

DATED 21st May2025

(1) *THE COMMISSIONERS FOR HER MAJESTY'S REVENUE AND CUSTOMS*

and

(2) *IBM UNITED KINGDOM LIMITED*

PROOF OF CONCEPT AGREEMENT

relating to

HMRC Portfolio Team Gen AI

OFFICIAL - SENSITIVE - COMMERCIAL

OFFICIAL

THIS PROOF OF CONCEPT AGREEMENT is made on 21st May 2025

BETWEEN:

- (1) **THE COMMISSIONERS FOR HER MAJESTY'S REVENUE AND CUSTOMS** of 100 Parliament Street, Westminster, London SW1A 2BQ (the "**Authority**" or "**HMRC**"); and
- (2) **IBM UNITED KINGDOM LIMITED** a company registered in England and Wales under company number 741958 whose registered office is at Building C, IBM Hursley Office, Hursley Park Road, Winchester, Hampshire, SO21 2JN (the "**Supplier**"),

(each a "**Party**" and together the "**Parties**").

INTRODUCTION

- (A) The HMRC Portfolio Team (the "**HMRC Team**") is responsible for a range of tasks including but not limited to reviewing portfolio data and reports and submissions on programme delivery.
- (B) The Authority wishes to engage the Supplier to conduct a proof of concept exercise relating to how AI can help the HMRC Team better respond to commissions, draft monthly Portfolio reports, and interrogate Programme data and reporting in line with the Proof of Concept proposal document at Schedule A.
- (C) The Parties have agreed to contract with each other in accordance with the terms and conditions set out below to include the Authority's mandatory terms as set out in Schedule C.
- (D) The Parties have already agreed the terms of a Commitment Letter relating to pre-contract works to be completed by the Supplier in advance of this agreement being entered into. A copy of the Commitment Letter is included at Schedule D.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Central Government Body: a body listed in one of the following sub-categories of the Central Government classification of the Public Sector Classification Guide, as published and amended from time to time by the Office for National Statistics:

- a) Government Department;
- b) Non-Departmental Public Body or Assembly Sponsored Public Body (advisory, executive, or tribunal);
- c) Non-Ministerial Department; or
- d) Executive Agency;

Confidential Information: all information, whether written or oral (however recorded), provided by the disclosing Party to the receiving Party and which (i) is known by the receiving Party to be confidential; (ii) is marked as or stated to be confidential; or (iii) ought reasonably

to be considered by the receiving Party to be confidential.

Contract Award Procedure: means any procedure for or connected with procuring a supply of which the Objective is in any way connected to.

Existing IPRs: any and all intellectual property rights that are owned by or licensed to either Party and which have been developed independently of the Agreement (whether prior to the date of the Agreement or otherwise).

Information: information owned by the Supplier and provided to the Authority comprised within a Key Deliverable and relating to the HMRC Portfolio Team Gen AI Objective, including but not limited to user documentation.

Information Provided in Confidence: means information imparted in genuine confidence, a legal person could bring a court action for that breach of confidence, and that court action would be likely to succeed.

Key Deliverables: those key deliverables detailed within the Proof of Concept proposal document at Schedule A.

Law: any law, statute, subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978, bye-law, enforceable right within the meaning of section 2 of the European Communities Act 1972, regulation, order, mandatory guidance or code of practice, judgment of a relevant court of law, or directive or requirements of any regulatory body with which the Supplier is bound to comply.

Objective: the Objective includes; the delivery of the Key Deliverables as defined within the Proof of Concept proposal document at Schedule A and the Authority's Portfolio Team pursuing any actions, productivity improvements and developments relating to AI

Proof of Concept Fee: the charge specified in Schedule B

Regulation: Regulation without reference to any other statutory instrument is a reference to the Regulations. **Regulations:** the Public Contracts Regulations 2015 and/or the Public Contracts (Scotland) Regulations 2015 (as the context requires) as amended from time to time.

Request for Information: has the meaning set out in the Freedom of Information Act 2000 (**FOIA**) or the Environmental Information Regulations 2004 (**EIR**) as relevant (where the meaning set out for the term "request" shall apply).

Supplier Personnel: means all directors, officers, employees, agents, consultants and contractors of the Supplier and/or of any sub-contractor of the Supplier engaged in the performance of the Supplier's obligations under the Agreement;

Trial Period: the period commencing upon signature of this agreement and ending upon the Key Deliverables being delivered by the Supplier as determined by the Authority.

Workers: any one of the Supplier Personnel which the Customer, in its reasonable opinion, considers is an individual to which Procurement Policy Note 08/15 (Tax Arrangements of Public Appointees)

(<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>) applies in respect of any evaluation.

2. TERM

This Agreement shall come into force from the date of signature and, unless terminated at an earlier date by operation of Law or in accordance with any of the termination rights referred to in this Agreement, shall expire upon the Key Deliverables being delivered in accordance with Schedule A.

3. LICENCE

3.1 In consideration of the Proof of Concept Fee in this Agreement, the Supplier hereby grants the Authority a non-transferable, non-exclusive licence for the Authority to use any Information comprised within a Key Deliverable provided to the Authority during and after the Trial Period solely for purposes relating to the Objective. This license does not grant the Authority access or subscription to any Supplier tools for any purposes, or otherwise any rights to use the Supplier's intellectual property.

3.2 The Supplier agrees that a third-party service provider may act on behalf of the Authority in the exercise of the Authority's rights granted pursuant to clause 3.1. The Authority shall remain liable for the acts and omissions of its third-party service providers in relation to this Agreement.

