

IUS CONSOLIDATED CONTRACT SCHEDULE

CONSOLIDATED SCHEDULE 20

EXIT MANAGEMENT

for Contract Number DCNS/119

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CONSOLIDATED SCHEDULE 20

EXIT MANAGEMENT

This Consolidated Schedule provides a consolidated version of the requirements of Schedule 6.4 (*Exit Management*) of the Call-Off Terms and the Customer Authority's special terms relating to exit management.

Capitalised terms used but not defined in this Consolidated Schedule are defined in Consolidated Schedule 1 (*Definitions*).

1 INTRODUCTION AND BACKGROUND

1.1 The Consolidated Schedule:

- 1.1.1 describes the general principles that apply to the Contractor's obligations under this Consolidated Schedule (see Paragraph 2 below);
- 1.1.2 describes the Contractor's obligations during each Re-Procurement Period (see Paragraph 3 below);
- 1.1.3 describes the process for the development of the Exit Plan(s) and the Contractor's obligations to perform the activities set out in the Exit Plan(s) (see Paragraph 4 below);
- 1.1.4 describes the requirements relating to the appointment of an Exit Manager (see Paragraph 5 below);
- 1.1.5 describes the Contractor's obligations during each Exit Period (see Paragraph 6 below);
- 1.1.6 describes the Contractor's obligations at the end of each Exit Period regarding the destruction of data and the vacation of Customer Authority Premises (see Paragraph 7 below);
- 1.1.7 describes the process for transferring relevant Assets, Sub-contracts and software upon expiry or termination of this Consolidated Contract (see Paragraph 8 below);
- 1.1.8 refers to relevant provisions relating to personnel (see Paragraph 9 below); and
- 1.1.9 describes the principles that apply to the Contractor's obligations to provide data, information and materials and other general provisions relating to the Contractor's obligations under this Consolidated Schedule (see Paragraph 10 below).

2 GENERAL

- 2.1 The procurement of all or part of the Replacement Services may be phased so that parts of the Services expire or are terminated and may be re-procured at different times or at the same time. There may be one or more Re-Procurement Periods. The Contractor may be required by the Customer Authority to provide Re-Procurement Assistance and Re-Procurement Information to one or more Bidders during any Re-Procurement Period in relation to the procurement of Replacement Services for all or part of the Services.
- 2.2 The transfer of all or part of the Services from the Contractor to one or more Replacement Contractors may be phased so that certain Services are transferred to the Replacement Contractors at different times or at the same time. There may be one or more Exit Periods.

The Contractor may be required by the Customer Authority to provide Exit Management Information and Exit Assistance to one or more Replacement Contractors during any Exit Period in relation to the expiry or termination of all or part of the Services.

- 2.3** One or more Re-Procurement Periods may overlap with one or more Exit Periods.

3 RE-PROCUREMENT PERIOD

Ethical Walls

- 3.1** Within ten (10) Working Days of the commencement of any Re-Procurement Period, the Contractor shall notify the Customer Authority whether or not it, any of its Affiliates or any of its Sub-contractors, intend to bid in connection with the relevant procurement process (whether by itself or with others).
- 3.2** If the Contractor (or any of its Affiliates or its Sub-contractors) intends to bid for the provision of any Replacement Services, then the Contractor shall, and where applicable shall procure that any relevant Affiliate or Sub-contractor shall:
- 3.2.1** by the date falling twenty (20) Working Days after the commencement date of the relevant Re-Procurement Period (the “**Ethical Walls Start Date**”) put in place measures to ensure that it complies with the Ethical Walls Requirements;
 - 3.2.2** ensure that it complies with the Ethical Walls Requirements from the Ethical Walls Start Date until the end of the Re-Procurement Period; and
 - 3.2.3** without prejudice to the terms of the Ethical Walls Requirements, ensure that no member of the Key Personnel is transferred to become a Member of the Bid Team (including, if applicable, restricting the transfer of such Key Personnel to any Affiliate or Sub-contractor that is participating in the Bid).

Re-Procurement Information

- 3.3** During each Re-Procurement Period, the Contractor shall:
- 3.3.1** update the Re-Procurement Information: (i) within ten (10) Working Days from the start of each Re-Procurement Period; and (ii) on the first Working Day of each Quarter during such Re-Procurement Period;
 - 3.3.2** make the Re-Procurement Information (as updated in accordance with Paragraph 3.3.1 above) available to the Customer Authority to download electronically at any time in an editable format from the Management Information Exchange and otherwise in accordance with Consolidated Schedule 14 (*Performance Monitoring and Reporting*); and
 - 3.3.3** promptly make available to the Customer Authority to download electronically in an editable format from the Management Information Exchange all other information, as is reasonably requested by the Customer Authority for the Re-Procurement Purposes.

Re-Procurement Assistance

- 3.4** During any Re-Procurement Period, the Contractor shall (and shall ensure that the Sub-contractors shall) promptly provide such assistance to the Customer Authority, and the Bidders, as may be reasonably requested by the Customer Authority from time to time for the Re-Procurement Purposes, including by:

