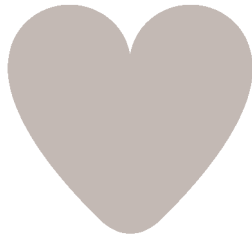




Safety



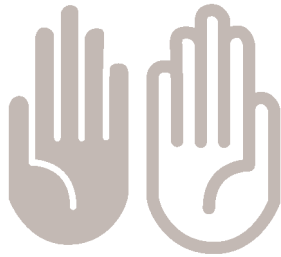
Health



Environment



Social Policy



Diversity



Security

Passionate about progress

Corporate Social Responsibility Report

April 2004 - March 2005

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**Corporate Social Responsibility (CSR)
in Royal Mail Group plc is doing the
right thing for our people, our business
and the communities we operate in.**

We do the right thing because our:

- Customers want to buy from companies that share their values
- Colleagues want to work for companies that provide a healthy and safe environment and whose values align to theirs
- Communities want companies that create the incomes, the jobs and contribute to the cohesion that builds the neighbourhoods where people want to live and work.

This report is part of the 2004-05 annual reporting package for Royal Mail Group plc. The contents should be considered in conjunction with our Annual Report and Accounts, which can be found on our website (www.royalmailgroup.com).

This CSR Report is primarily aimed at our customers, the communities in which we operate, our 196,000 people, Non-Governmental Organisations and regulatory bodies.

CSR AWARDS & RANKINGS

GRI SO4

- Winner - Centrica Diversity Award in the Business in the Community National Awards for Excellence 2005
- Bronze Award - Business in the Community's Race for Opportunity Awards 2005
- Highly Commended - Transport & Distribution Sector, Royal Society for the Prevention of Accidents (RoSPA) Awards 2005
- Winner - Engineering Industry Sector, RoSPA Awards 2005 (Vehicle Services)
- Highly Commended - Best European CSR Programme of the Year. Strategic Risk European Risk Management Awards 2005
- Shortlisted - Social Report category, ACCA UK Awards for Sustainability Reporting 2004
- Best European CSR Programme of the Year - Strategic Risk European Risk Management Awards 2004
- Winner - Engineering Industry Sector, RoSPA Awards 2004
- Most Improved Public Sector Organisation - Business in the Community's Race for Opportunity programme, 4th Benchmarking Report 'Taking Action - Measuring Impact' 2004
- Ranked 6th in the General Services Sector and 32nd overall (a rise from the 2003 ranking of 65th) - in the Business in the Community Yorkshire & Humber Environment Index 2004
- Silver Award - Business in the Community's Opportunity Now Awards 2004
- Best First Time Environmental Report - ACCA UK Awards for Sustainability Reporting 2003
- Ranked 11th in the 2003 Global Inclusion Benchmark - Employers' Forum on Disability
- Winner of Contribution to Air Quality category and highly commended in the Traffic Management category - the Corporation of London's Liveable City Awards 2003
- Bronze certificate - Experian Supply Chain Awards for Improved Environmental Performance 2003
- 2003 and 2002 - highly commended Industry Sector, RoSPA Awards
- 2001 and 2000 - Gold Award, RoSPA Awards.





main index



SECTION	PAGE
Foreword by Adam Crozier	6
Questions and answers by Sir Michael Hodgkinson	8
Who are we? / Report scope	12
Contextual overview	16
Financial performance	20
CSR vision and strategy	22
United Nations Global Compact	30
Stakeholders	34
Supply chain management	40
Recruitment	42
Training	44
Communications	48
Measurement and monitoring	52
Compliance	55
Initiatives:	56
Safety	60
Health	64
Environment	72
Social policy	80
Diversity and inclusion	84
Corporate security	86
Post Office® network	90
Governance, structure and risk management	94
At a glance... triple bottom line performance	100
Assurance	107
Commentary by Jonathon Porritt and Jamie Wallace, Forum for the Future	109
Commentary by Dave Joyce, CWU	112
Commentary by Phil Pinnell, CMA	114
Global Reporting Initiative (GRI) Index	



Our vision remains to be demonstrably the best and most trusted mail company in the world. If we expect to thrive in the new liberalised postal environment then we have to show our customers that we deserve their trust, by delivering a high quality of service and being a good corporate citizen.

Trust is also integral to making our business a great place to work – trust and respect between our people, managers and their teams. Our people are vital to our performance in the competitive market and our activities in the CSR and Diversity areas key to recruiting and retaining a diverse, talented workforce.

The hard work and dedication of our people has shown what can be achieved for profitability, quality of service and CSR over the life of our renewal plan. The challenge for our CSR programme is to maintain this momentum and to underpin our vision of being the best and most trusted mail company in the world.

Adm

Adam Crozier
Chief Executive, Royal Mail Group plc

September 2005

We have returned to profitability and rewarded all of our people with one of the biggest profit shares in UK corporate history. We have also seen significant progress in our Corporate Social Responsibility (CSR) programme:

- We have signed up to the United Nations Global Compact initiative and its set of ten ethical principles
- We have begun proactive management of our carbon footprint through a partnership approach with organisations such as the Carbon Trust's Carbon Management Programme and the Energy Saving Trust's Transport Charter Programme. We have also revised our target for the procurement of renewable energy from 10% to 50% by 2010, which is far in excess of the UK Government's target of 10%
- We have developed a clearly articulated and defined social policy – consisting of five main strands; i) major supported charity (Help the Hospices) ii) employee volunteering iii) recruiting from socially excluded groups iv) payroll giving and v) education

- Our reportable accident rates have fallen by some 40% since the start of the renewal plan, with a 23% reduction in the last year alone. This downward trend is the result of our investigations into all major accidents and many less serious incidents to help identify areas where improvements can be made
- Reduced sick absence levels from 6.2% to 5.6% over the last 12 months – enabling us to provide a better quality of service to customers. We have also restructured the health cover for our people – moving from provision of a reactive service to one of a proactive nature available 24 hours a day, seven days a week, with a greater emphasis on preventative measures
- An impressive achievement within the Group has been the successful rollout of a programme of Diversity Awareness training for all our people. By June 2005 we achieved our target of training over 175,000 people in just over 18 months. Driven by the Royal Mail Diversity and Inclusion team, this has been the largest undertaking of its kind by a UK employer.

Sir Michael Hodgkinson, Chairman of Post Office Ltd, Senior Independent Director and Chair, CSR Governance Committee



Sir Michael – how committed are you and your colleagues on the Board of Royal Mail Holdings plc to the elements of Corporate Social Responsibility (CSR)?

As Board members the health and safety of our people and our customers is an absolute priority for us – on both a personal and corporate level, and this commitment has been reflected in the improvement in the Group's accident figures over the last three years. We are also fully committed to the wider elements of CSR – social policy, environment and diversity – because of the significant benefits to our business, our people and the communities in which we operate.

So what does CSR really mean to Royal Mail Group plc?

Corporate Social Responsibility in Royal Mail is about doing the right thing for our people, our business and the communities we operate in. It is not a particularly revolutionary concept for Royal Mail, nor for many other companies, as for many years we have been managing the constituent elements – but in a fragmented manner. The previous focus was introspective, lacked coherence and was compliance based, whereas our new approach is focused on working with a range of internal and external stakeholder groups to address their concerns and to identify where engagement can add value

to our activities. Wherever possible we ensure there is synergy between the internal and external elements, so that our strategy resonates in a coherent approach.

How seriously is Royal Mail Group plc taking CSR?

Very seriously!! Two years ago we set up a sub-board level CSR Governance Committee whose remit is to identify CSR issues of Group wide significance and to set strategic direction in this area. The Committee has recently been strengthened and developed in light of a review of its remit and effectiveness.

We have also restructured our support functions and brought together c.100 professionals from across the Company to form part of a dedicated CSR unit. In addition our Management Board and business unit Executive Committees now receive regular reports on how we are performing. Finally this report contains many examples of activities from across the Company of what we are doing in the CSR arena – the main effect of which is to raise the profile of our CSR programme to the extent that it is now perceived as an important tool to engage key clients and stakeholders.

So what are the real business drivers for your CSR programme?

We would be sidestepping the issue here if we didn't tackle the competition issue head on. With the full liberalisation of the postal market in January 2006 our 350-year-old monopoly to deliver letters is removed. We believe that our existing and potential customers want many things from their postal company – including requiring them to be good corporate citizens who proactively manage their environmental and social footprints by optimising benefits and minimising negative impacts. Understanding customer requirements in this area can help as a brand differentiator, consolidating our market position, especially when it comes to working in partnership with our main corporate customers and our supply chain – where together we can manage the footprint of our combined activities.

Equally important is the focus on our people. The health and safety of our people is a prime concern, as is the environment in which they work and the wider community opportunities available. By respecting and valuing their diversity and supporting their personal development, we can ensure that we continue to attract and retain talented and enthusiastic people – which in turn will help us to deliver our core business effectively.

There are also the financial implications of managing our impacts over and above a legal minimum. This has been demonstrated by the reduction in our accident levels, which has saved an estimated £12m over the last 12 months.

Finally there is the fact that aspiring to be a good corporate citizen is simply the 'right thing to do.'

“the journey towards sustainability needs a vehicle and for us this vehicle is our holistic CSR programme, which is both inwardly and outwardly focused”

GRI 1.1 Sustainability, sustainable development and triple bottom line are terms which are slowly making their way into common language. How does your CSR programme fit with these concepts?

In our view sustainability is an aspirational destination – achievable by balancing the economic, environmental and social elements of our business activities. The journey towards sustainability needs a vehicle and for us this vehicle is our holistic CSR programme, which is both inwardly and outwardly focused.

We also recognise that progress towards corporate sustainability should not be attempted in a vacuum, and needs to be managed via a systemic approach which draws in a range of stakeholders. We are therefore adopting a partnership approach with our customers and suppliers to effectively manage our combined impacts and exploit emergent opportunities.

The emphasis of this report is noticeably forward looking in perspective. How do you see CSR developing within Royal Mail Group plc and within British Industry as a whole?

The focus of the report is deliberately forward looking because a post hoc review of where we have been is of little interest to those stakeholders considering using our services. What they are really interested in is where we are going, with the route and destination being more important than where we have come from.

Going forward from an internal perspective, there will be further integration between our CSR activities and our operations – continuing to make CSR part of our core, day-to-day activities. A key component of this involves further developing the engagement pathways with our people – which must also clearly resonate with the external focus of our activities.

Externally, within wider industry, there will be greater regulation by the Government, which is already being seen by the recent introduction of the Operating and Financial Review legislation. This will have the knock-on effect of greater convergence between corporate governance, risk management and CSR, as well as encouraging standardising of how companies report their CSR performance. The way in which we are proactively addressing these issues – both from a simple compliance and beyond compliance perspective – are addressed within this report.

You talked earlier about destinations. Where do you see us being in five years?

Over the next few years we aim for our wider activities to help us be further recognised as an employer of choice and classed by our people as a great place to work. Currently 62% of our people believe this to be the case. In addition customers will want to use our services on the basis of how we are managing our CSR footprint and by proxy their footprints.

In summary, how would you rate your CSR performance over the last 12 months?

We have received extensive external recognition for our activities and performance – such as winning the Engineering Industry Sector at the 2005 Royal Society for the Prevention of Accidents (RoSPA) Awards and being highly commended for European Best CSR programme at the 2005 Strategic Risk Awards. In addition other leading organisations have engaged with us to benchmark our CSR activities and to help manage their journeys towards sustainability. We are very proud of the momentum that our CSR programme has built up and our achievements to date, but we also recognise that progress in some areas has not been as rapid as we would have liked and we will be addressing these areas over the forthcoming year.

Sir Michael Hodgkinson

September 2005

“Royal Mail Group plc
is unique in reaching
everyone in the UK”



who are we?

3.1 WHO ARE WE?

3.2 REPORT SCOPE

3.3 MATERIALITY DETERMINATION

3.1 WHO ARE WE?

GRI 2.1

Royal Mail Group plc is unique in reaching everyone in the UK through its mails, Post Office® branches and parcels businesses – which employ over 196,000 people.

GRI 2.2

Every working day Royal Mail collects, processes and delivers around 84 million items to 27 million addresses for prices that are amongst the lowest in Europe; each week we serve 28 million customers through our network of 14,600 Post Office® branches and each year our domestic and European parcels businesses – Parcelforce Worldwide and General Logistics Systems – deliver some 285 million parcels.

GRI 2.7

GRI 2.8

Royal Mail's unique strength is providing its “one-price-goes-anywhere” universal service delivering to the UK's 27 million addresses – meaning it costs the same low price to send an item anywhere in the country, no matter how great the distance or how remote the recipient. We are the only company providing this service to

customers as competition increases in the UK mail market – which will be fully open to competition from 1 January 2006.

3.2 REPORT SCOPE

This report relates to the UK activities of the three main brands of Royal Mail Group plc – Post Office®, Parcelforce Worldwide and Royal Mail – for the period 29th March 2004 to 27th March 2005. The data contained within the report does not cover our European parcels business – General Logistics Systems, the c.14,000 agency Post Office® branches (but does cover our directly managed branches), nor Associate companies and Joint Venture arrangements. Full details of these arrangements can be found in the Royal Mail Holdings plc Report and Accounts for year ending 27th March 2005.

This is the third year we have published an external report detailing our activities within the field of Corporate Social Responsibility. As with previous years we have been guided by the Global Reporting Initiative (GRI) 2002 Guidelines for the production of such reports, and a GRI index is included on page 114 to aid navigation round the report.

Further details on the Global Reporting Initiative and the guidelines can be found on their website www.globalreporting.org

Who are we?

“we have tried to include the issues that our stakeholders want to read about within the scope of this report”

GRI 2.12

We have not covered issues within this report that have been suitably addressed in our previous reports and for which there has been no material change within the last 12 months. Copies of our two previous external reports (published September 2004 and September 2003) are available on our website – www.royalmailgroup.com. In addition issues with a significant CSR element, but which have been fully reported in our annual Report and Accounts, have not been explicitly addressed within this report. Such issues include our Quality of Service performance and impacts of our move to Single Daily Delivery.

3.3 MATERIALITY DETERMINATION

We have tried to include the issues that our stakeholders want to read about within the scope of this report – based on feedback from our engagement processes. Whilst some of the issues have been covered elsewhere in our reporting structures – such as our Annual Report and Accounts – the independent assurance element of the report comments on the extent to which we have achieved this.

Given the prominence of the United Nations Global Compact, we have decided to report our progress against its 10 principles, but have not explicitly reported against other less formal principles to which we have subscribed through memberships (e.g. Business in the Community).

However, we recognise that we currently do not have a sufficiently robust process to systematically capture, report and formally address stakeholder concerns with respect to the materiality of CSR issues. Over the next year we will be working to develop such a mechanism – based on MBA research undertaken by one of our CSR professionals.

The draft process will focus on five main elements:

- i) Formal identification and ranking of stakeholder groups
- ii) Identification and prioritisation of negative and positive impacts across the areas of economic, social, safety, health, environment, diversity and security – which will be verified by consultation with our key stakeholder groups
- iii) Identification of business CSR risks and opportunities
- iv) Reporting on impacts management and future CSR risk management strategy – which will be verified by the independent assurance of our annual CSR report
- v) Continual improvement.

CASE STUDY – ZERO WASTE STAMP

Our 68p RSA ‘Zero Waste’ stamp was issued in August 2004 and has been awarded the Asiago Prize for the 2004 Most Beautiful Stamp in the World. According to the prize committee ‘the jury appreciated the sober efficiency with which the stamp depicts the manifesto of the RSA for the 21st century to stimulate the expansion of instruction and foster policies and lifestyles that encourage the population to avoid waste.’



Who are we?



“our CSR activities do not take place in a vacuum, nor are they isolated from developments both at a wider societal level and an internal level”



contextual overview

Our CSR activities do not take place in a vacuum, nor are they isolated from developments both at a wider societal level and an internal level. This section details some of the key activities that have had an influence on our CSR programme over the last 12 months.

EXTERNAL OVERVIEW

Considerable development has occurred in the field of Corporate Social Responsibility within the UK since the publication of our 2004 CSR report. The number of companies reporting on their CSR activities has continued to increase – with 83 of the FTSE100 companies producing a CSR Report in 2004 and 145 of the FTSE250 companies¹. New legislation in the form of the Operating and Financial Review has further stimulated debate on how and what companies include in their non-financial reports.

The Government has published its revised Sustainable Development strategy – which has pushed the issue of climate change to the forefront of the CSR agenda, along with the concept of sustainable communities and management of integrated supply chain impacts. The international ratification of the Kyoto Treaty on Climate Change has further committed the UK to capping carbon emissions and the Government’s Climate

Change Programme Review is reviewing how existing policies are performing and the range of policies that may be implemented in the future. Items of noteworthy legislation include the Clean Environment and Neighbourhood Act, Hazardous Waste (England and Wales) Regulations and the draft Corporate Manslaughter bill, which has been published for consultation and has further raised the issue of health and safety on the corporate risk profile.

In the wake of recent legislation on race equality, directed at the public sector, attention has turned to see how private sector businesses are dealing with this key issue. Endorsed by the Institute for Public Policy Research (IPPR) pressure is growing for new race equality laws on service delivery for businesses. In a similar vein, the Department of Work and Pensions (DWP) has written to us with a view to introducing statutory duties for disability, directed at the private sector. We have done much to address disability issues and continue to work hard so as to be well placed to respond to any such changes.

¹ the fourth annual report of CSR reporting, Directions 04, produced by corporate branding agency, Salterbaxter and CSR strategy and communications consultancy, Context.

Contextual overview



“we are now giving our customers unprecedented, high levels of service”

The Department of Trade and Industry (DTI) has established the CSR Academy, which aims to promote CSR learning through the first dedicated CSR Competency Framework. It is for companies of all sizes as well as for UK educational institutions.

2005 has been designated as the Year of the Volunteer by the Chancellor, Gordon Brown. The initiative aims to increase the number of volunteers, particularly individuals from marginalised groups and young people and to open up more volunteering opportunities in the public and voluntary sector.

INTERNAL OVERVIEW

This has been a milestone year for us. It marked the successful completion of the programme to modernise our operations with one of the largest transformations of any UK industry over the last 25 years. Crucially, the overhaul of Royal Mail’s frontline operations was implemented and the jobs of some 164,000 of our people have now been changed. This year saw the move to a single daily delivery to replace the two deliveries, which every other modern postal company had abandoned years ago. The Company had first considered making this necessary change nearly two decades ago.

GRI 3.18

For our customers, the change was the most visible one we made as it meant a dip in quality of service during the spring and early summer of 2004. However, the service has since recovered strongly and we are now giving our customers unprecedented, high levels of service. We also completed this year the streamlining of our transport network and introduced more efficient working in our mail centres. Further information on our Quality of Service performance can be found in our Report and Accounts for the year ending 27th March 2005.

2004-05 was a milestone year in another critical sense. It was the last financial year in which Royal Mail had any protection from competition. From January 2006, the mail market will be fully open to rival companies, large and small. Everything Royal Mail has been doing over the last three years has been about getting the Company ready to compete. The modernisation plan was the greatest test Royal Mail faced in decades, for our very future depended on it. The challenge we will face as full competition becomes a reality will be even greater. There are tough but exciting times ahead.

The year has also seen the completion of the urban Network Reinvention programme ahead of schedule and under budget. The programme has been a major step towards making the network viable and the Post Office® more attractive for subpostmasters by reducing overprovision, and providing more modern branches for customers which will safeguard access to services for all, particularly the vulnerable.

Parcelforce Worldwide is building a reputation as a quality provider in the express parcels market and its day-to-day operations recorded a profit for the first time in ten years. The challenge Parcelforce Worldwide now faces is to build on these improvements and deliver profit from operations for the next financial year.



CASE STUDY – NRC BELFAST

We are one of the few postal administrations in the world to offer a return letter service at no extra cost to our customers. Undeliverable items are forwarded to our National Returns Centre in Belfast, where they are opened to try to find the sender’s address and return them. Special care is taken with envelopes found to contain items of monetary or sentimental value. Last year the centre handled 45 million letters and packages.

If we are unable to trace the sender and no one comes forward to claim the item after six months, we will either auction it or give it to a charity. For example, this Christmas we donated some of the soft toys received during 2004 to a local children’s hospital.