3.3 The Authority shall be responsible for providing Supplier with appropriate access to its tools, systems, and infrastructure necessary for the execution of the Proof of Concept proposal set out in Schedule A of this Agreement, including any required licences or permission for the use of the Third-Party GAI tools described therein. The Authority acknowledges and agrees that it remains solely liable for compliance with any applicable costs, licensing terms and restrictions and other obligations related to the use of such Third-Party GAI tools. Furthermore, the Authority assumes full responsibility for the use of its data within the Third-Party GAI tools as described in this Agreement, ensuring that such use complies with applicable laws, internal policies, and any applicable third-party agreements. The Supplier shall bear no liability arising from Authority's provision, management, or use of its tools and data during this Agreement except in the event of any Supplier's negligence.

3.4 Any Supplier tools used in connection with this Agreement shall be governed by their applicable terms of use and Service Descriptions, which the Supplier shall provide where applicable.

4. PROOF OF CONCEPT FEE

- 4.1 In exchange for the licence granted pursuant to clause 3 and the Objective being met by the Supplier, the Supplier shall be entitled to invoice the Authority the Proof of Concept Fee. The Supplier shall raise invoices promptly and in any event within 90 days from when the charges subject to the Proof of Concept Fee are due.
- 4.2 All charges subject to the Proof of Concept Fee:
- (a) exclude VAT, which is payable on provision of a valid VAT invoice; and
 - (b) include all costs connected with the supply of the licence granted pursuant to clause 3.
- 4.3 The Authority must pay the Supplier the charges within 30 days of receipt by the Authority of a valid, undisputed invoice, in cleared funds to the Supplier's account.
- 4.4 A Supplier invoice is only valid if it:
- (a) includes all appropriate references, methodology applied to calculate the charges subject to the Proof of Concept Fee and supporting documentation to enable the Authority to reasonably assess whether the charges detailed thereon are properly payable; and
 - (b) includes any other details reasonably requested by the Authority;
- 4.5 If there is a dispute between the Parties as to the amount invoiced, the Authority shall pay the undisputed amount. The Supplier shall not suspend the provision of work connected to the HMRC Portfolio Team Gen AI Proof of Concept proposal document as detailed at Schedule A. Any disputed amounts shall be resolved through the dispute resolution procedure detailed in clause 23.
- 4.6 The Authority may retain or set-off payment of any amount owed to it by the Supplier having served notice as to the reasons for such set-off payment.
- 4.7 The Supplier must ensure that all subcontractors are paid, in full, within 30 days of receipt of a valid, undisputed invoice, failing which, the Authority can publish the details of the late payment or non-payment.

5. TERMINATION

- 5.1 The licence granted pursuant to clause 3 may be terminated by the Supplier by giving 5 business days' written notice to the Authority only if, the Authority, having received written notice from the Supplier to remedy a material breach within 10 business days of service of such notice, has failed to remedy the material breach save for where the material breach is:
- (a) the result of any act or omission by the Authority to which the Supplier has given its prior consent; or
 - (b) caused by the Supplier, any Supplier Personnel or any sub-contractor.
- 5.2 The licence may be terminated by the Authority during the Trial Period upon written

notice having been served by the Authority on the Supplier and such notice will confirm the date upon which the licence will terminate.

5.3 Upon termination or expiry of the Agreement, each Party shall promptly return to the other all tangible property, belonging to the other and, as applicable to each Party, delete all Information, software or Confidential Information of the other upon receipt of written notice by either Party to the other with confirmation as to how such deletion should be carried out.

6. INTELLECTUAL PROPERTY

6.1 Each Party keeps ownership of its own Existing IPRs as well as any modifications and enhancements made to them in connection with this Agreement. All other intellectual property rights created under this Agreement shall be owned by the Supplier and the Key Deliverables licensed to the Authority in accordance with clause 3.1. Nothing shall prevent the Supplier using the know-how and experience which may be gained by its personnel in the performance of this Agreement or from providing similar services or deliverables to other parties using the same or different personnel. Nothing shall prevent the Authority using the Key Deliverables, know-how and experience which may be gained by its personnel in the performance of this Agreement with any third party including in relation to pursuing the Objective.

6.2 Neither Party has the right to use the other Party's intellectual property rights, including any use of the other Party's names, logos or trademarks, except as otherwise agreed in writing.

6.3 If any claim is made against the Authority for actual or alleged infringement of a third party's intellectual property arising out of, or in connection with, the supply or use of the Key Deliverables to the HMRC Team (an "**IPR Claim**"), then the Supplier indemnifies the Authority against all losses, damages, costs and expenses finally awarded against the Authority (including professional fees and fines) incurred as a result of the IPR Claim provided the Authority notifies the Supplier of any IPR Claim as soon as it is received or threatened by a third party, does not make any admissions or enter into any settlement discussions with the third party, cooperates with the Supplier by providing all reasonable assistance with the defence of the IPR Claim which shall be controlled by the Supplier. The Supplier shall not be liable to indemnify the Authority pursuant to this clause 6.3 to the extent that an IPR Claim is based upon any modifications to the Key Deliverables or any data or information not provided by the Supplier.

6.4 If an IPR Claim is made, the Authority shall, on written notice from the Supplier, cease use of any software within 3 business days of service of such written notice. On such termination, the Authority shall comply with clause 5.3.

7. WARRANTIES

7.1 In addition to the warranties set out in paragraph 2 of Schedule C Mandatory Terms

each Party warrants and represents that it has the capacity, power and authority to enter into this Agreement.

7.2 The Supplier warrants, represents and covenants on an ongoing basis to the Authority that it shall comply with all applicable laws.