- 3.4.1** proactively identifying any additional information (other than that listed in the Re-Procurement Information) and activities reasonably required for the Re-Procurement Purposes on its own initiative from time to time and in any event within ten (10) Working Days of receiving any request from the Customer Authority for such information;
 - 3.4.2** providing the Customer Authority and Bidders with reasonable access to the Contractor Premises and any other premises from which the Contractor, any Sub-contractor (or both) provides the Services, so that the Customer Authority and the Bidders may conduct reasonable due diligence, within ten (10) Working Days of receiving a request from the Customer Authority for such access;
 - 3.4.3** meeting with the Customer Authority and Bidders to discuss and explain the provision of the Services, to allow the Customer Authority and Bidders to gain a sufficient understanding of and familiarity with the Services, systems documentation and processes used in providing the Services, within ten (10) Working Days of the request for any such meetings;
 - 3.4.4** providing the Customer Authority and the Bidders with access to the Contractor Personnel within ten (10) Working Days of receiving a request for such access, and ensuring that such Contractor Personnel respond accurately and constructively to questions asked by Bidders and the Customer Authority, including questions in relation to the provision of the Services, how all or part of the Services might be transferred and constraints affecting a Bidder's proposed transition plan;
 - 3.4.5** preparing briefing papers for the Customer Authority and Bidders, and giving presentations to the Customer Authority and to Bidders, in relation to the performance of the Services or any specific aspects of the Contractor's performance of the Services within ten (10) Working Days of receiving a request for such briefing papers or at such time as the Parties agree is a convenient time for such a presentation (and, unless otherwise directed by the Customer Authority, no later than ten (10) Working Days after the date it receives a request for such a presentation);
 - 3.4.6** preparing and providing training materials, and providing appropriate training, to the Bidders' personnel and to the Customer Authority personnel if required by the Customer Authority. The Contractor shall provide such training in the form requested by the Customer Authority (for example in electronic format or in face-to-face sessions) and at such a time as is agreed by the Customer Authority; and
 - 3.4.7** meeting and discussing with the Customer Authority and Bidders how the Exit Plan might correspond and interact with any transition, migration or implementation plans proposed by Bidders, within ten (10) Working Days of the request for such meeting.
- 3.5** If the Contractor fails to provide information or to perform its obligations in accordance with Paragraphs 3.4.1 and 3.4.7 (inclusive) above within ten (10) Working Days from receiving notice from the Customer Authority that the Contractor has not provided such information or performed such obligations, then the Customer Authority shall have the right to require the Contractor to arrange (at the Contractor's cost) all such additional resources as are necessary to provide such information and fulfil the relevant obligation(s). If the Contractor fails to do so within ten (10) Working Days of being required to do so, the Customer Authority shall have the right, at the Contractor's cost, to deploy Customer Authority

resources or a third party to fulfil the applicable obligation(s), in which case the Contractor shall provide promptly all assistance reasonably requested by the Customer Authority or relevant third party and the Customer Authority (or third party) shall be entitled to invoke an audit of the Contractor in accordance with Clause 22.4 of this Consolidated Contract.

4 EXIT PLANNING

Development of an Exit Management Plan and Specific Exit Plans

- 4.1** Within three (3) months after the Effective Date, the Contractor shall develop and deliver to the Customer Authority a draft Exit Management Plan that addresses the matters set out in Appendix 1 to this Consolidated Schedule. The Exit Management Plan shall set out the Contractor's proposed overall methodology for achieving an orderly transfer of all, and any part, of one or more of the Services from the Contractor to one or more Replacement Contractors (and at the Customer Authority's option, for achieving a wind-down of all or part of the Services), upon the expiry or termination of this Consolidated Contract (whether in whole or in part) for any reason whatsoever. The Contractor shall ensure that the Exit Management Plan is designed so that the Services are capable of being transferred to Replacement Contractor(s) without disruption to the provision of the Services to, and use of the Services by, the Customer Authority or any of the Indirect Customers.
- 4.2** The Customer Authority may require that the Contractor develops and delivers to the Customer Authority draft specific exit plans for: (i) each or any specific Exit Period; (ii) each or any specific Service; (iii) each or any specific Service Element; or (iv) any combination of Exit Period, Service and Service Element, (each such plan being a "**Specific Exit Plan**"). The Contractor shall ensure that each Specific Exit Plan satisfies the requirements set out in Paragraph 4.1 above as if such Specific Exit Plan were an Exit Management Plan, except that those requirements need only be met in relation to the relevant Service(s) (or part(s) of Service(s)) to which the relevant Specific Exit Plan relates.
- 4.3** The Contractor shall ensure that any Specific Exit Plans and the overall Exit Management Plan are consistent with each other and work together when operated as planned.

Review of Exit Plans

- 4.4** Within thirty (30) Working Days after receipt by the Customer Authority of any draft Exit Plan (including any draft Exit Plan submitted pursuant to Paragraph 4.6 below), the Parties shall meet to discuss and seek to agree the Exit Plan. The Contractor shall ensure that any comments, suggestions or amendments suggested by the Customer Authority (acting reasonably) are incorporated into the Exit Plan and shall issue an updated copy of the Exit Plan to the Customer Authority within ten (10) Working Days of such comments, suggestions or amendments being communicated to the Contractor by the Customer Authority. The process outlined in this Paragraph 4.4 shall be repeated until the Customer Authority Approves the Exit Plan, at which time it shall be signed by both Parties.
- 4.5** The Contractor shall comply with all Approved Exit Plans and shall start to perform each of the activities set out in an Exit Plan on the date specified in the Exit Plan or, where no such date is specified, at such time as is necessary to allow for a smooth transition of the relevant Services or part(s) of them (as such time may be reasonably specified by the Customer Authority). Until Approval of an updated version of any Exit Plan, the Contractor shall comply with the last Approved version of such Exit Plan (insofar as a version has been Approved and still applies).

4.6 The Contractor shall keep the Exit Plans under continuous review and shall update and submit to the Customer Authority for review draft Exit Plans:

- 4.6.1** in the first month of each Contract Year;
- 4.6.2** within ten (10) Working Days of the commencement of each Re-Procurement Period and each Exit Period;
- 4.6.3** within ten (10) Working Days of the start of each Quarter during each Re-Procurement Period and each Exit Period;
- 4.6.4** whenever there is a significant change to the Services, within ten (10) Working Days of the date that such a change takes effect;
- 4.6.5** whenever there is a significant change to the Customer Authority's strategy for the re-procurement, wind-down or transfer of all or part of the Services (including the structure of any Replacement Services or the scope or nature of any assistance to be offered to Bidders), within ten (10) Working Days of the date that such a change in strategy is notified to the Contractor by the Customer Authority; and
- 4.6.6** where an impact assessment in respect of a change identifies that an update to an Exit Plan is required, within ten (10) Working Days of the date of such impact assessment,

and shall ensure that it is able to promptly implement the Approved Exit Plans (as amended from time to time) at any time.

