

## 1 What pricing change is Claranet making?

Claranet Limited (“Claranet”, “we”, “us”) will be implementing an annual price increase of 3% to the service charges for existing customers covered by the Claranet Master Services Agreement or the agreement entered in to by you with us, effective from the 1<sup>st</sup> September 2024.

## 2 How can Claranet raise prices?

Clause 7.4 of the Claranet Master Services Agreement provides as follows:

*“Without limiting Clause 7.3 Fees may also be increased by Claranet once at any time in each Contract Year linked to the rate of increase in the Retail Price Index during the preceding 12 month period or 3%, whichever is the higher.”*

## 3 Why is Claranet increasing prices?

As you know, our costs rise year-on-year due to a combination of general price increases imposed on us by our suppliers, general operational costs increases and the national rate of inflation.

We constantly strive to maximise operational savings so that we can absorb inflationary effects and supplier price increases as much as possible, which we have done successfully for the majority of the year.

However, given the economic climate and the increased inflation over the last 12 months, we have reviewed our costs relating to our customer services, we have absorbed these rises over the year as much as possible. This has allowed us to cap the inflation price review for a third year in a row by taking a snapshot now vs September 2023. Therefore, the message to our customers is that we do understand the impact of inflation and take financially responsible decisions to ensure we maintain our strong financial position whilst keeping our customer’s at the core of what we do.

That financial strength has afforded us the ability to absorb many costs in our ever changing industry without inflating our customer prices and offer class-leading services to our customers. Our broad portfolio of services now makes us the largest mid-market provider of integrated hosting, networks, communications and cyber security services in the UK and continental Europe.

Our recent and consistent inclusion as a Leader in Gartner’s Magic Quadrant is further evidence of our strength in the marketplace and the quality of our customer offering.

## 4 Why is the increase 3% and how was it calculated?

Claranet has calculated the increase by combining the aggregate of the regular price increases imposed on us by our suppliers and the increase in the national Retail Prices Index.

The figure of 3% is predominantly based on the “RPI All Items: Percentage change over 12 months” supported by statistics from the Office of National Statistics available to view at <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>, as well as our other cost and inflationary increases over the last 12 months.

You will notice that RPI has been higher than 9% over the last 12 months, 5.2% in December 2023 and slowly coming down to 3% in May 2024. It is also worth noting that many of our competitors are imposing increases of up to 5% plus the rate of CPI or RPI.

We have limited our increase to 3%, doing the right thing by our customers for a third year running, despite the inflation rates being higher over the time that Claranet’s Service costs have been impacted.

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## When will the increase come into effect?

The increase will come into effect in the next customer billing cycle on or after 1<sup>st</sup> September 2024.

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## How will you be told about the price increase?

You will be notified by email and by contractual notice published to the website.

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## How will the increase appear on invoices?

The price change will be blended with the existing charges in the next invoice you receive after the 1<sup>st</sup> September 2024.

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## Do you have the right to cancel your contract in response to the price increase?

You do not have the right to cancel your contract(s) following this price review.

If you seek to cancel your contract, you will be subject to early termination charges for the remainder of the Term of your services as provided for in the Claranet Master Services Agreement or the agreement entered in to by you and us.

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## Will this increase happen every year?

We review our operational costs on an ongoing basis and will do whatever we can to absorb inflationary effects. Any potential increases will be judged on a regular basis, taking all appropriate factors into account.

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## If I have questions, with whom should I speak?

Any questions can be directed to your Customer Success Manager in the first instance. You can also direct general feedback and responses to [customerfeedback@uk.clara.net](mailto:customerfeedback@uk.clara.net).