

SCHEDULE 13

EXIT MANAGEMENT

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1 DEFINITIONS AND ACRONYMS

1.1 In this Schedule 13 (*Exit Management*), save where otherwise provided, words and terms defined in Schedule 1 (*Definitions and Abbreviations*) of this Contract shall have the meaning ascribed to them in Schedule 1 (*Definitions and Acronyms*) of this Contract.

2 INTRODUCTION

2.1 This Schedule 13 (*Exit Management*) sets out the Exit Management Plan (EMP) for the Contract. The EMP will form part of the through-life support of the Aircraft and will be reviewed annually at the APRM and amended as necessary to reflect revised requirements, draw upon lessons learnt and emerging best practice.

2.2 Recognising the circumstances that could lead to the termination or closure of this Contract prior to the Expiry Date, the EMP describes the arrangements that shall apply in each potential scenario.

3 PURPOSE

3.1 The objectives of this EMP are:

3.1.1 To identify the circumstances in which this Contract may be terminated;

3.1.2 Where applicable, ensure the efficient and effective rundown of services and closure of this Contract;

3.1.3 Where applicable, identify the arrangements that will need to be implemented in order to ensure a smooth, orderly and economic transition to a Follow-On Contractor;

3.1.4 To maintain acceptable output during any transition or Contract closure phase;

3.1.5 To ensure that the respective investments made by the Parties in connection with this Contract are recognised in invoking the exit arrangements; and

3.1.6 To ensure that neither Party is disadvantaged in the event of the operation of the EMP, except and subject to Paragraph 15 in circumstances where this Contract is terminated due to breach of Contract (Paragraphs 4.1.2 to 4.1.4 (inclusive) refers).

4 EXIT CIRCUMSTANCES

4.1 This Contract may expire or be terminated in whole, or in part, as a result of any of the following:

4.1.1 Expiry of this Contract at a pre-defined end point (Expiry Date).

4.1.2 Clause 64 (*Termination for Contractor Default*) – termination by the Authority as a result of this Contractor's failure of performance.

4.1.3 Termination by the Authority due to a breach by the Contractor of:

4.1.3.1 Clause 36 (Security – Secret Matters); and/or

4.1.3.2 Clause 46 (Supply of Data for Hazardous Articles, Materials and Substances); and/or

4.1.3.3 Clause 70 (*Tax Compliance*); and/or

4.1.3.4 Clause 73 (Change of Control of Contractor); and/or

4.1.3.5 any act within the definition of Prohibited Act.

4.1.4 Clause 65 (*Termination for Convenience*) – termination by the Authority for convenience.

4.2 The Parties' rights of termination and associated remedies shall be as described within this Contract.

5 TRANSITION ARRANGEMENTS

5.1 Where this Contract expires or is terminated as a result of any of the circumstances described in Paragraph 4.1 above but the Authority has a continuing requirement for any or all of the services covered by this Contract, the Authority shall serve a Transition Notification.

6 TRANSITION NOTIFICATION PERIOD

6.1 The Transition Notification Period is different for each exit circumstance. The Transition Notification Period for the circumstance at Paragraph 4.1.1 is from the point at which a Transition Notification is raised until the Expiry Date, which shall be no later than eighteen (18) months from the Expiry Date. The Transition Notification Period for the circumstances described in Paragraph 4.1.2 to 4.1.4 (inclusive) shall be from the point at which a Transition Notification is served alongside any notice of Termination serviced in accordance with Clause 64 (*Termination for Contractor Default*) and Clause 65 (*Termination for Convenience*) until the date of Termination.

7 TRANSITION PLAN

7.1 On receipt of a Transition Notification, the Contractor shall support the Authority in developing a Transition Plan. The Transition Plan shall be generated within 3 (three) Months of receipt of the Transition Notification. The scope of the Transition Plan shall be as detailed in Annex A to this Schedule 13 (*Exit Management*).

7.2 Both Parties shall appoint appropriately qualified representatives to project manage the Transition Plan.

7.3 Pricing and Payment arrangements for this Contractor's support to the development of the Transition Plan are detailed in Paragraph 15.3 below.

