

SCHEDULE 25

ALP Leasing

Where this schedule forms part of your Contract with us, the following terms and conditions shall apply in addition to and (unless expressly stated otherwise) without prejudice to the terms set out in the General Access Terms and Conditions (and the rest of this Contract):

1. BACKGROUND

You have asked to lease Royal Mail ALPS from us for the purpose of handing over Mailing Items to us at our Inward Mail Centres. This schedule sets out the terms on which you and we agree that you may lease those Royal Mail ALPS from us.

2. DEFINITIONS AND INTERPRETATION

2.1 Schedule 1 of your Contract explains the meaning of some words and phrases used in your Contract, including this schedule, and sets out some rules of interpretation which also apply to this schedule.

2.2 In addition, the words and phrases used specifically in this schedule are defined in the table below:

Agreed Lease Pool	means the total number of Leased ALPS that are available to you to use in accordance with the terms of this schedule, being:
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|--|---|
| | (a) for the remainder of the first calendar year following the Start Date, the number of Royal Mail ALPS that we agree to lease to you on the Start Date, as set out in your ALP Lease Application Form pursuant to 4 of this schedule; and |
| | (b) for each subsequent calendar year thereafter, such number of ALPS as may be agreed between you and us pursuant to paragraph 9 of this schedule, |

in each case, as may be increased from time to time pursuant to paragraph 5.10 of this Schedule;

ALP Usage Data	means:
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| | (a) the following data for each calendar year to be recorded and provided by you: |
| | (i) by month, your average daily handover volume of ALPS under the Contract; |
| | (ii) by month, your average peak day handover volume of ALPS under the Contract; and |
| | (iii) by month, the daily volume of ALPS you use |

upstream; and

(b) the following data for each calendar year to be recorded and provided by us:

(i) by month, your average daily handover volume of ALPS under the Contract;

(ii) by month, your average peak day handover volume of ALPS under the Contract; and

by month, the total number of Royal Mail ALPS allocated to you under the Contract;

Annual Review Meeting has the meaning given to it in paragraph 9.1 of this schedule;

Annual Total Per ALP Fee means a sum equal to the Annual Per ALP Lease Fee and the Annual Per ALP Maintenance Fee;

Annual Per ALP Lease Fee means the annual leasing charge for each Leased ALP in your Agreed Lease Pool, which charge is published on our Website as at the Start Date and amended from time to time in accordance with the terms of the Contract;

Annual Per ALP Maintenance Fee means the annual charge payable for the maintenance of each Leased ALP in your Agreed Lease Pool, which is published on our Website as at the Start Date and amended from time to time in accordance with the terms of the Contract;

Associate means in relation to either Party (i) any Affiliate of that Party or (ii) an agent (including a franchisee or owner-driver) of that Party engaged by that Party to fulfil its obligations under the Contract;

Excess Leased ALPS has the meaning set out in paragraph 7.5 of this schedule;

Fair Wear and Tear means incremental deterioration to the straps, sleeves, springs and/or base of the Leased ALPS that occurs naturally and inevitably as a result of their normal use or aging;

Leased ALP means a Royal Mail ALP that we lease to you from time to time in accordance with the terms of this schedule, including any Excess Leased ALPS;

Price has the meaning given to it in your Transitional Arrangement (if you are a Transitional Customer);

Royal Mail ALPS ALPS that we own and are willing to lease to you under this schedule;

Sold ALP	has the meaning given to it in your Transitional Arrangement (if you are a Transitional Customer);
Start Date	has the meaning given to it in paragraph 3.1 of this schedule;
Transitional Arrangement	means, if you are a Transitional Customer, your written agreement with us setting out the process by which we have agreed for the transitional: <ul style="list-style-type: none"> (a) sale by you (and purchase by us) of certain Customer ALPS previously used to hand over mail to us under the terms of Schedule 14 (ALPS Exchange); and (b) leasing by us of an equivalent number of Royal Mail ALPS under this schedule to replace those purchased Customer ALPS;
Transitional Customer	means a customer who has entered into a Transitional Arrangement with us; and
Transitioned ALPS	means, if you are a Transitional Customer, those Royal Mail ALPS that are to be leased to you pursuant to this schedule in replacement of the Sold ALPS, as identified in your Transitional Arrangement.

3. **COMMENCEMENT AND DURATION**

3.1 The terms of this schedule shall take effect:

- (a) from the Access Start Date where you are entering into this schedule at the same time as entering into the Contract; or
- (b) from such other date that is agreed between you and us,
(in each case, the **Start Date**).

