

TELECOMMUNICATIONS SERVICE LEVEL AGREEMENT: PENALTIES FOR NON-COMPLIANCE

AGREEMENT DATE: May 8, 2025

BETWEEN:

- **CUSTOMER:** Global Retail Enterprises ("Customer")
- **SERVICE PROVIDER:** ConnexNet Communications ("Provider")

1. INTRODUCTION

This Service Level Agreement ("Agreement") establishes specific penalties for non-compliance with service levels defined in the Master Services Agreement between Global Retail Enterprises and ConnexNet Communications dated January 15, 2025. This Agreement governs all telecommunications services provided to Customer's 275 retail locations and 8 distribution centers across North America.

2. TERM

This Agreement shall commence on June 1, 2025, and continue in effect for 36 months unless terminated earlier as provided in the Master Services Agreement.

3. SERVICE COMMITMENTS AND ASSOCIATED PENALTIES

3.1 Network Availability

3.1.1 Service Level Commitment

Provider guarantees the following monthly network availability across Customer's environment:

Network Classification	Availability Commitment	Maximum Allowed Downtime per Month
Tier 1 (Core Network)	99.999%	26 seconds
Tier 2 (Distribution Centers)	99.99%	4.38 minutes
Tier 3 (Retail Locations)	99.9%	43.8 minutes

3.1.2 Measurement Methodology

Network availability shall be calculated as follows:

$$\text{Availability} = [(\text{Total Minutes in Month} - \text{Total Downtime Minutes}) / \text{Total Minutes in Month}] \times 100$$

The measurement period shall be a calendar month. Provider shall make availability measurements available to Customer through the Provider Portal in real-time.

3.1.3 Penalties for Non-Compliance

If Provider fails to meet the availability commitments in any month, Customer shall be entitled to the following service credits:

Network Classification	Availability Range	Service Credit (% of Monthly Fee)
Tier 1	99.99% to 99.999%	10%
Tier 1	99.9% to 99.99%	25%
Tier 1	Less than 99.9%	50%
Tier 2	99.9% to 99.99%	5%
Tier 2	99.5% to 99.9%	15%
Tier 2	Less than 99.5%	30%
Tier 3	99.5% to 99.9%	3%
Tier 3	99.0% to 99.5%	10%
Tier 3	Less than 99.0%	20%

3.2 Network Performance

3.2.1 Service Level Commitment

Provider guarantees the following network performance metrics:

Metric	Target	Measurement Point
Latency	$\leq 25\text{ms}$	Between Provider edge routers
Packet Loss	$\leq 0.1\%$	Between Provider edge routers
Jitter	$\leq 5\text{ms}$	Between Provider edge routers

3.2.2 Measurement Methodology

Network performance metrics shall be measured at 5-minute intervals throughout the month and averaged to produce monthly statistics.

3.2.3 Penalties for Non-Compliance

If Provider fails to meet any network performance commitment in any month, Customer shall be entitled to the following service credits:

Metric	Deviation from Target	Service Credit (% of Monthly Fee)
Latency	25ms to 50ms	5%
Latency	51ms to 100ms	10%
Latency	> 100ms	20%
Packet Loss	0.1% to 0.5%	5%
Packet Loss	0.51% to 1.0%	10%
Packet Loss	> 1.0%	20%
Jitter	5ms to 10ms	5%
Jitter	11ms to 20ms	10%
Jitter	> 20ms	15%

3.3 Mean Time to Repair (MTTR)

3.3.1 Service Level Commitment

Provider guarantees the following MTTR for service outages:

Severity	MTTR Commitment
Critical	≤ 4 hours
Major	≤ 8 hours
Minor	≤ 24 hours

3.3.2 Measurement Methodology

MTTR shall be measured from the time an incident is reported to Provider until service is restored to normal operation.

3.3.3 Penalties for Non-Compliance

If Provider fails to meet the MTTR commitment for any incident, Customer shall be entitled to the following service credits:

Severity	MTTR Deviation	Service Credit (% of Monthly Fee)
Critical	4 to 8 hours	10%
Critical	8 to 12 hours	20%
Critical	> 12 hours	30%
Major	8 to 16 hours	5%
Major	16 to 24 hours	10%
Major	> 24 hours	20%
Minor	24 to 48 hours	3%
Minor	48 to 72 hours	5%
Minor	> 72 hours	10%

3.4 Incident Response Time

3.4.1 Service Level Commitment

Provider guarantees the following incident response times:

Severity	Initial Response	Regular Updates
Critical	≤ 15 minutes	Every 30 minutes
Major	≤ 30 minutes	Every 2 hours
Minor	≤ 2 hours	Every 8 hours

3.4.2 Measurement Methodology

Response time shall be measured from the time an incident is reported to Provider until Provider acknowledges receipt and begins investigation.

3.4.3 Penalties for Non-Compliance

If Provider fails to meet the response time commitment for any incident, Customer shall be entitled to the following service credits:

Severity	Response Deviation	Service Credit (% of Monthly Fee)
Critical	15 to 30 minutes	5%
Critical	31 to 60 minutes	10%
Critical	> 60 minutes	15%
Major	30 to 60 minutes	3%
Major	61 to 120 minutes	5%
Major	> 120 minutes	10%
Minor	2 to 4 hours	1%
Minor	4 to 8 hours	3%
Minor	> 8 hours	5%

3.5 Time to Provision

3.5.1 Service Level Commitment

Provider guarantees the following timeframes for new service provisioning:

Service Type	Provisioning Timeframe
New circuit installation	≤ 45 calendar days
Circuit bandwidth change	≤ 10 business days
VoIP service addition	≤ 5 business days
Configuration change	≤ 24 hours

3.5.2 Measurement Methodology

Provisioning time shall be measured from the time Provider receives a complete service order until the service is fully operational.

