SH PROFESSIONAL SERVICES

# PRICING AND FAIR USE POLICY

*SH Professional Services Ltd*

Ref: SHPRCO010.1 – Updated 16th July 2026

## 1. Introduction

- SH Professional Services Ltd (the Supplier, us, we) is committed to providing the best service possible to our Clients. This Pricing and Fair Use Policy sets out expectations, procedures and principles relating to price increases and the adjustment of Fixed Fees for all our Clients, in both Ordinary and Extraordinary Circumstances.
- The Supplier will use its best efforts to communicate price increases and Fixed-Fee Adjustments through this Policy, and will communicate them to Clients with an appropriate Notice Period.
- This Policy forms part of the Framework Services Agreement (FSA) between the Supplier and the Client. Where this Policy conflicts with a Service Order, Call-off Contract or the FSA, those documents prevail in the order of precedence set out in the FSA.

## 2. Scope

- This Policy applies to Clients who use any of the Supplier's labour-based Services. It is most relevant to Clients using Outsourcing Services or ongoing Consulting Services where the delivery is labour intensive.
- This Policy does not apply to software licences (including the Rendr application), the fees for which are set out in the relevant Call-off Contract and Service Order.
- This Policy applies to Clients operating in both Ordinary and Extraordinary Circumstances that use the Supplier's Services.
- Staying up to date with this Policy is ultimately the responsibility of the Client.

## 3. Definitions

**Budgeted Hours** means the quantity of hours planned for delivering the Supplier's Service, which is derived from a Fixed-Fee invoice.

**Clients** means a customer of the Supplier, using and benefitting from the Supplier's Services.

**Discretionary Overage** means a permitted use of the Budgeted Hours of a Supplier's Service that would not prompt a Fixed-Fee Adjustment.

**Extraordinary Circumstances** means an adverse trading environment or financial instability of the Client, including insolvency.

**Estimation Phase** means an introductory period of service during which a Variable Fee is implemented to inform the arrangement of any future Fixed-Fee invoice.

**Fair Use** means the use of Budgeted Hours derived from a Fixed-Fee invoice, with a Discretionary Overage of the Budgeted Hours over an extended period, as amended by this Policy from time to time.

**Fixed-Fee** means an agreed fixed price in an invoice for one of the Supplier's Services that is agreed for a period longer than three months.

**Fixed-Fee Adjustments** means an agreed change in the Budgeted Hours and/or Unit Price of a given contract relating to the Supplier's Services.

**Fourth Industrial Revolution Technologies** means new software and hardware systems developed from 2010 onwards to enhance privacy, automation, audit trails and decision making, including artificial intelligence, machine learning, zero-knowledge proof, blockchain and distributed ledger technologies, robotic process automation, internet of things (IoT) networks and quantum computing.

**Inflation** means the change in price level as reported by either the Consumer Price Index (CPI) or the Retail Price Index (RPI) as reported by the Office for National Statistics (ONS).

**Labour Costs** means the total cost of employing an individual at the Supplier, including pensions, taxation and relevant service and administration charges.

**Resource Estimations** means the approximated number of unit labour costs, namely the hours required to perform the Supplier's Services.

**Non-Competitor Substitutes** means other operational arrangements that would constitute an indirect alternative to one of the Supplier's Services (for example, hiring an individual over outsourcing).

**Ordinary Circumstances** means a non-adverse trading environment and financial stability of the Client.

**Overage** means the Client's overuse of the Supplier's Service that would necessitate price increases.

**Pricing** means the process by which the Supplier sets prices in quotations and invoices for the Supplier's Services.

**Services** means the Services offered by the Supplier and specified in any contract between the Client and the Supplier.

**Technical Advances** means an attempted innovation or research and development project dedicated to improving efficiency in the delivery of the Supplier's Services.

**Time Tracking Software** means software systems used to track the Budgeted Hours derived from a Fixed-Fee invoice.

**Turnover Percentage** means the value of the Client's fees for the Supplier's Services divided by the turnover of the Client.

**Unit Price** means a price for a given unit of Service, which is usually equal to one hour.

**Variable-Fee** means an agreed non-fixed price in an invoice for one of the Supplier's Services.

## 4. Pricing Principles for Quoting and Implementing a Service

- When we quote for new business between us and the Client, our quoted prices reflect over 10 years of service delivery experience, and every new contract we successfully sign informs this Policy.
- The key metrics that inform our pricing, and the viability of a contract, are Turnover Percentage, any Technical Advances the Supplier makes in Service delivery, and Inflation. All three are actively monitored before, during and after any contractual arrangement between the Client and the Supplier.
- In our quotations, the Supplier's pricing decisions reflect Resource Estimations and market expectations, which are informed by information from competitors and Non-Competitor Substitutes available to us from time to time.
- Quoted Unit Prices for Services are, in most cases, blended rates of junior, senior, manager and director level personnel, to ensure that each Client receives the best Service.
- The Supplier endeavours to agree Fixed-Fee invoices with Clients to offer predictability. Variable Fees are always available and, in some circumstances, desirable for the Client.
- When delivering a labour-intensive Service such as Legal Cashiering, the Supplier usually requires an Estimation Phase, during which the Supplier delivers Services under a Variable Fee arrangement (usually for three months) to give an honest and true assessment of the Budgeted Hours required to deliver the Services.
- If our Variable Fee invoices amount to a value less than our Resource Estimation, the Supplier will ensure any Fixed-Fee arrangement is honest and reflects actual usage.
- If the Variable Fee invoices are, in the reasonable opinion of the Supplier, excessively greater than the initial Resource Estimation, the Supplier will notify the Client as soon as practicably possible.

