

Schedule 8

Mailmark® Options

General Section

You may opt to use the Mailmark Options, in line with the Contract and the following Parts of this Schedule 8:

- Part 1 – Royal Mail Mailmark®;
- Part 2 – Royal Mail Mailmark® Economy;
- Part 3 – Royal Mail Manual Mailmark™; and
- Part 4 – eManifest Billing.

This Schedule 8 sets out the terms and conditions which apply to the use of those services. Defined terms in this Schedule 8 will have the meaning given to them in Schedule 1 (Definitions and Interpretation).

Part 1 – Royal Mail Mailmark®

1 Background

- 1.1 This Part 1 sets out the terms on which you and we agree that you may post Mailing Items using our Mailmark option.

2 Specifications for Royal Mail Mailmark

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

3 Reporting

- 3.1 We will provide you with web-based access to the Reports. It is your responsibility to ensure that you do not share your log-on credentials (username and password) with any other person and, once a web-based session is initiated, to ensure that you do not allow any other person access to that session. If, as a result of you sharing your log-on credentials and/or allowing another person access to a web-based session, we incur any costs, expenses, demands, claims or liability, you agree to indemnify us for those costs, expenses, demands, claims and liabilities.
- 3.2 The information in the Reports is an indication of the performance of a Batch. The Mailing Item level information cannot be used or relied on for refund applications or other quality of service or loss, damage or delay compensation purposes.
- 3.3 There will always be a proportion of Mailing Items that are not read by our processing machines. Without limiting paragraph 3.4, no warranty is given or implied by law or otherwise that the information in the Reports will be 100 per cent accurate, complete or fit for purpose. By using the Mailmark option, you accept that we will not be able to report on every Mailing Item and you agree not to seek refunds or make other claims for Mailing Items that have not been read and/or reported on.
- 3.4 Our reporting system has undergone rigorous testing to ensure that the Reports we provide you with are accurate. However, as there will always be circumstances beyond our control and other occurrences and events which may affect the Reports and/or the information in them, we give no warranties in relation to the Reports and/or the information in them and any warranties in relation to them or their information which may be implied by law or otherwise, are excluded to the extent permitted by law.

- 3.5 We will not be required to discuss queries relating to the Reports, Mailmark Adjustments and related invoice queries with any Participant within the Supply Chain other than the Bill Payer unless the Bill Payer nominates, on not less than 2 Working Days' written notice, another Participant within the Supply Chain in which case we will discuss these Access Charges with that other nominated Participant only.
- 3.6 We will hold information relating to any Access Charges charged to you in line with the User Guide for a maximum of 60 days, and if you wish to discuss these Access Charges with us after the 60 days it is your responsibility to provide us with a complete and accurate copy of all relevant information relating to these Access Charges.
- 3.7 We will hold other detailed reporting information relating to your Mailmark Mailings, which may be destroyed by us after 90 days.
- 3.8 In instances of non-compliant Advertising Mail Postings, we will use the information in the Reports to assist us to measure your compliance with the User Guide and with the Contract, to the extent that the Reports inform us of the posted volume, item weight and Access Service of each Batch. The Reports, if needed, will be used to determine the extent of any non-compliance to a UCID Posting.

4 Intellectual Property (IP) Rights

- 4.1 You acknowledge that Royal Mail is the owner of the Mailmark IP and you do not acquire and are not granted any rights to use the Mailmark IP other than as expressly set out in the Contract.
- 4.2 You may only use the Reports in accordance with the terms of the Contract and you may only share the Reports with third parties for use solely in connection with the posting of Mailing Items under the terms of the Contract and not for any other purpose. You will ensure that any third party with whom you share the Reports (or extracts) is made aware of and agree to comply with the obligations in this paragraph 4 as if such third party were you.
- 4.3 You may only use the Mailmark IP trademarks in connection with the Mailmark option and in the form stipulated by us and you will observe any directions given by us as to colours and size or representations of such trademarks. All rights in and to the Mailmark IP trade marks (including any goodwill arising from your use of the Mailmark IP trade marks) will belong to Royal Mail.

