

Schedule 6

Container Options

General Section

You may opt to use certain of our Container options, in line with the Contract and the following Parts of this Schedule 6:

- Part 1 – Tray Loan;
- Part 2 –York Exchange;
- Part 3 – York Hire; and
- Part 4 –York Leasing.

This Schedule 6 sets out the terms and conditions which apply to the use of those Container options. Defined terms in this Schedule 6 will have the meaning given to them in Schedule 1 (Definitions and Interpretation).

1 Ownership

1.1 The Royal Mail Containers shall remain our property at all times.

2 Your Obligations

2.1 The obligations set out in this paragraph 2 shall apply in addition to the obligations applicable to the Container option selected, set out in the relevant Part of this Schedule 6 and elsewhere in this Contract.

2.2 You:

- (a) shall use the Royal Mail Containers to transport the relevant permitted Mailing Items for each Royal Mail Container as set out in the User Guide (or empty mail bags or trays, if applicable) between:
 - (i) your or your Associates' premises and your customers' premises or those of their agents or sub-contractors; and
 - (ii) between any premises referred to in paragraph 2.2(a)(i) and our Inward Mail Centres; and
- (b) may move empty Royal Mail Containers between your premises and those referred to in paragraph 2.2(a)(i) to meet your reasonable operational requirements,

to fulfil your obligations under the Contract. You shall ensure that Royal Mail Containers are not used to transport Mailing Items between any other premises or for any other purpose (including in respect of our other postal services).

2.3 You shall not:

- (a) create or allow the creation of any lien or charge over the Royal Mail Containers; or

- (b) sell, hire, lend, charge or otherwise dispose of or allow any third party to use or take possession of the Royal Mail Containers without our prior written consent.
- 2.4 Subject to paragraph 2.2, you shall not allow any Royal Mail Containers to be used for mail that is to be collected, conveyed or delivered by any third party.
- 2.5 We may recover any Royal Mail Containers that are in a third party's possession in breach of this Contract or the relevant Part of this Schedule 6.
- 2.6 You shall keep the Royal Mail Containers in good condition (fair wear and tear excepted). You shall immediately report any damage to the Containers to us.
- 2.7 Without prejudice to paragraph 3 below, you shall keep the Royal Mail Containers in a secure place at all times when they are not being used for the purposes set out in paragraph 2.2.
- 2.8 You shall ensure that the Royal Mail Containers are not misused. You shall ensure that you do not in any way damage our reputation in using the Royal Mail Containers.
- 2.9 You shall collect and return the Royal Mail Containers at your own expense.

3 Loss and Damage

- 3.1 We may recover our reasonable costs incurred in relation to all Royal Mail Containers that are lost, stolen, damaged or destroyed while in your custody, control or possession or that of your Associates, customers 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. Your total liability under this paragraph 3.1 in relation to Trays only shall not exceed £50,000 in each Contract Year.
- 3.2 If in our reasonable opinion you may be in breach of your obligations set out in this Contract in relation to Trays, we shall notify you.
- 3.3 You shall maintain insurance for your potential liability under this 0 in an appropriate amount with a reputable insurer at your own expense. You shall give us evidence of this insurance on our request.

4 Records

- 4.1 Each time you collect Royal Mail Containers, you shall sign our waybill to acknowledge that you have received the number of Royal Mail Containers 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 Containers stated on the waybill or, if a correction has been agreed by us, the corrected waybill.
- 4.2 If in our reasonable opinion we determine that you have Excess Containers in your possession or control at any given time, we may require you to return the Excess Containers within 2 Working Days.
- 4.3 Regardless of paragraph 4.1, you shall notify us if the number of Trays you receive is different from the number of Trays stated on the waybill or as agreed in line with

paragraph 4.1. This notice shall be given within 12 hours of you signing the relevant waybill. If you do not give us notice under this paragraph 4.3, you shall be deemed to have received the quantity of Trays stated on the waybill or as otherwise agreed in line with paragraph 4.1. Except where there is a genuine dispute, we shall change our record of the number of Trays that you have, to take into account your notice under this paragraph 4.3.

