



Registration of a Charge

Company name: **ROYAL MAIL GROUP LIMITED**

Company number: **04138203**



X73TDD60

Received for Electronic Filing: **13/04/2018**

Details of Charge

Date of creation: **29/03/2018**

Charge code: **0413 8203 0013**

Persons entitled: **DAVID GRANT HARGRAVE
SALLY ASHFORD
JEREMY COPE
MOIRA BRENNAN**

There are more than four persons entitled to the charge.

Brief description: **N/A**

Contains fixed charge(s).

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT
TO S. 859G OF THE COMPANIES ACT 2006 THE ELECTRONIC**

**COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION
FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL
INSTRUMENT.**

Certified by:

IAN JACK



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 4138203

Charge code: 0413 8203 0013

The Registrar of Companies for England and Wales hereby certifies that a charge dated 29th March 2018 and created by ROYAL MAIL GROUP LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 13th April 2018 .

Given at Companies House, Cardiff on 17th April 2018

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

Dated

29 March 2018

by

ROYAL MAIL GROUP LIMITED

and

**DAVID GRANT HARGRAVE, SALLY ASHFORD, JEREMY COPE, MOIRA BRENNAN
AND LOUISE WATSON**
as trustees of the Royal Mail Senior Executives Pension Plan

ESCROW AGREEMENT

CERTIFIED TO BE A TRUE
COPY OF THE ORIGINAL

Baker McKenzie
BAKER & MCKENZIE LLP
SOLICITORS
100 NEW BRIDGE STREET
LONDON
EC4V 6JA

**Baker
McKenzie.**

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom
www.bakermckenzie.com

Table of contents

| | | |
|------------|---|-----------|
| 1. | Interpretation | 1 |
| 2. | Covenant to Pay | 5 |
| 3. | Creation of Security | 5 |
| 4. | Representations - general | 6 |
| 5. | Covenants | 8 |
| 6. | When Security becomes enforceable | 10 |
| 7. | Enforcement of Security | 10 |
| 8. | Receiver | 11 |
| 9. | Powers of Receiver | 12 |
| 10. | Expenses and indemnity | 14 |
| 11. | Delegation | 15 |
| 12. | Further assurances | 15 |
| 13. | Preservation of Security | 16 |
| 14. | Changes to the Parties | 18 |
| 15. | Amendments | 18 |
| 16. | Release | 18 |
| 17. | Severability | 20 |
| 18. | Entire Agreement | 20 |
| 19. | Capacity of Trustees | 20 |
| 20. | Counterparts | 20 |
| 21. | Notices | 21 |
| 22. | Language | 21 |
| 23. | Governing Law | 21 |
| 24. | Enforcement | 21 |
| | Schedule 1 | 23 |
| | Part 1 Form of Account Notice | 23 |
| | Part 2 Form of Acknowledgement of Account Notice | 25 |

This Deed is dated 29 March 2018.

Between

ROYAL MAIL GROUP LIMITED (registered number 4138203) whose registered office is at 100 Victoria Embankment, London, EC4Y 0HQ (the **Company**); and

DAVID GRANT HARGRAVE, SALLY ASHFORD, JEREMY COPE, MOIRA BRENNAN AND LOUISE WATSON all c/o Eleven Ironmonger Lane, London, EC2V 8EY (the **Trustees** which expression, if the context so requires, shall include the trustees for the time being of the Plan).

It is Agreed as follows:

1. Interpretation

1.1 Definitions

In this Deed:

2025 Valuation means the actuarial valuation of the Plan as at 31 March 2025, to be completed in accordance with Part 3 of the Pensions Act 2004 (or the equivalent successor legislation).

2029 Valuation means the actuarial valuation of the Plan as at 31 March 2029, to be completed in accordance with Part 3 of the Pensions Act 2004 (or the equivalent successor legislation)..

Account means the Royal Mail Group Limited Account - RMSEPP - account no. [REDACTED] and any other securities account opened or maintained by the Company and designated by the Company as an Account for the purposes of this Deed.

Act means the Law of Property Act 1925.

Agreed Contribution means the annual employer contribution of £1 million (payable monthly in equal instalments) to the Plan as required under Clause 4.2 of the 2018 Funding Agreement.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in London.

Clearance System means a person whose business is or includes the provision of clearance services or security accounts or any nominee or depositary for that person.

Eligible Replacement Securities means money market funds with a minimum rating of AA from a recognised ratings agency.

Event of Default means:

- (a) an Insolvency Event occurring in relation to the Company;
- (b) failure by the Company to comply with its obligations to procure payment of the required amount of the Security Assets or equivalent cash amount to the Trustees in accordance with Clause 16 (Release) within 40 Business Days following the date on which the 2025 Valuation is concluded; or
- (c) failure by the Company to comply with its obligations to procure payment of the required amount of the Security Assets or equivalent cash amount to the Trustees in accordance with Clause 16 (Release) within 40 Business Days following the date on which the 2029 Valuation is concluded.

Existing Security means the security created by the escrow deed made between the Company and the Trustees on 25 February 2013.

2018 Funding Agreement means the Funding Agreement dated made between the Company and the Trustees in respect of the Plan dated on or around the date of this Agreement.

Insolvency Event means:

- (a) an 'insolvency event' as defined in section 121 of the Pensions Act 2004 or regulations made from time to time thereunder; or
- (b) the receipt by the Pension Protection Fund of an application or notification from the Trustees or the Pensions Regulator that an employer is unlikely to continue as a going concern, which is purported to be made in accordance with section 129 of the Pensions Act 2004 or regulations made from time to time thereunder.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of the Company to perform its payment obligations under this Deed;
- (b) the validity or enforceability of, or the effectiveness or making of this Deed; or
- (c) any right or remedy of the Trustees under this Deed.

Party means a party to this Deed.

Pension Protection Fund means the Board of the Pension Protection Fund as established under Part 2 of the Pensions Act 2004.

Plan means the Royal Mail Senior Executives Pension Plan.

Receiver means an administrative receiver, receiver and manager or a receiver, in each case, appointed under this Deed.

Release Date is the date on which the 2025 Buy-out Valuation is concluded or such earlier or later date as provided under Clause 16.

Reservations means:

- (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court and damages may be regarded as an adequate remedy;
- (b) the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally;
- (c) the statutory time-barring of claims;
- (d) defences of set off or counterclaim;
- (e) rules against penalties and similar principles;
- (f) the fact that security which is described as fixed security may in fact be floating security;
- (g) the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of stamp duty may be void;
- (h) the fact that a court may refuse to give effect to a purported contractual obligation to pay costs imposed upon another person in respect of costs of an unsuccessful

litigation brought against that person or may not award by way of costs all of the expenditure incurred by a successful litigant in proceedings brought before that court or that a court may stay proceedings if concurrent proceedings based on the same grounds and between the same parties have previously been brought before another court;

(i) steps for perfection not required by the terms of this Deed to be taken,

and any other reservations or qualifications of law contained in any legal opinion delivered to the Trustees or the Company in respect of this Deed.

Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of the Company to make payments to the Plan pursuant to Clause 16.

Notwithstanding that a particular liability may be a Secured Liability, the Events of Default should remain restricted to those set out in this Deed, and failure to pay a particular liability shall not result in any payment from the Security Assets unless such failure is or has become an Event of Default under this Deed.

Securities means any deposits, securities, units or other investments representing, from time to time, the payment of £20m made into escrow pursuant to the Funding Agreement dated 25 February 2013 (whether or not contained in the Account).

Security Assets means all assets of the Company the subject of any Security Interest created by this Deed.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

Security Period means the period beginning on the date of this Deed and ending on the Release Date or, if earlier, the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

Securities Related Assets means:

- (a) the Securities;
- (b) any dividend or interest paid or payable in relation to any of the Securities;
- (c) any right, money or property accruing or offered at any time in relation to the above by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise; and
- (d) any rights against any Clearance System.

Subsidiary means:

- (a) a subsidiary within the meaning of section 1159 of the Companies Act 2006; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

1.2 Construction

- (a) In this Deed, unless the contrary intention appears, a reference to:
 - (i) **assets** includes present and future properties, revenues and rights of every description and includes uncalled capital;

- (ii) an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
 - (iii) **disposal** means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly;
 - (iv) **this Security** means any Security Interests created by this Deed;
 - (v) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
 - (vi) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which persons to which it applies are accustomed to comply) or any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a **currency** is a reference to the lawful currency for the time being of the relevant country;
 - (viii) a **provision of law** is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
 - (ix) a Clause, a Subclause, a Paragraph, a Subparagraph or a Schedule is a reference to a clause, a subclause, a paragraph or a subparagraph of, or a schedule to, this Deed;
 - (x) a Party or any other person includes its successors in title, permitted assigns and permitted transferees and this Deed shall be binding on and enforceable by the successor in office of the Trustees as trustees of the Plan; and
 - (xi) a **time of day** is a reference to London time.
- (b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
- (i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);
 - (ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and
 - (iii) notwithstanding Subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.
- (c) Where any defined term is used for which there is no definition given in this Deed, the definition shall be as provided in the 2018 Funding Agreement.
- (d) Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third

Parties) Act 1999 and, notwithstanding any term of this Deed, no consent of any third party is required for any variation (including any release or compromise of any liability) or termination of this Deed.

- (e) The headings in this Deed do not affect its interpretation.
- (f) Any covenant of the Company under this Deed (other than a payment obligation) remains in force during the Security Period.
- (g) If the Trustees consider that an amount paid to them under this Deed is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (h) Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of sale of that Security Asset.
- (i) It is intended by the Parties that this document takes effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

2. Covenant to Pay

The Company, covenants with the Trustees that it will on demand pay the Secured Liabilities when they fall due for payment.

3. Creation of Security

3.1 General

- (a) All the security created under this Deed:
 - (i) is created in favour of the Trustees;
 - (ii) is created over present and future assets of the Company;
 - (iii) is security for the payment of all the Secured Liabilities; and
 - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994,

but such security is limited always to the Securities and the Account and does not extend to any other present or future assets of the Company.

- (b) If the rights of the Company under a document cannot be secured without the consent of a party to that document:
 - (i) the Company must notify the Trustees promptly;
 - (ii) this Security will secure all amounts which the Company may receive, or has received, under that document but exclude the document itself;
 - (iii) unless the Trustees otherwise require, the Company must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed; and
 - (iv) immediately upon receipt of the relevant waiver or consent, that document shall be secured under this Deed under this Clause 3.

