

DPS Schedule 3 (DPS Pricing)

1. Financial arrangements under Order Contracts

- 1.1 There is no DPS Pricing held at DPS level for the purposes of this DPS Contract.
- 1.2 The financial arrangements (including relating to the basis of calculation of the amounts that are receivable by the Buyer and/or the Supplier (including any Charges)) that apply under each Order Contract:
 - 1.2.1 shall be calculated/determined in accordance with the terms of the Order Contract and in particular in accordance with the terms of the Order Form; and
 - 1.2.2 cannot be amended except as specifically permitted by the Order Contract.
- 1.3 Any variation to the financial arrangements (including relating to the basis of calculation of the payments to the Buyer, Charges relating to the Services provided by the Supplier and/or other amounts that are payable or receivable by the Buyer or the Supplier) under an Order Contract must be agreed between the Supplier and the Buyer.

2. Pricing mechanisms

- 2.1 The pricing mechanisms set out in Annex 1 shall be available for use in Order Contracts awarded under the DPS Contract.

Annex 1: Pricing mechanisms

1 Definitions

2.1 In this Annex, the following terms have the meanings given to them below

1.1.1 **"Buyer Payment"** means any payment by the Buyer that is expressly stated to be payable to the Supplier as set out in the Order Form, which shall be calculated on the basis that is specified in the Order Form;

1.1.2 **"Direct Costs"** means the following costs that are properly incurred by the Supplier in the performance of the Services and/or the exploitation of the rights granted under the Order Contract:

[**Guidance Note:** List of eligible direct costs to be confirmed by Buyer where applicable– this may include, but not be limited to, one or more of the cost items listed below]

(a) [inspection costs]

(b) [maintenance costs]

(c) [replenishment costs]

(d) [electricity costs]

(e) [costs of any site-specific consents]

(f) [billposting costs]

(g) [installation and removal costs]

(h) [cash collection]

(i) [data connection and associated costs]

(j) [planning consents]

(k) [security and security management]

(l) [other items]

1.1.3 **"Fixed Payment"** means, if the Order Form specifies that a Fixed Payment mechanism is applicable to the Order Contract, the fixed payment sum that is payable by the Supplier throughout the Contract Period in the amount as set out in the Order Form;

1.1.4 **"Minimum Guaranteed Payment"** means, if the Order Form specifies that a Minimum Guaranteed Payment mechanism is applicable to the Order Contract, the minimum guaranteed payment sum that is payable by the Supplier throughout the Contract Period in the amount as set out in the Order Form;

1.1.5 **"Gross Revenue"** means, in respect of the relevant period, the gross revenue received or receivable by or on behalf of the Supplier from the performance of the Services and/or the exploitation of the

rights granted under the Order Contract in relation to that period, exclusive of VAT, but before the deduction of any costs, outgoings or other industry deductions;

- 1.1.6 **"Net Profit"** means, in respect of the relevant period, the Gross Revenue relating to that period after deduction of (i) agreed Direct Costs and (ii) any other allowable costs that can be deducted (and are properly due by the Supplier) in relation to that period as specified in the Order Contract [which may include, in relation to Order Contracts that involve the performance of advertising Services by the Supplier, the following costs:

[Guidance Note for Order Contracts that involve advertising Services: List of the costs that the Buyer accepts can be deducted by the Supplier for advertising contracts in order to arrive at the Net Profit for the purposes of the Profit Share calculation to be confirmed by Buyer – this may include, but not be limited to, one or more of the cost items listed below.]

- (a) [normal agency commission actually paid to third party agencies, provided such commission does not exceed [Insert: limit] OR the level which is normal in the advertising industry from time to time;]
- (b) [poster specialist commission, volume override payments and direct sales commissions, actually paid to third parties, provided such commission and payments do not exceed [Insert: limit] OR [the level which is normal in the advertising industry from time to time];]
- (c) [credits properly due and paid to advertisers following certain types of events (as Approved by the Buyer) that are outside of the Supplier's control and which result in Approved Sites at which relevant Advertising is displayed being closed to the public for a period of [Insert: number of days] consecutive days or more;]
- (d) [the deduction of all agreed Direct Costs in accordance with the Order Contract;]

- 1.1.7 **"Net Profit Share Payment"** means, if the Order Form specifies that a Net Profit Share payment mechanism is applicable to the Order Contract, the Net Profit Share payment that is payable by the Supplier to the Buyer as calculated in accordance with the Order Form;

- 1.1.8 **"Net Profit Share"** means, if the Order Form specifies that a Net Profit Share Payment or Top-Up Net Profit Payment mechanism is applicable to the Order Contract, the percentage share of the Net Profit (or, if expressly stated in the Order Contract, the percentage share of the Gross Revenue) that is payable to the Buyer as specified in the Order Form;

1.1.9 **"Supplier Amount"** means, in respect of the relevant period, an amount equal to the Net Profit relating to that period less the total amount that is payable to the Buyer in relation to that period under Paragraph 2.1; and

1.1.10 **"Top-Up Net Profit Payment"** means, if applicable to the Order Contract, an amount equal to the difference between:

- (a) the total Minimum Guaranteed Payment that has been paid by the Supplier in respect of the relevant period; and
- (b) the Net Profit Share that is due to the Buyer in respect of the relevant period.