- 4.4 Regardless of paragraph 4.1, you shall notify us if there are any defects in any Royal Mail Containers which you have not caused. In relation to:
- (a) Trays, this notice shall be given within 24 hours of you signing the relevant waybill; and
 - (b) all other Royal Mail Containers, this notice shall be given within 12 hours of signing the waybill.
- 4.5 If you have notified us that there are defects in any Royal Mail Containers in line with paragraph 4.4, you shall return these Royal Mail Containers 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 Containers that you have unless we dispute in good faith that those Royal Mail Containers are defective.
- 4.6 If you do not give a notice under paragraph 4.4, any defects in the Royal Mail Containers shall be deemed to have occurred after you received them.
- 4.7 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 Royal Mail Containers. If you cannot produce or account for the Royal Mail Containers in the correct amounts on that inspection, they shall be considered to have been lost while in your possession (unless our records indicate otherwise).
- 4.8 Within 7 days of our request, you shall at your own expense give us an audit of all Royal Mail Containers.
- 4.9 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 Containers supplied to you under this Contract for inspection in line with paragraph 4.7 or fail to produce an audit in line with paragraph 4.8 we may require the return of all Excess Containers within 2 Working Days.
- 4.10 If we require you to return the Excess Containers under this Schedule 6, you shall return the Excess Containers to our site that we specify. If you do not, we may terminate the terms of the relevant Part(s) of this Schedule 6 under clause 7.2(a) of the General Access Terms and Conditions.
- 4.11 If we want to change our tracking systems across our business for Royal Mail Containers, 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.

5 Indemnity

- 5.1 Subject to paragraph 5.3, 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 Containers (except where this arises due to our negligent act or omission).
- 5.2 The indemnity at paragraph 5.1 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 Containers or any breach by you of your obligations under each part of this 0 or this Contract.
- 5.3 Except for your liability for death or personal injury or breach of clause 15 of the General Access Terms and Conditions (in which case your liability shall be unlimited), your total liability under this indemnity in relation to all Trays under Part 1 of this 0 shall not exceed £50,000 in each Contract Year.

6 No Implied Warranties

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

7 Termination and Consequences of Termination

- 7.1 Regardless of any other term of this Contract, either of us may terminate the terms of:
 - (a) Part 1 of this 0 by giving the other Party not less than 90 days' written notice;
 - (b) Part 2 and/or Part 4 of this 0 by giving the other Party not less than 30 days' written notice; and
 - (c) Part 3 of this 0 by giving the other Party not less than 10 days' written notice.
- 7.2 On termination of the terms of the Contract or any Part of this Schedule 6 and without prejudice to any other rights we may have, you shall:
 - (a) immediately return all relevant Royal Mail Containers 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 the relevant Royal Mail Containers 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.
- 7.3 Notwithstanding any other provision of this Contract, the terms of:

- (a) paragraph 3 above shall continue to apply despite termination of the terms of any / all Parts of this Schedule 6 in relation to any loss, damage or destruction which is not discovered until after termination; and
 - (b) paragraph 5 shall continue to apply despite termination of any / all Parts of this Schedule 6.
- 7.4 If you do not return the relevant Royal Mail Containers or make the relevant Royal Mail Containers available for collection in line with paragraph 7.2 for any reason, we may recover our reasonable costs incurred.
- 7.5 Without affecting your other obligations under the Contract or any Part of this 0, if a receiver, manager, liquidator, administrator or administrative receiver is appointed for you, you shall immediately tell them that the Royal Mail Containers then 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.

Part 1 – Tray Loan

1 Background

- 1.1 You may use trays to hand over Mailing Items to our Inward Mail Centres. The General Section of this Schedule 6 and this Part 1 sets out the terms on which you and we agree that we shall lend you those Trays.

2 Your obligations

- 2.1 If you comply with your obligations under this Contract, we will supply you with Trays from time to time by way of loan.
- 2.2 You have borrowed **[insert number]** Trays from us to hand over Mailing Items in line with the Contract.

Part 2 – ALPS & York Exchange

1 Background

- 1.1 For the purposes of this Part 2, **Customer Yorks** shall mean York Cages purchased by you from time to time in line with paragraphs 202 and 2.24 of this Part 2 and any York Cages purchased by you that we fit with a sleeve to create Sleeved Yorks.
- 1.2 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 the General Section of this Schedule 6 and this Part 2. 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.
- 1.3 You may use Yorks to hand over Mailing Items in bags or trays to our Inward Mail Centres. You have asked us to lend you Royal Mail Yorks for this purpose.
- 1.4 We may fit one or more York Cages that you have bought pursuant to paragraphs 2.2 or 2.3 of this Part 2 with a sleeve to create Sleeved Yorks.

2 Your obligations

- 2.1 If you comply with your obligations under this Contract, we will supply you with Royal Mail Yorks from time to time by way of loan.
- 2.2 You have purchased [**insert number**] York Cages directly through our preferred supplier (currently Hartwells). You may purchase additional York Cages in the same way.
- 2.3 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.
- 2.4 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 7 Working Days of you:
 - (a) purchasing any additional York Cages which results in you having more Customer Yorks than you have told us about under paragraph 2.2 of this Part 2; or
 - (b) replacing any York Cages that form part of your Customer Yorks under paragraph 3 of this Part 2.

