

CALL OFF SCHEDULE 3: SERVICE LEVELS, SERVICE CREDITS AND PERFORMANCE MONITORING

1. SCOPE

- 1.1 This Call Off Schedule 3 (Service Levels, Service Credits and Performance Monitoring) sets out the Service Levels which the Supplier is required to achieve when providing the Services, the mechanism by which Service Level Failures and Critical Service Level Failures will be managed and the method by which the Supplier's performance in the provision by it of the Services will be monitored.
- 1.2 This Schedule comprises:
 - 1.2.1 Part A: Service Levels and Service Credits; and
 - 1.2.2 Part B: Performance Monitoring.
- 1.3 Performance of Heritage Devices shall not be measured as part of this Call Off Schedule 3 (Service Levels, Service Credits and Performance Monitoring) and shall be excluded from any calculations in respect of the performance metrics set out in this Schedule and Attachment 4 to the Order Form.

PART A – SERVICE LEVELS AND SERVICE CREDITS

1. SERVICE LEVELS

- 1.1 If the level of performance of the Supplier is likely to or fails to meet any Service Level Performance Measure the Supplier shall immediately notify the Buyer in writing and the Buyer, in its absolute discretion and without limiting any other of its rights, may:
 - 1.1.1 require the Supplier to immediately take all remedial action that is reasonable to mitigate the impact on the Buyer and to rectify or prevent a Service Level Failure from taking place or recurring; and/or
 - 1.1.2 if a Repeat Service Level Failure and/ or a Designated Service Level Failure has occurred, deduct from the Charges the applicable Service Credits payable by the Supplier to the Buyer.
- 1.2 If the level of performance of the Supplier is likely to cause or causes a Critical Service Level Failure to occur, the Supplier shall immediately notify the Buyer in writing and the Buyer, in its absolute discretion and without limiting any other of its rights, may:
 - 1.2.1 require the Supplier to immediately take all remedial action that is reasonable to mitigate the impact on the Buyer and to rectify or prevent a Critical Service Level Failure from taking place or recurring;
 - 1.2.2 instruct the Supplier to comply with the Rectification Plan Process; and/or
 - 1.2.3 if a Critical Service Level Failure has occurred, exercise its right to Compensation for Critical Service Level Failure in accordance with Clause 10 (including the right to terminate for material Default).
- 1.3 Where performance against a Service Level is below the Service Level Performance Measure in respect of the following Service Levels:
 - 1.3.1 EUS-S004;
 - 1.3.2 EUS-S005;
 - 1.3.3 EUS-S009;
 - 1.3.4 EUS-S010;
 - 1.3.5 EUS-S011;
 - 1.3.6 EUS-S012;
 - 1.3.7 EUS-S013;
 - 1.3.8 EUS-S014,this shall be a “**Designated Service Level Failure**”.

2. SERVICE CREDITS

- 2.1 The Buyer shall use the Performance Monitoring Reports supplied by the Supplier under Part B (Performance Monitoring) of this Schedule to verify the calculation and accuracy of the Service Credits, if any, applicable to each Service Period.
- 2.2 If the Service Credit Cap has been reached in the relevant rolling twelve (12) month period, the Supplier shall not be liable to pay Service Credits for that period in excess of the Service

Credit Cap. However, notwithstanding the operation of the Service Credit Cap for that period, Service Credits shall continue to be calculated and accrue (in excess of the Service Credit Cap in accordance with the provisions of this Schedule) so that the Supplier's performance is measured but Service Credits will not be payable.

2.3 Service Credits are a reduction of the amounts payable in respect of the Services and do not include VAT. The Supplier shall set-off the value of any Service Credits against the next appropriate invoice in accordance with calculation formula set out in Attachment 4 (Service Levels and Service Credits) of the Order Form.

2.4 If a Service Level Failure occurs and as a result:

2.4.1 there has been Service Level Failure in any consecutive Service Periods for a Service Level; or

2.4.2 there has been a Service Level Failure in respect of two (2) or more Service Levels within a Service Level Category in the same Service Period; or

2.4.3 there has been 4 (four) or more Service Level Failures within the previous twelve (12) Service Periods or less for that Service Level,

then the Service Level Failure shall be a **"Repeat Service Level Failure"**.

2.5 In the event that multiple circumstances of Repeat Service Level Failure occur in respect of a single Service Level in a Service Period, the highest value Service Credit calculated for that Service Level in the Service Period shall apply and any other Service Credits calculated for that Service Level shall not form part of the deduction from the Charges of the Service Credits.

2.6 Without prejudice to the Buyer's remedies in the event of a Critical Service Level Failure, Service Credits shall only be payable in the event that a Repeat Service Level Failure and/or a Designated Service Level Failure occurs.