For the avoidance of any doubt, there shall be no refunds or other amounts due to the Supplier if the Minimum Guaranteed Payment that has been paid by the Supplier in respect of the relevant period exceeds the total amount of the Net Profit Share relating to the relevant period.

2 Payments

2.1 The Supplier shall pay to the Buyer:

[Guidance note: Buyer to select which one of the payment models listed below will apply under the Order Contract, in line with the option that has been selected in the Order Form]

2.1.1 [the Fixed Payment,]

2.1.2 [the Minimum Guaranteed Payment and the Top-Up Net Profit Payment,]

2.1.3 [the Net Profit Payment,]

at the frequency specified in the Order Form.

2.2 Where the Order Form expressly specifies that a Buyer Payment is payable by the Buyer under the Order Contract, the Buyer shall pay the Buyer Payment to the Supplier at the frequency specified in the Order Form.

2.3 Where a Fixed Payment or a Minimum Guaranteed Payment is payable by the Supplier under the Order Contract, the amount of the Fixed Payment or Minimum Guaranteed Payment shall, only where stated in the Order Form, be subject to amendment in accordance with the terms set out in the Order Form.

2.4 The amounts due to the Buyer under Paragraph 2.1 shall be payable at the frequency set out in the Order Form. If no frequency is specified in the Order Form:

2.4.1 any Fixed Payment or Minimum Guaranteed Payment that is due under Paragraph 2.1 shall be payable by the Supplier Monthly in advance or at a frequency to be determined by the Buyer; and

2.4.2 any Net Profit Share Payment or Top-Up Net Profit Payment that is due under Paragraph 2.1 shall be payable by the Supplier (following

reconciliation and the Buyer's Approval in accordance with Paragraphs 2.5 and 2.6) at the end of each quarter or at frequency determined by the Buyer.

- 2.5 The Supplier shall send to the Buyer for its Approval a statement (in the format and at the frequency specified by the Buyer) specifying:
- 2.5.1 the amount of the Net Profit for the relevant period (including a detailed breakdown of the Net Profit, including all Gross Revenue receivable and all qualifying deductions made in accordance with the definition of Net Profit); and
 - 2.5.2 the amounts that have been paid and/or are payable to the Buyer in respect of the relevant period under Paragraph 2.1.
- 2.6 The Supplier shall provide such further information and/or evidence as the Buyer may require in order to review and, if applicable, Approve each statement that is provided by the Supplier under Paragraph 2.5.
- 2.7 The Supplier shall pay all amounts due to the Buyer under this Annex in cleared funds into the bank account nominated by the Buyer within 30 days (or such other period as may be specified in the Order Form) after receipt of an invoice in respect of the relevant amounts from the Buyer.
- 2.8 Any amounts due to the Buyer under this Annex shall be exclusive of applicable VAT, which shall, to the extent determined by the Buyer to be applicable, be payable by the Supplier in addition to such amounts.
- 2.9 The Supplier shall not, without the prior written approval of the Buyer, permit any person who is connected in any way with the Supplier, to have the benefit of the right to provide any of the Services under the Order Contract, except in accordance with the terms of the Order Contract and on arm's length commercial terms. If the Buyer approves any arrangement other than on arm's length commercial terms, the amounts payable to the Buyer under Paragraph 2.1 for the applicable period shall be increased by an amount agreed between the Buyer and the Supplier to reflect the terms agreed with such person.
- 2.10 Where a Net Profit Payment or Top-Up Net Profit Payment is payable by the Supplier under the Order Contract, the Supplier shall at all times during the relevant Contract Period use all reasonable endeavours to maximise the Net Profit Share payable to the Buyer under the Order Contract (in a manner consistent with the Supplier's obligations under the Order Contract), including by:
- 2.10.1 maximising income arising from the provision of the Services under the Order Contract so as to maximise the Net Profit generated; and
 - 2.10.2 minimising any deductions from the Net Profit, including applicable commissions, payments and credits payable to third parties.
- 2.11 The Supplier will provide reports to the Buyer, and will participate in regular meetings with the Buyer, in accordance with the terms of the Order Contract. The Parties will use those reports and meetings, amongst other things, to

monitor the nature, type and volume of Services that the Supplier is providing (and the rights that the Supplier is granted) from time to time. The Supplier acknowledges that any changes to the nature, type and/or volume of the Services (and to the rights that the Supplier is granted) from time to time may give rise to a requirement from the Buyer to re-assess the level of the payments that are due by the Supplier to the Buyer pursuant to Paragraph 2.1, which will be handed in accordance with the Variation Procedure.

- 2.12 Except to the extent expressly stated to the contrary in the Order Form for the relevant Order Contract, under no circumstances will the Supplier make any claims for any costs, expenses or other amounts from the Buyer in connection with the performance of the Services and/or otherwise in connection with the Order Contract.
- 2.13 For the purposes of the Order Contract, the Charges in respect of each Contract Year shall be an amount equal to:
 - 2.13.1 the Supplier Amount relating to the Contract Year; and
 - 2.13.2 any Buyer Payment and any other fees or other amounts that are payable by the Buyer to the Supplier under the terms of the relevant Order Form.