Unusual items that have arrived at our National Returns Centre have included two mice, 15 locusts and one scorpion – all alive. Someone even posted a set of traffic lights – which did not have either a recipient’s or sender address attached!



financial performance

Our financial performance should be considered in conjunction with our CSR activities and performance in order to gain a complete overview of our journey towards sustainability,

This year we report record profit from operations of £537m compared to £220m for 2003-04, an increase of £317m or 144.1%. All operational business units apart from Post Office Ltd contributed to this increase, with Royal Mail improving profitability by £245m (70.8%), General Logistics Systems by £36m (144.0%), Parcelforce Worldwide by £41m (75.9%), whilst Post Office Ltd increased its losses by £7m (6.8%). Royal Mail's £245m improvement is mainly due to an increase of £211m (3.2%) in mail revenues – which have benefited from underlying volume growth, excluding international products and Door-to-Door, of 1.4% and additional price increases of 1.3% as permitted under the current price control. Royal Mail's net costs were reduced by £35m (0.7%) adding to the turnaround, the higher people costs with respect to the 14.5% pay deal being more than offset by reductions in non-people costs.

Despite the loss of the traditional social security benefits, income which had represented 40% of its historic revenue and a share of startup losses amounting

to some £18m for the new financial services products, Post Office Ltd contained its losses to £110m, which is £7m (6.8%) worse than last year. This was achieved by attracting new revenue, primarily from higher banking and Bureau de Change activity, together with continued improvements in overall cost efficiency. The £110m loss includes the cost of maintaining the uneconomic part of the rural network.

These results show that the profits from operations of £400m that would trigger the Share in Success payment to our people was more than achieved and meant a £1,074 before tax payment was made to our people who were with us throughout 2004-05. This equates to £218m profit from operations being returned to our people – or nearly a month's wages for many of our qualifying people – to reward their contribution over the final year of our Renewal Plan and their dedication to our business.

Further detailed information on our financial performance can be found in the Royal Mail Holdings plc Report and Accounts for the year ending 27th March 2005. This document is available on our website – www.royalmailgroup.com.



CASE STUDY – SANTA CLAUS

We act as Santa's biggest helper at Christmas. Our festive mailbag usually contains a massive 750,000 letters for Santa every year. Those with a return address and sent by mid-December receive a free reply, including around 4,000 that are answered in Welsh.

Santa even has his own special postcode: SAN TA1

Financial performance





CSR vision and strategy

6.1 CSR VISION AND STRATEGY

6.2 CSR FRAMEWORK

6.3 POLICY DEVELOPMENTS

6.4 MONITORING PROGRESS AND BENCHMARKING SCHEMES

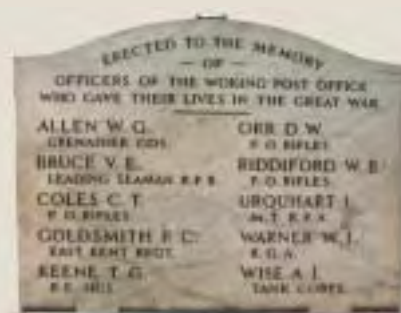
6.1 CSR VISION AND STRATEGY

We aspire to be recognised as a responsible organisation that seeks to optimise the beneficial impacts inherent in our business and reduce the negative impacts to the essential minimum required to deliver our business.

GRI 1.1

We recognise that the route to achieving and sustaining these goals is through our people and our relationship with customers, business partners, suppliers, communities and other stakeholders.

We have a five-stage CSR vision through which we are progressing towards corporate sustainability. The vision is linked with our overarching business strategic direction and enables us to monitor our progress and direction of travel.



CASE STUDY – WAR MEMORIALS

Anticipating the 60th anniversary marking the end of World War II, the Charities Council commissioned The British Postal Museum & Archive (BPMA) to carry out a survey of war memorials erected within and on our premises.

Internal research indicates about five hundred memorials were set up, of which some 283 are still in existence. Memorials uncovered range from conventional plaques or statues in bronze, wood or stone

to the unexpected and spectacular such as a hillside memorial sculpted in chalk, memorials designed by Thomas Hardy and William Morris and unconventional memorials such as ‘peace’ memorials.

The commissioning of this report is the first stage in recognising that we should be paying more attention to the material wellbeing of these memorials, in recognition of the service provided for the nation during the wars by postal employees and local populations. We are in discussion with The BPMA on how the next phase of the work will be funded and carried out.

CSR vision and strategy

“we have a five-stage CSR vision through which we are progressing towards corporate sustainability”

OUR FIVE-STAGE CSR VISION

	STAGE ONE	STAGE TWO	STAGE THREE	STAGE FOUR	STAGE FIVE
STRAND 1 INTEGRATED APPROACH	Identify ad hoc approaches across the organisation	Rationalise list to a coherent approach	Adopt an integrated CSR management framework	Deploy and embed within the businesses	CSR is fully integrated into the culture of the business
STRAND 2 LEGISLATION AND COMPLIANCE	Identify all areas of non-compliance	Formulate intervention plan	Deploy interventions	Achieve full compliance	Cultural shift beyond compliance - recognise the business imperative
STRAND 3 MEASUREMENT	Identify opportunities for improvement of measurement systems	Design risk focused strategy with integrated approach, focusing on quality of activities	Pilot and refine process	Implement measurement process with reporting on CSR action plans	Outputs and developments are reflected in corporate risk profile
STRAND 4 ACCOUNTABILITY	Clarify roles and working relationships within internal and external CSR community	Communicate to non-CSR community	Roles and responsibilities communicated towards all stakeholders	-	-
STRAND 5 RESEARCH AND INNOVATION	Identify areas of CSR research in Royal Mail	Prioritise areas for investigation/research	Instigate co-ordinated/ integrated research programme	Assimilate outputs from research into business plans and strategy	Recognised as leading edge company in CSR research/application (research rooted in reality)
STRAND 6 SUSTAINABILITY	Investigate a mechanism to identify what sustainability means to Royal Mail	Start visioning exercise	Complete exercise and identify recommendations, smart objectives for sustained business	Examine and implement sustainability initiatives	Secure position to operate in a sustainable society

→
Direction of travel

Position reported in 2003-04 report

Current position

6.2 CSR FRAMEWORK

We have formally adopted a Group wide CSR Framework that defines the values, principles, processes, practices and behaviours necessary to deliver our CSR objectives and targets and to move us through our five-stage vision towards sustainability.

The framework is formed at its core by a number of elements that are effectively the minimum standards and expectations for the management of CSR that we will expect to find in any of our operating units. The 12 elements are:

Element 1: Leadership, Policy Planning and Objectives

Managers will lead by establishing goals and objectives, clearly communicating accountabilities, supporting programmes and demonstrating commitment through personal engagement.

Element 2: Risk/Opportunity Assessment and Management

We will actively identify the hazards and opportunities within our business. We will assess the risks, evaluate the opportunities and take proportionate action to reduce risks, realise opportunities and maximise the benefits of these.



“our new Environmental Strategy has been widely circulated to both internal and external stakeholders”

Element 3: Improvement and Change Processes

We will continuously seek improvements to optimise the positive impacts we make and reduce the negative across the CSR agenda. Where changes are considered or planned these will be reviewed to evaluate their CSR impacts.

Element 4: Performance Management and Assurance

We will regularly assess how effectively our CSR strategies and policies have been deployed, as well as measuring and reporting upon our CSR performance. Targets will be set to drive improvement.

Element 5: Resource Utilization and Operations Management

We will manage our operations to reduce the environmental impact of our activities and risks associated with non-routine operations will be properly managed.

Element 6: Contractor and Facilities Management

We will work with our contractors, suppliers, partner organisations and other third parties prior to their engagement and throughout our working relationship to promote and encourage best CSR performance.

Element 7: Procurement

We will procure goods and services that minimise risks to our people, customers, community and environment. We will endeavour to source these from countries where human rights, the environment and internationally recognised standards of good business conduct are respected.

Element 8: Emergency Preparedness

We will have appropriate emergency plans, equipment, facilities and trained personnel to protect the community, the environment, our people and partners from the effects of foreseeable incidents.

Element 9: Incident Investigation and Reporting

We will report and investigate incidents or near misses, take appropriate corrective action and learn from the experience. We will use the lessons learned to improve our own performance and share this for the benefit of other organisations within and outside of the Royal Mail Group.

Element 10: Training

We will train and regularly assess the competence of our people to ensure they have the capability to perform against the stated expectations.

Element 11: Communications

We will regularly communicate with all our stakeholders including customers, our people, contractors, suppliers and regulators to assess our own CSR performance and explore possible routes to future improvements.

Element 12: Inspections

We will regularly inspect the places where we do business to ensure that they meet the standards expected by our people, customers, contractors, business partners and regulators.

6.3 POLICY DEVELOPMENTS

GRI 3.7 Historically our strategic approach to the environment had been a top-down process and there had been little consultation before finalising it.

This had led to business operations and major business units feeling disenfranchised and therefore not as committed to delivering on the strategy as was necessary to achieve real progress.

GRI EN14 Over the last 12 months we have reviewed our environmental programme, drawing together all our initiatives into a coherent environmental strategy – focused on our five main environmental impact areas and the key activities in train or needed in each of the main areas – i) supply chain

management ii) fuel and transport iii) building energy iv) waste and v) water.

Our new Environmental Strategy has been widely circulated to both internal and external stakeholders – including key customers and non-governmental organisations (NGOs) – and their feedback and comments used to update the emerging strategy. We are now in a position where the major contributing business units are working proactively against a common set of articulated objectives and evolving targets. Going forward we need to create a sustainability destination statement for each of the five strands that have been identified as our major impacts and develop detailed work plans, actions and appropriate metrics.

Longer term we need to work with our customers, suppliers and key stakeholders to help manage our combined sustainability footprint. We aim to realise the benefits from working with our environmental partners – such as the Carbon Trust and the Energy Saving Trust – and deliver our strategy through engagement with our people via our proposed Community Co-ordinators.

In 2004 we also undertook a thorough review of our entire Social Policy with a view to revitalising and re-launching

GRI 3.11

GRI 3.12



“as part of our Diversity Strategy for 2005-06 we are producing a clear statement of how we plan to promote race equality”

company led charitable and community involvement initiatives across the Group. Extensive stakeholder consultation was undertaken as part of the review. In the latter part of 2004 our Charities Committee approved a new Social Strategy comprising of five interrelated strands – i) a Major Supported Charity Programme (Help the Hospices) ii) developing a national volunteering programme iii) recruiting from socially excluded groups iv) revitalising payroll giving and v) continuing to support, develop and extend Royal Mail’s education programme.

Further information on how these policies are being implemented, along with supporting initiatives, can be found on pages 57-90.

These five strands take into account that people have different ways in which they like to contribute, some contributing in purely financial terms, others in kind, others through a combination. We have nevertheless sought to establish unifying threads through all of these strands. These are around some form of participation and principally through volunteering, especially in teams. We see this as a means to encourage:

- The development of leadership and project management skills
- Team building
- An appreciation of competition as a positive factor

- Innovation in the ways we work.

It is clear there are significant overlaps between our environmental and social activities and over time these will further come together as we progress through our five-stage vision towards sustainability.

As part of our Diversity Strategy for 2005-06 we are producing a clear statement of how we plan to promote race equality. The Race Equality Action Plan will help us ensure that these issues are placed at the core of everything we do. The Race Equality Plan comprises five main areas for action – i) monitoring ii) mentoring iii) ‘cultural’ training for key groups of our people iv) ‘equality-proofing’ policies and procedures and v) communications.

GRI HR4

GRI LA10

The actions will be clear and specific and include how we promote our commitment to race equality and fairness. Our immediate actions include:

- Better understanding of our ethnic minority colleagues through focus groups and face-to-face meetings
- Identifying any barriers to fair treatment and full participation
- Establishing a mentoring scheme for ethnic minority and female colleagues
- Carrying out specific cultural training for targeted groups of our people.

In addition, a Gender Strategy for the Group has now been agreed. Key people within the business will have the power to deliver specific actions. Our Group gender champion Vanessa Leeson, Managing Director of Parcelforce Worldwide, will chair a steering group to deliver a five-point plan to encourage recruitment, retention and progression by:

1. Provide targeted training and open resourcing
2. Introduce flexible working via good job design
3. Improve work-life balance
4. Continue to take measures to reduce bullying and harassment
5. Change mindset with positive action being the motive force.

6.4 MONITORING PROGRESS AND BENCHMARKING SCHEMES

We have participated in a shadow benchmarking of Group and business unit CSR performance via the 2004 Business in the Community’s (BITC) Corporate Responsibility Index (CRI), which is now the leading CR benchmarking index in the UK. This will give us detailed feedback about how our overall CSR performance compares with our sector and with a significant proportion of the FTSE 350, including more than half the FTSE 100.

In particular, it will give us feedback as to where our actual environmental and sustainability performance ranks alongside others, and will give specific indicators as to areas where we would most usefully focus our efforts and resources to achieve the most rapid and balanced progress that we can.

Complementary to the BITC CR index we have recently re-signed to the London Benchmarking Group initiative, organised by The Corporate Citizenship Company. This model will enable us to calculate our contributions and impacts on the wider society – based on externally recognised guidelines.

COMMITMENTS

- We will evaluate the business case for participating in the formal 2005 BITC CRI.
- We will calculate our contributions to society via the London Benchmarking Group model, and participate in the 2006 benchmarking round.
- We will also investigate other models that will help us measure our negative impacts across our CSR footprint. To this end we will be working with Forum for the Future on an environmental accounting project.



“through the power of collective action the UN Global Compact advances responsible corporate citizenship”

United Nations Global Compact



GRI 3.14

In February 2005 we signed up to the 10 guiding principles of the United Nations (UN) Global Compact because there are clear linkages and synergies with our approach to CSR.

The UN Global Compact brings together business leaders from hundreds of companies throughout the world, employee groups and community organisations to share learning and experience in developing a more sustainable and inclusive global economy. Through the power of collective action the UN Global Compact advances responsible corporate citizenship so that business can be part of the solution to the challenges of sustainable development.

This section gives an overview of what we are doing in this area to meet our stated commitments.

Principle 1 - Businesses should support and respect the protection of internationally proclaimed human rights.

All of our new business policies are written to reflect the principles of the Human Rights Act and demonstrate fairness and the recognition of peoples' rights at work. This process is ongoing and our Diversity Team continues to encourage the business to actively consider human rights when writing or amending policies.

GRI HR1

Principle 2 - Businesses should make sure that they are not complicit in human rights abuses.

We embrace a Sustainable Development Charter that commits us to being a socially responsible organisation. A key element of the charter requires our suppliers to comply with International Labour Organisation (ILO) standards at all stages of the supply chain.

GRI HR3

“as a business we take our responsibility to protect our people from discrimination extremely seriously”

Principle 3 - Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

GRI HR5 We do not have a formal freedom of association policy, but in practice this is not necessary as freedom of association is a matter of normality in our business. We recognise two trade unions for collective bargaining purposes – the Communication Workers Union (CWU) representing non-managerial colleagues and Amicus-CMA representing managerial colleagues. All our people are free to make their own decision whether or not they join the union and we are keen to ensure that the way our people are treated is not affected by their union membership status.

Principle 4 - Businesses should strive towards the elimination of all forms of forced and compulsory labour.

GRI HR7 Our Sustainable Development Charter commits our suppliers to comply with ILO standards – including eliminating forced and compulsory labour.

Principle 5 - Businesses should undertake the effective abolition of child labour.

We expect our suppliers to comply with our Sustainable Development Charter commitment of meeting ILO standards – including the prohibition of child labour.

GRI HR6

Principle 6 - Businesses should eliminate discrimination in respect of employment and occupation.

As a business we take our responsibility to protect our people from discrimination extremely seriously and have put in place policies and procedures to guide and educate our people, as well as to deal with any discriminatory practices as and when they occur.

GRI LA10

Principle 7 - Businesses should support a precautionary approach to environmental challenges.

We have updated our Group wide investment appraisal process to include CSR risks. As such, projects over the £1m threshold are subject to a detailed assessment of their potential environmental impacts. In addition we are investigating the potential of introducing a whole life costing approach for some of our key procurement areas, such as automation equipment and building design.

GRI 3.13

Principle 8 - Businesses should undertake initiatives to promote greater environmental responsibility.

We have an extensive environmental programme – detailed within this report – where we are working to minimise our negative impacts whilst optimising the positive elements of our activities. Our efforts in this area have been recognised and we have been invited to input to the Energy Saving Trust’s Transport Charter Programme as one of four blue chip ‘thought leaders’. We continue to promote corporate responsibility by publishing an open and honest annual report detailing our activities and progress.

Principle 9 - Businesses should encourage the development and diffusion of environmentally friendly technologies.

GRI EN17 As part of our CSR programme we work in partnership with suppliers and environmental organisations to see how technological developments can help to increase our operational efficiency and further reduce our impacts. This includes trialling clean vehicle technology such as Urea Additive Diesel Engines and Liquefied Petroleum Gas (LPG) Bi-fuel.

Principle 10 - Businesses should work against all forms of corruption, including extortion and bribery.

We have a Group wide Code of Business Standards that details the standards we expect from all our people. Included within the scope of this code are bribery, extortion and conflicts of interest issues. In addition we expect our suppliers to comply with International Labour Organisation standards covering these areas.

GRI SO2

We are one of the few large companies that uses its own resources to investigate and prosecute crime. We are supported in this by a partnership with Crimestoppers, which offers our people a completely confidential service to report crime committed against the business. We have a zero-tolerance approach to dishonesty and an absolute commitment to the security of the mail – 99.92% of the 22 billion items sent through the post every year arrive safely.



“no other business has our intensity of engagement, geographical coverage and broad impact on such a range of stakeholders”

stakeholders



We are, more than ever, uniquely placed in the fabric of our society, delivering letters and parcels to the UK's 27 million addresses on a daily basis.

GRI 2.9

We do this with the single largest workforce in the UK. No other business has this intensity of engagement, geographical coverage and broad impact on such a range of stakeholders.

We are proud to employ a rich and diverse mix of people who reflect the communities where we live and work. We are working to ensure that equality of opportunity is something that we are identified with. This is critical if we are to achieve commercial success and become an employer of choice.

GRI 3.9

In order to do this, our aim is that we treat all people who come into contact with us, our people, customers, local communities, supply chain partners and so on, in a manner that reflects the diversity of style, thought and values we now find in our society and communities. Continual engagement with these stakeholder groups is therefore fundamental to our ways of working.

Post Office Ltd has completed a series of focus groups with a number of disabled colleagues. These sessions were run by the Chair of RADAR, with the key themes to emerge being around how reasonable adjustments are undertaken, general disability awareness and a greater focus on understanding the separation between disability and ill health. The findings of these focus groups will form the basis of a new colleague focused disability action group, which will focus upon how we manage disabled colleagues within Post Office Ltd's workforce.

In June 2005 a large number of the UK's leading experts and representatives on disability attended a dinner hosted by Post Office Ltd and attended by both David Mills, Chief Executive Post Office Ltd, and Phil Friend, Chair of RADAR. The evening was extremely successful in helping to engage an important group of stakeholders.

