

Operational Terms – Outsourced Service

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OPERATIONAL TERMS – OUTSOURCED SERVICE

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1 SERVICE OVERVIEW

- 1.1 Service Provider will deliver Outsourced Payroll Services as well as Deel Local Payroll Application hosting and maintenance services (for the purpose of this document such services will be defined as “Services”) to Customer, according to the requirements proposed by Customer and according to the terms and conditions described in more detail in this document.
- 1.2 Service Provider shall provide best in class Payroll Processing services along with software and technology (server, licenses, maintenance and development of the Deel Local Payroll Software, backup, disaster-recovery), the maintenance and development as well as the technological upgrading of the modules.
- 1.3 Service Provider will provide technological and infrastructure resources, ensuring the correct maintenance and configuration of the Deel Local Payroll Application with reference to Collective Labour Agreements, as provided by the Customer.
- 1.4 Subject to the relevant Fees, Service Provider will make available to Customer the necessary training both in classroom and on the job when a new Entity is on-boarded and as & when agreed changes / enhancements are implemented.
- 1.5 Service Provider shall provide agreed reports in each country of operation. current set of standard reports at the time of signing an Agreement.

2 RELATIONSHIP WITH REGARDS TO OUTSOURCING SERVICES

- 2.1 The responsibilities of the Customer and Service Provider are those as defined in Annexure A: Service Description and which will be configured as Process Items in Cloud Room.
- 2.2 The Customer shall:
 - 2.2.1 ensure that faults and requests related to the Customer’s environment are reported according to the defined and agreed procedures as per the to be drafted Operational Procedures;
 - 2.2.2 provide Service Provider with any information which may have an effect on Service Provider’s ability to supply the Services;
 - 2.2.3 provide escalation procedures for the resolution of problems.
 - 2.2.4 ensure that Customer’s staff are advised of the appropriate operational procedures; and
 - 2.2.5 ensure that all its policies, rules, and procedures which the Customer requires Service Provider to implement in the Customer’s system setup, are compliant with the legislation applicable to the Territory. Any opinion expressed by Service Provider as to the compliance or otherwise of the Customer’s policies, rules and procedures shall not constitute legal advice.
- 2.3 Service Provider shall:
 - 2.3.1 provide the Services as specified in Annexure A: Service Description;
 - 2.3.2 ensure performance according to the Service Levels as specified in Clause 5 of this document;
 - 2.3.3 provide the Customer with any information regarding planned changes;
 - 2.3.4 ensure that the Customer is advised of the applicable changes within the agreed Change Management process as per the to be drafted Operational Procedures;
 - 2.3.5 ensure confidentiality of systems and access control at all times in accordance with this Agreement;
 - 2.3.6 provide the Customer with any information regarding system and/or procedural changes with timeous warning.

3 CUSTOMER RELATIONSHIP CONTACTS AND OPERATION PROCEDURES AND TIMETABLE

- 3.1 Customer Relationship Contacts and Operational procedures and a processing timetable will be drafted and be agreed upon.

4 PERFORMANCE REVIEW MEETINGS

- 4.1 Performance will be reviewed at the agreed review meetings.
- 4.2 Service Provider will nominate an Outsourcing Business Manager responsible for the Customer’s account.

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- 4.3 The Customer shall nominate a Payroll Outsourcing Manager responsible for the operational payroll service within the Customer’s organisation and for managing the Service being received from Service Provider.
- 4.4 Review meetings will be held between Service Provider and the Customer at a mutually agreed frequency according to the needs of the Service operation.
- 4.5 The following will be discussed, as a minimum, during a review meeting:
 - 4.5.1 The Service Levels for the preceding period;
 - 4.5.2 The Service Level itself;
 - 4.5.3 Any required amendments to the Services;
 - 4.5.4 Future requirements. Any anticipated future related events and/or changes.