7.3 The Supplier warrants, represents and covenants on an ongoing basis to the Authority that:

- (a) unless stated otherwise in Schedule A, no open source software has been used or embedded in the Software;
- (b) the terms on which any such open source software is licensed are consistent with and are not contrary to the terms and/or any evaluation;
- (c) it has all the necessary consents to use any third party licensed materials contained in the Software or Information and such use is compliant with the terms of the applicable licences, consents or permits for the same; and
- (d) it will comply with all security or other Authority policies notified to it from time to time.

8. LIABILITY

8.1 Each Party's total aggregate liability under or in connection with the Agreement (whether in tort, contract or otherwise) is no more than [REDACTED]

8.2 No Party is liable to the other for:

- (a) any indirect loss or damage;
- (b) special loss or damage;
- (c) consequential loss or damage;
- (d) loss of profits (whether direct or indirect);
- (e) loss of turnover (whether direct or indirect);
- (f) loss of business opportunities (whether direct or indirect); and/or
- (g) damage to goodwill (whether direct or indirect),

and in each case, even if that Party was aware of the possibility of such loss or damage to the other.

- 8.3 Notwithstanding clause 8.1, neither Party limits or excludes any of the following:
- (a) its liability for death or personal injury caused by its negligence, or that of its employees, agents or subcontractors;
 - (b) its liability for bribery or fraud or fraudulent misrepresentation by it or its employees;
 - (c) any liability that cannot be excluded or limited by law.

8.4 Each Party must use all reasonable endeavours to mitigate any loss or damage which it suffers under or in connection with the Agreement, including any indemnities.

9. CONFIDENTIALITY

9.1 Each Party must

- (a) keep all Confidential Information it receives confidential and secure;
- (b) not disclose, use or exploit the disclosing Party's Confidential Information without the disclosing Party's prior written consent, except for the purposes anticipated under the Agreement; and
- (c) immediately notify the disclosing Party if it suspects unauthorised access, copying, use or disclosure of the Confidential Information.

9.2 Subject to clause 9.1, a Party may disclose Confidential Information which it receives from the disclosing Party in any of the following instances:

- (a) where disclosure is required by applicable law or by a court with the relevant jurisdiction if the recipient Party notifies the disclosing Party of the full circumstances, the affected Confidential Information and extent of the disclosure;
- (b) if the recipient Party already had the information without obligation of confidentiality before it was disclosed by the disclosing Party;
- (c) if the information was given to it by a third party without obligation of confidentiality;
- (d) if the information was in the public domain at the time of the disclosure;
- (e) if the information was independently developed without access to the disclosing Party's Confidential Information;
- (f) to its auditors or for the purposes of regulatory requirements;
- (g) on a confidential basis, to its professional advisers on a need-to-know basis; and
- (h) to the Serious Fraud Office where the recipient Party has reasonable grounds to believe that the disclosing Party is involved in activity that may be a criminal offence under the Bribery Act 2010.

9.3 The Supplier may disclose Confidential Information on a confidential basis to Supplier Personnel on a need-to-know basis to allow the Supplier to meet its obligations under the Agreement.

9.4 The Authority may disclose Confidential Information in any of the following cases:

- (a) on a confidential basis to the employees, agents, consultants and contractors of the Authority;
- (b) on a confidential basis to any other Central Government Body, any successor body to a Central Government Body or any company that the Authority transfers or proposes to transfer all or any part of its business to;
- (c) if the Authority (acting reasonably) considers disclosure necessary or appropriate to carry out its public functions; and
- (d) where requested by Parliament.

9.5 For the purposes of clauses 9.2 to 9.4 references to disclosure on a confidential basis means disclosure under a confidentiality agreement or arrangement including terms as strict as those required in clause 8.

9.6 Information which is exempt from disclosure by clause 9 is not Confidential Information.

9.7 The Supplier must not make any press announcement or publicise the Agreement or any part of it in any way, without the prior written consent of the Authority and must take all reasonable steps to ensure that Supplier Personnel do not either.

9.8 Notwithstanding clause 9, the Parties recognise the importance of Regulation 18 and 41, in particular, the need for:

- 9.8.1 the results of the Objective being shared with third parties under the Contract Award Procedure in order to ensure the Authority maintains transparency and treats economic operators equally and without discrimination in its procurement procedures; and
- 9.8.2 the sharing with tenders in the Contract Award Procedure of any other information exchanged in the context of or resulting from the involvement of the Supplier in the Objective to ensure that competition is not distorted by the participation of the Supplier in the Contract Award Procedure.

9.9 In order to assist the Parties in complying with Regulation 18 and 41, the Supplier shall use its best endeavours to avoid including Personal Data, Commercially Sensitive Information and Information Provided in Confidence among information that it would be good practice to share under regulation 41 of the Regulations.

10. FOIA AND EIR

10.1 The Supplier must tell the Authority within 48 hours if it receives a Request For Information. Within the required timescales the Supplier must give the Authority full co-operation and information needed so the Authority can:

(a) comply with any FOIA request; and

(b) comply with any EIR request.

10.2 The Authority may consult with the Supplier to help it decide whether to publish information. However, the extent, content and format of the disclosure is the Authority's decision, which does not need to be reasonable.