We use many different pathways to engage with our stakeholders – some being more formal pathways than others:

GRI 3.10

PRIMARY STAKEHOLDERS	EXPECTATIONS	ENGAGEMENT PATHWAYS
OUR PEOPLE	<ul style="list-style-type: none"> • Expect to be treated with dignity and respect. • Require opportunities for ongoing learning and development. • Feel we should have a positive impact on the community. • Provision of a safe and healthy working environment. 	<ul style="list-style-type: none"> - 'Have Your Say' surveys. - 'Ask Allan' & 'Tell Allan' facility. - Intranet feedback. - Work Time Listening & Learning sessions. - Dignity and Respect at Work Groups. - Disability Action Group.
TRADE UNIONS – CWU and CMA	<ul style="list-style-type: none"> • Stipulate that we treat their members fairly and with dignity and respect. • Require us to operate responsibly. • Consultation about provision of a safe and healthy work environment. 	<ul style="list-style-type: none"> - Quarterly CSR stakeholder meetings. - Royal Mail National Safety Steering Group and Safety Committee meetings. - Consultation on all initiatives with CSR impacts.
CUSTOMERS – business and domestic	<ul style="list-style-type: none"> • Demand quality and reliability from our products and services. • Expect us to respond to the needs of the communities that we operate within. 	<ul style="list-style-type: none"> - Feedback on supplier questionnaires and Invitations to Tender. - Formal engagement on strategic documents – such as our new Environmental Strategy. - Senior level engagement with corporate customers.
THE POSTAL INDUSTRY REGULATOR (Postcomm)	<ul style="list-style-type: none"> • Expect us to deliver our essential service in line with quality of service measures and targets. • Demand that we operate in a socially responsible way. 	<ul style="list-style-type: none"> - Monthly meetings via our Regulatory Affairs Team.
SHAREHOLDER (Department of Trade and Industry)	<ul style="list-style-type: none"> • Require us to manage risk within our business and consider the social, economic and environmental impact of our business practices. • Demand that we build our reputation as a good corporate citizen. 	<ul style="list-style-type: none"> - Quarterly meetings with DTI Shareholder Executive Team. - Formal response to Consultation documents.
LOCAL COMMUNITIES (inc. charities and NGOs)	<ul style="list-style-type: none"> • Demand that we operate in a socially responsible way. • Require appropriate access to services. • Trust. 	<ul style="list-style-type: none"> - Partnerships with charities and non-governmental organisations. - Public consultation over proposed closures of Post Office® branches.



GRI LA6 We also work closely with our two trade unions – the CWU and the CMA. The establishment of our national safety steering groups within the business has been highly commended by all parties for the generation of issues and conformance. In addition the establishment of our **GRI LA15** network of Community Co-ordinators will develop new engagement pathways with our people at a local site level – with the aim of working together to reduce our environmental footprint and promote colleague involvement in our social activities.

GRI LA13 With the first wave of diversity training completed, we have already prepared new initiatives to build on the interest and changing attitudes already apparent in our people. Of the 31 Royal Mail operational areas, 61% have already established Dignity and Respect At Work (DRAW) groups. A recent evaluation report on the progress of DRAW groups showed that there is a very strong belief that in time they will help change workplace behaviours for the better. We have signed a joint statement with our two recognised trade unions emphasising that dignity and respect at work must remain a shared goal.

GRI 3.15 We work with a significant number of organisations as part of our ways of working. Their input to our CSR programme is welcomed and provides an essential external perspective of our activities. A selection of our partner organisations include:

PARTNER ORGANISATION	DETAILS OF INVOLVEMENT
Royal Society for the Prevention of Accidents (RoSPA)	Benchmarking opportunities and support for training activities – especially around road risk
Parcel Carriers Safety Forum	Benchmarking best practice, safety performance data sharing
Faculty of Occupational Medicine	Sponsorship, release of personnel to act as examiners and involvement in working groups and committees
Society of Occupational Medicine	Support for the development of professional educational programmes
Royal Society of Medicine	Individual involvement as Council Member and support for Section of Occupational Medicine
Men's Health Forum	Support for National Men's Health Week
British Occupational Health Research Fund	Research into psychological support for trauma victims
British Heart Foundation	Development of support mechanisms for our people returning to work after cardiovascular attacks
The Woodland Trust	Corporate Member and supporter of ten Millennium Woods
Earthwatch	Membership of Corporate Environmental Responsibility Group (CERG)
Forum for the Future	Foundation Corporate Partner – includes benchmark opportunities and access to current thinking on sustainable development issues
The Carbon Trust	Participants in the Carbon Management Programme
The Energy Saving Trust	Input to the Transport Charter Programme
Help the Hospices	Current business Major Supported Charity – selected by a vote of our people
The Charities trust	Strategic advice and support and administration of our Payroll Giving scheme
Mencap	Piloting 'Workright' programme – to enable us to bring suitable candidates into our business
Business Action on the Homelessness	Key partner in our recruiting from socially excluded groups programme
Business in the Community	Strategic consultation, benchmarking and sharing of best practice
Employers' Forum on Disability (EFD)	One of the founding members of this Forum, production of targeted literature for disabled customers and participation in the first ever EFD Disability Standard
Employers' Forum on Belief	Sharing of good practice and benchmarking the experiences of other private sector employers
RADAR	Supporters of RADAR's Human Rights Awards for two years, co-hosting of event for disability 'opinion formers' and strategic gateway in helping us to understand pan-disability issues
The Royal National Institute of the Blind (RNIB)	Joint production and co-branding of targeted large print customer literature





COMMITMENTS

- We will evaluate whether to join the Ethical Trading Initiative.
- We will review how our commitment to the principles of the UN Global Compact can be further realised along our supply chain.
- We will extend our investment appraisal process to include projects undertaken by our Property Holdings unit.
- We will identify opportunities to exploit and integrate the Whole Life Costing approach into our procurement processes.

supply chain management



GRI 3.16 **Procurement and supply chain management is an area in which we have a significant impact.**

We spend about £1.6billion per year on approximately 1,500 suppliers – resulting in extensive opportunities to optimise our overall CSR footprint. Our objective is to work with our suppliers to minimise the impact of our combined operations through a united approach to our purchasing policy and to develop, where practical, new products and services that seek to achieve greater sustainability.

GRI 3.17

GRI 3.13

We have updated our investment appraisal process, to ensure that diversity and CSR risks and opportunities are considered prior to developing new products, processes, operational changes or committing significant expenditure over £1million. Where high or medium risks are identified, an additional more detailed assessment is required to identify further control measures prior to sign-off. We estimate that up to 150 projects will be subject to this process each year.

This year we have convened a Procurement and Supply Chain Sustainability Group, which along with two more focused working groups, will explore practical ways and means to reduce the impact of the supply chain on the environment. More widely,

these will also look at other key issues of sustainability such as reducing the carbon deficit, biodiversity, ethics and ethical trading.

We have been working with the Universities of Cambridge and Hull to develop sustainable whole life costing models for building construction and refurbishment projects and for automation procurement respectively. We are reviewing the outputs of these projects and investigating how they can be taken forward over the next year.

We have specific processes set up within our Purchasing department to ensure that safety is included in any tender initiation document so as to proactively manage safety during the tender process. To aid contractual management, we request all safety records when tendering. A recent example of this was the intervention made with the purchasing of mailbag ties. We use over 3 million a year and due to previous incidents compromising the safety of our people (including slips and trips), the safety team became involved to ensure all safety implications were looked at before a supplier was chosen.

In addition we are looking to further work with our own key customers to see how we can work in partnership to address our combined 'upstream' impacts.





recruitment

GRI LA10

There is a deliberate synergy in this area between our Social Policy and Diversity teams. Further information on what we are doing to recruit and retain good candidates from socially excluded groups can be found on page 75.



“in January we gained accreditation from NEBOSH as a training centre for the NEBOSH General Certificate”

training

GRI LA9

The safety training programme for our management community is currently under review to ensure consistent and effective deployment.

For example our basic management safety training is currently provided in an electronic learning format. Feedback has indicated that the course needs to be more relevant and modularised to allow better use of a manager's time. Safety and training specialists are currently working with electronic learning suppliers to update this product and ensure it remains fit for purpose.

We are also progressing plans for a driver safety initiative training package for all of our people who travel regularly as part of their role. Driving, as a main occupational activity, is to be risk assessed and progressed throughout all our business units to ensure all risks to our people are captured and managed effectively.

Within Parcelforce Worldwide we have increased competency levels by an intensive safety management training course. In addition we have safety trained 100% of the Parcelforce Worldwide site Persons in Control, along with the Parcelforce Worldwide Executive Committee.

CASE STUDY - ACCIDENT MANAGEMENT UNIT

Improvements have been made to our accident reporting process by instigating a training programme at our Accident Management Unit (AMU). The training focused on the required documentation to report an accident and the criteria under which accidents should be reported to the Health and Safety Executive. As a result our reported accident figures are more accurate – as we are not unnecessarily reporting incidents to the HSE and Local Authorities – and better documentation control has resulted in more in-depth accident investigations and more robust resolution of liability claims.

In January we gained accreditation from the National Examination Board in Occupational Safety and Health (NEBOSH) as a training centre for the NEBOSH General Certificate. 34 people from within our HR function were trained to the General Certificate standard – further increasing the knowledge and competency within our CSR community.



GRI HR8

An impressive achievement within the Group was the successful delivery of diversity training for all our people. By March 2005 we achieved our target of training over 175,000 people in just eighteen months. Driven by the Royal Mail Diversity and Inclusion team, this was the largest undertaking of its kind by a UK employer. Starting with management board level, the training covered issues of; harassment and unfair treatment in the workplace, why we need to improve the demographic spread of our recruitment and why we must establish a culture of respect and inclusivity in all work areas.

GRI HR4

In addition, new training materials in the form of 'ground-breaking' videos on workplace 'banter' and 'language' are set to be introduced in 2005 – as banter was identified as a key issue during the Diversity training roll out. Aimed at driving home the message that poor behaviour will not be tolerated, they are seen as a powerful tool in helping us create a great place to work. The video uses a drama based on real-life experiences to explore the topic of banter and the impacts it can have, to promote discussion on what is and isn't acceptable.

The video has been piloted at both Mount Pleasant and Milton Keynes Mail Centres with frontline colleagues and managers, the response from which has been positive with the video being seen as realistic and promoting much discussion. Work is now underway to agree how the product is deployed.

A 'Guide to Managing Diversity' has been completed and circulated throughout Royal Mail. A total of 11,000 copies have been produced and sent to all managers with people responsibilities. Managers in Post Office Ltd will receive a similar document during the financial year 2005-06. The emphasis is very much based on what practical things managers can do to help their people. A number of focus groups were held (comprising both managers and non-managerial colleagues) and this feedback has played an important part in the development of the guide. Specific guides have also been produced for Central Functions and Parcellforce Worldwide; these will be rolled out during June and July 2005.

In conjunction with the Employers' Forum on Disability we produced a short booklet entitled 'Welcoming Disabled Customers', covering a variety of disability etiquette issues for all 15,000 agents and approximately 10,000 customer-facing colleagues throughout the Royal Mail Group. Our Disability Advice Centre (DAC) has continued to provide advice and support for a wide range of managers throughout the business. The DAC also raises awareness of their services with the National Federation of Subpostmasters and the Unions through attendance at their relative annual conferences.

CASE STUDY - LEARNING FOR ALL

Our Learning for All programme offers our people significant savings on home computing and learning packages by taking advantage of the Government's Home Computing Initiative. 26,000 of our people have joined the scheme in the first three phases.

We also have a Bikes2Work scheme, which was inspired by the Government's Green Travel Plan, and offers eligible colleagues an opportunity to hire a brand new bicycle and safety accessories for commuting to work purposes.

“we achieved our target of diversity training over 175,000 people in just eighteen months... the largest undertaking of its kind by a UK employer”





“our Courier newspaper is circulated to over 400,000 of our current and retired people”

communications



We ensure effective communication by an integrated CSR communications programme that uses the full range of Royal Mail Group plc publications to maximum effect.

Our Courier newspaper is circulated to over 400,000 of our current and retired people. Other printed material targets specific business unit audiences. Local office Work Time Listening and Learning sessions give our people the opportunity to raise questions and issues about the subject in question. Specific guidance to managers is provided by daily email messages. This allows for reactive communications to be rapidly cascaded should the need arise, as was the case with our response to the Tsunami disaster in December 2004. The communications programme is linked with feedback from our new CSR Contact Centre, where we analyse the subject of inquiries to identify problems and trends, resulting in targeted communications being released to address the issue.



An integral component of our communications programme is our new Group wide CSR intranet site. The site was designed after extensive user consultation and is intended to be an internal one-stop-shop for all CSR information, advice, policies and issues. The site includes a well being section – which provides information on a wide range of issues that can affect the well being of our people, including bereavement, debt and illness. The site will be further developed to increase the range of subjects and information on offer to our people.

“the communications programme is linked with feedback from our new CSR Contact Centre”

We are currently undertaking a national programme of Safety road shows within Royal Mail – which will, upon completion, have covered all of our geographic areas. The road shows are being undertaken by our Head of Safety and Head of CSR for Royal Mail and are intended to raise awareness of our safety activities amongst operational colleagues as well as re-communicating major issues – like the establishment of our new CSR Contact Centre. The key messages from the road shows will be further cascaded to all Royal Mail offices. Feedback from the road shows will be used to improve the level of awareness with future communications and initiatives.

CASE STUDY – CSR CONTACT CENTRE



0845 600 9665

Established in summer 2004, our dedicated CSR helpline is staffed by four CSR professionals and is the first point of contact for CSR inquiries across the Group. Inquiries as diverse as what to do about nesting seagulls attacking delivery postmen and women through to advice on volunteering opportunities for our people.

CASE STUDY – CHANGING TASTES IN BRITAIN STAMPS

For the 2005 stamp programme we are featuring an issue called “Changing Tastes in Britain”. As one of the most culturally-diverse countries in the world, we enjoy a tantalizing assortment of global cuisine.

To reflect this huge range and diversity of food and drink, we turned to students at the Royal College of Art to come up with their own culinary images of Britain. It was illustration student Catell Ronca’s colourful offerings that were eventually selected.



“our new CSR reporting regime is being reinforced by a completely overhauled CSR audit review programme”

measurement and monitoring



We have recently overhauled our Key Performance Indicators (KPIs) and reporting mechanisms to reflect our strategic approach and to focus on indicators where it is agreed that there is both a greater materiality to the business, as well as more apposite feedback to the business units on their performance.

The KPIs include a mix of proactive and reactive measures, which are aligned with the relevant strands of the CSR strategy. For each KPI our business units set themselves target out-turn figures, based on Group reduction targets and agreed by the business unit Heads of CSR.

Our new CSR reporting regime is being reinforced by a completely overhauled CSR audit review programme - which is designed to assess the understanding and application of CSR standards at every one of our 3,000 sites. This is the first process to be agreed and welcomed by all business units and it is the first time we have brought together the elements of CSR (health, safety, environment, social policy and diversity) in one audit. The audits lead to recommendations for all areas that are not fully compliant and these recommendations are prioritised to assist the site managers to know which areas to concentrate on.

GRI 3.19 Our CSR performance is widely reported throughout the Group on a weekly, monthly and quarterly basis - with our Holdings Board and CSR Governance Committees reviewing performance on a quarterly basis.

Measurement and monitoring

“targeted coaching and consultancy to our people to enable the sites to deliver a significant improvement in their CSR performance”

“we were not prosecuted for any breaches of health, safety or environmental legislation during 2004-05”

There are five levels of audit review:

1. Detailed audit of high risk/poorly performing sites – expected to be the top 20% highest risk sites, based on performance based risk profile – as calculated by our CSR Risk Management team and concentrating on CSR management systems. A key element of the audit will also involve targeted coaching and consultancy to our people to enable the sites to deliver a significant improvement in their CSR performance
2. Routine audit reviews of every site – focused less on management systems, this level will enable a complete risk profiling of all our sites to facilitate informed strategic decision making
3. Monthly inspections undertaken by a site manager
4. Periodic safety tours by senior management
5. Tactical audit sampling around specific topics such as cycle helmets or seat belt wearing.

To date we have launched the level one and two audit reviews – and will be rolling out the remaining elements over the forthcoming year in all parts of the Group with the exception of Post Office Ltd, who have a separate five level audit protocol focused on customer safety.

All the levels of the audit are aligned to the 12 elements of our CSR Framework and to each other.

This approach will focus business attention on under performing sites and hopefully continue the improvement in our accident statistics. It will also allow us to make more effective comparisons of internal performance against external benchmarks and facilitate the sharing of best practice.

We were not prosecuted for any breaches of health, safety or environmental legislation during 2004-05. However **GRI EN16** we were served with one abatement notice, pursuant to Section 80 of the Environmental Protection Act 1990, for statutory noise nuisance. As of July 2005, we have lodged an appeal against the notice and are working with the local authority to implement the agreed remedial measures.

GRI PR4 In addition we received 20 improvement notices and 36 enforcement letters as a result of health and safety issues. No prohibition notices were received.

GRI PR5 We are working with our unit managers and the Health and Safety Executive (HSE) to provide support to offices served with enforcement notices and to forge better working relationships with HSE Inspectors and Environmental Health Officers.

compliance





“over the last year we have reorganised our safety structure to provide cross-functional support across all business units”

safety initiatives



GRI LA5 2004-05 saw significant changes to our safety management approach.

Historically the safety of our people was managed in separate business units, which hindered progress for a common approach. Over the last year we have reorganised our safety structure to provide cross-functional support across all business units with our regional teams managing safety in eight regions across the country. To support this we have put in place new policies, procedures and measures to make our safety management more robust and fully up to date – such as our new CSR Audit Programme, the audit of our Persons in Control and performance reporting.

We deeply regret that during 2004-05 we suffered one colleague fatality after one of our postmen in Fife was involved in a road accident. We also deeply regret that our road vehicles were involved in accidents leading to the deaths of seven members of the public. All such incidents that result in fatalities or serious life threatening injuries, either to third parties or our people, are thoroughly investigated by internal safety professionals independent to the office involved. These investigations aim to ensure all root causes are identified to minimise the chances of reoccurrences and that any implications for our national policies are highlighted to senior management for action.



During 2004-05 we reviewed our serious/fatal accident process and we are in the process of re-communicating this to all frontline managers via the business protection handbook. In addition we are currently reviewing our exposure to occupational road risk against established good practice.

Focusing on issues integral to successful safety management we aim, over the forthcoming year, to also review the way risk assessments and accident reporting and investigations are carried out. Following successful user testing, improvements will be communicated and deployed across the Group.

We have established a National Safety Steering Group within Royal Mail that focuses on enhancing the deployment of business policy and control mechanisms. Its target areas are:

- Communications and the CSR framework
- Accidents and investigations
- Bag weights
- Dog attacks
- Road traffic accidents.

In addition we have worked hard on communicating change to our managers. At each Parcelforce Worldwide depot we have installed wall charts identifying individuals' responsibilities so that everyone's awareness is raised. Parcelforce Worldwide has also published a number of communications on stress to help its people and have issued them all with a Haynes manual via the Worktime Listening and Learning sessions.

An important underlying issue is to change the safety culture of our business, for all of our people to challenge unsafe behaviour, not just because of the rules but because it is the right thing to do. Changing the culture, attitude and behaviour of our people is our greatest challenge. We must start with our managers and encourage:

- Better leadership commitment
- Line managers to be role models, setting the standards
- Accountabilities, consequences and recognition of safety management e.g. stopping unsafe behaviour
- Support to aid accountabilities e.g. up skill training
- Consistency in our approach to be deployed via our regional support teams.

Future initiatives include:

- Better usage of site Worktime Listening and Learning sessions
- To use union representatives in the field more effectively
- Direct mail sent to our people on major issues
- Credit card advertising for major projects and campaigns e.g. CSR contact centre
- Simplification of communications channels and easier access to intranet.

“changing the culture, attitude and behaviour of our people is our greatest challenge”





“my wife suggested that I make an appointment to see the Occupational Health Service at the Mail Centre. It was the best thing I had ever done. Just talking to someone who was independent, willing to listen and provide me with information and guidance on bereavement and ways to manage the stress in my life”



one of our people who used our health service



health initiatives

We recognise the benefits of a strong and proactive employee health service, which embraces not only workplace medical services but also occupational health and safety, employee benefits and diversity.

This provides mutual benefits to our people through their improved health and wellbeing and also to the business through improved performance and reduced operating costs due to ill health. The changing marketplace provides many challenges and requires a continuous improvement in services to protect and promote the health and wellbeing of our people through collaborative teamwork between our units.

This year we have redesigned and enhanced the health services provided to our people – focusing on faster response times, quality and easier access to services. Improvements to the services and processes began in the summer of 2004 and the fully operational system will be deployed nationally throughout 2005.

Key features of the new service include:

- A dedicated Contact Centre has been opened to provide national support to our people. This is available 24 hours per day, seven days weekly throughout the whole year. Our people may contact

the Centre for health information and advice. Line managers may arrange medical appointments and other service arrangements on behalf of their team members and track progress

- New appointments process – to encourage better attendance and give managers the opportunity to help team members to attend appointments
- Medical Help Desk – to provide managers with professional advice and guidance
- New pre-employment screening process with faster turnaround times
- Introduction of new service lines such as national physiotherapy and Occupational Therapy services
- Telescheduling and telephone assessments – a new service approach that will include telephone assessments with our people where appropriate and reduce the need to attend appointments.