3 Maintenance

- 3.1 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 General Access Terms and Conditions.
- 3.2 We will invoice you on each anniversary of your Container Start Date in respect of the maintenance charges calculated in line with paragraph 3.1 and you shall pay those maintenance charges within 30 days of the date of the invoice.

- 3.3 If we purchase your Customer Yorks part way through a Contract Year in line with paragraph 4, we will invoice you for the maintenance of the Customer Yorks on a pro rata basis.
- 3.4 In the absence of any increase in the maintenance charge in line with paragraph 3.5, we will review maintenance charges annually and any increase in the maintenance charge (**Maintenance Charge Review**) shall take effect on the anniversary of your Container Start Date 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 6 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 6 months up to and including September in the preceding year.
- 3.5 If the costs (including any third party 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 charges will take effect on the next anniversary of the Container Start Date.
- 3.6 Without prejudice to any other right or remedy available, if you fail to pay the maintenance charges in line with paragraph 3.2, we shall be entitled to:
- (a) serve 7 days' notice on you to suspend immediately the performance or further performance of our obligations under this Part 2 without liability to you once the notice has expired; and
 - (b) charge daily interest on all amounts not paid until payment is received in full at an annual rate equal to 8 per cent above the Bank of England base rate as current from time to time.

4 Option to Purchase

- 4.1 If you are considering:
- (a) reducing the number of Customer Yorks required for your operations; or
 - (b) ceasing posting under the Contract,
- you will first notify us of your desire to sell the Customer Yorks.
- 4.2 We shall notify you in writing within 30 days of the notice received in line with paragraph 4.1 whether we wish to purchase the Customer Yorks.
- 4.3 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.
- 4.4 If we purchase the Customer Yorks part way through the year the depreciation will be worked out on a pro rata basis.

- 4.5 If we decline in writing to purchase the Customer Yorks, you may deal with the Customer Yorks in your absolute discretion.

Part 3 – York Hire

1 Background

- 1.1 You may use Yorks to hand over Mailing Items to our Inward Mail Centres. You have asked to hire Royal Mail Yorks from us for this purpose. The General Section of this Schedule 6 and this Part 3, sets out the terms on which you and we agree that you may hire those Royal Mail Yorks from us.

2 Application process

- 2.1 If you comply with your obligations under this Contract, we will hire Royal Mail Yorks to you from time to time.
- 2.2 To hire Royal Mail Yorks from us you must complete the Royal Mail Yorks Application Form available on the Website (**York Hire Application Form**) on each occasion that you wish to hire Royal Mail Yorks.
- 2.3 Subject to paragraph 2.4 below, we will use reasonable efforts to:
- (a) respond to your application within 2 Working Days (excluding Saturdays) starting from the first Working Day after the day on which we receive your completed York Hire Application Form; and
 - (b) make Royal Mail Yorks 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 7 Working Days (excluding Saturdays) starting on the first Working Day after the day on which we receive your completed York Hire Application Form. For the avoidance of doubt and in respect of the Royal Mail Yorks you have asked for in your York Hire Application we may at our sole discretion, make available for collection for you either York Cages, Sleeved Yorks or a combination of the two types of York Containers.
- 2.4 We may decline your application to hire Royal Mail Yorks if:
- (a) we do not have Royal Mail Yorks available to meet your requirements as set out in your completed York Hire Application Form;
 - (b) you have been in breach of any of your obligations under this Contract; or
 - (c) you do not comply with paragraph 4 of the General Section of this Schedule 6.

3 Payment terms

- 3.1 Notwithstanding any other provision of this Contract, on a monthly basis we shall make available to you the invoice showing the total charges due from you in respect of this Part 3 during the previous month.

Part 4 –Yorks Leasing

1 Background

- 1.1 You have asked to lease Royal Mail Yorks from us for the purpose of handing over Mailing Items to us at our Inward Mail Centres. The General Section of this Schedule 6 and this Part 4 sets out the terms on which you and we agree that you may lease those Royal Mail Yorks from us.

2 Transition process

- 2.1 Where you are a Transitional Customer and you comply with your obligations under this Contract, we shall lease to you a number of Royal Mail Yorks on the terms of this Part 4 equal to the number of those Sold Yorks purchased by us from time to time under the terms of your Transitional Arrangement.