8 CONTINUITY DURING TRANSITION

8.1 In order to ensure the effective and efficient transition of services, the Authority shall have the right to require the Contractor to provide any or all of the services covered by this Contract for a period of up to 18 (eighteen) Months ("the Transition Period") following expiry of the Transition Notification Period. The Authority shall have the right to extend the Transition Period, subject to agreement between the Parties, as necessary to resolve issues before the final hand-over to the Authority or Follow-On Contractor.

8.2 Unless otherwise agreed with the Authority, the Contractor shall use reasonable endeavours to ensure that they keep the same team performing services during the Transition Period.

8.3 The Authority's project manager shall liaise with the Contractor to agree a timetable of actions necessary to either transfer this Contract back to the Authority's control or to a Follow-On Contractor nominated by the Authority.

8.4 During the period of notice up to Expiry or Termination of this Contract (Transition Notification Period), the Contractor shall continue to undertake work in accordance with this Contract, subject to any changes authorised in accordance with the Contract Change process detailed in Schedule 6 of this Contract (*Contract Change*).

9 ASSETS

9.1 The assets utilised under this Contract shall be categorised as follows:

9.1.1 Transferable Industry Assets; and

9.1.2 Government Furnished Assets (GFA).

9.2 The Contractor shall manage GFA in accordance with the requirements of Clause 51 (Accounting for the Property of the Authority).

9.3 Upon the issue of a Transition Notification, the Authority and the Contractor shall agree how the assets should be distributed or disposed of. The agreed arrangements shall be captured in the Transition Plan.

9.4 The Contractor and the Authority shall negotiate fair and reasonable terms for the transfer (either temporary or permanent) of any Transferable Industry Assets required to support an alternative arrangement. In terms of the transfer of any third party assets, the Contractor shall facilitate the agreement of fair and reasonable terms between the Authority or Follow-On Contractor and the third party. In respect of any agreed transfer, the process for transfer shall be identified in the relevant plan as detailed at Annexes A and B to this Schedule.

10 TRANSFERABLE INDUSTRY ASSETS

Hardware

10.1 Subject to Paragraph 9.4 on expiry or termination of this Contract (as appropriate), the Authority shall have the right (but not the obligation), by service of the Transition Notice, to require the Contractor to transfer title in the Transferable Industry Assets to the Authority or a nominated Follow-On Contractor.

10.2 Where the Assets are to be re-located the Contractor shall provide reasonable assistance to the Authority, or where applicable, a nominated Follow-On Contractor to facilitate such re-location. The reimbursement of any costs incurred in providing such assistance shall be subject to the principles detailed in Paragraph 15.4 of this Schedule 13 (*Exit Management*).

Information

10.3 On expiry or termination of this Contract (as appropriate), the Contractor shall provide the Authority's Project Manager or a nominated Follow-On Contractor with the Records identified by the Authority in accordance with Clause 27.2.

11 GOVERNMENT FURNISHED ASSETS (GFA)

11.1 Within 3 Months of the issue of a Transition Notification, the Authority and the Contractor shall agree transfer, disposal or retention arrangements for all GFA held in connection with this Contract. The agreed arrangements and the associated timescales for action shall be recorded in the Transition Plan.

11.2 For items of equipment the Contractor shall provide a detailed list by NATO Stock Number (NSN) and/or part Number of all Authority owned equipment held under this Contract. Such information will be provided within 4 weeks of issue of a Transition Notification. Details will include but not be limited to:

- 11.2.1 geographical location of the equipment;
- 11.2.2 service history including forecast requirements;
- 11.2.3 status of calibration and serviceability at the time of Transition Notification;
- 11.2.4 details of supporting maintenance and calibration arrangements;
- 11.2.5 details of the equipment that is supported by the GFA concerned.

11.3 Arrangements, including payment terms, for return or disposal of GFA shall be agreed as part of the generation of the Transition Plan. The only costs the Authority will be liable for in terms of transfer of GFA shall be packaging, transportation, and if appropriate, disposal.