3.2 Security Assets

- (a) The Company charges and agrees to charge, by way of a first fixed charge, all of its present and future claims, rights, title and interest to, or in respect of:
 - (i) the Securities; and
 - (ii) the Account.
- (b) A reference in this Subclause to a charge of the Company's claims, rights, title and interest to, or in respect of, the Securities or the Account includes a charge of the Company's claims, rights, title and interest to or in respect of:
 - (i) any dividends, distributions, income or interest paid or payable in relation to the Securities;
 - (ii) any rights, allotments, benefits, money or property accruing, offered or otherwise at any time in relation to it by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise; and
 - (iii) any agreement or arrangement entered into by the Company with a bank or other financial institution with respect to the Securities and the Account (and all rights of the Company and such bank in respect of any Clearing System in which such Securities are registered).

4. Representations - general

4.1 Representations

The representations set out in this Clause are made by the Company to the Trustees and are made as set out in Clause 4.12.

4.2 Status

- (a) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

4.3 Powers and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise the entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.

4.4 Legal validity

Subject to the Reservations, the obligations expressed to be assumed by it in this Deed are legal, valid and enforceable obligations.

4.5 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, this Deed do not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any of its Subsidiaries' constitutional documents; or

- (c) any document which is binding upon it or any of its Subsidiaries or any of its or its Subsidiaries' assets.

4.6 Insolvency

None of the circumstances that would qualify as an Insolvency Event applies to, or has been threatened in relation to, the Company.

4.7 No default

No event or circumstance is outstanding which constitutes a default under any document which is binding on it or any of its Subsidiaries or any of its or its Subsidiaries' assets to an extent or in a manner which has or is reasonably likely to have a Material Adverse Effect.

4.8 Authorisations

All authorisations required by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Deed have been obtained or effected (as appropriate) and are in full force and effect.

4.9 Litigation

No litigation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened, against it or its Subsidiaries which have or, if adversely determined, are reasonably likely to have a Material Adverse Effect.

4.10 Nature of security

- (a) This Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on the liquidation or administration of the Company or otherwise.
- (b) The security created by this Deed constitutes a first priority Security Interest of the type described over the Security Assets and the Security Assets are not subject to any prior ranking or pari passu Security Interest (other than the Existing Security).

4.11 Securities

It is the sole legal and beneficial owner of the Securities Related Assets and the Account, and has full power to establish and maintain Securities Related Assets and the Account.

4.12 Times for making representations

- (a) The representations set out in this Deed (including in this Clause) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by the Company on each date during the Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

5. Covenants

5.1 General

The Company agrees to be bound by the covenants set out in this Clause so long as any Secured Liabilities are outstanding.

5.2 Notification of breach

The Company must notify the Trustees of any breach of any of the provisions of this Deed promptly upon becoming aware of its occurrence.

5.3 Authorisations

The Company must promptly obtain, maintain and comply with the terms of any authorisation required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, this Deed.

5.4 Compliance with laws

The Company must comply in all respects with all laws to which it is subject where failure to do so has or is reasonably likely to have a Material Adverse Effect.

5.5 Disposals and negative pledge

The Company must not:

- (a) create or permit to subsist any Security Interest on any Security Asset (other than this Security); and
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset unless the Company also immediately invests the proceeds of any sale of such Securities in Eligible Replacement Securities.

5.6 Changes to rights

The Company must not take or allow the taking of any action on its behalf which may result in the rights attaching to any of its Securities Related Assets being altered in any material respect.

5.7 Calls

- (a) The Company must pay all calls or other payments due and payable in respect of any Securities Related Asset.
- (b) If the Company fails to do so, the Trustees may pay the calls or other payments on behalf of the Company. The Company must immediately on request reimburse the Trustees for any payment made by a Trustee under this Subclause.

5.8 Other obligations in respect of Security Assets

- (a) The Company must comply with all other conditions and obligations assumed by it in respect of any Securities Related Asset.
- (b) The Trustees are not obliged to:
 - (i) perform any obligation of the Company;
 - (ii) make any payment, or to make any enquiry as to the nature or sufficiency of any payment received by it or the Company; or

- (iii) present or file any claim or take any other action to collect or enforce the payment of any amount to which it may be entitled under this Deed,

in respect of any Securities Related Asset.

5.9 Voting rights

- (a) Before this Security becomes enforceable:
 - (i) the voting rights, powers and other rights in respect of the Securities Related Assets may be exercised by the Company, provided that the Company must not do so in such a manner which has the effect of changing the terms of such Securities Related Assets or which is prejudicial to the interests of the Trustees; and
 - (ii) all dividends or other income paid or payable in relation to any Securities Related Asset must be paid directly to the Company.
- (b) After this Security has become enforceable, the Trustees may exercise (in the name of the Company and without any further consent or authority on the part of the Company) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Securities Related Asset, any person who is the holder of any Security Asset or otherwise.

5.10 Clearance systems

The Company must, after the occurrence of an Event of Default, if so requested by the Trustees, instruct any Clearance System to transfer any Security Asset held by it for the Company or its nominee to an account of the Trustees or their nominee with that clearance system and take whatever action the Trustees may request for the dematerialisation or rematerialisation of any Security Asset held in a Clearance System. Without prejudice to the rest of this clause 5 (*Covenants*), the Trustees may, at the expense of the Company, take whatever action is required for the dematerialisation or rematerialisation of any Security Assets held in a Clearance System.

5.11 Information

- (a) The Company shall provide the Trustees with:
 - (i) details of the Securities and any Account, being the name of the fund or funds invested in and any unique investment identifier provided to the Company within 5 Business Days of the Company's investment in the Securities, and further to deliver to the Trustees all related documentation relevant to a person with the Trustees' interests, including, without limitation, account agreements, subscription agreements and any terms and conditions applicable to the Securities and the Account (as applicable) promptly, and in any event within 30 Business Days of the Company's investment in the Securities; and
 - (ii) any information which the Trustees may reasonably request in relation to the Security Assets.
- (b) Whilst the Account exists and/or the Company maintains its investment in the Securities, the Company shall notify the Trustees in writing of the value of the Security Assets as at each 30 March and 30 September (or the next available day on which a valuation can be obtained).

6. When Security becomes enforceable

6.1 Event of Default

This Security will become immediately enforceable if an Event of Default occurs.

6.2 Discretion

All or any of the powers conferred upon mortgagees by the Act as varied or extended by this Deed, and all or any of the rights and powers conferred by this Deed on a Receiver (whether expressly or impliedly), may be exercised by the Trustees without further notice to the Company at any time after the occurrence of an Event of Default, irrespective of whether the Trustees has taken possession or appointed a Receiver of the Security Assets.

6.3 Power of sale

The power of sale and other powers conferred by Section 101 of the Act, as amended by this Deed, will be immediately exercisable at any time after this Security has become enforceable.

7. Enforcement of Security

7.1 General

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the Act (restricting the power of sale) and Section 93 of the Act (restricting the right of consolidation) do not apply to this Security.

7.2 No liability as mortgagee in possession

Neither any Trustee nor any Receiver will be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

7.3 Privileges

Each Receiver and each Trustee is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act, except that Section 103 of the Act does not apply.

7.4 Protection of third parties

No person (including a purchaser) dealing with the Trustees or a Receiver or its or his agents will be concerned to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power which the Trustees or a Receiver is/are purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any money remains due in respect of the Secured Liabilities; or
- (d) how any money paid to a Trustee or to that Receiver is to be applied.

7.5 Redemption of prior mortgages

- (a) At any time after this Security has become enforceable, the Trustees may:
 - (i) redeem any prior Security Interest against any Security Asset; and/or

- (ii) procure the transfer of that Security Interest to themselves; and/or
 - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on the Company.
- (b) The Company must pay to the Trustees, immediately on demand, the costs and expenses incurred by the Trustees in connection with any such redemption and/or transfer, including the payment of any principal or interest.

8. Receiver

8.1 Appointment of Receiver

- (a) Except as provided below, the Trustees may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
 - (i) this Security has become enforceable; or
 - (ii) the Company so requests the Trustees in writing at any time.
- (b) Any appointment under Paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- (d) The Trustees are not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under section 1A of the Insolvency Act 1986.

8.2 Removal

The Trustees may by writing (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by them and may, whenever they think fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

8.3 Remuneration

The Trustees may fix the remuneration of any Receiver appointed by them and the maximum rate specified in Section 109(6) of the Act will not apply.

8.4 Agent of the Company

- (a) A Receiver will be deemed to be the agent of the Company for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Company alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) The Trustees will not incur any liability (either to the Company or to any other person) by reason of the appointment of a Receiver or for any other reason.

8.5 Relationship with Trustees

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes

enforceable be exercised by the Trustees in relation to any Security Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

9. Powers of Receiver

9.1 General

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law; this includes:
 - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act, 1986 (each of which is deemed incorporated into this Deed); and
 - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act, 1986 (each of which is deemed incorporated into this Deed).
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

9.2 Possession

A Receiver may take immediate possession of, get in and collect any Security Asset.

9.3 Carry on business

A Receiver may carry on any business of the Company in any manner he thinks fit.

9.4 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by the Company.

9.5 Borrow money

A Receiver may raise and borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

9.6 Sale of assets

- (a) A Receiver may sell, exchange, convert into money and realise any Security Asset by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.

9.7 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of the Company or relating in any way to any Security Asset.

9.8 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Security Asset which he thinks fit.

9.9 Receipts

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Security Asset.

9.10 Subsidiaries

A Receiver may form a Subsidiary of the Company and transfer to that Subsidiary any Security Asset.

9.11 Delegation

A Receiver may delegate his powers in accordance with this Deed.

9.12 Lending

A Receiver may lend money or advance credit to any customer of the Company.

9.13 Protection of assets

A Receiver may:

- (a) effect any repair or insurance and do any other act which the Company might do in the ordinary conduct of its business to protect or improve any Security Asset;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

9.14 Other powers

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Security Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset; and
- (c) use the name of the Company for any of the above purposes.