- 4.4 You may not remove or obscure any Mailmark IP or Intellectual Property Rights notices relating to the Mailmark IP included by us in any Report and you must acknowledge Royal Mail's ownership of the Intellectual Property Rights in the Mailmark IP in the form and manner reasonably required by Royal Mail from time to time.

5 Additional Non-Compliance Actions

- 5.1 If you repeatedly hand over Mailmark Mailing Items that cannot be machine-processed and so require manual or other intervention, we may in addition to the actions set out in clause 3 of the General Access Terms and Conditions:

- (a) cease to provide the Mailmark option to you; and/or
- (b) terminate this Part 1 immediately.

6 Termination

- 6.1 Regardless of any other term of the Contract, you may terminate the terms of this Part 1 by giving us at least 30 days' notice in which event this Part 1 will terminate at the expiry of such notice period.
- 6.2 Regardless of any other term of the Contract, we may terminate the terms of this Part 1 by giving you at least 120 days' notice in which event this Part 1 will terminate at the expiry of such notice period.

Part 2 – Royal Mail Mailmark® Economy

1 Background

- 1.1 This Part 2 sets out the terms on which you and we agree that you may post Mailmark Economy Postings.

2 Specifications for Mailmark Economy Mail

- 2.1 You must comply with the specifications and requirements set out in the Contract, including the User Guide.
- 2.2 You shall comply with the Intellectual Property Rights requirements set out in Part 1 of this Schedule 8 in respect of Mailmark IP you use when posting Mailmark Economy Mailing Items.

3 The Mailmark Economy Mail Service Standard

- 3.1 We aim to deliver or attempt to deliver your Mailmark Economy Mailing Items within 4 Working Days after handover to and acceptance by us.
- 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 Mailmark Economy Mailing Items. As an alternative service standard, the following shall apply in respect of Mailmark Economy Mailing Items (the **Mailmark Economy Service Standard**):
- (a) subject to you complying with the terms of this Contract, the Mailmark Economy Service Standard is that we shall deliver or attempt to deliver 97.5 per cent of the aggregate number of Mailmark Economy 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 fourth Working Day after the day on which such handover occurred or is deemed to have occurred in accordance with the terms of each Access Contract provided that:
 - (i) our performance against the Mailmark Economy Service Standard shall be calculated by reference to our aggregate average performance over the Service Standard Period;
 - (ii) any Mailing Items that form part of the Aggregate Base Volume and the Standard Aggregate Base Volume shall not count towards the calculation of the Mailmark Economy Service Standard; and

- (iii) we shall be entitled to deduct from the calculation of our performance against the Mailmark Economy Service Standard the following types of Mailmark Economy Mailing Items:
 - (A) Mailmark Economy 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) Mailmark Economy Mailing Items the delivery of which is affected by a Disruptive Event during the relevant Service Standard Period;
 - (C) Mailmark Economy Mailing Items that have been lost (including Mailmark Economy Mailing Items which have not been delivered within 15 Working Days 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) Mailmark Economy Mailing Items with a delivery address outside the United Kingdom.

Calculating our performance against the Mailmark Economy Service Standard

- 3.3 For each Service Standard Period we (or an independent company) will measure how we have performed against the Mailmark Economy Service Standard. As the holder of an Access Contract you agree to participate in the process of measuring the Mailmark Economy 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 Mailmark Economy Service Standard we will:
 - (a) measure the aggregate volume of Mailmark Economy Mailing Items handed over to us by all Access Customers during the relevant Service Standard Period, including all relevant Agency Postings (**Mailmark Economy Aggregate Base Volume**);
 - (b) determine the aggregate volume of Mailmark Economy Mailing Items that are excluded from the calculation of our performance against the Mailmark Economy Service Standard in line with the provisions of paragraph 3.2(a)(iii) above (**Mailmark Economy Aggregate Excluded Mailing Items**);

