

Royal Mail plc

Corporate Responsibility Report 2020-21





SUSTAINABILITY AWARDS AND ESG INDICES

We are independently rated as a leading responsible business by the most prestigious international benchmarks for sustainability. Our performance is highlighted here.

92nd percentile

FTSE4Good ranking.

Constituent of both FTSE4Good UK and Europe.



B

CDP rating,
ahead of industry average of C.



DJSI global leader

Included in both World and Europe Indices for the transportation industry.



AA

MSCI – Rated as AA (leader).



EcoVadis silver status

Awarded to GLS.





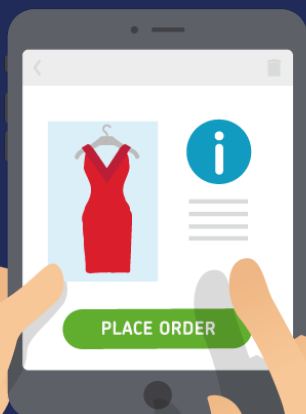
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INTRODUCTION



Rita Griffin
Non-Executive Director

2020-21 was an unprecedented year. One where the Company's value to society became evident as our colleagues were recognised as key workers, and where we took responsibility to deliver some of the most important letters and parcels we have seen in our company's history.

Fran Fay, Head of Corporate Responsibility (CR) spoke to Rita Griffin, Chair of the CR Committee to get her reflections on the past year, to hear about the focus of the Committee activities over the last 12 months, and to understand where the focus for 2021-22 lies.

Corporate Responsibility Committee

→ www.royalmailgroup.com/en/about-us/management-and-committees/corporate-responsibility-committee

② Rita, thank you for joining us again to provide your insights on CR matters across the Group from the last year. Firstly, what are your key areas of reflection as you look back over the past 12 months?

Clearly, the past 12 months have been dominated by the COVID-19 pandemic and our response to the challenges it brought, not only to our colleagues and the business, but to our customers, communities, and society as a whole. I believe our responsibility to all those groups has magnified our purpose as an organisation.

Above everything else, what comes to mind when I think about the past 12 months was the dedication of our workforce. When needed most, they stepped up to the mark and continued to serve their customers and their communities. As key workers, they were out delivering continuously to every household right from the start of the pandemic.

And of course, both Royal Mail and GLS both played pivotal roles in supporting the broader societal response to COVID-19. As well as the usual letters and parcels, they delivered COVID-19 test kits, Personal Protective Equipment (PPE) and vaccination letters to support the effort during the pandemic. With a reduced workforce due to colleague sick absence and shielding, our people delivered considerably higher volumes of parcels than usual.

I believe the business can truly say that we have been there to connect customers, companies and countries at a time where the usual human contact we are all used to has not been possible.

② The health and safety of our people and our customers has been a top priority throughout the pandemic. Could you talk through some of the changes the business made to prioritise the wellbeing of colleagues and customers?

Since the start of the pandemic, every decision the business made prioritised the health of our people and customers. New procedures were put in place to ensure the business was able to adapt quickly and in line with emerging guidance from Governments and health authorities. This included, for example, requiring social distancing and masks in all sites, and moving from two people in a van to one.

Of course, supporting the mental health and wellbeing of our colleagues during the year was of heightened importance. We saw an increase in the number of calls to the Royal Mail First Class Support employee assistance helpline over the year, and I was particularly pleased to see the new mobile app, introduced providing support to employees 24 hours a day, seven days a week. This included a number of tools to support our colleagues through the impact of COVID-19. Similar assistance programmes were also available in GLS.

② There has been a real increase in the ambitions of Governments and customers on environmental issues – what has the CR Committee been focused or engaged with during the year?

There has been and will continue to be a growing sense of urgency and ambition associated with climate change, both in terms of understanding the potential impacts, but also the ambitions to put in place and action strong roadmaps to transition to a lower, or zero, carbon economy. In the build up to COP26 later this year, I expect we will continue to see increased focus and ambition from Governments and the business community.

As a business, we have spent time understanding the risks and opportunities associated with climate change, and I am pleased that we were able to further develop our disclosure this year in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) through scenario analysis modelling that was undertaken.

There was a continued focus from the Committee as work continued to develop the environmental roadmaps and ambitions for both Royal Mail and GLS. We made great progress in GLS with sustainability forming one of the focus areas of its Accelerate GLS strategy, and the roll out of carbon-neutral shipping in the Netherlands. Royal Mail already has the lowest CO₂e per parcel of any major UK delivery company, but I am pleased that the Company's ambition does not stop there. Royal Mail is continuing to push forward with trialling and deploying new, more environmentally friendly vans and trucks and is working with other fleet operators as part of the UK Electric Fleet Coalition to increase the pace of the transition to electric vehicles in the UK.

② Culture was highlighted as a key area for the CR Committee when we spoke to you last year – could you provide an update on any specific areas of activity or focus from the past year?

We are a people business. And this past year has demonstrated more than ever what great, dedicated people we have across our business. This year we have really focused on understanding much more about how our people are thinking and feeling on a regular basis. I believe that it is only by doing this that you can really home in on ways that we can keep improving the culture across the business, and make it a great place to work for everyone.



INTRODUCTION CONTINUED

In the past, we have conducted annual engagement surveys of staff in Royal Mail. This year we also introduced more regular pulse surveys. We have also introduced a number of ways to create a two way dialogue with staff. For example, Simon Thompson has set up a 'Your View' channel so everyone can share their ideas and views on how to improve the business. It is essential that we understand the views of the workforce. Maria da Cunha, designated Non-Executive Director for engagement with the workforce, continues to engage and listen and bring that employee voice back to the Board.

We hope that this new approach will help to create a culture of regular feedback. The first of our pulse surveys focused on trust, which gave colleagues the opportunity to feedback their views of working for Royal Mail. Although some of the feed back was great to hear, such as the high levels of pride people have in working for Royal Mail, it also told us that only 36% of respondents felt valued by the business. The survey told us that we have more to do to rebuild the trust of our colleagues. This is going to be a real focus for the business this year and an area for review by the CR Committee for 2021-22.

② The business has a presence in communities across the globe – can you elaborate on our impact to society and perhaps provide a couple of highlights from the year?

I think that over the past year, the general public have recognised more than ever what a valued and trusted part of every community our people are. From the posties who visited customers in fancy dress outfits brightening the days of those shielding at home, to the various fundraising activities we have undertaken, we really have made a difference this year.

I was particularly pleased to learn that we had met our fundraising target of £2million for our partnership with Action for Children. The partnership has been an amazing example of the impact we can make collectively. I think the support for mental health in young people is such an important area, and I am so happy we were able to support so many young people through the Blues Programme over the past four years.

③ 2020-21 was clearly a busy year for the CR Committee – what is the focus for the coming year? What can we expect to see?

As we have discussed, there will be a continued focus on the culture within the business, specifically in relation to how the business is taking action on the feedback from the recent Trust surveys in Royal Mail. Health, Safety and Wellbeing will remain a key area of focus. This is of fundamental importance, particularly in the current environment. Finally, the Committee will review the ambitions and implementation of both the Royal Mail and GLS environment strategies. This is an area of growing importance, and one that will continue to be a key focus globally in the run up to the United Nations Climate Change Conference, COP26.

