

**Royal Mail Group 'Back to Business Extra' Incentive
Incentive Terms**



Background

- (A) The Royal Mail Group 'Back to Business Extra' Incentive (the **Incentive**) will award Postage Credits to a posting customer who posts large incremental volumes of mail items containing Advertising Content during the periods of 28 December 2020 to 27 March (inclusive) 2021.
- (B) We will award Postage Credits for Eligible Items qualifying under the terms of the Incentive in accordance with the applicable Postage Credit Rates set out on our Website.
- (C) The Framework Terms set out on our Website at [this address](#) (or such other link as we notify you of from time to time) shall apply to this Incentive.

1. Definitions. Capitalised terms/expressions used in these Incentive Terms will have the meaning given to them in the Framework Terms, if they are not defined elsewhere in these Incentive Terms. The following terms/expressions will have the following meanings:

- (a) "**Adjustment Charge Rate**" means the rate set out on our Website from time to time;
- (b) "**Agreed Expected Base Volume**" has the meaning given to it in Schedule 1 (Agreed Expected Base Volume)
- (c) "**Agreed Expected Incremental Volume**" means the anticipated incremental number of Eligible Items that we expect you will send using the Eligible Services during the Incentive Period, as we may determine (taking into account your Estimated Incremental Volume and your Agreed Expected Base Volume), such number always to be two million five hundred thousand (2,500,000) Eligible Items or greater in each Quarter and not to exceed ten million (10,000,000) Eligible Items in any one Quarter. We will notify you of your Agreed Expected Incremental Volume if we approve your application;
- (d) "**Eligible Service**" means the services noted as 'Eligible Services' for this Incentive on our Website from time to time;
- (e) "**Estimated Incremental Volume**" means the forecasted number of Eligible Items that you expect you will send using the Eligible Services in excess of the Historic Base Volume during the Incentive Period, as proposed by your application form;
- (f) "**Historic Base Volume**" means the historic number of Mailing Items which qualify as advertising mail that you posted as proposed by you in the Incentive's application form; and
- (g) "**Incremental Volume Profile**" means the proposed profile of your Estimated Incremental Volume, broken down by the following categories: (a) Eligible Service type (i.e. Mailmark® or non-Mailmark®); (b) Eligible Item format type (i.e. Letter, Large Letter or postcard); and (c) applicable weight band, as proposed by you in your application form, and "**Profile Mix**" shall mean a specific blend of each of these categories;
- (h) "**Quarters**" means 28 December 2020 to 27 March (inclusive) 2021, and "**Quarter**" shall be construed accordingly;
- (i) "**Mailing Agent**" means a company (i) that posts Eligible Mail to us through a Direct Delivery Provider on your behalf; and (ii) which is responsible for invoicing you for the full postage amount for the provision of those UK Postal Letter Services.

2. Incentive Postings: Subject to the Framework Terms and the other terms below, we will award you Postage Credits for all incremental volume of Eligible Items that you post during the Incentive Period.

3. Eligible Items: Postage Credits will only be earned on Eligible Items. An **Eligible Item** means a Mailing Item in a format that is noted on the Website as eligible for the purposes for this Incentive on our Website from time to time that is also:

- (a) posted by you using the Eligible Services (and which are made in accordance with the relevant terms and conditions for such services); and,
- (b) not subject to any of our other incentive schemes (as determined by us).

4. Eligibility Criteria: In order to qualify for Postage Credits you must post at least more than your Agreed Expected Base Volume during each Quarter that you are participating in the Incentive during the Incentive Period.

5. Postage Credit Limit: You will not be entitled to Postage Credits on any incremental volume of Eligible Items in excess of your Agreed Expected Incremental Volume.

6. Postage Credit Rates: The applicable Postage Credit Rates for this Incentive can be found on our Website. We will give you 30 (thirty) Working Days' notice if we change an existing Postage Credit Rate. We will give you 5 (five) Working Days' notice of any new Postage Credit Rate.

7. Postage Credit Calculation for Eligible Items of 250g or less: You will continue to pay the standard postage rate for all items posted during the Incentive Period and will be awarded postage credits that are calculated by reference to the Incentive

Rates in accordance with this paragraph 7. The amount of Postage Credits to be awarded for Eligible Items of 250g or less will be calculated by taking the amount that you would have paid in respect of the total number of such Eligible Items posted by you during the Incentive Period had the Postage Credit Rates for such Eligible Items been applied, and deducting that amount from the amount actually paid by you in respect of such number of Eligible Items posted by you during the Incentive Period.

