

Schedule 1

Standard Services

General Section

You may opt to use certain of our Services in line with the Contract and the following Parts of this Schedule 4:

- Part 1 - Royal Mail Advertising Mail® and Royal Mail Partially Addressed Mail®;
- Part 2 - Royal Mail Business Mail Large Letter™;
- Part 3 - Royal Mail Magazine Subscription Mail™;
- Part 4 - Trunking Services; and / or
- Part 5 - Standard Service.

This Schedule 4 sets out the terms and conditions which apply to the use of these Services. Defined terms in this Schedule 4 have the meaning given to them in Schedule 1 (Definitions and Interpretation).

Part 1 – Royal Mail Advertising Mail® and Royal Mail Partially Addressed Mail®

1 Background

- 1.1 This Part 1 sets out the terms on which you and we agree that you may post Advertising Mail and / or Partially Addressed Mail. References to a 'Posting' in this Part 1 shall be to an Advertising Mail Posting or Partially Addressed Mail Posting, as applicable.

2 Advertising Mail and Partially Addressed Mail Specifications

- 2.1 Mailing Items in a Posting must meet the Access Service Specification relevant for the Posting and you must comply with all of your obligations under this Part 1 and the User Guide.

3 Seed Mailing Items

- 3.1 For each Posting, you must provide us with a sample of each mailing pack design to verify conformance to the content requirement of the relevant Access Service Specification. This can be provided as a sample pack prior to posting or by including us as a seed to the Posting. We will retain each of the items received and use them for:

- (a) reference during the audit process as set out in paragraph 6; and
- (b) unless the Data Opt Out has been exercised, the purpose envisaged in paragraph 5.1.

- 3.2 You are required to provide Samples/Seeds that are exact reproductions of the Mailing Items posted in terms of both envelopes used and contents enclosed for each Posting. The Samples/Seeds must:

- (a) be addressed to our nominated address as detailed in the User Guide, or such other location as may be notified from time to time;
- (b) include the information set out in the User Guide; and
- (c) be handed over to us on the same date as the Posting is posted.

4 Collection of the ASBOF Levy and JICMAIL Levy

- 4.1 Unless we notify you that we are no longer appointed to collect the ASBOF Levy and / or JICMAIL Levy in accordance with paragraph 4.6 below, you agree that we may collect the:

- (a) ASBOF Levy on behalf of ASBOF; and
- (b) the JICMAIL Levy on behalf of JICMAIL,

on all direct mail Mailing Items presented as Advertising Mail and / or Partially Addressed Mail under the terms of the Contract. We shall pass the entire value of the JICMAIL Levy to JICMAIL and the ASBOF Levy to ASBOF at the end of each quarter of the financial year.

- 4.2 The value of the ASBOF Levy shall be as stated on the pricing page of the Website, as changed from time to time.
- 4.3 The value of the JICMAIL Levy shall be as stated on the pricing page of the Website, as changed from time to time, and shall be subject to the JICMAIL Levy Cap per each Originating Customer and Customer Entity. Any amounts paid by you in excess of the JICMAIL Levy Cap will be refundable by JICMAIL and we will not be liable to you in respect of any amounts paid by you in excess of the JICMAIL Levy Cap.
- 4.4 We agree that when you present Mailing Items as Partially Addressed Mail with Advertising Mail, the ASBOF Levy and the JICMAIL Levy will both be applied only once and not across all Access Services.
- 4.5 You acknowledge that we are only providing a collection service for the ASBOF Levy and the JICMAIL Levy. The ASBOF Levy and the JICMAIL Levy are both voluntary. If you want a refund of the:
 - (a) ASBOF Levy that you have paid, you must submit a written retrospective claim to ASBOF, on a quarterly or annual basis, to be sent to The Treasurer, ASBOF, The Broadcast Advertising Standards Board of Finance, 12 Henrietta Street, London, WC2E 8LH; and / or
 - (b) JICMAIL Levy that you have paid, you must submit a written retrospective claim to JICMAIL, on a quarterly or annual basis, to be sent to The Treasurer, JICMAIL Limited, DMA House, 70 Margaret Street, London W1W 8SS,

(or such other address as may be advised from time to time), giving the following information:
 - (i) evidence confirming that you have paid the ASBOF Levy or JICMAIL Levy (as applicable), and confirmation of the amount paid; and

- (ii) an explanation (in reasonable detail from a board member) setting out the reason for your request for a refund.

4.6 We will notify you if we are no longer appointed to collect the ASBOF Levy and / or JICMAIL Levy.

4.7 Notwithstanding any other provisions in the Contract, we may amend or withdraw the requirements of this paragraph 4:

- (a) in respect to the ASBOF Levy, on 3 months' notice; and
- (b) in respect to the JICMAIL Levy, on 70 days' notice.

5 Ad Mail Information

5.1 We wish to use Ad Mail Information for the purpose of assessing the circulation of Advertising Mail and Partially Addressed Mail and to create an advertising mail currency that enables advertisers to benchmark their investments in Advertising Mail and Partially Addressed Mail against other media. To do this, we wish to share the Industry Input Data with JICMAIL and permit JICMAIL to share the Industry Input Data with the Independent Marketing Specialists for the purpose of creating reports for the industry.