4.7 The Contractor shall ensure that each version of any Exit Plan:

- 4.7.1** takes into account any changes affecting the Services since the previously agreed version of the relevant Exit Plan;
- 4.7.2** where appropriate, aligns with, incorporates or references any activities, dates, timescales, or milestones reasonably set by the Customer Authority; and
- 4.7.3** is adaptable and shall include provisions to deal with full, partial and unexpected termination of all or part of the Services (or in the case of a Specific Exit Plan, the relevant Services or part(s) of them), taking into account the circumstances described in Paragraph 2 of this Consolidated Schedule.

4.8 The Contractor shall liaise constructively with the relevant Customer Authority Third Parties, Wider PSN Contractors and Other PSN Services Contractors as required by the Customer Authority from time to time in order to develop, update and finalise any version of any Exit Plan.

Implementation of the Exit Plan and use of alternative exit plan

4.9 The Customer Authority may develop an alternative exit plan to any Exit Plan (which may be based on any Exit Plan). If the Customer Authority wishes to develop such an exit plan, then the Contractor shall:

- 4.9.1** provide to the Customer Authority all information and other co-operation as required to develop the exit plan;
- 4.9.2** work with the Customer Authority to review and provide comments on the exit plan; and

- 4.9.3 adopt and implement the exit plan developed by the Customer Authority (whereupon such exit plan shall stand in place of the Exit Plan that the Customer Authority intends it to replace and shall be treated as an Exit Plan for the purposes of this Consolidated Schedule (including for the purposes of Paragraphs 4.5 to 4.8 above and Paragraph 6 of this Consolidated Schedule)), unless otherwise agreed in writing by the Customer Authority.

5 APPOINTMENT OF EXIT MANAGER

- 5.1 The Contractor shall appoint a suitable Exit Manager and team to manage the process of exit and transfer of Services to one or more Replacement Contractors (including the preparation and implementation of the Exit Plans and provision of Re-Procurement Assistance and Exit Assistance and the provision of Exit Management Information) and shall provide written notification of such appointment to the Customer Authority within sixty (60) Working Days (or such other period as the Parties agree in writing) of the Contract Date.
- 5.2 The Contractor shall ensure that its Exit Manager has the requisite authority to arrange and procure any resources of the Contractor as are reasonably necessary to enable the Contractor to comply with the requirements set out in this Consolidated Schedule and any Exit Plan, including a team to manage the process of exit and transfer of Services to one or more Replacement Contractors and
- 5.3 The Contractor's Exit Manager shall be deemed one of the Key Personnel.

6 EXIT PERIOD

- 6.1 The Contractor shall be responsible for the completion of the Exit Plans, including project management of the overall exit process. The Contractor shall ensure that exit is completed in a smooth, efficient and orderly manner which minimises any disruption to the business of the Customer Authority and any Indirect Customers.

Exit Period Duration

- 6.2 An Exit Period shall commence on the earlier of:
- 6.2.1 the date notified by the Customer Authority to the Contractor in writing, provided that such date falls after the date that is one (1) year prior to the expiry of this Consolidated Contract; and
- 6.2.2 where all or part of the Services are, or this Consolidated Contract is, terminated prior to the expiry of the Term, the day after the date on which the relevant Termination Notice is served on the Contractor by the Customer Authority.
- 6.3 An Exit Period shall end on the date falling on the latest of:
- 6.3.1 one (1) year after this Consolidated Contract expires or terminates; or
- 6.3.2 where the Exit Period relates to the expiry or termination of only part of the Services or part of this Consolidated Contract, one (1) year after the Contractor ceases to provide the relevant terminating Services under this Consolidated Contract; and
- 6.3.3 the date on which all the activities in the Exit Plans have been completed to the satisfaction of the Customer Authority.

- 6.4** The Customer Authority may terminate its requirement for any Exit Assistance at any time by serving not less than twenty (20) Working Days' written notice upon the Contractor.

Exit Information

- 6.5** During each Exit Period, the Contractor shall:

- 6.5.1** update the Re-Procurement Information and record the TUPE Specific Information:
 - (i) within ten (10) Working Days of the start of such Exit Period; and (ii) thereafter, update the Exit Management Information no less than once each month during such Exit Period;
- 6.5.2** within ten (10) Working Days from the start of each Re-Procurement Period, make the Exit Management Information (as updated in accordance with Paragraph 6.5.1 above) available to the Customer Authority to download electronically at any time in an editable format from the Management Information Exchange throughout the relevant Re-Procurement Period;
- 6.5.3** provide to the Customer Authority and the Replacement Contractor(s) all other data, information and materials relevant to the terminated Services in its then current format or in a format reasonably requested by the Customer Authority, together with all related documentation, and any other information and copies thereof owned by the Customer Authority; and
- 6.5.4** promptly make available to the Customer Authority to download electronically in editable format from the Management Information Exchange all other information, as is reasonably requested by the Customer Authority in connection with the wind-down or transfer of all or part of the Services.

Exit Assistance

- 6.6** During each Exit Period, the Contractor shall perform its obligations set out in the relevant Exit Plans and shall provide the Customer Authority and each Replacement Contractor with any assistance reasonably requested by the Customer Authority to achieve an orderly transfer of the relevant Services and so as to prevent or mitigate any inconvenience to the Customer Authority or the Indirect Customers, including:

- 6.6.1** proactively identifying any additional information and activities, other than those listed in the Exit Plans, needed to ensure an orderly transfer of the Services and notifying the Customer Authority of such additional information and activities and making such amendments to the Exit Plans as are reasonably necessary to that end;
- 6.6.2** discussing and explaining the provision of the Services with the Customer Authority and Replacement Contractor(s) to allow them to gain a sufficient understanding of and familiarity with the Services, systems documentation and processes used in providing the Services to enable the Replacement Contractor(s) to provide Replacement Services;
- 6.6.3** providing the Customer Authority and Replacement Contractor(s) (as requested by the Customer Authority from time to time for the purpose of the smooth transfer of all or part of a service to a Replacement Contractor) with access:
 - (i) to other information and documentation relating to the Services which is not provided as part of the Exit Management Information, including the right to take reasonable copies of that material, within ten (10) Working Days of