12 NOVATION OF SUB-CONTRACTS AND OTHER RELEVANT AGREEMENTS

12.1 Subject to Paragraph 12.2 upon receipt of a Transition Notification, the Contractor shall, where so requested by the Authority, consent and take all reasonable endeavours to facilitate, the assignment or novation (as appropriate) to the Authority or a nominated Follow-On Contractor any of the following:

- 12.1.1 Sub-Contract details;
- 12.1.2 Contract Period;
- 12.1.3 Contract scope and prices agreed;
- 12.1.4 Statement on Sub-Contractor performance;
- 12.1.5 Licenses and other agreements;
- 12.1.6 Equipment leases

as the Authority or the Follow-On Contractor may require to enable the transfer of responsibility for the provision of the Contractor Deliverables.

Contracts not capable of novation

12.2 Where a third party consent has not been obtained by the expiry of the Transition Notification Period in respect of any Sub-Contract placed in connection with this Contract (a "**Relevant Sub-Contract**"), such relevant Sub-Contract shall not be conveyed, transferred or novated but shall be held in trust for the Authority or a nominated Follow-On Contractor absolutely from the expiry of the Transition Notification Period until such third party consent is obtained and the Relevant Sub-Contract is so conveyed, transferred or assigned. The Contractor shall, in the performance of its obligations and the exercise of its rights under the Relevant Sub-Contract, seek and act at all times in accordance with the instructions of the Authority and shall deliver to (or shall procure that there is delivered to) the Authority, as soon as reasonably practicable following receipt by the Contractor, any notice or other document concerning or relating to the Relevant Sub-Contract.

12.3 The Authority shall indemnify the Contractor in respect of any reasonable costs or expenses suffered or incurred by the Contractor in complying with the instructions of the Authority pursuant to Paragraph 12.2 above save to the extent that any such costs or expense is caused or increased by the default or negligence of the Contractor in carrying out or seeking the instructions of the Authority or in performing any of its other obligations under this Schedule in which case the Contractor shall indemnify the Authority in respect of any and all loss suffered or incurred by the Authority as a result of such default or negligence.

12.4 Upon receipt from the Contractor of a third party consent in respect of a Relevant Sub-Contract, the Contractor shall, and the Authority shall, or the Authority shall procure that any Follow-On Contractor shall (as appropriate), as soon as reasonably practicable, transfer or novate the Relevant Sub-Contract to which the third party consent relates to the Authority or Follow-On Contractor as the case may be.

Position pending novation

12.5 In respect of each Relevant Sub-Contract, the Contractor shall unless contractually prevented from doing so, sub-contract the obligations of the Contractor under such contracts to the Authority or a Follow-On Contractor on the same terms (*mutatis mutandis*) and for the same remuneration (without imposing any margin) as apply to the contracts concerned.

12.6 Where prevented from sub-contracting pursuant to Paragraph 12.5 the Contractor shall, in the performance of its obligations and the exercise of its rights under the Relevant Sub-Contract, seek and act at all times in accordance with the instructions of the Authority in order to secure the performance of the Relevant Sub-Contract and the Authority shall indemnify the Contractor in respect of any reasonable costs or expenses suffered or incurred by the Contractor in complying with such instructions of the Authority save to the extent that any such cost or expense is caused or increased by the default or negligence of the Contractor in carrying out or seeking the instructions of the Authority or in performing any of its other obligations under this Schedule in which case the Contractor shall indemnify the Authority in respect of any and all loss suffered or incurred by the Authority as a result of such default or negligence.

Breach of contracts

12.7 If:

12.7.1 the Contractor holding a Relevant Sub-Contract on trust for the benefit of the Authority or a Follow-On Contractor would result in the breach of the Relevant Sub-Contract; or

12.7.2 any third party consent is not obtained by the Transition Notification Period then, in the case of Paragraph 12.7.1 above, the Relevant Sub-Contract shall be deemed to have not been transferred to the Authority (or such Follow-On Contractor) and, in either case, the Parties shall make such other reasonably practicable arrangements between themselves which will, without (in the case of Paragraph 12.7.1 above) giving rise to such a breach, and so far as is practicable, secure rights for the Authority (or such Follow-On Contractor) equivalent to those it would have enjoyed had the benefit of the Relevant Sub-Contract been transferred to it and for relieving the Contractor from all liability under the Relevant Sub-Contract with effect from the expiry of the Transition Notification Period.

