ABC ABC LTD

FINANCIAL INCENTIVES AGREEMENT FOR THE UNITED KINGDOM

Scope and Purpose

This Financial Incentives Agreement for the United Kingdom (“Financial Incentives”) is attached to and supplements the Local Terms and Conditions (as defined below) for corporate customers for the provision of vPayment T&E programmes in the United Kingdom (“ABC Accounts”) entered into by and between ABC Limited (“we,” “us,” “our” and “ABC”) and XYZ or your related Affiliates (“you”, “your” and “Company”) (collectively the Financial Incentives and the ABC Accounts are referred to as the “Agreement”).

Effective Date

These Financial Incentives shall become effective on the 1st calendar day of the month in which the last party signs this Financial Incentive Agreement (“Effective Date”).

Defined Terms

“**Affiliate**” means any entity that controls, is controlled by, or is under common control with either party, including its subsidiaries. As used in this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies on an entity, whether through the ownership of voting securities, by contract, or otherwise. For the avoidance of doubt, but not by way of limitation, the direct or indirect ownership of more than 50% of (i) the voting securities or (ii) an interest in the assets, profits, or earnings of an entity shall be deemed to constitute “control” of the entity.

“**Charges**” shall mean all amounts charged to any ABC Accounts issued to Company pursuant to this Agreement or any accounts issued to Card Members pursuant to such ABC Accounts including, without limitation, purchases, cash advances, cash equivalents, fees, ABC Corporate Travellers Cheque encashments, and delinquency assessments.

“**Local Terms and Conditions**” means any applicable application to establish ABC Accounts in the United Kingdom that sets forth the account provisions for use of the selected ABC Accounts in the United Kingdom.

Account Establishment

The Company confirms and accepts that, the Company will sign the applicable Local Terms and Conditions for the applicable ABC Accounts prior to the inclusion of charge volume from such ABC Account for the purpose of the Financial Incentives as set in 2.2 below.

Affiliate Accounts

The Company confirms and accepts that, with respect to any related Company Affiliate, such Affiliate will sign the applicable Local Terms and Conditions for the applicable ABC Accounts prior to the inclusion of charge volume from such Affiliate ABC Account for the purpose of the Financial Incentives as set below.

Company confirms and accepts that Company shall be liable for all Charges incurred on the ABC Accounts by Company and any Company Affiliates who enter into ABC Accounts in respect of the United Kingdom.

The Company also confirms and accepts that in order to provide these Financial Incentives in respect of its Affiliates who have entered into ABC Accounts in the United Kingdom, ABC will need to disclose such Affiliate data, including personal and financial data about the ABC Accounts and/or Card Members to ABC Affiliates for the purposes of calculating the Net Annual Charge Volume (“NACV”) and Incentive Payments (as defined herein) (“Charge Volume Data Sharing”). Company shall ensure that each such Affiliate consents to such Charge Volume Data Sharing by ABC and the applicable ABC Affiliate on its own behalf and on behalf of its Card Members who enter into ABC Accounts pursuant to such Company Affiliate ABC Account. ABC ABC LTD

Company also confirms and accepts that it shall ensure that each such Affiliate is aware that Incentive Payments shall be paid directly to Company in respect of each such Affiliate ABC Account pursuant to the terms of this Agreement.

1. ANNUAL ABC ACCOUNT FEES – Intentionally Deleted

2. FINANCIAL INCENTIVES

2.1 Incentive Payment

(A) We will calculate an incentive payment for the 12-month period commencing the Effective Date of these Financial Incentives (“Incentive Payment”) and each anniversary thereof (a “Contract Year”). The Incentive Payment will be calculated by first determining the gross incentive amount for the Contract Year, and then adjusting the gross incentive amount as described in Sections 2.2 and 2.3 below (“Gross Incentive Amount”). We will pay you the Incentive Payment within ninety (90) days following the end of the applicable Contract Year. In the event this Agreement is terminated prior to the completion of any Contract Year for any reason (other than by ABC due to breach by you, or by you without cause) the Incentive Payment will be made to you for that Contract Year pro rata basis. These Financial Incentive Payments are contingent upon Company achieving a minimum NACV of five million pounds (£5,000,000.00).