8. Calculation of Postage Credits for Eligible Items of more than 250g: The amount of Postage Credits to be awarded for Eligible Items of more than 250g will be calculated by applying the applicable Postage Credit Rate(s) against your incremental volume of such Eligible Items posted during the Incentive Period.

9. Verification and Confirmation of Postage Credits:

9.1 Subject to you meeting the Eligibility Criteria in paragraph 4, at either (a) the end of each Quarter in the Incentive Period (if you are participating in this Incentive for more than one Quarter), or (b) the end of the Incentive Period (if you are only participating in this Incentive for one Quarter), we will review and confirm your Postage Credits entitlement, by way of an email confirmation. We will do this by: (a) checking that the Eligible Items that you have posted are in line with the Incremental Volume Profile you gave in your application form for the Incentive; and (b) determining that, when measured against your Agreed Expected Base Volume, you have posted incremental Eligible Items consistently against those Profile Mixes shown in your Incremental Volume Profile. You will provide such information as we require in order to enable us to carry out the validation exercise described in this paragraph 9.1 (including without limitation such evidence as we require as to the Profile Mix that you have posted as part of this Incentive).

9.2 If, as a result of the validation exercise referred to in paragraph 9.1, we believe that either:

- (a) any of the volume of Eligible Items that you have posted and your Incremental Volume Profile are inconsistent; or,
- (b) any volume of Eligible Items you have posted during the Incentive Period has been moved from a period outside the Incentive Period (with the effect that such volume is not new incremental mail volume), or we otherwise take the opinion that any volume may not be new incremental mail volume,

then we may take other factors into consideration (such as your Historic Base Volume) to determine whether, notwithstanding that inconsistency, the Eligible Items that you have posted are incremental volume. This may include (without limitation) discussing with you the reason for any inconsistency and/or requiring a signed declaration from you that the relevant volume is in fact incremental volume. If we are unsatisfied (in our absolute discretion) that there is a good reason for such inconsistency we will either not pay Postage Credits to you under the Incentive, or, in our absolute discretion, calculate your Postage Credits by applying the applicable Postage Credit Rate(s) to the volume of Eligible Items posted during the Incentive Period that we are satisfied constitutes incremental volume (the **Validated Incremental Volume**).

9.3 If, as a result of the validation exercise referred to in paragraph 9.1, we are satisfied that the volume of Eligible Items that you have posted and your Incremental Volume Profile are consistent (or if we consider that there is a good reason for any inconsistency), or have exercised our right pursuant to paragraph 9.2 and determined a Validated Incremental Volume, then we will calculate the Postage Credits due to you in accordance with paragraphs 7 and 8 accordingly, up to the Postage Credit Limit and, if applicable, making any required adjustment in accordance with paragraph 9.4.

9.4 In order to qualify for the full Postage Credit Rate(s), you are required to post Eligible Items equal to at least 95% of your Agreed Expected Incremental Volume. If the volume of Eligible Items that you have posted is an amount equal to 95% or less of your Agreed Expected Incremental Volume, the amount of Postage Credits due to you shall be determined in accordance with the following three step formula:

STEP ONE: (Volume of Eligible Items that is equal to 95% of your Agreed Expected Incremental Volume) *minus* (the volume of Eligible Items posted by you during the relevant Quarter) (the resulting amount being the **Adjustment Volume**)

STEP TWO: Adjustment Volume *multiplied by* the Adjustment Charge Rate (the resulting amount being the **Adjustment Amount**)

STEP THREE: (Amount of Postage Credits otherwise payable to you in accordance with these Incentive Terms) *minus* the Adjustment Amount

9.4 In certain circumstances, we may decide to award you more Postage Credits than that to which you are strictly entitled under the Incentive, if we consider (in our absolute discretion) it fair and reasonable to do so when assessing what you have posted. For example, despite the Postage Credit Limit, we may decide (but do not have to) to pay Postage Credits on up to 110% of your Agreed Expected Incremental Volume for any particular Profile Mix, where we consider it fair and reasonable to do so.