- receiving a request for such information from the Customer Authority or the Replacement Contractor; and
- (ii) during the Contractor's normal business hours and following reasonable notice (and no later than ten (10) Working Days from the date that such notice is given, unless otherwise agreed in writing by the Customer Authority) to members of the Contractor Personnel who have been involved in the provision or management of the Services and who are still employed or engaged by the Contractor or its Sub-contractors;
- 6.6.4** ensuring that Contractor Personnel shall respond promptly (and in any event within ten (10) Working Days of receiving each question) to such questions as the Replacement Contractor(s) and Customer Authority may reasonably have in relation to the provision of the Services and the activities that may or will take place in order to transfer all or part of the relevant Service(s) to the relevant Replacement Contractor(s);
- 6.6.5** working with the Replacement Contractor(s) to align their implementation plans with the Exit Plans and proposing amendments to the Exit Plans, if necessary, to ensure such alignment;
- 6.6.6** documenting and discussing with the Customer Authority and the Replacement Contractor(s) at such time as is agreed by Customer Authority (and, unless otherwise agreed in writing by the Customer Authority, within ten (10) Working Days of the request for such discussions) the current status of work in progress and if and how such work shall be continued during transition;
- 6.6.7** providing assistance and expertise to examine all governance and reports in place for the provision of the Services;
- 6.6.8** preparing briefing papers for the Customer Authority and the Replacement Contractor(s) and giving presentations to Replacement Contractor(s) and the Customer Authority in relation to the performance of the Services or any specific aspects of the Contractor's performance of the Services (within ten (10) Working Days of receiving a request for such briefing papers or at such time as the Parties agree is a convenient time for such a presentation (and, unless otherwise agreed in writing by the Customer Authority, no later than ten (10) Working Days after the date it receives a request for such a presentation));
- 6.6.9** making available to the Replacement Contractor(s) expertise to analyse training requirements and provide all necessary training to the Replacement Contractor(s)' personnel. The Contractor shall provide such training in the form requested by the Customer Authority (for example in electronic format or in face-to-face sessions) and at such a time as is agreed by the Customer Authority;
- 6.6.10** participating, and assisting, in trials that the Replacement Contractor(s) conduct to assess the success of the transfer of the Services, as set out in their implementation plan(s), transition plan(s), or both;
- 6.6.11** generating a computer listing of the Source Code of all Software embodying Designated IPR in a form and on such media basis requested by the Customer Authority, within ten (10) Working Days of receiving the relevant request;

- 6.6.12 entering into a period of parallel running between the Services and the services provided by any Replacement Contractor, at the Customer Authority's request; and
 - 6.6.13 phasing or staggering the transfer of Services to any Replacement Contractor in accordance with any reasonable directions from the Customer Authority.
 - 6.7 Subject to Paragraph 6.8 below, the Contractor shall continue to provide any Services that are due to terminate or expire pursuant to the terms of this Consolidated Contract or any Termination Notice, in accordance with its obligations under this Consolidated Contract until the earlier of:
 - 6.7.1 such time as the responsibility for the provision of such Services (or in the case of Partial Termination, the relevant Services) has transferred to each Replacement Contractor(s) in accordance with the process set out in the Exit Plan and the Replacement Contractors' implementation plans; and
 - 6.7.2 the end of the Term.
 - 6.8 Without prejudice to Paragraph 6.7 above, subject to the Customer Authority giving a minimum of thirty (30) Working Days' prior written notice, the Customer Authority may elect to continue to receive one or more Services in whole or in part for all or part of the remainder of any Exit Period, including in order to implement an orderly transition of the Services from the Contractor to one or more Replacement Contractor(s). If the Customer Authority makes such an election in writing, the Contractor shall provide such Service(s) (or part(s)), for the period specified by the Customer Authority in accordance with the terms of this Consolidated Contract (including in accordance with the same Service Levels and Service Management).
 - 6.9 From the date on which any Replacement Contractor is appointed, the Contractor acknowledges that the Customer Authority may be accompanied by such Replacement Contractor at meetings with the Contractor regarding the fulfilment of the Services. The Contractor shall also consult the Customer Authority and the relevant Replacement Contractor(s) about any planned changes to the provision of any of the Services after the appointment of the relevant Replacement Contractor(s).

7 DESTRUCTION OF DATA AND VACATION OF CUSTOMER AUTHORITY PREMISES

- 7.1 At the end of each Exit Period (or earlier if this does not adversely affect the Contractor's performance of the Services and the Exit Assistance and its compliance with the provisions of this Consolidated Schedule), the Contractor shall (and shall procure that the Sub-contractors shall) perform the following to the extent that the relevant software, Customer Authority Data, Assets, Customer Authority Assets, Customer Authority Premises and Confidential Information is not required to perform the Services that the Contractor shall continue to perform after the end of the relevant Exit Period:
 - 7.1.1 without prejudice to Paragraph 7.1.2 below:
 - (i) identify to the Customer Authority within twenty (20) Working Days all Customer Authority Data that: (a) is contained within, or processed on, any computers, storage devices and storage media that are to be retained by the Contractor or the Sub-contractors after the end of such Exit Period; and (b) is not required by the Contractor in order to perform any Services that

the Contractor is required to perform after the end of the relevant Exit Period, (such data being the “**Identified Materials**”);

- (ii) at the same time as identifying the relevant Identified Materials, request the Customer Authority’s permission to erase such Identified Materials; and
- (iii) promptly erase any Identified Materials that the Customer Authority has directed, or has given its permission for, the Contractor to erase (and provide prompt written confirmation to the Customer Authority on request from time to time that it has so erased the Identified Materials).