(B) If you divest an Affiliate prior to the end of a Contract Year, we will include the NACV charged to ABC ABC Accounts as outlined above from that Affiliate in the incentive calculation for the amount of time such party participated in the ABC Account program.

(C) We will only include the NACV from any Affiliates in the incentive calculation from the 1st of the month in which we receive the signed ABC Account from such Affiliates.

(D) For the avoidance of doubt the spend volume generated by any joint venture or co-branded ABC Account will not be eligible for NACV calculation for the purposes of these Financial Incentives.

2.2 Gross Incentive Amount

(A) The Gross Incentive Amount will be calculated by multiplying your NACV for the applicable Contract Year in accordance with the tables below. 1bp = 0.01% of the NACV. The top tier NACV will only be payable on incremental volume above the second highest tier. E.g. if the second highest tier is up to $149million with bps of 100bps & the top tier is $150 million plus and 120bps – then the 120bps will only be paid on the volume over $150m and not the total

|  |  |
| --- | --- |
| vPayment T&E NACV Requirement  (£ Millions) | Bp Multiplier |
| 0 – 4.99 | 0.0bp |
| 5.00 – 9.99 | 35.0bp |
| 10.00 – 14.99 | 40.0bp |
| 15.00 – 19.99 | 45.0bp |
| 20.00 – 24.99 | 55.5bp |
| 25.00 – 29.99 | 60.5bp |
| 30.00 – 34.99 | 63.0bp |
| 35.00 – 39.99 | 65.5bp |
| 40.00 – 44.99 | 70.0bp |

ABC

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| --- | --- |
| vPayment T&E NACV Requirement  (£ Millions) | Bp Multiplier |
| 45.00 – 49.99 | 72.5bp |
| 50.00 – 54.99 | 75.0bp |
| 55.00 – 59.99 | 77.5bp |
| 60.00 – 64.99 | 82.0bp |
| 65.00 – 84.99 | 87.0bp |
| 85.00 – 99.99 | 92.0bp |
| 100.00 – 149.99 | 100.0bp |
| 150.00+\* | 120.0bp |

Your NACV for any Contract Year means the aggregate total amount of Charges incurred from all ABC ABC Accounts issued pursuant to the ABC Accounts in the United Kingdom during the applicable Contract Year issued under this Agreement minus Credit Losses (as defined in Section 2.5 below), delinquency assessments, fees (including but not limited to annual Card fees, if applicable, and *MR* Fees), cash advances, unauthorized charges, direct write-offs, and credits (including but not limited to refunds and credits for disputed charges), in each case for the applicable Contract Year. The Gross Incentive Amount is paid on NACV that has been billed or invoiced during the applicable Contract Year. ABC recognizes NACV as billed or invoiced as of the cycle cut date. “Unbilled Charges” are Charges that you have incurred, but that have not been billed or invoiced by ABC. Unbilled Charges are not considered in calculations for the Gross Incentive Amount or any other part of the financial incentive.

2.3 Adjustments and Deductions to Gross Incentive Amount

(A) The Gross Incentive Amount will be adjusted to reflect the Client Held Day (“CHD”) Adjustment for the applicable Contract Year calculated as described in Section 2.4 below.

(B) The following amounts will then be deducted from the Gross Incentive Amount:

1. Credit Losses for the applicable Contract Year as described in Section 2.5 below; and

2. *MR* Program Expenses for the applicable Contract Year as described in Section 2.6 below.

2.4 Client Held Days Performance

(A) CHD: CHD Performance is determined by calculating the weighted average of CHD Performance during each billing cycle during that Contract Year. CHD Performance is calculated for each billing cycle by aggregating the total cumulative outstanding daily balance on the ABC Account during the applicable billing cycle and dividing that sum by the total amount of new payments plus credits incurred on the ABC Account during the applicable billing cycle. CHD Performance for each billing cycle is then weighted according to the proportionate amount of Charges incurred during the applicable billing cycle. CHD will be rounded to the nearest whole number.

(B) CHD Adjustment: If your CHD Performance for the applicable Contract Year is 14 days or more, a CHD Adjustment of 2 bps per day will be deducted from the Gross Incentive Amount.