- (c) deduct from the Mailmark Economy Aggregate Base Volume the Mailmark Economy Aggregate Excluded Mailing Items to determine the aggregate volume of Mailmark Economy Mailing Items that will be taken into account for the purpose of determining our performance against the Mailmark Economy Service Standard (**Mailmark Economy Aggregate Eligible Mailing Items**);
- (d) measure the percentage of the Mailmark Economy 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 Mailmark Economy Service Standard (**Mailmark Economy Estimate Performance**);
- (e) adjust the Mailmark Economy Estimate Performance by adding to the Mailmark Economy Estimate Performance a positive confidence limit of no more than 1 per cent, to determine our performance against the Mailmark Economy Service Standard (**Mailmark Economy 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 Mailmark Economy Aggregate Base Volume is 1,000,000 Mailmark Economy Mailing Items; and
- (a) the Mailmark Economy Aggregate Excluded Mailing Items is 100,000 Mailmark Economy Mailing Items,

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

Where:

- a) the Mailmark Economy Estimate Performance achieved by us is 91.0 per cent; and

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- b) the upper accuracy / confidence limit is 0.6 per cent for that Service Standard Period,

our Mailmark Economy Actual Performance against the Mailmark Economy Service Standard for the relevant Service Standard Period will be 91.6 percent.

- 3.5 We will publish on our Website our Mailmark Economy Actual Performance against the Mailmark Economy 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 Mailmark Economy Service Standard

- 3.6 Subject to paragraph 3.7 below, we shall be entitled to adjust the Mailmark Economy Actual Performance to account for any Mailmark Economy 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 Mailmark Economy Aggregate Excluded Mailing Items (**Mailmark Economy Adjusted Performance**).
- 3.7 We must publish our Mailmark Economy Adjusted Performance within 14 days of the end of the Service Standard Period during which the Mailmark Economy Actual Performance was published. The Mailmark Economy Adjusted Performance shall take precedence over the Mailmark Economy Actual Performance for that Service Standard Period.

Calculating the Mailmark Economy 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 Mailmark Economy Service Standard Performance is less than the applicable Compensation Target for Mailmark Economy (**Mailmark Economy 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 Mailmark Economy Service Standard for that Service Standard Period).
- 3.9 Subject to paragraph 3.10 below, any Mailmark Economy 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 (Mailmark Economy Performance Rebate Amount) to this Schedule 8.
- 3.10 Where we have failed to meet the Compensation Target for Mailmark Economy in any given Service Standard Period pursuant to paragraph 3.8:

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- (a) we shall deduct the Agency Postings of each of your Relevant Principals from your Mailmark Economy Individual Base Volume and we will calculate (pursuant to paragraph 3.9) any Mailmark Economy Performance Rebate Amount that may be due to you in accordance with paragraph 3.8 on the basis of the remainder of your Mailmark Economy Individual Base Volume;
- (b) we shall separately calculate (pursuant to paragraph 3.9) any Mailmark Economy 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 Mailmark Economy 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 Mailmark Economy to take into account the performance of similar four Working Day 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 Mailmark Economy.

5 Our liability for the Mailmark Economy 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 Mailmark Economy Performance Rebate Amount to which you, all other Access Customers and all Agency Customers (including your Relevant Principals) are entitled under this Part 2 of Schedule 8 (as applicable) on a pro-rata basis by reference to that percentage. For the avoidance of doubt, we will adjust any Mailmark Economy 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 Mailmark Economy 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 Mailmark Economy Performance Rebate Amount owed to you, directly to you;
 - (b) where we invoice your Relevant Principals directly, we shall pay the Mailmark Economy 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 Mailmark Economy 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 Relevant Principal and (in each such case) you shall provide the applicable credit note to the relevant 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 Mailmark Economy Performance Rebate Amount is awarded in accordance with paragraph 3.8, by cheque in accordance with the following provisions:
 - (i) we shall pay any Mailmark Economy Performance Rebate Amount owed to you, directly to you;
 - (ii) where we invoice your Relevant Principals directly, we shall pay any Mailmark Economy 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 Mailmark Economy 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 Relevant Principal and (in each such case) you shall provide the applicable cheque to the relevant Relevant Principal promptly following receipt of the same from us.

