provider shall reimburse Recipient for all Costs, expenses and damages incurred by Recipient in connection with such breach.

16.3 The Cost of obtaining a Third Party Consent shall be shared equally by Provider and Recipient provided that any such Costs are approved in advance in writing by the other Party ("**Third Party Consent Costs**").

16.4 Subject to Clause 16.8, the Cost of maintaining a Third Party Consent, including any Costs incurred in connection with Contracts shall be Third Party Costs payable in accordance with the terms of this Agreement, including Clause 8 (Charges) and Schedule 2 (Charges).

16.5 If a Third Party Consent is refused, terminated or revoked, the Party which receives notice of such refusal, termination or revocation shall notify the other Party in writing as soon as it becomes aware that such Third Party Consent has been refused, terminated or revoked.

16.6 Neither Party will unreasonably do or omit to do anything which would cause any relevant Third Party to refuse to grant or to terminate or revoke any Third Party Consent.

16.7 Provider makes no representation or warranty, whether express or implied, as to whether any Third Party Consent can be obtained or maintained for the purposes of this Agreement. Subject to its obligations in this Clause 16, Provider shall not be in breach of this Agreement (or be otherwise liable to Recipient) for any failure or delay to provide any Service to the extent such failure or delay is caused, or to the extent such failure or delay is contributed to, by the failure to obtain, or the termination or revocation of a Third Party Consent.

Software Licensing Audit

16.8 The Parties shall, within 90 Business Days of the date of this Agreement, identify all software which is accessed by Provider Group and Authorised Users pursuant to the terms, and at the date, of this Agreement and shall audit the nature and quantity of licences in place in respect of such access. If following such audit, it is identified that software licences were required in respect of Provider Group or Authorised Users' access to such software at the date of this Agreement, the Parties shall use reasonable endeavours to procure all necessary software licences and the Parties shall each

bear a just and equitable proportion (based on proportion of licences required by each Party relative to the aggregate of the software licences required, or as otherwise determined by the MSA Management Board (in accordance with Schedule 3 (Governance and Service Management)) of any Costs incurred in respect of and in connection with such licences.

16.9 Without prejudice to Clause 16.3, any software licences which are required in respect of access to software by Authorised Users after the date of this Agreement which are in addition to the software licences required in respect of access to software by Authorised Users at the date of this Agreement, shall be paid by Recipient as a Third Party Cost in accordance with Schedule 2 (Charges), provided such Third Party Costs are incurred by Provider as licence or other fees in accordance with the applicable Contract and are not a Third Party Consent Cost.

17. LIABILITY

17.1 Notwithstanding any other provision of this Agreement, neither Party limits or excludes its liability for fraud, fraudulent misrepresentation, death or personal injury caused by that Party's negligence or by the negligence of its Personnel, or any other liability to the extent to which it cannot be lawfully limited or excluded.

17.2 Subject to Clause 17.1, neither Party shall be liable to the other Party (or a member of that other Party's Group) (including under any indemnity) or to any third party, whether in contract, in tort (including negligence), under any statute or otherwise under or in connection with this Agreement or the provision of the Services for or in respect of any:

(A) indirect or consequential loss or damage howsoever arising;

(B) loss of anticipated savings, profit, revenue, business, goodwill or contracts (in each case whether such loss is direct or indirect or consequential); or

(C) loss arising from damaged, corrupted or lost data (in each case whether such loss is direct or indirect or consequential), provided that the relevant Party has complied with its obligations set out in Clause 27 (Protection of Data) and, in the case of Provider, provided it has complied with its obligations set out in Clause 19.2 (Event of Force Majeure).

17.3 The exclusions and limits on liability set out in this Clause 17 shall not apply in respect of:

(A) the obligation on Recipient to pay the Annual Charges that have become due;

(B) the obligation on either Party to pay the relevant amounts under Clause 12 (Separation and Recurring Stranded Costs) or Clauses 16.3, 16.4, 16.8, or 16.9 (Third Party Consents);

(C) any liability arising under Clause 18 (Liability in respect of Third Party Providers), Clause 22.8 (Intellectual Property), Clause 26.4(B) (Personnel at Commencement), Clause 29 (Personnel at Service Termination) or Clause 30.1 (Split Arrangements); or

(D) any liability of Provider arising under Clause 17.14 in respect of any fines or monetary financial penalties imposed by a court on Recipient.

17.4 Save where expressly provided in this Agreement, all conditions, warranties, covenants, representations and undertakings whether express or implied, whether by statute or otherwise, in respect of the obligations hereunder are excluded to the maximum extent permitted by law.

17.5 Provider shall not be in breach of this Agreement (or otherwise be liable to Recipient) for any failure or delay to provide any Service to the extent such failure or delay is caused, or to the extent such failure or delay is contributed to, by a breach of this Agreement by Recipient, Recipient's Third Party providers or any Authorised User or a failure to obtain a Third Party Consent required in connection with Clause 20.12 (Contracts), provided that Provider shall:

(A) give Recipient prompt written notice of any breach of this Agreement by Recipient or any Authorised User of which it becomes aware and which has or is likely to have an effect on the provision of the Services and/or the ability of Provider to perform its obligations under this Agreement; and

(B) despite the breach of this Agreement by Recipient or any Authorised User, use its reasonable endeavours to continue to perform its obligations under this Agreement and to mitigate the adverse consequences (including its own costs) of the breach of this Agreement by Recipient or any Authorised User, without any obligation to incur additional cost or use additional resources.

