



19 October 2021

Royal Mail Wholesale

185 Farringdon Road
London
EC1A 1AA

PRICE CHANGES FOR THE ACCESS LETTERS CONTRACT

Dear Customer,

Today, we publish new prices for the Access Letters Contract that will come into effect from 4 January 2022. This letter is accompanied by a formal contract change notice (number 086). You can find all the new prices at www.royalmailwholesale.com/pricing.

We understand that it continues to be a tough environment for UK businesses against a backdrop of the Covid-19 pandemic, supply chain and logistics challenges, and an uncertain economic climate.

Royal Mail also continues to be adversely impacted by this environment, but despite this we remain firmly committed to delivering the highest level of service possible for the mail industry, while maintaining and investing in the Universal Service, which Royal Mail is honoured to provide. Maintaining the Universal Service (and providing our Access letters and parcels services over the same network) comes with high fixed costs, even before the additional costs incurred as a result of the Covid 19 pandemic, and as a private listed Plc, these costs all need to be covered to ensure we remain profitable.

Where we are making price changes, we are doing so to ensure the Universal Service (and in turn, our Access services) can be delivered sustainably.

We are encouraging customers to use our cheapest and most efficient Mailmark services which provide customers with rich data about the performance of their mail through our network, especially by using Mailmark Direct Data which provides item level data on all Mailmark items. It also enables us to manage the network and process items more efficiently, resulting in cost savings which we can reflect in a cheaper price. Overall our Mailmark prices are receiving the lowest price increases from 4 January 2022, and with our Mailmark Economy service, customers will receive even lower price increases.

Minimise cost increases with Mailmark Economy

We are keen to encourage more customers to take advantage of price savings through the Mailmark Economy service, which has a lower price than standard Mailmark. From 4 January 2022, Advertising Mail Letters customers migrating from standard Mailmark to Mailmark Economy, and posting in trays, will see a price decrease of 3.1% and achieve a 1.303p per item price differential. Customers currently using Responsible Intermediate Mailmark Economy in trays will not receive a price change if they post Advertising Mail Mailmark Economy due to our alignment of Advertising Mail prices to Responsible Intermediate Mail prices, as notified on 18 June 2021. Business Mail Letters customers migrating from standard Mailmark to Mailmark Economy, and posting in trays, will see an increase of only 3% and achieve a 2.033p per item price differential.

How our other prices are changing

Overall, from 4 January 2022, we have kept Advertising Mail price increases as low as possible, with an average increase of circa 2%*, to help Direct Mail remain competitive in the Media market. When we notified you of the withdrawal of the Responsible Mail service from 4 January 2022, we committed to amending all Advertising Mail prices to match the **current** lowest equivalent Responsible 'Intermediate' price, to ensure that no customers currently using Responsible Mail are disadvantaged. From 4 January 2022, a customer that does

not currently benefit from the Responsible Mail discounts and posts Advertising Mail as Access 70 Mailmark in trays, will receive a 0.009p increase.

We are increasing our prices for Business Mail Letter and Large Letter services by an average of 8%*. For example, customers that post Access 70 Mailmark in trays will see a 2.915p per item increase whereas if they post Access 70 (manual) in trays the increase is 3.492p per item.

** The average price increase percentages quoted take into account the changes we are making to the Mailmark Economy prices.*

Improving the cost alignment of zonal prices

We indicated to you last October that we adjusted the zonal prices as part of an ongoing objective to ensure they broadly reflect the actual cost of serving the different zones whilst aiming to mitigate against price shocks for customers. We have again updated the zonal prices as part of this initiative. For illustrative purposes the table below shows the Mailmark prices for Advertising and Business Mail Letter items posted in trays for each zone valid from 4 January 2022.

Mailmark	Zonal Price Plan Access Charges for Letter format items posted in trays			
	Urban	Suburban	Rural	London
Business Mail	29.919p	32.028p	36.274p	34.066p
Advertising Mail	15.404p	17.513p	21.759p	19.551p

Increasing the tray discount

Trays are a more efficient container for processing mail, meaning our costs are lower, so we are keen to encourage more mailing items in trays. From 4 January 2022, we will be increasing the discount for Letters to 0.35p and the discount for each Large Letter item presented in a tray will be increased even further from 1.0p to 1.5p.

No change to Mailmark missort charges


We remain committed to reviewing non-compliance charges for customers and continue to see improvement in issues relating to Mailmark missorts. We have, therefore, decided to maintain the Mailmark missort charges at their current rates.

Our commitment to you

Finally, I would like to take this opportunity to thank you for your business and give you my assurance that we are committed to working collaboratively with our customers to provide the highest possible levels of service and value to you and your customers.

Your Account Director will be in touch to discuss any queries you may have in relation to the price changes.

Yours sincerely,



Tim Cable
Wholesale Products Director
Royal Mail Wholesale



ACCESS LETTERS CONTRACT CHANGE NOTICE: NUMBER 086
Date: 19 October 2021

This notice applies if you hold an Access Letters Contract (Contract) with Royal Mail Group Limited, a company registered in England and Wales (number 04138203) with its registered address at 185 Farringdon Road, London, EC1A 1AA.

1 Definitions and interpretation

- 1.1 If a word or expression is defined in this notice, it shall have the meaning given in this notice.
- 1.2 Any words or expressions which are not defined in this notice, but have an initial capital letter, shall have the meanings given to them in the Contract.
- 1.3 All of the rules about how to interpret the Contract shall apply to this notice.

2 Changes to the Contract

- 2.1 We hereby give you notice under clause 13.2.3 of the General Access Terms and Conditions to change the Access Charges with effect from 4 January 2022, details of which can be found on our Website, www.royalmailwholesale.com/pricing.

Yours sincerely,

Tim Cable
Wholesale Products Director
Royal Mail Wholesale