## 5. Pricing Principles during the Contract Term

- The Supplier actively records the hours worked on any Client contract and is committed to using best-in-class Time Tracking Software, in which both Budgeted Hours and the actual time taken to deliver a Service are recorded. The Supplier trains staff to record and track hours worked honestly and in reflection of each commercial arrangement with the Client. If the Client believes this may not be the case, they must contact us immediately by emailing rco@tlam.co.uk.
- While using the Supplier's Service, the Client is entitled to request time reports to understand the usage of their Service where the Supplier notifies the Client of any price increase.
- In addition to time, the Supplier monitors its financial performance where possible, and Inflation.
- The current Inflation measure the Supplier uses is the Retail Price Index (RPI).

- Any price increase is based on either significant changes in the specific contract (such as a Client's Overage), the technical limits of the Supplier's operating procedures, or an external supply shock to the economy causing a severe increase in Inflation.

## 6. Fair Use and the Client's Responsibilities

The Client is expected to commit to the principle of Fair Use. This includes:

- using the Service as described in any written agreement between the Client and the Supplier;
- understanding that, where our Services relate to the Client's billing, an increased volume of transactions might cause Overage;
- notifying the Supplier, where possible, of any change in circumstance that might lead to Overage;
- where a material change in the Client's business occurs, the

Discretionary Overage is where a Client from time to time uses more than the Budgeted Hours in a Fixed-Fee contract. We understand that a Fixed-Fee should already take into account seasonal differences in billing and activity. Clients are therefore permitted Overage up to a threshold that the Supplier deems discretionary and not to adversely affect the profits of the Supplier. The Discretionary Overage threshold at present is 10% above the Budgeted Hours, measured over a 9-month period.

If the Client uses less than the 10% Discretionary Overage threshold, the Supplier will not discuss any Fixed-Fee Adjustment except in cases of Inflation.

## 7. Unit Price Increases and Fixed-Fee Adjustment Process

A price increase or Fixed-Fee Adjustment occurs in the following situations:

- Inflation; or
- input costs directly affecting the delivery of the Supplier's service; or
- a material change in the Supplier's business; or
- where the Client's Overage has surpassed the Discretionary Overage threshold.

The process for increasing the Unit Price of our Services, or agreeing a Fixed-Fee Adjustment, is as follows:

- In the case of Overage, the Supplier will notify the Client when they have passed the Discretionary Overage threshold as soon as reasonably practicable. For Clients that pay Variable Fee invoices, this Overage notification does not apply.
- In the case of Inflation, the Supplier will notify all Clients, where possible, at an appropriate point in the year, such as the new fiscal year, the end of a seasonal quarter, or on or around the end of the Supplier's accounting year.
- If the Client is unhappy with any Fixed-Fee Adjustment, they must notify the Supplier no later than 5 Business Days before the Fixed-Fee Adjustment is implemented. Once this notification has been made, the Client is granted an additional one calendar month to discuss and negotiate the Fixed-Fee Adjustment with the Supplier's representative.

In the event of a Fixed-Fee Adjustment negotiation, the Client is expected to use its best endeavours to agree a price that reflects any increase in the usage of the Supplier's Service. This includes:

- assessing the adoption of any systems and tools the Supplier uses to achieve a Technical Advance;
- assessing a usage report from the Supplier detailing our key monitoring metrics (Turnover Percentage, Inflation and Budgeted Hours);
- where the Client is trading in Extraordinary Circumstances, recognising the separation between the nominal amount of the required Fixed-Fee Adjustment and the means for paying for that adjustment over an extended period; and
- understanding that the Supplier raises this issue only when the Supplier's profits are due to be adversely affected.

In the event of a Fixed-Fee Adjustment negotiation, the Supplier is expected to use its best endeavours to agree a price that is fair and consistent with this Policy. This includes:

- providing clear usage reports directly from the Supplier's Time Tracking Software;
- assisting the Client as much as possible in the adoption of any new tools and systems to achieve a Technical Advance;
- remaining flexible with the Client in discussing payment approaches when the Client is trading in Extraordinary Circumstances; and
- ensuring that any Fixed-Fee Adjustment demonstrates an increasing return to scale for the Client and in no circumstances equates to a constant return (for example, if the income-generating activities of the Client are increasing by 10%, the Fixed-Fee increase should in no circumstances equate to 10%).

## 8. More Information About This Policy

This Policy is maintained by the RCO team, which is led by the RCO chair. If you have any queries relating to this Policy, please contact the RCO team at rco@tlam.co.uk, or contact your Supplier representative. If you are unsure who this is, please contact rco@tlam.co.uk or call 01684 342023.