17.6 Notwithstanding that Provider may be impeded from the provision of a Service or Services as a result of circumstances set out in Clause 17.5, Provider shall be entitled to:

(A) continue to invoice (and Recipient must pay in accordance with Clause 8 (Charges)) the Annual Charges unless the Parties have agreed to amend such Annual Charges as a consequence of Provider not providing the relevant Service or Services (and Recipient may request such an amendment through any relevant meeting provided for under Schedule 3 (Governance and Service Management));

(B) receive an equitable adjustment to the timetable (if any) for the performance of the Services; and

(C) charge Recipient in respect of any additional incremental resources reasonably used or Costs reasonably incurred as a result of carrying out its obligation under Clause 17.5(B), provided, to the extent reasonably practicable, such resources or Costs have been approved by Recipient in advance.

17.7 Recipient shall not be in breach of this Agreement (or be otherwise liable to Provider) to the extent such breach is caused, or to the extent such breach is contributed to, by a breach of this Agreement by Provider, any other member of Provider Group, any Provider Personnel or any Third Party Provider, provided that Recipient shall:

(A) give Provider prompt written notice of any breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel of which it becomes aware and which has or is likely to have an effect on the ability of Recipient to perform its obligations under this Agreement; and

(B) despite the breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel, use its reasonable endeavours to continue to perform its obligations under this Agreement and to mitigate the adverse consequences (including its own Costs) of the breach of this Agreement by Provider or any other member of Provider Group or any Provider Personnel, without any obligation to incur additional cost or use additional resources.

17.8 Subject to Clause 17.9 and Recipient's right to terminate under Clause 11.5 (Term of this Agreement) but notwithstanding any other provision of this Agreement or the description of any of the Services, no member of Provider Group shall, to the extent permitted by law, have any liability (whether in contract, tort or otherwise) in respect of any advice or recommendation, or any of the Tax Services, whatsoever provided by it to Recipient (or any member of Recipient Group), whether before or after the date of this Agreement and, if Recipient (or any member of Recipient Group) shall act on any advice or recommendation, or Tax Services, given directly or indirectly by a member of Provider Group (whether or not in respect of the Services and whether before or after the date of this Agreement), Recipient hereby acknowledges and agrees (for itself and on behalf of the members of Recipient Group) that it shall do so at its own risk and that no member of Provider Group shall be liable for any loss, damage, Costs or proceedings arising therefrom.

17.9 If Provider provides as part of a Service any advice or recommendation, or any Tax Services, which are fraudulent or negligent or in wilful default of this Agreement, Provider shall reimburse Recipient an amount which is equivalent to a reasonable estimate of the proportion of the Internal Charges which Recipient paid in respect of the relevant part of such Service or Tax Services (as the case may be). Recipient's right to a reimbursement under this Clause 17.9 and its right to terminate the relevant part of such Service or Tax Services under Clause 11.5 (Term of this Agreement) are its sole and exclusive remedies in respect of the provision of such advice, recommendation or Tax Services by Provider.

17.10 Subject to Clause 17.1 and Clause 17.3 and to the maximum extent permitted by law, the maximum aggregate liability of each Party (and its Group) arising under or in relation to this Agreement (whether in contract (including under any indemnity), tort (including negligence), under statute or otherwise) shall, in respect of all claims made in any Contract Year, not exceed one hundred per cent. (100%) of the Internal Charges paid under this Agreement during the Contract Year immediately preceding the date of the event giving rise to the relevant claim (or if such claim is made in the first 12 months of the term of this Agreement, the Internal Charges that have been paid shall be increased by a pro-rata amount to create a 12 month Internal Charge solely for the purposes of calculating the liability cap under this Clause 17.10).

17.11 In assessing whether a Party's limit of liability set out in Clause 17.10 has been met or exceeded, no account shall be taken of amounts recovered or recoverable in respect of the types of liability or losses referred to in Clause 17.3.

17.12 Each Party has a duty to mitigate (and, to the extent applicable, procure that its Personnel and/or members of its Group mitigate) the damages and losses that would otherwise be recoverable from the other Party (or members of Provider Group or Recipient Group, and/or Personnel, as applicable) pursuant to this Agreement (including under any indemnity) by taking appropriate and commercially reasonable actions to reduce or limit the amount of such damages or losses.

17.13 Provider shall be entitled, without liability, to suspend the provision of any or all Services in order that emergency maintenance work be performed on the IT Systems of Provider or Recipient or any member of their respective Groups, provided that Provider shall provide Recipient with written notice as soon as Provider becomes aware of any emergency maintenance work which it considers will or is reasonably likely to lead to suspension of the provision of any Services in accordance with this Clause 17.13.

17.14 Subject to Clause 17.1 but notwithstanding any other provision of this Agreement, Provider shall not be in breach of this Agreement or otherwise liable to Recipient for any damages, liabilities or Costs incurred or losses suffered by Recipient in connection with any claim that any goods or services have been procured in breach of the Public Contracts Regulations 2006, save where Recipient has suffered or incurred any damages, liabilities, losses or Costs in connection with any such claim in circumstances where Provider, any other member of Provider Group or Royal Mail Holdings plc has expressly overruled Recipient's decision in relation to award of a contract to a specific Third Party or has required Recipient to procure goods or services for Recipient Group's benefit under a contract in Provider's name

18. LIABILITY IN RESPECT OF THIRD PARTY PROVIDERS

18.1 If Recipient suffers a loss as a result of a breach of a Contract by a Third Party Provider, ("**Third Party Loss**") Provider shall, subject to Clauses 18.3 and 18.5, reimburse Recipient an amount which is equivalent to such Third Party Loss to the extent that Provider would have a contractual right to recover the Third Party Loss had such loss been suffered by Provider.

18.2 Provider may, in its sole discretion, elect:

(A) to seek to recover the Third Party Loss from the Third Party Provider; or

(B) not to seek to recover the Third Party Loss from the Third Party Provider. (For the avoidance of doubt, an election by Provider not to seek to recover the Third Party Loss from the Third Party Provider does not relieve Provider of its obligation to reimburse Recipient in accordance with Clause 18.1.)