We will continue to monitor our performance in these areas as we strive to continually improve and I look forward to updating you next year on the progress we have been able to make.

Rita Griffin
Non-Executive Director



Trust is about more than just delivering a good service. It's about being a part of the communities you serve. It's about acting with honesty and integrity. It's about being a great employer. It's about being trusted to look after our planet and communities for the next generations.

Simon Thompson
Royal Mail, CEO



Despite the challenges and impact of the COVID-19 pandemic across our operations, we have been able to keep customers, local communities and countries connected. Our Accelerate GLS strategy, is committed to developing sustainable services to suit the needs of our customers. You will find information about our activities throughout this report.

Martin Seidenberg
GLS, CEO



WHO WE ARE



OUR BUSINESS

We are an international business that provides a postal and delivery service across an extensive network.

The Group consists of two principal operations. Our domestic operation which includes Royal Mail and Parcelforce (Royal Mail) and our international operation, General Logistics Systems (GLS).



OUR AMBITION

To build a more balanced and diverse parcels-led, international business.

WHERE WE OPERATE



Royal Mail operates throughout the UK, and offers letter and parcel delivery services internationally. GLS has a growing international footprint which currently includes 40 countries and nation states.



OUR PURPOSE

To connect customers, companies and countries.

The COVID-19 pandemic has magnified our purpose and the unique and important role the Group has in connecting customers, companies and countries.

We believe that keeping the principles of CR at the centre of our business strategy is vital to its success. The social and economic impacts of the resources that we expend to deliver our corporate purpose are brought to life in our CR programmes.

Royal Mail

- Be positive - about what we can achieve
- Be Brilliant - for our customers
- Be part of it - each one of us is responsible.

GLS

- Reliability
- Security
- Transparency
- Flexibility
- Sustainability

OUR VALUES



Our values, which shape our culture, underpin everything we do. We focus on our customers and on providing reliable and convenient value-for-money services. We want our people to be proud to work for our businesses.



GOVERNANCE FRAMEWORK

Royal Mail Group has a committed and experienced team of professionals, working in close collaboration with executive management and the Board, to ensure that Royal Mail Group's business and CR strategies are aligned and implemented.

Our CR governance framework defines key responsibilities and committees used to identify and manage key risks and opportunities across the Group.

CR FRAMEWORK

Our policies and frameworks are set at three different levels, Group wide, Royal Mail and GLS. This structure reflects the differences between Royal Mail and GLS. They are set out in more detail on page 52.

PLC BOARD

The Royal Mail plc Board receives regular updates on CR activities, including monthly health and safety briefings. Maria da Cunha is the designated Non-Executive Director for engagement with the Royal Mail and GLS workforces. The Governance section, on pages 83 to 137 of our 2020-21 Annual Report and Financial Statements, describes in detail how the Group manages its risks at Board level, via subcommittees, and throughout the organisation.



CR COMMITTEE

The CR Committee oversees the Group's ESG agenda and monitors the Group's performance across a number of key metrics. The CR Committee is Chaired by Rita Griffin, Non-Executive Director.

The CR Committee membership also includes Non-Executive Directors Maria da Cunha and Baroness Hogg, the CEOs of Royal Mail and GLS, and, as required, the Director of Corporate Affairs, members of the Royal Mail CR team, the Chief HR Officer, the Global Compliance and Sustainability Director and GLS Compliance and Directives Officer.

The Committee has focused its activities of the year on the following areas: health, safety and wellbeing, culture and diversity, environment strategy, and enhancing the understanding of stakeholders' ESG expectations and performance. The Terms of Reference for this Committee can be viewed here:

→ www.royalmailgroup.com/en/about-us/management-and-committees/corporate-responsibility-committee/

Further information about the CR Committee's activities during 2020-21 can be found on pages 106 to 107 of the Annual Report and Financial Statements.



ROYAL MAIL UK EXECUTIVE BOARD (EB)

The Chief Executive Officer has overall responsibility for CR within Royal Mail. Individual members of the EB are responsible for strands of CR activity, as follows:

- Jenny Hall, Director of Corporate Affairs, is responsible for shaping and implementing our CR strategy, including our environment and community investment strategies.
- Matt Newman, Chief HR Officer, is responsible for the people strands of our CR strategy, including health, safety and wellbeing.
- Achim Dünwald, Chief Operating Officer, is responsible for ensuring the implementation of CR -related strategies across fleet and operations.

GLS EXECUTIVE BOARD

CR activities are a regular agenda topic for the GLS Executive Board as part of the Accelerate GLS strategy.

All country managers are responsible for implementing the sustainability initiatives in their country.

An executive sponsor has been appointed to drive the initiatives across GLS.



DEFINING MATERIAL ISSUES

We seek to understand the perspectives of our stakeholders to ensure our CR strategy and reporting address their key issues and concerns.

We do this by proactively engaging with them on topics ranging from social and economic value, climate change, labour rights, culture and customer service. Information about our key stakeholder groups and our engagement channels can be found at → www.royalmailgroup.com/en/responsibility/our-approach/

KEY MATERIAL ISSUES

We undertake a materiality assessment across our Royal Mail business every two years. Through one-to-one interviews, surveys and an external stakeholder panel, we identify the issues our stakeholders view as being most important. Our most recent assessment was undertaken during 2020. A full description of the process and outcomes is contained in our 2019-20 CR Report which is available at

→ www.royalmailgroup.com/en/responsibility/policies-and-reports

The assessment identified the following issues as being most important to both Royal Mail and our stakeholders.

We regard all the issues identified in the materiality matrix opposite as important for Royal Mail to address. We cover all of them in detail in this report.

- **Climate change and emissions reduction:** Management of our carbon footprint and preparations for the transition to a low-carbon economy are key to sustainable growth.
- **Engagement and culture:** Our people play a pivotal role in achieving our strategic priorities. Building a trusting, inclusive and customer-focused culture is a key focus area.
- **Labour standards and human rights:** Fostering a fair, rewarding and value-based culture is key. Strong labour standards and working conditions are a vital component of this.
- **Customer service:** We are focused on creating a more agile customer-focused business that meets the changing needs of our customers.
- **Health, safety and wellbeing:** Our priority as an employer is to create a safe and healthy working environment. Our goal is to ensure a workplace where everyone is free from injury, with good physical and mental health.
- **Diversity:** We recognise the importance of having a diverse workforce that represents the communities we operate in.
- **Community impacts:** We are a valued and trusted presence in our communities. Delivering economic and social benefits to the communities we service is a key objective of our CR strategy.

GLS publishes a Sustainability Report every two years. The latest report is available at → www.gls-group.eu/GROUP/en/our-responsibility

As part of this, GLS also conducts materiality analysis specific to its business which involves key stakeholders from each country it operates in.

The most recent assessment identified data protection, health and safety (with a focus on safe driving), and customer service as key material issues.

Royal Mail materiality analysis

The issues depicted on this matrix are those that are deemed most material to the successful delivery of our business strategy.



Prioritisation by Royal Mail

2019-20 materiality assessment

Over time, the specific prioritisation of issues can change due to our success in managing them, or the relative level of their importance or impact. The issues depicted as being of highest priority to Royal Mail Group and its stakeholders are those that have been assessed to require the most focus for the next couple of years. They are aligned to the focus areas of Royal Mail's CR Committee, and are those areas of our non-financial performance that, overall, currently have the greatest influence on the success of the business.