In addition our people can access the Atos Connect Help Line, which provides confidential counselling, and information on a range of issues including personal, social and legal matters whether related to work or home life.

We have successfully piloted a specialist rehabilitation service at our largest mail centre, Mount Pleasant, and demonstrated a high success rate in assisting injured and ill colleagues to resume work with a 2.5:1



“actions speak louder than words may be a cliché but true nonetheless. The partnership between Royal Mail and the Men’s Health Forum is an excellent example. In only two years this relationship has addressed issues on men’s health never previously considered let alone put into practice”

Ian Banks, President, Men’s Health Forum

return on investment. Following the success of this pilot a feasibility study is under way to look at the ways in which this can be enhanced and extended across the Group.

We are investigating how we can support and manage the return to work and rehabilitation process for our people following cardiovascular attacks. It is our intention to explore ways in which we can support these people by building a relationship with the British Heart Foundation and other specialist organisations.

Research into psychological support for trauma victims was conducted in collaboration with the British Occupational Health Research Fund and is showing promising results. It is hoped that the project will be extended into the coming year.

The 2005 National Men’s Health week on the subject of ‘Men and Obesity’ was supported with a national programme of mini-health clinics, workshops, canteen events and information displays at over 20 of our sites. In addition we have a permanent exhibition on cancer at our largest mail centre, which was set up as part of our supporting activities for the 2004 Men’s Health Week, which focused on cancer.

In addition we helped produce the Men’s Health Manual on Obesity, which along with the 2004 manual on cancer, have been made available on our CSR intranet site for easy access by our people.



Parcelforce Worldwide is also providing a range of Haynes mini Men’s Health Manuals to its people.

Although we are the largest single employer of men in the UK we will continue to have a proactive approach to women’s health, building relationships with internal and external groups wherever applicable to enhance the service we already provide for female colleagues.

Some 35 workplace Fitness Centres are operated nationally with specialist fitness instructors to assess and advise our people with personal exercise programmes. We are currently looking at various options that will enable fitness centres to be located in many other sites across the Group. The Standards and Guidelines drawn up to support this process take into account our policy of not having lower standards for our people during any leisure activities on our premises than those applicable during their work time.

With the reintroduction of some train services and our continued use of airports as a means of distribution, we are reviewing our Alcohol and Substance Misuse Policy. We recognise that our people reflect society and there will be some who will need our support, so the review is looking to introduce a policy of prevention, awareness, treatment and rehabilitation.

We will continue to try to minimise possible adverse work-related health effects. Some areas of topical concern include stress, ergonomics, work organisation and workplace design.

The full liberalisation of the postal market in 2006 will bring with it challenges which could effect our working patterns. This will require a more focused and proactive employee health service. We aim to meet this challenge and support our people by looking at the type of services that we are able to offer them and then to customise our services to meet specific business requirements.

CASE STUDY – MEN’S HEALTH WEEK

Being frank about men’s health has a double meaning after we arranged for a special postage cancellation mark to highlight Men’s Health Week (13th to 19th June 2005).



The cancellation mark ran for a six-week period and was printed on more than one billion letters.



CASE STUDY - WOODLAND ANIMAL SPECIAL STAMPS



For our Woodland Animal special stamps – launched in September 2004 – we selected ten images taken by some of the world's leading animal photographers which captured, where possible, the 'moment of surprise' when an animal looks directly at the camera.



environmental initiatives



17.1 TRANSPORT

17.2 CARBON MANAGEMENT PROGRAMME

17.3 BUILDING ENERGY

17.4 WASTE

17.5 WATER

17.6 BIODIVERSITY

This section focuses on initiatives addressing our main environmental impacts – all of which have a significant procurement element. Further details of how we are actively managing our supply chain can be found on page 41.

17.1 TRANSPORT

Our transport and distribution operations have a significant impact on the environment. We have one of the largest fleets in Europe with about 32,000 vehicles in our commercial fleet, including hire vehicles, and just over 2,600 company cars.

GRI EN34

Historically the storage of diesel at our sites was a significant environmental risk due to the age of our fuel installations, and two years ago we instigated a programme of rationalizing our bulk fuel storage facilities to address this risk. In 2004-05 we further

reduced the number of operational fuel tanks on our properties from 423 to 338 as we near completion of the rationalization programme. In addition we have implemented a fuel monitoring system across the whole business which enables us to accurately monitor the amount of fuel used through the electronic measurement systems at all onsite fuel tanks.

We are one of the four blue chip 'thought leaders' who have been invited to join the Energy Saving Trust's Transport Charter programme, which is focused on developing targets and performance measures for organisations to adopt. We are currently inputting to the charter development stage, which is scheduled for completion in October 2005.

The trial and use of alternative fuels continues to play a significant role in our transport programme. We have a range of Alternative Fuel Vehicles throughout our operations from the 147 Liquefied Petroleum Gas (LPG) vehicles based in London and Perth, through to the electric Bradshaw vehicles in Oxford. Over the next year we plan to benchmark other European Postal Authorities to understand how and in what conditions their electric vehicles are used. We are already engaged with a PostEurope project investigating the potential for electric trolleys, mopeds and bicycles.

GRI EN19

We have two Volvo Bi-fuel (petrol and LPG) vehicles that are being used as pool cars at our Old Street Headquarters in London. In addition we have six Honda IMA Hybrid vehicles, which have proved very popular with our people and we are investigating options to increase the numbers available to that of best practice.

Our Postbus service plays a vital role in rural communities where other forms of public transport may be limited. Last year our Postbuses carried 148,390 people just over 3.3 million miles on 72,000 journeys. The service operates on 166 routes and used 528,000 litres of fuel in its operation.

- We will consider placing an upper limit on CO₂ emissions for our personal contract cars in an effort to encourage the selection of lower emission vehicles.
- We will also assess the safety ratings for our company cars for both driver and pedestrian safety.
- By September 2005 all new Job Needs Cars that we order will be Euro IV compliant.
- We will investigate the potential for wind micro-generators on our properties for recharging electric vehicles.
- We will review the Energy Saving Trust's Transport Charter once developed and assess the potential for committing to the targets within the charter.

GRI EN17

As part of our stated aim of becoming a truly sustainable company, we are proactively working to minimise our carbon footprint and reduce carbon dioxide emissions (CO₂). This is in line with the expectations of our main stakeholders, as well as fitting in with the current Government climate change strategy. Our carbon management strategy has three main strands, which are detailed below.

A vital element of our strategy: we are working to reduce the amount of energy consumed by both our vehicles and buildings which will have financial savings as well as reducing carbon dioxide emissions

We recognise that a base level of energy is required to deliver our services. This second strand therefore addresses the type and source of that energy.

We are investigating the potential for offsetting our residual carbon dioxide emissions (i.e. those emissions which remain after the activities in the first two strands) by the planting of native trees in the UK, termed carbon sequestration. Whilst we recognise that it is more effective to reduce our carbon dioxide emissions at source, there is scope for carbon offset schemes to help reduce our carbon footprint.

Inputting into the development of the Energy Saving Trust's Transport Charter Programme which focuses on:

- Reducing congestion and CO₂ by choosing the most appropriate method of transport
- Choosing cleaner, lower carbon vehicles
- Using vehicles in the most efficient manner
- Sharing best practice.

We have revised our Group wide renewable energy target, up from 10% to 50% of our total electricity consumption by 2010. We are currently reviewing the potential for on site wind power generation.

The use of Combined Heat and Power (CHP) will continue to play a significant part in our energy strategy. We currently have 30 CHP units at 18 offices, supplying 51GWh or 12% of our total electricity consumption.

We continue to trial Alternative Fuel technology in our Road Fleet. We currently have 147 Liquefied Petroleum Gas (LPG) vehicles operating in London and Perth, along with six electric vehicles operating in the Oxford area. We are also trialling a 5% biodiesel blend – the results of which will be reported in our next CSR Report.

Energy pilot schemes will be rolled out at several of our offices over the 2005-06 year. The aims being to trial energy housekeeping measures, review our communications strategy and methods of employee incentivisation.

“we have revised our renewable energy target – up from 10% to 50% of our total electrical consumption”

17.3 BUILDING ENERGY
We have just over 3,000 buildings in our property estate and the energy and water consumption at these sites is another of our significant environmental impacts.

We have signed up to the Carbon Trust’s Carbon Management Programme, which will help us to identify energy efficiency measures in an innovative and radical manner. Initially we will be undertaking a scoping study phase to identify existing good practice across the Group as well as suggesting new areas to target, which will then lead to the second delivery phase, based on maximising the benefits that can be realised. The main objective of the programme being to engage our people and to provide technical solutions to reducing our carbon footprint. In addition we have undertaken 31 energy surveys across our estate and the outputs will be integrated into the wider carbon management programme.

Last year we saved £1.2m across our property estate thanks to improved data collection and invoice validation via our Energy Monitoring and Targeting System. We have also introduced new reporting formats, which has enabled regular scheduled performance reports and more accurate data reconciliation. We have signed a new contract for the provision of Building Management Systems bureau services, to provide effective and efficient monitoring and control of building environmental conditions, covering 500 remotely monitored sites. The Service Level Agreement provides reactive and preventative improvement services.

We have revised our renewable energy target – up from 10% to 50% of our total electrical consumption (c.200 GWh) by the year 2010. In order to achieve this we have updated our sourcing strategy for renewable energy, advertised our requirements in the Official Journal of the European Community (OJEC) and will be developing a commercial package to procure certified renewable energy from various sources, as well as conducting a feasibility study for on-site electricity generation from various sized turbines.

GRI EN17

We have started planning a series of energy pilots that will be implemented on a number of sites across the business. The aim of these pilots is to validate the environmental business case and demonstrate the potential financial and material savings (c.10% of energy bills) that can be achieved and sustained as a direct result of increased environmental awareness, local initiatives and sharing of best practices. Leading on from this we are looking to engage with Community Co-ordinators covering each site to promote colleague engagement, recycling, waste, water and energy awareness – minimising our footprint. We are starting to push forward a paradigm shift towards energy, waste and water; the energy pilots and Community Co-ordinators providing an important first step towards this cultural change.

The role of our new Community Co-ordinators spans our environmental and social policy activities. Further details of the social element of their role can be found on page 78.

- COMMITMENTS
- We will investigate the potential for linking pro-rata savings in energy consumption, at a site level, via financial donations to approved schemes, such as biodiversity and the preservation of ancient woodlands. Also review the options for one-off charitable donations resulting from people reporting energy saving opportunities.
 - We will recruit Community Co-ordinators to cover each site and to promote colleague engagement.

“we continue to work with our waste contractor to set a framework for developing more effective waste management and minimisation programmes”

17.4 WASTE
We create a significant amount of waste as a business, with 48,073.6 tonnes sent to landfill in 2004-05.

Our waste ranges from hazardous waste such as vehicle oil and brake fluid from our Vehicle Services workshops, through to pallets, catering waste and general office waste.

We are responding proactively to be fully compliant with all upcoming legislation relating to waste. We are developing methods to improve waste handling over and above legal requirements, along with reviewing the possibility of developing recycling centres of excellence.

We continue to work with our waste contractor to set a framework for developing more effective waste management and minimisation programmes. We are expanding our potential for recycling and to aid this we have sourced specialists to carry out a waste characterisation analysis audit of waste produced at selected premises to determine the scope for waste segregation and recycling. We seek to reuse or recycle as much waste as possible.

We have tasked our purchasing department to set up a recycling programme for mailbag ties, which will divert 500 tonnes of polymer from being placed in landfill every year.

Our catering partner is looking to trial recycling waste cooking oil into bio-diesel, as well as recycling plastic cups, bottles and cans at a number of our units.

We have also recently reviewed our criteria for office furniture. Our furniture is now manufactured where possible from environmentally safe and sustainable resources, which is capable of being recycled. The timber comes from forests accredited by the Forest Stewardship Council (FSC). We have introduced a points system to determine if furniture should be repaired or replaced. Furniture is reused throughout the estate wherever feasible. Unserviceable furniture is collected by the supplier and is broken down, segregated and the constituent materials recycled where possible. As part of our property rationalisation programme we are looking at opportunities to undertake further recycling and reuse of redundant furniture.

17.5 WATER
We have completed the sourcing of specialists to investigate water consumption across our property estate.

They will be investigating loss through leakage or high volume usage per occupant and it is expected that this will help us move towards reducing water consumption.

17.6 BIODIVERSITY
We are members of Earthwatch’s Corporate Environmental Responsibility Group (CERG) initiative.

The Group is a forum of cross-sector exchange and awareness raising that engages companies in environmental and sustainability issues, with a particular focus on biodiversity.

- COMMITMENTS
- We will undertake a feasibility study for establishing eco-gardens at all Help the Hospices (our major supported charity partner) sites across the UK.
 - We will encourage our network of new Community Co-ordinators to establish biodiversity gardens at some of our own sites.





CASE STUDY - VOLUNTEERING

As part of a community volunteering activity our CSR Operations team brightened up the garden at Myton Day Hospice, Rugby. The team planted flowers, constructed a new path, put up nest boxes and created a sensory garden area.

The team has overall responsibility for the provision of Group wide support and advice across the complete CSR remit - health, safety, environment and social policy.

social policy initiatives



18.1 MAJOR SUPPORTED CHARITY

18.2 VOLUNTEERING

18.3 RECRUITING FROM SOCIALLY EXCLUDED GROUPS

18.4 PAYROLL GIVING

18.5 EDUCATION

18.6 LINKAGES OF SOCIAL POLICY PROGRAMME

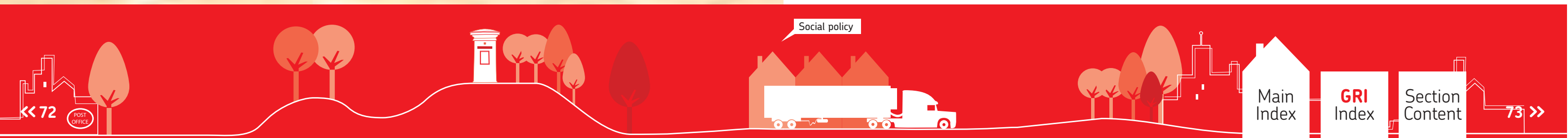
18.1 MAJOR SUPPORTED CHARITY Help the Hospices has been chosen as our charity partner.

GRI 3.11

We invited all of our people to vote for their preferred charity from a shortlist of six charities that had been nominated on the basis of their nationwide footprint, the opportunities they could give to engage our people, the visibility of the difference that our peoples' contributions would make and the strength of the relationships that we could build.

GRI 3.12

One of the key reasons for shortlisting Help the Hospices was because hospices have a presence at a local level throughout the UK. We are now linking all of our sites uniquely with a local hospice. This means we will be able to focus our activities at a local level even though we are working with a workforce of over 196,000 people. Our people can build relationships locally on an individual or small team basis. They are, we believe, much more likely to assume direct responsibility for the contributions that they make at this local and personal level, especially when we are simply providing the framework and they are empowered to decide how they want to use it.



“working together to raise money for charity has helped develop a strong sense of camaraderie and has really boosted morale in the office. We have all learned new skills and work together more effectively as a team”

Steve Philpott, Shift Manager

We will support our chosen charity partner for a two-year period through fundraising and volunteering activities and will match the funds raised up to £250,000. Twenty percent of the money raised will be donated to the Rowland Hill Fund.

OBJECTIVES

- To raise at least £1 million from the campaign, inclusive of the £250,000 contribution from the Royal Mail Group. (The latter to be split 50/50 between Help the Hospices and local hospices).
- To recruit 2,500 new payroll giving donors for Help the Hospices or local hospices during the course of the partnership. To raise £500,000 over the two year period.
- To have 20,000 of our people involved in volunteering activities with hospices by the end of the campaign.
- To evaluate and implement options for Cause Related Marketing activities.

18.2 VOLUNTEERING

We have also sought other ways to ensure that we are involving our people and encouraging them to take as big a part in this engagement as they want. These people may contribute through fundraising, doing one-off projects, working on a regular or extended basis with individual hospices, providing remote support and in other ways we will probably never anticipate! We will encourage any reasonable forms of volunteering and we are looking at finding ways of building suitable volunteering and community engagement activities into our people development and training activities for those who would prefer to do this instead of more typical types of training, where appropriate.

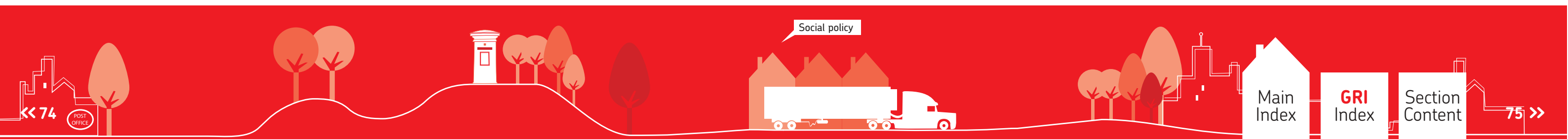
18.3 RECRUITING FROM SOCIALLY EXCLUDED GROUPS

We are working with several organisations to create a recruitment framework for attracting and retaining candidates from socially excluded groups – such as 380,000 ‘hidden homeless’, 24,000 leaving the armed forces annually and 3.68m people with disabilities. This scheme will allow us to address a number of issues. This is an opportunity for us to diversify our workforce; to open up new recruitment sources; to influence the culture and behaviour of people in the workplace; to address external pressures and to give our people an opportunity to contribute through mentoring and buddying. We are adapting recruitment processes, selection criteria, workplace environments and job roles to open up opportunities that would not otherwise be available. Allied with this has been one of the most extensive diversity training programmes ever undertaken, training over 175,000 people in just over 18 months.

18.4 PAYROLL GIVING

Our focus on local relationship building extends through the strands in other ways. We are providing the opportunity for our people to commit to Help the Hospices and other charitable causes, through payroll giving as a means of supporting our charity partner – even if they do not wish to take an active role in the relationship. Even through this most passive form of engagement, there is potentially a clear, direct relationship with local communities.

There is a deliberate synergy in this area between our Social Policy and Diversity teams. Further information on what we are doing in the recruitment area can be found on page 43.



QUOTES RECEIVED ABOUT OUR EDUCATION RESOURCE PACKS:

- >> just ordered mine, very quick and easy. How fantastic! Thanks for letting us all know! Well done Royal Mail! >>
- >> **just phone them and order one, They have put it together from advice of teachers, so they know exactly what you want** >>
- >> mine arrived this morning – it is lovely and I feel inspired! >>
- >> **oops! I have started something now, how about a BIG thankyou to the kind ppl at the Post Office? THANKYOU!!!** >>

18.5 EDUCATION

Education is not only a major priority for government and businesses but also a priority for the whole community. This is why the Royal Mail Group has supported the literacy and numeracy curriculum in primary schools for many years.

Traditionally we have produced resources to support a range of activities specifically in primary schools – but we are now working to extend this to secondary school pupils and to adult populations. Our education programme will focus not just on helping people to develop the core academic skills that we have traditionally pursued, but also incorporate elements that demonstrate the sort of organisation that the Royal Mail Group wants to be.

We are determined to demonstrate to prospective colleagues that they will be empowered to contribute to improving the way that we work as a business. As such, we plan to increase opportunities for our people to get involved in taking this education material out into schools and other learning environments and give them the chance to explain why the Royal Mail Group is the sort of organisation which people want to work for. This will give our people a chance to articulate for themselves the sorts of reasons why they enjoy working with us

and to talk to others about the different behaviours, cultures and attitudes they want to see.

Examples of the resources currently available to primary schools include:

- Community Post Office – A Post Office® activity pack encourages children to think about the role of the Post Office® in the community and within the pack there are opportunities to highlight diversity
- Lenny the Letter – A Royal Mail pack describes the journey of a letter and activities include how to properly address a letter
- Numeracy With Stamps – a pack designed to help children develop their numeracy skills
- In addition we produce and distribute homework reading diaries, writing journals and numerous other resources.