18.3 Recipient shall provide Provider with a breakdown of the Third Party Loss and shall give all information and assistance reasonably required by Provider in order for Provider to determine whether or not to seek recovery from the Third Party Provider for such Third Party Loss, and/or in support of any negotiations, action or proceedings with the relevant Third Party Provider in respect of recovery of such Third Party Loss.

18.4 If Provider elects to seek to recover the Third Party Loss from the relevant Third Party Provider under Clause 18.2(A), subject to Clause 18.5:

(A) Recipient shall reimburse Provider for all Costs incurred by Provider in respect of such claim, subject to Provider complying with its obligation set out in Clause 18.6(B)(i); and

(B) the amount to be reimbursed to Recipient under Clause 18.1 shall be equivalent to the amount recovered by Provider from the Third Party Provider and shall only be payable after the action against the Third Party Provider is finally concluded either via a binding settlement agreement or a judicial determination from which there is no right of appeal or in

respect of which the Third Party Provider does not lodge an appeal within six weeks. To the extent an appeal subsequently lodged by the Third Party Provider against a judicial determination is successful, Recipient shall reimburse Provider for any sums payable to the Third Party Provider by Provider as a result of such appeal.

18.5 Where proceedings or an action is taken by Provider in respect of both a Third Party Loss suffered by Recipient and losses suffered by Provider as a result of a breach of a Contract by a Third Party Provider, Recipient and Provider shall:

(A) consult in relation to the conduct of negotiations and proceedings against the relevant Third Party Provider;

(B) share a just and equitable proportion of any Costs incurred in connection with such action; and

(C) share a just and equitable proportion of any sum recovered from the relevant Third Party Provider which shall be in proportion to the respective loss suffered by Provider and Recipient.

In the absence of agreement, the proportion of Costs and sum recovered (as the case may be) shall be determined using the dispute resolution mechanism set out in Clause 43 (Dispute Resolution). Save where Clause 18.2(B) applies, Provider will not settle or compromise any claim without Recipient's consent (such consent not to be unreasonably withheld or delayed).

18.6 Where proceedings or an action taken by Provider relates solely to a Third Party Loss suffered by Recipient:

(A) Recipient shall, at Provider's request and Recipient's Cost, where permitted, assume conduct of any such action or proceedings, including substitution of Provider as a party to any such action or proceedings, provided that Provider shall give Recipient all reasonable assistance required by Recipient in support of any such conduct; and

(B) Provider shall:

(i) save where Clause 18.6(A) applies, keep Recipient fully informed of its progress in conducting such action or proceedings and all Costs incurred and estimates of Costs that Provider expects to incur in conducting such action or proceedings;

(ii) save where Clause 18.6(A) applies, conduct any such action or proceedings, and/or negotiations for the settlement such action or proceedings, as though Provider itself (and/or any member of Provider Group) had suffered the Third Party Loss; and

(iii) not settle or compromise any such action or proceedings without Recipient's prior written consent (such consent not to be unreasonably withheld or delayed).

18.7 Save where Clause 18.6(A) applies, Provider shall have the sole right to bring and control any action or proceedings against any Third Party Provider.

18.8 The remedies specified in this Clause 18 shall be Recipient's sole and exclusive remedy in respect of any failure, delay or other problem in connection with any Service (or any part thereof) or any other breach of this Agreement caused by the act or omission of a Third Party Provider and Provider shall not be in breach of this Agreement or otherwise liable to Recipient to the extent of such failure, delay or other problem.

19. EVENT OF FORCE MAJEURE

19.1 A Party ("**Affected Party**") shall not be in breach of this Agreement or otherwise liable to the other Party ("**Other Party**") for a delay in performing or failure to comply with its obligations under this Agreement, to the extent that it is prevented, hindered or delayed in performing that obligation by an Event of Force Majeure provided that the Affected Party, to the extent practicable:

(A) gives written notice to the Other Party as soon as reasonably practicable on becoming aware of the Event of Force Majeure, such notice to contain the following information:

(i) details of the Event of Force Majeure that has occurred;

(ii) the date from which the Event of Force Majeure has prevented or hindered the Affected Party in the compliance of its obligations under this Agreement;

(iii) the obligations under this Agreement which are affected; and

(iv) its best estimate of the date upon which it will be able to resume the performance of the affected obligations hereunder; and

(B) provides at reasonable intervals updated information to the Other Party on the status of the Event of Force Majeure and the steps taken to resume full performance of its obligations; and

(C) mitigates the consequences of the Event of Force Majeure;

19.2 Notwithstanding the generality of Clause 19.1 above, Provider agrees to maintain business continuity plans in all material respects equivalent to the scope and standard to which business continuity plans were maintained in the 12 months prior to the date of this Agreement and Provider shall not be able to rely on Clause 19.1 to the extent the failure to comply with this Agreement results from a failure to maintain business continuity plans in all material respects equivalent to the scope and standard to which business continuity plans were maintained in the 12 months prior to the date of this Agreement.

19.3 Notwithstanding anything to the contrary in this Agreement, to the extent a Service that is provided under a Contract is prevented from being provided or is materially affected by an Event of Force Majeure and Provider is not obliged to pay or is not paying any Third Party Costs under the relevant Contract during an Event of Force Majeure, Recipient shall not be obliged to pay the related Third Party Costs for the same period of time as Provider's obligation is suspended under such Contract.

22.7 Provider acknowledges that the Recipient Data is the property of Recipient or relevant member of Recipient Group. All Intellectual Property, confidential information and know-how in or to the Recipient Data shall vest in Recipient or relevant member of Recipient Group.

22.8 Each Party shall indemnify, and keep indemnified, the other Party from and against all claims, Costs (including, without limitation, legal costs and other advisers' fees), damages, losses and liabilities caused by or arising as a result of:

(A) the indemnifying Party's breach of a licence provided under this Clause 22; or

(B) any claim that the use of the indemnifying Party's materials by the other Party and/or its Group in accordance with the respective licence provided under this Clause 22 infringes the Intellectual Property of any third party.