9.15 Appropriation under the Financial Collateral Regulations

- (a) At any time following the occurrence of an Event of Default, the Trustees may appropriate all or part of the financial collateral in or towards satisfaction of the Secured Liabilities.
- (b) In this Deed, "**financial collateral**" shall mean any part of the Security Assets which falls within the definition of financial collateral in the Financial Collateral Arrangements (No.2) Regulations 2003 (No.3226).
- (c) The Trustees shall attribute a value to the appropriated financial collateral by such commercially reasonable method (including independent valuation) as the Trustees may select to identify the market value of the financial collateral.

9.16 Application of proceeds

- (a) Any moneys received by the Trustees or any Receiver after this Security has become enforceable must be applied in the following order of priority:
 - (i) in or towards payment of or provision for all costs and expenses incurred by the Trustees or any Receiver under or in connection with this Deed and of all remuneration due to any Receiver under or in connection with this Deed;
 - (ii) in or towards payment of or provision for the Secured Liabilities; and
 - (iii) in payment of the surplus (if any) to the Company or other person entitled to it.
- (b) This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of the Trustees to recover any shortfall from the Company.

10. Expenses and indemnity

10.1 Enforcement and preservation costs

The Company shall within 40 Business Days of demand, pay to the Trustees the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under this Security and any proceedings instituted by or against the Trustees as a consequence of taking, holding or enforcing this Security.

10.2 Company default

The Company shall within 40 Business Days of demand, indemnify the Trustees against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default in relation to the Company;
- (b) investigating any event which it reasonably believes is an Event of Default in relation to the Company; or
- (c) any default by the Company in the performance of any of the obligations expressed to be assumed by it in this Deed.

11. Delegation

11.1 Power of Attorney

The Company by way of security irrevocably appoints the Trustees and each and every Receiver severally (with full power of substitution) to be its attorney and in its name, on its behalf and as its act and deed to execute, seal, deliver and perfect all documents and do all acts and things which the attorney may consider to be required or desirable for carrying out any act or thing which the Company is obliged to do (but has not done) under this deed including, without limitation, the execution and delivery of charges over, transfers, conveyances, mortgages, assignments and assurances of, and other instruments relating to, any of the security assets and/or the giving of any notices, orders, directions or instructions in connection with any of the security assets.

11.2 Terms

Any such delegation may be made upon any terms (including power to sub-delegate) which the Trustees or any Receiver may think fit.

11.3 Liability

No Trustee nor any Receiver will be in any way liable or responsible to the Company for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

12. Further assurances

12.1 General

The Company must as soon as practicable and at its own expense, take whatever action the Trustees or a Receiver may specify or require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed or for the exercise of any rights, powers and remedies of the Trustees or any Receiver pursuant to this Deed or by law;
- (b) facilitating the realisation of any Security Asset or the exercise of any right, power or discretion exercisable, by the Trustees or any Receiver or any of its delegates or sub-delegates in respect of any Security Asset.

This includes:

- (i) the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Trustees or to their nominee; or
- (ii) the giving of any notice (including notice to any fund manager in respect of the Securities and using all reasonable endeavours to procure acknowledgement of such notice), order or direction and the making of any registration,

which, in any such case, the Trustees may think expedient.

12.2 Account notices

- (a) The Company shall promptly upon the designation at any time of any Account serve a duly executed account notice in the form set out in Schedule 1 (the "Account Notice") on a bank or other financial institution (each, an "Account Provider") with whom the Account is held and secured pursuant to this Deed and

the Company shall use all reasonable endeavours to procure that each addressee of such Account Notice promptly provides to the Trustees an acknowledgment of such Account Notice in the form set out in Schedule 1.

- (b) The Trustees shall not issue an Enforcement Notice (as defined in the Account Notice) to any Account Provider pursuant to paragraph 4(a) or 4(b) of the Account Notice unless the Security Interest created pursuant to this Deed has become enforceable in accordance with Clause 6.1.

13. Preservation of Security

13.1 Continuing security

This Security is continuing and will extend to the ultimate balance of the Secured Liabilities regardless of any intermediate payment or discharge in whole or in part until the expiry of the Security Period.

13.2 Waiver of defences

- (a) The obligations of the Company under this Deed will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to the Company or any Trustee). This includes:
 - (i) any time or waiver granted to, or composition with, any person;
 - (ii) the release of any person under the terms of any composition or arrangement;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
 - (iv) any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any security;
 - (v) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
 - (vi) any amendment, novation, supplement, extension or reinstatement (however fundamental and of whatsoever nature) of this Deed or any other document or security; or
 - (vii) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under this Deed or any other document or security.

13.3 Company intent

Without prejudice to the generality of Clause 13.2 (*Waiver of defences*) the Company expressly confirms that it intends that this Security shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Secured Liabilities.

13.4 Immediate recourse

The Company waives any right it may have of first requiring any Trustee to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Company under this Deed. This waiver applies irrespective of any law to the contrary.

13.5 Appropriations

Each Trustee may at any time during the Security Period without affecting the liability of the Company under this Deed:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Trustee in respect of those amounts; or
- (b) apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise); and
- (c) hold in an interest bearing suspense account any moneys received from the Company or on account of the liability of the Company under this Deed.

13.6 Non-competition

Unless:

- (a) the Security Period has expired; or
- (b) the Trustees otherwise direct,

the Company will not, after a claim has been made under this Deed or by virtue of any payment or performance by it under this Deed:

- (i) be subrogated to any rights, security or moneys held, received or receivable by any Trustee;
- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Company's liability under this Deed;
- (iii) bring legal or other proceedings for an order requiring the Company to make any payment, or perform any obligation, in respect of any Secured Liability.
- (iv) claim, rank, prove or vote as a creditor of the Company or its estate in competition with any Trustee; or
- (v) receive, claim or have the benefit of any payment, distribution or security from or on account of the Company, or exercise any right of set-off as against the Company.

The Company must hold in trust for and immediately pay or transfer to the Trustees any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Trustees under this Clause as directed by the Trustees.

13.7 Additional security

This Security is in addition to and is not in any way prejudiced by any other security now or subsequently held by the Trustees.

14. Changes to the Parties

14.1 Assignments and transfers by the Company

The Company may not assign or transfer any of its rights and obligations under this Deed other than with the prior written consent of the Trustees.

14.2 Assignments and transfers by Trustees

The Company acknowledges that the rights and obligations of the Trustees under this Deed may be transferred to the Pension Protection Fund as a result of the operation of Section 161 of and Schedule 6 to the Pensions Act 2004.

15. Amendments

The parties to this Deed (or their successors) may, by written agreement, alter the provisions of this Deed and any such alteration may have effect retrospectively.

16. Release

- (a) If an Insolvency Event occurs in relation to the Company the Securities Related Assets shall be immediately payable to the Trustees to the extent required to reduce the shortfall (if any) in the Plan's assets compared with its liabilities calculated by the Plan's actuary by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company and for the avoidance of doubt where such shortfall exceeds the value of the Securities Related Assets all Securities Related Assets shall be immediately payable to the Trustees. Any unused Securities Related Assets after payment to the Trustees shall be released to the Company. Following completion of such payment or payments this Agreement (other than Clause 16 (g)) shall terminate.
- (b) The Trustees shall carry out the 2025 Valuation no later than 30 September 2025 (unless otherwise agreed between the Trustees and the Company or unless the Securities Related Assets shall already have been released to the Trustees in full). The Trustees shall instruct the Plan's actuary to include as part of the 2025 Valuation a valuation of the Plan's liabilities calculated by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company (the "**2025 Buyout Valuation Basis**"). For the avoidance of doubt, this Clause 16(b) does not constitute agreement by the Company that the Technical Provisions for the purposes of the 2025 Valuation should be calculated on this basis.
- (c) If the 2025 Valuation:
 - (i) shows that the shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis is greater than £50 million, the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Trustees to the extent necessary to reduce such shortfall to £50 million. Any unused Securities Related Assets after payment is made pursuant to this Clause 16(c) shall continue to constitute Securities Related Assets that are subject to the terms of this Deed and Clause 16(d) shall apply;
 - (ii) shows that the shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis is equal to or less than £50 million, then the

Securities Related Assets (or any remaining balance thereof) shall remain subject to the terms of this Deed and Clause 16(d) shall apply;

- (iii) If the 2025 Valuation shows that there is no shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis, then all of the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Company and following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (d) If either of Clauses 16(c)(i) or (ii) apply:
 - (i) at any time prior to the completion of the 2029 Valuation, the Company may direct (but, for the avoidance of doubt, shall be under no obligation to do so) that such part of the Securities Related Assets (or any remaining balance thereof) as it reasonably determines shall be paid to the Trustees, at such frequencies as it reasonably determines, in order to reduce any shortfall in the assets of the Plan shown in the 2025 Valuation calculated as described in Clause 16 (b) in accordance with the 2025 Buyout Valuation Basis; and
 - (ii) the Trustees shall be required to carry out the 2029 Valuation and complete it no later than 30 September 2029 (unless otherwise agreed between the Trustees and the Company). The Trustees shall instruct the Plan's actuary to include as part of the 2029 Valuation a valuation of the Plan's liabilities calculated by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company (the "**2029 Buyout Valuation Basis**"). For the avoidance of doubt, this Clause 16(d)(ii) does not constitute agreement by the Company that the Technical Provisions for the purposes of the 2029 Valuation should be calculated on this basis.
- (e) If the Trustees are obliged to carry out a 2029 Valuation pursuant to Clause 16(d)(ii) and the 2029 Valuation shows that there is a shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(d)(ii) in accordance with the 2029 Buyout Valuation Basis, the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Trustees to the extent necessary to eliminate the relevant shortfall (or, if payment of the Securities Related Assets would not eliminate the relevant shortfall, the full amount of the Securities Related Assets will be payable). Any remaining Securities Related Assets after payment is made pursuant to this Clause 16(e) shall be payable immediately to the Company and following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (f) Notwithstanding any other provision in this Clause 16, where any amount is payable under this Clause 16 to the Trustees, the Company may instead determine that the amount payable shall be paid directly to the Trustees by the Company, and such of the Securities Related Assets as shall be equal in value to the amount paid to the Trustees shall be payable to the Company.
- (g) Where in accordance with this Clause 16 any payment is required or permitted to be made to the Company, the Trustees shall, at the request and cost of the Company, take whatever action is reasonably necessary to release the Securities

Related Assets so as to permit the payment to be made to the Company. This Clause 16(g) shall survive termination of this Agreement.