CORPORATE RESPONSIBILITY STRATEGY

Our CR strategy supports the delivery of our business strategy and the creation of sustainable stakeholder value. It also protects our trusted position in society.



THE OBJECTIVES OF OUR ROYAL MAIL CR STRATEGY ARE TO:

- Deliver economic and social benefit to the communities we serve.
- Manage the environmental impacts of our business and operations.
- Drive colleague advocacy for the Group and its community role.
- Deliver our transformation responsibly.
- Operate with integrity.
- Communicate our management of corporate responsibilities openly and transparently.



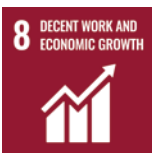
THE GLS SUSTAINABILITY MISSION

ThinkResponsible is a key pillar of the activities of the GLS Group. It encompasses the pillars of:

- ThinkGreen, business practices that help conserve resources.
- ThinkSocial, activities that benefit employees, business partners and society at large.
- ThinkFuture, activities in the area of alternative fuel technologies and urban logistics.
- ThinkQuality, reliability, punctuality, transparency and performance standards at the heart of day-to-day endeavours.

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

Royal Mail supports the UN Sustainable Development Goals (SDGs), recognising them as a common definition and roadmap for a better and more sustainable future for all. Through our materiality assessment, we identified five SDGs that are particularly relevant to the priority focus areas for our business. These are the goals to which Royal Mail Group – Royal Mail and GLS – can make a significant contribution.



OUR REPORTING

We report against our strategies under the following areas:

Our customers

We are proud of the role we play in connecting customers, companies and countries across the UK through Royal Mail and internationally through GLS.

Our people

We are committed to providing our people with a safe and healthy working environment and opportunities to fulfil their potential. Fair working conditions are at the foundation of how we do business.

Our environment

Environmental considerations are ever more fundamental to the way we do business. Ensuring that we play our part is a critical aspect of our role in society, supporting our customers' aspirations and protecting our resilience and success in the long term.

Our communities

We seek to be an integral, valued and trusted part of every community.

Compliance and ethics

We operate with integrity and transparency to protect our valued role in society.



OUR CUSTOMERS

Our unique and important role to connect customers, companies and countries has been magnified throughout the pandemic.

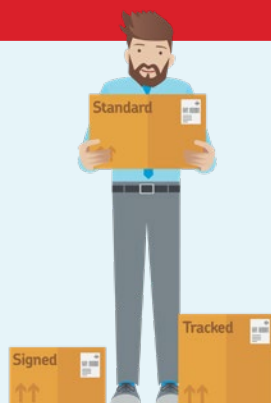
In Royal Mail we aim to create a more agile customer focused parcel business centred on three key priorities: Customer, Trust and Growth. We will continue to provide a UK-wide trusted service that is focused on the customer.

In GLS, we will continue to focus on implementing innovative digital and sustainable solutions centred around customer needs.



1.7bn

parcels handled by Royal Mail



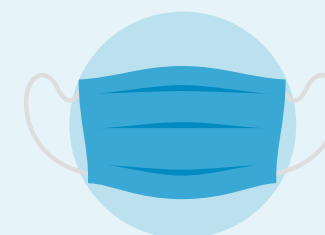
400,000

customers offered next-day prescription delivery trial



1.6m

parcels collected from customers' doorsteps through Parcel Collect



1.5bn

items of PPE delivered to care homes, GP surgeries and social care providers



PROVIDING A TRUSTED SERVICE

Keeping our customers connected has been our long-standing duty and one which we take great pride in across the Group. The last year has taught us that our customers' needs are ever changing and we must continue to grow to serve them.



At Royal Mail we are proud to help our UK customers stay connected during these challenging times. In-flight delivery options have been the number one ask from our sending customers in e-commerce. Giving customers the option to specify where their parcels are delivered – in the event they are not at home to receive them – is just one of the ways we are helping to bring greater convenience to the lives of our customers.



Nick Landon,
Chief Commercial Officer

GIVING OUR CUSTOMERS THE FLEXIBILITY THEY NEED

As consumer demand for online shopping increased due to the closure of retail outlets during national lockdowns, our focus remained on delivering solutions to meet the changing needs of our customers.

- Royal Mail has launched a Sunday parcel delivery service for a number of major retail customers. This development paves the way for seven-days-a-week parcel deliveries for more customers in the future.
- In addition to our existing in-flight delivery options – designated Safeplace and Delivery to Neighbour – we have rolled out additional options including next-day Redelivery as well as Local Collect from Royal Mail Customer Service Points and Post Offices.
- GLS Spain has introduced 2,500 convenience points across the country to allow customers to access parcels through ParcelLockers 24 hours a day, or via Parcelshops open 12 hours a day.

We will continue to enhance our customer offering to ensure that at all times we provide convenient, reliable, value-for-money services. And we must do so in an environmentally responsible way. This is the right thing to do and, as our customers demand more sustainable deliveries, it will also create a competitive advantage.



LAUNCH OF PARCEL COLLECT

Parcels now represent 72% of Group revenue. The pandemic has accelerated trends we have been seeing for years in our markets. Parcels, rather than letters, provided Royal Mail with the majority of its revenue for the first time in its five-century history. Transforming our network and working practices to adapt to parcels was important before. It is vital now.

Providing a trusted service that makes our customers' lives simpler and better is crucial to what we do, so, as part of our commitment to provide great customer experience and a convenient, flexible service, Royal Mail launched Parcel Collect, a parcel pick up service which is available across the UK.

Launched in October 2020, the new service sees our postmen or women collect parcels directly from the customers' door, or their nominated safe place, as part of their daily round.

The service has been particularly valuable to those customers who may be vulnerable and shielding, or for those who are unwell or may find it difficult to leave the house.

It also means fewer emissions, with our postmen and women collecting as part of their daily round resulting in no additional journeys being required.

Since its launch Parcel Collect has processed over 1.6 million items.

In a recent consumer survey 44% of respondents stated they are likely to use a home collection service offered by their delivery provider.



I used Royal Mail's Parcel Collect during the initial roll out of the service in Bristol. The service was really easy to use, and it was a convenient way to send a gift to my aunt, particularly as I have a new baby so time is precious!



Claire,
Parcel Collect customer



OUR ROLE DURING COVID-19

Protecting our colleagues' and customers' wellbeing is of the utmost important to us. Since April 2020, tens of millions of COVID-19 test kits have been delivered and collected across the country, and collections at priority postboxes have been increased to make it easier for customers to return COVID-19 tests.

We are proud to be working closely with the public health authorities to ensure the vital and timely delivery of around 30 million vaccination letters too. We have also distributed over 1.5 billion items of PPE to schools, social care and healthcare providers. This all forms part of our dedication to serving our communities. We understand the importance of this mission and, at all times, the safety of our colleagues and customers is our utmost priority.

