



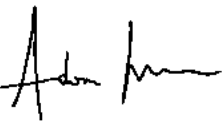
Royal Mail Group



Company Name	Royal Mail Group Ltd
Address	100 Victoria Embankment, London, EC4Y 0HQ
Country	United Kingdom
Contact Name	Ann-Marie Scott
Contact Position	Service Manager Social Action

Date	7 th April 2010
Membership Date	Sept 2005
Number of Employees	176.000
Sector	Postal
Contact Telephone number	+44 (0)1793 439078

The nature of the business
<p>Royal Mail Group is unique in reaching everyone in the UK through its mails, Post Office and parcels businesses – which directly employ over 176,000 people in the UK. Every working day Royal Mail processes and delivers over 75 million items to 28 million addresses for prices that are amongst the lowest in Europe; each week we serve over 24 million customers through our network of 11,952 Post Office branches and each year our domestic and European parcels businesses – General Logistics Systems and Parcelforce Worldwide – handle some 404 million parcels.</p>

Our statement of continued support for the UN Global Compact
<p>Our businesses touch the lives of millions of people every day and we contribute actively to the success of community's right across the UK.</p> <p>As we connect people in the course of what we do we want to ensure that the issues that matter to them are taken seriously and we take the opportunity to make a real difference, and a positive impact.</p> <p>We care about corporate responsibility and are proud of the progress we have made, but realistic about the need to continue to improve. Our business faces significant commercial challenges; as we face these we believe our CSR activities will help our customers and our people benefit from the improvements we make.</p> <p>We have been signatories of the UN Global Compact since 2005 and continue to support the principles.</p>  <p>Adam Crozier CEO</p>

Principle 1: Business should support and respect the protection of internationally proclaimed human rights

In our Responsible Procurement Policy Royal Mail Group Limited recognises the importance of good corporate citizenship and of promoting and maintaining high standards of social, ethical and environmental conduct. This document is modelled on the Supply Chain Ethical Procurement Policy on the UN Global Compact Principles

Our commitment is to evaluate the performance of the supply chain to ensure our suppliers and contractors adopt a similar responsible approach. Royal Mail Group evaluates the performance of its supply chain to ensure we work with suppliers that comply with the ten guiding principles and any other relevant laws and regulations.

We expect our suppliers to act responsibly in all areas of business activity and to adopt and apply standards that are consistent with Royal Mail Group Limited internal standards on social, ethical and environmental issues and with the ten Global Compact Principles.

At our discretion Royal Mail Group conducts supplier audits either by itself or in collaboration with other organisations' procurement functions or by independent third parties to verify compliance.

Our health and safety management system is designed to implement and sustain Royal Mail Health and Safety Policy throughout all the company's business ventures to ensure the health and safety of Royal Mail employees and others who may be affected by the company's undertakings.

In accordance with the requirements of HSG65 issued by the UK Health and Safety Enforcing Agency (HSE) the system identifies the policy, how we have defined our organisational structures, roles and responsibilities to deliver the policies expectations, how we have planned a systematic approach to minimise the risk created by our operations and how we will communicate with our colleagues. It also explains how we will measure performance including review and auditing.

Trade union participation in this process is vital to its success. This is covered in greater detail in our response to Principle 3

Table Showing accident statistics past five years

	2008/09	2007/08	2006/07	2005/06	2004/05
Total number of RIDDOR reportable incidents	4595	4,887	4,902	5,239	5,598
Total accidents	26,724	23,310	23,453	25,679	25,808
Total accidents per 1,000 staff	149.9	128.18	122.99	128.93	132.4
Absence accidents	8264	7,108	6,986	7,553	7,603
Days lost due to accidents	123,313	138,635	149,710	163,156	179,891
Days lost due to accidents per 1,000 staff	691.72	762.4	795.6	832.4	922.7

The health and safety of all our colleagues and those who may be affected by our actions will continue to be a priority and we will continue to strive to maintain the momentum.

We believe that preventing sickness is better than curing it. During 2008/09, we have continued our programme of health screenings for employees, enabling them to meet a trained nurse to discuss issues such as weight and diet, blood pressure, and cholesterol. We have also developed an online screening programme that is being rolled out across the UK. In 2008, we invested roughly £550,000 in health screening services, with employees providing overwhelmingly positive feedback.