5 OUTSOURCING SERVICE LEVELS

5.1 To provide an effective monitoring benchmark for the Service, the Service Level indicators below detail the Service Provider Service Levels. The performance of the Service against these benchmarks will form part of the Customer service review:

Item	Key Indicator	Activity	Service Level	Achievement / Target
1	Key Indicator 1	Payroll Processing Accuracy Rate	Provide payroll results and output in full (except due to client omission; faulty or late change requests)	99 percent
2	Key Indicator 2	On time payroll delivery	Provide all agreed results and output on time as per mutually agreed schedule	99 percent
3	Key Indicator 3	Data Security	All data to remain secure and confidential	0 Incidents
4	Key Indicator 4	Response Time	Respond to all queries within mutually agreed timelines	99 percent

5.2 The Service Levels indicated in clauses **Error! Reference source not found.** to **Error! Reference source not found.** above are in addition to the Service Levels indicated at <https://www.payspace.com/service-levels>, which outlines the Service Levels for the Deel Local Payroll Application and Service availability.

6 CUSTOMER ACCESS

6.1 Customer access to the Deel Local Payroll Application will be done according to a signed Access Mandate.

7 SECURE DATA TRANSMISSION

- 7.1 “**Cloud Room**” means the module within the Deel Local Payroll Application which facilitates a secure data transmission between Customer and Service Provider via the Deel Local Payroll Application, and vice versa.
- 7.2 Information submitted via Cloud Room can be tracked and audited, thus ensuring transparency during the process.
- 7.3 The guidelines for ad-hoc or routine processes formalising the responsibilities of the Customer and Service Provider are configured in Cloud Room.
- 7.4 Unless otherwise specified, exchange of data between Customer and Service provider will be done via Cloud Room and in the format required by Cloud Room.
- 7.5 Should Cloud Room not be used as the method to exchange data between Customer and Service Provider, then the process will be clearly defined in a scope of work document.
- 7.6 Any future change in scope, responsibility and timeframes will be agreed upon in writing and reconfigured in Cloud Room.

ANNEXURE A: OUTSOURCE SERVICE DESCRIPTION

SERVICE PROVIDER, AT SERVICE PROVIDER’S SOLE DISCRETION, SHALL PROVIDE THE SERVICES, ON THE PLATFORM AS PER THE PROPOSAL, LISTED IN THE TABLE BELOW TO CUSTOMER:

8	SUMMARISED OVERVIEW OF THE SERVICES
8.1	Service Provider, at Service Provider’s sole discretion, shall provide the following services to Customer:
8.1.1	Setup of the Services, where applicable, as process items in the secure data transfer facility (“Cloud Room”) module within the Deel Local Payroll Application:
	<ul style="list-style-type: none"> 8.1.1.1 Approve all payroll run dates, payroll calendars, and approval schedules; 8.1.1.2 Establish account and data transfer protocols; 8.1.1.3 Setup of global payroll system for each country; 8.1.1.4 Load all initial and ongoing Customer’s data as provided by Customer; and 8.1.1.5 Customization of bank files, where applicable, in accordance with formatting determined by the Parties.
8.1.2	Ongoing management of the Services, including:
	<ul style="list-style-type: none"> 8.1.2.1 Allow for continuous updates, as needed, of all Customer Employees’ indicative data and compensation information; 8.1.2.2 Load Customer Employees’ payroll details per cycle.
8.1.3	Provide pay history data files (final approved payroll file), via Cloud Room
8.1.4	Provide funding data files for processed payroll via Cloud Room
8.1.5	Provide the Customer with any information regarding planned changes.
8.1.6	Ensure that the Customer is advised of all changes within the agreed change management process as per the to be drafted operational procedures.
8.1.7	Provide the Customer with any information regarding system and/or procedural changes with timeous warning.
9	CUSTOMER RELATIONS
9.1	Service Provider and Customer will name their representatives, and where necessary inform the other Party of any changes, who will manage the relationship.
9.2	Performance will be reviewed at the agreed review meetings.
9.3	The Customer shall nominate a Payroll Outsourcing Manager responsible for the operational payroll service within the Customer’s organisation and for managing the Service being received from Service Provider.
9.4	Review meetings will be held between Service Provider and the Customer at a mutually agreed frequency according to the needs of the Service operation.
9.5	The following will be discussed, as a minimum, during a review meeting:
	<ul style="list-style-type: none"> 9.5.1 The Service Levels for the preceding period; 9.5.2 The Service Level itself; 9.5.3 Any required amendments to the Services; 9.5.4 Future requirements. Any anticipated future related events and/or changes.