Throughout GLS, our focus remains on minimising the risk of infection for our delivery drivers as well as our recipients when handling parcels. In 2020, a system of contactless delivery options was developed and launched across the GLS operation. For example, in Poland, Spain and the Netherlands PIN codes sent to recipients in advance of delivery replaced the requirement for signatures, decreasing risk for both customer and delivery driver. Due to GLS' international presence, it has also created a taskforce for both national and international level operations so that potential shipping and delivery challenges caused by COVID-19 are continually identified and overcome.

We are proud that our colleagues have worked incredibly hard to deliver these exceptional volumes on behalf of and to our valued customers.



PRESCRIPTIONS IN A HURRY

Royal Mail is working with Echo by LloydsPharmacy to trial faster deliveries of prescriptions to some residents in London and the South East.

The trial aims to give customers a speedy, convenient and secure way to order and receive vital medicine from the comfort of their own home.

Initially, customers with time-sensitive requirements who are ordering at night will receive their deliveries a whole day earlier than they currently do.

The trial paves the way for a same day delivery service covering morning orders for urgent medication.

Although the service offers greater convenience for all, it is especially important for vulnerable people who are shielding or not able to leave their homes at the moment.

To find out more visit

→ www.royalmail.com/deliverpharmacy



We want to ensure that patients always have a simple and reliable way to get hold of their medicine. Much like our recently launched feature that lets patients order online and collect at a LloydsPharmacy, faster delivery gives patients another option for getting their medicine when and where they need it.



Benoit Machefer,
CEO at Echo by LloydsPharmacy



DELIVERING INNOVATION



Our customers are spread across the globe, from densely populated cities to the most rural highlands. Our aim is to be able to deliver to all communities in the countries where we operate.



It is an exciting opportunity to test out new ways of working to support us posties that deliver in some of the most remote areas of the UK. Some of the houses on the Isle of Mull include a 30 minute walk to the front door so the use of drones will be a huge help!



Tom Nunn,
Postman, Isle of Mull

ACCESSING RURAL COMMUNITIES

Providing the Universal Service requires us to deliver to every community across the UK. With some remote or rural destinations, receiving mail can sometimes take longer, particularly during bad weather.

In December 2020, Royal Mail became the first nationwide UK parcel carrier to transport a parcel for recipients via an unmanned aerial vehicle (UAV). This was the first step in a programme focused on engaging with the community on the Isle of Mull to identify opportunities to support deliveries to very remote areas and addresses in the UK.

Some of the houses on the Isle of Mull include a 30 minute walk to the front door, so the use of drones could support our frontline delivery staff in offering fast and convenient services. This trial will also monitor the environmental benefits that using UAVs could provide.

Following the delivery to the Isle of Mull, we will be consulting with the Islanders about how drones could be used to support deliveries to their communities. This process will also help to identify opportunities to support postmen and women in delivering to other remote parts of the UK.

The project was delivered with a consortium including DronePrep and Skyports, and addressing technology what3words.

Following the successful trial to the Isle of Mull, Royal Mail will begin deliveries from the UK mainland to communities on the Isles of Scilly. The month long trial, starting in May 2021, will focus on the delivery of critical PPE and COVID testing kits, as well as other parcels and mail. See www.royalmailgroup.com/en/press-centre/press-releases/royal-mail-group/scillies-drones-trial/ for more information.

BARCODED STAMPS

As part of a pilot, Royal Mail added unique barcodes to around 20 million Second Class stamps from March 2021 – making them the UK's first barcoded stamps. The barcodes will ensure that the stamps can be uniquely identified in a move that could pave the way for innovative customer services and benefits in the future.

Royal Mail has a long and proud history for creating innovative and intuitive postal solutions. This goes all the way back to the Penny Black which established the principle of the one-price-goes-anywhere Universal Service.





SUPPORTING SMALL AND MEDIUM-SIZED BUSINESSES

Our products and services play a vital role in supporting economic growth. By offering delivery services to all parts of the country, we help small and medium-sized enterprises (SMEs) compete with larger businesses while giving consumers greater choice.

With over 16,000 new e-commerce businesses launched between March and July 2020¹, the rise in online retail continues to fuel growth in parcel volumes.

With our extensive network, including access to Post Offices, postboxes and

parcel postboxes across the UK, we provide convenient posting options for SMEs looking to sell online. We also provide advice and guidance for SMEs online to help them grow their business.

Last August, we launched a new Business Instagram account to support our customer base of more than 26,000 SME businesses and marketplace sellers. The Instagram page aims to provide inspiration, support and advice for growing businesses as well as showcasing suitable products for SMEs such as App, Click & Drop, guides and insights into shipping, market trends and marketplaces. The page has been managed by our Sales apprentices.



We want to be more connected with our SME customers digitally. It is also an opportunity for customers to share stories about their businesses, helping others to grow. We're very excited and can't wait to see where this goes.



Stacey Firn,
Sales Development Manager



THE MAGIC INK POT

The Magic Ink Pot creates bespoke stories for children. We chatted to company founder Judith Katz about the pandemic, the inspiration behind her stories and why she uses Royal Mail to deliver the company's products.

How was Christmas 2020 for The Magic Ink Pot? Were you busier than in previous years?

Well, it was a strange one – that's for sure! The Magic Ink Pot was certainly busier and that's partly due to the pandemic sending more people online to search for gifts. I've been so grateful to Royal Mail for managing to deliver our letters under tremendous pressure.

How has the pandemic affected your business?

The first lockdown was particularly busy as I think people were looking for ways to make staying at home more

bearable for their children. Our 'Letter from the Easter Bunny' did particularly well at that time. Having to spend more time indoors has focused my mind on the business and I developed more products; 'Letters from a Mermaid' and a 'Father Christmas I.O.U' letter for parents who couldn't get their hands on that elusive present in time for Christmas. Look out, too, for a 'Letters from the Tooth Fairy' gift pack in 2021.

Why did you choose Royal Mail to deliver for you?

The Magic Ink Pot's letters are written to bring a bit of good, old-fashioned magic into a child's day. There's no postal service more traditional and iconic than Royal Mail! With a postbox on every corner, it's also incredibly convenient for me, especially when Click and Drop means I can pay for postage online.



THE IMPORTANCE OF LETTERS

Research undertaken during the year shows that mail continues to connect people and remains an effective engagement tool.



1 in 5

people have sent more letters and cards since social distancing measures began.



88%

of people reported paying more attention to mail during lockdown.



39%

of consumers say they have a high level of trust in mail compared to 10% for social media.

Sources JICMAIL, Q2 2018 – Q2 2020.
RoyalMail MarketReach, Coronavirus Research,
Trinity McQueen 2020 and IPA TouchPoints 2020.

Letters remain an extremely important and powerful communications tool.

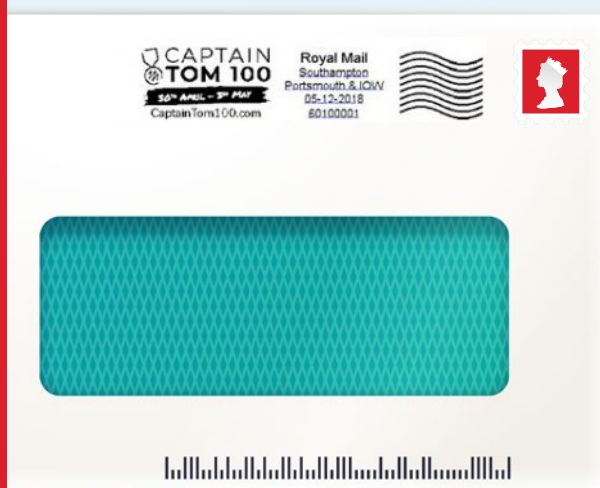
Over the past year, as face-to-face social interactions have been reduced, and people have been spending more time at home, mail has delivered important human connection, from both letters themselves and the postie delivering them.