7.1.2 return to the Customer Authority (and, at the Customer Authority’s request, deliver to a Replacement Contractor) and cease to use such of the following as is in possession or control of either or both of the Contractor or any Sub-contractor:

- (i) all copies of the Customer Authority’s software and any other software or IPR licensed by the Customer Authority to the Contractor (including the materials and Designated IPR licensed to the Contractor under Clause 30.3 of this Consolidated Contract);
- (ii) all Customer Authority Assets;
- (iii) all materials created by the Contractor (including any materials created by a Sub-contractor) under this Consolidated Contract, whose IPR is owned by the Customer Authority;
- (iv) all parts of the ICT Environment and any other equipment (including Customer Authority Equipment) which belongs to the Customer Authority; and
- (v) all Customer Authority Data (in complete uncorrupted form) in its or its Sub-contractors’ possession or control;

7.1.3 vacate any Customer Authority Premises, and rectify any loss or damage that may have occurred during its, or its Sub-contractors’, occupancy;

7.1.4 at the Customer Authority’s request (but only at the Customer Authority’s request) from time to time, disconnect and remove from the Customer Authority Premises (and dispose of securely, in accordance with the Standards) any Assets and;

7.1.5 return to the Customer Authority all Confidential Information of the Customer Authority and certify that it does not retain the Customer Authority’s Confidential Information save to the extent (and for the limited period) that: (i) such information needs to be retained by the Contractor for the purposes of providing or receiving any Services or Termination Services; or (ii) the Contractor is obliged under the terms of this Consolidated Contract, the Framework Agreement or any Laws to retain such information after termination or expiry of this Consolidated Contract.

7.2 All licences, leases and authorisations granted by the Customer Authority to the Contractor in relation to any expiring or terminating Services shall be terminated with effect from the end of the relevant Exit Period.

8 ASSETS, SUB-CONTRACTS AND SOFTWARE

General Provisions

8.1 Following expiry or notice of termination (however arising) of this Consolidated Contract (or any relevant part of it) and during each Re-Procurement Period and each Exit Period, the Contractor shall not, without the Customer Authority's Approval:

8.1.1 terminate, enter into or vary any Sub-contract;

8.1.2 (subject to normal maintenance requirements) make material modifications to, or dispose of, any existing Assets or acquire any new Assets; or

8.1.3 terminate, enter into or vary any licence for software in connection with the Services.

8.2 Following receipt of the up-to-date Re-Procurement Information (including Registers) provided by the Contractor pursuant to Paragraph 3.4.1 above, the Customer Authority may provide written notice to the Contractor setting out:

8.2.1 which Assets the Customer Authority requires to be transferred to the Customer Authority and/or any Replacement Contractor(s); and

8.2.2 which Sub-contracts and other agreements the Customer Authority requires to be assigned or novated to the Customer Authority and/or any Replacement Contractor(s) (together, the "**Transferring Contracts**").

Where requested by the Customer Authority and/or any Replacement Contractor(s), the Contractor shall provide all reasonable assistance to the Customer Authority and/or any Replacement Contractor(s) to enable it to determine which Assets and Transferring Contracts the Customer Authority and/or any Replacement Contractor(s) requires in order to provide services similar to the Services. Access to Assets may be required by the Customer Authority before any Transfer Date in accordance with an Exit Plan in order to continue to deliver the Services or business as usual and consent to this shall not be unreasonably withheld or delayed by the Contractor.

Further Provisions on Assets

8.3 With effect from the expiry of an Exit Period, the Contractor shall assign to the Customer Authority (and/or any nominated Replacement Contractor(s)), free from all liens, charges, options, encumbrances and third party rights, title to and all rights and interests in those Exclusive Rights and Materials which are not already owned by the Customer Authority and which are identified by the Customer Authority pursuant to Paragraph 8.2 above. Such Exclusive Rights and Materials shall be acquired by the Customer Authority for a consideration equal to their Net Book Value except where a termination payment (including a Termination Payment) is payable by the Customer Authority to the Contractor (in accordance with Clause 49 (*Payments Made on Termination*) of this Consolidated Contract) in which case payment for such Exclusive Rights and Materials shall be included within the termination payment.

8.4 In respect of those Non-Exclusive Assets that the Customer Authority has identified pursuant to Paragraph 8.2 above, the Contractor shall either (at the Customer Authority's option, acting reasonably):

8.4.1 sell such Non-Exclusive Assets to the Customer Authority and/or any Replacement Contractor(s) at an agreed price; or

8.4.2 offer or procure for the Customer Authority and/or any Replacement Contractor(s) the use, rental or licensing of such Non-Exclusive Assets (as appropriate) in each

case for such period of time and on such commercial and other terms as may be agreed in writing between the Parties, acting fairly and reasonably. Where the Customer Authority and/or any Replacement Contractor(s) are to have such use of the relevant Non-Exclusive Asset, this shall be at a fair market price or rent for the life of the Assets. For a multiple use Asset this shall be for up to two (2) years (or such other period as the Parties agree in writing) on the same capacity basis as a fair market rent.

- 8.5** Without prejudice to the Contractor's obligations under Paragraph 7.1.2 of this Consolidated Schedule, once they are no longer needed to provide the Services or the Termination Services, the Contractor shall disconnect and remove from the Customer Authority Premises any Contractor Equipment which is not acquired by the Customer Authority pursuant to this Paragraph 8.

Further Provisions on Transferring Contracts

- 8.6** The Contractor shall assign or procure the novation to the Customer Authority (and/or any Replacement Contractor(s)) of the Transferring Contracts. The Contractor shall execute such documents and provide such other assistance as the Customer Authority reasonably requires to effect this novation or assignment.
- 8.7** The Customer Authority shall:
- 8.7.1** accept assignments from the Contractor or join with the Contractor in procuring a novation of each Transferring Contract; and
 - 8.7.2** once a Transferring Contract is novated or assigned to the Customer Authority and/or any Replacement Contractor(s), carry out, perform and discharge all the obligations and liabilities created by or arising under that Transferring Contract and exercise its rights arising under that Transferring Contract, or as applicable, procure that the Replacement Contractor(s) does the same.
- 8.8** The Contractor shall hold any Transferring Contracts on trust for the Customer Authority until such time as the transfer of the contract to the Customer Authority and/or any Replacement Contractor(s) has been effected.
- 8.9** The Contractor shall indemnify the Customer Authority (and/or any Replacement Contractor(s), as applicable) against each loss, liability and cost arising out of or in connection with any claims made by a counterparty to a Sub-contract which is assigned or novated to the Customer Authority (and/or any Replacement Contractor(s)) pursuant to Paragraph 8.6 above in relation to any matters arising prior to the date of assignment or novation of such Sub-contract.