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(C) No payment will to be made to Company based solely on CHD Performance. Company must have triggered a Gross Incentive Amount payment for any CHD adjustment to be made.

2.5 Credit Losses

Credit Losses for any Contract Year means the total pound sterling amount of Charges for which payment becomes 180 days or more past due during the applicable Contract Year. Credit Losses include all pre-empts, defined as any charges accelerated to collection or written off early due to such factors as death or bankruptcy. If you have an ABC Account relationship with us prior to the Effective Date of these Financial Incentives then any unpaid Charges arising from such prior relationship that during the term of this Agreement become 180 days or more past due will be included as a Credit Loss for the purposes of these Financial Incentives.

MR Expenses - blocked

(A) *MR* Cost per Point ("MR Cost per Point")

*MR* Cost per Point is the cost that ABC incurs in providing the *MR* Program based on ABC' client base redeeming MR points. ABC' methodology to calculate the MR Cost per Point is proprietary and is partly based on confidential information pursuant to individual agreements with our business partners in the *MR* Program.

(B) *MR* Program Expense ("MR Program Expense")

*MR* Program Expense for any Contract Year will be the cost associated with your participation in the *MR* Program for the applicable Contract Year, which is the amount obtained by: (1) multiplying the total volume of Corporate Card spend incurred by your employees who are enrolled in the *MR* Program by the MR Cost per Point and (2) adding an administrative cost, which is the cost of servicing the MR program for Company.

2.7 Fixed Inventory Implementation Fund

Provided ABC is your preferred and designated provider of charge accounts and charge cards through the term of these Financial Incentives, we agree to pay you a separate one-time fixed inventory implementation fund of one hundred and fifty thousand pounds (£150,000.00) (“Fixed Inventory Implementation Fund”). In the event that the Agreement is terminated for any reason (other than by Company due to breach by ABC or by ABC without cause) during the term of these Financial Incentives, or, ABC is not your designated provider of charge accounts and charge cards through the term of these Financial Incentives, ABC reserves the right to: i) withhold any Incentive Payment or Fixed Inventory Implementation Fund for the applicable Contract Year; or ii) clawback one hundred percent (100%) of the Fixed Inventory Implementation Fund.

In addition to the above, the Fixed Inventory Implementation Fund shall be conditional upon reaching the NACV threshold for the initial three-year term (“**Three Year Cumulative NACV**”) as detailed in the tables below. In the event that you fail to maintain the Three Year Cumulative NACV then you agree to refund to us the corresponding amount detailed in the Clawback column.

Deferred Clawback for Partnership Bonus paid under Previous Agreement:

As per terms agreed in clause 2.6 of the previous agreement between these Parties dated 21 November 2017 (“**Previous Agreement**”) ABC has paid the Company a one-time partnership bonus of One Hundred and Forty Thousand British Pounds (£140,000.00) (“**Partnership Bonus**”). Parties now agree to defer the condition for the Company to reach the NACV threshold for the applicable Contract Year 3 of the Previous Agreement to Contract Year 4 of this Agreement. Parties also agree that any changes to the Clawback amount are to be approved by ABC

In conjunction to the above, the Partnership Bonus shall be conditional upon the Company reaching the NACV threshold for the applicable Contract Year 4. In the event that the Company fail to maintain the NACV threshold for the applicable Contract Year 4 then the Company agree to refund to ABC the corresponding amount detailed in the Annual Clawback column for the Contract Year 4 as detailed in the table below:

|  |  |
| --- | --- |
| Contract Year 4 NACV Required  [vPayment T&E]  (£ Millions) | Clawback  (£) |
| > 49.00 | 0.00 |
| 40.84 – 48.99 | 23,333.33 |
| < 40.83 | 46,666.67 |

Performance Bonus

Provided ABC is your Preferred Provider of charge accounts and charge cards throughout the term of these Financial Incentives, we agree to pay you a performance bonus subject to you achieving the thresholds in the table below (“**Performance Bonus**”).