Research undertaken during lockdown highlighted the emotional significance of the written word, along with the positive mental health benefits associated. According to Royal Mail research, 74% of Britains felt that writing letters has positive mental health benefits.

During the first national lockdown in 2020, Hallmark and Royal Mail partnered up to give away half a million greeting cards across the UK with a mission to help show gratitude and appreciation for the heroes in our lives. Those heroes were doctors, nurses, care workers, postal service workers, teachers, supermarket workers, cleaners, caretakers, delivery drivers and many more doing their jobs to keep the world going. Royal Mail, collected, posted and delivered the cards on Hallmark's behalf.



A CARD FOR A HERO



Captain Sir Tom Moore, who raised over £32 million for the NHS Charities Together by walking 100 laps of his garden before turning 100 years old, was well deserving of the tens of thousands of birthday cards he received last April. The South Midlands Mail Centre had received so many items of mail addressed to Captain Tom that they had to reprogramme their Intelligent Letter Sorting Machines to reroute all of his mail to a dedicated collection box.

Royal Mail also issued a special postmark wishing Captain Tom a happy 100th birthday. The postmark appeared on stamped mail across the UK.



The need to give Captain Tom his own selection on our letter sorting machine highlights just how much he has inspired the public with his efforts. None of the team have ever known one person to receive so much mail.



Stephen James,
Plant Manager at Royal Mail's
South Midlands Mail Centre



BETTER SERVING OUR CUSTOMERS

We are proud of the role we play connecting people, especially over the last year. Although we rose to meet many new challenges in 2020, we recognise that there is even more we can do to improve the experience of being a Royal Mail or GLS customer.

CUSTOMER SATISFACTION

Improving customer experience is extremely important to us; as such we undertake regular research with both our business and consumer customers. We measure Royal Mail customer satisfaction by interviewing around 400 business contract customers, and 3,000 consumers per month. In addition to the monthly business and consumer satisfaction interviews, we received feedback from around 50,000 recipients per month via a link in the confirmation of delivery emails.

Although some customers' experience may have been impacted due to the pandemic over the last year, 84% of our business customers said that "Royal Mail are easy to do business with", and 81% of consumer customers agreed that Royal Mail's services are "easy to use".

We track our Net Promoter Score (NPS) through our interviews and feedback mechanisms. This measure provides information about the likelihood of recommending our brand, with a score above zero classed as good. At the end of FY2020-21 our NPS for business senders was 33%, and 36% for consumers. For consumer recipients our NPS was 40%.

We take complaints very seriously. We aim to resolve customer issues and identify any underlying causes. This year, as a result of the pandemic, we have faced numerous operational challenges as we handled unprecedented parcel volumes. Complaints received by Royal Mail during FY2020-21 totalled 615,892, an 8.5% increase compared with the prior year. Complaints received included new issues such as social distancing and the change to doorstep delivery policy. Improving standards across our operations continues to be a key priority.

QUALITY OF SERVICE

At the beginning of the pandemic we communicated to customers that despite our best efforts, our service was likely to be disrupted. We prioritised the health and safety of our people and customers and we modified our operations. However, the introduction of necessary social distancing measures, combined with increased COVID-19 related staff absences and unprecedented parcel volumes, inevitably had a detrimental impact on performance. Ofcom has recognised that

74.7%

of First Class mail delivered the next working day

93.7%

of Second Class mail delivered within three working days

84%

of business customers say Royal Mail are easy to do business with

the COVID-19 pandemic qualified as an 'emergency situation' and, in such circumstances, we are not required to sustain the Universal Service without interruptions, suspension or restriction.

As a result of these exceptional challenges, Royal Mail delivered 74.7% of First Class mail the next working day (and 92% of First Class mail was delivered within two days of being posted). We delivered 93.7% of Second Class mail within three working days for FY2020-21.

Royal Mail's service levels are improving as COVID-19-related absence levels begin to stabilise and as we continue to take action to improve Quality of Service. We remain resolutely focused on delivering pre-COVID-19 quality in a COVID-19 world as soon as we can.

During the year GLS continued to be recognised for its high level of customer service. In Hungary, a survey undertaken by the independent Economic Research institute GKI Digital confirmed GLS as the favourite parcel provider in that country with a satisfaction score of 9.3 (out of 10). In 2020 GLS Poland won the Customer Friendly Company award based on the findings of an independent survey which evaluated customers' experiences. The business won the same award in 2019.

PROVIDING VALUE FOR MONEY

In January 2021 we increased the price of our Letter First and Second Class stamps to 85p and 66p respectively. These changes were necessary to help ensure the sustainability of the 'one-price-goes-anywhere' Universal Service. Recognising that many companies and households are finding it hard in the current economic climate, we considered these pricing changes very carefully. Royal Mail's stamps are still amongst the best value in Europe compared to other postal operators where the average is £1.09.





PROTECTING OUR CUSTOMERS

As the only carrier required to deliver to every household in the nation six days a week, playing a role in protecting our communities is naturally part of what we do.

SCAMS

Royal Mail works hard to prevent and detect fraud. We work with UK law enforcement agencies, Trading Standards and other organisations to share information about criminal activity, and support robust proactive action against scams.

SCAM TEXTS AND EMAILS

During the past year, a number of brands, including Royal Mail, have been targeted by scammers who send fake texts or emails purporting to be from the Company. The frequency of such scams has risen across the board during the pandemic as more crime moves online. The fake texts and emails, which fraudulently request the payment of fees, are in fact phishing scams designed to capture sensitive financial data. We regularly remind our customers that we would never request payment by email or by text through online engagement. We have also developed dedicated web pages giving examples of scams, guidance on identifying fake texts, as well as guidance on how to report them.

→ www.royalmail.com/scamprotection

SCAM PHYSICAL MAIL

Royal Mail will never deliver items of mail that it believes to be illegal. We ask our customers to contact us if they believe that they have items of mail that may be a scam. We offer Freepost, telephone and online services for potential victims and concerned relatives to bring items to our attention.

In addition, we work closely with the worldwide postal industry, our partners the National Trading Standards Scams Team (NTSST), along with other national postal organisations. We also engage with law enforcement agencies both at home and abroad in a coordinated response to stop scam mail and the criminals behind the scams.

This year, we have:

- Stopped 53,000 items of scam mail at the UK border.
- Conducted 1,342 investigations into suspected items of scam mail reported to our Scam Mail Helpdesk.
- Referred 31 customers who had identified themselves as being victims of fraud to NTSST for further professional support.