22.9 Clause 22.8 shall not apply to:

(A) any infringement of Intellectual Property which arises from the use of the materials by the other Party in contravention of the indemnifying Party's reasonable instructions; or

(B) any adaptation, modification or enhancement made by the other Party to the materials without the indemnifying Party's approval.

23. CONDUCT OF THIRD PARTY CLAIMS

23.1 Where a Party (the "**Indemnifying Party**") is, pursuant to this Agreement, required to indemnify the other Party (the "**Indemnified Party**") and its Group against any Costs, claims, demands and damages of whatsoever nature incurred by the Indemnified Party and its Group arising out of or in connection with any claim made by a third party against the Indemnified Party or its Group:

(A) the Indemnified Party shall notify the Indemnifying Party promptly in writing of such claim of which it is aware; and

(B) the Indemnifying Party shall have 28 days from the date of such notice to decide whether to conduct any litigation and negotiations for the settlement of the claim. If the Indemnifying Party fails to take a decision within this period, it will be deemed to have decided not to conduct any such litigation or negotiations.

23.2 If the Indemnifying Party decides to conduct any litigation or negotiations, it shall do so at its own expense. The Indemnified Party shall give the Indemnifying Party all reasonable assistance required by the Indemnifying Party in support of any such defence or action and shall not, and shall procure that no member of its Group shall, make any admission or take any other action which might be prejudicial to any proceedings without the express prior written consent of the Indemnifying Party (such consent not to be unreasonably withheld or delayed). The Indemnifying Party will not settle or compromise any claim without the Indemnified Party's consent (such consent not to be unreasonably withheld or delayed).

23.3 If the Indemnifying Party decides not to conduct any litigation or negotiations, the Indemnified Party may conduct any litigation or negotiations itself and the indemnity provided by the Indemnifying

Party pursuant to this Agreement shall include recovery of any expenses which have been pre-approved in writing arising out of or in connection with any subsequent judgment or settlement.

24. OBLIGATION TO MITIGATE

If, pursuant to Clauses 22.8 (Intellectual Property), 26.4(A) (Unauthorised Use), 28.3(C) (Personnel at Commencement), or 29 (Personnel at Service Termination) a Party is required to indemnify the other Party (the "**Mitigating Party**") and its Group against any Costs, losses, liabilities, claims, demands and damages of whatsoever nature incurred by the Mitigating Party and its Group arising out of or in connection with a breach of such Clause, the Mitigating Party shall, and shall procure that each member of its Group shall, take all reasonable steps to mitigate such Costs, losses, liabilities, claims, demands and damages.

25. ACCESS AND INFORMATION

25.1 Each Party shall (at the other Party's expense) provide such data, information, records and assistance as may be reasonably requested:

(A) by the other Party, the other Party's Personnel or any relevant Third Party Provider for the purpose of performing or receiving the whole or part of the Services; or

(B) by the other Party or the other Party's Personnel, for the purpose of verifying or carrying out an audit of any of the Charges or other Costs payable under this Agreement, provided that any such audit shall only be carried out once per Charging Period and in July,

and (upon request by the other with reasonable notice) afford the other Party and the other Party's Personnel with reasonable access to its Personnel during working hours, save that Provider shall not be required to provide access to Provider Personnel it does not employ other than to the extent that Provider has access to such Provider Personnel under the terms of the relevant Contract.

25.2 The Party requesting the data, information, records and assistance under Clause 25.1 shall:

(A) reimburse the other Party for all reasonable Costs which the other Party incurs in the provision of such data, information, records and assistance pursuant to Clause 25.1; and

(B) if it wishes to appoint an external representative to carry out any audit under Clause 25.1 obtain the prior written consent of the other Party to the appointment of such external representative, such consent not to be unreasonably withheld or delayed.

25.3 If an audit carried out under Clause 25.1(B) reveals that there is a material error in the calculation of any of the Charges or Costs which have been paid or are payable under this Agreement by a Party, such Party may serve a notice to the MSA Management Board giving reasonable details of the relevant information provided pursuant to the audit and the material error. The MSA Management Board shall discuss such information in accordance with Schedule 3 (Governance and Service Management) and determine, acting in good faith, a resolution to rectify the error, which may (if considered appropriate by the MSA Management Board) include a refund of Charges or Costs (including in connection with the provision of data, information, records and assistance or

an audit pursuant to Clause 25.2) to the Party subject of the error or be accounted for as part of the Annual True Up.

25.4 Each Party undertakes to the other that it will comply with, and shall procure that each member of its Group, its Personnel and any Sub-Contractors, will comply with:

(A) any reasonable security, health and safety and conduct guidelines and other rules and regulations necessary for the provision of or, as the case may be, the receipt of any of the Services; and

(B) the provisions of Clause 33 (Confidentiality).

25.5 Each Party shall, and shall procure that each other member of its Group shall, use its reasonable endeavours to ensure that no computer virus or other contaminant (including, but not limited to, bugs, worms, logic bombs or trojan horses) is introduced by it, any of its Personnel or any of its Sub-Contractors into the IT Systems of the other Party or of any other member of the other Party's Group.

25.6 Each Party shall (to the extent such Party becomes aware), and shall procure that each member of their respective Group shall, notify the other Party of all events causing a material interruption to or material reduction in the quality or availability of the Services relating to or involving its IT Systems or the IT Systems of the other Party.

25.7 To the extent reasonably practicable, Recipient shall, and shall procure that each member of Recipient Group shall, initiate all additions, amendments and deletions of users using the IT Systems of Provider Group in connection with provision of the Services.

26. UNAUTHORISED USE

26.1 Each Party shall, and shall procure that its Personnel shall, not commit any act of Unauthorised Use and each Party shall use reasonable endeavours to ensure that its Sub-Contractors do not commit any act of Unauthorised Use.