9 CONTRACTOR PERSONNEL AND TRANSFERRING PERSONNEL

The Parties acknowledge that the provisions of Consolidated Schedule 21 (*Staff Transfer*) shall apply.

10 OTHER

- 10.1** Where this Consolidated Schedule requires the Contractor to provide data, information or materials, including any Re-Procurement Information and any Exit Management Information, the Contractor shall provide such data, information or materials in the format specified in this Consolidated Schedule, or in the absence of such format being specified,

shall provide such data, information or materials in their then current format or in a format reasonably requested by the Customer Authority. Where such data, information or materials are provided in an alternative format, the Contractor shall ensure the accuracy and completeness of such data, information or materials is not adversely affected by the conversion to that format.

- 10.2** Within a reasonable period of being asked to do so by the Customer Authority (such period not to exceed twenty (20) Working Days from the relevant request), the Contractor shall provide the Customer Authority with a breakdown of any Exit Management Information (including the Re-Procurement Information) so that the Customer Authority is able to identify which of such information relates to one or more particular Services (or one or more parts of a Service). The Customer Authority may from time to time require the Contractor to break down, or otherwise divide, the Exit Management Information (including the Re-Procurement Information) and the Contractor shall provide such break downs to the Customer Authority within a reasonable period (such period not to exceed ten (10) Working Days from the relevant request).
- 10.3** All Charges payable in respect of the activities set out in this Consolidated Schedule are set out in Consolidated Schedule 9 (*Charges and Invoicing*).
- 10.4** If the Contractor fails to provide information or to perform its obligations in accordance with this Consolidated Schedule within ten (10) Working Days from receiving notice from the Customer Authority that the Contractor has not provided such information or performed such obligations, then the Customer Authority shall have the right to require the Contractor to arrange (at the Contractor's cost) all such additional resources as are necessary to provide such information and fulfil the relevant obligation(s). If the Contractor fails to do so within ten (10) Working Days of being required to do so, the Customer Authority shall have the right, at the Contractor's cost, to deploy Customer Authority resources or a third party to fulfil the applicable obligation(s), in which case the Contractor shall provide promptly all assistance reasonably requested by the Customer Authority or relevant third party and the Customer Authority (or third party) shall be entitled to invoke an audit of the Contractor in accordance with Clause 22 (*Audits, Notifications and Record Keeping*) of this Consolidated Contract.
- 10.5** Any material breach of the obligations that the Contractor is obliged to perform pursuant to this Consolidated Schedule during:
- 10.5.1** the Re-Procurement Period (including the obligations set out in the Ethical Walls Requirements); or
 - 10.5.2** the Exit Period,
- shall be a material breach of this Consolidated Contract.
- 10.6** Except as expressly stated in any Approved Exit Plan, the obligations stated in this Consolidated Schedule shall be in addition to, and not in substitution for the provision of the Services and the Contractor shall continue to provide the Services on the terms and conditions of this Consolidated Contract.

APPENDIX 1

EXIT MANAGEMENT PLAN PRODUCT DESCRIPTION

1 INTRODUCTION

The Exit Management Plan shall meet the requirements of the Exit Management Plan Product Description set out in this Appendix 1.

2 FORMAT OF PRODUCT

The Contractor shall prepare the Exit Management Plan in electronic format, readable by Microsoft Office or Adobe Reader applications. All of the content of the Exit Management Plan shall be supported by a detailed Gantt chart that shows the timetable for all of the activities to be undertaken before, during and after each Exit Period.

3 CONTENT

3.1 The Exit Management Plan shall include:

- 3.1.1 details of the activities to be performed by the Contractor before, during and after each Exit Period, and set out the key milestones, trigger events (such as the serving of a Termination Notice) and the required resourcing for such activities;
- 3.1.2 details of any activities that will need to be carried out by the Contractor during the Exit Period to ensure the smooth transfer of the Services to a Replacement Contractor;
- 3.1.3 a draft timetable for the transfer of the Services (and the transfer of any technical infrastructure, staff, assets and work in progress);
- 3.1.4 the Contractor's estimated costs for the orderly transfer of Services (such costs to be calculated in accordance with the provisions of Consolidated Schedule 9 (*Charges and Invoicing*));
- 3.1.5 details of how the Contractor shall support the Customer Authority in its/their re-tendering of Replacement Services;
- 3.1.6 details (including the name and contact details) of the Contractor's point of contact for issues relating to Exit Management;
- 3.1.7 the Contractor's management structure to be implemented during each Exit Period, including the management of Other PSN Services Contractors and Wider PSN Contractors;
- 3.1.8 details of methods the Contractor shall use to report on the progress of the transfer of the Services during the Exit Period;
- 3.1.9 at such time as such information is known after the relevant Termination Notice has been served or prior to expiry of this Consolidated Contract, the scope of the exit, which shall include:
 - (i) confirmation of the Services that are terminating or expiring;
 - (ii) a description of the Services at the beginning of each Exit Period, including details of any work in progress;
 - (iii) a description of the Services at the conclusion of each Exit Period; and

