User Guide for

Payment & Pricing

16th July 2019

This a legally binding document forming part of the Agreement between you and Royal Mail

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Introduction

Where you have entered into a direct agreement with us and your mailing house we will invoice you and you will be required to pay us according to the terms and conditions of your agreement. If you have accessed our products via an agreement with your mailing house, we will invoice the mailing house directly.

Sorted items can be paid for through a Royal Mail account, using a Printed Postage Impression (PPI)

Items with no sortation can be paid for either
- Through a Royal Mail account using a PPI
- By using a franking machine (for specific product options)

To obtain a price for your mailing quickly, visit our online calculator at www.royalmailtechnical.com/pricing or please contact your account manager or local Royal Mail sales centre on 08457 950 950 (local rate).

Online Business Account (OBA)

All our sorted product options as well as the no sortation products with non-machine-readable options enable you to use OBA, our secure online business account through which you can order your products online

Features of OBA:

- Simple ordering process
- Clear invoicing and management reporting
- Allows you to monitor your mailings and spend in greater detail
- Provides you with high levels of online security
- Eleven levels of access, designed to allow greater management over control and access to the account
- Ability to allow access to third party suppliers

Please note:

All sorted mailings, or Mailmark option mailings, are only available to be ordered via OBA.

OBA may be used for 1st and 2nd Class (Business Mail's non- sorted, non machine-readable option).

For our Mailmark option mailings each eManifest will have a unique eManifest ID. This eManifest ID must be included in at the start of the 'Your Reference' field on OBA when creating the associated confirmed sales order.

For more information on OBA please contact your account handler or register your interest at www.royalmail.com/oba where you can also view an online OBA demo.

Confirmed sales orders

Every time you or your agent confirms an order using OBA, a confirmed sales order must be created and attached to each separate handover for each day's mailing. As the confirmed sales order is used by us to calculate your invoice it must be accurate.
For more information on completing your confirmed sales order please refer to the 'Documentation' section of this user guide.

The only exception to this is for customers who are on Mailmark Autobilling and these customers only need to complete an eManifest. For more information on Mailmark Autobilling, please contact your account handler.

Payment Indicators

Items must show that postage has been (or will be) paid for. The two methods of showing this are:
- A Printed Postage Impression (PPI) on each item
- A digital stamp indicium
- A franking machine impression (for Business Mail items with no sortation only)

Please note:
PPI or digital stamps are the only option for our Mailmark option mailings made on Account. If you are using a PPI for your mailing, it must be the same class and design (type), and carry the same PPI licence or account number across the whole of a specific product mailing. There are different PPI designs available, depending on product.

Printed Postage Impressions (PPIs)

A PPI is a pre-printed mark on items which indicates that postage has been (or will be) paid.

- For all 1st Class items you are required to use the '1' delivery speed indicator
- For all 2nd Class, the '2' delivery speed indicator
- For Economy and Economy deferred you are required to use an 'm' indicator

For full details and other PPI specifications and artwork, please contact a member of your

Royal Mail account team or visit our website here to see the Guide for clear addressing.

Please note: There are four sizes available for the English version and two sizes for the bilingual Welsh/English versions.

Franking (meter channel)

Franking requirements
Mailing via a franking meter is permitted for:
- Some Business Mail machine-readable[1] letter options with no sortation
- Ordinary letters with no additional options

Mailing via a franking meter is not permitted for:
- Any sorted product option
- Any Advertising Mail or Publishing Mail product option
- Any machine-readable large letters (with or without sortation)

The two Business Mail product options which can be posted via a franking meter are our machine readable advanced options for Business Mail:
- Business Mail Advanced 1st Class
- Business Mail Advanced 2nd Class

To obtain a discount for metered postings of Business Mail Advanced a confirmed sales order from OBA must be sent with the items, in advance of or at the time of posting, using the appropriate sales order codes.
No other Business Mail product options can be posted through a franking meter.

Discounts

The full tariff price is paid (inclusive of VAT) at the time of posting and the discount earned will be given to you in the form of a refund after the posting.
To receive your discount, you must complete and submit a refund form (P3484) each day you are mailing together with the confirmed sales order at the time of posting.

Economy mail posting indicators

If you are posting your items by economy class, the items in your mailing must not carry a posting date indicator on the outside of the item or package or anything that could be construed by the addressee to be a posting date. This also applies to deferred delivery mailings.

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[1] For more information on machine-readable mail, please visit www.royalmailtechnical.com and see the Machine Readable (Letters and Large Letters) Guide in the User Guide section

Verification and revenue protection

OCR mailings

We carry out checks on your OCR mailings every day to ensure they:
- Are sorted to the required standard
- Are presented in the required manner
- Meet the required product specifications
- Are accurately addressed and postcoded against PAF® to the required minimum entry level, and
- Correspond to the weight, format and volume declared

However, in the case of errors with your OCR mailings, or where we have already advised you and identical errors continue, we will take one of the following remedial actions:

- Return the mailing so you can fix the errors
- Retain the mailing until any issues are resolved
- Reduce or remove the discounts associated with the mailing
- Revert the mailing to an alternative service option or product
- Rework the mailing and make an additional charge (minimum £25)

In some cases, a surcharge per item may be levied. Where appropriate, we will discuss with you if an alternative product option may be better to use. This is explained further in the Royal Mail General Terms & Conditions and in the Specific Terms & Conditions for Marketing Products.

Mailmark mailings

The Mailmark barcode offers an alternative to OCR for machine- readable mailings. It is not to be used for manual mail as items need to be able to pass through our mail processing machines. If we persistently find significant levels of non-machine- readable mail in your Mailmark option mailings we may ask you to use an alternative service. Most checks on our Mailmark option mailings will be conducted as the mail pieces are being processed by our machines. Therefore, unless one of a very small number of presentational issues has been found prior to processing, you will not be given the option to have the mail returned.

We will try to pass Mailmark mail pieces through our machines and only take further action if we identify performance issues with the mailing. Invoice adjustments may made be made for poor performance. Performance is optimised when:

- Each mail piece is well designed
- The mail is correctly faced and orientated
- The address and postcode on the mail piece is consistent with the address and postcode in the eManifest and with the postcode and DPS in the Mailmark barcode™
- All address, postcode and DPS elements match the correct record held in PAF®
- Mail pieces are, where required, correctly pre-sorted

Our sorting machines use PAF® as one source of data to successfully sort and sequence your mail pieces without manual or other intervention. That is why we advise that you ensure that as many mail pieces as possible in your mailing have an address, postcode and DPS that are accurately matched to PAF® and follow the mail piece design recommendations set out in the 'Royal Mail Mailmark Barcode Machine-readable Letters and Large Letters User Guide' as well as the guidance set out in the whole of this user guide.

If poor mail piece design or poor address accuracy mean that items require manual handling or other intervention, then an invoice adjustment may be made.

It is important that you include all item data in the eManifest. If you don't we will see those items as we process them and may invoice the Bill Payer for them. Items should be handed over on the day the eManifest is confirmed. Please be aware that if items are handed over five (5) or more days after the eManifest is confirmed the Bill Payer may legitimately be invoiced twice.

The Mailmark option provides you with Batch level reporting. These reports indicate if an adjustment will be payable. If it is important for your Invoice payable or Finance teams to see reports please consider giving them access to the Mailmark Management System (MMS).

All surcharges and invoice adjustments will be charged to the Bill Payer identified within the Supply Chain.

It is important that you use the right Supply Chain for every Mailmark option mailing. If you don't then the wrong Participants may have access to your Batch Level reports and the wrong Bill Payer may be invoiced.

Pricing

Where to find our product prices

Rate cards
You can find our current prices on the individual rate card for each product, which can be accessed at www.royalmailtechnical.com/pricing

Online price calculator
You can get a quote for your posting by using our online Marketing, General Correspondence and Publishing Mail Price Calculator, which can be accessed at www.royalmailtechnical.com/pricing

Please note:
The Price Calculator includes all discounts available and works on the assumption that you have met the criteria for volume discounts as detailed further in this section.

How we price our products

Single flat price
Our letter, large letter and A3 parcel items between 0-100g and 101-250g in weight are based on a single flat price.

Straight line pricing
Our large letter and A3 parcel items over 250g increase on a per 'g' basis, and are calculated using a formula known as straight line pricing and can be priced in increments (depending on the product). Advertising Mail parcel format is priced on a per 'g' basis from 1,001g and our Publishing Mail parcel product is priced on per 'g' increments from 751g. This means the price reflects the exact weight of the items you are sending.

Volume Related Discounts (VRDs)

VRDs are available for our sorted and non-sorted product options, subject to the qualifying criteria set out below.

VRDs for our sorted products

VRDs for our sorted product options differ according to whether or not they are Direct or Residue sortations.

Direct selections
VRDs are available for the Direct selections for the following products and product options:

PRODUCT	OPTIONS	FORMAT	SERVICE SPEED
Advertising Mail	Low Sort	letters & large letters (machine-readable)	1st Class, 2nd Class &
Advertising Mail	High Sort	letters, large letters (not machine-readable) &	1st Class, 2nd Class & Economy
Publishing Mail	Low Sort	large letters (machine-readable)	1st Class & 2nd Class
Publishing Mail	High Sort	large letters (non machine-readable), A3 parcels & parcels	1st Class & 2nd Class
Subscription Mail	Low Sort	letters & large letters (machine-readable)	1st Class, 2nd Class &
Business Mail	Low Sort	letters & large letters (machine-readable)	1st Class, 2nd Class &
Business Mail	High Sort	letters & large letters (not machine-readable)	1st Class, 2nd Class & Economy

Please note: For Low Sort options there is only one level of sortation and for the purposes of pricing clarification this has been termed as Direct.

The qualifying volume for VRDs on Direct selections is:
- Measured over a single day
- From a single site (e.g. the site your mailing has been collected from)
- Using the same Royal Mail account number
- Same product
- Same service speed
- Same format

Aggregating volumes on Direct selections

In order to reach the VRD discount threshold on any given day, you can aggregate volumes on Direct selections in two ways:

- You can combine a number of the same product / service level mailings onto one confirmed sales order in order to reach the discount threshold on a given posting day. You will need to show in the comments field all the job reference numbers or part jobs included on that confirmed sales order. If you do this and then have multiple entries on a single confirmed sales order you must link the individual lines with the appropriate Customer Reference Number (CRN) to maximise your VRD.
- If you are unable to show all mailings for one day on a single confirmed sales order (usually because mailings are at different times) you must put the same Customer Reference Number (CRN) on each confirmed sales order and against each multiple entry.

Any applicable VRDs are calculated at the time you confirm your sales order and will be reflected on the invoice for that date of posting.

Please note:

- Where you are sending a Low Sort product and have the option to enter the volume as either Directs or Residues please select the Direct option. While there is only one sorting option available to you (up to a maximum of 86 selections), to ensure that the correct discounts are applied please enter the items as 'directs'

Residue Selections

VRDs are available for the Residue selections for the following products, and product options:

PRODUCT	OPTIONS	FORMAT	SERVICE SPEED
Advertising Mail	High Sort	letters, large letters (non-machine- readable) & parcels	1st Class, 2nd Class & Economy
Publishing Mail	High Sort	large letters (non machine-readable, A3 parcels & parcels	1st Class & 2nd Class
Business Mail	High Sort	letters & large letters (non-machine- readable)	1st Class, 2nd Class & Economy

VRDs are not available for the Residue selections for the following products and product options:

- Publishing Mail with Premium option
- Publishing Mail with Profile High Sort option

The qualifying volume for VRDs on Residue selections is measured over a single mailing:

- From a single site
- Using the same Royal Mail account number
- Same product
- Same delivery speed
- Same format.

Please note:
For Residues, customers will get a VRD associated with the number of items they have entered in the sales order line on OBA. Volumes will not be combined and customers will not be able to link sales orders and sales order lines using a Customer Reference Number.

VRDs for our products with no sortation

The qualifying volume for VRDs for products with no sortation is:

- Measured over a single day
- From a single site (e.g. the site your mailing has been collected from)
- Using the same Royal Mail account number
- Same product
- Same service speed
- Same format

All items need to be shown on a single sales order. Aggregating volumes on postings with no sortation

In order to reach the VRD discount threshold on any given day, you can aggregate volumes in two ways:

- Create a single sales order line which will show the appropriate level of VRD attributed to the volume entered
- Alternatively, you can create multiple sales order lines on the same sales order number, to allow for different referencing. All lines will receive the level of VRD related to the combined sales order volume
- It is not possible to aggregate different sales orders (even if posted on the same day) for Advertising Mail and Business Mail unsorted products, including Machine Readable Advanced Mail.

Any applicable VRDs are calculated at the time you confirm your Sales Order and will be reflected on the invoice for that date of posting. VRDs are available for the following no sortation product options:

PRODUCT	OPTIONS	FORMAT	SERVICE SPEED
Advertising Mail	Non-Machine-readable	letters & large letters	1st Class & 2nd Class
Advertising Mail	Machine-readable	letters & large letters	1st Class & 2nd Class
Advertising Mail	Advanced	Letters	1st Class & 2nd Class
Business Mail	Non-Machine-readable	letters & large letters	1st & 2nd Class
Business Mail	Machine-readable	letters & large letters	1st & 2nd Class
Business Mail	Advanced	Letters	1st Class & 2nd Class

Please note: For the unsorted products, volumes cannot be aggregated across different sales orders, account numbers, posting days, posting sites, different products and service levels, different formats or different Customer Reference Number (CRN) numbers.

VRDs are available for Machine Readable Advanced postings of 1,000 or more items per site, per day (VRD levels increasing with volume).

Polywrapped items
For our non machine-readable High Sort product options, the size definitions for length (x) and width (y) for letters, large letters, A3 parcels and parcels will exclude outer covers or wrappers provided that these are flimsy and easily folded. i.e. the outer covers will not count towards the total dimensions of the mailpiece for pricing purposes.