26.2 Recipient Sub-Contractors which have access to Provider's IT Systems at the date of this Agreement shall continue to have access to Provider's IT System, which is in all material respects equivalent to the scope and standard of such access provided in the 12 month period immediately prior to the date of this Agreement. Any additional access by Recipient Sub-Contractors which have access to Provider's IT Systems at the date of this Agreement and access by any Recipient Sub-Contractors which do not have access at the date of this Agreement, shall be subject to Provider's prior written consent which shall not be withheld if the relevant Sub-Contractor meets the requirements of Provider Group policies governing access to Provider's IT Systems. All access to Provider's IT Systems by Recipient's Sub-Contractors shall be subject to compliance by the relevant Recipient Sub-Contractor with Provider Group policies governing access by Third Parties to Provider's IT Systems provided Provider provides Recipient with access to or copies of such policies (to the extent Recipient does not already have such access or copies) and shall notify Recipient of any changes to such policies.

26.3 In the event of an act of Unauthorised Use, the Party whose IT Systems were the subject of Unauthorised Use may, without liability to itself, immediately suspend the access of the other Party,

its Personnel and any of the other Party's Sub-Contractors, if, in its reasonable opinion (based on the information available to it at the time), the Party whose IT Systems were the subject of Unauthorised Use considers it necessary in order to ensure that the Unauthorised Use has ceased and will not recur (a "**Security Suspension**"), provided that:

(A) the Party whose IT Systems are the subject of Unauthorised Use shall inform the other Party as soon as is reasonably practicable of any Security Suspension (and where reasonably practicable, in advance of such suspension being implemented), including the estimated period of that suspension;

(B) the Party whose IT Systems are the subject of Unauthorised Use shall, at the same time as the notice referred to in Clause 26.3(A) above, provide the other Party with reasonable details of the Unauthorised Use, where applicable, for the purposes of enabling the other Party to rectify that breach; and

(C) the Party whose IT Systems are the subject of Unauthorised Use shall reinstate the relevant access as soon as is reasonably practicable once it is satisfied (acting reasonably) that the Unauthorised Use has ceased and will not recur.

26.4 In the event of any breach of Clause 26.1:

(A) the Party in breach of Clause 26.1 agrees to indemnify and keep indemnified the other Party and each other member of that Party's Group against such breach; and

(B) (in the case of malicious Unauthorised Use) the Party in breach of Clause 26.1 shall ensure that the employee who committed the Unauthorised Use will be promptly withdrawn from any role relating to the provision of the Services.

27. PROTECTION OF DATA

27.1 Terms and expressions used in this Clause 27 shall have the meaning assigned to them in the Data Protection Act 1998 unless otherwise stated. In this Clause 27, "Data" means, as the context requires, Recipient Data or Provider Data and "Relevant Personal Data" means, as the context requires:

(A) Personal Data which is Recipient Data or in respect of which a member of the Recipient Group is the data controller, which, in each case, Provider or its Sub-contractors process pursuant to this Agreement; or

(B) Personal Data which is Provider Data or in respect of which a member of the Provider Group is the data controller, which, in each case, Recipient or its Sub-contractors processes pursuant to this Agreement.

27.2 Without prejudice to Clause 27.3:

(A) Provider shall, when it is processing Recipient Data pursuant to this Agreement, only handle and process the Recipient Data in accordance with Recipient's reasonable instructions and shall take appropriate technical and organisational measures against the unauthorised or unlawful processing of Recipient Data and against accidental loss or

destruction of, or damage to, Recipient Data in accordance with the Service Level Standards; and

(B) Recipient shall when it is processing Provider Data pursuant to this Agreement, take appropriate technical and organisational measures against the unauthorised or unlawful processing of the Provider Data and against accidental loss or destruction of, or damage to, Provider Data.

27.3 Each Party undertakes to the other that it will comply with, and shall procure that each member of its Group, its Personnel and any Sub-Contractors, will comply with all applicable data protection legislation in connection with the performance of its obligations and the exercise of its rights under this Agreement. Each Party undertakes that when it acts as a data processor for the other Party pursuant to this Agreement, it shall, and shall procure that its Personnel and any Sub-Contractors, only process the other Party's Relevant Personal Data in accordance with the other Party's lawful instructions.

27.4 Each Party agrees to, and shall procure that its Personnel and any Sub-Contractors, use reasonable care and skill when it is processing the other Party's Data pursuant to this Agreement. To the extent either Party is required to enter the other Party's Data onto the other Party's IT Systems pursuant to this Agreement, it shall ensure that its Personnel use reasonable care and skill to enter such Data onto the other Party's IT Systems accurately and in a reasonably prompt manner.

27.5 Each Party shall, and shall procure that its Personnel and any Sub-Contractors, shall when processing the other Party's Data pursuant to this Agreement:

(A) promptly notify the other Party in writing if it, or its Personnel or Sub-Contractors, becomes aware of any unauthorised or unlawful processing, loss, corruption or destruction of, or damage to, the other Party's Data which may have an adverse impact on the other Party's business; and

(B) promptly, and at the option of the relevant Party, return to the other Party or delete all the other Party's Relevant Personal Data, and shall procure that its Sub-Contractors return to the other Party or delete the all other Party's Relevant Personal Data, following the termination or expiry of this Agreement other than to the extent that its retention is required by Applicable Law.

27.6 Each Party agrees that when it acts as data processor for the other Party pursuant to this Agreement, it shall not transfer the other Party's Relevant Personal Data outside of the European Economic Area without the other Party's prior written consent. Provider and Recipient hereby consent to the transfer of the other Party's Relevant Personal Data outside of the European Economic Area pursuant to a contract which exists, and in the terms which such contract exists, at the date of this Agreement (as extended from time to time) between the other Party and a Third Party and where a Party transfers the other Party's Relevant Personal Data outside of the European Economic Area pursuant to such a contract, it shall notify the other Party.