13 TRANSFER OF UNDERTAKINGS (PROTECTION OF EMPLOYEES) TUPE

13.1 Both Parties shall give effect to the provisions of Schedule 10 (*TUPE*).

14 CONTRACT CLOSURE ARRANGEMENTS

14.1 Where this Contract expires or is terminated in accordance with the provisions of this Contract and there is not a continuing requirement for any of the services covered by the Contract i.e. this Contract will not be extended or replaced, the Contractor shall support the Authority in generating a Contract Closure Plan, the scope of which is detailed within Annex B of this Schedule 13 (*Exit Management*).

15 PAYMENT

15.1 Payment for all work completed under this Contract up to the Termination Date is in accordance with Clause 67 (*Financial Consequences of Termination*).

Contractor Default

15.2 Where the Authority has determined this Contract for Contractor Default in accordance with Clause 64 (*Termination for Contractor Default*), the Authority's remedies and rights and the Contractor's liabilities shall be as described in this Contract.

Any Other Circumstances

15.3 Where work is required to be undertaken in support of a Transition Plan or a Contract Closure Plan which is in addition to the scope of this Contract then the scope and price for the additional work will be agreed with the Authority prior to commencement of the work. The additional work shall either be covered within this Contract in accordance with Schedule 6 (*Contract Change*) or under a separate arrangement.

15.4 The price payable by the Authority for the acquisition of any Transferable Industry Assets shall be a fair and reasonable value of the asset and physical condition at the Termination Date or Expiry Date. However, where a termination compensation payment is payable to the Contractor by the Authority such termination compensation payment shall be deemed to include such payment in respect of the value of the Assets.

16 DISPUTE RESOLUTION

16.1 Any dispute regarding the operation of this Schedule 13 (*Exit management*) shall be dealt with in accordance with Clause 82 (*Disputes*) of this Contract.

ANNEX A TO SCHEDULE 14 – TRANSITION PLAN

1 SCOPE

- 1.1 The scope of the Transition Plan is to include:
- 1.1.1 The respective responsibilities and obligations of the Authority and the Contractor;
 - 1.1.2 The applicable transition schedule;
 - 1.1.3 The activities of the Parties; and
 - 1.1.4 The documentation to be provided.

2 RESPONSIBILITIES AND OBLIGATIONS

- 2.1 The Transition Plan will cover the following areas in respect of both Parties:
- 2.1.1 The allocation and roles of full-time personnel to assist in the transition of the Contractor Deliverables from the Contractor to the Authority or a Follow-On Contractor;
 - 2.1.2 Reporting lines;
 - 2.1.3 Liaison between the Authority and the Contractor;
 - 2.1.4 Responsibilities for approval of documentation and plans; and
- 2.2 In addition, the Transition Plan shall cover each Party's responsibilities for the provision of the Contractor Deliverables:
- 2.2.1 Up to the Transition Date;
 - 2.2.2 On the Transition Date;
 - 2.2.3 During any parallel running of the Contractor Deliverables by the Contractor and/or the Authority and the Follow-On Contractor; and
- 2.3 Responsibilities and obligations during preparation for, and the transfer of:
- 2.3.1 Assets (GFA, Transferable Industry Assets and transferable third party assets);
 - 2.3.2 Sub-Contracts;
 - 2.3.3 Operational documentation including records and databases, configuration documentation and manuals; and
 - 2.3.4 Software licences.

3 APPLICABLE TRANSITION SCHEDULE

- 3.1 The schedule for the transition of the Contractor Deliverables shall include:
- 3.1.1 The transfer and cut-over milestones (being the points at which sub-sections of the Contractor Deliverables transfer from the Contractor to the Authority and/or Follow-On Contractor), identifying dates, events, and criteria to be met for completion of the transfer;

3.1.2 Dependencies on the Authority, the Contractor and, if applicable, a Follow-On Contractor or any third parties;

3.1.3 The timing of the Contractor to provide data, provide assets, make assets available for inspection by the Authority, provide net book value data and handover of assets;

3.1.4 The timing of the Authority and, if applicable, a Follow-On Contractor to review data, inspect assets, receive and purchase assets, including due diligence;

3.1.5 The timing and obligations of third parties who will need to be involved in the transfer of the Contractor Deliverables.