5.2 You agree to inform each Originating Customer and Customer Entity:

- (a) of our wish to use their Ad Mail Information and share their Industry Input Data for the purposes set out in paragraph 5.1;
- (b) that they have the right to opt out of us using their Ad Mail Information and sharing their Industry Input Data (the **Data Opt Out**) by completing and instructing you to notify us via the opt out form published on our Website, as updated from time to time, such notice to be sent to the email address specified in the opt out form with the subject heading 'JIC Opt Out' (**Data Opt Out Notification**);
- (c) that the Data Opt Out shall be valid for a period of 12 months from the date of receipt of the Data Opt Out Notification (**Opt Out Period**), following which the Originating Customer or Customer Entity will need to instruct you to send a further Data Opt Out Notification in accordance with paragraph 5.2(b) above should it wish to exercise the Data Opt Out for a further Opt Out Period; and
- (d) that:

- (i) if they wish to exercise the Data Opt Out, then it is their responsibility to ensure they instruct you to send a Data Opt Out Notification in accordance with paragraphs 5.2(b) and 5.2(c) above (as applicable); and
 - (ii) if we have not received a Data Opt Out notification, or if the Data Opt Out has expired and we have not received a subsequent Data Opt Out Notification, then we shall be entitled to treat that as their consent for us to use their Ad Mail Information and share their Industry Input Data for the purpose set out in paragraph 5.1 and we shall have no liability to them in respect of such use even if they had instructed you otherwise.
- 5.3 We will use reasonable efforts to notify you in advance of expiry of the relevant Opt Out Period.
- 5.4 You will ensure that if the Data Opt Out has not been exercised pursuant to paragraph 5.2(b) or 5.2(c) (as applicable), then:
 - (a) you must ensure or procure that the posting Customer Entity or Originating Customer ensures that each Posting is assigned the correct Mail Reference and such Mail Reference is declared on the Posting Docket or eManifest (as applicable) and the associated Sample/Seed item; and
 - (b) where an individual Posting is being posted across a number of different days, then the same Mail Reference is to be used for each day of that Posting.
- 5.5 Paragraphs 5.1 to 5.4 shall apply equally if you are the posting customer of Advertising Mail and / or Partially Addressed Mail, in which case:
 - (a) you may exercise the Data Opt Out by sending us a Data Opt Out Notification in accordance with paragraph 5.2(b);
 - (b) however, if we have not received a Data Opt Out Notification, or if the Data Opt Out has expired and we have not received a subsequent Data Opt Out Notification in accordance with paragraph 5.2(c), then we will be entitled to treat that as your consent for us to use the Ad Mail Information and share the Industry Input Data for the purpose set out in paragraph 5.1.

5.6 We each agree that, for the purpose of clause 9 of the General Access Terms and Conditions, the Ad Mail Information shall not be Confidential Information and we shall be entitled to use it for the purposes set out in paragraph 5.1 for those who have not exercised the Data Opt Out.

6 Audit and Non-Compliance

6.1 We must be reasonably satisfied at all times that you can comply, and are complying, with the terms of the Contract in relation to Advertising Mail and Partially Addressed Mail, including the terms of this Part 1. Without prejudice to your obligation to ensure all Mailing Items handed over to us as Advertising Mail and / or Partially Addressed Mail meet the requirements of this Part 1 and to satisfy us of your ability to comply and your continued compliance with those terms, you agree, among other things, to:

- (a) allow us to carry out a compliance audit in line with paragraphs 6.2 and 6.3 below;
- (b) provide us with Samples/Seeds; and
- (c) prior to each Posting, notify us of the identity of your Originating Customers or Customer Entities submitting Samples/Seeds as Advertising Mail and / or Partially Addressed Mail, provided that we may use this information for the sole and exclusive purpose of auditing the relevant Mailing Items for compliance with this Part 1.

6.2 Before or after you hand over a Posting to us, or at any time while this Part 1 forms part of your Contract, and if requested by us on not less than 5 Working Days' notice, you agree to allow us to carry out a compliance audit of your supply chain and mailing processes and the supply chain and mailing processes of your Originating Customers, Customer Entities and / or Posting Entities for whom you are handing over Advertising Mail and / or Partially Addressed Mail. You shall provide all reasonable assistance that we reasonably require with any such audit, including but not limited to promptly giving us access to your premises, staff, records and processes and to procuring us access to the premises, staff, records and processes of your Originating Customers, Customer Entities and / or Posting Entities where such access is reasonably required by us for the purpose of our audit.

6.3 If we wish to carry out an audit without visiting your premises, you shall co-operate with us by responding fully and promptly to any reasonable requests that we make for information or documentation. This may include, but is not limited

to, requiring you to tell us the identity of your Originating Customers or Customer Entities that are submitting seeds in their Posting. We undertake to keep confidential the identity of those Originating Customers or Customer Entities and to use that information for the sole and exclusive purpose of auditing your compliance with the terms of this Part 1.

6.4 For the avoidance of doubt, nothing in this paragraph 6 will restrict us from using the identity of the Originating Customer or Customer Entity for the purpose of paragraph 5.1 where the Data Opt Out has not been exercised by them.

6.5 If we (acting reasonably) consider that you have not complied and/or cannot comply fully with the terms of the Contract in relation to Advertising Mail and / or Partially Addressed Mail including the terms of this Part 1, we may:

- (a) (regardless of any other term of this Contract) suspend your rights under this Part 1 until we are satisfied of your compliance and your ability to comply;
- (b) (regardless of any other term of this Contract) terminate your rights under this Part 1 if we reasonably consider it appropriate; and
- (c) where we can demonstrate that you have not fully complied with the terms of this Part 1 in respect of specific Advertising Mail and / or Partially Addressed Mail and where you have benefited from the charges available for Advertising Mail and / or Partially Addressed Mail (as applicable), we may require you to pay us:
 - (i) a sum equal to the difference between the aggregate Advertising Mail and / or Partially Addressed Mail charges paid as part of such Posting(s) and the appropriate Access Service charges that would have been payable by you for such Posting(s) under the Contract for Mailing Items that do not qualify as Advertising Mail and / or Partially Addressed Mail; and
 - (ii) our reasonable costs and expenses incurred in carrying out the audit and calculating the amount due from you under paragraph 6.5(c)(i) above.