28. PERSONNEL AT COMMENCEMENT

28.1 Provider and Recipient intend that TUPE 2006 shall not apply on or after the commencement of this Agreement in such a way so as to transfer the employment of any person to Provider or a member of Provider Group as a result of the provision of the Services under this agreement.

28.2 The Parties recognise that the staff providing the Services are, as at the date of this Agreement, already in place as employees of Provider.

28.3 If any person (a "**Commencement Transferred Employee**") claims or it is determined that his contract of employment has been transferred to Provider or a member of Provider Group contrary to Clause 28.1 or claims that his employment should have so transferred, then:

(A) Provider or a member of its Group shall notify Recipient within 7 days of the date of either (i) receipt of the Commencement Transferred Employee's claim or (ii) the determination, referred to in Clause 28.3 above;

(B) Provider or the relevant member of Provider Group may terminate the employment of that Commencement Transferred Employee provided that such termination is carried out within 3 months of the date of this Agreement; and

(C) Subject to Provider or relevant member of its Group complying with Clauses 28.3(A) and (B), Recipient shall indemnify Provider against all Liabilities which Provider incurs by virtue of TUPE 2006 and which arise out of or in connection with:

(i) that Commencement Transferred Employee's employment;

(ii) the termination of that Commencement Transferred Employee's employment; and

(iii) any failure to inform and consult representatives of the Commencement Transferred Employee under TUPE 2006.

29. PERSONNEL AT SERVICE TERMINATION

29.1 Provider and Recipient intend that, on or after each Service Cessation Date, TUPE 2006 shall apply in such a way so as to transfer the employment to the Recipient and/or Successor Provider of the Exit Transferred Employees engaged in the Service that has on the relevant Service Cessation Date terminated or expired.

29.2 The Parties agree that the following terms shall apply in respect of each Exit Transferred Employee:

(A) Provider shall be responsible for all emoluments and outgoings (including bonuses, commissions, PAYE, NICs and employer contributions to retirement benefit schemes) which have become due and payable prior to the relevant Service Cessation Date to or in respect of the Exit Transferred Employee.

30. SPLIT ARRANGEMENTS

30.1 If Provider, Recipient and a Third Party agree to novate any Contracts, the Parties shall enter into a novation agreement with the relevant Third Party substantially in the form set out in Schedule 9 (Form of Novation Agreement), and such other arrangements as shall be necessary or required to effect the novation of the relevant Contract to Recipient.

30.2 Notwithstanding any provision of a novation agreement entered into pursuant to Clause 30.1, Recipient acknowledges and agrees that Provider shall not be liable to Recipient for any Costs or damages incurred or losses suffered by Recipient in connection with any claim that any goods or services were procured in breach of the Public Contracts Regulations 2006 prior to the Novation Effective Date.

30.3 If the apportionment of liability pursuant to the terms of a novation agreement entered into pursuant to Clause 30.1 contradicts the exclusion of liability in Clause 30.2, the apportionment of liability specified in the relevant novation agreement shall not apply solely to the extent that it contradicts the exclusion of liability in Clause 30.2.

31. ASSIGNMENT

Neither of the Parties shall assign, or purport to assign, its rights or novate or otherwise transfer any right, obligation, benefit or interest afforded to it by or derived by it from this Agreement either in whole or in part, to any person without the prior written consent of the other Party.

32. AGREEMENTS TO AGREE

Where any provision contained in this Agreement relates to a document, procedure, process or any other matter which is to be determined or otherwise agreed by Provider and Recipient following the execution of this Agreement (an "**Agreement to Agree**"), Provider and Recipient each agree that they shall act:

(A) reasonably and in good faith in seeking to conclude each Agreement to Agree;

(B) as soon as reasonably practicable or, where timescales are stipulated in this Agreement, within those timescales; and

(C) in such manner and form as required by the relevant Clause, Schedule or Annexure (as applicable).

33. CONFIDENTIALITY

33.1 Each Party to this Agreement shall treat as strictly confidential all Confidential Information.

33.2 Either Party may disclose information which would otherwise be confidential if and to the extent:

(A) required by Applicable Law or for the purposes of judicial proceedings or to a tax authority in connection with the tax affairs of the disclosing party;

(B) that the information is disclosed on a strictly confidential basis to the professional advisers, auditors and/or bankers of that Party;

(C) that the information has come into the public domain through no fault of that Party;

(D) that the other Party has given prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed;

(E) required to enable that Party to enforce its rights under this Agreement;

(F) necessary for the provision or receipt of the Services;

(G) that disclosure by either Party to their Group is reasonably required for the provision or receipt of the Services from time to time; or

(H) that disclosure is by Recipient to a Successor Provider, or potential Successor Provider, for the re-tendering or transfer of the Services and Recipient has given prior written approval to the disclosure, such approval not to be unreasonably withheld or delayed;

provided that (except in the case of disclosure to a Tax authority):

(i) any such information disclosed pursuant to Clauses 33.2(A), 33.2(B), 33.2(F), 33.2(G) or 33.2(H) shall (to the extent permitted by Applicable Law) be disclosed only after notice to the other Party; and

(ii) the person to whom disclosure is made is subject to confidentiality obligations broadly equivalent to those set out in this Clause 33.

33.3 In addition to the provisions of Clause 33.2, the Parties may disclose Confidential Information:

(A) to any Personnel of Provider or Third Party Provider to the extent reasonably necessary to enable the Services to be provided;

(B) to any person to the extent reasonably necessary for Provider to obtain any Third Party Consent; and

(C) to a Third Party that has, in Provider's reasonable judgement, a prospect of participating in a Transaction subject to Provider giving prior written notice to Recipient of such disclosure, and

in each case, provided such persons are subject to confidentiality obligations broadly equivalent to those set out in this Clause 33.