- (h) In the event that the deficit in the Plan, calculated for this purpose using the value of the Plan's liabilities calculated by reference to the cost (including, without limitation, expenses) of securing all benefits with an insurance company, shall at any time be estimated by the Plan's actuary to be less than the value of the Securities Related Assets (or the remaining balance thereof) such amount as shall be required for all benefits to be secured in full with an insurance company shall, if the Company so agrees, be paid from the Securities Related Assets to the Trustees to be used for that purpose and any remaining balance of the Securities Related Assets shall be paid to the Company. Following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (i) If, notwithstanding the provisions of this Clause 16, no actuarial valuation is carried out as at 31 March 2025 or no actuarial valuation is carried out as at 31 March 2029 the Parties shall discuss in good faith appropriate amendments to be made to this Agreement.

17. Severability

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Deed.

18. Entire Agreement

- (a) This Deed constitutes the entire agreement between the parties in relation to the provision by the Company of the Security in respect of the Security Assets.
- (b) It is agreed that:
 - (i) no party has entered into this Deed in reliance on any representation, warranty or other statement which is not set out or referred to in this Deed (including the recitals thereto); and
 - (ii) in the absence of fraud, no party shall have any remedy (in contract, tort or otherwise) in respect of any untrue statement other than representations and warranties set out or referred to in this Deed.

19. Capacity of Trustees

Each party to this Deed acknowledges that:

- (a) each of the Trustees is entering into this Deed in their capacity as a trustee of the Plan; and
- (b) each of the Trustees shall have no personal liability pursuant to this Deed.

20. Counterparts

This Deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

21. Notices

21.1 In writing

- (a) Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person or by post.
- (b) Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

21.2 Contact details

- (a) The contact details of the Company for this purpose are:
Address: Third Floor, 100 Victoria Embankment, London EC4Y 0HQ
Attention: the Company Secretary, Royal Mail Group Limited
- (b) The contact details of the Trustees are:
Address: c/o Royal Mail Group, 100 Victoria Embankment, London, EC4Y 0HQ
Attention: the Secretary to Royal Mail Senior Executives Pension Plan

21.3 Effectiveness

- (a) Except as provided below, any communication in connection with this Deed will be deemed to be given as follows:
 - (i) if delivered in person, at the time of delivery; and
 - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope.
- (b) A communication given under Paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

22. Language

Any notice given in connection with this Deed must be in English.

23. Governing Law

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

24. Enforcement

24.1 Jurisdiction

- (a) The English courts have exclusive jurisdiction to settle any dispute in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) and any non-contractual obligations arising out of or in connection with it.
- (b) The English courts are the most appropriate and convenient courts to settle any such dispute.

This Deed has been entered into on the date stated at the beginning of this Deed.

Schedule 1

Part 1

Form of Account Notice

To: []

Dated: []

1. We refer to an escrow deed (the "Escrow Deed") dated [] and made between Royal Mail Group Limited (the "Company") and David Grant Hargrave, Sally Ashford, Jeremy Cope, Moira Brennan and Louise Watson (together the "Trustees") of the Royal Mail Senior Executives Pension Plan (the "Plan")
2. We hereby give you notice that:
 - (a) the security created the security created by the escrow deed made between the Company and the Trustees on 25 February 2013 that was previously notified to you (the "Existing Security") has been released and discharged pursuant to a deed of release dated [] made between the Company and the Trustees; and
 - (b) pursuant to the Escrow Deed, we have charged by way of first fixed charge to the Trustees as security for the payment and discharge of the secured liabilities under the Escrow Deed (the "Secured Liabilities"), all of our right, title and interest from time to time in and to the assets of the account no. [] (the "Account") and all related rights.
3. In connection therewith and by way of security for the Secured Liabilities, we hereby irrevocably and unconditionally instruct and authorise you (notwithstanding any previous instructions whatsoever which we have given you to the contrary) to disclose to the Trustees, without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure, such information relating to the Account, the assets from time to time standing to the credit of such Account (the "Account Assets") and the debts represented thereby as the Trustees may from time to time request you to disclose to it.
4. At any time after you receive a notice from the Trustees that the security created by or pursuant to the Escrow Deed has become enforceable (an "Enforcement Notice") you agree:
 - (a) to hold the Account Assets to the order of the Trustees and not permit us to receive, withdraw or otherwise transfer the Account Assets without the Trustees' prior written consent; and
 - (b) upon receipt by you of instructions in writing from the Trustees at any time and from time to time, to release any amount of the Account Assets and to otherwise act in accordance with such instructions, without any reference to or further authority from us and without any enquiry by you as to the justification for such instructions or the validity thereof.

5. Nothing in this letter or in any instructions which you may receive from the Trustees as referred to above will prevent you from exercising any rights of counterclaim, rights of set-off or any other equities whatsoever which you may have from time to time against us in respect of the Account Assets or the debts represented thereby or any part thereof.
6. The instructions and authorisations which are contained in this letter shall remain in full force and effect until we and the Trustees give you notice in writing revoking them.
7. This letter shall be governed by and construed in accordance with English law.

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by sending an acknowledgement addressed to the Trustees and copied to us in the form attached hereto.

Yours faithfully

For and on behalf of

.....

Royal Mail Group Limited

Form of Acknowledgement of Account Notice

Copy: The Royal Mail Group Limited

Dated: []

Dear Sirs

We hereby acknowledge receipt of a letter (a copy of which is attached hereto) dated [●], and addressed to us by the Royal Mail Group Limited (the "**Account Holder**") and hereby accept the instructions and authorisations contained therein and undertake to act in accordance and comply with the terms thereof. Terms and expressions defined or used in that letter shall, unless the context otherwise requires, have the same meanings in this letter.

1. no rights of counterclaim, rights of set-off or any other equities whatsoever have arisen in our favour against the Account Holder in respect of the Account Assets or the debts represented thereby or any part thereof; and
2. other than in respect of the Existing Security, we have not, as at the date hereof, received any notice that any third party has or will have any right or interest in or has made or will be making any claim or demand or taking any action whatsoever against the Account Assets or the debts represented thereby or any part thereof.

We have made the acknowledgements and confirmations and have given the undertakings set out in this letter in the knowledge that they are required by the Trustees in connection with the security which has been created by the Account Holder in favour of the Trustees under or pursuant to the Escrow Deed.

This letter shall be governed by and construed in accordance with English law.

Yours faithfully

11

SIGNATORIES

**ROYAL MAIL GROUP LIMITED by its
director**)

.....
Director *MICHAEL TEAVONS*

)

)

)

.....
Name of Director

in the presence of:

Signature of witness:

Name:

Address:

Occupation:

.....
RICHARD POOLE
100 VICTORIA EMBANKMENT
LONDON EC4A 3DF
Solicitor

Signed as a deed by)

DAVID GRANT HARGRAVE)

in the presence of:)

.....

Signature of witness:

Name:

Address:

Occupation:

Signed as a deed by)
SALLY ASHFORD)
in the presence of:)

Signature of witness:
Name:
Address:
.....
Occupation:

Signed as a deed by)
JEREMY COPE)
in the presence of:)

Signature of witness:
Name:
Address:
.....
Occupation:

Signed as a deed by)
MOIRA BRENNAN)
in the presence of:)

Signature of witness:
Name:
Address:
.....
Occupation:

Signed as a deed by)
LOUISE WATSON)
in the presence of:)

Signature of witness:

Name:

Address:

.....

Occupation:

Dated

29 March 2018

by

ROYAL MAIL GROUP LIMITED

and

**DAVID GRANT HARGRAVE, SALLY ASHFORD, JEREMY COPE, MOIRA BRENNAN
AND LOUISE WATSON**

as trustees of the Royal Mail Senior Executives Pension Plan

ESCROW AGREEMENT

CERTIFIED TO BE A TRUE
COPY OF THE ORIGINAL

Baker McKenzie *UP*
BAKER & MCKENZIE LLP
SOLICITORS

100 NEW BRIDGE STREET
LONDON
EC4V 6JA

**Baker
McKenzie.**

Baker & McKenzie LLP
100 New Bridge Street
London EC4V 6JA
United Kingdom
www.bakermckenzie.com

Table of contents

| | | |
|-----|--|----|
| 1. | Interpretation | 1 |
| 2. | Covenant to Pay | 5 |
| 3. | Creation of Security..... | 5 |
| 4. | Representations - general..... | 6 |
| 5. | Covenants | 8 |
| 6. | When Security becomes enforceable..... | 10 |
| 7. | Enforcement of Security..... | 10 |
| 8. | Receiver..... | 11 |
| 9. | Powers of Receiver | 12 |
| 10. | Expenses and indemnity | 14 |
| 11. | Delegation | 15 |
| 12. | Further assurances..... | 15 |
| 13. | Preservation of Security | 16 |
| 14. | Changes to the Parties | 18 |
| 15. | Amendments..... | 18 |
| 16. | Release..... | 18 |
| 17. | Severability | 20 |
| 18. | Entire Agreement..... | 20 |
| 19. | Capacity of Trustees | 20 |
| 20. | Counterparts | 20 |
| 21. | Notices | 21 |
| 22. | Language..... | 21 |
| 23. | Governing Law..... | 21 |
| 24. | Enforcement | 21 |
| | Schedule 1 | 23 |
| | Part 1 Form of Account Notice | 23 |
| | Part 2 Form of Acknowledgement of Account Notice | 25 |

This Deed is dated 29 March 2018.

Between

ROYAL MAIL GROUP LIMITED (registered number 4138203) whose registered office is at 100 Victoria Embankment, London, EC4Y 0HQ (the **Company**); and

DAVID GRANT HARGRAVE, SALLY ASHFORD, JEREMY COPE, MOIRA BRENNAN AND LOUISE WATSON all c/o Eleven Ironmonger Lane, London, EC2V 8EY (the **Trustees** which expression, if the context so requires, shall include the trustees for the time being of the Plan).

It is Agreed as follows:

1. **Interpretation**

1.1 **Definitions**

In this Deed:

2025 Valuation means the actuarial valuation of the Plan as at 31 March 2025, to be completed in accordance with Part 3 of the Pensions Act 2004 (or the equivalent successor legislation).