- (iv) details of the scope of the Exit Assistance that may be required for the benefit of any Replacement Contractors;
- 3.1.10 details of how the Services shall transfer to any Replacement Contractor(s) and details of the processes, documentation, data transfer, systems migration, security and the segregation of the Customer Authority's technology components from any technology components operated by the Contractor or its Sub-contractors (where applicable) and details of how the Services would be provided (if required) during each Exit Period;
- 3.1.11 the procedures to deal with requests made by the Customer Authority or any Replacement Contractor(s) (or both) for staffing information;
- 3.1.12 details of the processes that the Contractor uses to deal with risks arising in relation to the transfer of the Services to a Replacement Contractor;
- 3.1.13 details of each of the Transferring Assets, Transferring Contracts, Key Documents, Intellectual Property Rights and all other items that are to be transferred to the Customer Authority or any Replacement Contractor (as applicable) and for each of those Transferring Assets, Transferring Contracts, Key Documents, Intellectual Property Rights and other items:
 - (i) details of the process to novate or assign the relevant Transferring Contract, including relevant meetings between the relevant parties; and
 - (ii) details of the process for transferring the Transferring Assets and the Intellectual Property Rights and all other items that are to be transferred to any Replacement Contractor or the Contractor (as applicable), including details of any documentation that needs to be signed to implement the transfer and the proposed dates for finalising and executing such documentation;
- 3.1.14 the Contractor's plans for knowledge transfer (including shadowing) or training activities as may be required for the Replacement Contractor(s) to perform the Replacement Services, including details of when such knowledge transfer shall be carried out, the manner in which such knowledge transfer shall be carried out and the location at which such knowledge transfer shall take place;
- 3.1.15 details of the plans to achieve the successful transfer of Termination Transferring Employees in accordance with Consolidated Schedule 21 (*Staff Transfer*);
- 3.1.16 details of individuals (posts and responsibilities) who shall be made available by the Contractor to facilitate the re-procurement and exit of the Services in accordance with this Consolidated Schedule;
- 3.1.17 relevant information regarding the transfer of security related processes and arrangements, such as information security and physical and logical access control;
- 3.1.18 the activities necessary to support any potential Replacement Contractor in carrying out any due diligence and plan for the transition of the relevant Replacement Services;
- 3.1.19 once agreed with the Customer Authority following appointment of one or more Replacement Contractors, a description of the Exit Assistance that the Contractor

shall deliver, such Exit Assistance to include the detailed plan for the orderly exit from the provision of the Services (the “**Detailed Exit Plan**”). The Detailed Exit Plan shall include phases, detailed activities and milestones where appropriate, with a detailed description of on-going Exit Management activities throughout each Exit Period, including exit activities aligned to the Service functions (where applicable), communications activities, stakeholder management activities and progress reporting activities;

- 3.1.20 details of the significant risks, issues, assumptions and dependencies as they apply to the Exit Management Plan, provided that any new Customer Authority Dependencies shall be agreed through the Contract Change Procedure and shall not be construed as being Customer Authority Dependencies until they have been agreed through this procedure;
- 3.1.21 descriptions of the activities required to ensure that the Contractor continues to provide the Services in accordance with this Consolidated Contract;
- 3.1.22 details as to how the Contractor will ensure that there will be minimum disruption in the provision of the Services whilst the Services are transferred to a Replacement Contractor (including details of any mitigation and contingency planning) to ensure that there is no deterioration in the quality of delivery of the Services during each Exit Period; and
- 3.1.23 details of any on-going projects or other work carried out pursuant to this Consolidated Contract.

APPENDIX 2

ETHICAL WALLS REQUIREMENTS

INTRODUCTION

- (A) The Customer Authority may wish to procure certain Replacement Services from time to time. The Contractor currently provides, or is due to provide, Legacy Services to the Customer Authority.
- (B) As a result of the Contractor's provision of the Legacy Services, the Contractor (or its Affiliates or Sub-contractors) may have access to information relating to the affairs of the Customer Authority and the Services, which is commercially sensitive, of a confidential nature, or both commercial sensitive and confidential.
- (C) The Contractor acknowledges that use of such information in connection with its Bid for the Replacement Services (or the Bids of its Affiliates or Sub-contractors (as applicable)) could give it or its Affiliates or Sub-contractors (as applicable) an unfair advantage.
- (D) In the remainder of these Ethical Walls Requirements, "these **Requirements**" shall refer to these Ethical Walls Requirements, and "**Contractor**" shall refer to the Contractor and any Affiliate or Sub-contractor of the Contractor who is required to comply with these Requirements as a result of its intention to Bid for the Replacement Services.

TERMS

1 DEFINITIONS

1.1 In these Requirements the following terms shall have the following meanings:

"**Bid**" means any activity which involves a Contractor (including any involvement as a subcontractor) in any direct or indirect involvement in any competition for Replacement Services;

"**Contractor Personnel**" means persons employed by the Contractor together with its servants, agents, suppliers and Sub-contractors and the Sub-contractors' servants, agents and suppliers;

"**Ethical Walls**" means the set of management processes, barriers and disciplines that create a zone of non-communication and physical and organisational separation between Members of the Bid Team and Members of the Operational Team to ensure conflicts of interest do not arise that could otherwise give an unfair competitive advantage to the Contractor in its Bid for the Replacement Services;

"**Legacy Service**" means a service which the Contractor, its Affiliates or a proposed Sub-contractor is already providing or is due to provide to the Customer Authority or any Indirect Customer which will either interface with or be replaced in whole or in part by the Replacement Service;

"**Member of the Bid Team**" means any person, including (but not limited to) officers, employees, agents, its Affiliates or sub-contractors who is, has been or may become involved in the Contractor's Bid for the Replacement Services and "**Bid Team**" shall have the corresponding meaning; and

"**Member of the Operational Team**" means any person who is, has been or may become involved with the operational provision of the Legacy Services and "**Operational Team**" shall have the corresponding meaning.

- 1.2** All other capitalised terms in these Requirements shall have the same meaning as set out in Schedule 1 (*Definitions*) of the PSN Services Framework Agreement.

2 ETHICAL WALLS

- 2.1** The Contractor shall comply with these Requirements. The Contractor shall promptly inform the Customer Authority of any conflict between these Requirements and any of its own relevant internal policies and procedures and the Customer Authority shall consider the purported conflict and instruct the Contractor accordingly, at the Customer Authority's discretion.

- 2.2** Within ten (10) Working Days of notifying the Customer Authority of its intention to Bid for the procurement of Replacement Services, the Contractor shall provide to the Customer Authority:

2.2.1 a description of any services being undertaken by the Contractor for the benefit of the Customer Authority and the activities being carried out by the Bid Team in relation to the relevant Bid; and

2.2.2 the name and contact details of a contact person in the Bid Team.