For the avoidance of doubt, the table below includes multiple thresholds, but please note you will only be entitled to one Performance Bonus during any one Contract Year during the Term of the Financial Incentives. Upon the conclusion of any Contract Year, your NACV shall be calculated and in the event that you have met any of the thresholds shown in the table below, a Performance Bonus shall be paid in relation to the highest threshold achieved. Once the Performance Bonus for a particular threshold has been paid, that threshold and Performance Bonus will no longer be available during the remainder of the term of the Financial Incentives. You therefore remain eligible for achieving the Performance Bonus related to any remaining unused threshold for any further Contract Year during the term of the Financial Incentives subject to the foregoing.

Annual NACV Required [vPayment T&E] (£ Millions) Performance Bonus (£)

62.00

50,000.00

80.00

100,000.00

80.00

50,000.00

Foreign Exchange Fees (“FX Fees”)

Where applicable, ABC agrees to cap the single conversion commission fees (“FX Fees”) for vPayment T&E at 0.75%, providing that the cross currency spend does not exceed 25% total spend, by refunding you the difference between the actual FX Fees charged and the fixed FX fee amount within 90 days of the end of each Contract Year. For the avoidance of doubt, in the event that the cross currency spend exceeds 25% of the total spend, the standard FX Fees will apply. Company’s sole remedy for a breach of this provision shall be limited to the waiving of any fees that have been applied in contravention of this provision.

2.11 Term of the Financial Incentives

The term of these Financial Incentives shall be a period of four (4) years commencing the 1st calendar day of the month in which these Financial Incentives becomes effective. This Financial Incentives shall automatically terminate in the event of termination of all ABC Accounts to which these Financial Incentives are attached.

2.12 Modification of Incentives

(A) If the one month USD LIBOR rate exceeds two percent (2%) in any contract year, the base incentive rates for such contract year shall be reduced by 8bps for every full one percent (1%) by which such annual average exceeds 2% for such contract year, or the corresponding pro-rata portion of such basis points if such percentage increase is not equal to a whole number. The one-month USD LIBOR rate shall be the average of the twelve (12) individual monthly rates published in the Global-Rates website (global-rates.com) on the last day of each month for such Contract Year weighted against each month’s corresponding NACV for such Contract Year. For the avoidance of doubt the US Libor rate shall be the United States Dollar (USD/$) rate.

If ABC determines that the one month USD LIBOR is unavailable or has been permanently discontinued, ABC will use, as a substitute for the one month USD LIBOR (the “Alternative Rate”), an alternative reference rate selected by the central bank, reserve bank, monetary authority or any similar institution (including any committee or working group thereof) that is consistent with accepted market practice. As part of such substitution, ABC will make such adjustments (“LIBOR Adjustments”) to the Alternative Rate or the spread thereon, in each case that are consistent with accepted market practice for the use of such Alternative Rate. If ABC determines that there is no clear market practice regarding a substitute for the one month USD LIBOR, ABC may, in its sole discretion, (i) appoint an independent financial advisor to determine an appropriate Alternative Rate and any LIBOR Adjustments or (ii) use the average of the one month USD LIBOR for the immediately preceding annual period of the Term.

(B) In the event that (A) the underlying ABC Accounts to which these Financial Incentives are attached are terminated for convenience by you pursuant to the terms of such ABC Accounts; or (B) in any Contract Year your NACV decreases by more than seventy-five percent (75%) from your NACV in any previous Contract Year, we reserve the

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right to reduce (i) the Incentive Payment earned by you for the previous Contract Year and (ii) any Performance Bonus earned by you during the term of these Financial Incentives by fifty percent (50%) (the “Reduction Amount”). In the event such Incentive Payment has already been paid to you, we reserve the right to either require you to refund the Reduction Amount or withhold such Reduction Amount from any amounts owed to you.

(C) Should your commercial structure materially change due to merger, acquisition, divestiture, or for any other reason, such change shall be the basis of immediate renegotiation of these Financial Incentives.

(D) If at any time through the term of these Financial Incentives there is a material change in our trading relationship with any service establishment or merchant or the industry in general either party shall have the right to renegotiate these Financial Incentives.

(E) If at any time during the term of these Financial Incentives, ABC reasonably believes that the economic condition, or legal or regulatory factors that impacts ABC have materially changed, then ABC reserves the right to renegotiate these Financial Incentives.