

DATED

30 July 2024

FUNDING AGREEMENT

Between

REGULATORY FUNDING COMPANY

and

INDEPENDENT PRESS STANDARDS ORGANISATION C.I.C.

This agreement is dated 30 July 2024

PARTIES

- (1) **REGULATORY FUNDING COMPANY** a company registered in England and Wales with company number 08796553 whose registered office is at 10 Queen Street Place, London, EC4R 1BE ("RFC")
- (2) **INDEPENDENT PRESS STANDARDS ORGANISATION C.I.C.** a company registered in England and Wales with company number 02538908 whose registered office is at Gate House, 1 Farringdon Street, London, EC4M 7LG ("IPSO")

Background

- (A) IPSO is the independent regulator for the newspaper and magazine industry in the UK and this agreement has been entered into having regard to the remit and independence of IPSO.
- (B) RFC is charged with raising a levy on the news media and magazine industries to finance IPSO.
- (C) This Agreement sets out the terms upon which RFC has agreed to fund IPSO for the period 1 January 2025 to 31 December 2029 inclusive.

Definitions

"Funding Period":	The five-year period between 1 January 2025 to 31 December 2029 inclusive.
"Annual Funding Amount":	The funding which it is agreed RFC shall pay to IPSO each calendar year throughout the Funding Period excluding any Exceptional Costs.
"Exceptional Costs":	Costs which are (i) associated with responding to any legal claim brought against IPSO or legal proceedings involving IPSO, from the date of a letter of claim provided that IPSO acts in accordance with the advice of counsel in bringing or defending such legal proceedings which include costs which IPSO may be ordered to pay but excludes costs that can reasonably be met under IPSO's routine legal spend in the judgement of IPSO's Board; (ii) associated with implementing any changes to existing policies, rules or regulations which have been discussed

with RFC in advance; (iii) of dissolution, administration or the winding up of IPSO; (iv) of the engagement of recruitment consultants to recruit a Chairman or Chief Executive of IPSO; and (v) of any event which is agreed to be analogous to any of those set out in (i) to (iv) (inclusive).

Agreed Terms

1. Until 31 December 2024, RFC shall continue to fund IPSO in accordance with the Funding Agreement dated 31 July 2019 (the "2019 Funding Agreement") with the total of the twelve monthly payments payable by RFC to IPSO under the 2019 Funding Agreement for the calendar year 2024 being the Annual Funding Amount.
2. From the start of the calendar year 2025 and throughout the Funding Period, the Annual Funding Amount which is payable by RFC to IPSO under this Agreement shall be paid in twelve equal instalments on or before the 15th of each calendar month, each payment being a "Monthly Funding Amount".
3. Throughout the Funding Period and with effect from the start of the calendar year 2025, the Annual Funding Amount shall be increased each year by the rate of the Consumer Prices Index ("CPI") prevailing in November of the previous calendar year with the first increased Monthly Funding Amount being paid in the January of each calendar year. No later than 15 September in each year of the Funding Period, IPSO and the RFC shall review the Bank of England August Monetary Policy Report forecasts for the succeeding year. In the event that the projected CPI increase for the succeeding year exceeds 5%:
 - a. IPSO and the RFC shall meet to review in good faith the increased Annual Funding Amount for the succeeding year;
 - b. this review process shall take into account IPSO's needs and independence, IPSO's own reserves, the economic context and its impact on regulated entities, and the financial position of the RFC; and
 - c. in default of agreement in such review process the Annual Funding Amount shall be increased by 5% plus one-half of the percentage amount by which the CPI increase exceeds 5% subject to a maximum total increase of 7.5%.
4. In addition to the payment of the Annual Funding Amount, RFC undertakes to pay during the Funding Period any and all Exceptional Costs of IPSO which are reasonably incurred and are notified to RFC as soon as reasonably practicable, subject to the following:

- a. RFC will not be obliged to pay more than a total sum of £600,000 in respect of Exceptional Costs during the Funding Period without RFC's prior agreement; and
 - b. in respect of such Exceptional Costs which relate to the recruitment of a Chairman or CEO, RFC will not be obliged to (1) pay more than a total sum of £45,000 per recruitment exercise or (2) contribute to the cost of more than two recruitment exercises in the Funding Period.
5. During the Funding Period, IPSO shall send to RFC each month copies of its management accounts, cashflow and balance sheet. In the event of any material change in the structure of the publisher membership base of IPSO or RFC's funding sources, both parties agree to use their best endeavours to reach agreement as to funding that will best support the independence of IPSO and the long-term sustainability of the regulatory scheme which is overseen by IPSO. In the event that any such agreement includes a material reduction in the Annual Funding Amount (defined as £100,000 or more in any calendar year of the Funding Period), such reduction shall not ordinarily take effect until 6 months from the date of the agreed adjustment, unless with the express agreement of IPSO's Board. RFC shall notify IPSO of the level of its financial reserves at the end of each year of the Funding Period.
6. In early 2029, IPSO and RFC shall begin discussions on the Funding Agreement following renewal, with a view to agreeing new funding terms to cover the period of the fourth contract period from 2030 to 2034 inclusive. It is agreed that the terms of this agreement shall not in any way bind the parties in any future agreement in respect of funding terms.

Contracts (Rights of Third Parties) Act 1999

7. The parties agree that the terms of this agreement are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999.

Governing law

8. This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

Jurisdiction

9. Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

Variation

10. Any variation of this agreement may only be in writing and signed by or on behalf of both parties.

Counterparts

11. This agreement may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

The parties have entered into this agreement on the date stated at the beginning of it.

SIGNED by REGULATORY FUNDING COMPANY	<div data-bbox="922 813 1401 992" style="background-color: black; width: 100%; height: 80px; margin-bottom: 10px;"></div> <div data-bbox="922 1043 1096 1131"><hr style="border-top: 1px dashed black;"/>Peter Wright Director</div> <div data-bbox="916 1198 1299 1319" style="background-color: black; width: 100%; height: 54px; margin-bottom: 10px;"></div> <div data-bbox="922 1404 1193 1498"><hr style="border-top: 1px dashed black;"/>David Newell Company Secretary</div>
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SIGNED by INDEPENDENT PRESS STANDARDS
ORGANISATION C.I.C.



Lord Edward Faulks KC

Director



Charlotte Dewar

Secretary