11. NOTICE

11.1 Any notices sent under this Agreement must be in writing.

11.2 The following table sets out the method by which notices may be served under this Agreement and the respective deemed time and proof of service:

Manner of Delivery	Deemed time of service	Proof of service
Email	9.00am on the first Working Day after sending	Dispatched as a pdf attachment to an e-mail to the correct e-mail address without any error message.
Personal delivery	On delivery, provided delivery is between 9.00am and 5.00pm on a Working Day. Otherwise, delivery will occur at 9.00am on the next Working Day.	Properly addressed and delivered as evidenced by signature of a delivery receipt
Prepaid, Royal Mail Signed For™ 1 st Class or other prepaid, next working day service providing proof of delivery.	At the time recorded by the delivery service, provided that delivery is between 9.00am and 5.00pm on a Working Day. Otherwise, delivery will occur at 9.00am on the same Working Day (if delivery before 9.00am) or on	Properly addressed prepaid and delivered as evidenced by signature of a delivery receipt

	the next Working Day (if after 5.00pm).	
--	---	--

- 11.3 Notices shall be sent to the addresses set out below or at such other address as the relevant Party may give notice to the other Party for the purpose of service of notices under this Agreement:

	Supplier	Authority
Contact		
Address		
Email		

12. ENTIRE AGREEMENT

- 12.1 The provisions incorporated into the Agreement are the entire agreement between the Parties. The Agreement replaces all previous statements and agreements whether written or oral.

- 12.2 Neither Party has been given, nor entered into this Agreement in reliance on, any warranty, statement, promise or representation other than those expressly set out in this Agreement.

13. THIRD PARTY RIGHTS

No third parties may use the Agreement (Rights of Third Parties) Act (CRTPA) to enforce any term of the Agreement unless stated (referring to CRTPA) in the Agreement. This does not affect third party rights and remedies that exist independently from CRTPA.

14. RELATIONSHIPS CREATED BY THE AGREEMENT

The Agreement does not create a partnership, joint venture or employment relationship. The Supplier must represent themselves accordingly and ensure others do so.

15. GIVING UP CONTRACT RIGHTS

A partial or full waiver or relaxation of the terms of the Agreement may be waived only by either Party serving written notice on the other Party and in a manner that expressly states that a waiver is intended.

16. PREVENTING FRAUD, BRIBERY AND CORRUPTION

- 16.1 The Supplier shall not:

- (a) commit any criminal offence referred to in the Regulations 57(1) and 57(2); and
- (b) offer, give, or agree to give anything, to any person (whether working for or engaged by the Authority or any other public body) an inducement or reward for doing, refraining from doing, or for having done or refrained from doing, any act in relation to the obtaining or execution of the Agreement or any other public function or for showing or refraining from showing favour or disfavour to any person in relation to the Agreement or any other public function.

16.2 The Supplier shall take all reasonable steps (including creating, maintaining and enforcing adequate policies, procedures and records), in accordance with good industry practice, to prevent any matters referred to in clause 14.1 and any fraud by the Supplier (including Supplier Personnel, shareholders and members) in connection with the Agreement and shall notify the Authority immediately if it has reason to suspect that any such matters have occurred or is occurring or is likely to occur.

16.3 If the Supplier or Supplier Personnel engages in conduct prohibited by clause 14.1 or commits fraud in relation to the Agreement or any other contract with the Crown (including the Authority) the Authority may terminate the Agreement and recover from the Supplier the amount of any loss suffered by the Authority resulting from the termination.

17. EQUALITY, DIVERSITY AND HUMAN RIGHTS

17.1 The Supplier must follow all applicable equality law when they perform their obligations under the Agreement, including:

- (a) protections against discrimination on the grounds of race, sex, gender reassignment, religion or belief, disability, sexual orientation, pregnancy, maternity, age or otherwise; and
- (b) any other requirements and instructions which the Authority reasonably imposes related to equality law.

17.2 The Supplier must take all necessary steps, and inform the Authority of the steps taken, to prevent anything that is considered to be unlawful discrimination by any court or tribunal, or the Equality and Human Rights Commission (or any successor organisation) when working on the Agreement.

18. Health and safety

18.1 The Supplier must perform its obligations meeting the requirements of:

- (a) all applicable law regarding health and safety; and
- (b) the Authority's current health and safety policy while at the Authority's premises, as provided to the Supplier.

18.2 The Supplier and the Authority must as soon as possible notify the other of any health and safety incidents or material hazards they are aware of at the Authority premises that relate to the performance of the Agreement.

18.3 The Supplier shall instruct the Supplier Personnel to adopt any necessary associated safety measures in order to manage any such material health and safety hazards.

19. ENVIRONMENT

19.1 When working on site at Authority premises the Supplier must perform its obligations under the Authority's current environmental policy, which the Authority must provide.

19.2 The Supplier must ensure the Supplier Personnel are aware of the Authority's environmental policy.

20. MODERN SLAVERY

20.1 The Supplier shall;

- (a) comply with all applicable anti-slavery and human trafficking law, statutes, regulations from time to time in force including the Modern Slavery Act 2015;
- (b) not engage in any activity, practice or conduct that would constitute an offence under sections 1, 2 or 4 of the Modern Slavery Act 2015;
- (c) make reasonable enquires to ensure that its officers, employees and Subcontractors have not been convicted of slavery or human trafficking offences;
- (d) in its contracts with subcontractors include anti-slavery and human trafficking provisions that are substantially the same as the provisions in this contract; and
- (e) notify HMRC immediately upon becoming aware of any actual or suspected breach of its obligations under this Clause 20 details of the breach and the mitigation action it has taken or intends to take in order to:
 - (i) remedy the breach; and
 - (ii) ensure future compliance.

20.2 The Supplier shall prepare and deliver to the Authority an annual slavery and human tracking report setting out the steps it has taken to ensure that human trafficking is not taking place in any of its supply chains or in any part of its business and a certificate of compliance.

20.3 If the Supplier fails to comply (or if the Authority receives information which demonstrates that the Supplier has failed to comply) with any of the provisions in Clause 20 then the Authority can terminate the Agreement immediately by giving notice in writing to the Supplier.