7 Discount

7.1 Only Mailing Items eligible for Advertising Mail and / or Partially Addressed Mail that you hand over to us and we accept will qualify for the Discount. For the

avoidance of doubt, the relevant Discount will nonetheless apply provided such Mailing Items comply with paragraph 2 even if the Data Opt Out has been exercised in accordance with paragraph 5.2(b) or 5.2(c) (as applicable). All Discounts shall be credited to you on the occasion of each Daily Posting in line with the payment terms set out in clause 11 of the General Access Terms and Conditions.

8 Withdrawal

- 8.1 Regardless of any other term of this Contract, we may withdraw the Advertising Mail and / or Partially Addressed Mail service on 4 months' written notice in which event this Part 1 will terminate at the expiry of that notice period.

Part 2 – Royal Mail Business Mail Large Letter™

1 Background

- 1.1 This Part 2 sets out the terms on which you and we agree that you may post Business Mail Large Letters. References to a 'Posting' in this Part 2 shall be to a Business Mail Large Letters Posting.

2 Business Mail Large Letter Specification

- 2.1 Mailing Items in a Posting must meet the Access Service Specification relevant for the Posting and you must comply with all of your obligations under this Part 2 and the User Guide.

3 Audit and non-compliance

- 3.1 We must be reasonably satisfied at all times that you can comply, and are complying, with the terms of the Contract in relation to Business Mail Large Letter including the terms of this Part 2. Without prejudice to your obligation to ensure all Mailing Items handed over to us as Business Mail Large Letters meet the requirements of this Part 2 and to satisfy us of your ability to comply and your continued compliance with these terms, you agree, among other things, to:
- (a) allow us to carry out a compliance audit in line with paragraphs 3.2 and 3.3; and
 - (b) provide us with the identity of your Originating Customers, Customer Entities and/or Posting Entities on request, provided that we may use this information for the sole and exclusive purpose of auditing the relevant Mailing Items for compliance with this Part 2.
- 3.2 Before or after you hand over to us a Posting, or at any time while this Part 2 forms part of your Contract, and if requested by us on not less than 5 Working Days' notice, you agree to allow us to carry out a compliance audit of your supply chain and mailing processes and the supply chain and mailing processes of your Originating Customers, Customer Entities and/or Posting Entities for whom you are handing over Business Mail Large Letters. You shall provide all reasonable assistance that we reasonably require with any such audit, including but not limited to promptly giving us access to your premises, staff, records and processes and to procuring us access to the premises, staff, records and processes of your Originating Customers, Customer Entities and/or Posting

Entities where such access is reasonably required by us for the purpose of our audit.

- 3.3 If we wish to carry out an audit without visiting your premises, you shall cooperate with us by responding fully and promptly to any reasonable requests that we make for information or documentation.
- 3.4 If we (acting reasonably) consider that you have not complied and/ or cannot comply fully with the terms of the Contract in relation to Business Mail Large Letters including the terms of this Part 2, we may:
- (a) where we can demonstrate that you have not fully complied with the terms of this Part 2 and where you have benefitted from the charges available for Business Mail Large Letters, we may require you to pay us:
 - (i) a sum equal to the difference between the aggregate Access Charges you paid and the appropriate Access Charges that would have been payable by you for such Mailing Items under the Contract for Mailing Items that do not qualify as Business Mail Large Letters; and
 - (ii) our reasonable costs and expenses incurred in carrying out the audit and calculating the amount due from you under paragraph 3.4(a)(i) above; and/or
 - (b) (regardless of any other term of this Contract) suspend your rights under this Part 2 until we are satisfied of your compliance and your ability to comply; and
 - (c) (regardless of any other term of this Contract) terminate your rights under this Part 2 if we reasonably consider it appropriate.

4 Withdrawal

- 4.1 Regardless of any other term of this Contract, we may withdraw this Service on at least 70 days' written notice in which event this Part 2 will terminate at the expiry of that notice period.

Part 3 – Royal Mail Magazine Subscription Mail™

1 Background

- 1.1 This Part 3 sets out the terms on which you and we agree that you may post Magazine Subscription Mail. References to a 'Posting' in this Part 3 shall be to Magazine Subscription Mail Posting.

2 Requirements for Magazine Subscription Mail

- 2.1 Mailing Items in a Posting must meet the Access Service Specification relevant for the Posting and you must comply with all of your obligations under this Part 3 and the User Guide.
- 2.2 In addition to the other specifications and requirements for Magazine Subscription Mail set out in the User Guide, you must also ensure that:
- (a) each Title is posted at least two times per year; and
 - (b) each Magazine Subscription Mail Posting contains a minimum of 1,000 Mailing Items.

Part 4 - Trunking Services

1 Background

- 1.1 From time to time we may offer one or more services where you and we agree that you may hand over Mailing Items for specified Postcode Areas at an alternative Inward Mail Centre to the one required by paragraph 1.1 of Schedule 2 (Priority Service Standard and General Service Obligations) and we will transport such Mailing Items to the destination Inward Mail centre on your behalf. This Part 4 sets out the terms on which you and we agree that such a service shall be operated.
- 1.2 The Trunking Services between a specified Handover Inward Mail Centre and a specified Destination Inward Mail Centre shall each operate as a separate Trunking Scheme for a fixed period. You may apply to participate in one or more Trunking Schemes in any given year by following the application process specified in paragraph 3.
- 1.3 The availability of Trunking Services shall be at our sole discretion. We shall publish potential and live Trunking Schemes on our Website.