2029 Valuation means the actuarial valuation of the Plan as at 31 March 2029, to be completed in accordance with Part 3 of the Pensions Act 2004 (or the equivalent successor legislation)..

Account means the Royal Mail Group Limited Account - RMSEPP - account no. [REDACTED] and any other securities account opened or maintained by the Company and designated by the Company as an Account for the purposes of this Deed.

Act means the Law of Property Act 1925.

Agreed Contribution means the annual employer contribution of £1 million (payable monthly in equal instalments) to the Plan as required under Clause 4.2 of the 2018 Funding Agreement.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in London.

Clearance System means a person whose business is or includes the provision of clearance services or security accounts or any nominee or depositary for that person.

Eligible Replacement Securities means money market funds with a minimum rating of AA from a recognised ratings agency.

Event of Default means:

- (a) an Insolvency Event occurring in relation to the Company;
- (b) failure by the Company to comply with its obligations to procure payment of the required amount of the Security Assets or equivalent cash amount to the Trustees in accordance with Clause 16 (Release) within 40 Business Days following the date on which the 2025 Valuation is concluded; or
- (c) failure by the Company to comply with its obligations to procure payment of the required amount of the Security Assets or equivalent cash amount to the Trustees in accordance with Clause 16 (Release) within 40 Business Days following the date on which the 2029 Valuation is concluded.

Existing Security means the security created by the escrow deed made between the Company and the Trustees on 25 February 2013.

2018 Funding Agreement means the Funding Agreement dated made between the Company and the Trustees in respect of the Plan dated on or around the date of this Agreement.

Insolvency Event means:

- (a) an 'insolvency event' as defined in section 121 of the Pensions Act 2004 or regulations made from time to time thereunder; or
- (b) the receipt by the Pension Protection Fund of an application or notification from the Trustees or the Pensions Regulator that an employer is unlikely to continue as a going concern, which is purported to be made in accordance with section 129 of the Pensions Act 2004 or regulations made from time to time thereunder.

Material Adverse Effect means a material adverse effect on:

- (a) the ability of the Company to perform its payment obligations under this Deed;
- (b) the validity or enforceability of, or the effectiveness or making of this Deed; or
- (c) any right or remedy of the Trustees under this Deed.

Party means a party to this Deed.

Pension Protection Fund means the Board of the Pension Protection Fund as established under Part 2 of the Pensions Act 2004.

Plan means the Royal Mail Senior Executives Pension Plan.

Receiver means an administrative receiver, receiver and manager or a receiver, in each case, appointed under this Deed.

Release Date is the date on which the 2025 Buy-out Valuation is concluded or such earlier or later date as provided under Clause 16.

Reservations means:

- (a) the principle that equitable remedies are remedies which may be granted or refused at the discretion of the court and damages may be regarded as an adequate remedy;
- (b) the limitation on enforcement as a result of laws relating to bankruptcy, insolvency, liquidation, reorganisation, court schemes, moratoria, administration and other laws affecting the rights of creditors generally;
- (c) the statutory time-barring of claims;
- (d) defences of set off or counterclaim;
- (e) rules against penalties and similar principles;
- (f) the fact that security which is described as fixed security may in fact be floating security;
- (g) the possibility that an undertaking to assume liability for, or indemnify a person against, non-payment of stamp duty may be void;
- (h) the fact that a court may refuse to give effect to a purported contractual obligation to pay costs imposed upon another person in respect of costs of an unsuccessful

litigation brought against that person or may not award by way of costs all of the expenditure incurred by a successful litigant in proceedings brought before that court or that a court may stay proceedings if concurrent proceedings based on the same grounds and between the same parties have previously been brought before another court;

- (i) steps for perfection not required by the terms of this Deed to be taken,

and any other reservations or qualifications of law contained in any legal opinion delivered to the Trustees or the Company in respect of this Deed.

Secured Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally and in any capacity whatsoever) of the Company to make payments to the Plan pursuant to Clause 16.

Notwithstanding that a particular liability may be a Secured Liability, the Events of Default should remain restricted to those set out in this Deed, and failure to pay a particular liability shall not result in any payment from the Security Assets unless such failure is or has become an Event of Default under this Deed.

Securities means any deposits, securities, units or other investments representing, from time to time, the payment of £20m made into escrow pursuant to the Funding Agreement dated 25 February 2013 (whether or not contained in the Account).

Security Assets means all assets of the Company the subject of any Security Interest created by this Deed.

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

Security Period means the period beginning on the date of this Deed and ending on the Release Date or, if earlier, the date on which all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full.

Securities Related Assets means:

- (a) the Securities;
- (b) any dividend or interest paid or payable in relation to any of the Securities;
- (c) any right, money or property accruing or offered at any time in relation to the above by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise; and
- (d) any rights against any Clearance System.

Subsidiary means:

- (a) a subsidiary within the meaning of section 1159 of the Companies Act 2006; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

1.2 Construction

- (a) In this Deed, unless the contrary intention appears, a reference to:
 - (i) **assets** includes present and future properties, revenues and rights of every description and includes uncalled capital;

- (ii) an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
 - (iii) **disposal** means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly;
 - (iv) **this Security** means any Security Interests created by this Deed;
 - (v) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;
 - (vi) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which persons to which it applies are accustomed to comply) or any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - (vii) a **currency** is a reference to the lawful currency for the time being of the relevant country;
 - (viii) a **provision of law** is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
 - (ix) a Clause, a Subclause, a Paragraph, a Subparagraph or a Schedule is a reference to a clause, a subclause, a paragraph or a subparagraph of, or a schedule to, this Deed;
 - (x) a Party or any other person includes its successors in title, permitted assigns and permitted transferees and this Deed shall be binding on and enforceable by the successor in office of the Trustees as trustees of the Plan; and
 - (xi) a **time of day** is a reference to London time.
- (b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
- (i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);
 - (ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and
 - (iii) notwithstanding Subparagraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.
- (c) Where any defined term is used for which there is no definition given in this Deed, the definition shall be as provided in the 2018 Funding Agreement.
- (d) Unless expressly provided to the contrary in this Deed, a person who is not a party to this Deed may not enforce any of its terms under the Contracts (Rights of Third

Parties) Act 1999 and, notwithstanding any term of this Deed, no consent of any third party is required for any variation (including any release or compromise of any liability) or termination of this Deed.

- (e) The headings in this Deed do not affect its interpretation.
- (f) Any covenant of the Company under this Deed (other than a payment obligation) remains in force during the Security Period.
- (g) If the Trustees consider that an amount paid to them under this Deed is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purposes of this Deed.
- (h) Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of sale of that Security Asset.
- (i) It is intended by the Parties that this document takes effect as a deed notwithstanding the fact that a Party may only execute this document under hand.

2. Covenant to Pay

The Company, covenants with the Trustees that it will on demand pay the Secured Liabilities when they fall due for payment.

3. Creation of Security

3.1 General

- (a) All the security created under this Deed:
 - (i) is created in favour of the Trustees;
 - (ii) is created over present and future assets of the Company;
 - (iii) is security for the payment of all the Secured Liabilities; and
 - (iv) is made with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994,but such security is limited always to the Securities and the Account and does not extend to any other present or future assets of the Company.
- (b) If the rights of the Company under a document cannot be secured without the consent of a party to that document:
 - (i) the Company must notify the Trustees promptly;
 - (ii) this Security will secure all amounts which the Company may receive, or has received, under that document but exclude the document itself;
 - (iii) unless the Trustees otherwise require, the Company must use reasonable endeavours to obtain the consent of the relevant party to that document being secured under this Deed; and
 - (iv) immediately upon receipt of the relevant waiver or consent, that document shall be secured under this Deed under this Clause 3.

3.2 Security Assets

- (a) The Company charges and agrees to charge, by way of a first fixed charge, all of its present and future claims, rights, title and interest to, or in respect of:
 - (i) the Securities; and
 - (ii) the Account.
- (b) A reference in this Subclause to a charge of the Company's claims, rights, title and interest to, or in respect of, the Securities or the Account includes a charge of the Company's claims, rights, title and interest to or in respect of:
 - (i) any dividends, distributions, income or interest paid or payable in relation to the Securities;
 - (ii) any rights, allotments, benefits, money or property accruing, offered or otherwise at any time in relation to it by way of redemption, substitution, exchange, bonus or preference, under option rights or otherwise; and
 - (iii) any agreement or arrangement entered into by the Company with a bank or other financial institution with respect to the Securities and the Account (and all rights of the Company and such bank in respect of any Clearing System in which such Securities are registered).

4. Representations - general

4.1 Representations

The representations set out in this Clause are made by the Company to the Trustees and are made as set out in Clause 4.12.

4.2 Status

- (a) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (b) It and each of its Subsidiaries has the power to own its assets and carry on its business as it is being conducted.

4.3 Powers and authority

It has the power to enter into, perform and deliver, and has taken all necessary action to authorise the entry into, performance and delivery of, this Deed and the transactions contemplated by this Deed.

4.4 Legal validity

Subject to the Reservations, the obligations expressed to be assumed by it in this Deed are legal, valid and enforceable obligations.

4.5 Non-conflict

The entry into and performance by it of, and the transactions contemplated by, this Deed do not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any of its Subsidiaries' constitutional documents; or

- (c) any document which is binding upon it or any of its Subsidiaries or any of its or its Subsidiaries' assets.

4.6 Insolvency

None of the circumstances that would qualify as an Insolvency Event applies to, or has been threatened in relation to, the Company.

4.7 No default

No event or circumstance is outstanding which constitutes a default under any document which is binding on it or any of its Subsidiaries or any of its or its Subsidiaries' assets to an extent or in a manner which has or is reasonably likely to have a Material Adverse Effect.

4.8 Authorisations

All authorisations required by it in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Deed have been obtained or effected (as appropriate) and are in full force and effect.

4.9 Litigation

No litigation, arbitration or administrative proceedings are current or, to its knowledge, pending or threatened, against it or its Subsidiaries which have or, if adversely determined, are reasonably likely to have a Material Adverse Effect.

4.10 Nature of security

- (a) This Deed creates those Security Interests it purports to create and is not liable to be amended or otherwise set aside on the liquidation or administration of the Company or otherwise.
- (b) The security created by this Deed constitutes a first priority Security Interest of the type described over the Security Assets and the Security Assets are not subject to any prior ranking or pari passu Security Interest (other than the Existing Security).