21. CONFLICT OF INTEREST

21.1 The Supplier must take action to ensure that neither the Supplier nor the Supplier Personnel are placed in the position of an actual or potential conflict between the financial or personal duties of the Supplier or the Supplier Personnel and the duties owed to the Authority under the Agreement, in the reasonable opinion of the Authority.

21.2 The Supplier must promptly notify and provide details to the Authority if a conflict of interest happens or is expected to happen

21.3 The Authority can terminate its Agreement immediately by giving notice in writing to the Supplier or take any steps it thinks are necessary where there is or may be an actual or potential conflict of interest.

22. REPORTING A BREACH OF THE AGREEMENT

22.1 As soon as it is aware of it the Supplier and the Supplier Personnel must report to the Authority any actual or suspected breach of law or this Agreement.

22.2 The Supplier must not retaliate against any of the Supplier Personnel who in good faith reports a breach of law or of this Agreement.

23. RESOLVING DISPUTES

23.1 If there is a dispute between the Parties, their senior representatives who have authority to settle the dispute will, within 28 days of a written request from the other Party, meet in good faith to resolve the dispute.

23.2 If the dispute is not resolved at that meeting, the Parties can attempt to settle it by mediation using the Centre for Effective Dispute Resolution (CEDR) Model Mediation Procedure current at the time of the dispute. If the Parties cannot agree on a mediator, the mediator will be nominated by CEDR. If either Party does not wish to use, or continue to use mediation, or mediation does not resolve the dispute, the dispute must be resolved using clauses 23.3 to 23.5.

23.3 Unless the Authority refers the dispute to arbitration using clause 21.4, the Parties irrevocably agree that the courts of England and Wales have the exclusive

jurisdiction to:

- (a) determine the dispute;
- (b) grant interim remedies;
- (c) grant any other provisional or protective relief.

23.4 The Supplier agrees that the Authority has the exclusive right to refer any dispute to be finally resolved by arbitration under the London Court of International Arbitration Rules current at the time of the dispute. There will be only one arbitrator. The seat or legal place of the arbitration will be London and the proceedings will be in English.

23.5 The Authority has the right to refer a dispute to arbitration even if the Supplier has started or has attempted to start court proceedings under clause 21.3, unless the Authority has agreed to the court proceedings or participated in them. Even if court proceedings have started, the Parties must do everything necessary to ensure that the court proceedings are stayed in favour of any arbitration proceedings if they are started under clause 23.4.

23.6 The Supplier cannot suspend the performance of the Agreement during any dispute.

24. GOVERNING LAW

This Agreement and any issues arising out of, or connected to it, are governed by English law.

IN WITNESS of which this Agreement has been duly executed by the Parties on the date which appears at the head of its page 1.

SIGNED for and on behalf of IBM United Kingdom Ltd .

Signature: [REDACTED]

Name (block capitals): [REDACTED]

Position: [REDACTED]

Date: [REDACTED]

SIGNED for and on behalf of [***The Commissioners for Her Majesty's Revenue and Customs***]

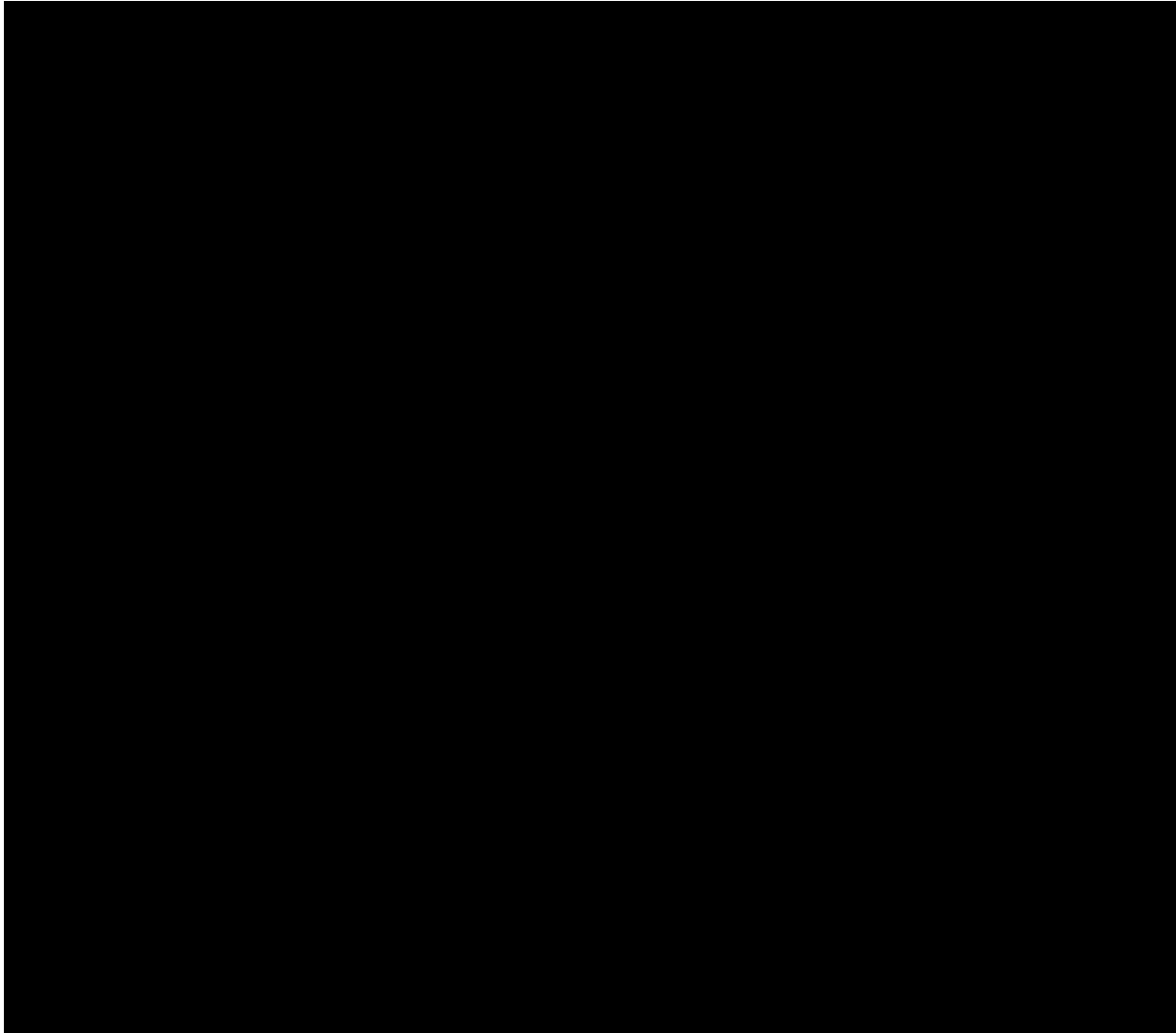
Signature: [REDACTED]