403

investigations into reports of stamp fraud reported by the public

1.5m

fake stamps prevented from reaching the market

DETECTING AND REPORTING DRUGS IN OUR NETWORK

We understand the tremendous harm that illegal drugs cause in the community. We work closely with law enforcement agencies to stop the carriage and delivery of illegal drugs. This year we prevented over 2,500 packages containing illegal drugs from reaching the market. In addition, we screen suspicious items using X-ray machines and deploy sniffer dogs to help detect them. We have also been working with the relevant regulatory authorities to prevent the supply of counterfeit medicines from overseas to the UK.

STAMP FRAUD

We want to help prevent stamp fraud and the sale of fake stamps to our customers. We encourage customers to let us know if they have come into contact with fake stamps or have any information that may be useful for our investigations. This year our Stamp Fraud Helpdesk has undertaken 403 investigations into reports of stamp fraud reported by the public. We work closely with enforcement agencies including Border Force and online marketplaces to disrupt the supply of fake stamps. This year alone we have prevented over 1.5 million fake stamps reaching the market.

PRIORITIES FOR 2021-22



Simplify our product range to an easier to understand structure.



Restore Quality of Service to keep high levels of customer satisfaction and trust.



Leverage our environmental advantage to support customers looking for environmental friendly delivery options.



OUR PEOPLE

We are committed to providing our people with a safe and healthy working environment and opportunities to fulfil their potential. With 137,300 employees, we are one of the UK's largest employers, with 1 in every 172 people in employment working for Royal Mail. The Group employs 158,600 people. Our people are our priority, and we have never been so proud of them as we have this last year.



SUPPORTING COLLEAGUES THIS YEAR

Our people have played a vital role throughout the pandemic.

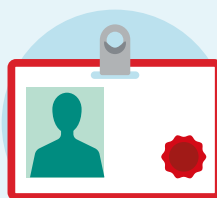
Every decision we have made has put the health of our people and our customers first. In March 2021, we released a film looking back and reflecting on the year and the role we played throughout. 'One year on' can be viewed at

→ www.royalmailgroup.com/en/insights-innovation/our-people/one-year-on

"Really early on we adopted the mantra of 'Protect our people, protect our company, protect our country', and very deliberately in that order to show that the health, safety and wellbeing of our people was the first priority." Dr Shaun Davis, Global Director Compliance & Sustainability

97%

of our UK colleagues are on permanent contracts



10,400+

colleagues have used our First Class employee wellbeing and support helpline



44%

women on the Board¹



6.5%

employee turnover rate, compared to the average UK turnover rate of 15%

1. As at 1 April 2021, the proportion of women on the Board was 44%.



OUR STRATEGY

Responding to a rapidly changing external environment, we have reviewed our UK people strategy to ensure that it continues to support our business strategy and priorities.

Building trust, and focusing on talent and process excellence will be at the heart of everything we will do.

As a result, we will focus on four strategic priorities:

- Building a culture based on trust.
- Identifying and developing our talent at all levels of our business, so our people can deliver now and in the future.
- Focusing on process excellence and simplification to free up our people's time so they can concentrate on delivering for our customers.
- Delivering brilliantly every day to make sure that all our business critical services run smoothly to support our people.

Our overarching aim is to enable our people to grow, build trust, and simplify what we do to put our customers first.



The last 12 months have been a challenge for every organisation. At Royal Mail, we've all had to adapt rapidly to meet the challenges of the pandemic as our country came to rely on us even more. Our focus has been on ensuring that we've been able to respond to our customers' needs, quickly, positively and safely. We proved that we can, and by continuing to work with our people and our unions on what matters most, I am confident that we will keep on connecting customers and communities, delivering trust on the doorstep.



Matthew Newman,
Interim Chief HR Officer

BUILDING A CULTURE OF TRUST

Our ambition is to build a trusting, inclusive and customer-focused culture. Our values – 'Be positive, be brilliant, be part of it' – represent the way we do things at Royal Mail and help shape our engagement strategy.

As key workers, our people have played a vital role for the nation this past year, keeping the nation connected and supporting our communities. Building on a renewed sense of purpose, a culture of engagement has been a key focus; from local initiatives to our national 'Transformation Story', our ambition has been to keep the conversations going throughout this most challenging year.

In February 2021, we launched a new approach to surveying our people. We moved away from our previous annual employee survey and introduced regular pulse surveys throughout the year to help create a culture of feedback and increase the employee voice.

The pulse surveys, which are designed to provide insight against our key business priorities, began in February 2021 with our first Trust Survey.

The first survey asked colleagues for their views on what it feels like to work at Royal Mail. This gave us a great insight into levels of trust across the business. It has also subsequently driven change where it matters most to our people.

Supported by our Trade Union partners, we launched 'The Big Trust Survey' in April 2021. Over 66,000 colleagues took part which represents almost 50% of our workforce.

This is the second year where the survey is only available on-line. The level of participation is a 41% improvement on last year and 32% improvement on the last pulse survey.

In terms of results, we saw a +3 improvement in our Trust Index to 62%. At 67%, our Engagement Index is now at UK benchmark, a first for us and a positive affirmation that we are concentrating on the right things.



The Big Trust Survey headlines:

- **Over 66,000 colleagues took part.**
- **Trust Index score of 62% vs UK benchmark of 74%.**
- **Over 80% of respondents feel proud to work for Royal Mail.**
- **49% of respondents feel valued by Royal Mail. We have more to do.**
- **67% engagement index score.**



ENGAGING OUR PEOPLE

As a business built on connecting our customers, keeping our colleagues engaged is a key priority for us.

Our focus this year has been to keep listening to our people and responding quickly to the challenges they've faced.



ENGAGING OUR PEOPLE THROUGH TRANSFORMATION

Following a review of our people strategy we launched our Transformation programme in July 2020. Ensuring that our people were engaged with our transformation programme was crucial to ensure its success.

Creating a compelling narrative for the programme was fundamental. With input from hundreds of colleagues from across the Company and country, we created our 'Transformation Story'. Through each phase of the story we sought to excite, engage and enable, creating understanding of our programme strategy and the part our people play in supporting the changes required.

Navigating the challenges of the pandemic meant that we needed to utilise a blend of face-to-face and digital platforms to communicate with our people.



Key to our approach was developing our leadership behaviours towards positive reinforcement of transformation, cultivating trust-based relationships and driving real cultural change in the way we do things.

The programme included:

- Providing development to c1,500 managers across the organisation to support them in delivering our 'Transformation Story'. This included upskilling them to be ambassadors and agents of connection, facilitating sessions in over 1,600 sites.
- Delivering activities which helped to build context that motivates, provided clarification about what change means at a local level, and delivered consistent messaging creating sustainable change for the future.
- Sessions aimed to inform colleagues about our transformation journey and offer our colleagues the opportunity to ask questions and have their voice heard.

RECOGNISING AND CELEBRATING SUCCESS

Aligned to our wider transformation programme, this year we provided our operational colleagues with the opportunity to help shape recognition at Royal Mail. The 'Shine' recognition trials focused on peer-to-peer, 'in the moment' and behavioural recognition nominations aligned to our 'be positive, be brilliant, be part of it,' values. Three different ideas were deployed in September 2020 at 26 sites across the operation, with around 2,000 frontline colleagues taking part. Examples included badges, a Wall of Fame and thank you cards, with the latter two offering the opportunity to take part in a draw to win an experience-based prize.

Colleagues provided pragmatic and constructive feedback with a strong preference for the thank you card concept to be progressed and developed further.