2 Trunking Schemes

- 2.1 Subject to you complying with the terms of this Part 4, during the term of this Part 4 and for each Trunking Scheme that you participate in we shall transport (in accordance with the Trunking Scheme Particulars for that Trunking Scheme) to the Destination Inward Mail Centre, Mailing Items for the Destination Postcode Areas, which have been handed over by you to us at the Handover Inward Mail Centre in accordance with the Trunking Specification (set out in the User Guide) and, up to and including Your York Allocation for that Trunking Scheme.
- 2.2 For the avoidance of doubt, each Trunking Scheme shall terminate upon the end of the relevant Trunking Scheme Period and shall not automatically continue or renew unless mutually agreed between the parties (in writing). If there is more than one Trunking Scheme operating at any time, it is agreed that each Trunking Scheme may cease to operate and be capable of being terminated without that resulting in any other concurrent Trunking Scheme ceasing to operate or being terminated as a necessary consequence.

3 Application to participate in Trunking Schemes

- 3.1 In order for a Trunking Scheme to be viable, a single or multiple Carrier(s) committing to a minimum volume of Mailing Items must enter into each Trunking Scheme. The minimum viable volume of Mailing Items for each potential Trunking Scheme shall be determined by us at our sole discretion.
- 3.2 Each Trunking Scheme shall operate for a fixed term specified in the Trunking Scheme Particulars, starting on the Trunking Scheme Start Date (the **Trunking Scheme Period**). The application process for each Trunking Scheme shall be conducted as follows:
- (a) we shall publish details of each potential Trunking Scheme no later than 60 days prior to the relevant Trunking Scheme Start Date on our Website and shall concurrently notify you by email on each occasion such details are published;
 - (b) you may express your interest in participating in a Trunking Scheme during the Application Period by submitting a copy of the Trunking Scheme application form located on our Website;
 - (c) after the end of the Application Period, we shall assess the carrier applications for that Trunking Scheme to determine if it is operationally viable. If, at our sole discretion, we determine that the potential Trunking Scheme is operationally viable, we shall notify you of Your York Allocation, Royal Mail's Transportation Cost and the corresponding Trunking Fee;
 - (d) you shall tell us in writing within 7 days of receipt of the notice described in paragraph 3.2(c) if you no longer wish to participate in the relevant Trunking Scheme on that basis. If you do not respond in that period, that will be deemed to be acceptance of Your York Allocation and the corresponding Trunking Fee, and acceptance of your participation in the relevant Trunking Scheme generally;
 - (e) we will review the carrier responses and/or the deemed acceptances for each potential Trunking Scheme and notify you if the Trunking Scheme is viable to proceed; and
 - (f) each Trunking Scheme shall commence from the relevant Trunking Scheme Start Date and (subject to paragraph 7) continue for the relevant Trunking Scheme Period.

4 The Trunking Specification

4.1 You must adhere to the Trunking Specification when participating in Trunking Schemes.

4.2 Provided that you have complied with the Trunking Specification, we will use reasonable endeavours to:

(a) receive the Yorks that you have unloaded from your vehicle and load them onto our vehicle for transportation to the Destination Inward Mail Centre;

(b) transport the relevant Mailing Items to the Destination Inward Mail Centre on the same Working Day; and

(c) unload Yorks at the Destination Inward Mail Centre.

4.3 On arrival at the Destination Inward Mail Centre, we shall process the relevant Mailing Items in accordance with the Contract, and such Mailing Items will for the purposes of paragraph 2.2 of Schedule 2 (Priority Service Standard and General Service Obligations) be deemed to have been presented at the Destination Inward Mail Centre on the same Working Day on which it was presented at the Handover Inward Mail Centre.

5 York Allocation

Our agreement to transport Mailing Items on your behalf under each Trunking Scheme is fixed at a maximum number of Yorks per Posting as notified to you in accordance with paragraph 3.2(c) above. If you deliver Yorks in excess of Your York Allocation to the Handover Inward Mail Centre as part of a Posting then we may, at our sole discretion, chose to reject some or all of these excess Yorks. We shall owe you no liability for any losses that you suffer as a result of our rejection of such excess Yorks.

6 Trunking Fee

6.1 In consideration for us providing the Trunking Services, you agree to pay the Trunking Fee in accordance with this paragraph 6.

6.2 The Trunking Fee is a single fee for the fixed Trunking Scheme Period and will be calculated by apportioning Royal Mail's Transportation Cost between all carriers that have agreed to participate in a Trunking Scheme ("**Carriers**") using the following two-stepped formula:

STEP 1: $\frac{\text{Your York Allocation}}{\text{Carrier Combined York Allocation}} \times 100 = \text{per cent of Royal Mail's Transportation Cost to be paid by you ("Your Percentage")}$

STEP 2: Multiply Royal Mail's Transportation Cost by Your Percentage

For the avoidance of doubt, if you are the sole Carrier participating in any Trunking Scheme (and we have deemed that Trunking Scheme to be viable notwithstanding that you are the only Carrier participating), you shall pay 100 per cent of Royal Mail's Transportation Cost.

6.3 The Trunking Fee for each Trunking Scheme is payable in full in advance of the Trunking Scheme Start Date.

7 Termination and Suspension

7.1 We reserve the right to unilaterally suspend any Trunking Scheme at any time if the Trunking Services are affected by a Disruptive Event.

7.2 Regardless of any other term of this Contract, either of us may terminate any Trunking Scheme(s) or this Part 4 by giving the other Party not less than 30 days' written notice.

7.3 If a change in law, change in regulation or decision by any regulatory body results in the Trunking Services becoming economically unviable, we may either:

(a) notify you of our intention to charge an uplift to the Trunking Fees (**Fees Uplift**) (**Uplift Notice**); or

(b) terminate the Trunking Scheme(s) which has become economically unviable on 30 days' notice.