Name (block capitals): [REDACTED]

Position: [REDACTED]

Date: [REDACTED]

SCHEDULE A
PROOF OF CONCEPT



SCHEDULE B
PROOF OF CONCEPT FEE



SCHEDULE C

The Authority's mandatory clauses

AUTHORITY'S MANDATORY TERMS

- A. The Agreement incorporates the Authority's mandatory terms set out in this Schedule C.
- B. In case of any ambiguity or conflict, the Authority's mandatory terms in this Schedule C will supersede any other terms in the Agreement.

1. Definitions

"Authority Data"	(a) the data, text, drawings, diagrams, images or sounds (together with any database made up of any of these) which are embodied in any electronic, magnetic, optical or tangible media, and which are: <ul style="list-style-type: none">(i) supplied to the Supplier by or on behalf of the Authority; and/or(ii) which the Supplier is required to generate, process, store or transmit pursuant to this Agreement; or any Personal Data for which the Authority is the Controller, or any data derived from such Personal Data which has had any designatory data identifiers removed so that an individual cannot be identified;
"Connected Company"	means, in relation to a company, entity or other person, the Affiliates of that company, entity or other person or any other person associated with such company, entity or other person;
"Controller", "Processor", "Data Subject", "Processing"	take the meaning given in the GDPR;
"Data Protection Legislation"	(a) the GDPR, the LED and any applicable national implementing Laws as amended from time to time; (b) the DPA 2018 to the extent that it relates to processing of personal data and privacy; (c) all applicable Law about the processing of personal data and privacy; "Effective Date" : the date on which this Agreement is signed by both Parties;
"GDPR"	the General Data Protection Regulation (Regulation (EU) 2016/679);

“Key Subcontractor”	any Subcontractor: (a) which, in the opinion of the Authority, performs (or would perform if appointed) a critical role in the provision of all or any part of the services or works required to perform this Agreement; and/or (b) with a Subcontract with a contract value which at the time of appointment exceeds (or would exceed if appointed) ten per cent (10%) of the aggregate Charges forecast to be payable under this Call-Off Contract;
“Law”	any applicable Act of Parliament, subordinate legislation within the meaning of section 21(1) of the Interpretation Act 1978, exercise of the royal prerogative, enforceable community right within the meaning of section 2 of the European Communities Act 1972, regulatory policy, guidance or industry code, judgment of a relevant court of law, or directives or requirements of any regulatory body with which the Supplier is bound to comply;
“Personal Data”	has the meaning given in the GDPR;
“Relevant Authority”	Tax HMRC, or, if applicable, a tax authority in the jurisdiction in which the Supplier is established, resident or liable to any Tax;
“Subcontract”	any contract or agreement (or proposed contract or agreement) between the Supplier (or a Subcontractor) and any third party whereby that third party agrees to provide to the Supplier (or the Subcontractor) all or any part of the services or works required to perform this Agreement, or facilities or services or works required to perform this Agreement which are material for the provision of the services or works required to perform this Agreement, or any part thereof or necessary for the management, direction or control of the services or works required to perform this Agreement or any part thereof;
“Subcontractor”	any third party with whom: (a) the Supplier enters into a Subcontract; or (b) a third party under (a) above enters into a Subcontract, or the servants or agents of that third party;
“Supplier Personnel”	all directors, officers, employees, agents, consultants and contractors of the Supplier and/or of any subcontractor of the Supplier engaged in the performance of the Supplier’s obligations under the Agreement;
“Tax”	(a) all forms of tax whether direct or indirect; (b) national insurance contributions in the United Kingdom and similar contributions or obligations in any other jurisdiction;

- (c) all statutory, governmental, state, federal, provincial, local government or municipal charges, duties, imports, contributions, levies or liabilities (other than in return for goods or services or works required to perform this Agreement supplied or performed or to be performed) and withholdings; and
- (d) any penalty, fine, surcharge, interest, charges or costs relating to any of the above,

in each case wherever chargeable and whether of the United Kingdom and any other jurisdiction;

“Tax Compliance”

