



25th October 2013

Royal Mail Wholesale

148 Old Street
London
EC1V 9HQ

Dear Customer,

Royal Mail Advertising Mail® - audit results and actions

The recent Advertising Mail audit run by Royal Mail Wholesale that concluded on 11th October 2013 has highlighted a number of non-compliant practises which need to be addressed urgently. We shall write to each customer separately with their individual results very shortly but this notice is being served to remind you of the following requirements when posting mailing items under the Royal Mail Advertising Mail® service and to ask you to take immediate action to ensure that you meet them:

- Each Advertising Mail posting must comprise mailing items of the same uniform message to all addressees i.e. you must not consolidate postings of different messages or postings that are commissioned by different posters under a single UCID (Royal Mail Advertising Mail Schedule, paragraph 5.2.1(a))
- Every UCID must be unique to a poster of Advertising Mail and be used each time the poster submits a posting (Royal Mail Advertising Mail Schedule, paragraph 5.2.2(b));
- Each Advertising Mail posting must comprise a minimum 4000 items (Royal Mail Advertising Mail Schedule, paragraph 5.2.2(a));
- Every Advertising Mail posting must include a seed addressed to Royal Mail Wholesale at the nominated address (Royal Mail Advertising Mail Schedule, paragraph 7.1);
- Subscription and membership magazines/publications/newsletters do not qualify for the Advertising Mail service (Direct Mail Content Guidance document published on the Advertising Mail services page at www.royalmailwholesale.com);
- Each week, you must supply Royal Mail Wholesale with a list of the previous week's Advertising Mail postings detailing each UCID and the poster name associated with the UCID (Royal Mail Advertising Mail Schedule, paragraph 9.3 which is further detailed in the Customer Guidelines for Advertising Mail Seed Checks).

Cont...

Actions for non-compliance:

1. You are aware that where we identify a non-compliant posting, we ask you to identify the UCID and posting details and we remove the Advertising Mail discount from that posting.

2. However, please note, with effect from the 4th November 2013, where we identify a non-compliant posting and it happens to have been posted under a UCID that is used by more than one posting or poster, we shall remove the Advertising Mail discount from all mailing items declared as Advertising Mail pertaining to the same UCID. This practise of consolidating different Advertising Mail postings under a single UCID must cease as soon as possible as it is non-compliant to the contract. We shall work with you over the next 2 months to remedy the issue but after this time we do expect the practise of consolidating Advertising Mail postings to have ceased. Indeed, with effect from 6th January 2014, if we find this practice is still taking place, even if the mailing items meet the Advertising Mail definition, we shall remove the Advertising Mail discount from the relevant UCID and repeated incidents may require us to suspend your use of the Advertising Mail service until such time as you are able to assure us that all your mailing items handed over to us as Advertising Mail meet the contractual requirements.

3. More than 60% of the non-compliance that we have found in the past two months relates to subscription or membership magazines/publications/newsletters. These items are not eligible for the Advertising Mail discount as consumers/members are expecting them; they are classed as "fulfilment" items. If you have been sending them, please stop presenting them as Advertising Mail immediately. Any Advertising Mail posting found to be containing these items after the 10th November 2013 will be considered a serious breach of contract and will result in immediate suspension of the Advertising Mail service from your contract and continue until such time as you can assure us that you have remedied a permanent solution for the non-compliance.

4. There are two types of posting activities that include subscription magazines or membership newsletters that we currently allow as Advertising Mail – one is where a charity sends a letter requesting a contribution or a will donation and attaches a newsletter/pamphlet describing case studies of how contributions are spent; the other is where a customer sends a magazine to a prospect list of customers and it contains a cover letter confirming that it is a complimentary copy and invites them to take out a regular subscription. Given the extent of non-compliance with magazines/newsletters, these activities may have caused some confusion on what type of publication is permissible as Advertising Mail so we are currently reviewing with Royal Mail Retail whether we shall continue to allow these activities as Advertising Mail in future. We shall write to you again on this matter when we have concluded our review and at the same time we shall update the Direct Mail Content Guidance document that is published on our website.

4. We use the seeds and the UCID list to help us monitor all Advertising Mail postings made via Access. The audit has revealed that we do not always receive these from all customers.

Cont...

We are considering the action we will take in this audit against this type of non-compliance: one option is to remove the discount from any Advertising Mail posting for which we do not receive a seed. We are also considering what action to take where a customer has not complied with the requirement to let us have a complete and accurate weekly UCID identity list – we may look to remove the discount from any postings that are not declared on the weekly list. We shall write to you again on these when we have considered the reasons for the non-compliance and made our decision.

5. We realise that some of the contractual remedies have not been used by us before but the extent of the non-compliance and the impact it has on our commercial proposition for Access requires us to take a more protective stance that we trust will drive the correct practises in the future and permit us to continue to offer Advertising Mail as a service. Furthermore, as a result of the findings in the recent audit, we are undertaking a comprehensive review of both the Advertising Mail and the Responsible Mail specifications to ensure that both products continue to offer value to the industry as well as to our business. We shall update you with our findings in due course.

Yours sincerely,



Jenny Ledger
Network Access Director
Royal Mail Wholesale