10 DESCRIPTION OF THE SERVICES

10.1 Every applicable cycle, Service Provider, at Service Provider’s sole discretion, shall provide the following Services to the Customer:

10.1.1 Payroll processing and tax reporting and calculate all Customer Employees’ and employer’s employment tax and mandatory benefit contributions.

10.1.2 Setup of Customer Employees accesses, based on Customer’s supplied access mandate, onto the Service Provider Platform.

10.1.3 Calculate gross-to-net taxes in accordance with the applicable laws and regulations.

10.1.4 Processing the following payroll elements per cycle of:

- 10.1.4.1 All taxable employment benefits, such as salaries, overtime pay, and allowances;
- 10.1.4.2 Process Customer’s new employees;
- 10.1.4.3 Termination/leavers;
- 10.1.4.4 Holiday (Leave transactions);
- 10.1.4.5 Back pay and any adjustments;
- 10.1.4.6 Stock plans, where applicable;
- 10.1.4.7 Pensions;
- 10.1.4.8 Statutory pay;
- 10.1.4.9 Sick pay (including Customer’s enhanced schemes)
- 10.1.4.10 Maternity pay (including Customer’s enhanced schemes);
- 10.1.4.11 All other statutory payments, tax codes, and student loans;
- 10.1.4.12 Where applicable and if selected or quoted for, per month submissions to the competent authority, this also includes calculating any reclaim for statutory payments and offsetting it against the PAYE payment made. (As part of this process Service Provider will also be the agent with regards to the relevant authority and any queries reference submissions or payments would come through to us);
- 10.1.4.13 Dealing with queries and questions from Customer during the year about the monthly processes as required; and
- 10.1.4.14 E-Payslips per cycle to be accessible for Customer via the Deel Local Payroll Application.

10.1.5 All Services listed in this Agreement shall be provided on an ongoing basis during the Agreement Term for the Customer unless specifically excluded.

10.1.5.1 Provide all standard reports required by the applicable local law, rules and regulations.

10.1.5.2 Payslips, if requested by Customer:

- i. Shall match the payroll register provided by Service Provider;
- ii. The payroll output files shall match the tax payments and filings.

10.1.6 Service Provider, at Service Provider’s sole discretion shall provide the following Services to the Customer:

- 10.1.6.1 Year to date reports if required by the law
- 10.1.6.2 Where applicable and if selected or quoted for, year-end processing, submission to relevant authority
- 10.1.6.3 All statutory reports as required by applicable laws
- 10.1.6.4 General Ledger File
- 10.1.6.5 Standard Payroll Register
- 10.1.6.6 Any other Payroll service required by the applicable law or as reasonably requested by Customer at their cost

11 PAYSリップ SOLUTION

11.1 E-Payslips will be made available in the Service Provider Employee Self Service (“ESS”) for Customer Employees to log in, view and download.

12	GENERAL LEDGER SOLUTION
12.1.1	At go live there will be a General Ledger implemented for Customer in the applicable country.
12.1.2	Process:
12.1.2.1	Once payrolls have been confirmed by the Customer and closed: at Customer's request, a General Ledger file will be transferred through Cloud Room to be accessed by Customer.
13	DESCRIPTION OF GLOBAL PAYROLL PROCESS
13.1	The process would include:
13.1.1	Customer provides payroll changes to Service Provider by a pre-agreed payroll 'cut-off'.
13.1.2	Customer communicates to Service Provider that no more changes will be entered into the system for processing this period at the pre-agreed payroll cut-off date. Any further changes after payroll cut-off may not be processed until the following period. Should Service Provider process changes then there may be additional charges.
13.1.3	Service Provider generates the preliminary payroll reports and sends to the Customer for initial review.
13.1.4	Customer reviews and confirms that the payroll preliminary reports successfully capture all intended payroll changes and will make corrections as necessary.
13.1.5	Service Provider will generate the final payroll report and send to the Customer for final review.
13.1.6	Customer reviews and confirms that payroll reports are finalized, and the period can be closed.
13.1.7	Customer proceed with payroll processing and execution of payments of net pay and local taxes where applicable.
13.1.8	E-Paylips will be published in the Service Provider ESS system.
14	DESCRIPTION OF TAX SERVICES (IF SELECTED AND AVAILABLE AT AN ADDITIONAL FEE)
14.1	Withhold and process federal, status, province and local tax transactions, including payments and filings according to most recent tax tables, all as required by applicable law.
14.2	Process and electronically make available liability amounts to be funded each payroll and year-end federal, state/province, local and employee reports.
14.3	Payroll Summary will include a detailed breakdown of the customer account for payments made each cycle on a per tax agency basis. Respond to inquiries from tax authorities according to the same standards as client inquiries and response.
14.4	Withhold and process other related payments required by the applicable law.
15	DESCRIPTION OF OTHER SERVICES, UPON CUSTOMER'S REQUEST (AVAILABLE FOR ADDITIONAL FEES)
15.1	At Customer's request and sole cost and expense, Service Provider may:
15.1.1	Process payments related to the payroll.
15.1.2	Assist Customer with controls or legal procedures.
15.1.3	Assist Customer with the opening of a bank account in a specific country.
15.1.4	Assist Customer in creating a new branch or subsidiary.

