

Schedule 3 (Charges)

1. How Charges are calculated

1.1 The Charges:

- 1.1.1 shall be calculated in accordance with the terms of this Schedule;
and
- 1.1.2 cannot be increased except as specifically permitted by this
Schedule and in particular shall only be subject to Indexation where
specifically stated in the Award Form.

- 1.2 Any variation to the Charges payable under a Contract must be agreed
between the Supplier and the Buyer and implemented using the procedure
set out in this Schedule.

2. The pricing mechanisms

The pricing mechanisms and prices set out in Annex 1 shall be available for use
in calculation of Charges in this Contract.

3. Are costs and expenses included in the Charges

- 3.1 Except as expressly set out in Paragraph 4 below, or otherwise stated in the
Award Form the Charges shall include all costs and expenses relating to the
provision of Deliverables. No further amounts shall be payable in respect of
matters such as:
 - 3.1.1 incidental expenses such as travel, subsistence and lodging,
document or report reproduction, shipping, desktop or office
equipment costs, network or data interchange costs or other
telecommunications charges; or
 - 3.1.2 costs incurred prior to the commencement of this Contract.

4. When the Supplier can ask to change the Charges

- 4.1 The Charges will be fixed for the [REDACTED] following the Start Date
(the date of expiry of such period is a "**Review Date**"). After this Charges
can only be adjusted on each following yearly anniversary (the date of each
such anniversary is also a "**Review Date**").
- 4.2 The Supplier shall give the Buyer at least [REDACTED] in writing
prior to a Review Date where it wants to request an increase. If the Supplier
does not give notice in time then it will only be able to request an increase
prior to the next Review Date.
- 4.3 Any notice requesting an increase shall include:
 - 4.3.1 a list of the Charges to be reviewed;

- 4.3.2 for each of the Charges under review, written evidence of the justification for the requested increase including:
- (a) a breakdown of the profit and cost components that comprise the relevant part of the Charges;
 - (b) details of the movement in the different identified cost components of the relevant Charge;
 - (c) reasons for the movement in the different identified cost components of the relevant Charge;
 - (d) evidence that the Supplier has attempted to mitigate against the increase in the relevant cost components; and
 - (e) evidence that the Supplier's profit component of the relevant Charge is no greater than that applying to Charges using the same pricing mechanism as at the Start Date.
- 4.4 The Buyer shall consider each request for a price increase. The Buyer may grant Approval to an increase at its sole discretion.
- 4.5 Where the Buyer approves an increase then it will be implemented from the first (1st) Working Day following the relevant Review Date or such later date as the Buyer may determine at its sole discretion and Annex 1 shall be updated accordingly.

5. Other events that allow the Supplier to change the Charges

- 5.1 The Charges can also be varied (and Annex 1 will be updated accordingly) due to:
- 5.1.1 a Specific Change in Law in accordance with Clauses 28.6 to 28.8;
 - 5.1.2 a request from the Supplier, which it can make at any time, to decrease the Charges; and
 - 5.1.3 indexation, where Annex 1 states that a particular Charge or any component is "subject to Indexation" in which event Paragraph 6 below shall apply.

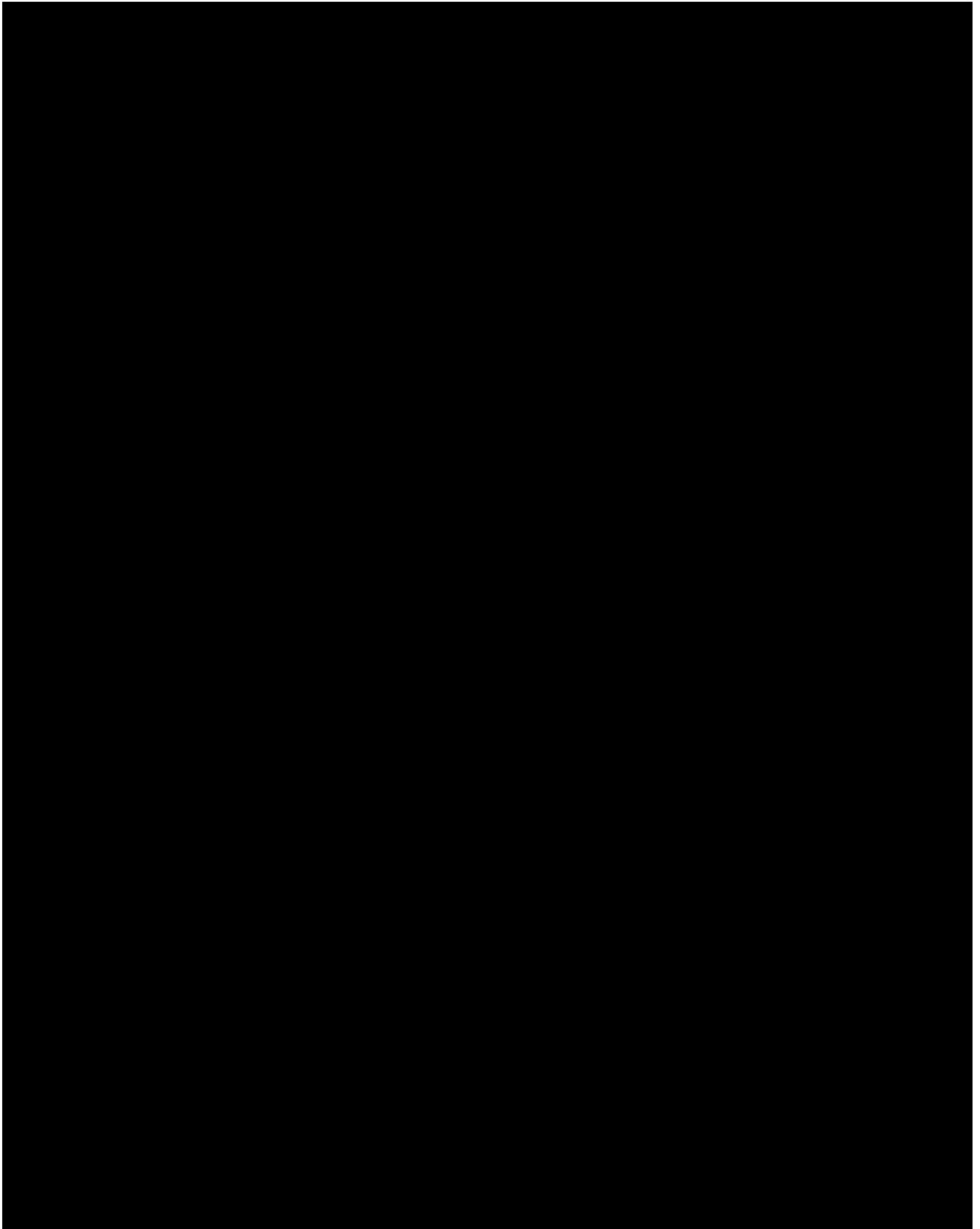
6. When the Charges are linked to inflation