4.11 Securities

It is the sole legal and beneficial owner of the Securities Related Assets and the Account , and has full power to establish and maintain Securities Related Assets and the Account.

4.12 Times for making representations

- (a) The representations set out in this Deed (including in this Clause) are made on the date of this Deed.
- (b) Unless a representation is expressed to be given at a specific date, each representation under this Deed is deemed to be repeated by the Company on each date during the Security Period.
- (c) When a representation is repeated, it is applied to the circumstances existing at the time of repetition.

5. Covenants

5.1 General

The Company agrees to be bound by the covenants set out in this Clause so long as any Secured Liabilities are outstanding.

5.2 Notification of breach

The Company must notify the Trustees of any breach of any of the provisions of this Deed promptly upon becoming aware of its occurrence.

5.3 Authorisations

The Company must promptly obtain, maintain and comply with the terms of any authorisation required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, this Deed.

5.4 Compliance with laws

The Company must comply in all respects with all laws to which it is subject where failure to do so has or is reasonably likely to have a Material Adverse Effect.

5.5 Disposals and negative pledge

The Company must not:

- (a) create or permit to subsist any Security Interest on any Security Asset (other than this Security); and
- (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset unless the Company also immediately invests the proceeds of any sale of such Securities in Eligible Replacement Securities.

5.6 Changes to rights

The Company must not take or allow the taking of any action on its behalf which may result in the rights attaching to any of its Securities Related Assets being altered in any material respect.

5.7 Calls

- (a) The Company must pay all calls or other payments due and payable in respect of any Securities Related Asset.
- (b) If the Company fails to do so, the Trustees may pay the calls or other payments on behalf of the Company. The Company must immediately on request reimburse the Trustees for any payment made by a Trustee under this Subclause.

5.8 Other obligations in respect of Security Assets

- (a) The Company must comply with all other conditions and obligations assumed by it in respect of any Securities Related Asset.
- (b) The Trustees are not obliged to:
 - (i) perform any obligation of the Company;
 - (ii) make any payment, or to make any enquiry as to the nature or sufficiency of any payment received by it or the Company; or

- (iii) present or file any claim or take any other action to collect or enforce the payment of any amount to which it may be entitled under this Deed,

in respect of any Securities Related Asset.

5.9 Voting rights

- (a) Before this Security becomes enforceable:
 - (i) the voting rights, powers and other rights in respect of the Securities Related Assets may be exercised by the Company, provided that the Company must not do so in such a manner which has the effect of changing the terms of such Securities Related Assets or which is prejudicial to the interests of the Trustees; and
 - (ii) all dividends or other income paid or payable in relation to any Securities Related Asset must be paid directly to the Company.
- (b) After this Security has become enforceable, the Trustees may exercise (in the name of the Company and without any further consent or authority on the part of the Company) any voting rights and any powers or rights which may be exercised by the legal or beneficial owner of any Securities Related Asset, any person who is the holder of any Security Asset or otherwise.

5.10 Clearance systems

The Company must, after the occurrence of an Event of Default, if so requested by the Trustees, instruct any Clearance System to transfer any Security Asset held by it for the Company or its nominee to an account of the Trustees or their nominee with that clearance system and take whatever action the Trustees may request for the dematerialisation or rematerialisation of any Security Asset held in a Clearance System. Without prejudice to the rest of this clause 5 (*Covenants*), the Trustees may, at the expense of the Company, take whatever action is required for the dematerialisation or rematerialisation of any Security Assets held in a Clearance System.

5.11 Information

- (a) The Company shall provide the Trustees with:
 - (i) details of the Securities and any Account, being the name of the fund or funds invested in and any unique investment identifier provided to the Company within 5 Business Days of the Company's investment in the Securities, and further to deliver to the Trustees all related documentation relevant to a person with the Trustees' interests, including, without limitation, account agreements, subscription agreements and any terms and conditions applicable to the Securities and the Account (as applicable) promptly, and in any event within 30 Business Days of the Company's investment in the Securities; and
 - (ii) any information which the Trustees may reasonably request in relation to the Security Assets.
- (b) Whilst the Account exists and/or the Company maintains its investment in the Securities, the Company shall notify the Trustees in writing of the value of the Security Assets as at each 30 March and 30 September (or the next available day on which a valuation can be obtained).

6. When Security becomes enforceable

6.1 Event of Default

This Security will become immediately enforceable if an Event of Default occurs.

6.2 Discretion

All or any of the powers conferred upon mortgagees by the Act as varied or extended by this Deed, and all or any of the rights and powers conferred by this Deed on a Receiver (whether expressly or impliedly), may be exercised by the Trustees without further notice to the Company at any time after the occurrence of an Event of Default, irrespective of whether the Trustees has taken possession or appointed a Receiver of the Security Assets.

6.3 Power of sale

The power of sale and other powers conferred by Section 101 of the Act, as amended by this Deed, will be immediately exercisable at any time after this Security has become enforceable.

7. Enforcement of Security

7.1 General

- (a) For the purposes of all powers implied by statute, the Secured Liabilities are deemed to have become due and payable on the date of this Deed.
- (b) Section 103 of the Act (restricting the power of sale) and Section 93 of the Act (restricting the right of consolidation) do not apply to this Security.

7.2 No liability as mortgagee in possession

Neither any Trustee nor any Receiver will be liable, by reason of entering into possession of a Security Asset, to account as mortgagee in possession or for any loss on realisation or for any default or omission for which a mortgagee in possession might be liable.

7.3 Privileges

Each Receiver and each Trustee is entitled to all the rights, powers, privileges and immunities conferred by the Act on mortgagees and receivers duly appointed under the Act, except that Section 103 of the Act does not apply.

7.4 Protection of third parties

No person (including a purchaser) dealing with the Trustees or a Receiver or its or his agents will be concerned to enquire:

- (a) whether the Secured Liabilities have become payable;
- (b) whether any power which the Trustees or a Receiver is/are purporting to exercise has become exercisable or is being properly exercised;
- (c) whether any money remains due in respect of the Secured Liabilities; or
- (d) how any money paid to a Trustee or to that Receiver is to be applied.

7.5 Redemption of prior mortgages

- (a) At any time after this Security has become enforceable, the Trustees may:
 - (i) redeem any prior Security Interest against any Security Asset; and/or

- (ii) procure the transfer of that Security Interest to themselves; and/or
 - (iii) settle and pass the accounts of the prior mortgagee, chargee or encumbrancer; any accounts so settled and passed will be, in the absence of manifest error, conclusive and binding on the Company.
- (b) The Company must pay to the Trustees, immediately on demand, the costs and expenses incurred by the Trustees in connection with any such redemption and/or transfer, including the payment of any principal or interest.

8. Receiver

8.1 Appointment of Receiver

- (a) Except as provided below, the Trustees may appoint any one or more persons to be a Receiver of all or any part of the Security Assets if:
 - (i) this Security has become enforceable; or
 - (ii) the Company so requests the Trustees in writing at any time.
- (b) Any appointment under Paragraph (a) above may be by deed, under seal or in writing under its hand.
- (c) Except as provided below, any restriction imposed by law on the right of a mortgagee to appoint a Receiver (including under section 109(1) of the Act) does not apply to this Deed.
- (d) The Trustees are not entitled to appoint a Receiver solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under section 1A of the Insolvency Act 1986.

8.2 Removal

The Trustees may by writing (subject to any requirement for an order of the court in the case of an administrative receiver) remove any Receiver appointed by them and may, whenever they think fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

8.3 Remuneration

The Trustees may fix the remuneration of any Receiver appointed by them and the maximum rate specified in Section 109(6) of the Act will not apply.

8.4 Agent of the Company

- (a) A Receiver will be deemed to be the agent of the Company for all purposes and accordingly will be deemed to be in the same position as a Receiver duly appointed by a mortgagee under the Act. The Company alone is responsible for the contracts, engagements, acts, omissions, defaults and losses of a Receiver and for liabilities incurred by a Receiver.
- (b) The Trustees will not incur any liability (either to the Company or to any other person) by reason of the appointment of a Receiver or for any other reason.

8.5 Relationship with Trustees

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed (either expressly or impliedly) or by law on a Receiver may after this Security becomes

enforceable be exercised by the Trustees in relation to any Security Asset without first appointing a Receiver and notwithstanding the appointment of a Receiver.

9. Powers of Receiver

9.1 General

- (a) A Receiver has all of the rights, powers and discretions set out below in this Clause in addition to those conferred on it by any law; this includes:
 - (i) in the case of an administrative receiver, all the rights, powers and discretions conferred on an administrative receiver under the Insolvency Act, 1986 (each of which is deemed incorporated into this Deed); and
 - (ii) otherwise, all the rights, powers and discretions conferred on a receiver (or a receiver and manager) under the Act and the Insolvency Act, 1986 (each of which is deemed incorporated into this Deed).
- (b) If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

9.2 Possession

A Receiver may take immediate possession of, get in and collect any Security Asset.

9.3 Carry on business

A Receiver may carry on any business of the Company in any manner he thinks fit.

9.4 Employees

- (a) A Receiver may appoint and discharge managers, officers, agents, accountants, servants, workmen and others for the purposes of this Deed upon such terms as to remuneration or otherwise as he thinks fit.
- (b) A Receiver may discharge any person appointed by the Company.

9.5 Borrow money

A Receiver may raise and borrow money either unsecured or on the security of any Security Asset either in priority to this Security or otherwise and generally on any terms and for whatever purpose which he thinks fit.

9.6 Sale of assets

- (a) A Receiver may sell, exchange, convert into money and realise any Security Asset by public auction or private contract and generally in any manner and on any terms which he thinks fit.
- (b) The consideration for any such transaction may consist of cash, debentures or other obligations, shares, stock or other valuable consideration and any such consideration may be payable in a lump sum or by instalments spread over any period which he thinks fit.

9.7 Compromise

A Receiver may settle, adjust, refer to arbitration, compromise and arrange any claim, account, dispute, question or demand with or by any person who is or claims to be a creditor of the Company or relating in any way to any Security Asset.

9.8 Legal actions

A Receiver may bring, prosecute, enforce, defend and abandon any action, suit or proceedings in relation to any Security Asset which he thinks fit.

