

Royal Mail Wholesale

19th October 2012

Royal Mail Wholesale
148 Old Street
LONDON
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www.royalmailwholesale.com

Dear Customer,

Revenue Protection of Envelope Sealing Specification for CBC and OCR Services

As you know, Royal Mail introduced a revised approach to revenue protection on 17th September 2012. This included some improvements to our mail specifications, clearer guidance on our mail-piece checks, and a proportionate approach to surcharging. This new approach followed extensive work with our customers and the mailing industry, including the Strategic Mailing Partnership (SMP), the Mails Presentation Advisory Group and the DMA.

Since the new approach began, we have continued to speak directly to our customers and listen carefully to the industry, specifically the representation made by the SMP. It has become apparent that there are continuing issues with customers' capacity to consistently meet the sealing specification for our machine readable products, which has led to uncertainty about the final price of a mailing for both our customers and the mail producers.

Part of our new approach includes publishing a programme of monthly specification checks that our revenue protection teams will focus on over the next six months. This information aims to give our customers and the industry an opportunity to focus their mail production improvement activity to the right areas, keep specification failures to a minimum and enable Royal Mail to maintain optimum processing efficiency. As a result of our recent dialogue with customers and the continuing challenges with the sealing specification, we will, from Monday 22nd October stop checking the sealing of envelopes as part of our core revenue protection activity and instead place this check on the forward-looking plan of checks for April 2013.

In addition, we have decided as a gesture of goodwill to refund 50% of surcharges raised on mail reverted due to failed sealing specification between the 17th September and 19th October 2012. (As you know, surcharges for sealing specification failures during this period were capped at 20%, so effectively, this now means that a 10% surcharge would be levied on these failed mailings.)

Between now and April 2013, we will continue to work with you to resolve the issues of concern including;

- industry capacity to meet 100% product specification;
- speed of notification to the mail producer when errors occur;
- transparency of errors, including their impact on Royal Mail operations;
- ability for customers to identify and understand the root cause of an issue;
- and
- pre-empting and proactively resolving problems.

I believe that these steps will give us the opportunity to make things better for the industry as a whole and to continue to offer a highly valued service to customers. Please be assured of my personal commitment to this.

Yours faithfully,



Jenny Ledger
Network Access Director
Royal Mail