Over the last year, we have improved the sickness and rehabilitation support offered to our employees.

Working with our suppliers, we have made provision for all referred employees to receive a telephone call from a nurse within three days of a call made to Atos Healthcare. For people suffering from musculoskeletal injuries, we have offered one-day referrals to occupational health, physiotherapy and functional restoration programmes. These interventions have resulted in a 71% reduction in this form of sickness absence, and 76% success rate in returning employees to full duties

We have received recognition of our peers for our approach to health and safety challenges brief details are shown:

- **BITC Example of Excellence** – Healthy Workplace Award Business In the Community 2009
- **Gold Award** – Transport and Distribution Industry Sector, Royal Society for the Prevention of Accidents (RoSPA) Awards 2009
- **Commended** – Occupational Road Risk Trophy, RoSPA Awards 2009

Royal Mail Group does not have targets for recruiting women or ethnic minorities, However we are undertaking a review of our recruiting processes

Principle 2: Business should make that they are not complicit to human rights abuses

Royal Mail Group has researched the market in relation to designing and deploying an approach to 'Ethical Standards' in which human rights is a priority. We have used the experience of other high profile and ethical companies to inform its six stage process and this approach has been supported and endorsed by one of the international leaders in the field of developing and monitoring such standards – SGS. Royal Mail Group has further enhanced its credentials by joining SEDEX and by committing itself to an ongoing improvement process. SEDEX (Suppliers Ethical Data Exchange) is a web based system that allows vendors to maintain data in their production sites and make this data available to companies with which they have a trading relationship. The processes described within this response are compliant with the requirements of Public Procurement Legislation in relation to being fair and non-discriminatory.

The 6 stage process incorporates the ETI base code elements, business probity and environmental considerations. The audit process itself uses the SMETA (SEDEX Members Ethical Trade Audits) best practice guidelines which are widely regarded as market leading. RMG is committed to supporting and adopting relevant international standards as they are introduced.

Stage 1. In line with best practice, a LCC pre-screen questionnaire has been developed which will help to identify potential future vendors who understand what is required of them in relation to RMG standards and that they are willing and able to demonstrate the actions they have in place to meet them

Stage 2. Royal Mail Group will use the full range of audit criteria which are based on the 9 elements of the ETI base code structure (Ethical Trade Initiative) plus the additional dimensions of 'Business Probity' and 'Environmental.'

Stage 3. Royal Mail Group is adopting the highest level audit standards whereby will be at the upper level and will include a random sample of worker interviews as part of the process. The standards have been used in recent audits of Chinese tool manufacturers and are due to be tested in the UK with an existing vendor.

Stage 4. Where 'non-conformances' or 'violations' below the 'disqualify' level are noted, the QA Manager and LCC Steering Group/Stakeholder Board will determine the degree of acceptable risk and the level of improvements required to allow the vendor to proceed. The deployment and incorporation of cross-

functional decision making and review bodies is a key strength of the Royal Mail Group process. The opportunity to influence the vendor and incentivise them to make changes is predicated by the nature of the contract relationship. It is therefore assumed that any contractual relationship will be medium to long term in duration such that Royal Mail Group has commercial leverage and influence but if this is not the case, the vendor selection and audit process will need to be reviewed. Royal Mail Group only wishes to work with compliant companies and focus on 'good companies' over a long term period.

Stage 5 Having identified, recorded and agreed the corrective actions required Step 5 is implementing a follow up and review process. This by necessity involves setting improvement targets and timescales, plus establishing the means by which they are signed off. This will require evidence of achievement which may involve spot audits targeted on the improvement actions, as opposed to just written or verbal confirmation by the vendor.

Stage 6 This refers to RMG having planned, periodic reviews of its own processes and standards. The reviews will be formal in order to ensure that the standards remain valid and current over time

Training: Royal Mail Group has produced its own training pack to ensure the requirements of the UN Global Compact are met at all stages of the tendering process. Approximately thirty colleagues within our Procurement Department have received this training to date.