9.5 We shall notify you of the value of any Postage Credits due within 30 (thirty) Working Days of either (a) the end of each Quarter in the Incentive Period (if you are participating in this Incentive for more than one Quarter), or (b) the end of the Incentive

Period (if you are only participating in this Incentive for one Quarter). Our decision on the amount of your Postage Credit award is final. This provision shall supersede clause 4.4 of the Framework Terms.

9.6 For the avoidance of doubt, you do not need to complete a Postage Credit Application Form in order to validate your Postage Credits entitlement. Clauses 4.1 and 4.2 of the Framework Terms do not apply to this Incentive.

9.7 Notwithstanding any other provision in this Agreement, if either:

(a) your posting volume is exceptionally seasonal or varies materially from one Quarter to the subsequent Quarter then we may (at our sole discretion) request further evidence to validate the Agreed Expected Base Volume; or

(b) you had already committed to send incremental volume prior to the date of the advertisement of this Incentive,

then in either instance, we may (at our sole discretion) adjust the Agreed Expected Base Volume number in which case such decision shall be final.

10. Postage Credit Allocation: For the purposes of this Incentive, this paragraph 10 shall replace and take precedence over clauses 4.7 and 4.8 of the Framework Terms.

10.1 Any Postage Credits that we award to you under this Incentive will (subject to paragraph 10.3) be provided to you either:

(a) as a credit to your Royal Mail credit account, which you can use in full or part payment of your mailing(s) with us; or

(b) if you do not have a Royal Mail credit account (or we, acting in our absolute discretion, otherwise agree), as a credit to the Royal Mail credit account of your nominated Direct Delivery Provider or Mailing Agent (in which case paragraph 10.2 shall apply),

as instructed by you in the Postage Credit Application Form

10.2 If you elect and we agree to provide Postage Credits to the account of a Direct Delivery Provider or Mailing Agent in accordance with paragraph 10.1(b) and you owe any sums to us as at the date that we are providing such credits to your nominated Direct Delivery Provider or Mailing Agent, then we may (acting in our absolute discretion):

(a) prior to providing such Postage Credits, deduct an amount equal to the sums that you owe to us as at that date, and retain such amount in payment of such outstanding sums; and,

(b) provide the remaining amount of Postage Credits to the Royal Mail credit account of your nominated Direct Delivery Provider or Mailing Agent.

10.3 Prior to receiving Postage Credits on any participant's behalf, we will require the relevant Direct Delivery Provider or Mailing Agent to:

(a) have a Royal Mail credit account, and

(b) enter into an agreement with us in relation to the handling of Postage Credits prior to receiving such credits.

If you have nominated a Direct Delivery Provider or Mailing Agent that does not meet either of the criteria set out in paragraph 10.3(a) or 10.3(b), Postage Credits will be provided to you in the form of a Postage Credit Voucher which you can use in full or part payment of your future UK mailings posted with us, another mail delivery provider or a Mailing Agent participating in the Scheme (subject to clauses 4.8 to 4.10 (inclusive) of the Framework Terms).

11. Application Limitations:

11.1 Only completed application forms we receive on or before 29 January 2021 will be considered for participation in the Incentive.

11.2 This Incentive is limited to an aggregate of fifty million (50,000,000) Eligible Items across all participants (and we may, at our absolute discretion, choose to increase that total for any reason whatsoever) (**Incentive Pot**). Applications for this Incentive will be accepted on a "first come, first served basis", such that once the Incentive Pot has been allocated between the Agreed Expected Incremental Volumes agreed with applicants, no new applications will be accepted.

12. Incentive Period: A period commencing on the Start Date and expiring on 27 March 2021. We will email you to confirm your Start Date if we approve your application form.

13. Changes to volumes: If, after we have approved your application form, you wish to change your Estimated Incremental Volume, such change must be agreed with us, otherwise it will not apply.

14. Liability: In addition to (and without affecting) the other Framework Terms, our liability to you under or in connection with this Incentive will be limited to £10,000.