9.9 Receipts

A Receiver may give a valid receipt for any moneys and execute any assurance or thing which may be proper or desirable for realising any Security Asset.

9.10 Subsidiaries

A Receiver may form a Subsidiary of the Company and transfer to that Subsidiary any Security Asset.

9.11 Delegation

A Receiver may delegate his powers in accordance with this Deed.

9.12 Lending

A Receiver may lend money or advance credit to any customer of the Company.

9.13 Protection of assets

A Receiver may:

- (a) effect any repair or insurance and do any other act which the Company might do in the ordinary conduct of its business to protect or improve any Security Asset;
- (b) commence and/or complete any building operation; and
- (c) apply for and maintain any planning permission, building regulation approval or any other authorisation,

in each case as he thinks fit.

9.14 Other powers

A Receiver may:

- (a) do all other acts and things which he may consider desirable or necessary for realising any Security Asset or incidental or conducive to any of the rights, powers or discretions conferred on a Receiver under or by virtue of this Deed or law;
- (b) exercise in relation to any Security Asset all the powers, authorities and things which he would be capable of exercising if he were the absolute beneficial owner of that Security Asset; and
- (c) use the name of the Company for any of the above purposes.

9.15 Appropriation under the Financial Collateral Regulations

- (a) At any time following the occurrence of an Event of Default, the Trustees may appropriate all or part of the financial collateral in or towards satisfaction of the Secured Liabilities.
- (b) In this Deed, "**financial collateral**" shall mean any part of the Security Assets which falls within the definition of financial collateral in the Financial Collateral Arrangements (No.2) Regulations 2003 (No.3226).
- (c) The Trustees shall attribute a value to the appropriated financial collateral by such commercially reasonable method (including independent valuation) as the Trustees may select to identify the market value of the financial collateral.

9.16 Application of proceeds

- (a) Any moneys received by the Trustees or any Receiver after this Security has become enforceable must be applied in the following order of priority:
 - (i) in or towards payment of or provision for all costs and expenses incurred by the Trustees or any Receiver under or in connection with this Deed and of all remuneration due to any Receiver under or in connection with this Deed;
 - (ii) in or towards payment of or provision for the Secured Liabilities; and
 - (iii) in payment of the surplus (if any) to the Company or other person entitled to it.
- (b) This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of the Trustees to recover any shortfall from the Company.

10. Expenses and indemnity

10.1 Enforcement and preservation costs

The Company shall within 40 Business Days of demand, pay to the Trustees the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under this Security and any proceedings instituted by or against the Trustees as a consequence of taking, holding or enforcing this Security.

10.2 Company default

The Company shall within 40 Business Days of demand, indemnify the Trustees against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default in relation to the Company;
- (b) investigating any event which it reasonably believes is an Event of Default in relation to the Company; or
- (c) any default by the Company in the performance of any of the obligations expressed to be assumed by it in this Deed.

11. Delegation

11.1 Power of Attorney

The Company by way of security irrevocably appoints the Trustees and each and every Receiver severally (with full power of substitution) to be its attorney and in its name, on its behalf and as its act and deed to execute, seal, deliver and perfect all documents and do all acts and things which the attorney may consider to be required or desirable for carrying out any act or thing which the Company is obliged to do (but has not done) under this deed including, without limitation, the execution and delivery of charges over, transfers, conveyances, mortgages, assignments and assurances of, and other instruments relating to, any of the security assets and/or the giving of any notices, orders, directions or instructions in connection with any of the security assets.

11.2 Terms

Any such delegation may be made upon any terms (including power to sub-delegate) which the Trustees or any Receiver may think fit.

11.3 Liability

No Trustee nor any Receiver will be in any way liable or responsible to the Company for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

12. Further assurances

12.1 General

The Company must as soon as practicable and at its own expense, take whatever action the Trustees or a Receiver may specify or require for:

- (a) creating, perfecting or protecting any security intended to be created by this Deed or for the exercise of any rights, powers and remedies of the Trustees or any Receiver pursuant to this Deed or by law;
- (b) facilitating the realisation of any Security Asset or the exercise of any right, power or discretion exercisable, by the Trustees or any Receiver or any of its delegates or sub-delegates in respect of any Security Asset.

This includes:

- (i) the execution of any transfer, conveyance, assignment or assurance of any property, whether to the Trustees or to their nominee; or
- (ii) the giving of any notice (including notice to any fund manager in respect of the Securities and using all reasonable endeavours to procure acknowledgement of such notice), order or direction and the making of any registration,

which, in any such case, the Trustees may think expedient.

12.2 Account notices

- (a) The Company shall promptly upon the designation at any time of any Account serve a duly executed account notice in the form set out in Schedule 1 (the "**Account Notice**") on a bank or other financial institution (each, an "**Account Provider**") with whom the Account is held and secured pursuant to this Deed and

the Company shall use all reasonable endeavours to procure that each addressee of such Account Notice promptly provides to the Trustees an acknowledgment of such Account Notice in the form set out in Schedule 1.

- (b) The Trustees shall not issue an Enforcement Notice (as defined in the Account Notice) to any Account Provider pursuant to paragraph 4(a) or 4(b) of the Account Notice unless the Security Interest created pursuant to this Deed has become enforceable in accordance with Clause 6.1.

13. Preservation of Security

13.1 Continuing security

This Security is continuing and will extend to the ultimate balance of the Secured Liabilities regardless of any intermediate payment or discharge in whole or in part until the expiry of the Security Period.

13.2 Waiver of defences

- (a) The obligations of the Company under this Deed will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under this Deed (whether or not known to the Company or any Trustee). This includes:
 - (i) any time or waiver granted to, or composition with, any person;
 - (ii) the release of any person under the terms of any composition or arrangement;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any person;
 - (iv) any non-presentation or non-observance of any formality or other requirement in respect of any instruments or any failure to realise the full value of any security;
 - (v) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any person;
 - (vi) any amendment, novation, supplement, extension or reinstatement (however fundamental and of whatsoever nature) of this Deed or any other document or security; or
 - (vii) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under this Deed or any other document or security.

13.3 Company intent

Without prejudice to the generality of Clause 13.2 (*Waiver of defences*) the Company expressly confirms that it intends that this Security shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Secured Liabilities.

13.4 Immediate recourse

The Company waives any right it may have of first requiring any Trustee to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Company under this Deed. This waiver applies irrespective of any law to the contrary.

13.5 Appropriations

Each Trustee may at any time during the Security Period without affecting the liability of the Company under this Deed:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Trustee in respect of those amounts; or
- (b) apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise); and
- (c) hold in an interest bearing suspense account any moneys received from the Company or on account of the liability of the Company under this Deed.

13.6 Non-competition

Unless:

- (a) the Security Period has expired; or
- (b) the Trustees otherwise direct,

the Company will not, after a claim has been made under this Deed or by virtue of any payment or performance by it under this Deed:

- (i) be subrogated to any rights, security or moneys held, received or receivable by any Trustee;
- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Company's liability under this Deed;
- (iii) bring legal or other proceedings for an order requiring the Company to make any payment, or perform any obligation, in respect of any Secured Liability.
- (iv) claim, rank, prove or vote as a creditor of the Company or its estate in competition with any Trustee; or
- (v) receive, claim or have the benefit of any payment, distribution or security from or on account of the Company, or exercise any right of set-off as against the Company.

The Company must hold in trust for and immediately pay or transfer to the Trustees any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Trustees under this Clause as directed by the Trustees.

13.7 Additional security

This Security is in addition to and is not in any way prejudiced by any other security now or subsequently held by the Trustees.

14. Changes to the Parties

14.1 Assignments and transfers by the Company

The Company may not assign or transfer any of its rights and obligations under this Deed other than with the prior written consent of the Trustees.

14.2 Assignments and transfers by Trustees

The Company acknowledges that the rights and obligations of the Trustees under this Deed may be transferred to the Pension Protection Fund as a result of the operation of Section 161 of and Schedule 6 to the Pensions Act 2004.

15. Amendments

The parties to this Deed (or their successors) may, by written agreement, alter the provisions of this Deed and any such alteration may have effect retrospectively.

16. Release

- (a) If an Insolvency Event occurs in relation to the Company the Securities Related Assets shall be immediately payable to the Trustees to the extent required to reduce the shortfall (if any) in the Plan's assets compared with its liabilities calculated by the Plan's actuary by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company and for the avoidance of doubt where such shortfall exceeds the value of the Securities Related Assets all Securities Related Assets shall be immediately payable to the Trustees. Any unused Securities Related Assets after payment to the Trustees shall be released to the Company. Following completion of such payment or payments this Agreement (other than Clause 16 (g)) shall terminate.
- (b) The Trustees shall carry out the 2025 Valuation no later than 30 September 2025 (unless otherwise agreed between the Trustees and the Company or unless the Securities Related Assets shall already have been released to the Trustees in full). The Trustees shall instruct the Plan's actuary to include as part of the 2025 Valuation a valuation of the Plan's liabilities calculated by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company (the "**2025 Buyout Valuation Basis**"). For the avoidance of doubt, this Clause 16(b) does not constitute agreement by the Company that the Technical Provisions for the purposes of the 2025 Valuation should be calculated on this basis.
- (c) If the 2025 Valuation:
 - (i) shows that the shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis is greater than £50 million, the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Trustees to the extent necessary to reduce such shortfall to £50 million. Any unused Securities Related Assets after payment is made pursuant to this Clause 16(c) shall continue to constitute Securities Related Assets that are subject to the terms of this Deed and Clause 16(d) shall apply;
 - (ii) shows that the shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis is equal to or less than £50 million, then the

Securities Related Assets (or any remaining balance thereof) shall remain subject to the terms of this Deed and Clause 16(d) shall apply;