Last year we estimate that approximately 412,000 children used our resource material.

We will be producing new education packs for the beginning of the new academic year and targeting these at secondary schools and adult education establishments. These people are all potential Royal Mail people and our aim is to use these packs to educate people in the community not only in a personal learning sense, but also about the opportunities that they will have to put

their new skills to good use working with a dynamic and progressive Royal Mail Group plc.

COMMITMENT

- We will produce new education packs for use in secondary schools and in adult education.

VOLUNTEERING IN SCHOOLS

Many schools are really keen to provide opportunities for their pupils to learn more about local businesses and enhance the curriculum by asking people from outside the school to talk about the world of work. Many of our people visit schools to talk about their roles and explain how a letter gets from A to B!

All the packs that we have developed will support anyone who works for the Royal Mail Group if they are approached to give a talk at their local school. We encourage colleagues to take opportunities to visit schools. We provide advice and resources to support such activity.



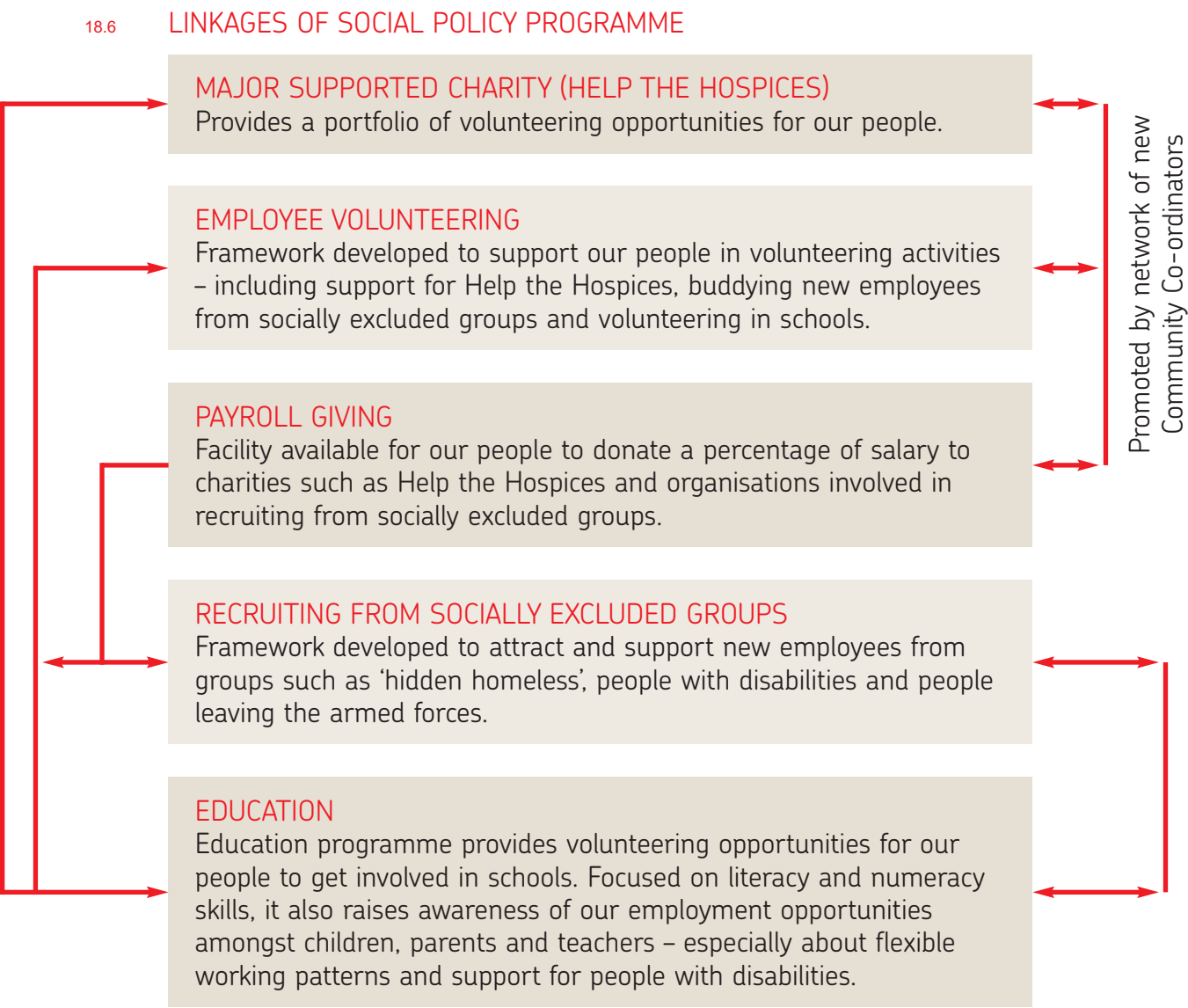
CASE STUDY – YOUNG LETTER WRITERS COMPETITION

Another way in which we support literacy in schools is through our Young Letter Writer's Competition, which has attracted over five million entries since it began 28 years ago – making it the biggest letter writing competition of its kind in the UK. This year the competition challenged the nation's young letter writers to "Write to their 1st Class Hero".

Ten year old Amber Shun-Shion from Stockport wrote a moving and entertaining letter to Royal Mail, begging for Henry VIII to be recognised as her 1st Class Hero. The comic stance Amber took writing the letter as Ann Boleyn secured her the title of 'Royal Mail's Young Letter Writer of the Year'. She beat off stiff competition from over 50,000 entries written by seven to eleven year olds across the country.

An extract from Amber's winning letter reads: "I am writing to you to persuade you to choose my beloved Henry. It is very hard to write this letter as there is blood dripping everywhere and my free hand is trying to keep my head on."

“we are adapting recruitment processes, selection criteria, workplace environments and job roles to open up opportunities that would not otherwise be available”



CASE STUDY –
ADVERTISEMENT FOR RECRUITING FROM SOCIALLY EXCLUDED GROUPS

Thankfully, not everyone's the same.

Join Royal Mail delivering the post and you'll soon see the true meaning of variety, especially when you consider that every day we deliver to over 27 million addresses. Ours is a service that's part of everyone's life, and reaches every part of our diverse community. And it's important that our team is representative of the people we serve, so we encourage applications from socially excluded groups such as the homeless and those with physical and learning disabilities. We also encourage applications from ethnic minorities and women. In return you'll enjoy a competitive salary and a fantastic benefits package, not to mention a supportive and encouraging working environment. To find out more, please visit our website www.royalmail.com/jobs. **A service to be proud of**

Royal Mail
with us it's personal[®]



“childcare is an important factor
for many of our people”

diversity and inclusion initiatives



GRI HR4 Recognising that childcare is an important factor for many of our people, a comprehensive childcare strategy, outlining the business case for supporting parents, was completed in May 2005 and contained detailed recommendations.

As a result we will fund a ‘Childcare Co-ordinator’ to implement the other recommendations in the strategy, lobby the government on the childcare needs of the Group and work in partnership with local authority, private and community sectors to support the development of appropriate childcare, which meets the needs of our people.

Further work is now under way to specify how we can effectively and accurately monitor the diverse nature of our people, particularly around gender, race and ethnicity. The proposals are due to be agreed by the end of September 2005. The intention is that monitoring will capture the ethnic identity, gender and age each time one of our people uses any part of our HR processes. This consistency will provide accurate diversity data within recruitment, where monthly reports will be analysed by both the recruitment and diversity team.

GRI LA10

CASE STUDY – CHAIRMAN’S DIVERSITY AND INCLUSION AWARDS

In June 2005 we held our first ever Chairman’s Diversity and Inclusion Awards at London’s Hammersmith Palais. Attended by over 500 colleagues, the awards were designed to recognise those people and teams who have made a difference in helping to make our business a more enjoyable and inclusive place to work. The event was hosted by chairman Allan Leighton and featured a special guest appearance by former Olympic athlete Kriss Akabusi. The award categories; Best diversity training facilitator, Best team contribution to diversity, Creating the greatest place to work and Best individual contribution to diversity, received over 1,500 nominations. The four category winners were each awarded £5,000 to be used for further work in diversity in their respective operational units.

Diversity and inclusion



“religious tolerance is a part of our business values and many of our operational units include prayer or quiet room facilities for our people”

GRI HR10 We have a zero tolerance policy to bullying and harassment and encourage people to complain of any behaviour that falls below the standards expected of our people. As a consequence we have taken positive action in a number of areas. In June 2004 we put in place a new bullying and harassment process that is clear, straightforward and easy to use. The procedure has a strong emphasis on quick, informal and timely resolutions. Eight completely independent regional case managers manage bullying and harassment complaints from start to finish. Their sole focus is on making sure all cases are followed up and resolved.

In tackling sexual harassment against women we have completed a nationwide survey of all female colleagues in the Royal Mail Group (over 36,000 in total). This was the largest survey of its type with nearly 10,000 responses received. Further research was conducted through focus groups and one-to-one sessions. This culminated in a report and presentation to our diversity champions chaired by Adam Crozier.

We have continued to remove materials from the workplace that might cause offence – a move widely supported by our people.

Our Diversity team has continued to work closely with business units to help develop localised and appropriate responses to requests for religious observance. Over the past twelve months wider communications were developed by the Diversity team to give additional guidance and advice on how to manage requests for time off during religious festivals. The advice recognises the importance of religion to all people of faith, balanced with the operational and practical needs of the business and has also been included in the recently circulated Managers Guide to Diversity and Inclusion.

In April 2005 we joined the newly formed ‘Employers’ Forum on Belief’ with the aim of sharing good practice and learning from the experiences of other private sector employers. Religious tolerance is a part of our business values and many of our operational units include prayer or quiet room facilities for our people. Some units are currently introducing other facilities like Muslim washrooms to enable people to fulfil their daily obligations within the context of the operational needs of the business.

We are working to improve the representation of women and our people from ethnic groups in all management positions, particularly at senior levels.

Within our Race Equality Action Plan we will focus on: monitoring, mentoring and ‘cultural’ training for key groups of our people. Cultural awareness training will continue to raise awareness amongst assessors and key managers of how cultural assumptions can affect how we see colleagues from diverse backgrounds.

GRI PR1 A comprehensive programme of access surveys has been carried out across all our 1,600 premises that have customer access. As a result there is an ongoing, prioritised, structured programme of improvement work for the 15% of these buildings where access issues have been identified and not yet addressed.

We provide advice and support for all our agents throughout the network. We have launched a substantial fund that allows subpostmasters to make adjustments to their premises.

Managers in all directly managed Post Office® branches have used our self-audit pack to help them identify areas where improvement may be needed. Information from the directly managed branches is now held in a database that can help identify and prioritise a programme of work to improve access.

COMMITMENTS

- We will fund the position of a Childcare Co-ordinator.
- We will implement a pilot mentoring scheme in September 2005 to address the under representation of female and ethnic minority colleagues in senior positions.

CASE STUDY – RACE FOR OPPORTUNITY

A further significant recognition came for us in the form of a Race for Opportunity (RfO) ‘Bronze’ award for our work on race as part of our diversity programme.

The RfO campaign is about engaging businesses on the economic and social value of having an effective race policy. More than 180 organisations work with RfO and each year member companies take part in a benchmarking survey to measure their impact and progress in key areas such as community involvement, employment, including recruitment and retention and marketing.

This year our overall performance score was 60% compared to 42% last year with significant improvements seen in the areas of resourcing and development, recruitment and training, communication and community involvement. The survey also revealed that Royal Mail was one of the top ten most improved organisations of 2005.





corporate security

Our Corporate Security Team's role is to reduce the impact of crime on our customer's mail, our people and the reputation of Royal Mail Group plc.

Despite our best efforts the postal system is sometimes used to facilitate other crime that affects UK society, for example drug and weapon importation, fraud and identity crime. We therefore assist other law enforcement agencies in the prevention and detection of these crimes.

For example:

- (i) Through working with financial organisations and police investigating credit card fraud
- (ii) By supporting government departments investigating benefit fraud
- (iii) By monitoring suspicious applications to have mail redirected; which allows the early detection of identity fraud.



“we have a zero-tolerance approach to dishonesty and an absolute commitment to the security of the mail”





“over 99% of people living in urban areas are still within a mile of a Post Office® branch”

Post Office® network

21.1 THE URBAN NETWORK REINVENTION PROGRAMME

21.2 POST OFFICE® BRANCHES IN DEPRIVED URBAN AREAS

21.3 THE RURAL POST OFFICE® BRANCH NETWORK

21.1 THE URBAN NETWORK REINVENTION PROGRAMME

GRI SO1

Our Urban Network Reinvention Programme was designed to create a modern and sustainable urban Post Office® branch network, providing the opportunity for improved profitability for subpostmasters whilst generating greater investment in the fabric of the network.

GRI 3.12

The programme has been completed ahead of schedule and has seen the closure of some 2,500 branches – 500 less than originally estimated – in order to create a sustainable network. All changes have been carried out in line with our Code of Practice agreed with the consumer watchdog Postwatch which includes a period of public consultation.

The Network Reinvention programme, as well as creating a sustainable network, has also ensured that over 99% of people living in urban areas are still within a mile of a Post Office® branch. Improvements in the

remaining branches have also been carried out and investment has been encouraged through an investment grant scheme and subpostmasters' own funding. The number of improvements agreed is more than 40,000 with investment in the urban branch infrastructure in excess of £40m.

CASE STUDY – BEST POST OFFICE® BRANCH AWARDS

The dedication and enthusiasm of our people prompted tens of thousands of our customers to vote for their favourite branch in the Best Post Office® branch awards 2004, where the community award was won by Monks Eleigh Post Office®.



According to the judging panel 'this branch epitomises this category as it's a real example of the community coming together to restore the service, breathing life into the community and raising the funds to do so too.'

“in line with Government policy we seek to maintain the rural network of Post Office® branches and to prevent avoidable branch closures”

21.2 POST OFFICE® BRANCHES IN DEPRIVED URBAN AREAS

Under a scheme managed by the Office of the Deputy Prime Minister the Government introduced a grant scheme in England specifically targeted at Post Offices® branches in urban deprived areas. Similar schemes were also established by the Welsh Assembly (£4.2m), The Scottish Executive (£2m) and in Northern Ireland (£750k).

Subpostmasters have secured grants to help improve their retail facilities to help make the overall business more sustainable. Most of the funding has now been allocated and improvements are being carried out, the schemes have benefited 340 branches in England, 105 in Wales and 39 in Scotland so far with the schemes in Scotland and Northern Ireland still operating.

21.3 THE RURAL POST OFFICE® BRANCH NETWORK

Approximately 8,000 Post Office® branches are in rural areas, which are defined as areas with a population of less than 10,000 people. The rural network services approximately 12 million customers per week with 84% of customers living within one mile of a Post Office® branch.

In line with Government policy we seek to maintain the rural network of Post Office® branches and to prevent avoidable branch closures. We have a dedicated team working with the local community to find alternative sources for the provision of Post Office® services and creative solutions are being seen with Post Office® branches in pubs, vets and tearooms.


CASE STUDY - NATIONAL NEIGHBOURHOOD WATCH ASSOCIATION

The Post Office® has signed up to become the main sponsor of the National Neighbourhood Watch Association (NNWA), one of the UK’s largest voluntary community movements.

David Mills, Chief Executive, Post Office® said, “We are delighted to announce this partnership between Post Office® and the National Neighbourhood Watch Association, both of which play an integral part in the UK’s communities. The Post Office® is an ideal platform to raise awareness of the National Neighbourhood Watch Association and its objective to increase safety in the local community.”

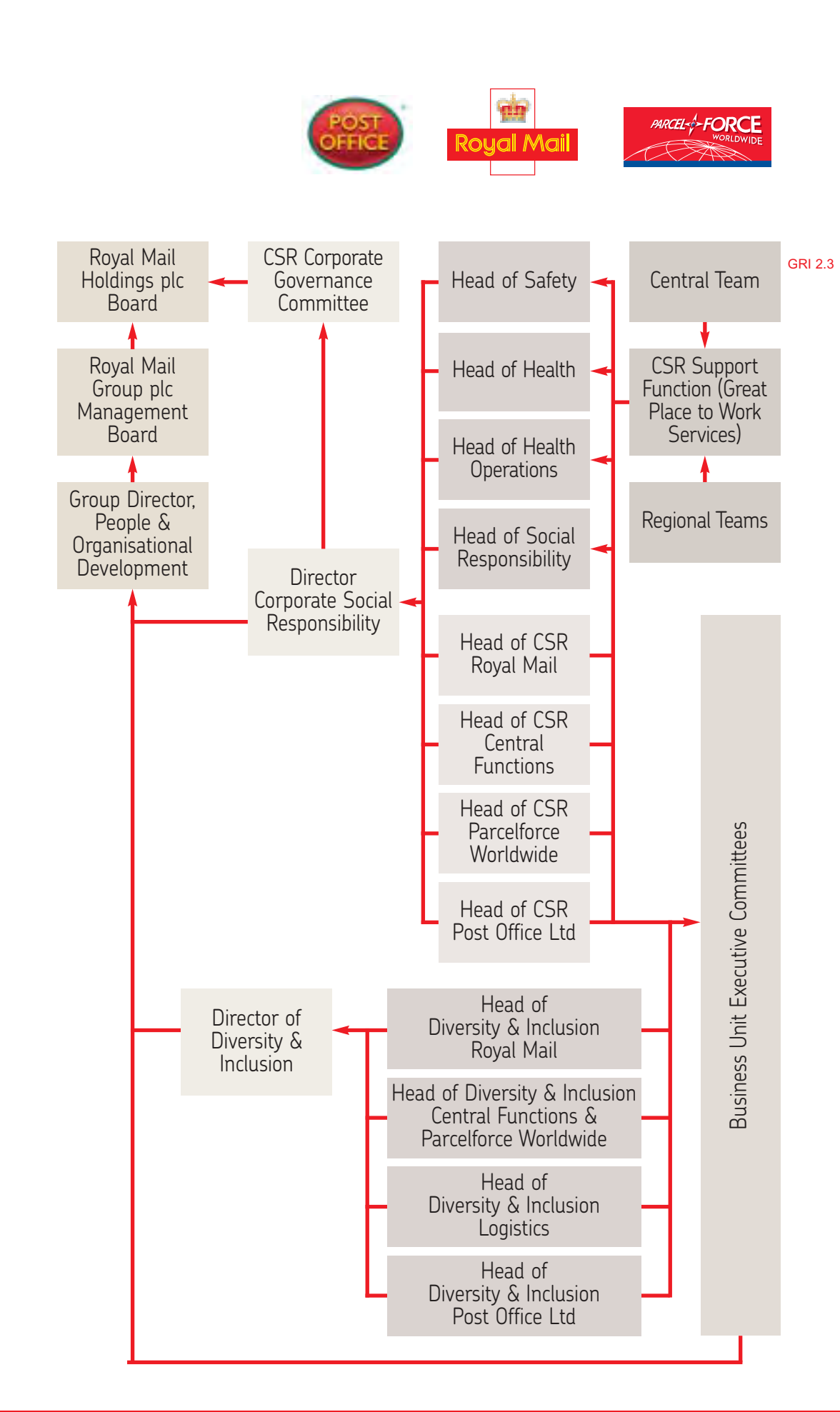
Roy Rudham, Chairman of National Neighbourhood Watch Association continued, “Sponsorship from the Post Office® is a natural fit for us. Both of our organisations share an interest in the community and its welfare, so it is therefore ideal that we have been brought together via the new Post Office® home insurance offering. This is the Year of the Volunteer and we hope that this sponsorship will enable our volunteers to continue their great work.”





“responsibility for our Group wide CSR performance resides with our Group Director, People and Organisational Development”

governance, structure and risk management



“we have 10 Diversity Champions across the Group. The chair of the Champions Group is Adam Crozier, Chief Executive Royal Mail Group plc, who promotes diversity issues directly to the Management Board”

GRI 3.6 Responsibility for our Group wide CSR performance resides with our Group Director, People and Organisational Development.

For management purposes this responsibility is delegated to our Director of Diversity and Inclusion, for diversity and disability issues, and our Director of CSR for health, safety, environment and social policy issues. Both these Directors are supported by a team of experts who have responsibility for the development of Group wide policies, and business unit Heads of CSR and Heads of Diversity, who are the business unit based specialists responsible for policy within their units and who interface with the experts and service providers on behalf of their business units.