15.1.5	Assist Customer with obtaining working visas and work permits in a specific country.
15.1.6	Assist Customer in enrolment / registration of employees for social security, pension, and similar matters.
15.1.7	Assist Customer in onboarding protected categories and disabled employees.
15.1.8	Provision of employment agreement for Customer Employees in a specific country.
15.1.9	Drafting, reviewing, and revising employee agreements.
15.1.10	Providing new reports and modifications of standards.
15.1.11	Off-cycle modifications or re-run (Example, if Customer asks to modify 10 employee payrolls for one entity after cut off date).
15.1.12	Advance payment and loans to Customer Employees.
15.1.13	Electronic safe for payslips.
15.1.14	Expatriates.
16	CUSTOMER RESPONSIBILITIES
16.1	Ensure that faults and requests related to the Customer's environment are reported according to the defined and agreed procedures as per the to be drafted Operational Procedures.
16.2	Provide Service Provider with any information which may have an effect on Service Provider's ability to supply the Services.
16.3	Provide escalation procedures for the resolution of problems.
16.4	Ensure that Customer's staff are advised of the appropriate operational procedures.
16.5	Ensure that all its policies, rules, and procedures which the Customer requires Service Provider to implement in the Customer's system setup, are compliant with the legislation applicable to the applicable laws. Any opinion expressed by Service Provider as to the compliance or otherwise of the Customer's policies, rules and procedures shall not constitute legal advice.
17	SERVICE LEVELS
17.1	To provide an effective monitoring benchmark for the Service, the Service Level indicators below detail the Service Provider Service Levels. The performance of the Service against these benchmarks will form part of the Customer service review:
17.1.1	Key Indicator 1: 17.1.1.1 Activity: Payroll Processing Accuracy Rate; 17.1.1.2 Service Level: Provide payroll results and output in full (except due to client omission; faulty or late change requests); 17.1.1.3 Achievement Target: 99 percent.
17.1.2	Key Indicator 2: 17.1.2.1 Activity: On time payroll delivery; 17.1.2.2 Service Level: Provide all agreed results and output on time as per mutually agreed schedule; 17.1.2.3 Achievement Target: 99 percent.
17.1.3	Key Indicator 3: 17.1.3.1 Activity: Data Security; 17.1.3.2 Service Level: All data to remain secure and confidential; 17.1.3.3 Achievement Target: 0 Incidents.

17.1.4 Key Indicator 4:

17.1.4.1 Activity: Response Time;

17.1.4.2 Service Level: Respond to all queries within mutually agreed timelines;

17.1.4.3 Achievement Target: 99 percent.

18 SECURE DATA TRANSMISSION

18.1 Secure data transmission between Customer and Service Provider will be done via the cloud room functionality in the Deel Local Payroll application.

18.2 Cloud Room Overview:

18.2.1 Information submitted via Cloud Room can be tracked and audited, thus ensuring transparency during the process;

18.2.2 The guidelines for ad-hoc or routine processes formalising the responsibilities of the Customer and Service Provider are configured in Cloud Room;

18.2.3 Unless otherwise specified, exchange of data between Customer and Service provider will be done via Cloud Room and in the format required by Cloud Room;

18.2.4 Should Cloud Room not be used as the method to exchange data between Customer and Service Provider, then the process will be clearly defined in a scope of work document;

18.2.5 Any future change in scope, responsibility and timeframes will be agreed upon in writing and reconfigured in Cloud Room.