- 2.3** The Contractor shall ensure that Members of the Operational Team:

2.3.1 do not discuss or provide any information gained about any Legacy Services with any person who is or may become a Member of the Bid Team;

2.3.2 do not disclose or make available to a Member of the Bid Team any information in relation to Legacy Services that is not in the public domain;

2.3.3 do not without the Customer Authority's prior written consent, discuss the Legacy Service with any third party, whether or not permitted by existing confidentiality obligations; and

2.3.4 are not Members of the Bid Team, unless the Contractor has obtained the Customer Authority's prior written consent.

- 2.4** The Contractor shall notify the Customer Authority in writing as soon as possible of any instance of non-compliance with these Requirements. Upon becoming aware of any such non-compliance, the Contractor shall, without prejudice to the Customer Authority's rights under these Requirements:

2.4.1 carry out a review to ascertain the reasons for and extent of such non-compliance;

2.4.2 take such steps as are necessary to minimise the risk of such non-compliance occurring again; and

2.4.3 implement procedures for the immediate reporting to the Customer Authority of any unexpected or unusual requests for access to or copies of documents.

- 2.5** The Contractor shall at all times ensure logical and physical separation between all Members of the Bid Team and Members of the Operational Team and in particular shall ensure that:

2.5.1 all Members of the Bid Team and Members of the Operational Team:

- (i) are, so far as practicable, located in different offices of the company or else on different floors of the same office;

- (ii) have separate reporting, supervision and management lines (up to and including at the highest level of governance within the Contractor's organisation, including at board level) unless otherwise agreed in advance in writing with the Customer Authority; and
 - (iii) in particular, remain separate at organisational levels where any commercial decisions relating to either team can be made;
- 2.5.2 all information (including all files and databases) held by the Contractor relating to the Legacy Service is stored on a separate password protected computer system from that relating to the Contractor's Bid for the Replacement Service so that such information cannot be accessed by any Member of the Bid Team or any unauthorised person;
- 2.5.3 all information and documentation held in hard copy by the Contractor relating to the Legacy Service is stored securely and separately from that relating to the Contractor's Bid for the Replacement Services so that it cannot be accessed by any Member of the Bid Team or any unauthorised person; and
- 2.5.4 no information or documentation relating to the Legacy Services held by Members of the Operational Team and accessed via the ISS secure environment shall be removed from the ISS secure environment (including via any removable storage device) and made accessible to any Member of the Bid Team without the Customer Authority's permission.
- 2.6 The Contractor shall at all times monitor and ensure strict enforcement by all relevant Contractor Personnel of its obligations in these Requirements and in particular shall:
 - 2.6.1 implement strict and carefully defined procedures for dealing with a situation where it is felt that the Ethical Walls have been crossed and maintain proper records of such an event;
 - 2.6.2 monitor the effectiveness of the Ethical Walls and take all necessary steps where it is found that the Ethical Walls have not been effective;
 - 2.6.3 implement or procure the implementation of disciplinary sanctions within its, its Affiliate's or Sub-contractor's organisation where there has been a breach of the Ethical Walls;
 - 2.6.4 provide the means when requested for the Customer Authority to inspect, review and ensure that these Requirements have and are being complied with and adhered to; and
 - 2.6.5 make relevant personnel with the sufficient level of authority within its organisation available when requested to discuss concerns arising from any inspection or review as set out in Paragraph 2.6.4 of these Requirements, and revise measures or implement additional measures to address these concerns.
- 2.7 The Contractor shall procure that the Contractor Personnel in both the Bid Team and the Operational Team sign a declaration stating that they have read, understood and will comply with the obligations placed on them by, and that the Contractor is required to ensure that they comply with under, these Requirements.
- 2.8 Without prejudice to Paragraph 2.3.4 of these Requirements and notwithstanding any consent granted pursuant to that Paragraph, if the Customer Authority determines (in its

sole discretion) that there exists an actual or potential conflict between a Member of the Bid Team's previous involvement in the services provided to the Customer Authority and their involvement in the Contractor's Bid for the Replacement Services, the Contractor shall immediately cease that person's involvement in its Bid for the Replacement Services. The Contractor shall provide the Customer Authority promptly with all cooperation and information reasonably requested by the Customer Authority from time to time in order to make such a determination.

- 2.9** The Contractor shall maintain records to document that effective Ethical Walls have been put in place and that the Contractor has implemented measures to prevent the Contractor from gaining any advantage over other prospective bidders or suppliers in the procurement of the Replacement Services. The Contractor shall provide these records to the Customer Authority within five (5) Working Days of a request to do so from the Customer Authority.
- 2.10** The Contractor shall notify the Customer Authority promptly after the beginning of each Re-Procurement Period and upon becoming aware of such fact, in writing about any actual or potential conflict of interest between any Member of the Bid Team and the Customer Authority, including where a close relative of a Member of the Bid Team is employed by the Customer Authority or engaged by the Customer Authority to act as a contractor or other third party service provider.
- 2.11** The Customer Authority may, on five (5) Working Days written notice, audit the Contractor's compliance with these Requirements, including (but not limited to) visiting the sites or any or all of: (a) the Contractor; (b) the Contractor's Affiliates; and (c) any Sub-contractors. The Contractor shall (and shall use all reasonable endeavours to ensure that its Affiliates and relevant Sub-contractors shall) take all necessary steps to assist the Customer Authority to carry out this audit.
- 2.12** The Contractor shall designate specific personnel who are responsible for keeping the records referred to in Paragraph 2.9 of these Requirements and for monitoring and auditing the effectiveness of the Ethical Walls and the procedures set out in these Requirements. The Contractor shall notify the Customer Authority of such persons in writing.

3 ENFORCEMENT

- 3.1** In the event of breach of these Requirements by the Contractor, the Customer Authority may (at its sole discretion) do one or more of the following:
 - 3.1.1** exclude the Contractor's Bid for the Replacement Service from the Bid process;
 - 3.1.2** seek injunctive or other equitable remedy to restrain disclosure or further disclosure of any information relating to the Bid, the Replacement Service or the Legacy Service; and
 - 3.1.3** pursue any other remedy that may be available to the Customer Authority.