5.3 Any Mailmark Economy Performance Rebate Amount payable to you and / or any of your Relevant Principals in respect of a Service Standard Period shall be paid

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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 Mailmark Economy 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 Mailmark Economy (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 Mailmark Economy and that our payment of the Mailmark Economy Performance Rebate Amounts in aggregate to you and your Relevant Principals in accordance with the terms of this Part 2 of Schedule 8 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 Mailmark Economy, including any such liability as may relate to Mailmark Economy 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 Mailmark Economy Performance Rebate Amounts are being made to you or to the Relevant Principals.

Part 3 - Royal Mail Manual Mailmark™

1 Background

- 1.1 This Part 3 sets out the terms on which you and we agree that you may post Manual Mailmark Mail Postings.

2 Specifications for Manual Mailmark Mail

- 2.1 You must comply with the specifications and requirements set out in the Contract, including the User Guide.
- 2.2 For the avoidance of doubt, Reports will not be available for Manual Mailmark Mail Postings.
- 2.3 You shall comply with the Intellectual Property Rights requirements set out in Part 1 of this Schedule 8 in respect of Mailmark IP you use when posting Manual Mailmark Mail.

3 Termination

- 3.1 Regardless of any other term of the Contract, we may terminate the terms of this Part 3 by giving you at least 120 days' notice in which event this Part 3 will terminate at the expiry of such notice period.

Part 4- eManifest Billing

1 Background

1.1 This Part 4 applies to Mailing Items:

- (a) that are presented at an Inward Mail Centre in accordance with the terms of your Contract and Part 1 of this Schedule 8; and
- (b) the details of which have been reported to us in accordance with the terms of this Part 4,

and sets out the terms on which we agree to make available to you our auto-billing process which uses eManifests instead of Posting Dockets to generate your billing information (**eManifest Billing**).

1.2 We agree to process your Mailing Items and to make eManifest Billing available to you, and you agree to present your Mailing Items, in accordance with the terms of this Part 4 (including the eManifest Billing Specification) and to comply with all of the terms of this Part 4.

1.3 For the avoidance of doubt, the other terms of your Contract will continue to apply to all Mailing Items that you hand over at an Inward Mail Centre which are not eligible for eManifest Billing or which you do not present for eManifest Billing in accordance with the terms of this Part 4.

2 Eligibility for eManifest Billing

2.1 You must meet all of the following criteria to be eligible for this Part 4 to form part of your Contract and to use eManifest Billing under the terms of this Part 4:

- (a) we have agreed that Part 1 of this Schedule 8 forms part of your Contract and you post all of your Mailing Items with us pursuant to the terms of that Part;
- (b) all of the Mailing Items you post with us are Letters only;
- (c) you submit your own eManifests pursuant to the terms of Part 1 of this Schedule 8 and the User Guide;
- (d) you handover all of your Mailing Items to one Inward Mail Centre only; and
- (e) you do not hand over Mailing Items on behalf of any other person.

2.2 Before you can use eManifest Billing you must, at your own cost, undertake all systems and procedural changes required to enable you to meet the eManifest Billing Specification and notify us in writing once you have done this.

2.3 Once we have confirmed that you:

(a) have made all such changes referred to in paragraph 2.2; and

(b) that you meet all of the Qualifying Criteria,

we will notify you of the eManifest Billing Start Date.

3 Your Contract

3.1 Your Contract (including its Schedules and the User Guide) sets out your obligations about how to present Mailing Items to us and the procedures for handling your Mailing Items that do not comply with the terms of your Contract. Subject to paragraph 3.2 below, you must continue to comply with these obligations and these procedures will continue to apply to the extent they are not dis-applied or changed under this Part 4.

