



23rd December 2008

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CONDITION 7 NOTIFICATION: Launch of Sustainable Mail™

Dear Philip,

I am writing to formally notify you, under Condition 7 of Royal Mail's Licence, that on 6th April 2009 Royal Mail will introduce Sustainable Mail™ as an additional product based upon the Mailsort range. Aligned to the forthcoming environmental BSI standard for Direct Marketing (PAS 2020) the Sustainable Mail product is intended to incentivise customers to help to achieve the 55% recycling target agreed between the Direct Marketing Association (DMA) and DEFRA for 2009.

Sustainable Mail™ is a new product designed to help customers minimise the environmental impact of their mailings and demonstrate their commitment to sustainability. Sustainable Mail™ is based around three key environmental needs - waste minimisation, improving sustainability and increasing recyclability.

Product features

The product will be available to customers who meet the Mailsort 120, 700 and 1400 specification¹ who post letter and large letter format mailings which comprise a largely uniform message to all addressees, with the purpose of promoting the sale or use of products or services, or to encourage contribution to, or support of, a cause.

¹ Excludes Mailsort Light

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Customers will need to meet the requirements of the Mailsort specification as well as the additional requirements for Sustainable Mail™. Customers will also be required to update their line list, cage card and computer planning report to reflect the fact that the mail they are presenting to Royal Mail is sustainable.

Sustainable Mail™ will be offered at two levels, each offering a lower price compared to standard Mailsort.

1. Entry level specification

This is the minimum standard for Sustainable Mail™.

- To aid improved recycling, Sustainable Mail™ will set out specific materials that cannot be used in the mailing as they reduce the potential for the item to be recycled by the household, such as poly-wrap
- To encourage sustainable production the entry level will focus on forest certification schemes, such as FSC, and environmental management systems, including ISO 140001
- To reduce waste in the mail stream we will be encouraging mailers to adopt good data practices, such as checking files against the Mail Preference Service (MPS) and the Postcode Address File (PAF)

2. Intermediate level specification

- The entry level specification must be met
- To further increase the recyclability of materials, all materials used must be recyclable by the majority of local authority household recycling collections
- Customer and prospect data used must also be checked against one or more deceased and gone away files for 30 days or less before the data is used

The detailed specification will be made available once PAS 2020 has been finalised. A copy of the final specification will be made available by 6th January 2009. This specification will evolve over time and customers will need to ensure compliance to access Sustainable Mail.

Availability

Sustainable Mail™ will be available to account customers posting via Online Business Account (OBA). Sustainable Mail™ is not available to customers posting via Stamps or Meters or to customers using posting cheques, as these channels generate waste material.

Pricing

In return for meeting the Sustainable Mail™ specification, customers will receive a lower price compared to standard Mailsort in order to compensate them for the additional costs of production and raw materials needed to achieve the specification. Customers achieving the Entry level specification will be eligible for a 2% lower price (Mailsort 1400 Residues qualify for 1.95%) and the Intermediate level specification will be eligible for a 4.7% lower price (Mailsort 1400 Residues qualify for 4.5%) compared to the standard Mailsort price.

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A copy of this letter has been sent to Consumer Focus and will be published on Royal Mail's website within four working days. Changes will be made to all relevant publications prior to deployment.

Yours sincerely,

A handwritten signature in black ink, reading "M Waples", is displayed on a light grey rectangular background.

Mark Waples
Head of Regulation and Compliance