ENGAGING OUR PEOPLE CONTINUED

EMPLOYEE VOICE

The vast majority of the decisions we make could impact our colleagues therefore it is important that we engage with them and understand their views.

To connect our employees with the Board, we have held several Employee Voice Forums (EVFs) to allow for an intimate and open discussion covering various topics that are aligned to our strategy.

In his previous role as Non-Executive Director, our now CEO Simon Thompson has taken an active role in leading several sessions this year with our people from across the business. In his first month, Simon hosted the first virtual People Panel with over 100 colleagues from across the business. The panel explored their thoughts and ideas around the concept of Trust.

In February 2021, Maria da Cunha took over from Simon Thompson as the Designated Non-Executive Director for engagement with the workforce. Further detail on Maria's activities to date can be found on page 92 and 93 in the Annual Report and Financial Statements.

Further detail on Maria's activities to date can be found on page 92 and 93 in the Annual report and Financial Statements.



KEEPING CONNECTED

In March 2021, we expanded our online collaboration tool, Workplace by Facebook, previously only used by managers, to our entire UK workforce. Workplace gives everyone at Royal Mail a voice, and creates opportunities to share ideas, solve problems and have conversations. This important dialogue will help us improve Royal Mail for our people and our customers.

CEO Simon Thompson holds regular Q&A sessions with staff. We have also held a series of 'Live' events on Workplace, including an hour long session on culture and trust with CWU Deputy General Secretary (Postal) Terry Pullinger.



I truly believe Workplace will improve the way we communicate and collaborate, making us a stronger and more connected team. Everyone in Royal Mail will have their voice heard. We will be able to share ideas, exchange knowledge and provide vital feedback to help us transform.



Jenny Hall,
Director of Corporate Affairs

ENGAGEMENT AT GLS



5th

This year GLS Germany was awarded 5th place in the 'Best Recruiters' study of the 100 top employers in the country.



1st

GLS ranked 1st among the 15 certified transport and logistics companies and was awarded the Best Recruiters' seal of approval in gold as the industry winner.

In GLS, employee engagement initiatives are implemented at a national level. For example, in May this year, GLS Denmark released a new engagement strategy to increase job satisfaction by ensuring that employees are seen and heard. GLS also measure job satisfaction, for example in Italy, regular surveys are used to gauge workplace satisfaction.



CREATING A SAFE AND HEALTHY WORKING ENVIRONMENT

Our number one priority as an employer is to create a safe and healthy working environment for our people. Our goal is to ensure a workplace where everyone is free from injury, with good physical and mental health.

As Royal Mail continued operating throughout the pandemic, we acted quickly to risk assess the impact of COVID-19 and made a number of changes to our work places and working practices.

As Governments announced measures regarding social distancing, we reviewed our risk assessments and issued immediate guidance to our people, in line with Public Health England (PHE) and World Health Organization (WHO) recommendations.

It has been especially important to ensure that our people understood the changes and what measures were in place to limit the spread of COVID-19.

To keep colleagues informed of the most up to date guidance, we used all of our internal communication channels and set up a dedicated COVID-19 helpline. As well as informing people of any new coronavirus control measures, our communications reminded our colleagues about core safety messages.

ROYAL MAIL PERFORMANCE

We strive to improve our performance each year. This year, we recorded a Lost Time Accident Frequency Rate (LTAFR) of 0.39 per 100,000 hours worked, compared with 0.38 in 2019-20.

During the year the number of accidents increased by 9.6% compared to 2019-20. Our performance over the year was impacted by severe weather in quarter three. We are currently working to identify potential improvements to deliveries during severe weather events to reduce the likelihood of injury.

We have a large fleet and many of our people drive as part of their duty. Our Road Traffic Collision Frequency Rate (RTCFR) is therefore a key safety performance metric that we measure and report on annually. This year, we reduced our RTCFR by 5.7 % compared with 2019-20.

Despite our best efforts to reduce road accidents, we regret to report that seven people tragically lost their lives last year in accidents involving our vehicles.

We thoroughly investigate all accidents to determine the root cause and identify any lessons to be learned. Our investigations and findings are discussed by the Board. We conduct detailed investigations, work closely with the relevant authorities, and continue to invest in driver training and road safety campaigns.

In 2020-21, we ran a series of campaigns tackling subjects including clear windscreens, speeding and vehicle rollaways. During the year, to comply with social distancing measures, we introduced e-learning for small vehicle programmes.



31%

reduction in dog attacks
in comparison to last year

ANIMAL ATTACKS

Animal attacks still present a significant hazard for our employees. Around 33 postmen and women are attacked by dogs each week across the UK. Following an attack, we support our people in securing a prosecution and assist with their physical and mental rehabilitation.

During the pandemic we introduced contact-free deliveries. This has contributed to a 31% reduction in dog attacks in comparison to last year.

We continue to explore ways to raise awareness with customers and keep our people safe whilst delivering and collecting from homes that have a dog.

To find out more about our dog awareness campaign visit → www.royalmail.com/personal/dog-awareness



GLS PERFORMANCE

For FY2020-21 GLS recorded a LTAFR for employees of 2.44 per 100,000 hours worked, compared with 2.46 the previous year, a decrease of 1%.

Within our GLS business we regret that we have to report twenty four fatalities in traffic accidents with vehicles performing services for us in Europe and North America. Road safety will be one of the key elements of our 2021-22 Occupational Health and Safety programme.

In addition, GLS has launched an extensive Health and Safety programme in all countries to further strengthen awareness of health and safety. The programme includes a 36-month communication plan across a number of health and safety topics. This year GLS recorded a sickness absence of 4.79%.

During the year, where possible, commercial GLS employees worked from home across all national subsidiaries. To support employees with the change, the IT infrastructure was intensively expanded to support video conferencing across the business.



SUPPORTING HEALTH AND WELLBEING

Supporting the health and wellbeing of our people plays a major role in our people strategy. We have an extensive range of programmes and tools in place to support our employees' wellbeing.

We focus our attention on the issues having most impact on our employees, in either the short or long term. This means placing most emphasis on: respiratory issues, including flu and cold symptoms; musculoskeletal injuries; and mental health. This year, the level of sickness absence in Royal Mail increased to 8.48% compared to 5.87% the previous year. The increase in sickness absence this year was largely due to COVID-19.

This year, we continued to offer all employees free flu jabs to support their physical health, especially through winter, when flu is more prevalent. We increased our internal promotion of the flu jab this year. In 2020-21, the uptake increased by nearly 40% compared with the prior year.

40%

increase in uptake
of free flu jabs

£40m

committed to buying
protective equipment
by end of June 2020

24/7

support through our
employee assistance
service

MUSCULOSKELETAL INJURIES

Musculoskeletal injuries continue to be a leading cause of both short-term and long-term absence among our people. The most common absences relate to back pain, and knee, ankle and foot injuries.

We continue to expand on the information available to employees to help prevent and minimise these types of conditions. Support videos and e-learning modules are available on our dedicated intranet page for musculoskeletal disorders and promoted through our 'Stamp Out Aches and Pains' campaign. In April 2021, we launched a new e-learning package that is available to all employees with work area specific guidance. In addition, our employee benefits and discount site now offers a free trial to a physio/exercise app and discounted arch supporting insoles.