Over the last 12 months we have restructured the support available to the experts and business unit Heads and brought together approx. 100 professionals from across the CSR field into one unit entitled People and Organisational Development Services (P&ODS). This support takes three formats – research and policy development, policy and activity deployment and business unit regional advice and guidance.

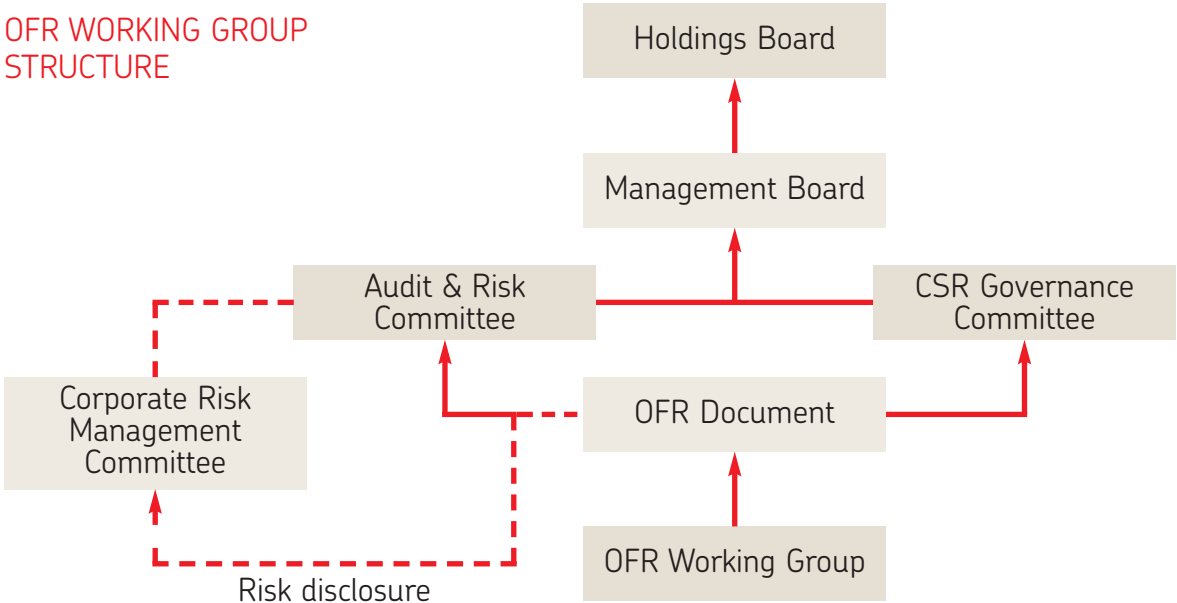
Two years ago we established a CSR Governance Committee to act on behalf of the Royal Mail Holdings plc Board. The Committee meets on a quarterly basis and the minutes and performance reports from each meeting are taken by the full Royal Mail Holdings plc Board.

The Committee has responsibility for confirming business CSR strategic direction and our long-term CSR goals, identifying emerging issues with Group wide impacts and making recommendations on minimum standards to be achieved throughout the Group. The Committee also prioritises CSR activity, particularly those requiring legislative compliance. The Committee have recently reviewed their effectiveness, both in light of the recent organisational changes and the changing risk profile of the business.

We have also convened a Charities Committee – which is a quarterly senior forum where executive decisions can be taken concerning the direction in which the relationship with the Major Supported Charity will be taken. This Forum is also used to ensure all areas of the business keep up to date on progress of the partnership and where necessary, members of the Charities Committee communicate any action that needs to be taken throughout the business.

GRI 3.1

GRI 3.4



In order for our diversity and inclusion strategy to be communicated and supported across all business units we have 10 Diversity Champions across the Group. The chair of the Champions Group is Adam Crozier, Chief Executive Royal Mail Group plc, who promotes diversity issues directly to the Management Board. It is the responsibility of each Champion to act as a role model for diversity, to provide active support to managers and to report on progress back to this group.

A Disability Action Group (DAG), formed during 2003 and sponsored by the Post Office Ltd Chief Executive, comprises senior managers from appropriate areas of Post Office Ltd. This group exists to oversee the current overall strategic direction of the Post Office® in relation to disability issues. In addition, Post Office Ltd has a full time Disability Discrimination Manager to oversee these issues.

Throughout 2004-05 Action Groups have been set up for each of the distinct business units that comprise the Royal Mail Group. Each group acts as a business-specific focus for disability issues, ensuring that we remain focused and unified in our actions.

Looking forward, we have established a cross-functional working group to ensure we produce an Operating and Financial Review (OFR) for the 2005-06 financial year, which complies with the requirements of the new OFR legislation and the Accounting Standards Boards’ Reporting Standard. The working group comprises of representatives from our People and Organisational Development, Finance, Internal Audit and Risk Management and CSR functions and is co-chaired by our Group Financial Controller and Head of Social Responsibility to ensure that the financial and non-financial elements are given an appropriate degree of emphasis.



triple bottom line performance



AT A GLANCE... TRIPLE BOTTOM LINE PERFORMANCE

ECONOMIC £M	2004-05	2003-04	2002-03	
External turnover	8,956	8,633	8,299	
Profit/(loss) from operations	537	220	(197)	
Exceptional items				
Share in Success costs	(218)	nil	nil	
Other	8	nil	(695)	
Net interest receivable	18	17	35	
Profit/(loss) before taxation	207	105	(611)	
Taxation credit/(charge)	28	(98)	52	
Profit/(loss) after taxation	235	7	(559)	
ENVIRONMENTAL				
Building energy consumption (GWh)	1272.7	1230.1	1156.3	
Renewable energy (% of electricity consumption & GWh)	1.2% (5GWh)	1.2% (5GWh)	1% (4GWh)	GRI EN5
Water usage (m3)	2,166,066	2,378,682	-	
Road fleet fuel procured (million litres)	160.5	159.0	158.4	
CO ₂ emissions from mail operations (CO ₂ kg per 1,000 items) ^{2,3}	19.9	21.8	26	GRI EN8
Total CO ₂ emissions (tonnes) ²	864,018.1	877,654.6	885,351	
Solid waste dispatch to landfill (tonnes)	48,074	49,153	-	GRI EN11
PEOPLE - HEALTH AND SAFETY				
Total accidents	26,036	35,948	40,525	
Total accidents per 1,000 Staff	132.9	172.7	185.7	GRI LA7
Absence accidents	7,623	9,566	-	
Days lost due to accidents	180,334	214,226	223,043	
Days lost to accidents per 1,000 Staff	920.2	1,140.2	1,034.7	
Total number of RIDDOR reportable incidents	5,598	7,273	9,185	
Total number of fatalities	8 (seven third party, one colleague)	20 (18 third party, two colleagues)	10 (nine third party, one colleague)	
Sick absence %	5.6%	6.2%	-	
SOCIAL POLICY				
Total colleague donations via our payroll giving scheme (£)	2,055,350	2,302,153	-	
Total charitable donations	£2million	£0.6million	£0.3million	GRI EC10
DIVERSITY				
Total number of bullying and harassment cases received ⁴	1,039	850	-	
Total number of investigations completed ⁴	1,163 ⁵	633	-	
Total number of bullying and harassment cases resolved within 28 days ⁴	319	155	-	
Number of our people trained in diversity	All of our people	65,397	-	

² Our CO₂ emissions have been calculated using the Defra Guidelines for Company Reporting on Greenhouse Gas Emissions that were current in June 2005. We acknowledge the new Annexes to the Greenhouse Gas Emission Reporting Guidelines that were published by Defra in July 2005 and will be using these new conversion factors in future reports.

³ Based on our emissions from our transport operations only. We hope to expand this measure over the next year to include emissions from our usage of building energy.

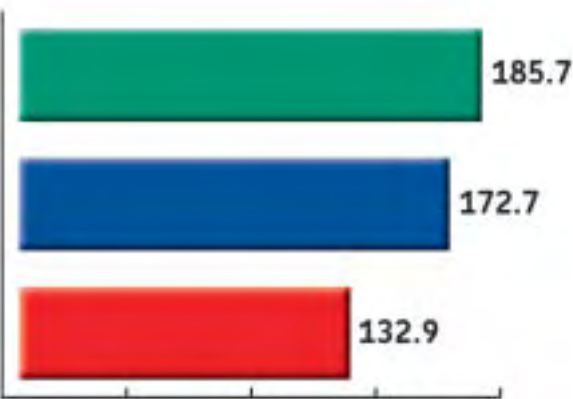
⁴ Reporting period is from 1st August to 31st July of relevant years.

⁵ This figure includes a number of cases received before the start of the reporting period.

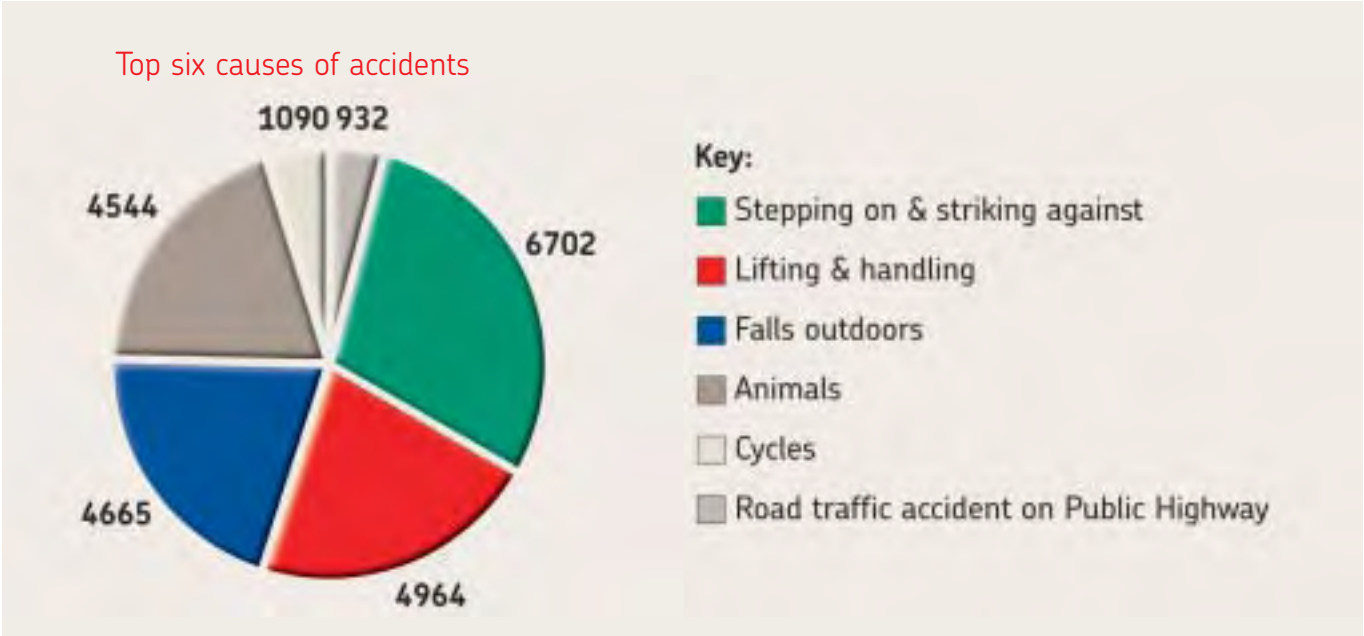
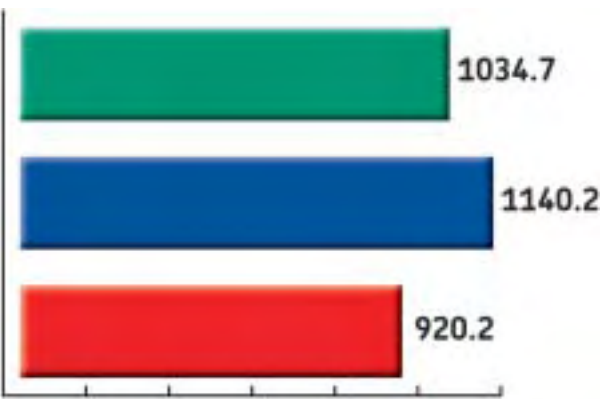
Health & Safety

Key: 2002-03 2003-04 2004-05

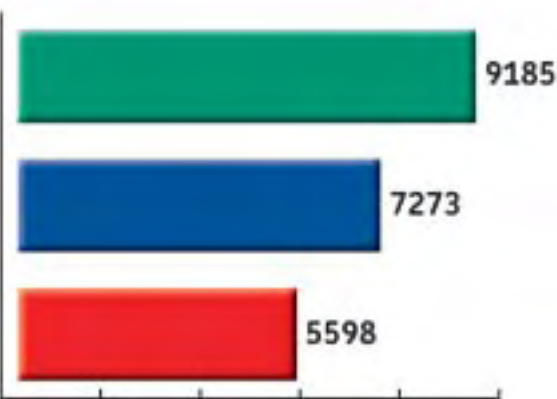
Number of accidents per 1,000 Staff



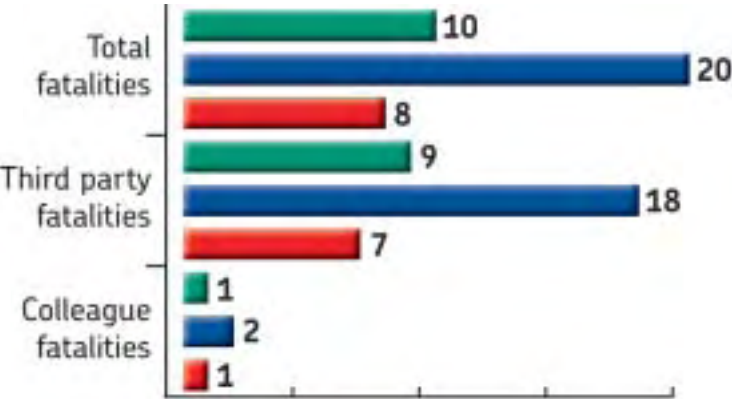
Days lost to accidents per 1,000 Staff



Total number of RIDDOR Reportable Incidents



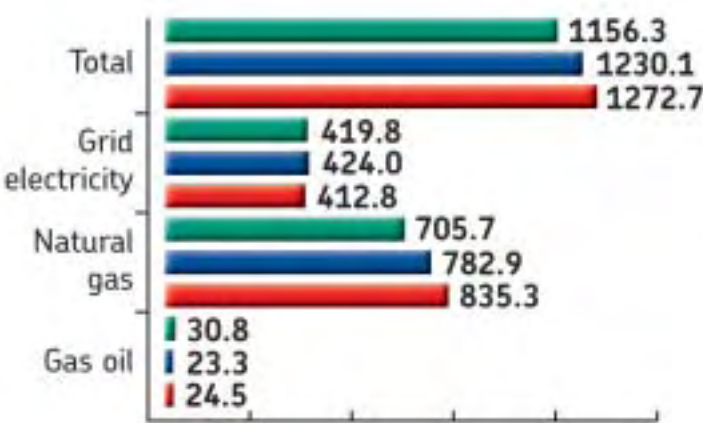
Total number of fatalities



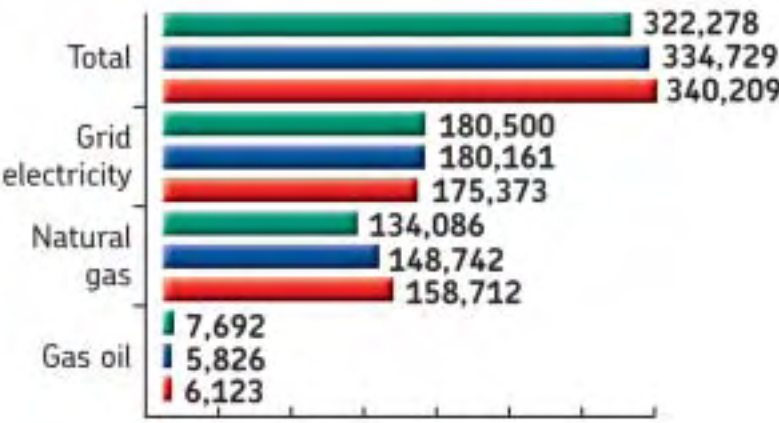
Environmental

Key: 2002-03 2003-04 2004-05

Building energy consumption (GWh) by type



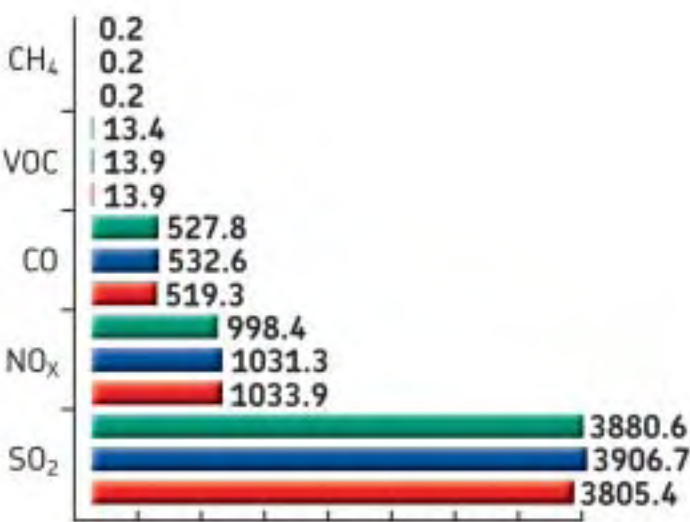
Carbon dioxide emissions (tonnes) from building energy consumption



Environmental

Key: 2002-03 2003-04 2004-05

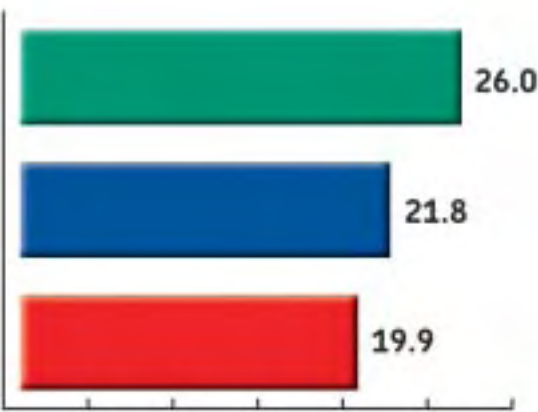
Indirect gaseous emissions (tonnes) from building energy consumption



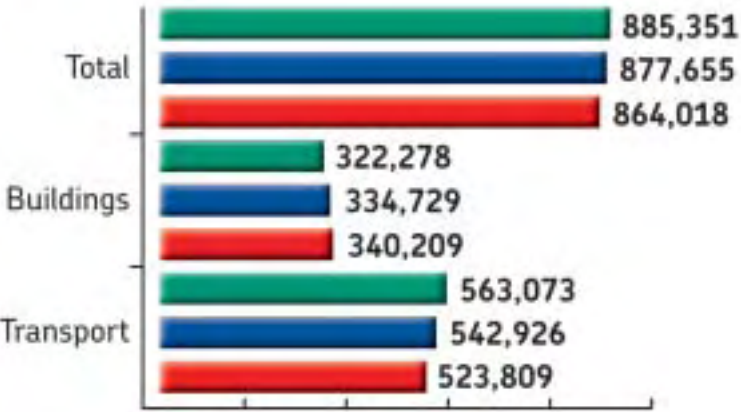
Carbon dioxide emissions (tonnes) by mode of transport



Carbon dioxide emissions (kg) per 1,000 items - from our transport operations

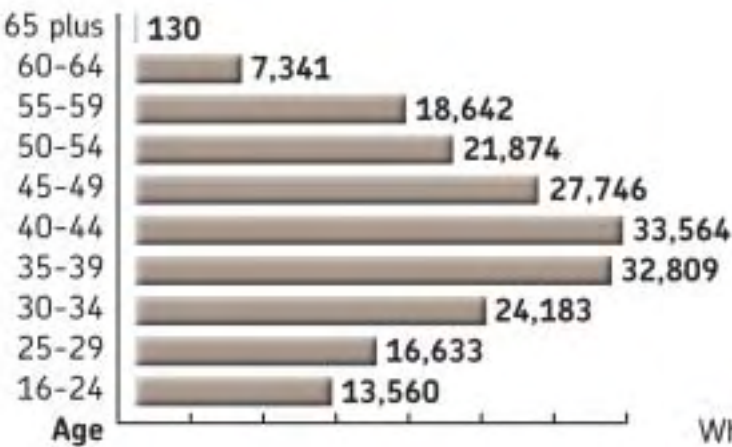


Total carbon dioxide emissions (tonnes)