3.2 For clarity, you and we agree that the terms of sections 6.1, 6.2, 6.4, 8.4(a), 10.3.1(a), 10.3.1(b) and 10.3.1(e) of the User Guide shall not apply between you and us to the extent that those terms directly conflict with the terms of this Part 4 (including the eManifest Billing Specification).

4 Termination

4.1 Regardless of any other term of your Contract:

(a) either of us may terminate this Part 4 on written notice to the other with immediate effect if Part 1 of this Schedule 8 is terminated for whatever reason;

(b) we may terminate this Part 4:

(i) by giving you no less than 6 months' written notice; and

(ii) immediately on written notice to you if at any time you no longer meet the Qualifying Criteria.

5 Development of eManifest Billing

5.1 You and we recognise that eManifest Billing is pioneering in nature. Either you or we may consider, once this Part 4 has taken effect, that this Part 4 (including the

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eManifest Billing Specification) does not address matters which should be addressed, or that the technical and operational elements of eManifest Billing do not function in a desirable way. If so, you and we agree to work together in good faith to try and resolve any such issues and, if we decide it is necessary, we will make changes and update the terms of this Part 4 and/or the eManifest Billing Specification in accordance with the terms of your Contract.

- 5.2 Without prejudice to paragraph 5.1, we may change the terms of this Part 4 (including the eManifest Billing Specification) at any time in accordance with clause 13.2(a)(i) of your Contract.

Appendix 1

Mailmark Economy Performance Rebate Amount

1 General

1.1 For each Service Standard Period, we will determine:

- (a) our Mailmark Economy Actual Performance, our Mailmark Economy Adjusted Performance (if relevant) and the Mailmark Economy Service Standard Performance;
- (b) your Mailmark Economy Individual Base Volume, your Mailmark Economy Access Customer Base Volume and any relevant Mailmark Economy Agency Base Volume;
- (c) your Mailmark Economy Adjusted Mailing Volume and the Mailmark Economy Agency Adjusted Mailing Volume (where applicable); and
- (d) the Mailmark Economy 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 Mailmark Economy Service Standard Performance:

- (a) is equal to or greater than the applicable Compensation Target for Mailmark Economy, no Mailmark Economy 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 Mailmark Economy, but equal to or more than the Band 1 Compensation Threshold for Mailmark Economy, the Mailmark Economy 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 Mailmark Economy, the Mailmark Economy Performance Rebate Amount which is due to you shall be calculated in accordance with paragraph 4 of this Appendix 1.

2 Mailmark Economy Adjusted Mailing Volume and Mailmark Economy Agency Adjusted Mailing Volume

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

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2.2 Subject to paragraph 2.3 below, in respect of any Agency Postings handed over by you to us:

- (a) we will calculate each Mailmark Economy Agency Base Volume. Each Mailmark Economy 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 Mailmark Economy Agency Base Volume; and
- (b) we will deduct each Mailmark Economy Agency Base Volume from your Mailmark Economy Individual Base Volume to determine the aggregate volume of Mailing Items in respect of which we may be liable to pay any Mailmark Economy Performance Rebate Amount directly to you.

2.3 Where you have not provided 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 Mailmark Economy Agency Base Volume and/or any Mailmark Economy Performance Rebate Amount;
- (b) the volume of such Agency Postings will remain part of your Mailmark Economy Access Customer Base Volume; and
- (c) you will be responsible for paying to the Relevant Principal the proportion of the Mailmark Economy 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 Mailmark Economy 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 Mailmark Economy Mailing Items to determine the relevant volume of Mailmark Economy Mailing Items in respect of which we need to calculate the relevant Mailmark Economy Performance Rebate Amount that we will pay to you (**Mailmark Economy Adjusted Mailing Volume**):