Royal Mail Group has produced an Audit Plan to monitor progress and any remedial actions

By having membership of Suppliers Ethical Data Exchange (Sedex) Royal Mail Group has reinforced it's commitment to maintain and improve upon the progress made to date and to share relevant data with other member companies

Again we have received the recognition of our peers for our approach to Corporate Responsibility issues – brief details are as shown;

- **Winner** – Corporate Social Responsibility category, 2006 and 2008 World Mail Awards
- **Winner** – European Best CSR Programme of the Year. Strategic Risk European Risk Management Awards 2006

Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining

All our colleagues are free to make their own decisions whether or not to join a trade union and Royal Mail Group is keen to ensure all colleagues are treated equally irrespective of whether they are a trade union member or not. Consequently we do not have a formal freedom of association policy as this is normal practice in our business

There are two main trade unions; the Communication Workers Union (CWU) and CMA Unite. Union representation is found in all levels of business activity from pay negotiations to active participation in the Joint Working Group on Health and Safety and representation on the Carbon Management Board. Consultation with trade unions is a matter of respect and good business practice

We assist the unions to carry out their roles by providing them with suitable resources. These include offices, IT equipment, notice boards, time allocated for union and committee meetings, collection of union dues through our payroll system and paid time to conduct union duties such as inspections, appeals and/or annual meetings

Royal Mail Group provides full time release for union members to undertake roles in, for example, health and safety. Each of our Delivery Offices should have one union health and safety representative with Mail Centres generally having more than one. In accordance with our legal requirements Royal Mail Group has established Health and Safety Committees in each of our operational areas. Meeting on a quarterly basis the union area health and safety representatives as part of the committee keep the measures taken to ensure the health and safety of our colleagues under review.

By working in synergy with the trade unions to establish best practice Royal Mail Group will continue to comply with the true spirit of the Principle

Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour

Our Sustainable Development Charter commits our suppliers to comply with the International Labour Organisations (ILO) standards including eliminating forced and compulsory labour. By introducing clear and unambiguous ethical standards against which our suppliers are audited Royal Mail Group is determined to uphold this Principle

As part of our Responsible Procurement Policy Royal Mail Group expects our suppliers to

- Ensure working hours of employees comply with national laws and industry specific regulations
- Prohibit forced, bonded or compulsory labour so that employees are free to leave their employment after reasonable notice.

Royal Mail Group has developed a robust procurement CSR Audit whereby all suppliers must confirm that they have read and understood Royal Mail's Responsible Procurement Policy and more importantly they agree to the standards and procedures set out in the policy. Specific questions are asked in the in relation to this Principle with supporting documentation required to support the supplier's response.

All colleagues working for Royal Mail Group do so on a voluntary basis and are free to leave after the agreed or contractual notice period.

This Principle is actively supported by Royal Mail Group and we will continue to explore ways we can help and support all our customers and suppliers eliminate this from the workplace

Principle 5: Business should uphold the effective abolition of child labour

As part of our recruitment process all applicants are required to provide at the time of interview a means of identification such as a Birth Certificate or Passport. Either or both of these documents do provide proof, so far as is reasonably practicable the holders age.

Any person identified as being under the minimum legal age for employment or for employment in hazardous work will not be offered employment.

Similar to Principle 4 Royal Mail Group as part of our Responsible Procurement Policy expect our suppliers to

- Ensure no person is employed who is below the minimum legal age for employment
- Ensure no person under 18 years of age is employed for any hazardous work

For products and services manufactured or provided from low cost countries where the risk of child labour is higher, Royal Mail Group requires applicants to complete a CSR section within the supplier Pre Qualification Questionnaire evidencing their policies and processes to prevent use of child labour, and makes use of third party auditor SGS to verify compliance.

Additionally compliance with this Principle is a standard section in all audits carried out on suppliers

Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation

Royal Mail Group Limited is firmly committed to providing and promoting equality of opportunity for all existing and prospective employees and agents.

To achieve this we have created an environment in which there is respect for every individual and recognition of their aspirations, regardless of their race, colour, creed, ethnic or national origins, gender, marital or family status, sexuality, disability or age. Trade Union participation is actively encouraged with direct lines of communication through well established means

Diversity is of immense importance to Royal Mail, not just because it is the right thing to do, but because people who feel valued will be more motivated and committed in helping Royal Mail to achieve and exceed its goals.