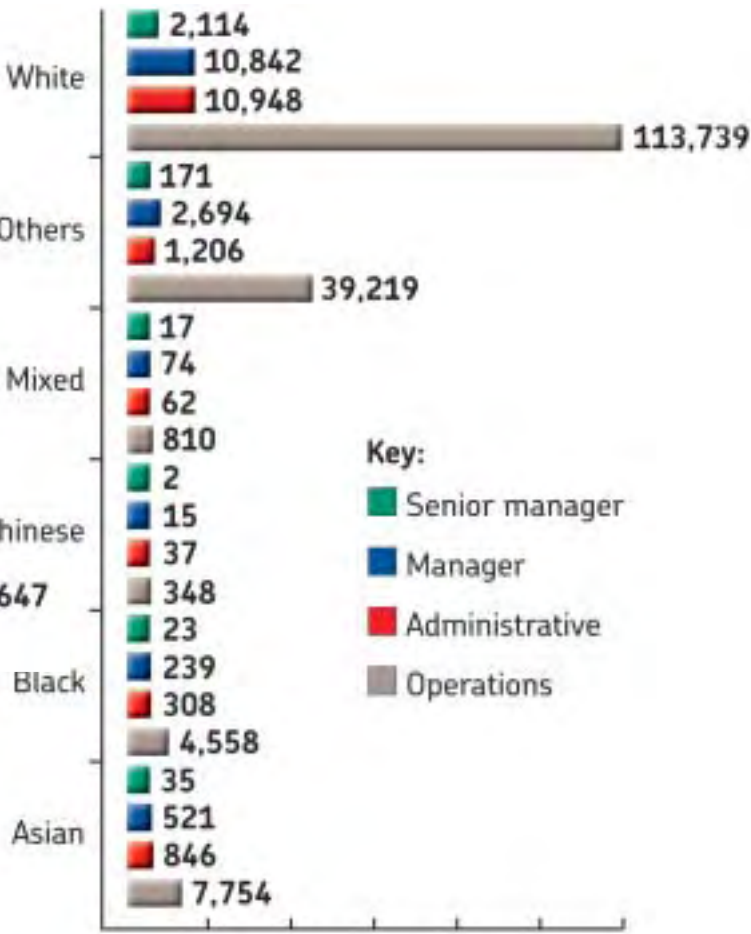


Diversity

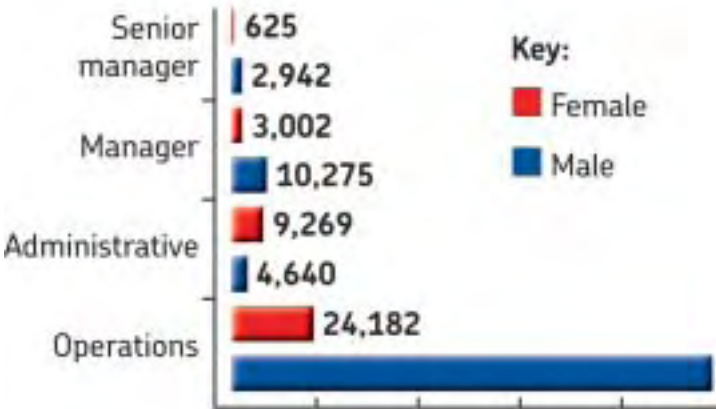
Age profile



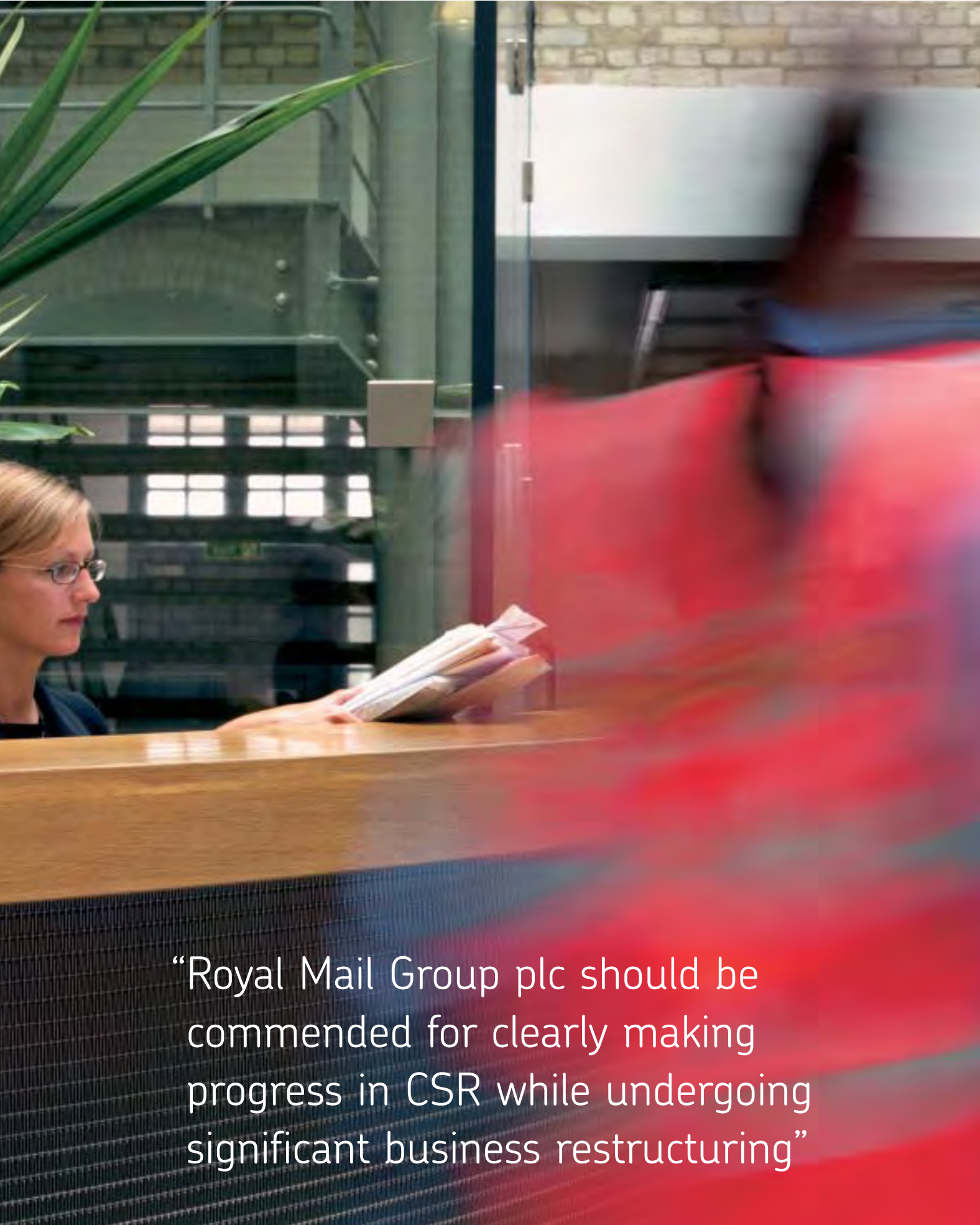
Ethnicity profile



Gender profile



Key: Senior manager Manager Administrative Operations



“Royal Mail Group plc should be commended for clearly making progress in CSR while undergoing significant business restructuring”

assurance



24.1 ASSURANCE

24.2 INTERNAL AUDIT ASSURANCE STATEMENT

24.3 OPERATIONAL DEFINITIONS - INTERNAL AUDIT ASSURANCE

24.4 Sd3 Ltd. INDEPENDENT ASSURANCE STATEMENT (2005)

24.1 ASSURANCE

We believe that the publication of an open and transparent annual CSR report that is independently assured, is an important element in further developing stakeholder confidence and trust in our business activities.

GRI 2.20

For the third consecutive year we have commissioned Sd3 Ltd to provide this independent assurance, and their remit has included an element of data verification, combined with an assessment of materiality using Accountability's AA1000 Assurance Standard.

In addition the Internal Audit Team of Royal Mail Group plc have undertaken an assurance exercise on the data processes for 13 significant performance indicators.

GRI 2.21

Statements from both Sd3 Ltd and Internal Audit are contained within the next section.

“in our opinion, the data collection procedures used to collect, summarise and report on the thirteen key areas are robust and therefore reliable”

24.2 INTERNAL AUDIT ASSURANCE STATEMENT

We have been requested to provide assurance on processes to ensure the reliability and alignment to supporting documentation of selected data and graphs in the 2005 Corporate Social Responsibility (CSR) report.

Our work was planned and completed to the International Standards for the Professional Practice of Internal Auditing, which provide a reasonable basis for our opinion.

The scope of the review extended to assuring the robustness of specific data collection procedures used to collect information, summarise and accurately record data by Business Units for their inclusion in the CSR report.

Ultimately, the Report remains the responsibility of, and has been approved by, the Royal Mail Holdings Plc Board.

The review focused on the following key areas:

Health & Safety

- Total number of accidents
- Absence accidents
- Sick absence percentage
- Number of fatalities

- Number of prosecutions for breach of health, safety and environmental legislation
- Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Requirements) incidents.

Environmental

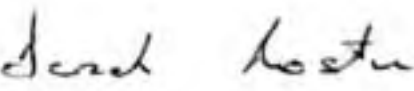
- Transport fuel procurement
- Electricity consumption
- Gas consumption
- Heating oil consumption
- Mass of waste going to landfill sites
- Water consumption.

Diversity

- Composition of workforce, split by gender and ethnicity.

The assurance provided has been based upon the strict definitions specified in the next section for each of the above areas.

In our opinion, the data collection procedures used to collect, summarise and report on the above thirteen areas are robust and therefore reliable.



Derek Foster
Royal Mail Internal Audit
and Risk Management Director
July 2005

24.3 OPERATIONAL DEFINITIONS - INTERNAL AUDIT ASSURANCE

Health & Safety

1. Total number of accidents - total number of accidents as classified and reported on Infinium/SAP HR system
2. Absence accidents - total number of accidents resulting in absence from work - as classified and reported on Infinium/SAP HR system
3. Sick absence percentage - total percentage of days lost due to accidents and ill health - as classified and reported on Infinium/SAP HR system
4. Number of fatalities - total number of fatalities to RM employees and members of the public
5. Number of prosecutions for breach of health, safety and environmental legislation - the total number of formal prosecutions for breach of any HSE legislation. To include formal cautions, but excluding improvement, prohibition, abatement and pollution work notices
6. Number of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Requirements) incidents - total number of incidents as defined by 1995 RIDDOR regulations.

Environmental

7. Transport fuel procurement - total business fuel procured for road and air transport modes
8. Electricity consumption - total electricity consumption, as recorded via the TEAM system
9. Gas consumption - total natural gas consumption, as recorded via the TEAM system
10. Heating oil consumption - total heating oil (otherwise called gas oil) procured. The consumption figure for this indicator is not robust - hence the use of this worst case procurement figure
11. Mass of waste going to landfill sites - total mass of general trade waste disposed to landfill sites via Sita, our national waste contractor
12. Water consumption - total water consumption, as recorded by the TEAM system.

Diversity

13. Composition of workforce, split by gender and ethnicity - composition of age, gender and ethnicity as classified on Infinium/SAP HR Systems. Ethnicity obtained for the Royal Mail Group was obtained following a Personal Information Forms exercise - an 80% response rate was received.

“there is clear evidence that the development of strategies, policies and management processes have taken stakeholder opinions into account”



24.4 Sd3 Ltd. INDEPENDENT ASSURANCE STATEMENT (2005)
Sd3 was commissioned to provide independent assurance of the Royal Mail Group plc Corporate Social Responsibility Report 2004-05 as published on its website.

The assurance looked at:

- Materiality: Is Royal Mail Group plc publishing corporate social responsibility information that enables its stakeholders to make informed judgments about Royal Mail's management and performance?
- Coverage: Is each material issue being covered adequately?
- Completeness: Are the reporting systems sufficiently well developed to deliver the required information?
- Responsiveness: Has Royal Mail Group plc responded appropriately to the expectations and perceptions of its stakeholders?
- Data representation: Has the data used in the report been appropriately and accurately developed from the information provided by the content owners?

Our assurance did not cover the processes used to provide the report data. These were separately audited by Royal Mail Group plc's internal audit team.

Method

Our team conducted the assurance by desk-based sampling of data representation, discussion with the client and telephone interviews with a sample of 10 Royal Mail Group plc employees responsible for report content or management of the areas covered in the report. Assessment of the report was made against the Global Reporting Initiative (GRI) Guidelines and the AA1000 Assurance Standard. Our assurance was informed by Royal Mail Group plc's developing understanding of materiality. Progress was compared to the information contained in Royal Mail Group plc's 2003-04 Corporate Social Responsibility Report, which was previously assessed by Sd3.

Our Opinion:

The Royal Mail Corporate Social Responsibility (CSR) Report is a fair reflection of the Royal Mail Group's CSR activities for the reporting period. Royal Mail Group plc should be commended for clearly making progress in CSR while undergoing significant business restructuring. We also welcome the forward looking nature of the report.

“there is a gap in information on how systems and processes work at a business unit level”

Report Materiality

There is clear evidence that the development of strategies, policies and management processes have taken stakeholder opinions into account. There is also evidence of how stakeholder consultation is influencing management processes and strategy. However, how stakeholder engagement influences what Royal Mail considers to be material CSR issues has not been consistently reported. Royal Mail Group plc has acknowledged this and we support their intention to demonstrate this in future reports.

The inclusion of the stakeholder table and other contextual information is welcome and assists the reader in determining and understanding key issues, expectations and engagement methods. However, not all stakeholder groups and expectations including those of Postwatch and regulators other than PostComm have been reported on.

Coverage

We welcome the expansion of the report to include an overview of financial performance and further detail on climate change strategy. The report also clearly identifies the implications of de-regulation with the impact stated at different levels.

There is a lack of clarity about how decisions were made on which issues were covered in the report. For instance, the key challenges and concerns of identified stakeholder groups have not always been reported on adequately. There is little evidence of customer consultation within the report. Other issues that may deserve greater discussion include labour relations, redundancy and quality of service. When considering our previous reports' recommendations for fuller reporting on the policy, management and performance measurement of bribery and corruption, including theft, we see little progress.

Completeness

We found that a commendable level of progress had been achieved in strategic thinking and development of policies with evidence showing stakeholder involvement in these processes. Strategy policy and management development is strongly linked to high-level governance, including to the Board. We expect that as management systems develop further more detailed information and data will be provided in the future. We found that despite good explanations of the management systems and processes at the Group level there is a gap in information on how systems and processes work at a business unit level.

“procuring 50% of your electricity from renewable resources by 2010 – now there’s a challenging, and commendable target!”

Jonathon Porritt
and Jamie Wallace,
Forum for the Future



The Royal Mail Group’s use of the Global Reporting Initiative guidelines is commended as is the commentary on the Global Compact. We would anticipate reporting progress against the Global Compact in the future.

Responsiveness

The systems and processes that are in place to manage responses to CSR issues are adequate to check performance and take corrective action if necessary. However, Royal Mail Group plc could more clearly state where and how they have responded to stakeholder issues. We recommend robust stakeholder consultation to guide report development and to inform how the report addresses the needs of key audiences.

Data Representation

On the basis of client selected samples we verified the data appearing in the report as robust. We again recommend that to assist in comparability and understanding of the data, consistency of presentation using normalised data should be expanded, e.g. through greater use of the per 1000 items delivered indicator.

We welcome the ‘At a Glance Table’ to illustrate trends in performance and strongly recommend reporting on additional metrics, particularly in regard

to social policy and diversity, as well as a significant expansion in the setting of, and reporting against, clear targets.

Assurors Independence

Sd3 is committed to further the principles of sustainable development within organisations. As such, we have conducted an independent assurance based on the professional judgement and findings of our assurers. We believe that this statement is an accurate, honest and fair summary of our findings. Sd3 have previously advised The Post Office, Royal Mail and Consignia but not Royal Mail Group plc on aspects on sustainability and as such are well placed to understand the organisation. We have not however been involved in the development of any part of this report and do not have any other contracts with Royal Mail Group plc. [Click here](#) for the Sd3 Assurance Code of Conduct.

This report, and its contents, remains the sole responsibility of the Directors of the Royal Mail Group plc.

Duncan Gordon & Dave Knight
Sd3 Ltd, London, August 2005

commentary

Procuring 50% of your electricity from renewable resources by 2010 – now there’s a challenging, and commendable target!

And completing a diversity training programme for 175,000 staff – that’s an achievement of which Royal Mail can be justly proud. These are the kind of measures we like to see in the companies we partner with at Forum for the Future. Bold and stretching initiatives that should help put Royal Mail on track towards sustainability.

Once again, Royal Mail outlines in this report the enormous range of issues it has to address as the UK’s main postal operator. The strengthened corporate social responsibility team certainly seems to be building capacities and embedding responsibilities, therefore making sustainability issues more central to the Group’s forward strategy. While applauding these successes, a partnership with Forum for the Future is also about the challenges ahead. We aim to be a critical friend – encouraging our Partners to accelerate their transition towards much more sustainable operations. To this end, we feel there are some areas where the Royal Mail needs to make more rapid progress.

Firstly, as touched on by Michael Hodgkinson in his Introduction, when it comes to the Group’s CSR activities, it’s the route and destination that should interest us – you can’t really plan your route until you know where you’re heading. This is why the ‘sustainability destination statements’ talked about elsewhere in the report are so critical – not just for environmental issues, but social and economic ones too. We would encourage Royal Mail to prioritise work in this area, identifying long term outcomes against which it can then set shorter term goals and objectives. This way stakeholders can get a much more holistic picture of the Group’s performance, and where the plaudits (and brickbats!) are deserved.

Secondly, we would welcome a much stronger analysis of the risks and opportunities associated with the challenge of climate change. It’s good to see the work being done with the Carbon Trust, the new carbon management programme, and of course the ambitious renewables target. However, increasingly it’s the transport sector’s contribution to carbon emissions that’s going to be scrutinised.

Forum for the Future, 25 July 2005



Forum for the Future's mission is to accelerate the building of a sustainable way of life, taking a positive, solutions-oriented approach.

It is a Registered Charity in the UK (number 1040519). Forum for the Future is not an auditor or a verifier. As such these comments should not be read as verification of data or information contained within the report.

Royal Mail Group plc is one of Forum for the Future's Foundation Corporate Partners. Through this partnership the Group makes a direct financial contribution to Forum for the Future. Last year Forum's income from the Group represented less than 1% of Forum's turnover. The partnership is currently in its 9th year.

We hope that the work on the Energy Saving Trust's Transport Charter will deliver some dramatic results; businesses need to swiftly move on from small scale technology trials to mainstream uptake of low or zero emission vehicles. (And if they struggle to find a business case, then that message needs to be heard loud and clear in government circles to encourage the development of an enabling regulatory environment that will help create that business case.)

Thirdly, and slightly surprisingly, customers are not very well represented in this report. The speed and efficiency with which Royal Mail 'delivers the goods' is a key metric against which other performance measures need to be judged. Levels of customer service, Post Office network coverage (particularly in rural and deprived areas), building and service accessibility – again, it is not quite clear what outcomes are being sought here. Is there a detailed vision for what a successful, customer-oriented postal service at the heart

of every community across the UK would look like?

OK, these are tough challenges. But for a company seeking leadership in sustainable development, they are the issues that need to be addressed. And with the new regulations surrounding the Operating and Financial Review, we will be looking out for a strategic management response to these risks and opportunities in next year's Annual Report and Accounts, as well as the CSR report.

Jonathon Porritt
Programme Director

Jamie Wallace
Principal
Sustainability Advisor

Dave Joyce, CWU National Health, Safety and Environment Officer



I welcome the opportunity to once again contribute to this report and express some of the ideas in my vision about development of Corporate Social Responsibility (CSR) within Royal Mail Group.