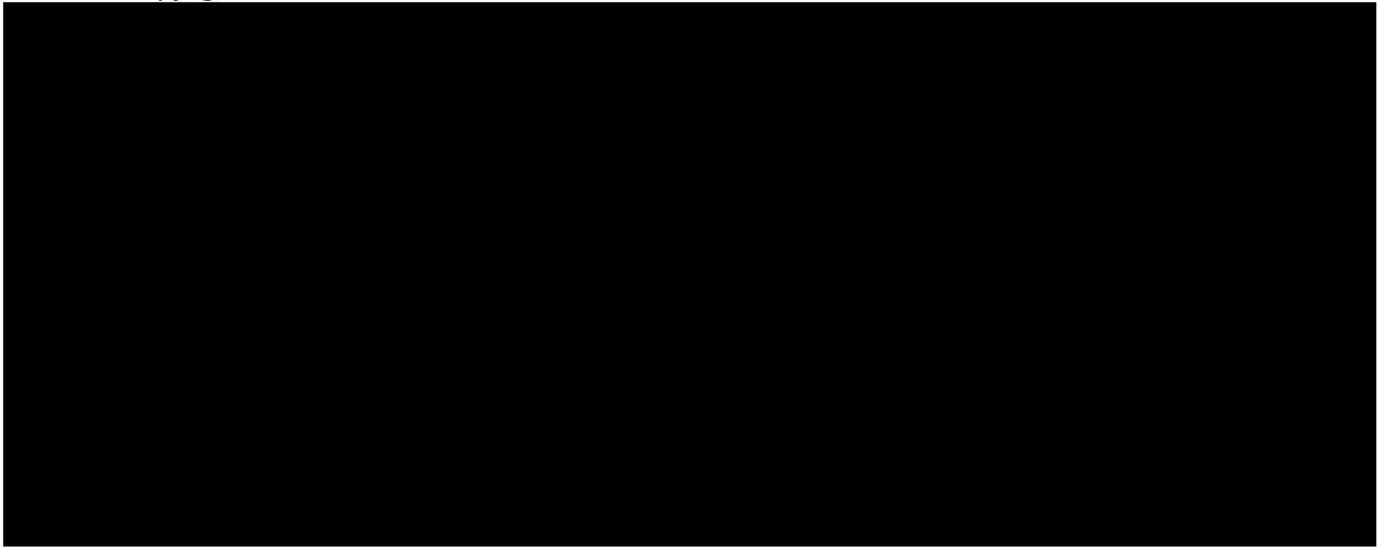
- 6.1 Where the Charges are stated to be "subject to Indexation" they shall be adjusted in line with changes in the Consumer Price Index ("CPI") (the "Index") pursuant to Paragraph 6.4. All other costs, expenses, fees and charges shall not be adjusted to take account of any inflation, change to exchange rate, change to interest rate or any other factor or element which might otherwise increase the cost to the Supplier.
- 6.2 The following costs, expenses, fees or charges included in the Charges shall not be subject to adjustment under this Paragraph 6 and shall not be included in the relevant amount or sum for the purposes of Paragraph 6.1:
- 6.2.1 Any costs charged by the Supplier to the Buyer in respect of Supplier Assets or Buyer Assets (including capital costs and

installation, maintenance and support costs) which are incurred by the Supplier prior to the relevant adjustment date but which remain to be recovered through the Charges.

- 6.3 Charges shall not be indexed during the [REDACTED] following the Start Date (the “**Non-Indexation Period**”).
- 6.4 Where Annex 1 states a Charge is subject to Indexation then it will be indexed on the date which [REDACTED] of the Non-Indexation Period to reflect the percentage change in the Index during the one year period immediately following the end of the Non-Indexation Period. Subsequent adjustments shall take place on each following yearly anniversary to reflect the percentage change in the Index since the previous change.
- 6.5 Where the Index:
 - 6.5.1 used to carry out an indexation calculation is updated (for example due to it being provisional) then the indexation calculation shall also be updated unless the Buyer and the Supplier agree otherwise; or
 - 6.5.2 is no longer published, the Buyer and the Supplier shall agree an appropriate replacement index which shall cover to the maximum extent possible the same economic activities as the original index.

Annex 1: Rates and Prices





Annex 2: Financial Pricing Mode