7.4 Where we notify you of the charges uplift in accordance with paragraph 7.3(a), you must notify us within 10 days of the receipt of the Uplift Notice whether you would be prepared to accept the Fees Uplift and the parties shall meet to discuss and agree in good faith any Fees Uplift.

7.5 Once the parties have agreed any Fees Uplift in accordance with paragraph 7.4, the Fees Uplift shall be payable by you in accordance with the payment terms agreed between us in the General Access Terms and Conditions.

7.6 If you do not respond to the Uplift Notice within the time period stated in paragraph 7.4 or you notify us that you do not wish to accept any Fees Uplift, we will have the right to terminate the Trunking Scheme(s) to which the Uplift Notice relates in accordance with paragraph 7.3(b).

8 Consequences of Suspension or Termination

8.1 You acknowledge that we have incurred costs in relation to the delivery of the Trunking Services and accordingly you agree that you shall not be entitled to a refund of any Trunking Fees in the event of:

- (a) termination by you for convenience pursuant to paragraph 7.2, if you are not the sole Carrier participating in that Trunking Scheme;
- (b) termination by us for your breach of contract or Insolvency Event pursuant to clause 7.2 of the General Access Terms and Conditions; or
- (c) (subject to paragraph 8.2) termination for any other reason.

8.2 You shall be entitled to a refund of the portion of the Trunking Fees that have been paid in advance in respect of Trunking Services not provided by us subsequent to termination only if any of the following occurs:

- (a) termination by us for convenience pursuant to paragraph 7.2;
- (b) termination by you for convenience pursuant to paragraph 7.2 if you are the sole Carrier participating in that Trunking Scheme;
- (c) termination by us arising as a consequence of a change in law, change in regulation or decision by any regulatory body pursuant to paragraph 7.3(b); or
- (d) termination by you for our breach of contract or Insolvency Event pursuant to clause 7.2 of the General Access Terms and Conditions,

in which case your refund will be calculated by reference to the proportion of the Trunking Scheme Period that has not elapsed as at the effective date of termination, less any costs that we have incurred in anticipation of providing the affected Trunking Scheme that we are unable to recover following termination or other costs that we reasonably incur as a consequence of such termination.

8.3 For the avoidance of doubt the termination or expiry of this Part 4, or for the duration of any period of suspension, shall not affect your Contract and the

terms of your Contract will continue to apply in their entirety (including, for the avoidance of doubt, terms of your Contract that require you to hand over Mailing Items to an Inward Mail Centre that bear Postcodes served by that particular Inward Mail Centre).

Part 5– Standard Service

1 Background

- 1.1 This Part 5 sets out the terms on which you and we agree that you may post Standard Postings.

2 Specifications for Standard Postings

- 2.1 You must comply with the specifications and requirements set out in the Contract, including the User Guide.

3 The D+3 Service Standard

- 3.1 We aim to deliver or attempt to deliver your Standard Mailing Items within 2 Weekdays following the Standard Handover Date. For the purposes of this Part 5, the Standard Handover Date means:

- (a) where the date the handover occurred or is deemed to have occurred in accordance with the terms of each Access Contract is a Weekday, that Weekday; or
- (b) where the date the handover occurred is a Saturday, the first Weekday following that date.

- 3.2 The Priority Service Standard set out in paragraph 2.2 of Schedule 2 (Priority Service Standard and General Service Obligations) shall not apply to Standard Mailing Items. As an alternative service standard, the following shall apply in respect of Standard Mailing Items (the **D+3 Service Standard**):

- (a) subject to you complying with the terms of this Contract, the D+3 Service Standard is that we shall deliver or attempt to deliver 95 per cent of the aggregate number of Standard Mailing Items handed over to us by all Access Customers with a correct Delivery Address in the United Kingdom to the relevant address on a day that is no later than the second Weekday after the relevant Standard Handover Date provided that:
 - (i) our performance against the D+3 Service Standard shall be calculated by reference to our aggregate average performance over the Service Standard Period;
 - (ii) any Mailing Items that are handed over to us as part of other Services we agree to provide to an Access Customer under this

Access Contract that have a separate service standard shall not count towards the calculation of the D+3 Service Standard; and

- (iii) we shall be entitled to deduct from the calculation of our performance against the D+3 Service Standard the following types of Standard Mailing Items:
 - (A) Standard Mailing Items handed over to us by an Access Customer that are not accepted by us in line with the terms of their respective Access Contract;
 - (B) Standard Mailing Items the delivery of which is affected by a Disruptive Event during the relevant Service Standard Period;
 - (C) Standard Mailing Items that have been lost (including Standard Mailing Items which have not been delivered within 15 Weekdays of the date on which we accepted them from an Access Customer in line with the terms of their respective Access Contract); and/or
 - (D) Standard Mailing Items with a delivery address outside the United Kingdom.

Calculating our performance against the D+3 Service Standard

3.3 For each Service Standard Period we (or an independent company) will measure how we have performed against the D+3 Service Standard. As the holder of an Access Contract you agree to participate in the process of measuring the D+3 Service Standard if you are asked to do so by us or the independent company responsible for that process.

3.4 In respect of each Service Standard Period, in order to calculate our performance against the D+3 Service Standard we will:

- (a) measure the aggregate volume of Standard Mailing Items handed over to us by all Access Customers during the relevant Service Standard Period, including all relevant Agency Postings (**Standard Aggregate Base Volume**);
- (b) determine the aggregate volume of Standard Mailing Items that are excluded from the calculation of our performance against the D+3 Service Standard in line with the provisions of paragraph **Error! Reference source not found.** above (**Standard Aggregate Excluded Mailing Items**);

- (c) deduct from the Standard Aggregate Base Volume the Standard Aggregate Excluded Mailing Items to determine the aggregate volume Standard Mailing Items that will be taken into account for the purpose of determining our performance against the D+3 Service Standard (**Standard Aggregate Eligible Mailing Items**);
- (d) measure the percentage of the Standard Aggregate Eligible Mailing Items which we delivered or attempted to deliver to the relevant address in accordance with the requirements of paragraph 3.2 above, to determine our anticipated performance against the D+3 Service Standard (**Standard Estimate Performance**);
- (e) adjust the Standard Estimate Performance by adding to the Standard Estimate Performance a positive confidence limit of no more than 1 per cent, to determine our performance against the D+3 Service Standard (**Standard Actual Performance**).