Bullying and harassment is one area Royal Mail Group is determined to tackle. To help eradicate all colleagues have access to a Bullying and Harassment Helpline. The bullying and harassment helpline offers confidential advice and support to our people if they feel they are being bullied or harassed at work it's primary purpose being to provide additional support. Other initiatives include a national "Ban Bullying Day" which is used to raise awareness of workplace bullying. We also have "Have Your Say" surveys which amongst other business related questions, asks if they have been the recipient of bullying. The data provided by this survey is closely monitored by senior management.

The following table clearly demonstrates the success we have enjoyed in reducing the number of cases.

Table Showing Bullying and Harassment statistics past five years					
	2008/09	2007/08	2006/07	2005/06	2004/05
Total number of bullying and harassment cases received	708	775	884	832	1,039

This shows the recent effect the Dignity and Respect at Work Groups (DRAW) that are in all large sites across Royal Mail, we will continue to build on the successes.

We are committed to recruiting people from socially excluded groups. We are removing barriers to

employment so as to provide meaningful work and work experience for people who may otherwise be denied the opportunity.

We have established partnerships so we can engage effectively with people from a number of different areas of social exclusion. The organisations include Barnardo's Mencap, Business Action on Homelessness, Remploy, Project Compass, Job Centre Plus and Reed in Partnership.

We are now recruit and offer placement opportunities as part of our 'business as usual' recruitment processes to people from a wide range of backgrounds such as those with a history of homelessness, physical and learning disabilities, ex-service personnel and lone parents. In particular, we have provided 62 work placements through Barnardo's to give experience of work to others that might otherwise have been excluded.

We are proud of the work we have already done in providing meaningful employment to hardworking individuals, helping aid cultural change in our offices.

This is being recognised by the fact that our schemes are now beginning to be used as best practice benchmarks for other companies seeking to recruit from socially excluded groups, most notably in a recent Department for Work and Pensions (DWP) publication which recently featured us on the cover.

The CSR assessment process for new suppliers includes questions on how applicants promote non-discrimination and this is also covered in worker interviews carried out as part of the regular supplier ethical audit process

Principle 7: Business should support a precautionary approach to environmental challenges

We recognise our responsibility to mitigate our impacts on the environment and to take a precautionary approach to the challenges we face.

Our strategy is based upon analysis of our key environmental impacts, with validation from external stakeholders.

Our largest impact is greenhouse gases. To tackle this challenge we continue to manage our GHG emissions through our Group-wide Carbon Management Programme. The focus of the programme is to quantify our impacts and identify key areas for action. We aim to avoid and reduce impacts first and foremost through behavioural change and increasing efficiency. We will invest in technology where it is commercially and operationally viable to further avoid and reduce emissions.

Our Performance for the last two years.	2008/09	2007/08
CO2 emissions from mail operations (CO2 kg per 1000 items)	20.3	18.1
Building energy consumption (GWh)	1012.6	1085.3
Renewable energy procured (% of electricity consumption)	98.7	99
Road fleet fuel procured (million litres)	138.3	144.2
Water usage (m3)	1,7135,558	2,197,831
Solid waste dispatched to landfill (tonnes)	23,226	34,449

Our Carbon Management Programme focuses upon the following key areas:

Fuel and Transport

Analysis of our greenhouse gas footprint shows that transportation forms our largest impact. This strand aims to identify opportunities to reduce fuel consumption throughout our fleet, both through efficient driving, increasing fuel efficiency of existing vehicles and introducing low and zero emission vehicles to the

fleet. We will also be creating a strategy to reduce our personal business travel.

Buildings- existing and new

The aim of this strand is to reduce energy consumption across our existing estate by encouraging responsible behaviours, introducing low energy technology, and to set low energy specifications for future builds and refurbishments.

Innovations

Innovation will be crucial in the journey towards a low carbon economy and in achieving our sustainability ambitions. This strand aims to identify innovative solutions across our impact areas.

Supply Chain

Our suppliers can impact on our scope 1 and 2 emissions, as well as forming our scope 3 emissions. This strand aims to identify these impacts and work with our suppliers to reduce emissions.

Commercial

Customers and clients are increasingly asking us to demonstrate our environmental credentials and to provide low impact products and services. This strand aims to identify commercial opportunities and mitigate commercial risks.

Employee Engagement and Communication

Engage and involve our people in the activities of the programme so they understand its aims, potential benefits and how they can practically contribute to the programme's success.