34. NOTICES

34.1 Any notice or other communication given or made under or in connection with the matters contemplated by this Agreement shall be in writing.

34.2 Any such notice or other communication shall be addressed as provided in Clause 34.3 and, if so addressed, shall be deemed to have been duly given or made as follows:

(A) if sent by personal delivery, upon delivery at the address of the relevant Party;

Section M: Services to Cease

If any part of the services set out in this Section M (Services to Cease) is also set out in any Section A (Finance Services) to Section L (Contact Centre Services) and Section N (IT Services), such part shall continue to be provided by Provider in accordance with Section A (Finance Services) to Section L (Contact Centre Services) and Section N (IT Services).

(xxvii) NAME OF SERVICE: SERVICES TO CEASE			
STC01	Services to Cease		
Description of Service	**Ref**	**Workstream**	**Description of services to cease**
	1	Company secretary	Company secretarial work
	2	Company secretary	Group policy / Co sec support
	3	Company secretary	Information management
	4	Company secretary	Chairman's & CEO's office
	5	Company secretary	Welsh Language
	6	Company secretary	Secretary Wide Charges
	7	Commercial	Strategy
	8	Facilities management	Transformation

	9	Facilities management	Field Services AFM (Area Field Manager) Service and Contract Management Service for specific Recipient FM contracts.
	10	Communications	Director of Communications
	11	Communications	Press Office
	12	Communications	Public Relations
	13	Communications	Parliamentary Affairs
	14	Communications	Regional
	15	Communications	Office manager / admin support
	16	Finance	Intercompany interest paid to RMG
	17	Finance	Finance Central – (interest paid received in relation to FX in accounts worldwide)
	18	Finance	VAT Compliance project
	19	Finance	Investment ratings project
	20	Finance	Adjustments/ reconciling accounting differences
	21	Finance	Central overheads

	22	Finance	Accounts worldwide
	23	Finance	Finance Services Management support
	24	Fleet	Vehicle tech specs, vehicle modifications, vehicle technical issues etc.
	25	Fleet	Vehicle R&D
	26	HR Centre	HR Director
	27	HR Centre	HR Talent (Remco recruitment, contracts and exit processes for top management)
	28	HR Centre	HR Graduates
	29	HR Centre	Business Partner
	30	HR Centre	Director of IR (primarily legal advice)
	31	Communications	Director of CR (ad hoc health and safety legal advice)
	32	Communications	Social Inclusion
	33	HR Centre	Projects
	34	HR Services	Director

	35	HR Services	Reward and Recognition (salary benchmarking and surveys)
	36	HR Services	Other
	37	HR Services	Income
	38	HR Services	Reconciliation
	39	HR Services	Recruitment Services
	40	HR Services	Other (Collection & Delivery / Coton House) (pay as you go room & accommodation bookings only)
	41	Legal	General Counsel
	42	Legal	Corporate & Privatisation
	43	Legal	Strategic Procurement
	44	Legal	POL Legal
	45	Legal	Commercial
	46	Legal	Business Development & Technology
	47	Legal	Operations & Modernisation (includes employment, pensions, dispute resolution)

	48	Legal	Property
	49	Legal	Criminal Law
	50	Procurement	Strategic layer – undertake non-category layer procurement
	51	Procurement	China sourcing
	52	Property	One-off costs on legacy Property projects
	53	Property	Valuation fees
	54	Property	Alignment reduction
	55	Property	Estimate for costs for vacant Rental Units formerly occupied by POL (GP/RMEsL owned)
	56	Property	Reconciling difference
	57	Property	Share of Rowland Hill House
	58	Property	Share of 100 VE
	59	Regulation & Compliance	Regulation
	60	Regulation & Compliance	LRIC (Long Running Incremental Costs)

	61	Regulation & Compliance	Accounts separation
	62	Regulation & Compliance	USO (Universal Service)
	63	Regulation & Compliance	PC4 (Price Control 4 Review)
	64	Regulation & Compliance	Postcomm
	65	Regulation & Compliance	Ofcom
	66	Regulation & Compliance	Compliance
Service End Date	31/03/2012		

Section N: IT Services

1. IT Services and Applications

(a) Provider shall provide to Recipient:

(i) access to, and use of, the applications; and

(ii) the IT services,

that Provider provided to Recipient during the 12 month period prior to the date of this Agreement, including the CSC Services and Telecommunications Services.

(b) To the extent that Provider was, during the 12 month period prior to the date of this Agreement, PCI compliant in respect of the IT Services, Provider shall ensure that it continues to be PCI compliant in respect of the IT Services.

(c) The Parties acknowledge and agree that the bundles of IT Services set out in Paragraph 4 of this Section N (IT Services) are indicative. The Parties will, during the development of each of the High Level Finance and IT Separation Plan and the Detailed Separation Plan pursuant to Clause 14 (Separation Plans), review and discuss whether or not the bundles of the IT Services set out in Paragraph 4 of this Section N (IT Services) are appropriate in respect of each of the Party's respective IT Separation strategies and if agreed, the Parties shall change the bundles of IT Services.

(d) The Parties acknowledge and agree that Provider may from time to time replace the Third Party Providers who provide the IT Services as at the date of this Agreement, including the CSC Services and the Telecommunications Services, with new Third Party Providers.

(e) Subject to all provisions of this Agreement, the Parties acknowledge and agree that Provider may from time to time amend, extend, re-negotiate or terminate any Contract, or enter into a replacement Contract, with any Third Party Provider who provides the IT Services as at the date of this Agreement, including the CSC Services and the Telecommunications Services.

2. Services

RML will provide the following contact centre services:

2.1 POEX – Post Office External Helpdesk

2.1.1 Management of all customer service queries; identification of potential lead generation on all viable contacts; lower level complaints, relating to PO, PO products and services and any other matters as may be advised by PO from time to time.