A worked example of how the mechanism in paragraph 3.4 above will apply is included below. The worked example is provided for illustration purposes only and shall not be binding on us.

Worked Example

Where:

- (a) the Standard Aggregate Base Volume is 1,000,000 Standard Mailing Items; and
- (b) the Standard Aggregate Excluded Mailing Items is 100,000 Standard Mailing Items,

we will deduct the Standard Aggregate Excluded Mailing Items from the Standard Aggregate Base Volume to derive a figure of 900,000 Standard Aggregate Eligible Mailing Items. Where we delivered or attempted to deliver 819,000 of the 900,000 Standard Aggregate Eligible Mailing Items in accordance with the requirements of paragraph 3.2 above, the Standard Estimate Performance shall be 91 per cent.

Where:

- a) the Standard Estimate Performance achieved by us is 91.0 per cent; and
- b) the upper accuracy / confidence limit is 0.6 per cent for that Service Standard Period,

our Standard Actual Performance against the D+3 Service Standard for the relevant Service Standard Period will be 91.6 percent.

- 3.5 We will publish on our Website our Standard Actual Performance against the D+3 Service Standard for each Service Standard Period within 60 Working Days of the end of that Service Standard Period.

Adjustments to our published performance against the D+3 Service Standard

- 3.6 Subject to paragraph 3.7 below, we shall be entitled to adjust the Standard Actual Performance to account for any Standard Mailing Items affected by a Disruptive Event that took place during the relevant Service Standard Period that have not been included in the calculation of the Standard Aggregate Excluded Mailing Items (**Standard Adjusted Performance**).
- 3.7 We must publish our Standard Adjusted Performance within 14 days of the end of the Service Standard Period during which the Standard Actual Performance was published. The Standard Adjusted Performance shall take precedence over the Standard Actual Performance for that Service Standard Period.

Calculating the Standard Performance Rebate Amount

- 3.8 Subject to paragraph 3.10 below, we must pay a performance rebate amount in respect of a Service Standard Period if (but only if) our D+3 Service Standard Performance is less than the Compensation Target for the Standard Service (**Standard Performance Rebate Amount**) for that Service Standard Period (and in all other circumstances we shall not be obliged to pay any amount in respect of our failure to meet the D+3 Service Standard for that Service Standard Period).
- 3.9 Subject to paragraph 3.10 below, any Standard Performance Rebate Amount that may be due in accordance with paragraph 3.8 will be calculated by us in accordance with the process set out in Appendix 1 (Standard Performance Rebate Amount) to this Part 5 of Schedule 4.
- 3.10 Where we have failed to meet the Compensation Target for the Standard Service in any given Service Standard Period pursuant to paragraph 3.8:
- (a) we shall deduct the Agency Postings of each of your Relevant Principals from your Standard Individual Base Volume and we will calculate (pursuant to paragraph 3.9) any Standard Performance Rebate Amount that may be due to you in accordance with paragraph **Error! Reference source not found.** on the basis of the remainder of your Standard Individual Base Volume;

- (b) we shall separately calculate (pursuant to paragraph 3.9) any Standard Performance Rebate Amount that is due to your Relevant Principals in respect of their relevant Agency Postings in accordance with paragraph 3.8;
- (c) we shall pay any Standard Performance Rebate Amount due to you and/or your Relevant Principals in accordance with the provisions of paragraph 5.2 below.

3.11 We will periodically review the Compensation Target for the Standard Service to take into account the performance of similar Royal Mail delivery services for letters. Any changes made following such a review will be implemented in accordance with clause **Error! Reference source not found.** of the General Access Terms and Conditions.

4 Our maximum liability in respect of the Aggregate Performance Rebate Amount

4.1 The provisions of paragraph 3 of Schedule 2 shall apply to limit our liability to you, all other Access Customers and all Agency Customers (including your Relevant Principals) in respect of our failure to meet the Compensation Target for the Standard Service.

5 Our liability for the Standard Performance Rebate Amount

5.1 Where the Aggregate Performance Rebate Amount calculated for a Service Standard Period exceeds the relevant Quarterly Cap for that Service Standard Period, we will calculate the percentage of such excess. We will then reduce the relevant Standard Performance Rebate Amount to which you, all other Access Customers and all Agency Customers (including your Relevant Principals) are entitled under this Part 5 of Schedule 4 (as applicable) on a pro-rata basis by reference to that percentage. For the avoidance of doubt, we will adjust any Standard Performance Rebate Amount due to you and to your Relevant Principals (whether paid directly or c/o you) pursuant to paragraph 5.2 in accordance with the mechanism set out in this paragraph 5.1.