Non-

- (a) any Tax return of the Supplier and/or its sub-contractors and/or any non-submission of a Tax return (whether deliberate or by omission) by the Supplier and/or its sub-contractors to the Relevant Tax Authority on or after 1 October 2012 is found to be incorrect as a result of:
 - (i) a Relevant Tax Authority successfully challenging the Supplier or relevant Sub-contractor under the General Anti-Abuse Rule or the Halifax Abuse Principle or TAAR or under any Tax rules or legislation in any jurisdiction that have an effect equivalent or similar to the General Anti-Abuse Rule or the Halifax Abuse Principle or TAAR;
 - (ii) the failure of an avoidance scheme which the Supplier or relevant Sub-contractor was involved in, and which was, or should have been, notified to a Relevant Tax Authority under the DOTAS or any equivalent or similar regime in any jurisdiction; and/or
- (b) the Tax affairs of the Supplier or any of its sub-contractors have given rise to a criminal conviction in any jurisdiction for Tax related offences within the last five (5) years which is not spent at the Effective Date or to a civil penalty for fraud or evasion within the last three (3) years;
- (c) For the purposes of this definition:
 - (i) a return is "submitted" when it is first submitted to the Relevant Tax Authority and any subsequent amendments or re-submissions are to be ignored; and
- (a) a Relevant Tax Authority will not be deemed to have "successfully challenged" the Supplier or a Sub-contractor until an appeal against such challenge is no longer possible.

“VAT”

value added tax as provided for in the Value Added Tax Act 1994.

2. Warranties

2.1 The Supplier represents and warrants that:

- 2.1.1 in the three years prior to the Effective Date, it has been in full compliance with all applicable securities and Laws related to Tax in the United Kingdom and in the jurisdiction in which it is established;
- 2.1.2 it has notified the Authority in writing of any Tax Non-Compliance it is involved in; and
- 2.1.3 no proceedings or other steps have been taken and not discharged (nor, to the best of its knowledge, are threatened) for the winding up of the Supplier or for its dissolution or for the appointment of a receiver, administrative receiver, liquidator, manager, administrator or similar officer in relation to any of the Supplier's assets or revenue and the Supplier has notified the Authority of any profit warnings issued in respect of the Supplier in the three years prior to the Effective Date.

2.2 If at any time the Supplier becomes aware that a representation or warranty given by it under Clause 2.1.1, 2.1.2 and/or 2.1.3 has been breached, is untrue, or is misleading, it shall immediately notify the Authority of the relevant occurrence in sufficient detail to enable the Authority to make an accurate assessment of the situation.

2.3 In the event that the warranty given by the Supplier pursuant to Clause 2.1.2 is materially untrue, the Authority shall be entitled to terminate the Agreement upon written notice served on the Supplier by the Authority.

3. Promoting Tax Compliance

3.1 All amounts stated are stated exclusive of VAT, which shall be added at the prevailing rate as applicable and paid by the Authority following delivery of a valid VAT invoice.

3.2 To the extent applicable to the Supplier, the Supplier shall at all times comply with all Laws relating to Tax and with the equivalent legal provisions of the country in which the Supplier is established.

3.3 The Supplier shall provide to the Authority the name and, as applicable, the Value Added Tax registration number, PAYE collection number and either the Corporation Tax or self-assessment reference of any agent, supplier or Subcontractor of the Supplier prior to the provision of any material Services or works required to perform this Agreement under the Agreement by that agent, supplier or Subcontractor. Upon a request by the Authority, the Supplier shall not contract, or will cease to contract, with any agent, supplier or Subcontractor supplying services or works required to perform this Agreement under the Agreement.

3.4 If, at any point during the Term, there is Tax Non-Compliance, the Supplier shall:

- 3.4.1 notify the Authority in writing of such fact within five (5) Working Days of its occurrence; and
- 3.4.2 promptly provide to the Authority:
 - (a) details of the steps which the Supplier is taking to resolve the Tax Non Compliance and to prevent the same from recurring, together with any mitigating factors that it considers relevant; and
 - (b) such other information in relation to the Tax Non Compliance as the Authority may reasonably require.

- 3.5 The Supplier shall indemnify the Authority on a continuing basis against any liability, including any interest, penalties or costs incurred, that is levied, demanded or assessed on the Authority at any time in respect of the Supplier's failure to account for or to pay any Tax relating to payments made to the Supplier under this Agreement. Any amounts due under this Clause 3.5 shall be paid in cleared funds by the Supplier to the Authority not less than five (5) Working Days before the date upon which the Tax or other liability is payable by the Authority.
- 3.6 Upon the Authority's request, the Supplier shall provide (promptly or within such other period notified by the Authority) information which demonstrates how the Supplier complies with its Tax obligations.
- 3.7 If the Supplier:
- 3.7.1 fails to comply (or if the Authority receives information which demonstrates to it that the Supplier has failed to comply) with Clauses 3.2, 3.4.1 and/or 3.6 this may be a material breach of the Agreement;
 - 3.7.2 fails to comply (or if the Authority receives information which demonstrates to it that the Supplier has failed to comply) with a reasonable request by the Authority that it must not contract, or must cease to contract, with any agent, supplier or Subcontractor of the Supplier as required by Clause 3.3 on the grounds that the agent, supplier or Subcontractor of the Supplier is involved in Tax Non-Compliance this shall be a material breach of the Agreement; and/or
 - 3.7.3 fails to provide details of steps being taken and mitigating factors pursuant to Clause 3.4.2 which in the reasonable opinion of the Authority are acceptable this shall be a material breach of the Agreement;

and any such material breach shall allow the Authority to terminate the Agreement pursuant to the Call-Off Clause which provides the Authority the right to terminate the Agreement for Supplier fault (termination for Supplier cause or equivalent clause).

- 3.8 The Authority may internally share any information which it receives under Clauses 3.3 to 3.4 (inclusive) and 3.6, for the purpose of the collection and management of revenue for which the Authority is responsible.