3.2 Unless stated to continue after termination of this schedule, the terms of this schedule shall continue to have effect until the date it is terminated under this Contract or paragraph 11 of this schedule.

4. **TRANSITION PROCESS**

4.1 Where you are a Transitional Customer and you comply with your obligations under this Contract including the User Guide and this schedule, we shall lease to you a number of Royal Mail ALPS on the terms of this schedule equal to the number of those Sold ALPS purchased by us under the terms of your Transitional Arrangement.

5. **APPLICATION PROCESS**

5.1 If you comply with your obligations under this Contract including the User Guide and this schedule, we will lease Royal Mail ALPS to you from time to time.

- 5.2 The ALP Lease Application Form sets out the number of Royal Mail ALPS you wish to lease from us for the remainder of the first calendar year from the Start Date. To request us to lease those Royal Mail ALPS to you, you must complete the ALP Lease Application Form prior to the Start Date.
- 5.3 The ALP Lease Application Form, which is attached as an Annex to this schedule, tells you what information to provide and tells you where to send the ALP Lease Application Form.
- 5.4 Subject to paragraph 5.5 below, we will use reasonable efforts to:
- (a) respond to your application within two Working Days (excluding Saturdays) starting from the first Working Day after the day on which we receive your completed ALP Lease Application Form; and
 - (b) make Royal Mail ALPS available for collection for you from one or more of our sites (as designated by us and not necessarily being our Inward Mail Centres) within seven Working Days (excluding Saturdays) starting on the first Working Day after the Start Date.
- 5.5 We may decline your application to lease Royal Mail ALPS if:
- (a) we do not have Royal Mail ALPS available to meet your requirements as set out in your completed ALP Lease Application Form;
 - (b) you have been in breach of any of your obligations under this Contract.
- 5.6 We shall have no obligation to lease to you Royal Mail ALPS under this schedule in excess of:
- (a) for the first calendar year, the number Royal Mail ALPS requested by you, and accepted by us, in your ALP Lease Application Form; and
 - (b) for each subsequent calendar year, the number of Royal Mail ALPS that you and we each agree will comprise your Agreed Lease Pool for that calendar year pursuant to paragraph 9 of this schedule,
- and therefore you acknowledge and agree that:
- (i) it is your responsibility to ensure that the number of Royal Mail ALPS you request to lease from us in your ALP Application Form and at each Annual Review Meeting (as applicable) is sufficient to meet your needs for that relevant calendar year; and
 - (ii) the provisions of paragraphs 5.7 to 5.10 shall apply to protect us against you exchanging more Royal Mail ALPS that you have leased.
- 5.7 For the purpose of paragraphs 5.8 and 5.10, **Excess Trigger Event** means:
- (a) you exchanging 10 or more ALPs in excess of your Agreed Lease Pool on 12 days or more in any rolling period of 14 days (a **Consistent Excess Event**); or

- (b) you exchanging 100 or more ALPs in excess of your Agreed Lease Pool on any single day (a **Chronic Excess Event**).

5.8 We will monitor your daily exchange of ALPs in accordance with the process set out in the User Guide. If as part of our daily monitoring, we become aware that an Excess Trigger Event has occurred, then we will notify you of the same and we will be entitled to charge you an additional Lease Charge as calculated in accordance with paragraph 5.9 below (in each case **Excess Lease Charge**):

5.9 If the Excess Trigger Event is:

- (a) a Consistent Excess Event, we will be entitled to charge you an Excess Lease Charge equal to: $A \times (B/365) \times C$
- (b) a Chronic Excess Event, we will be entitled to charge you an Excess Lease Charge equal to: $D \times (B/365) \times C$

where:

- (i) **A** = the average number of ALPs that you have exchanged in excess of your Agreed Lease Pool during the period giving rise to the Consistent Excess Event;
- (ii) **B** = the Annual Total Per ALP Fee;
- (iii) **C** = the number of days remaining in the relevant calendar year, starting from either (i) the first day on which the Consistent Excess Event occurred; or (ii) the day on which the Chronic Excess Event occurred (as applicable);
- (iv) **D** = the actual number of ALPs in excess of your Agreed Lease Pool on the day on which the Chronic Excess Event occurred.

5.10 We will invoice you for the applicable Excess Lease Charge promptly after notifying you of the Excess Trigger Event pursuant to paragraph 5.8. You agree to pay such invoice in accordance with paragraph 8.4. On and from the date on which you pay the Excess Lease Charge, the number of Royal Mail ALPs in your Agreed Lease Pool will be deemed to be increased by a number equal to A or D (as defined in paragraph 5.9 above) for the remainder of the calendar year.