5.2 Payment of the Standard Performance Rebate Amount (as adjusted in accordance with paragraph 5.1 where applicable) shall be made by way of a credit note against future Postage in accordance with the following provisions:

- (a) we shall pay any Standard Performance Rebate Amount owed to you, directly to you;

- (b) where we invoice your Relevant Principals directly, we shall pay the Standard Performance Rebate Amount owed to any such Relevant Principals directly to those Relevant Principals (as applicable); and
- (c) where we invoice your Relevant Principals c/o you, we shall pay the Standard Performance Rebate Amount owed to your Relevant Principals to you, by way of (in the case of each such Relevant Principal) a credit note addressed to the Relevant Principal and (in each such case) you shall provide the applicable credit note to the Relevant Principal promptly following receipt of the same from us;

or

- (d) if you have terminated your Contract within a Service Standard Period in respect of which a Standard Performance Rebate Amount is awarded in accordance with paragraph **Error! Reference source not found.**, by cheque in accordance with the following provisions:
 - (i) we shall pay any Standard Performance Rebate Amount owed to you, directly to you;
 - (ii) where we invoice your Relevant Principals directly, we shall pay any Standard Performance Rebate Amount owed to any such Relevant Principals directly to those Relevant Principals (as applicable); and
 - (iii) where we invoice your Relevant Principals c/o you, we shall pay the Standard Performance Rebate Amount owed to your Relevant Principals to you, by way of (in the case of each such Relevant Principal) a cheque addressed to the Relevant Principal and (in each such case) you shall provide the applicable cheque to the Relevant Principal promptly following receipt of the same from us.

5.3 Any Standard Performance Rebate Amount payable to you and / or any of your Relevant Principals in respect of a Service Standard Period shall be paid to you and / or your Relevant Principals (as applicable) within 30 days of the end of the Service Standard Period in which we published our Standard Actual Performance in accordance with paragraph 3.5. Where you are required to provide any credit note and / or cheque to a Relevant Principal pursuant to paragraph 5.2:

- (a) you confirm (in each case) that you have authority to receive payments on behalf of that Relevant Principal and you shall indemnify us for all liabilities, costs, proceedings or expenses (including reasonable legal

expenses) suffered or reasonably incurred by us where you do not have requisite authority to receive such payments (including any claims brought against us by any Agency Customer in respect of the same); and

- (b) you shall indemnify us for all liabilities, costs, proceedings or expenses (including reasonable legal expenses) suffered or reasonably incurred by us arising from your failure to comply with your obligations under paragraph 5.2 (including any claims brought against us by any Agency Customer in respect of the same).

5.4 Notwithstanding any other provision of this Contract or any Agency Customer Contract, you agree on your own behalf and duly authorised for and on behalf of each Relevant Principal that our aggregate liability to you and all Relevant Principals together for our failure to meet the Compensation Target for the Standard Service (including but not limited to any accrued or future liability) shall not exceed the sum of the amounts due to you and/or to your Relevant Principals (where applicable) pursuant to paragraph 5.2. You agree and acknowledge both for yourself and duly authorised for and on behalf of each of your Relevant Principals that we shall have no additional liability, whether in contract, tort (including negligence) or otherwise to you or any Relevant Principal in respect of our failure to meet the Compensation Target for the Standard Service and that our payment of the Standard Performance Rebate Amounts in aggregate to you and your Relevant Principals in accordance with the terms of this Part 5 of Schedule 4 is in full and final settlement of all liability which we may in aggregate have to you and all Relevant Principals under this Contract or any Agency Customer Contract in respect of our failure to meet the Compensation Target for the Standard Service, including any such liability as may relate to Standard Mailing Items that form part of the Agency Postings handed over to us by you. The above shall apply notwithstanding the fact that payments of the Standard Performance Rebate Amounts are being made to you or to the Relevant Principals.

Appendix 1

Standard Performance Rebate Amount

1 General

1.1 For each Service Standard Period, we will determine:

- (a) our Standard Actual Performance, our Standard Adjusted Performance (if relevant) and the D+3 Service Standard Performance;
- (b) your Standard Individual Base Volume, your Standard Access Customer Base Volume and any relevant Standard Agency Base Volume;
- (c) your Standard Adjusted Mailing Volume and the Standard Agency Adjusted Mailing Volume (where applicable); and
- (d) the Standard Performance Rebate Amount to which you and your Relevant Principals are each entitled.

1.2 In respect of each Service Standard Period, to the extent our D+3 Service Standard Performance:

- (a) is equal to or greater than the applicable Compensation Target for the Standard Service, no Standard Performance Rebate Amount will be due to you in respect of the relevant Service Standard Period;
- (b) is less than the applicable Compensation Target for the Standard Service, but equal to or more than the Band 1 Compensation Threshold for the Standard Service, the Standard Performance Rebate Amount which is due to you shall be calculated in accordance with paragraph 3 of this Appendix 1; and
- (c) is less than the Band 1 Compensation Threshold for the Standard Service, the Standard Performance Rebate Amount which is due to you shall be calculated in accordance with paragraph 4 of this Appendix 1.

2 Standard Adjusted Mailing Volume and Standard Agency Adjusted Mailing Volume

2.1 We shall first determine your Standard Individual Base Volume for the relevant Service Standard Period.

- 2.2 Subject to paragraph 2.3 below, in respect of any Agency Postings handed over by you to us:
- (a) we will calculate the Standard Agency Base Volume. The Standard Agency Base Volume will be calculated on the basis of the information you give us pursuant to this Contract and we will not be responsible for the accuracy of such data and/or of the resulting Standard Agency Base Volume; and
 - (b) we will deduct each Standard Agency Base Volume from your Standard Individual Base Volume to determine the aggregate volume of Mailing Items in respect of which we may be liable to pay any Standard Performance Rebate Amount directly to you.
- 2.3 Where you have not provided to us with the required information in respect of the volume of Agency Postings handed over by you to us on behalf of any particular Relevant Principal:
- (a) we will not be able to calculate their Standard Agency Base Volume and/or any Standard Performance Rebate Amount;
 - (b) the volume of such Agency Postings will remain part of your Standard Access Customer Base Volume; and
 - (c) you will be responsible for paying to the Relevant Principal the proportion of the Standard Performance Rebate Amount that we pay to you that is attributable to that Relevant Principal's Agency Postings.
- 2.4 We shall be entitled (in our sole discretion) to deduct from the Standard Access Customer Base Volume (which may include (if applicable) any Agency Postings pursuant to paragraph 2.3 above) an aggregate volume of the following types of Standard Mailing Items to determine the relevant volume of Standard Mailing Items in respect of which we need to calculate the relevant Standard Performance Rebate Amount that we will pay to you (**Standard Adjusted Mailing Volume**):
- (a) any of your Standard Mailing Items (including, if applicable, any of your Agency Postings pursuant to paragraph 2.3) that are part of the Standard Aggregate Excluded Mailing Items;
 - (b) any of your Standard Mailing Items (including, if applicable, any of your Agency Postings pursuant to paragraph 2.3) that are affected by a Disruptive Event that took place during the relevant Service Standard