4. Use of Off-shore Tax Structures

- 4.1 Subject to the principles of non-discrimination against undertakings based either in member countries of the European Union or in signatory countries of the World Trade Organisation Agreement on Government Procurement, the Supplier shall not, and shall ensure that its Connected Companies, Key Subcontractors (and their respective Connected Companies) shall not, have or put in place (unless otherwise agreed with the Authority) any arrangements involving the use of off-shore companies or other off-shore entities the main purpose, or one of the main purposes, of which is to achieve a reduction in United Kingdom Tax of any description which would otherwise be payable by it or them on or in connection with the payments made by or on behalf of the Authority under or pursuant to this Agreement or (in the case of any Key Subcontractor and its Connected Companies) United Kingdom Tax which would be payable by it or them on or in connection with payments made by or on behalf of the

Supplier under or pursuant to the applicable Key Subcontract (**“Prohibited Transactions”**). Prohibited Transactions shall not include transactions made between the Supplier and its Connected Companies or a Key Subcontractor and its Connected Companies on terms which are at arms-length and are entered into in the ordinary course of the transacting parties’ business.

4.2 The Supplier shall notify the Authority in writing (with reasonable supporting detail) of any proposal for the Supplier or any of its Connected Companies, or for a Key Subcontractor (or any of its Connected Companies), to enter into any Prohibited Transaction. The Supplier shall notify the Authority within a reasonable time to allow the Authority to consider the proposed Prohibited Transaction before it is due to be put in place.

4.3 In the event of a Prohibited Transaction being entered into in breach of Clause 4.1 above, or in the event that circumstances arise which may result in such a breach, the Supplier and/or the Key Subcontractor (as applicable) shall discuss the situation with the Authority and, in order to ensure future compliance with the requirements of Clauses 4.1 and 4.1, the Parties (and the Supplier shall procure that the Key Subcontractor, where applicable) shall agree (at no cost to the Authority) timely and appropriate changes to any such arrangements by the undertakings concerned, resolving the matter (if required) through the dispute resolution procedure.

4.4 Failure by the Supplier (or a Key Subcontractor) to comply with the obligations set out in Clauses 4.1 and 4.2 shall allow the Authority to terminate the Agreement pursuant to the Clause that provides the Authority the right to terminate the Agreement for Supplier fault (termination for Supplier cause).

5. Data Protection and off-shoring

5.1 In the event that, during the Term of the Agreement, any Personal Data is generated, the Parties will together produce a list of the types of Personal Data and categories of Data Subject which the Supplier will Process in its provision of the Objective together with a description of the nature, purposes and duration of the Processing, the subject matter of the Processing, and the retention policy in respect of that data.

5.2 The Processor shall, in relation to any Personal Data processed in connection with its obligations under the Agreement:

5.2.1 not transfer Personal Data outside of the United Kingdom unless the prior written consent of the Controller has been obtained and the following conditions are fulfilled:

(a) the Controller or the Processor has provided appropriate safeguards in relation to the transfer (whether in accordance with GDPR Article 46 or LED Article 37) as determined by the Controller;

(b) the Data Subject has enforceable rights and effective legal remedies;

- (c) the Processor complies with its obligations under the Data Protection Legislation by providing an adequate level of protection to any Personal Data that is transferred (or, if it is not so bound, uses its best endeavours to assist the Controller in meeting its obligations); and
- (d) the Processor complies with any reasonable instructions notified to it in advance by the Controller with respect to the processing of the Personal Data;

5.3 Failure by the Processor to comply with the obligations set out in Clause 5.1 shall allow the Authority to terminate the Agreement upon the Authority having served written notice on the Supplier.

6. Commissioners for Revenue and Customs Act 2005 and the Official Secrets Act 1911 to 1989

6.1 The Supplier shall comply with, and shall ensure that its Supplier Personnel who will have access to, or are provided with, Authority Data comply with:

- 6.1.1 the obligations set out Section 18 of the Commissioners for Revenue and Customs Act 2005 to maintain the confidentiality of Authority Data. Further, the Supplier acknowledges that (without prejudice to any other rights and remedies of the Authority) a breach of the aforesaid obligations may lead to a prosecution under Section 19 of the Commissioners for Revenue and Customs Act 2005; and
- 6.1.2 Section 123 of the Social Security Administration Act 1992, which may apply to the fulfilment of some or all of the services or works required to perform this Agreement. The Supplier acknowledges that (without prejudice to any other rights and remedies of the Authority) a breach of the Supplier's obligations under Section 123 of the Social Security Administration Act 1992 may lead to a prosecution under that Act.

6.2 The Supplier shall regularly (not less than once every six (6) months) remind all Supplier Personnel who will have access to, or are provided with, Authority Data in writing of the obligations upon Supplier Personnel set out in Clause 6.1 above. The Supplier shall monitor the compliance by Supplier Personnel with such obligations.

6.3 The Supplier shall ensure that all Supplier Personnel who will have access to, or are provided with, Authority Data sign (or have previously signed) a declaration, in the form provided at Annex 2 (or a substantially similar form), acknowledging that they understand and have been informed about the application and effect of Section 18 and 19 of the Commissioners for Revenue and Customs Act 2005 and Section 123 of the Social Security Administration Act 1992. The Supplier shall provide a copy of each such signed declaration to the Authority upon demand.

6.4 In the event that the Supplier or the Supplier Personnel fail to comply with this clause, the Authority reserves the right to terminate the Agreement with immediate effect

pursuant to the clause that provides the Authority the right to terminate the Agreement for Supplier fault (termination for Supplier cause).

6.5 The Supplier shall comply with the provisions of the Official Secrets Act 1911 to 1989.

SCHEDULE D

[REDACTED]

[REDACTED]