

Schedule 24 (Financial Difficulties)

1. Definitions

1.1 In this Schedule, the following words shall have the following meanings and they shall supplement Schedule 1 (Definitions):

"Credit Rating Threshold"	the minimum credit rating level for the Monitored Company as set out in Annex 2 and
"Financial Distress Event"	the occurrence or one or more of the following events: <ul style="list-style-type: none">a) the credit rating of the Monitored Company dropping below the applicable Credit Rating Threshold;b) there being a public investigation into improper financial accounting and reporting, suspected fraud or any other impropriety of the Monitored Party;c) Monitored Company committing a material breach of covenant to its lenders;d) a Key Subcontractor (where applicable) notifying the Buyer that the Supplier has not satisfied any sums properly due under a specified invoice and not subject to a genuine dispute; ore) any of the following:<ul style="list-style-type: none">i) commencement of any litigation against the Monitored Company with respect to financial indebtedness or obligations under a contract;ii) non-payment by the Monitored Company of any financial indebtedness;iii) any financial indebtedness of the Monitored Company becoming due as a result of an event of default; oriv) the cancellation or suspension of any financial indebtedness in respect of the Monitored Company

in each case which the Buyer reasonably believes (or would be likely reasonably to

believe) could directly impact on the continued performance of any Contract and delivery of the Deliverables in accordance with any Contract;

"Financial Distress Service Continuity Plan" a plan setting out how the Supplier will ensure the continued performance and delivery of the Deliverables in accordance with the Contract in the event that a Financial Distress Event occurs;

"Monitored Company" Supplier or the Guarantor ; and

"Rating Agency" the rating agency listed in Annex 1.

2. When this Schedule applies

- 2.1 The Parties shall comply with the provisions of this Schedule in relation to the assessment of the financial standing of the Monitored Company and the consequences of a change to that financial standing.
- 2.2 The terms of this Schedule shall survive under the Contract until the termination or expiry of the Contract.
- 2.3 The Supplier shall promptly (and in any event within five (5) Working Days) notify the Buyer in writing on the occurrence of any Financial Distress Event.

3. What happens if there is a financial distress event

- 3.1 In the event of a Financial Distress Event then, immediately upon notification of the Financial Distress Event (or if the Buyer becomes aware of the Financial Distress Event without notification and brings the event to the attention of the Supplier), the Supplier shall have the obligations and the Buyer shall have the rights and remedies as set out in Paragraphs 3.3 to 3.6.
- 3.2 In the event that a Financial Distress Event arises due to a Key Subcontractor notifying the Buyer that the Supplier has not satisfied any sums properly due under a specified invoice and not subject to a genuine dispute then, the Buyer shall not exercise any of its rights or remedies under Paragraph 3.3 without first giving the Supplier ten (10) Working Days to:
- 3.2.1 rectify such late or non-payment; or
 - 3.2.2 demonstrate to the Buyer's reasonable satisfaction that there is a valid reason for late or non-payment.
- 3.3 The Supplier shall and shall procure that the other Monitored Companies shall:
- 3.3.1 at the request of the Buyer meet the Buyer as soon as reasonably practicable (and in any event within three (3) Working Days of the initial notification (or awareness) of the Financial Distress Event) to review the effect of the Financial Distress Event on the continued performance of the

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Contract and delivery of the Deliverables in accordance the Contract; and

3.3.2 where the Buyer reasonably believes (taking into account the discussions and any representations made under Paragraph 3.3.1) that the Financial Distress Event could impact on the continued performance of the Contract and delivery of the Deliverables in accordance with the Contract:

- (a) submit to the Buyer for its Approval, a draft Financial Distress Service Continuity Plan (which has been signed off by the Supplier's Chief Executive Officer and Chief Finance Officer, or equivalent roles) as soon as reasonably practicable (and in any event, within ten (10) Working Days of the initial notification (or awareness) of the Financial Distress Event); and
- (b) provide such financial information relating to the Monitored Company as the Buyer may reasonably require.

3.4 If the Buyer does not (acting reasonably) approve the draft Financial Distress Service Continuity Plan, it shall inform the Supplier of its reasons and the Supplier shall take those reasons into account in the preparation of a further draft Financial Distress Service Continuity Plan, which shall be resubmitted to the Buyer within five (5) Working Days of the rejection of the first or subsequent (as the case may be) drafts. This process shall be repeated until the Financial Distress Service Continuity Plan is Approved by the Buyer or referred to the Dispute Resolution Procedure.

3.5 If the Buyer considers that the draft Financial Distress Service Continuity Plan is insufficiently detailed to be properly evaluated, will take too long to complete or will not remedy the relevant Financial Distress Event, then it may either agree a further time period for the development and agreement of the Financial Distress Service Continuity Plan or escalate any issues with the draft Financial Distress Service Continuity Plan using the Dispute Resolution Procedure.

3.6 Following Approval of the Financial Distress Service Continuity Plan by the Buyer, the Supplier shall:

- 3.6.1 on a regular basis (which shall not be less than Monthly), review the Financial Distress Service Continuity Plan and assess whether it remains adequate and up to date to ensure the continued performance the Contract and delivery of the Deliverables in accordance with the Contract;
- 3.6.2 where the Financial Distress Service Continuity Plan is not adequate or up to date in accordance with Paragraph 3.6.1, submit an updated Financial Distress Service Continuity Plan to the Buyer for its Approval, and the provisions of Paragraphs 3.5 and 3.6 shall apply to the review and

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Approval process for the updated Financial Distress Service Continuity Plan; and

- 3.6.3 comply with the Financial Distress Service Continuity Plan (including any updated Financial Distress Service Continuity Plan).

3.7 Where the Supplier reasonably believes that the relevant Financial Distress Event (or the circumstance or matter which has caused or otherwise led to it) no longer exists, it shall notify the Buyer and subject to the agreement of the Parties, the Supplier may be relieved of its obligations under Paragraph 3.6.

4. When the Buyer can terminate for financial distress

4.1 The Buyer shall be entitled to terminate this Contract for material Default if:

- 4.1.1 the Supplier fails to notify the Buyer of a Financial Distress Event in accordance with Paragraph 2.3;
- 4.1.2 the Buyer and the Supplier fail to agree a Financial Distress Service Continuity Plan (or any updated Financial Distress Service Continuity Plan) in accordance with Paragraphs 3.3 to 3.5; and/or
- 4.1.3 the Supplier fails to comply with the terms of the Financial Distress Service Continuity Plan (or any updated Financial Distress Service Continuity Plan) in accordance with Paragraph 3.6.3.

5. What happens If your credit rating is still good

5.1 Without prejudice to the Supplier's obligations and the Buyer's rights and remedies under Paragraph 5, if, following the occurrence of a Financial Distress Event, the Rating Agencies review and report subsequently that the credit ratings do not drop below the relevant Credit Rating Threshold, then:

- 5.1.1 the Supplier shall be relieved automatically of its obligations under Paragraphs 4.3 to 4.6; and
- 5.1.2 the Buyer shall not be entitled to require the Supplier to provide financial information in accordance with Paragraph 4.3.2(b).

ANNEX 1: RATING AGENCY



ANNEX 2: CREDIT RATINGS & CREDIT RATING THRESHOLDS

Part 1: Current Rating