Period that have not already been included in the calculation of the Standard Aggregate Excluded Mailing Items;

- (c) any Missorted Standard Mailing Items and any Standard Mailing Items in Misrouted Containers, that are handed over by you and which we accept;
- (d) the Standard Mailing Items which we accept but which exceed the Tolerance set out in section 10.4.2(b) of the User Guide. For the avoidance of doubt, such exclusion shall apply only in relation to the volume of Standard Mailing Items that have been "under forecasted" as further detailed in section 10.4.2(b); and
- (e) any Standard Mailing Items which are handed over by you outside of the Access Window and / or outside of your booked Access Slot (as applicable) and which we accept.

2.5 We shall be entitled (in our sole discretion) to deduct from the Standard Agency Base Volume an aggregate volume of the following types of Standard Mailing Items to determine the relevant volume of Standard Mailing Items in respect of which we need to calculate the relevant Standard Performance Rebate Amount that we will pay to each Relevant Principal (**Standard Agency Adjusted Mailing Volume**):

- (a) any Standard Mailing Items that form part of the Relevant Principals' Agency Postings and that are part of the Standard Aggregate Excluded Mailing Items;
- (b) any Standard Mailing Items that form part of the Relevant Principals' Agency Postings and that are affected by a Disruptive Event that took place during the relevant Service Standard Period that have not already been included in the calculation of the Standard Aggregate Excluded Mailing Items;
- (c) any Missorted Standard Mailing Items that form part of the Relevant Principals' Agency Postings.

3 Standard Performance Rebate Amount at Band 1

3.1 Where (in respect of any Service Standard Period), our D+3 Service Standard Performance is less than the applicable Compensation Target for the Standard Service, but equal to or greater than the Band 1 Compensation Threshold for the

Standard Service, we shall calculate the relevant Standard Performance Rebate Amount in accordance with the following mechanism:

- (a) we shall calculate the applicable compensation percentage by subtracting the D+3 Service Standard Performance from the Compensation Target for the Standard Service (**Standard Compensation Percentage**);
- (b) we shall multiply the Standard Compensation Percentage by your Standard Adjusted Mailing Volume or the Standard Agency Adjusted Mailing Volume (as applicable) to determine the volume(s) of Standard Mailing Items that have been delivered by us between the Band 1 Compensation Threshold for the Standard Service and the Compensation Target for the Standard Service (**Standard Applicable Volume(s)**); and
- (c) we shall multiply the Standard Applicable Volume(s) by the Band 1 Compensation Rate for the Standard Service to calculate the relevant Standard Performance Rebate Amount due to you and/or to your Relevant Principals (as applicable) under this paragraph 3.

4 Standard Performance Rebate Amount at Band 2

4.1 Where (in respect of any Service Standard Period), our D+3 Service Standard Performance is less than the Band 1 Compensation Threshold for the Standard Service, we shall calculate the relevant Standard Performance Rebate Amount in accordance with the following mechanism:

- (a) we shall multiply your Standard Adjusted Mailing Volume or the Standard Agency Adjusted Mailing Volume (as applicable) by the difference between the Compensation Target for the Standard Service and the Band 1 Compensation Threshold for the Standard Service (expressed as a percentage) to calculate the volume(s) of Standard Mailing Items to which we apply the Band 1 Compensation Rate for the Standard Service (**Standard Band 1 Applicable Volume(s)**); and
- (b) we shall multiply the Standard Band 1 Applicable Volume(s) by the Band 1 Compensation Rate for the Standard Service to calculate the applicable Standard Performance Rebate Amount(s) due at the Band 1 Compensation Rate for the Standard Service (**Standard Band 1 Compensation(s)**);

- (c) we shall determine the applicable compensation percentage that is relevant to determining the level of compensation due to you and / or your Relevant Principals where our D+3 Service Standard Performance is less than the Band 1 Compensation Threshold for the Standard Service by subtracting the D+3 Service Standard Performance from the Band 1 Compensation Threshold for the Standard Service (**Standard Band 2 Compensation Percentage**);
- (d) we shall multiply the Standard Band 2 Compensation Percentage by the Standard Adjusted Mailing Volume or the Standard Agency Adjusted Mailing Volume (as applicable) to determine the volume(s) of Standard Mailing Items that have been delivered by us between the Band 2 Compensation Threshold for the Standard Service and the Band 1 Compensation Threshold for the Standard Service (**Standard Band 2 Applicable Volume(s)**);
- (e) we shall multiply the Standard Band 2 Applicable Volume(s) by the Band 2 Compensation Rate for the Standard Service to determine the applicable Standard Performance Rebate Amount(s) due at the Band 2 Compensation Rate for the Standard Service (**Standard Band 2 Compensation(s)**); and
- (f) we shall add the Standard Band 1 Compensation and Standard Band 2 Compensation to determine the total Standard Performance Rebate Amount due to you and/or to your Relevant Principals (as applicable) under this paragraph 4.