- (a) any of your Mailmark Economy Mailing Items (including, if applicable, any of your Agency Postings pursuant to paragraph 2.3) that are part of the Mailmark Economy Aggregate Excluded Mailing Items;
- (a) any of your Mailmark Economy 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 Mailmark Economy Aggregate Excluded Mailing Items;

- (b) any Missorted Mailmark Economy Mailing Items and any Mailmark Economy Mailing Items in Misrouted Containers, that are handed over by you and which we accept;
- (c) the Mailmark Economy 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 Mailmark Economy Mailing Items that have been "under forecasted" as further detailed in section 10.4.2(b); and
- (d) any Mailmark Economy 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 Mailmark Economy Agency Base Volume an aggregate volume of the following types of Mailmark Economy Mailing Items to determine the relevant volume of Mailmark Economy Mailing Items in respect of which we need to calculate the relevant Mailmark Economy Performance Rebate Amount that we will pay to each Relevant Principal (**Mailmark Economy Agency Adjusted Mailing Volume**):

- (a) any Mailmark Economy Mailing Items that form part of the Relevant Principals' Agency Postings and that are part of the Mailmark Economy Aggregate Excluded Mailing Items;
- (a) any Mailmark Economy 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 Mailmark Economy Aggregate Excluded Mailing Items;
- (b) any Missorted Mailmark Economy Mailing Items that form part of the Relevant Principals' Agency Postings.

3 Mailmark Economy Performance Rebate Amount at Band 1

3.1 Where (in respect of any Service Standard Period), our Mailmark Economy Service Standard Performance is less than the applicable Compensation Target for Mailmark Economy, but equal to or greater than the Band 1 Compensation Threshold for Mailmark Economy, we shall calculate the relevant Mailmark

Economy Performance Rebate Amount in accordance with the following mechanism:

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

4 Mailmark Economy Performance Rebate Amount at Band 2

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

- (a) we shall multiply your Mailmark Economy Adjusted Mailing Volume or the Mailmark Economy Agency Adjusted Mailing Volume (as applicable) by the difference between the Compensation Target for Mailmark Economy and the Band 1 Compensation Threshold for Mailmark Economy (expressed as a percentage) to calculate the volume(s) of Mailmark Economy Mailing Items to which we apply the Band 1 Compensation Rate for Mailmark Economy (**Mailmark Economy Band 1 Applicable Volume(s)**);
- (b) we shall multiply the Mailmark Economy Band 1 Applicable Volume(s) by the Band 1 Compensation Rate for Mailmark Economy to calculate the applicable Mailmark Economy Performance Rebate Amount(s) due at the Band 1 Compensation Rate for Mailmark Economy (**Mailmark Economy 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 Mailmark Economy Service Standard Performance is less than the Band 1 Compensation Threshold for Mailmark Economy by subtracting the Mailmark Economy Service Standard Performance from the Band 1 Compensation Threshold for Mailmark Economy (**Mailmark Economy Band 2 Compensation Percentage**);
- (d) we shall multiply the Mailmark Economy Band 2 Compensation Percentage by the Mailmark Economy Adjusted Mailing Volume or the Mailmark Economy Agency Adjusted Mailing Volume (as applicable) to determine the volume(s) of Mailmark Economy Mailing Items that have been delivered by us between the Band 2 Compensation Threshold for Mailmark Economy and the Band 1 Compensation Threshold for Mailmark Economy (**Mailmark Economy Band 2 Applicable Volume(s)**);
- (e) we shall multiply the Mailmark Economy Band 2 Applicable Volume(s) by the Band 2 Compensation Rate for Mailmark Economy to determine the applicable Mailmark Economy Performance Rebate Amount(s) due at the Band 2 Compensation Rate for for Mailmark Economy (**Mailmark Economy Band 2 Compensation(s)**); and
- (f) we shall add the Mailmark Economy Band 1 Compensation and Mailmark Economy Band 2 Compensation to determine the total Mailmark Economy Performance Rebate Amount due to you and/or to your Relevant Principals (as applicable) under this paragraph 4.