6. **YOUR OBLIGATIONS**

6.1 You shall collect and return the Leased ALPS at your own expense.

6.2 When transporting, loading and unloading the Leased ALPS, you must only use vehicles that meet our reasonable requirements regarding:

- (a) health and safety of personnel; and
- (b) care of the Leased ALPS.

We shall notify you of these requirements from time to time.

- 6.3 After you collect Leased ALPS from us, you shall distribute them to your premises.
- 6.4 You:
- (a) shall only use Leased ALPS in your mail business for the purpose of transporting Mailing Items as specified the User Guide between:
 - (i) your or your Associates' premises and your customers' premises or those of their agents or sub-contractors; and
 - (ii) any premises referred to in paragraph 6.4(a)(i) and our Inward Mail Centres;
 - (b) may move empty Leased ALPS between your premises and those referred to in paragraph 6.4(a)(i) to meet your reasonable operational requirements,

in each case, to fulfil your obligations under the Contract. You shall ensure that the Leased ALPS are not used to transport Mailing Items between any other premises or for any other purpose (including in respect of our other postal services).
- 6.5 You shall not:
- (a) create or allow the creation of any lien or charge over the Leased ALPS; or
 - (b) sell, hire, lend, charge or otherwise dispose of or allow any third party to use or take possession of the Leased ALPS without our prior written consent.
- 6.6 Subject to paragraph 6.4, you shall not allow any Leased ALP to be used for mail that is to be collected, conveyed or delivered by any third party.
- 6.7 We may recover any Leased ALPS that are in a third party's possession in breach of this schedule.
- 6.8 You shall keep the Leased ALPS in good condition (Fair Wear and Tear excepted). Without prejudice to the generality of the foregoing you shall:
- (a) treat all Lease ALPS in your possession or control with care and take all reasonable steps to prevent damage or loss to them;
 - (b) not use fork-lift trucks (or any other vehicle, machinery or equipment reasonably likely to damage them) to transport, load, unload or otherwise deal with the Leased ALPS; and
 - (c) immediately report any damage to the Leased ALPS to us.
- 6.9 You shall not remove any labels or markings that we or the manufacturers put on the Leased ALPS. You shall not allow any other labels or markings to be put on the Leased ALPS without our prior written consent.
- 6.10 Without prejudice to paragraph 9 of this schedule, you shall keep the Leased ALPS in a secure place at all times when they are not being used for the purposes set out in paragraph 6.4 of this schedule.

- 6.11 If we introduce new designs of Royal Mail ALPS, you shall accept those Royal Mail ALPS that we provide as Leased ALPS to you whether or not they are of that new design.
- 6.12 You shall ensure that the Leased ALPS are not misused. You shall ensure that you do not in any way damage our reputation in using the Leased ALPS.
- 6.13 Without prejudice to any other term of your Contract, if we ask you to do so you shall promptly return at your own expense any Excess Leased ALPS we have lent you.

7. RECORDS

- 7.1 Each time you collect Leased ALPS, you shall sign our waybill to acknowledge that you have received the number of Leased ALPS stated in the Manifest. We will give you a copy of the waybill. Any error in the details shown on the waybill must be agreed with us and corrected at the time of collection.
- 7.2 You shall be treated as having received the quantity of Leased ALPS as stated on the waybill, or as otherwise agreed in line with paragraph 7.1 of this schedule.
- 7.3 When you collect the Leased ALPS, you must check them and notify us of any defects. Any defects not notified within 12 hours of collection will be treated as having occurred after you collected the Leased ALPS.
- 7.4 You shall let us, and any person we authorise, have access to your premises and relevant records and to the premises of any of your Associates at any time during normal working hours to check, amongst other things, the amount and condition of the Leased ALPS. If you cannot produce or account for the Leased ALPS in the correct amounts on that inspection, they shall be considered to have been lost while in your possession (unless our records indicate otherwise). We may review the number of Leased ALPS in your or your Associates' possession on a regular basis.
- 7.5 Within seven days of our request, you shall at your own expense give us an audit of all Leased ALPS in your possession or control. If in our reasonable opinion you have more Leased ALPS in your possession or control than the total number of Leased ALPS in your Agreed Lease Pool ("**Excess Leased ALPS**"), we may require you to return the Excess Leased ALPS within two Working Days.
- 7.6 Without prejudice to any other rights we may have under the Contract, if you fail to permit inspections or fail to produce all Leased ALPS supplied to you under this Contract for inspection in line with paragraph 7.4 or fail to produce an audit in line with paragraph 7.5 we may require the return of all Excess Leased ALPS within two Working Days.
- 7.7 If we require you to return the Excess Leased ALPS under paragraph 7.6 or 7.7, you shall return the Excess Leased ALPS to our site that we specify. If you do not, we may terminate the terms of this schedule in line with paragraph 10.2.
- 7.8 If we want to change our tracking systems across our business for Royal Mail ALPS, you shall:
 - (a) comply with those changes; and

- (b) install or obtain the necessary systems and equipment and make any necessary adjustments to your premises at your own expense within our reasonable notice period.