3.5.3 Penalties for Non-Compliance

If Provider fails to meet any provisioning timeframe, Customer shall be entitled to the following service credits:

Service Type	Delay	Service Credit (Fixed Amount)
New circuit installation	1-15 days	\$1,000
New circuit installation	16-30 days	\$2,500
New circuit installation	> 30 days	\$5,000
Circuit bandwidth change	1-5 days	\$500
Circuit bandwidth change	6-15 days	\$1,000
Circuit bandwidth change	> 15 days	\$2,000
VoIP service addition	1-3 days	\$250
VoIP service addition	4-10 days	\$500
VoIP service addition	> 10 days	\$1,000
Configuration change	1-24 hours	\$100
Configuration change	25-48 hours	\$250
Configuration change	> 48 hours	\$500

4. CHRONIC SERVICE FAILURES

4.1 Definition of Chronic Service Failure

A Chronic Service Failure shall be defined as:

- Three (3) or more outages of the same service within a 30-day period
- Failure to meet the same Service Level Commitment for three (3) consecutive months
- Failure to meet any Service Level Commitment for five (5) months within a rolling 12-month period

4.2 Penalties for Chronic Service Failure

In the event of a Chronic Service Failure, Customer shall be entitled to:

- A service credit equal to 100% of the monthly recurring charges for the affected service
- The right to terminate the affected service without penalty
- Reimbursement of migration costs to a new provider up to \$25,000

5. MAXIMUM PENALTIES

5.1 Monthly Cap

The total service credits applied in any single month shall not exceed 50% of the total monthly recurring charges for all services provided under the Master Services Agreement.

5.2 Annual Cap

The total service credits applied in any 12-month period shall not exceed 25% of the total annual recurring charges for all services provided under the Master Services Agreement.

6. CREDIT REQUEST PROCESS

6.1 Submission Requirements

Customer must submit all requests for service credits in writing to Provider within thirty (30) days of the end of the month in which the non-compliance occurred. Credit requests must include:

- Service affected
- Dates and times of service level failure
- Trouble ticket numbers if applicable
- Requested credit amount with calculation

6.2 Review Process

Provider shall review all credit requests and provide a response within fifteen (15) business days of receipt. If Provider disputes any credit request, the parties shall follow the dispute resolution

process defined in the Master Services Agreement.

6.3 Application of Credits

Approved service credits shall be applied to Customer's invoice in the billing cycle following approval.

7. EXCLUSIONS

7.1 Force Majeure Events

Provider shall not be liable for service credits for failures resulting from force majeure events as defined in the Master Services Agreement.

7.2 Scheduled Maintenance

Provider shall not be liable for service credits for failures occurring during scheduled maintenance windows, provided that:

- Customer receives at least seven (7) days' advance notice for routine maintenance
- Customer receives at least twenty-four (24) hours' advance notice for emergency maintenance
- Maintenance is performed during the standard maintenance window (Sundays, 00:00-06:00 local time)

7.3 Customer-Caused Failures

Provider shall not be liable for service credits for failures resulting from:

- Customer's applications, equipment, or facilities
- Acts or omissions of Customer or its agents
- Customer's use of services in violation of the Acceptable Use Policy

8. RIGHT TO TERMINATE

8.1 Termination for Repeated Non-Compliance

Customer shall have the right to terminate the Master Services Agreement without penalty if:

- Provider experiences a Chronic Service Failure as defined in Section 4.1
- Provider fails to meet any Critical Service Level Commitment for four (4) consecutive months
- The total service credits exceed 40% of monthly recurring charges for three (3) consecutive months

8.2 Termination Process

Customer must provide written notice of termination within thirty (30) days of the event giving rise to the termination right. Provider shall have thirty (30) days from receipt of notice to cure the breach.

9. REPORTING AND GOVERNANCE

9.1 Service Level Reporting

Provider shall provide Customer with monthly service level performance reports within five (5) business days after the end of each month. Reports shall include:

- Actual performance against all Service Level Commitments
- Details of all service level failures
- Root cause analysis for all Critical and Major incidents
- Service credit calculations
- Trend analysis and improvement plans

9.2 Governance Meetings

Provider and Customer shall conduct quarterly service review meetings to discuss:

- Service level performance
- Recurring issues and resolution plans
- Service improvement initiatives
- Changes to Service Level Commitments if required

10. MODIFICATION OF SERVICE LEVELS

This Agreement may be modified only by written agreement of both parties. Either party may request a review of Service Level Commitments annually.

SIGNATURES

FOR CUSTOMER:

Name: Thomas Garcia

Title: Chief Information Officer

Date: May 8, 2025

FOR PROVIDER:

Name: Olivia Bennett

Title: Senior Vice President, Enterprise Services

Date: May 8, 2025

APPENDIX A: SERVICE CLASSIFICATION

[Detailed list of all Customer locations and their network tier classification]

APPENDIX B: CRITICAL BUSINESS PERIODS

[List of Customer's peak business periods during which enhanced service levels apply]