- (iii) If the 2025 Valuation shows that there is no shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(b) in accordance with the 2025 Buyout Valuation Basis, then all of the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Company and following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (d) If either of Clauses 16(c)(i) or (ii) apply:
 - (i) at any time prior to the completion of the 2029 Valuation, the Company may direct (but, for the avoidance of doubt, shall be under no obligation to do so) that such part of the Securities Related Assets (or any remaining balance thereof) as it reasonably determines shall be paid to the Trustees, at such frequencies as it reasonably determines, in order to reduce any shortfall in the assets of the Plan shown in the 2025 Valuation calculated as described in Clause 16 (b) in accordance with the 2025 Buyout Valuation Basis; and
 - (ii) the Trustees shall be required to carry out the 2029 Valuation and complete it no later than 30 September 2029 (unless otherwise agreed between the Trustees and the Company). The Trustees shall instruct the Plan's actuary to include as part of the 2029 Valuation a valuation of the Plan's liabilities calculated by reference to the estimated cost (including, without limitation, expenses) of securing all benefits with an insurance company (the "**2029 Buyout Valuation Basis**"). For the avoidance of doubt, this Clause 16(d)(ii) does not constitute agreement by the Company that the Technical Provisions for the purposes of the 2029 Valuation should be calculated on this basis.
- (e) If the Trustees are obliged to carry out a 2029 Valuation pursuant to Clause 16(d)(ii) and the 2029 Valuation shows that there is a shortfall in assets compared with the liabilities in the Plan calculated as described in Clause 16(d)(ii) in accordance with the 2029 Buyout Valuation Basis, the Securities Related Assets (or any remaining balance thereof) shall be payable immediately to the Trustees to the extent necessary to eliminate the relevant shortfall (or, if payment of the Securities Related Assets would not eliminate the relevant shortfall, the full amount of the Securities Related Assets will be payable). Any remaining Securities Related Assets after payment is made pursuant to this Clause 16(e) shall be payable immediately to the Company and following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (f) Notwithstanding any other provision in this Clause 16, where any amount is payable under this Clause 16 to the Trustees, the Company may instead determine that the amount payable shall be paid directly to the Trustees by the Company, and such of the Securities Related Assets as shall be equal in value to the amount paid to the Trustees shall be payable to the Company.
- (g) Where in accordance with this Clause 16 any payment is required or permitted to be made to the Company, the Trustees shall, at the request and cost of the Company, take whatever action is reasonably necessary to release the Securities

Related Assets so as to permit the payment to be made to the Company. This Clause 16(g) shall survive termination of this Agreement.

- (h) In the event that the deficit in the Plan, calculated for this purpose using the value of the Plan's liabilities calculated by reference to the cost (including, without limitation, expenses) of securing all benefits with an insurance company, shall at any time be estimated by the Plan's actuary to be less than the value of the Securities Related Assets (or the remaining balance thereof) such amount as shall be required for all benefits to be secured in full with an insurance company shall, if the Company so agrees, be paid from the Securities Related Assets to the Trustees to be used for that purpose and any remaining balance of the Securities Related Assets shall be paid to the Company. Following completion of such payment to the Company this Agreement (other than Clause 16(g)) shall terminate.
- (i) If, notwithstanding the provisions of this Clause 16, no actuarial valuation is carried out as at 31 March 2025 or no actuarial valuation is carried out as at 31 March 2029 the Parties shall discuss in good faith appropriate amendments to be made to this Agreement.

17. Severability

If a term of this Deed is or becomes illegal, invalid or unenforceable in any jurisdiction, that shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Deed; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Deed.

18. Entire Agreement

- (a) This Deed constitutes the entire agreement between the parties in relation to the provision by the Company of the Security in respect of the Security Assets.
- (b) It is agreed that:
 - (i) no party has entered into this Deed in reliance on any representation, warranty or other statement which is not set out or referred to in this Deed (including the recitals thereto); and
 - (ii) in the absence of fraud, no party shall have any remedy (in contract, tort or otherwise) in respect of any untrue statement other than representations and warranties set out or referred to in this Deed.

19. Capacity of Trustees

Each party to this Deed acknowledges that:

- (a) each of the Trustees is entering into this Deed in their capacity as a trustee of the Plan; and
- (b) each of the Trustees shall have no personal liability pursuant to this Deed.

20. Counterparts

This Deed may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

21. Notices

21.1 In writing

- (a) Any communication in connection with this Deed must be in writing and, unless otherwise stated, may be given in person or by post.
- (b) Unless it is agreed to the contrary, any consent or agreement required under this Deed must be given in writing.

21.2 Contact details

- (a) The contact details of the Company for this purpose are:

Address: Third Floor, 100 Victoria Embankment, London EC4Y 0HQ

Attention: the Company Secretary, Royal Mail Group Limited

- (b) The contact details of the Trustees are:

Address: c/o Royal Mail Group, 100 Victoria Embankment, London, EC4Y 0HQ

Attention: the Secretary to Royal Mail Senior Executives Pension Plan

21.3 Effectiveness

- (a) Except as provided below, any communication in connection with this Deed will be deemed to be given as follows:
 - (i) if delivered in person, at the time of delivery; and
 - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope.
- (b) A communication given under Paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

22. Language

Any notice given in connection with this Deed must be in English.

23. Governing Law

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

24. Enforcement

24.1 Jurisdiction

- (a) The English courts have exclusive jurisdiction to settle any dispute in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) and any non-contractual obligations arising out of or in connection with it.
- (b) The English courts are the most appropriate and convenient courts to settle any such dispute.

This Deed has been entered into on the date stated at the beginning of this Deed.

Schedule 1

Part 1

Form of Account Notice

To: []

Dated: []

1. We refer to an escrow deed (the "Escrow Deed") dated [] and made between Royal Mail Group Limited (the "Company") and David Grant Hargrave, Sally Ashford, Jeremy Cope, Moira Brennan and Louise Watson (together the "Trustees") of the Royal Mail Senior Executives Pension Plan (the "Plan")
2. We hereby give you notice that:
 - (a) the security created the security created by the escrow deed made between the Company and the Trustees on 25 February 2013 that was previously notified to you (the "Existing Security") has been released and discharged pursuant to a deed of release dated [] made between the Company and the Trustees; and
 - (b) pursuant to the Escrow Deed, we have charged by way of first fixed charge to the Trustees as security for the payment and discharge of the secured liabilities under the Escrow Deed (the "Secured Liabilities"), all of our right, title and interest from time to time in and to the assets of the account no. [] (the "Account") and all related rights.
3. In connection therewith and by way of security for the Secured Liabilities, we hereby irrevocably and unconditionally instruct and authorise you (notwithstanding any previous instructions whatsoever which we have given you to the contrary) to disclose to the Trustees, without any reference to or further authority from us and without any enquiry by you as to the justification for such disclosure, such information relating to the Account, the assets from time to time standing to the credit of such Account (the "Account Assets") and the debts represented thereby as the Trustees may from time to time request you to disclose to it.
4. At any time after you receive a notice from the Trustees that the security created by or pursuant to the Escrow Deed has become enforceable (an "Enforcement Notice") you agree:
 - (a) to hold the Account Assets to the order of the Trustees and not permit us to receive, withdraw or otherwise transfer the Account Assets without the Trustees' prior written consent; and
 - (b) upon receipt by you of instructions in writing from the Trustees at any time and from time to time, to release any amount of the Account Assets and to otherwise act in accordance with such instructions, without any reference to or further authority from us and without any enquiry by you as to the justification for such instructions or the validity thereof.

5. Nothing in this letter or in any instructions which you may receive from the Trustees as referred to above will prevent you from exercising any rights of counterclaim, rights of set-off or any other equities whatsoever which you may have from time to time against us in respect of the Account Assets or the debts represented thereby or any part thereof.
6. The instructions and authorisations which are contained in this letter shall remain in full force and effect until we and the Trustees give you notice in writing revoking them.
7. This letter shall be governed by and construed in accordance with English law.

Would you please acknowledge receipt of this letter and your acceptance of the instructions and authorisations contained in it by sending an acknowledgement addressed to the Trustees and copied to us in the form attached hereto.

Yours faithfully

For and on behalf of

.....

Royal Mail Group Limited

Form of Acknowledgement of Account Notice

Copy: The Royal Mail Group Limited

Dated: []

[description of Account]

We hereby acknowledge and confirm to the Trustees (as trustees of the Plan) that:

- We undertake that in the event of us (i) wishing to exercise any rights or equities referred to in paragraph 1 above or (ii) becoming aware at any time that any person or entity other than the Trustees has or will have any right or interest whatsoever in, or has made or will be making any claim or demand or taking any action whatsoever in respect of, the Account Assets or the debts represented thereby or any part thereof, we will forthwith give written notice thereof to the Trustees.

This letter shall be governed by and construed in accordance with English law.

[]

SIGNATORIES

ROYAL MAIL GROUP LIMITED by its)
director) Director
)
)
) Name of Director

in the presence of:

Signature of witness: ...

Name:

Address:

Occupation:

Signed as a deed by)

DAVID GRANT HARGRAVE)

in the presence of:)

Signature of witness:

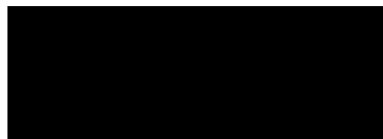
Name:

Address:

Occupation:

Signed as a deed by
SALLY ASHFORD
in the presence of:

)
)
)



Signature of witness:



Name:

MARTIN LACEY

Address:

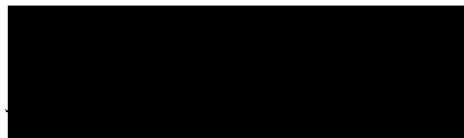
ROYAL MAIL, 100 VICTORIA
EMBANKMENT, LONDON
EC4Y 0HQ

Occupation:

PLAN SECRETARY

Signed as a deed by
JEREMY COPE
in the presence of:

)
)
)



Signature of witness:



Name:

MARTIN LACEY

Address:

ROYAL MAIL, 100 VICTORIA
EMBANKMENT, LONDON
EC4Y 0HQ

Occupation:

PLAN SECRETARY

Signed as a deed by
MOIRA BRENNAN
in the presence of:

)
)
)



Signature of witness:



Name:

MARTIN LACEY

Address:

ROYAL MAIL, 100 VICTORIA
EMBANKMENT, LONDON
EC4Y 0HQ

Occupation:

PLAN SECRETARY

Signed as a deed by

)

LOUISE WATSON

)

in the presence of:

)

Signature of witness:

Name:

MARTIN LACEY

Address:

ROYAL MAIL, 100 VICTORIA

EMBANKMENT, LONDON

EC4X 0HQ

Occupation:

PLAN SECRETARY