8. **PAYMENT TERMS**

8.1 Leased ALPS are interchangeable and, provided you have paid the Annual Lease Charges, you may collect and use up to the total number of Royal Mail ALPS in your Agreed Lease Pool.

8.2 On or around:

- (a) the date on which you enter into this schedule, we will send an invoice for the Annual Lease Charge due for the full calendar year; and
- (b) the beginning of each following calendar year during the term of this schedule, we will send you an invoice for the Annual Lease Charge due from you in respect of that calendar year,

and for the avoidance of doubt, if you are a Transitional Customer, your invoice referred to in paragraph 8.2(a) shall be calculated on the basis of the number of In-Scope ALPS identified in your Transitional Arrangement.

8.3 The Annual Lease Charge shall be calculated by multiplying the Annual Total Per ALP Fee by the total number of Leased ALPS in your Agreed Lease Pool for the relevant calendar year.

8.4 You will pay all invoices received from us under this schedule in full within 30 days of the date of the invoice. An invoice is deemed to be received on the Working Day following the date on which we send it to you.

8.5 The Annual Per ALP Lease Fee, Annual Per ALP Maintenance Fee and any other charges due under this schedule are displayed on the Website, as amended from time to time in line with clause 13 of the General Access Terms and Conditions, and are expressed as exclusive of VAT. You will pay any VAT on any such charges due under this schedule.

9. **END OF YEAR REVIEW**

9.1 No later than three (3) months before the end of each calendar year during the term of this schedule, you and we shall meet (**Annual Review Meeting**) to review your use of the Leased ALPS during the then current calendar year based on the ALP Usage Data for that year.

9.2 We shall each provide the other with copies of our respective ALP Usage Data for the relevant calendar year at least 14 days prior to the Annual Review Meeting.

9.3 At each Annual Review Meeting, you and we shall (acting reasonably) seek to agree whether to adjust the Agreed Lease Pool for the following calendar year taking into account:

- (a) the ALP Usage Data for the then current calendar year;

- (b) your forecast volumes for Mailing Items under the Contract for the following calendar year; and
- (c) the number (if any) of Excess Leased ALPS found in your possession in the then current calendar year.

9.4 If at any Annual Review Meeting you and we are unable to agree whether to adjust the Agreed Lease Pool, and one of us considers the other to be acting unreasonably, such disagreement may be referred for resolution pursuant to clause 12 of the Contract. For the avoidance of doubt, the Agreed Lease Pool shall not be adjusted pursuant to paragraph 9.1 unless and until you and we agree in writing to adjust it (either at the Annual Review Meeting or via the escalation process pursuant to clause 12).

9.5 If at any Annual Review Meeting (or following any escalation pursuant to paragraph 9.2) you and we agree to adjust the Agreed Lease Pool for the following calendar year, we will promptly issue a written confirmation to you of the adjusted Agreed Lease Pool which is to apply from the beginning of the next calendar year.

10. **LOSS AND DAMAGE**

10.1 We may recover our reasonable costs (including full replacement cost where reasonable) incurred in relation to all Leased ALPS that are lost, stolen, damaged or destroyed while in your custody, control or possession or that of your Associates, customers or agents, or sub-contractors of your customers, however such loss, damage or destruction was caused. However, this shall not apply where that loss, damage or destruction was caused by our negligence or wilful act or that of our servants or agents.

10.2 You shall maintain insurance for your potential liability under this schedule in an appropriate amount with a reputable insurer at your own expense. You shall give evidence of this insurance to us on our request.

11. **TERMINATION**

11.1 Regardless of any other term of this Contract, either of us may terminate the terms of this schedule by giving the other Party not less than 30 days' written notice.

11.2 Regardless of any other term of this Contract, either of us may terminate the terms of this schedule on written notice with immediate effect if the other Party commits any material or persistent breach of the terms of the Contract or this schedule as long as, where the breach can be remedied, it has not been remedied within 30 days of the Party in breach having been notified of the breach by the other and asked to take steps to remedy the breach.