15. You warrant that:

- (a) the Eligible Items you will send under the Incentive will be new, incremental mail volume and you will send it using the Eligible Services;
- (b) the Eligible Items you declare as new incremental mail volume has not been, is not, and will not be, included in any other Royal Mail incentive, scheme or promotion;
- (c) the Eligible Items you declare as new incremental mail volume was not already planned to be issued prior to the date of the advertisement of this Incentive;
- (d) all Eligible Items shall comply with all relevant laws and regulations, including but not limited to the CAP Code as endorsed and administered by ASA and from time to time revised by them, and all other relevant codes under the general supervision of CAP and ASA;
- (e) the Actual Net Volume will not include mailing volume switched into this Incentive from another postal operator or one of our other postal services or from a period outside the Incentive Period;
- (f) the Actual Net Volume will not include mailing volume which directly relates to notices or other mailing items required by applicable law in respect of a merger or acquisition that affects you and that occurred within the 24-month period prior to the Start Date or within 12 months after the Start Date;
- (g) the Actual Net Volume will not include mailing volume which is the result of switching between/among a company's divisions, business units, brands or sub-brands; and
- (h) none of the Actual Net Volume is connected with the calling of a local, general or European election or referendum in the UK or other special event where it is unlikely that the mailing volume for the event would be sent annually.

Schedule 1 – Agreed Expected Base Volume

1. For the purposes of this Schedule 1, the following capitalised terms shall have the following meanings:

“**2019 Q2 Volume**” means the total Mailing Items which qualified as advertising mail that you posted during the period between 1 July 2019 to 28 September 2019 (inclusive)

“**2019 Q4 Volume**” means the total Mailing Items which qualified as advertising mail that you posted during the period between 30 December 2019 to 28 March 2020 (inclusive)

“**2020 Q2 Volume**” means the total Mailing Items which qualified as advertising mail that you posted during the period between 29 June 2020 to 26 September 2020 (inclusive)

“**Agreed Expected Base Volume**” means either:

(i) if the 2020 Q2 Volume is equal to 25% or less of the 2019 Q2 Volume, then this volume shall be an amount equal to 55% of the 2019 Q4 Volume;

or

(ii) in all other cases, an amount calculated in accordance with the following two step formula:

STEP ONE: *The percentage of 2020 Q2 Volume vs. 2019 Q2 volume:*

$$\begin{array}{l} 2020 \text{ Q2 Volume} \\ \text{DIVIDED BY} \qquad \qquad \qquad \times \qquad \qquad \qquad 100 = [x]\% \text{ (Step One Percentage)} \\ 2019 \text{ Q2 Volume} \end{array}$$

STEP TWO: *Add 30% to the Step One Percentage:*

$$\begin{array}{l} \text{Step One Percentage} \qquad \qquad \qquad \text{PLUS} \qquad \qquad \qquad 30\% = [x]\% \text{ (Step Two Percentage)} \end{array}$$

STEP THREE: *Step Two Percentage of 2019 Q4 Volume*

$$\begin{array}{l} \text{Step Two Percentage} \qquad \qquad \qquad \times \qquad \qquad \qquad 2019 \text{ Q4 Volume} = [x] \text{ items, being the } \mathbf{\text{Agreed Expected}} \\ \mathbf{\text{Base Volume.}} \end{array}$$

2. Example 1:

2019 Q2 Volume = 200 items
2020 Q2 Volume = 25 items

Then limb (i) above applies because 2020 Q2 Volume is **less than 25%** of 2019 Q2 Volume:

$$25 / 200 = 12.5\%$$

Therefore the Agreed Baseline Volume = 55% of 2019 Q4 Volume:

$$55\% \times 200 = 110 \text{ items}$$

3. Example 2:

2019 Q2 Volume = 200 items
2019 Q4 Volume = 300 items
2020 Q2 Volume = 100 items

Limb (i) does **not** apply because Q2 2020 Volume is **greater than 25%** of Q2 2019 Volume

Then limb (ii) applies:

STEP ONE: *The percentage of Q2 2020 Volume vs. Q2 2019 volume:*

100

DIVIDED BY

X

100 = **50%** (*Step One Percentage*)

200

STEP TWO: *Add 30% to the Step One Percentage:*

50%

PLUS

30% = **80%** (*Step Two Percentage*)

STEP THREE: *Step Two Percentage of 2019 Q4 Volume*

80%

X

300 = **240 items**, being the **Agreed Expected Base Volume**.