Representatives operating in partnership with management to eliminate and control risks at their root causes, driving down the number of accidents not just the statistics. I see this as the only way to secure real improvements in safety performance.

CSR is about a solid and continuing commitment to ethical behaviour, improving the quality of life of the workforce through good standards of occupational health, safety and welfare at the workplace and ensuring that Royal Mail's activities impact positively on society and the environment. The CWU fully supports those objectives.

I would like to concentrate my contribution on a small number of what I see as key CSR challenges over the next year:

Safety Representative Involvement

This report provides valuable support to the case for the effectiveness of employee participation. We have begun the debate about how we can best improve involvement and consultation with Trade Union Safety Representatives, a key element of the Health and Safety Commission's "Strategy for workplace health and safety in Great Britain to 2010 and beyond". The Unions and Royal Mail must this coming year bring in a new proactive health and safety organisation with a vibrant system of Health and Safety

Environmental Policy and Vehicle Emissions

I very much welcome the fact that Royal Mail is "signed up" to the Carbon Trust's 'Carbon Management Programme' and the Energy Saving Trust's 'Transport Charter Programme'. We must fully embrace the climate change agenda and grasp ALL CO₂ emission reduction opportunities to reduce the negative impacts to the essential minimum. Building on the excellent work already done with the commercial fleet, attention must now be turned towards addressing the environmental burden on Royal Mail and the UK by reducing private car and business car miles, so reducing the level of green-house gas emissions pumped into the atmosphere every day, which diminishes air quality and makes a negative contribution towards climate change and things like child asthma in Towns and Cities where emissions exacerbate the attacks.

commentary

“I welcome Royal Mail’s new Guidance dealing with Suspect Packages which has been agreed and rolled out by Royal Mail in consultation with the Unions”

The Terrorist Threat

I welcome Royal Mail’s new Guidance dealing with Suspect Packages which has been agreed and rolled out by Royal Mail in consultation with the Unions. Royal Mail has experienced a number of evacuations and major disruption to the operation over recent times as a result of non-hazardous chemicals being wrongly identified and many of these incidents are avoidable. This Guidance addresses situations and sets out practical steps for managers to help safeguard staff and assets during emergency situations, while minimising disruption to the service. The Guidance, endorsed by Corporate Security, the Home Office and Police has CWU and CMA Safety Representative involvement as an integral part of the processes, fully acknowledging the importance of the need for ongoing, open two-way consultation with Managers and the building’s ‘Person in Control’. Finally, the introduction of detection systems is being examined and I look forward to their early introduction.

Safety Strategy and Accident Reduction

We have established a National Joint Safety Steering Group within the Royal Mail UK Letters business. The Steering Group will focus its attention on a number of key areas causing concern.

The key target areas identified are:

- Communications and the CSR framework
- Accidents and investigations
- Bag weights
- Dog attacks
- Road traffic accidents & cycle safety.

Rehabilitation

On the question of Rehabilitation, Royal Mail must fully embrace the Government’s “Framework for Vocational Rehabilitation” and manage sick absence better, by providing absent employees with support and help them return to work rather than the punitive approach of the past. We must have a clear process for agreeing a ‘return to work plan’ involving the individual, the GP or specialist, EHS, Manager, and Safety Representatives in order that issues such as temporary or permanent adjustments, alternative working, modified hours and a phased return to full duties can be built into a plan and review process.

These plans would be signed up to by the manager and individual with Safety Representative involvement. The HSE’s newly published “Managing Sickness Absence and Return to Work” Employers & Managers Guide is the “benchmark” which should be followed. Vocational rehabilitation is a process whereby those disadvantaged by illness or disability can be enabled to access, maintain or return to employment and Royal Mail’s restructured employee health services must proactively support a new emphasis on preventative measures.

Violence

With the worrying increase in violence and attacks on our staff the CWU is calling for the adoption of a “zero tolerance policy” which would remind the public that it is not part of Postal Workers jobs to be physically or verbally abused at work and violence against Postal staff will not be tolerated.

Conclusion

The enthusiasm within CWU for the development of responsible practice, to address these safety and environmental challenges is high. To do this we need top down commitment in Royal Mail with strong local collaboration and the deployment of CSR thinking and policies as an integral part of the daily work of the business, changing manager’s mindsets to create a new occupational safety, health and environmentally conscious culture within Royal Mail.

Dave Joyce

CWU National Health,
Safety & Environment Officer

Phil Pinnell,
CMA Executive
Council Member



“the trialling of new equipment for deliveries is to be welcomed – all with the aim of enabling managers to ensure that staff are provided with the ‘best possible available equipment’”

This report on Royal Mail Group plc’s Corporate Social Responsibility contains details of many areas of activity where the business has undertaken action throughout the last twelve months.

Amicus/CMA supports the increase in activity in these areas, as well as the widening of the scope of such actions.

Last year I wrote about the introduction of the Bullying & Harassment Procedure, which was welcomed. It is pleasing to note that during the past year, this now appears to indicate that this is being addressed to this long outstanding matter. Coupled with DRAW groups, it is welcoming to see improvements in this arena.

Persons In Control training needs to be constantly monitored and evaluated to ensure that it is fit for purpose, giving individuals the confidence to be able to act to ensure that Royal Mail Group plc complies with its responsibilities under health & safety legislation. Amicus/CMA has continued to express concerns that the delivery method of Safety training for all managers needs to be addressed to ensure that managers and PICs are trained adequately.

The provision of qualified First Aiders needs to be reviewed on a regular basis, to ensure that there will continue to be sufficient numbers of First Aiders across the group, and that the arrangements for dealing with First Aid continues to be fit for purpose.

Whilst transport reviews are now constant with the changes to mail, the return to rail for some mails is to be welcomed. However Amicus/CMA believes that Royal Mail Group plc still needs to take responsibility of the continued use of vehicles over long distances to reduce emissions levels and traffic pollution in general. In deliveries, managers are constantly seeking adequate vehicles which are fit for purpose with the aim to reduce cars on delivery, thus contributing to a reduction in urban traffic flows.

The trialling of new equipment for deliveries is to be welcomed – all with the aim of enabling managers to ensure that staff are provided with the ‘best possible available equipment’ with numerous benefits.

Stress continues to play a major part in many workers daily lives. Certainly work needs to be done in this area, including a serious attempt to discover the true levels of stress experienced by employees at all levels within the organisation. Significant numbers of staff, from both managerial and clerical/front-line grades, still believe that by admitting to be suffering from work-related stress, they will be stigmatised by senior management as being unable to perform their individual roles. This perception must be addressed. Only then can the true level of stress be realised, and a realistic plan be put into place to help reduce the suffering of a large number of people.

Phil Pinnell
CMA Executive Council Member



GRI 4.1

GLOBAL REPORTING INITIATIVE (GRI) INDEX

*Denotes an 'Additional' GRI indicator

[Linked to the principles of the United National Global Compact](#)

R&A = Royal Mail Holdings plc Report and Accounts - Year Ended 27th March 2005.

Available on our Internet site (www.royalmailgroup.com)

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
1.0 Vision and strategy		
1.1 Statement of the organisation's vision and strategy regarding its contribution to sustainable development	10, 23	Fully reported
1.2 Statement from the CEO describing key elements of the report	6	Fully reported
2.0 Profile		
2.1 Name of reporting organisation	13	Fully reported
2.2 Major products and/or services, including brands if appropriate	13	Fully reported
2.3 Operational structure of the organisation	91	Partially reported
2.4 Description of major divisions, operating companies, subsidiaries and joint ventures	(Page 67 R&A)	Fully reported
2.5 Countries in which the organisation's operations are located	(Page 67 R&A)	Fully reported
2.6 Nature of ownership; legal form	(Page 23 R&A)	Fully reported
2.7 Nature of markets served	13	Fully reported
2.8 Scale of reporting organisation	13 (and Page 47 R&A)	Fully reported
2.9 List of stakeholders, key attributes of each, and relationship to the reporting organisation	35	Partially reported
2.10 Contact person(s) for the report, including e-mail and web address	124	Fully reported

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
2.11 Reporting period (e.g fiscal/calendar year) for information provided	13	Fully reported
2.12 Date of most recent previous report	14	Fully reported
2.13 Boundaries of report and any specific limitations on the scope	13	Fully reported
2.14 Significant changes in size, structure, ownership, or products/services that have occurred since the previous report	(Pages 8-11 R&A)	Fully reported
2.15 Basis for reporting on joint ventures, partially owned subsidiaries, leased facilities, outsourced operations, and other situations that can significantly affect comparability from period to period, and/or between reporting organisations	13	Fully reported
2.16 Explanation of the nature and effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	No restatements made	Not covered
2.17 Decisions not to apply GRI principals or protocols in the preparation of the report	13	Partially reported
2.18 Criteria/definitions used in any accounting for economic, environmental, and social costs and benefits	(Pages 39-41 R&A)	Partially reported
2.19 Significant changes from previous years in the measurement methods applied to key economic, environmental and social information	(Pages 39-41 R&A)	Partially reported
2.20 Policies and internal practices to enhance and provide assurance about the accuracy, completeness, and reliability that can be placed on the sustainability report	101	Partially reported
2.21 Policy and current practice with regard to providing independent assurance for the full report	101 (and Page 38 R&A)	Fully reported
2.22 Means by which report users can obtain additional information and reports about economic, environmental and social aspects of the organisation's activities, including facility-specific information (if available)	124 (and Page 71 R&A)	Fully reported

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
3.0 Governance structure and management systems		
3.1 Governance structure of the organisation, including major committees under the board of directors that are responsible for setting strategy and for oversight of the organisation	92 (and Pages 25–29 R&A)	Fully reported
3.2 Percentage of the board of directors that are independent, non-executive directors	(Pages 21–22, 25 R&A)	Fully reported
3.3 Process for determining the expertise board members need to guide the strategic direction of the organisation, including issues related to environmental and social risks and opportunities	(Page 25 R&A)	Fully reported
3.4 Board-level process for overseeing the organisation's identification and management of economic, environmental, and social risks and opportunities	92 (and Pages 25–29 R&A)	Fully reported
3.5 Linkage between executive compensation and achievement of the organisation's financial and non-financial goals (e.g. environmental performance, labour practices)	(Pages 30–36 R&A)	Fully reported
3.6 Organisational structure and key individuals responsible for oversight, implementation, and audit of economic, environmental, social, and related policies	92	Fully reported
3.7 Mission and values statement, internally developed codes of conduct or principles, and policies relevant to economic, environmental and social performance and the status of implementation	27–29	Partially reported
3.8 Mechanism for shareholders to provide recommendations or direction to the board of directors	(Page 23 R&A)	Partially reported
3.9 Basis for identification and selection of major stakeholders	35	Partially reported
3.10 Approaches to stakeholder consultation reported in terms of frequency of consultation by type and by stakeholder group	36	Partially reported

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
3.11 Type of information generated by stakeholder consultations	27, 73	Partially reported
3.12 Use of information resulting from stakeholder engagements	27, 73, 87	Partially reported
3.13 Explanation of whether and how the precautionary approach or principle is addressed by the organisation	32, 41	Partially reported
3.14 Externally developed, voluntary economic, environmental, and social charters, sets of principles, or other initiatives to which the organisation subscribes or which it endorses	31	Fully reported
3.15 Principal memberships in industry and business associations, and/or national/international advocacy organisations	38	Partially reported
3.16 Policies and/or systems for managing upstream and downstream impacts	41–89	Partially reported
3.17 Reporting organisation's approach to managing indirect economic, environmental, and social impacts resulting from its activities	41	Partially reported
3.18 Major decisions during the reporting period regarding the location of, or changes in, operations	18 (and Pages 6–7 R&A)	Partially reported
3.19 Programmes and procedures pertaining to economic, environmental, and social performance	53–89	Fully reported
3.20 Status of certification pertaining to economic, environmental, and social management systems		Not covered (covered last year & no change – page 54 2004 CSR Report)
4.0 GRI content index		
4.1 A table identifying location of each element of the GRI Report Content, by section and indicator	114–122	Fully reported
5.0 Performance indicators		
EC1 Net sales – as listed in the profile section under 2.8	(Page 12 & 19 R&A)	Fully reported
EC2 Geographic breakdown of markets	(Page 48 R&A)	Fully reported
EC3 Costs of all goods, materials and services purchased	(Page 47 R&A)	Partially reported



GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
EC4 Percentage of contracts that were paid in accordance with agreed terms, excluding agreed penalty arrangements	(Page 23 R&A)	Partially reported
EC5 Total payroll and benefits (including wages, pension, other benefits, and redundancy payments) broken down by country or region	(Pages 14, 48, 62-65 R&A)	Fully reported
EC6 Distributions to providers of capital broken down by interest on debt and borrowings and dividends on all classes of shares, with any arrears of preferred dividends to be disclosed	(Pages 56-58 R&A)	Fully reported
EC7 Increase/decrease in retained earnings at end of period	(Page 42 R&A)	Fully reported
EC8 Total sum of taxes of all types paid broken down by country	(Page 51 R&A)	Fully reported
EC9 Subsidies received broken down by country or region	(Page 7 R&A)	Fully reported
EC10 Donations to community, civil society and other groups broken down in terms of cash and in-kind donations per type of group	95 (and Page 23 R&A)	Partially reported
EN1 Total materials use other than water, by type		Not covered
EN2 Percentage of materials used that are wastes from sources external to the reporting organization		Not covered
EN3 Direct energy use segmented by primary source	97	Fully reported
EN4 Indirect energy use		Not covered
EN5 Total water use	95	Fully reported
EN6 Location and size of land owned, leased or managed in biodiversity-rich habitats		Not covered
EN7 Description of the major impacts on biodiversity associated with activities and/or products and services in terrestrial, freshwater and marine environments		Not covered
EN8 Greenhouse gas emissions	95	Partially reported
EN9 Use and emissions of ozone-depleting substances		Not covered
EN10 NOx, SOx and other significant air emissions by type	98	Partially reported
EN11 Total amount of waste by type and destination	95	Partially reported

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
EN12 Significant discharges to water by type		Not covered
EN13 Significant spills of chemicals, oils and fuels in terms of total number and total volume		Not covered
EN14 Significant environmental impacts of principal products and services	27	Partially reported
EN15 Percentage of the weight of products sold that is reclaimable at the end of the products' useful life and percentage that is actually reclaimed		Not covered
EN16 Incidents of and fines for non-compliance with all applicable international declarations/conventions/treaties, and national, sub-national, regional and local regulations associated with environmental issues	55	Fully reported
EN17 Initiatives to use renewable energy sources and to increase energy efficiency*	33, 67, 68	Fully reported
EN19 Other indirect (upstream/downstream) energy use and implications, such as organisational travel, product lifecycle management, and use of energy-intensive materials*	66	Partially reported
EN34 Significant environmental impacts of transportation used for logistical purposes*	65	Partially reported
LA1 Breakdown of workforce, where possible, by region/country, status, employment type and employment contract	99 (Page 48 R&A)	Fully reported
LA2 Net employment creation and average turnover segmented by region/country	(Page 16 R&A)	Partially reported
LA3 Percentage of employees represented by independent trade union organizations or other bona fide employee representatives broken down geographically or percentage of employees covered by collective bargaining agreements broken down by region/country		Not covered (covered last year & no change – page 51 2004 CSR Report)
LA4 Policy and procedures involving information, consultation and negotiation with employees over changes collective bargaining agreements broken down by region/country		Not covered (covered last year & no change – page 51 2004 CSR Report)



GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
LA5 Practices on recording and notification of occupational accidents and diseases, and how they relate to the ILO Code of Practice on Recording and Notification of Occupational Accidents and Diseases	57	Partially reported
LA6 Description of formal joint health and safety committees comprising management and worker representatives and proportion of workforce covered by any such committees	38	Partially reported
LA7 Standard injury, lost day and absentee rates and number of work-related fatalities	95	Fully reported
LA8 Description of policies or programmes (for the workplace and beyond) on HIV/AIDS		Not covered
LA9 Average hours of training per year per employee by category of employee	45	Partially reported
LA10 Description of equal opportunity policies or programmes as well as monitoring systems to ensure compliance and results of monitoring	28, 32, 43, 81	Fully reported
LA11 Composition of senior management and corporate governance bodies including female/male ratio and other indicators of diversity as culturally appropriate	99 (Pages 25–28 R&A)	Fully reported
LA13 Provision for formal worker representation in decision making or management, including corporate governance*	38	Partially reported
LA15 Description of formal agreements with trade unions or other bona fide employee representatives covering health and safety at work and proportion of the workforce covered by any such agreements*	38	Partially reported
HR1 Description of policies, guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to operations, including monitoring mechanisms and results	31	Partially reported

GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
HR2 Evidence of consideration of human rights impacts as part of investment and procurement decisions, including selection of suppliers/contractors		Not covered
HR3 Description of policies and procedures to evaluate and address human rights performance within the supply chain and contractors, including monitoring systems and results of monitoring	31	Partially reported
HR4 Description of global policy and procedures/programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring	28, 43, 46, 81	Fully reported
HR5 Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue	32	Partially reported
HR6 Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	32	Partially reported
HR7 Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	32	Partially reported
HR8 Employee training on policies and practices concerning all aspects of human rights relevant to operations*	46	Partially reported
HR10 Description of non-retaliation policy and effective, confidential employee grievance system (including, but not limited to, its impact on human rights)*	82	Partially reported



GRI SECTION	LOCATION (PAGE NUMBER)	REPORTING STATUS
S01 Description of policies to manage impact on communities in areas affected by activities, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	87	Partially reported
S02 Description of the policy, procedures/management systems and compliance mechanisms for organizations and employees addressing bribery and corruption	33	Partially reported
S03 Description of policy, procedures/management systems and compliance mechanisms for managing political lobbying and contributions		Not covered
S04 Awards received relevant to social, ethical, and environmental performance*	3	Fully reported
S05 Amount of money paid to political parties and institutions whose prime function is to fund political parties or their candidates*	(Page 23 R&A)	Fully reported
PR1 Description of policy for preserving customer health and safety during use of products and services, and extent to which this policy is visibly stated and applied, as well as description of procedures/programmes to address this issue, including monitoring systems and results of monitoring	83	Partially reported
PR2 Description of policy, procedures/management systems and compliance mechanisms related to product information and labelling		Not covered
PR3 Description of policy, procedures/management systems and compliance mechanisms for consumer privacy		Not covered
PR4 Number and type of instances of non-compliance with regulations concerning customer health and safety, including the penalties and fines assessed for these breaches*	55	Partially reported
PR5 Number of complaints upheld by regulatory or similar official bodies to oversee or regulate the health and safety of products and services*	55	Partially reported

case study – help the hospices



“if you took all the love and companionship given by the nurses and staff here and put it in a light bulb under the Millennium Dome, you would see it in Sydney”

David, a Day Care patient at Farleigh (Mid Essex) Hospice, Chelmsford

A BIG THANK YOU

One of the first things to strike people when they visit a hospice is the relaxed and friendly atmosphere. This may sound strange and is often in stark contrast to people’s expectations, but it’s true. People get on with living; there is laughter and enjoyment in ordinary, everyday things. I asked a friend what he most remembered about the hospice which cared for his wife and he said “the hairdresser and the drinks trolley”. Yes, skilled care is on tap but so are the everyday things that make life worthwhile.

No one escapes loss, we all face it. Hospices are experts in providing care and support for family and friends for as long as they need it. One common worry for people when they are dying is how the people they love will cope, practically and emotionally. Many are comforted and reassured that the hospice which has cared for them will continue to care for their families in the future.

Hospices are at the heart of local communities across the UK, providing care and support and, in turn, relying on the help and assistance of volunteers and local supporters.

We are delighted that you have chosen Help the Hospices as Royal Mail’s Major Supported Charity – and we thank all Royal Mail people for their support now and throughout the next two years. Your support will make a difference to the children and adults cared for by hospices as well as their loved ones.

Here’s to a successful partnership!

David Prall
Chief Executive, Help the Hospices





This report has been downloaded from the Royal Mail Group plc website – **www.royalmailgroup.com**

If you have any comments about this report please use the feedback form on our website or contact us at the following address:

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