11.3 Regardless of any other term of this Contract, we may terminate the terms of this schedule on written notice with immediate effect if:

- (a) you fail to pay any Postage, Surcharges, Profile Surcharges or other charges due under this Contract as they fall due; or
- (b) an Insolvency Event occurs.

- 11.4 On termination of the terms of the Contract or this schedule and without prejudice to any other rights we may have, you shall:
- (a) immediately return all Leased ALPS then in your custody, control or possession (or that of your Associates, customers or agents, or sub-contractors of your customers) to our sites that we specify; or
 - (b) (at our request) make such Leased ALPS available for our collection on a date and at a time convenient to us. You shall allow us access to your premises for that purpose.
- 11.5 The terms of paragraphs 8 and 14 of this schedule shall continue to apply despite termination of the terms of this schedule in relation to any loss damage or destruction which is not discovered until after termination.
- 11.6 If you do not return or make available for collection any of the Leased ALPS in accordance with this schedule, for any reason, we may recover our reasonable costs incurred. We may also claim directly under your insurance policy.
- 11.7 Without affecting your other obligations under the Contract or this schedule, if a receiver, manager, liquidator, administrator or administrative receiver is appointed for you, you shall immediately tell them that any Leased ALPS in your custody, control or possession (or that of your Associates, customers or agents, or sub-contractors of your customers) are our property and are not part of your assets or undertaking.
- 11.8 Termination of this schedule by either of us (for any reason) shall not affect any rights which either of us may already have under this schedule before the date of termination, or whether or not any obligations under the schedule which were intended either to come into or remain in force after termination do so.

12. **OWNERSHIP**

The Leased ALPS shall remain our property at all times.

13. **HEALTH AND SAFETY**

- 13.1 In addition to your obligations under clause 5 of the General Access Terms and Conditions, you must ensure that your custody, use, management and transportation of the Leased ALPS complies with all applicable health and safety legislation. You shall also ensure that when you visit any of our premises, you shall comply with:
- (a) our health and safety requirements, as set out in our health and safety policies;
 - (b) our reasonable requests relating to health and safety; and
 - (c) the requirements of the User Guide on health and safety in force from time to time regarding the Leased ALPS.
- 13.2 You shall ensure that you do not load any Leased ALPS in excess of 250 kg or such other maximum weight limits that we may specify from time to time.

13.3 We may refuse hand over of or refuse to handle any Leased ALPS weighing more than the maximum loaded weights.

14. **INDEMNITY**

14.1 You shall indemnify us against any liabilities, costs, proceedings or expenses (including reasonable legal expenses) suffered or reasonably incurred by us (or our employees, agents and contractors) arising from your custody, use or management of the Leased ALPS (except where this arises due to our negligent act or omission).

14.2 This indemnity at paragraph 14.1 shall include but is not limited to any liabilities, costs, proceedings or expenses (including reasonable legal expenses) suffered or reasonably incurred by us (or our employees, agents and contractors) arising from any negligent or wrongful act or omission or any breach of statutory duty by you, your Associates, customers or agents, or sub-contractors of your customers in the custody, use or management of the Leased ALPS or any breach by you of your obligations under this schedule or this Contract.

15. **WARRANTIES**

15.1 All terms, conditions and warranties implied by statute or at law with regard to the Leased ALPS are hereby excluded.

16. **INTELLECTUAL PROPERTY RIGHTS**

16.1 You acknowledge our ownership and proprietary rights in the Intellectual Property Rights in the Leased ALPS and agree and acknowledge that you shall not:

- (a) obtain any rights in the Intellectual Property Rights in the Leased ALPS, except as expressly granted under this schedule; or
- (b) register or attempt to register any of the Intellectual Property Rights in the Leased ALPS in any jurisdiction.

ANNEX TO SCHEDULE 25

ALPS Lease Application Form

You have entered into Schedule 25: ALPS Leasing terms as part of your Contract. This application form is to be completed by you each time that you wish to hire Royal Mail Yorks from us. On completion, this application form can be sent by email to your Access Account Director.

CUSTOMER NAME	
CUSTOMER ACCOUNT NO	
SPECIFY NUMBER OF ROYAL MAIL ALPS REQUIRED	
SPECIFY UK REGION WHERE YOU CAN COLLECT	

We will respond to your application form within 2 Working Days after the date of receipt of this form.

Customer Statement: I acknowledge that any ALPS that Royal Mail supplies to me under the terms of this Schedule 25 of the Contract remains the property and ownership of Royal Mail at all times. Where I accept and use Royal Mail ALPS, I understand and acknowledge that they will be used in line with the terms and conditions of the Contract including Schedule 25.

Name:

Signature:

Title:

Date: