

PARCELS SCHEDULE 7

YORK EXCHANGE

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 Parcels General Terms and Conditions (and the rest of this Contract):

1 Background

- 1.1 You own the Customer Yorks and you may use the Customer Yorks to hand over Mailing Items to us under this Contract. To facilitate operational procedures, you have asked us to provide Royal Mail Yorks to you on the basis of a one-for-one swap for your Customer Yorks and we have agreed to lend you Royal Mail Yorks for that purpose on the terms of this Schedule. You agree that as part of the one-for-one swap we may provide you, at our sole discretion, with Royal Mail Yorks that are either York Cages or Sleeved Yorks.
- 1.2 You may use Yorks to hand over Mailing Items in bags to our Inward Mail Centres. You have asked us to lend you Royal Mail Yorks for this purpose.
- 1.3 We may fit one or more York Cages that you have bought pursuant to paragraphs 4.2 and 4.3 of this Schedule with a sleeve to create Sleeved Yorks.

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:

Associate	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;
Customer Yorks	York Cages purchased by you from time to time in line with paragraphs 4.2 and 4.3 of this Schedule and any York Cages purchased by you that we fit with a sleeve to create Sleeved Yorks;
Excess Yorks	has the meaning set out in paragraph 5.6 of this Schedule; and
Royal Mail Yorks	Royal Mail Yorks that we own and lend to you in line with the terms of this Schedule, including any Excess Yorks.

3 Commencement and duration

- 3.1 The terms of this Schedule shall take effect from the Start Date, or such other date that is agreed between you and us.
- 3.2 The terms of this Schedule shall continue to have effect until the date it is terminated under this Contract or paragraph 9 of this Schedule.

4 Your obligations

- 4.1 If you comply with your obligations under this Contract including the User Guide and this Schedule, we will supply you with Royal Mail Yorks from time to time by way of loan.

- 4.2 You have purchased [**insert number**] York Cages directly through our preferred supplier (currently Hartwells). You may purchase additional York Cages in the same way.
- 4.3 You shall replace any York Cages that form part of your Customer Yorks (whether those York Cages have been fitted with a sleeve or not) by purchasing new York Cages from a supplier approved by us within ten years of the date on which you purchased those York Cages.
- 4.4 You shall notify us in writing of the total number of Customer Yorks that you have from time to time and in any event within seven Working Days of you:
- 4.4.1 purchasing any additional York Cages which results in you having more Customer Yorks than you have told us about under paragraph 4.2; or
- 4.4.2 replacing any York Cages that form part of your Customer Yorks under paragraph 4.3.
- 4.5 Each time you hand over Mailing Items in a Customer York at our Inward Mail Centres in line with the Contract, we will lend you one empty Royal Mail York for each Customer York you present.
- 4.6 When transporting, loading and unloading the Royal Mail Yorks, you must only use vehicles that meet our reasonable requirements regarding:
- 4.6.1 health and safety of personnel; and
- 4.6.2 care of the Royal Mail Yorks.
- We shall notify you of these requirements from time to time.
- 4.7 After you collect Royal Mail Yorks from us, you shall distribute them to your premises.
- 4.8 You:
- 4.8.1 shall use the Royal Mail Yorks to transport Mailing Items in bags or to transport empty mail bags between:
- (a) your or your Associates' premises and your customers' premises or those of their agents or sub-contractors; and
- (b) between any premises referred to in paragraph 4.8.1 (a) and our Inward Mail Centres; and
- 4.8.2 may move empty Royal Mail Yorks between your premises and those referred to in paragraph 4.8.1(a) to meet your reasonable operational requirements
- to fulfil your obligations under the Contract. You shall ensure that Royal Mail Yorks are not used to transport Mailing Items between any other premises or for any other purpose (including in respect of our other postal services).
- 4.9 You shall not:
- 4.9.1 create or allow the creation of any lien or charge over the Royal Mail Yorks; or
- 4.9.2 sell, hire, lend, charge or otherwise dispose of or allow any third party to use or take possession of the Royal Mail Yorks without our prior written consent.
- 4.10 Subject to paragraph 4.8, you shall not allow any Royal Mail Yorks to be used for mail that is to be collected, conveyed or delivered by any third party.
- 4.11 We may recover any Royal Mail Yorks that are in a third party's possession in breach of this Contract or this Schedule.

- 4.12 You shall keep the Royal Mail Yorks in good condition (fair wear and tear excepted). You shall immediately report any damage to the Royal Mail Yorks to us.
- 4.13 You shall not remove any labels or markings that we or the manufacturers put on the Royal Mail Yorks. You shall not allow any other labels or markings to be put on the Royal Mail Yorks without our prior written consent.
- 4.14 Without prejudice to paragraph 6 of this Schedule, you shall keep the Royal Mail Yorks in a secure place at all times when they are not being used for the purposes set out in paragraph 4.8.
- 4.15 If you do not have enough Royal Mail Yorks, you may bring Mailing Items in bags to our Inward Mail Centres in your own containers, including Customer Yorks, as long as if you carry mail in containers which are not Customer Yorks you transfer the mail into Royal Mail Yorks at the loading dock at our Inward Mail Centres before hand over to us. You may not use any containers other than Royal Mail Yorks or Customer Yorks to deliver mail to our Inward Mail Centres.
- 4.16 If we introduce new designs of Royal Mail Yorks, you shall accept the Royal Mail Yorks that we provide you with whether or not they are of that new design.
- 4.17 You shall ensure that the Royal Mail Yorks are not misused. You shall ensure that you do not in any way damage our reputation in using the Royal Mail Yorks.
- 4.18 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 Yorks we have lent you.

5 Records

- 5.1 Each time you collect Royal Mail Yorks under paragraph 4.5, you shall sign our waybill to acknowledge that you have received the number of Royal Mail Yorks stated in the Manifest. We will give you a copy of the waybill. You shall tell us at the time if there is any error on the waybill and subject to our agreement we shall correct the error at the time of collection. You shall be deemed to have received the quantity of Royal Mail Yorks stated on the waybill or, if a correction has been agreed by us, the corrected waybill.
- 5.2 Each time you collect Royal Mail Yorks in line with paragraph 4.5, you shall notify us if at the time of collection or within 12 hours of signing the waybill there are any defects in any Royal Mail York you receive.
- 5.3 If you have notified us that there are defects in any Royal Mail Yorks in line with paragraph 5.2, you shall return these Royal Mail Yorks to the Inward Mail Centres that you collected them from when you next hand over mail under the Contract. We shall then change our record of the number of Royal Mail Yorks that you have unless we dispute in good faith that those Royal Mail Yorks are defective.
- 5.4 If you do not give a notice under paragraph 5.2, any defects in the Royal Mail Yorks shall be deemed to have occurred after you received them.
- 5.5 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 the amount and condition of the Royal Mail Yorks. If you cannot produce or account for the Royal Mail Yorks in the correct amounts on that inspection, they shall be considered to have been lost while in your possession (unless our records indicate otherwise).
- 5.6 Within seven days of our request, you shall at your own expense give us an audit of all Royal Mail Yorks. If in our reasonable opinion you have an excessive number of Royal Mail Yorks (Excess Yorks) in relation to the number of Customer Yorks you have purchased and notified to us in line with paragraph 4.4, we may require you to return the Excess Yorks within two Working Days.

- 5.7 Without prejudice to any other rights we may have under the Contract, if you fail to permit inspections or fail to produce all Royal Mail Yorks supplied to you under the Contract for inspection in line with paragraph 5.5 or fail to produce an audit in line with paragraph 5.6, we may require the return of all Excess Yorks within two Working Days.
- 5.8 If you in good faith dispute our opinion under paragraph 5.6, the disputes procedure at clause 12 of the Parcels General Terms and Conditions shall apply.
- 5.9 If we require you to return the Excess Yorks under paragraph 5.6 or 5.7, you shall return the Excess Yorks to our site that we specify. If you do not, we may terminate the terms of this Schedule in line with paragraph 9.2.
- 5.10 If we want to change our tracking systems across our business for Royal Mail Yorks, you shall:
- 5.10.1 comply with those changes; and
- 5.10.2 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.

6 Loss and damage

- 6.1 We may recover our reasonable costs incurred in relation to all Royal Mail Yorks 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, howsoever 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.
- 6.2 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 us evidence of this insurance on our request.

7 Maintenance

- 7.1 We will maintain your Customer Yorks at a charge to you per York container during each Contract Year. These charges are displayed on the Website, as amended from time to time in line with clause 13 of the Parcels General Terms and Conditions.
- 7.2 We will invoice you on each anniversary of your Start Date, or such other date as agreed between us at the start date of your use of Yorks in respect of the maintenance charges calculated in line with paragraph 7.1 and you shall pay those maintenance charges within 30 days of the date of the invoice.
- 7.3 If we purchase your Customer Yorks part way through a Contract Year in line with paragraph 8, we will invoice you for the maintenance of the Customer Yorks on a pro rata basis.
- 7.4 In the absence of any increase in the maintenance charge in line with paragraph 7.5, we will review maintenance charges annually and any increase in the maintenance charge (**Maintenance Charge Review**) shall take effect on the anniversary of your Start Date, or such other date as agreed between us as the start date of your use of Yorks, immediately following the previous Maintenance Charge Review. The charges for maintaining Customer Yorks, as determined during the Maintenance Charge Review will increase by the change in percentage points between the average levels of the Retail Price Index published or determined with respect to each of the six months up to and including September in the appropriate year preceding that anniversary and the average of those levels with respect to each of the six months up to and including September in the preceding year.
- 7.5 If the costs in maintaining your Customer Yorks have increased materially during the term of the Contract, we may increase the charges for maintenance on giving you at least 90 days' written notice of a change to the maintenance charges. The notice will

include reasonable evidence of such material increase in costs. The change to costs will take effect on the next anniversary of the Start Date or such other date as agreed between us.

- 7.6 The maintenance charges are expressed as exclusive of VAT. You shall pay any VAT payable on such charges.
- 7.7 Without prejudice to any other right or remedy available, if you fail to pay the maintenance charges in line with paragraph 7.2, we shall be entitled to:
- 7.7.1 serve seven days' notice on you to suspend immediately the performance or further performance of our obligations under this Schedule without liability to you once the notice has expired; and
- 7.7.2 charge daily interest on all amounts not paid until payment is received in full at an annual rate equal to 4 per cent above the Bank of England base rate as current from time to time.

8 Option to Purchase

- 8.1 If you are considering:
- 8.1.1 reducing the number of Customer Yorks required for your operations; or
- 8.1.2 ceasing posting under the Contract
- you will first notify us of your desire to sell the Customer Yorks.
- 8.2 We shall notify you in writing within 30 days of the notice received in line with paragraph 8.1 whether we wish to purchase the Customer Yorks.
- 8.3 If we decide to purchase the Customer Yorks we will pay you the then current book value of the Customer Yorks. This will represent the initial purchase price for the relevant York Cage depreciated by 12.5 per cent on each anniversary of the date on which the York Cage was purchased. If we purchase the Customer Yorks part way through the year the depreciation will be worked out on a pro rata basis.
- 8.4 If we decline in writing to purchase the Customer Yorks, you may deal with the Customer Yorks in your absolute discretion.

9 Termination

- 9.1 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.
- 9.2 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.
- 9.3 Regardless of any other term of this Contract, we may terminate the terms of this Schedule on written notice with immediate effect if:
- 9.3.1 you fail to pay any Postage, Surcharges, Profile Surcharges or other charges due under this Contract as they fall due; or
- 9.3.2 an Insolvency Event occurs.
- 9.4 On termination of the terms of the Contract or this Schedule and without prejudice to any other rights we may have, you shall:

- 9.4.1 immediately return all Royal Mail Yorks to our sites that we specify; or
- 9.4.2 (at our request) make the Royal Mail Yorks 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.

The terms of paragraph 6 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.

- 9.5 If you do not return the Royal Mail Yorks or make the Royal Mail Yorks available for collection in line with paragraph 9.4 for any reason, we may recover our reasonable costs incurred.
- 9.6 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 the Royal Mail Yorks are our property and are not part of your assets or undertaking.
- 9.7 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.

10 Ownership

- 10.1 The Royal Mail Yorks shall remain our property at all times.

11 Health and safety

- 11.1 In addition to your obligations under clause 5 of the Parcels General Terms and Conditions, you must ensure that your custody, use, management and transportation of the Royal Mail Yorks complies with all applicable health and safety legislation. You shall also ensure that when you visit any of our premises, you shall comply with:

- 11.1.1 our health and safety requirements, as set out in our health and safety policies;

- 11.1.2 our reasonable requests relating to health and safety; and

- 11.1.3 the requirements of the User Guide on health and safety in force from time to time

regarding the Royal Mail Yorks.

- 11.2 You shall ensure that you do not load any York in excess of 250kg or such other maximum weight limits that we may specify from time to time.
- 11.3 We may refuse hand over of or refuse to handle any York weighing more than the maximum loaded weights.

12 Indemnity

- 12.1 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 Royal Mail Yorks (except where this arises due to our negligent act or omission).
- 12.2 The indemnity at paragraph 12.1 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 Royal Mail Yorks or any breach by you of your obligations under this Schedule or this Contract.

13 Warranties

- 13.1 All terms, conditions and warranties implied by statute or at law with regard to the Royal Mail Yorks are hereby excluded.

14 Intellectual Property Rights

- 14.1 You acknowledge our ownership and proprietary rights in the Intellectual Property Rights in the Royal Mail Yorks and agree and acknowledge that you shall not:
 - 14.1.1 obtain any rights in the Intellectual Property Rights of the Royal Mail Yorks, except as expressly granted under this Schedule; or
 - 14.1.2 register or attempt to register any of the Intellectual Property Rights in the Royal Mail Yorks in any jurisdiction.