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**SCHEDULE 3 - SERVICE LEVELS, SERVICE CREDITS AND PERFORMANCE
MONITORING**

1. SCOPE

- 1.1 This 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 3 comprises:
 - 1.2.1 Part A: Service Levels and Service Credits; and
 - 1.2.2 Part B: Performance Monitoring.

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PART A – SERVICE LEVELS AND SERVICE CREDITS

1. SERVICE LEVELS

- 1.1 If the level of performance of the Supplier:
 - 1.1.1 is likely to or fails to meet any Service Level Performance Measure;
or
 - 1.1.2 is likely to cause or causes a Critical Service 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:
 - (a) 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 or Critical Service Level Failure from taking place or recurring;
 - (b) instruct the Supplier to comply with the Rectification Plan Process;
 - (c) if a Service Level Failure has occurred, deduct from the Charges the applicable Service Credits payable by the Supplier to the Buyer; and/or 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).
- 1.2 The objectives of the Service Levels and Service Credits are to:
 - 1.2.1 ensure that the Services are of a consistently high quality and meet the requirements of the Buyer;
 - 1.2.2 incentivise the Supplier to comply with and to expeditiously remedy any failure to comply with the Service Levels; and
 - 1.2.3 provide a mechanism whereby the Buyer can attain meaningful recognition of inconvenience and/or loss resulting from the Supplier's failure to deliver the level of service for which it has contracted to deliver.
- 1.3 The Supplier acknowledges and agrees that approval and implementation by the Buyer of any Rectification Plan shall not relieve the Supplier of any continuing responsibility to achieve the Service Levels, or remedy any failure to do so, and no estoppels or waiver shall arise from any such approval and/or implementation by the Buyer.
- 1.4 The Buyer shall be entitled to raise any additional questions and/or request any further information regarding any failure to achieve Service Levels.

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 3 to verify the

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calculation and accuracy of the Service Credits, if any, applicable to each Service Period.

- 2.2 The liability of the Supplier in respect of Service Credits shall be subject to Clause 19.4.3 provided that, for the avoidance of doubt, the operation of the Service Credit Cap shall not affect the continued accrual of Service Credits in excess of such financial limit in accordance with the provisions of this Schedule 3.
- 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 appropriate invoice in accordance with calculation formula set out in Attachment 4 (Service Levels and Service Credits) of 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 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**") in accordance with the process and timescales agreed pursuant to Paragraph 1.1 of Part B of this 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;
 - 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 Repeat 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; and
 - 1.2.6 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.

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- 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.
- 1.6 The Buyer reserves the right to challenge at any time the performance being reported by the Supplier, including the right to audit the method of data gathering and calculation against the Systems of Measurement and Reference Document, so that the reported performance can be validated.
- 1.7 The Supplier shall provide to the Buyer access for validation purposes to all raw data and access on demand to all of the Supplier's reporting tools.
- 1.8 The Supplier shall agree with the Buyer the format and content of the Performance Monitoring Report, along with the method and timeliness for Supplier response to challenge, in accordance with the provisions set out in the Service Operation Manual.
- 1.9 Reporting against each Service Level shall be measured by the Supplier from the date of Achievement of each applicable Operational Services Commencement Date.

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.