3 Application process

- 3.1 If you comply with your obligations under this Contract, we will lease Royal Mail Yorks to you from time to time.
- 3.2 The York Lease Application Form (available on the Website) sets out the number of Royal Mail Yorks you wish to lease from us for the remainder of the first calendar year from the Container Start Date. To request us to lease those Royal Mail Yorks to you, you must complete the York Lease Application Form prior to the Container Start Date. The York Lease Application Form must also be completed for each subsequent request to lease after the Container Start Date.
- 3.3 Subject to paragraph 3.4 below, we will use reasonable efforts to:
- (a) respond to your application within 2 Workings Days (excluding Saturdays) starting from the first Working Day after the day on which we receive your completed York Lease Application Form; and
 - (b) make Royal Mail Yorks 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 7 Working Days (excluding Saturdays) starting on the first Working Day after the Container Start Date. For the avoidance of doubt and in respect of the Royal Mail Yorks you have asked for in your York Lease Application we may at our sole discretion, make available for collection for you either York Cages, Sleeved Yorks or a combination of the two types of York Containers.
- 3.4 We may decline your application to lease Royal Mail Yorks if:
- (a) we do not have Royal Mail Yorks available to meet your requirements as set out in each completed York Lease Application Form;
 - (b) you have been in breach of any of your obligations under this Contract.
- 3.5 We shall have no obligation to lease to you Royal Mail Yorks under this Part 4 in excess of:
- (a) for the first calendar year, the number of Royal Mail Yorks requested by you, and accepted by us, in the York Lease Application Form; and

- (b) for each subsequent calendar year, the number of Royal Mail Yorks that you and we each agree will comprise your Agreed Lease Pool for that calendar year pursuant to paragraph 5 and therefore you acknowledge and agree that it is your responsibility to ensure that the number of Royal Mail Yorks you request to lease from us in the York Lease Application Form and at each Annual Review Meeting (as applicable) is sufficient to meet your needs for that relevant calendar year.
- 3.6 If, notwithstanding the above, you need to use more Royal Mail Yorks than agreed in your York Lease Application Form or your Agreed Lease Pool (as applicable) for the then current calendar year, you will need to request to hire them on a short-term basis pursuant to, and in accordance with the terms of Part 3 of this 0.

4 Payment terms

- 4.1 Leased Yorks are interchangeable and, provided you have paid the Annual Lease Charges, you may collect and use up to the total number of Royal Mail Yorks in your Agreed Lease Pool. For the avoidance of doubt we may at our sole discretion, make available for collection and use as part of the Agreed Lease Pool, either York Cages, Sleeved Yorks or a combination of the two types of York Containers.
- 4.2 On or around:
- (a) the date on which you enter into this Part 4, we will send an invoice for the Annual Lease Charge due from you in respect of the remainder of the calendar year; and
 - (b) the beginning of each following calendar year during the term of this Part 4, we will send you an invoice for the Annual Lease Charge due from you in respect of that calendar year.
- 4.3 If you are a Transitional Customer for Royal Mail Yorks, before invoicing you under this paragraph 4.2 we will deduct from the Annual Lease Charge the applicable Price (if any) agreed with you for that calendar year.
- 4.4 For Royal Mail Yorks, the Annual Lease Charge shall be calculated by multiplying the Annual Total Per York Fee by the total number of Leased Yorks in your Agreed Lease Pool for the relevant calendar year, provided that the Annual Lease Charge for the remainder of the first calendar year in which you enter this Part 4 shall be reduced on a pro-rated basis to reflect the number of months (full or part) remaining in that calendar year (so if, for example, you entered this Part 4 on 3 September 2017 then your Annual Lease Charge for the remainder of 2017 would be calculated by dividing your full Annual Lease Charge by 12 and multiplying the product by 4).

5 End of year review

- 5.1 No later than 3 months before the end of each calendar year during the term of this Part 4, you and we shall meet (**Annual Review Meeting**) to review your use of the Leased Yorks during the then current calendar year based on the York Usage Data for that year.
- 5.2 We shall each provide the other with copies of our York Usage Data for the relevant calendar year at least 14 days prior to the Annual Review Meeting.

- 5.3 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 York Usage Data for the then current calendar year;
 - (b) your forecast volumes for Mailing Items under the Contract for the following calendar year;
 - (c) the number (if any) of Excess Leased Yorks found in your possession in the then current calendar year; and
 - (d) where you are a Transitional Customer, the number of Transitional Yorks that will become Leased Yorks in the next calendar year pursuant to your Transitional Arrangement.
- 5.4 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 General Access Terms and Conditions. For the avoidance of doubt, the Agreed Lease Pool shall not be adjusted pursuant to paragraph 5.3 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 of the General Access Terms and Conditions).
- 5.5 If at any Annual Review Meeting (or following any escalation pursuant to paragraph 5.4) 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.