3.2 All dates shall be related to days or weeks prior to, or after, the serving of a Transition Notice.

4 KEY ACTIVITIES

4.1 The key activities to be undertaken during the transition phase include, but are not limited to:

4.1.1 The arrangements for continuing provision of the Contractor Deliverables in accordance with this Contract for such period as may be required by the Authority;

4.1.2 The plan for handing over to the Authority GFA, Transferable Industry Assets, third party assets, and other records, configuration information, asset maintenance history and status, manuals, procedure documentation, software licences and any other similar items used or relating to the configuration control of any Information System provided under this Contract;

4.1.3 The arrangements for Redundant Materiel;

4.1.4 Due diligence on assets, contracts and other resources;

4.1.5 Briefings on all the items handed over, their status and completeness and knowledge transfer of the Contractor Deliverables;

4.1.6 The means by which no interruption of the provision of the Contractor Deliverables or reduction in service levels will occur during the transition period and during the transfer to the Authority or any Follow-On Contractor;

4.1.7 Arrangements for the Authority or a Follow-On Contractor to use the Contractor's Premises as mutually agreed, covering access, security, space to be used to allow their continued use;

4.1.8 The provision of a repository for data into which information shall be placed, for the Authority or any third party contractor to inspect, and make copies for removal; and

4.1.9 In the event of any staff transfers, compliance with obligations under the TUPE Regulations.

5 DOCUMENTATION

5.1 The documentation to be prepared and made available by the Contractor to support the transition of services shall include, but not be limited to:

5.1.1 Assets registers including release and version numbers;

- 5.1.2 Configuration data for this Contract;
- 5.1.3 Status of third party software covering supplier, version, upgrade status;
- 5.1.4 Asset maintenance history and status;
- 5.1.5 Process and procedure documentation;
- 5.1.6 Full contract documentation for the Contractor's Sub-Contractors which have been agreed to be novated to the Authority or a Follow-On Contractor;
- 5.1.7 Other items relating to the provision of the Contractor Deliverables;
- 5.1.8 Details of any work in progress;
- 5.1.9 The list of Sub-Contracts which the Contractor will novate to the Authority or a Follow-On Contractor; and
- 5.1.10 An inventory of spares equipment and parts ("spares") purchased by the Contractor necessarily or with the written approval of the Authority in order to provide the Contractor Deliverables or any part of them.

ANNEX B TO SCHEDULE 13 - CONTRACT CLOSURE PLAN

6 SCOPE

- 6.1 The scope of the Contract Closure Plan is to include:
- 6.1.1 The respective responsibilities of the Authority and the Contractor;
 - 6.1.2 The applicable Contract Closure schedule;
 - 6.1.3 The activities of the Parties; and
 - 6.1.4 The documentation to be provided.

7 RESPONSIBILITIES AND OBLIGATIONS

- 7.1 The Contract Closure Plan will cover the following areas in respect of both Parties:
- 7.1.1 The allocation and roles of full-time personnel to assist in the closure;
 - 7.1.2 Reporting lines;
 - 7.1.3 Liaison between the Authority and the Contractor;
 - 7.1.4 Responsibilities for approval of documentation and plans; and
- 7.2 Responsibilities and obligations during preparation for, and the transfer of:
- 7.2.1 Assets (GFA);
 - 7.2.2 The plan for handing over to the Authority GFA – reimbursement of transfer costs will also be detailed;
 - 7.2.3 The timing of the Contractor to provide GFA assets, make assets available for inspection by the Authority, provide net book value data and handover of assets.

8 KEY ACTIVITIES

- 8.1 The key activities to be undertaken during the Contract Closure phase shall include but not be limited to:
- 8.1.1 Briefings on all the items handed over, their status and completeness and knowledge transfer of the services;
 - 8.1.2 The means by which no interruption of the provision of the services or reduction in service levels will occur during the Contract Closure;
 - 8.1.3 The provision of a repository for data into which relevant information shall be placed, for the Authority to inspect, and make copies for removal.

9 DOCUMENTATION

- 9.1 The documentation to be prepared and made available by the Contractor to support the transition of services shall include but not be limited to:
- 9.1.1 Asset registers including release and version numbers;
 - 9.1.2 Configuration data for this Contract;

- 9.1.3 Asset maintenance history and status; and
- 9.1.4 Any other items requested to support the Contract Closure activities.