2.2 NBSC - Network Business Support Centre

2.2.1 Management of all enquiries from Post Office branches and their staff, relating to PO products and services; management and resolution of branch complaints and any matters relating to the support of provision of those PO products and services.

2.3 POEX Customer Care Unit (CCU)

2.3.1 Management and resolution of all non regulated customer complaints relating to any aspect of PO's business, including escalation of high profile complaints within PO and transfer of complaints to appropriate helpdesks as required. This process will fall in line with recognised Post Office management processes. as defined at section ##

2.4 Fishing Licence

2.4.1 Management of enquiries regarding, and sales of, rod fishing licences.

2.5 Welsh Speaking Service

2.5.1 Provision of all the above Services in the Welsh language as required by law. (Excluding NBSC)

2.6 Data Collection and Validation

2.6.1 Collection and validation of customer and prospect. data to support additional marketing programmes. Post Office will recognise any potential service or billable impact.

2.7 Management and Support

2.7.1 RML will provide such account management information, recruitment, training, coaching, IT, telephony and all other support services as are

3. Service Levels

Whilst Service Levels detailed in this Schedule are measured over a PO Business Period ("Month"), RML shall monitor and record performance on a daily and weekly basis, and provide such daily and weekly reports to PO as required.

The following are the Service Levels to be achieved:

3.1 Customer Response

** - pertinent to this campaign*

	Target	POEX	NBSC	NBSC Customer Relations	POEX CCU	Fishing Licence
Calls answered in 20 seconds as a percentage of Offered	80%	*	*	**n/a**	**n/a**	*
*Average Wait to answer - 60 seconds * This is a secondary measure that we are aspirationally pushing as a replacement for the above.*	*90%*	**n/a**	*	**n/a**	**n/a**	**n/a**
Calls abandoned	<5%	*	*	**n/a**	**n/a**	*
Cases closed to target < 10 days	95%	**n/a**	**n/a**	*	*	**n/a**
Call Back of Voice Message Box recordings by end of next working day (*when VMB applicable*).	97%	**n/a**	*	**n/a**	**n/a**	**n/a**

- Service level will not apply on days where the volume of call volumes or operational workloads exceed operational tolerance due to an event caused by a failure of POL or POL's systems. In agreement with POL, these days will be removed & replaced by an agreed average.

- Welsh speaking forms part of the wider Poex provisioning so all information is contained within the BAU offering/reporting.

3.2 Customer Experience

	Target	POEX (inc CCU, RFL)	NBSC	NBSC Customer Relations	POEX CCU	Fishing Licence
Agent Quality	70%	*	*	n/a	n/a	n/a

3.2.1 RML shall ensure that all advisors achieve an agreed minimum quality monitoring score as recorded through work skills analysis. Where there are recognised short falls in place RMCS will articulate to POL how they plan to address this.

3.2.2 Should PO so require, RML agrees to work in good faith with PO to ensure that its quality scoring mechanism is consistent with PO's customer experience strategy, such agreement not to be unreasonably withheld

3.2.3 Welsh speaking & fishing forms part of the wider Poex provisioning so all information is contained within the BAU offering/reporting.

3.3 Sales

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence
Lead generation – compliance to exit scripts on all viable calls.	100%	*	n/a	n/a	n/a	n/a
Lead generation – percentage of leads referred by POEX to other products as required by POL that result in a sale	*See Appendix 3*	*	n/a	n/a	n/a	n/a

3.4 Data Integrity

	Target	POEX	NBSC	NBSC Customer Relations	CCU	Fishing Licence
Call log - categorisation accuracy. (Applicable	95%	*	n/a	n/a	n/a	n/a

10. IT and Telephony

10.1 Provision and Maintenance of Applications

10.1.1 RML will be responsible for the provision and maintenance of all necessary technology and telecoms applications necessary for the provision of the Services, including Knowledge Base, Siebel and galaxy applications. Escalations as a result of operating or service issues should be made directly through CSC/IT supplier

10.1.2 RML will update all systems, hardware and software applications in accordance with the relevant agreed project timescales.

11. Ownership of Data

11.1.1 RML agrees that all customer and prospect data is the sole property of PO.

12. Contingency – Business Continuity and Disaster Recovery

12.1 Business Continuity and Disaster Recovery Plan

12.1.1 RML will provide to PO, within one month of the signing of this agreement, a bespoke comprehensive Business Continuity and Disaster Recovery Plan in a format defined by PO and which addresses how services will be re-commenced to Customers and prospects following the occurrence of any force majeure event or other event that impacts on the provision of the Services. The Business Continuity Plan should be in accordance with industry standard best practice for Business Continuity management, and also should meet any requirements for Business Continuity management laid down by RML.. PO will review the plan, and request any additional information or amendments in its sole discretion.

12.1.2 The Business Continuity and Disaster Recovery Plan will outline mitigation and corrective action for a number of events, such events to be determined by a scored risk analysis and reasonably agreed by the Parties. Such events will include, but not be limited to, telecoms, technical, premises, IT systems/data, fulfilment and facilities functions of RML, as well as the key business processes and dependencies (e.g. significant sudden staff shortages).

12.1.3 The Business Continuity and Disaster Recovery Plan will be tested, reviewed and updated by PO with attendance from RML on an annual basis. This will be in line with agreements held with CSC for the testing dates & will be subject to change if required by PO.

1.1.4 RML attend the NBSC walk through exercise, which is held once a year and controlled by PO's Business Continuity team.

1.1.5 RML agrees to implement any reasonable recommendations made by PO following any review exercise.

12.2 Risk Register

12.2.1 RML will maintain a risk register containing details of all risks identified by itself or PO. This register will contain an audit trail of action and progress in the management of each identified risk.

13. Signatories

This agreement has been signed on behalf of the Parties as follows:

For Royal Mail Limited

Name .....

Signature .....

Position .....

Date.....

For Post Office

Name .....

Signature .....

Position .....

Date .....