Each strand is supported by a rigorous approach to reporting and monitoring Key Performance Indicators. Royal Mail Group was one of the first organisations to be awarded the Carbon Trust Standard in 2008.

We ensure through environment programme office that Royal Mail Group is compliant with all environmental legislation, contributes to policy discussions and consultations, and is managing risks appropriately.

We have started to work on an adaptation programme. We recognise that climate change will have an impact across many areas of our business, presenting both risks and opportunities. As a key part of the UK's communications infrastructure we recognise our responsibility to ensure we are prepared for climate change.

Principle 8: Business should undertake initiatives to promote greater environmental responsibility

Central to our strategy is taking responsibility for environmental and sustainability issues. It is only through collective responsibility that these issues will be addressed.

As chair of the Sustainable Development Group for PostEurop, and vice-chair of the Sustainable Development Group for the Universal Postal Union (UPU) we encourage responsibility for the environment throughout the postal sector. We encourage the sector to act as leaders in sustainability and to demonstrate the highest standards of good practice. An example of this through the development of a universal design specification for hydrogen postal vehicles.

We have also undertaken a series of initiatives aimed at promoting greater environmental responsibility, which include:

Carbon Disclosure Project

In 2009 we invited over 110 of our suppliers to participate in the Carbon Disclosure Project which is a

global initiative aimed at enabling organisations to identify, measure and support carbon reduction opportunities in their supply chains. The responses from suppliers are being used to communicate best practice and to identify specific opportunities to jointly address carbon reduction opportunities with key suppliers. Royal Mail Group and its suppliers are participating in the 2010 Carbon Disclosure Project.

PAS 2020 and Sustainable Mail

In association with ISBA- the representative body for advertisers, the DMA, Acxiom and Royal Mail, BSI British Standards have developed a new environmental standard for direct marketing, PAS 2020, which was launched in January 2009. The standard focuses on establishing a set of environmental objectives, performance levels and indicators for different environmental aspects of a direct marketing campaign. They will be reviewed at least biannually.

Royal Mail has launched a Sustainable Mail specification, aligned to PAS 2020, that provides guidance to our customers on how to prepare their mail to have the least environmental impact. The specification will evolve over time to reflect local authorities' increasing ability to recycle material, as well as our own technological developments.

World Class Mail

Royal Mail Letters is rolling out a management system approach called World Class Mail across its mail centre estate over the next few years. World Class Mail has ten pillars, one of which is Environment. The Environment Pillar aims to embed good environmental practice and responsibility into our operations as it supports an efficient, successful and responsible operation.

Principle 9: Business should encourage the development and diffusion of environmentally friendly technologies

We recognise that as a large procurer and end-user of goods and services, we are in a good position to work with suppliers, manufacturers and Government to drive the development of low and zero emission technologies.

This is vital to achieving our sustainability goals, as in many impact areas there are no solutions which are operationally and commercially viable to be introduced on a large scale. An example of this is the lack of a connected infrastructure for alternative fuels for our heavy fleet.

We have demonstrated action in this area with 2 examples:

Electric and hydrogen vehicles

We have helped facilitate the movement towards alternative fuel vehicles, in particular the drive towards electric and hydrogen vehicles. We have been working with suppliers, the Government and Cenex to introduce a significant number of electric vehicles into the fleet during the coming year. This will enable us to test the vehicles in a true operational environment and overcome all of the challenges presented.

In partnership with Cenex and Revolve, we have also introduced the first two hydrogen internal combustion engine vehicles in the UK to our fleet. These will be powered by 100% renewable hydrogen on the Isle of Stornoway.

We are planning to incorporate innovative technology going forward as we change our delivery methods.

Double deck trailers

We have introduced double deck trailers which increase the capacity of vehicles by 53-87% depending on the size, and enable us to drastically reduce the amount of fuel and emissions associated with our heavy fleet due to reduced road runs. It is estimated that the first fifty trailers deployed reduced annual mileage by 1.98 million miles, saving 3,175 tonnes of carbon dioxide each year.

