



Welcome to the first newsletter from 'The Delivery Co.' updating you with progress following last November's announcement of the joint logistics initiative by PaperlinX UK merchants.

In December the trading name and highly distinctive identity of The Delivery Co. were unveiled and the many questions and concerns raised after the issue of the announcement were published along with answers.

Future issues of this newsletter will continue to address the more detailed questions that will inevitably arise as we get deeper into the project. And, of course, we will continue to give you an insight on what is happening behind the scenes as the initiative progresses.

Good progress has been made over the last couple of months with the establishment of a 'Programme Team' led by John Ball, Director of The Delivery Co. and comprising managers from Robert Horne, Howard Smith and PaperCo. The team is already active in planning the various stages of the project's implementation and, in particular, carefully considering the resources and skills required to support the project.

In addition a series of workshops have been conducted with each of the businesses to establish the business specification for The Delivery Co. (see Information about the Workshops).

The first region to benefit from the implementation of this new initiative is planned to be East Anglia and a project team is in the process of forming to support the launch of The Delivery Co. and oversee the introduction of a logistical solution that will satisfy the individual and specific delivery requirements of the customers of Howard Smith, Robert Horne and Mason's Paper in the area.

The project is on track but there is still much to organise - the structure is taking shape and we are learning a lot as things progress. We are confident that with your input we can really make The Delivery Co. a logistics operation to be proud of.

Please continue to use the feedback mechanisms to ask questions and give us your views that we will use for further updates.



Information about the Workshops

During January the Programme Team spent many hours together documenting the anticipated operating processes for The Delivery Co. Following this in-depth study they ran a number of workshops for each of the businesses to check their understanding and fine tune details ensuring that processes will meet the specific logistical requirements of each of the operating companies. The workshops provided invaluable knowledge and detail which will ensure The Delivery Co's ability to service their customers' requirements efficiently.

Operating Processes

- ▶ Local stock order (next day)
- ▶ Cross docked (next day)
- ▶ Local stock same day (scheduled cut-off)
- ▶ Inter-merchant in/out
- ▶ Cross-docked mill orders
- ▶ Special delivery requirement
- ▶ Sample in-house delivery
- ▶ Movement of ad-hoc items
- ▶ Conversion - internal

- ▶ Conversion - inter-division (version 1)
- ▶ Conversion - inter-division (version 2)
- ▶ Conversion 3rd party
- ▶ Stock transfers out
- ▶ Goods in - ex mill
- ▶ Customer returns (The Delivery Co. to collect)
- ▶ Collections from supplier (stock)

Management Server

To minimise the disruption and changes to each company's core system a central 'Management Server' computer will be commissioned which will collect the orders from the operating companies and coordinate the combined delivery requirements.

Optrak

This is a tried and tested (by Robert Horne over many years) computerised vehicle routing program which will automatically generate the optimum delivery plan taking into account the information supplied. A key input requirement of this system is for all delivery address postcodes to be highly accurate and work is underway to ensure this is achieved.

POD - Electronic Proof of Delivery

This is a handheld terminal that allows the schedule of deliveries to be uploaded from Optrak. The Delivery Co drivers will use the terminal to carry out the daily vehicle checks, to display the delivery information and to obtain the customer signature on delivery of the goods.

The POD communicates to the Management Server over the GPRS (similar to a mobile phone) to update the progress of deliveries and will allow for revision of 'Estimated Times of Arrival' if the lorry has been delayed for some reason. Once the POD has been uploaded an electronic proof of delivery can be provided to our customers.

Q. How much prior notice will I be given regarding the details of my new contract with The Delivery Co before the planned roll-out?

A. We would anticipate being able to give a minimum of 3 months notice of any proposed changes. Any changes will of course only be made after proper consultation and communication with individuals and, where they exist, recognised Trade Unions.

Q. Will there be a new employee handbook for The Delivery Co employees?

A. Not immediately. Given that in contractual terms The Delivery Co will be described as a division of your current employing company, much of the content of your current handbook will still be applicable. Those elements which may vary will be reflected in new individual contracts.

Q. Will there be any restrictions placed on the local merchant having access to the warehouse?

A. There are currently no specific plans to restrict interaction or day to day contact between employees of the merchant sales companies and The Delivery Co. However, it is important to note that the operating systems that are being developed give all the merchants the facilities and information they require without the need to physically visit the warehouse, in order to improve efficiency and service levels.

Q. What changes or restrictions are likely to be made to my pension opportunities as received at present. I am concerned about the wording in the prior Q & A document which said "logistics employees will continue to enjoy the benefits of the company Pension Scheme of which they are a member at the time of transfer".

A. We put the wording "at the time of transfer" in the last answer to give what we thought was absolute clarity. There are no current plans to change any of the pension arrangements in place.

Q. What guarantees do we have that our current exceptionally high standards of health and safety will be maintained?

A. You have our absolute guarantee that health and safety will continue to be 'top of the agenda'. We are already well aware that the highest risks to employees are in the warehouse and distribution parts of the business and health and safety considerations will be a key focus, as they always are, both within this period of transition and afterwards.