2.7 Where a Repeat Service Level Failure occurs pursuant to Paragraph 2.4.1, a Service Credit Multiplier shall apply to any Service Credits incurred regarding the relevant Service Level. The relevant Service Credit Multiplier shall be as set out in Table B of Attachment 4 of the Order Form.

2.8 Where:

2.8.1 a Service Level Failure in respect of the same Service Level occurs:

(a) in four (4) consecutive Service Periods; or

(b) six (6) or more times within a rolling period of twelve (12) consecutive Service Periods or less; or

(c) performance against a Service Level is below the Service Level Threshold in respect of the following Service Levels:

(i) EUS-S004;

(ii) EUS-S005;

(iii) EUS-S009;

(iv) EUS-S010;

(v) EUS-S011;

(vi) EUS-S012;

(vii) EUS-S013;

(viii) EUS-S014,

a "**Critical Service Level Failure**" shall have occurred.

3. KEY PERFORMANCE INDICATORS

- 3.1 In addition to the Service Levels, the Supplier shall measure their performance of the Services as against the Key Performance Indicators in each Service Period.
- 3.2 A failure to achieve the Key Performance Indicators shall not incur Service Credits.
- 3.3 If a Key Performance Indicator Failure occurs in respect of a Key Performance Indicator and as a result:
 - 3.3.1 there has been Key Performance Indicator Failure in respect of that Key Performance Indicator in any three (3) consecutive Service Periods; or
 - 3.3.2 there has been four (4) or more Key Performance Indicator Failures in respect of that Key Performance Indicator within the previous twelve (12) Service Periods,

the Buyer may uplift the Key Performance Indicator to a Service Level. Where this is the case the relevant section of Table D in Attachment 4 of the Order Form for that Key Performance Indicator shall apply to that new Service Level. Such uplift shall take effect in the Service Period immediately following the Service Period in which the triggers in Paragraphs 3.3.1 or 3.3.2 occurred. Where an uplift occurs pursuant to this Paragraph 3.3, this shall be separate to the process as stated in Clause 9.6 such that the operation of this Paragraph 3.3 shall increase the total number of Service Levels that were applicable as at the Commencement Date.

- 3.4 Paragraph 3.3 shall not apply to Sustainability Key Performance Indicators or Social Value Key Performance Indicators.

4. XLAS

- 4.1 Following the Commencement Date, the Parties shall discuss and record through the Change Control Procedure XLAs. As at the Commencement Date the Supplier has committed to as a minimum Two XLAs regarding 'DEX 01 Technology Score' and 'DEX 02 User Sentiments Score'. Once finalised and agreed the XLAs are to be included at Table E of Attachment 4 to the Order Form together with proposed commencement dates for the application of those XLAs. Service Credits as set out in Attachment 4 to the Order Form, shall apply to XLAs.
- 4.2 The Buyer shall have the option, exercisable on notice to the Supplier, to initiate the commencement of XLAs. The Parties shall prior to the commencement of the XLAs agree and record through the Change Control Procedure a bonus scheme that shall be applicable to the achievement of XLAs having regard to the principles and maximum amounts set out in Paragraph 8 of Part C of Call Off Schedule 2 (Charges and Invoicing).
- 4.3 During the Contract Period, the Supplier and Buyer may agree to vary the XLAs including adding further XLAs and any such changes shall be subject to the Change Control Procedure.

5. Sustainability Key Performance Indicators

- 5.1 Sustainability Key Performance Indicators and Social Value Key Performance Indicators are included at Annex 1 of Attachment 4 to the Order Form to reflect the Supplier's

commitment to sustainability and social value. The Service Period for each of the Sustainability Key Performance Indicators shall be twelve (12) months unless stated otherwise in Annex 1 of Attachment 4 to the Order Form.