Principle 10: Businesses should work against corruption in all its forms including extortion and bribery

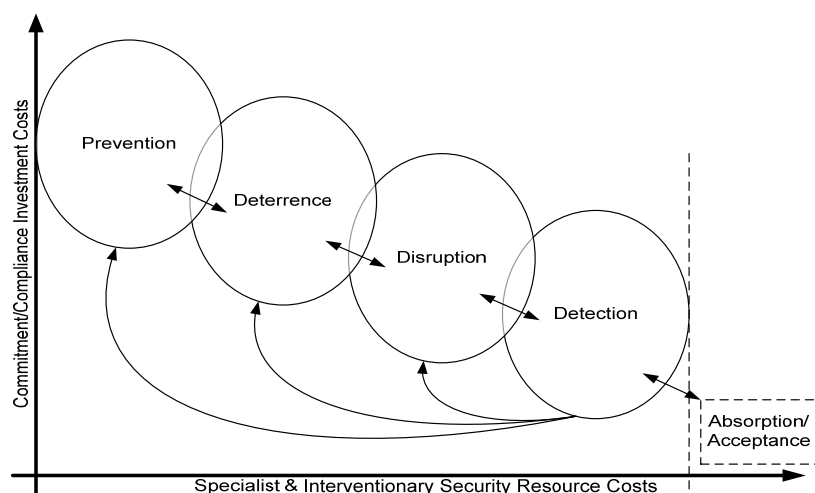
Security within Royal Mail Group is to Secure and Reinforce our Best and Most Trusted Status

The Security Team is dedicated to creating and maintaining a secure environment in Royal Mail Group for staff, customers and customer assets. Whilst there are clearly some absolutes, the definition of a secure environment is informed to a significant extent by the appetite for risk of a number of key stakeholders, in particular

- Our customers, both commercial and social
- RML and RMG Business leaders
- Our frontline colleagues and their unions
- PostComm and Customer Focus (formally PostWatch)

The Security Strategy has 7 key themes, all of which consistently support the Prevention-Deterrence-Disruption-Detection model as shown below.

- Data Quality, Access & Management
- Understanding & Modelling Security Risk
- Proactive Intervention
- Control & Compliance Initiatives
- Communication, Awareness and Engagement
- Investigation & Recoveries
- Targetry & Measurement



Loss of mail through external crime is at its lowest recorded level ever. Our resistance to such attacks has improved steadily as a result of communication of the security standards; nationwide adherence to the Security Self Assessment; compliance testing of security standards through Unattended Mail Initiative and Trojan Horse exercises; and face to face interaction with front line employees. Together, Security and Royal Mail operations keep our customers mail secure helping to enhance our reputation as a trusted mail carrier.

Through interactive risk assessment; prioritised investment; technical expertise and simply listening to our people we invest in security hardware and technology to help our people feel safe and secure within their working environment. We provide expert advice on the purchase, installation and application of building alarms, access control, bandit alarms, personal attack alarms, delivery equipment, vehicle security, street furniture and asset protection to make sure our people can carry out their job without undue fear of becoming a victim of crime.

We are working actively with the British Government, Regulator and key stakeholders on measures to address Chemical Biological, radiation or Nuclear threat (CBRN)- via the CBRN Working group as we have

leading approaches here to reduce threat to the public and to maintain our business infrastructure (for example the deployment of Biological testing in our mail centres and radiation threat sensors) major investment has now been deployed across the business to enable this

We work directly with clients and support Sales & Marketing to deliver expert advice. We also provide security input to tender bids, bespoke solutions and new products ensuring that security risks are factored in and helping to meet the needs of our clients

Our specialist team manages the security relationship with over 100 commercial clients dealing direct with our security counterparts and supporting Key Account Managers and Partnership Directors when clients require. A clear demonstration of how Royal Mail takes our clients' concerns about security of their mail seriously and that we take action when things go wrong. We measure our effectiveness through internal and external Customer Satisfaction Surveys and against customer retention.

As part of our Responsible Procurement Policy Royal Mail Group expects our suppliers to

- Prevent unfair, unreasonable and unethical business practices
- Prevent the use of any form of bribery or improper offer of payment to or from employees or organisations

Royal Mail Group has adopted a Procurement Probity Policy which provides guidelines for our employees and seeks to ensure that dealings with suppliers are entirely ethical and above board.

Additionally we have set up a confidential helpline to enable colleagues to report any crime or suspected crime against Royal Mail Group.

Royal Mail Group's selection process for new suppliers includes qualification questions covering bribery, corruption and similar offences with the purpose of excluding from tender opportunities organisations which do not satisfy requirements of probity and business ethics.