PART B – PERFORMANCE MONITORING

1. PERFORMANCE MONITORING AND PERFORMANCE REVIEW

- 1.1 Within twenty (20) Working Days of the Commencement Date the Supplier shall provide the Buyer with details of how the process in respect of the monitoring and reporting of Service Levels and Key Performance Indicators will operate between the Parties and the Parties will endeavour to agree such process as soon as reasonably possible.
- 1.2 The Supplier shall provide the Buyer with performance monitoring reports ("**Performance Monitoring Reports**") on a monthly basis in accordance with the process and timescales agreed pursuant to Paragraph 1.1 of Part B of this Call Off Schedule 3 (Service Levels, Service Credits and Performance Monitoring) which shall contain, as a minimum, the following information in respect of the relevant Service Period just ended:
 - 1.2.1 for each Service Level, the actual performance achieved over the Service Level for the relevant Service Period and the previous twelve (12) Service Periods;
 - 1.2.2 a summary of all failures to achieve Service Levels that occurred during that Service Period;
 - 1.2.3 details of any Critical Service Level Failures;
 - 1.2.4 for any Service Level Failures, actions taken to resolve the underlying cause and prevent recurrence;
 - 1.2.5 the Service Credits to be applied in respect of the relevant period indicating the failures and Service Levels to which the Service Credits relate;
 - 1.2.6 for each Key Performance Indicator, the actual performance achieved for the relevant Service Period. The Supplier shall only report on Social Value Key Performance Indicators and Sustainability Key Performance Indicators on a quarterly basis;
 - 1.2.7 Service Experience reports including XLA metrics; and
 - 1.2.8 such other details as the Buyer may reasonably require from time to time.
- 1.3 The Parties shall attend meetings to discuss Performance Monitoring Reports ("**Performance Review Meetings**") on a monthly basis (unless otherwise agreed). The Performance Review Meetings will be the forum for the review by the Supplier and the Buyer of the Performance Monitoring Reports. The Performance Review Meetings shall (unless otherwise agreed):
 - 1.3.1 take place within one (1) week of the Performance Monitoring Reports being issued by the Supplier at such location and time (within normal business hours) as the Buyer shall reasonably require;
 - 1.3.2 be attended by the Supplier Representative and the Buyer Representative; and
 - 1.3.3 be fully minuted by the Supplier and the minutes will be circulated by the Supplier to all attendees at the relevant meeting and also to the Buyer Representative and any other recipients agreed at the relevant meeting.
- 1.4 The minutes of the preceding month's Performance Review Meeting will be agreed and signed by both the Supplier Representative and the Buyer Representative at each meeting.
- 1.5 The Supplier shall provide to the Buyer such documentation as the Buyer may reasonably require in order to verify the level of the performance by the Supplier and the calculations of the amount of Service Credits for any specified Service Period.

2. SATISFACTION SURVEYS

- 2.1 The Buyer may undertake satisfaction surveys in respect of the Supplier's provision of the Services. The Buyer shall be entitled to notify the Supplier of any aspects of their performance of the provision of the Services which the responses to the satisfaction surveys reasonably suggest are not in accordance with this Contract.

3. ANNUAL SERVICE CREDIT EARNBACK

- 3.1 Following the conclusion of each Service Year, the Parties shall calculate in accordance with the remainder of this Paragraph 3 whether the Supplier is to receive any Service Credit Earnback based on the level of performance the Supplier has achieved in the Service Year.
- 3.2 Where the Supplier has achieved the following level of performance for the relevant Service Year, a Service Credit Earnback may be payable by the Buyer from Service Year 2 onwards on all Service Levels with the exception of the Designated Service Levels as follows:
 - 3.2.1 if in Service Year 2, the Supplier meets the Service Level Performance Measures for 96% of all Service Periods in the Service Year, then the Supplier can earn back 60% of the Service Credits accrued in that Service Year;
 - 3.2.2 if in Service Year 3, the Supplier meets Service Level Performance Measures for 97% of all Service Periods in the Service Year, then the Supplier can earn back 60% of the Service Credits accrued in that Service Year;
 - 3.2.3 if in Service Year 4, the Supplier meets the Service Level Performance Measures for 98% of all Service Periods in the Service Year, then the Supplier can earn back 50% of the Service Credits accrued in that Service Year; and
 - 3.2.4 if in Service Year 5, the Supplier meets the Service Level Performance Measures for 99% of all Service Periods in the Service Year, then the Supplier can earn back 50% of the Service Credits accrued in that Service Year.
- 3.3 Any Service Credit Earnback payable by the Buyer shall first be deducted from the value of any Service Credits accrued in the Last Service Period. Where the value of the Service Credit Earnback is greater than the value of the Service Credits accrued in the Last Service Period or no Service Credits were accrued, the Buyer shall pay to the Supplier an amount equal to the difference between the Service Credits accrued in the Last Service Period and the value of the Service Credit Earnback. Such payment shall be included within the next appropriate invoice issued by the Supplier.
- 3.4 In no circumstances will the value of the Service Credit Earnback payable by the Buyer exceed the Service Credits accrued by the Supplier in the Service Year.
- 3.5 No Service Credit Earnback will be payable where any of the following events have occurred in a Service Year:
 - 3.5.1 a Critical Service Level failure; and/or
 - 3.5.2 the Service Credit Cap was reached at any point in the Service Year.
- 3.6 Where any Service Credit Earnback has been accrued by the Supplier, all calculations for the Service Credit Cap in the next Service Year shall deduct the value of the Service Credit Earnback accrued by the Supplier from the Service Credit Cap at the point in time it is calculated in the following Service Year.