As part of the business transformation plan, new parcel sorting machines, parcel hubs and working methods are being developed. To ensure that equipment is safe and working methods are user friendly, we have reviewed design specifications to ensure better ergonomics to support our people.

SUPPORTING OUR COLLEAGUES THROUGH COVID-19

COVID-19 dominated all our lives during 2020-21. While the country was in lockdown, for many people, postal workers were the only familiar faces they saw.

We announced a number of measures to protect and support both colleagues and customers during the COVID-19 pandemic. We worked closely with the CWU on our response. Our first priority was the health and wellbeing of our employees. By the end of June 2020, we had committed around £40 million to buying equipment such as hand sanitiser, disposable gloves and other protective measures.

In addition, we temporarily changed our sick pay policy for employees with less than one year's service, providing them with the same sick pay entitlement for any COVID-19-related absence as those employees who had been with us for longer. The policy provides full-rate sick pay for the first six months (26 weeks) of any spell of absence, followed by half-rate sick pay for all employees of Royal Mail and Parcelforce Worldwide. COVID related absences reached around 20% at their peak.



SUPPORTING HEALTH AND WELLBEING CONTINUED

Protecting and improving the health and wellbeing of our workforce benefits our people and our business.

MENTAL HEALTH

Mental ill health remains one of the leading causes of long-term sickness absence in our employees. We are committed to offering practical support to any employees who are affected, whether directly or indirectly.

We aspire to develop a culture where individuals feel supported and informed to take ownership of their own health, physical or mental.

We want our people to be able to work every day feeling their best. Similar forms of employee assistance are available in GLS, for example in France and Belgium.

Our five-year mental health strategy 'Because Healthy Minds Matter' combines Group-wide programmes and local activity to support healthy minds with four clear objectives:

- 1 Increase awareness.
- 2 Reduce the stigma.
- 3 Provide tools and guidance.
- 4 Ensure our people know where to go in a crisis.

Our First Class Support employee assistance helpline is available 24/7 for all employees. This year, we have seen a 4% increase in calls. More than half of calls received during the year resulted in additional support being provided to the employee. These included mental health assessments, or debt or legal advice being provided.

This year we introduce a mobile app with live chat for our employee assistance services. This new app has increased the resources, tools and support available to employees 24/7, 365 days a year.



Mental health is a subject that has the potential to touch all of us to a greater or lesser extent, and so having a clear strategy that we can commit to and support colleagues with is just one of the ways we can show how much we value our people.



Dr Shaun Davis,
Global Director Compliance &
Sustainability

OUR HEALTH AND WELLBEING AMBASSADORS

Our Health and Wellbeing Ambassadors play an important role locally, promoting the importance of mental and physical health and offering peer-to-peer support in the workplace. They help promote health campaigns and initiatives to engage employees in the importance of good health and wellbeing and signpost the support available.

This year we launched a new online learning modules for colleagues who would like to become an Ambassador. The learning contains modules required to be completed and is available on a self-service basis to all colleagues who have the right attributes to become a Health and Wellbeing Ambassador.

This online learning has enabled us to increase our community of 'volunteer' Health and Wellbeing Ambassadors across the business.

At year end, 580 employees had taken on the volunteer role of Health and Wellbeing Ambassador.



CASE STUDY

Plymouth and Truro area leadership support, Alison Macauley, has worked at Royal Mail for nine years, starting as a postwoman before moving into the administrative side of the business. She completed training to become a Health and Wellbeing Ambassador in February 2019.

"I'm a good listener and I wanted to help people. There is still a bit of stigma attached to talking about your mental health and some physical health topics, where people feel that if they don't have severe symptoms, then they don't really have an issue, but opening up to just one person can make you feel less isolated."

BEST MENTAL HEALTH IN THE WORKPLACE STRATEGY

This year, Royal Mail won the 'Best Mental Health in the Workplace Strategy (Large Company)' award as well as the Grand Prix Award given to the 'most outstanding award entry at the 'This Can Happen' awards.

RESPONSIBLE BUSINESS CHAMPION 2020

Royal Mail also won the Responsible Business Champion award at the BITC awards in the category of Health and Wellbeing. The award recognises our five-year 'Because Healthy Minds Matter' mental health strategy and activity, launched in 2017.



REWARDING PEOPLE FAIRLY

We believe Royal Mail provides the best terms and conditions in our industry in the UK. Fair employment conditions are the foundations of how we do business.

We believe that better labour standards lead to better service standards for all our customers. We continue to work with Government in relation to better labour standards across the industry.



Around 97% of our UK employees are on permanent contracts. We offer employees a competitive salary, paid holiday and a good pension.

In 2020-21, UK postmen and women earned 36% more than the UK National Living Wage following an agreement to increase basic pay by 2.7%. This rate has increased by a further 1% from April 2021 along with an agreement to reduce the working week by one hour.

Supporting family life and work/life balance is important to Royal Mail. We want our employees to have a positive experience at work, including when they have a family.

Our generous policies are there to support our people during their pregnancy, maternity and paternity leave, adoption leave, parental leave and shared parental leave. Specifically, our policies for maternity and adoption leave offer our employees up to 26 weeks of fully paid ordinary leave.

We also provide support through our special leave policy, when our people need to take time off to deal with personal commitments.

COLLECTIVE DEFINED CONTRIBUTION (CDC) PENSION UPDATE

We recognise pension benefits are important and continue to provide good pensions for our people.

We have been working with the Communications Workers Union (CWU) to call for the introduction of CDC pensions since 2018. The Pension Schemes Bill

received Royal Assent in February 2021. This brings the UK one step closer to enabling CDC pension schemes for the first time under UK law.

We are working with Government on the passage of the necessary secondary legislation, including tax changes, in a way which will allow our proposed Collective Pension Plan to begin accepting contributions. It will also require authorisation from The Pensions Regulator.

We are keen to launch Royal Mail's Collective Pension Plan as soon as possible. We will update our employees on progress as we move towards implementation.

TEMPORARY WORKERS

Royal Mail recruits workers through agency arrangements to provide additional support with increases in volume or unexpected high levels of sickness absence.

During 2020-21, Royal Mail had an even greater requirement for temporary staff with 33,000 additional workers recruited for our Christmas peak. All workers receive the National Living Wage, with the majority receiving above the Real Living Wage. We have also transferred a number of workers onto longer term fixed-term contracts and rates equivalent to their permanent colleagues.



DIGNITY AND RESPECT IN THE WORKPLACE

Royal Mail is dedicated to ensuring a workplace where everyone feels respected and able to succeed. Our bullying and harassment policy was developed in consultation with the CWU and Unite CMA. The policy sets out our formal procedure, how to raise concerns, and the support available for resolving issues.

Our managers are trained to investigate all claims of bullying and harassment in any form. In 2020-21, we saw a 1% reduction in bullying and harassment concerns raised by our people compared with 2019-20.

We also have an internal mediation team to support with finding resolution. Last year 82% of all cases referred to the mediation team were successfully resolved.



WORKING TOGETHER

OUR UNIONS

In the UK we recognise two unions: the CWU and Unite CMA. Around 89% of our operational and administrative-grade employees are members of the CWU and approximately 65% of our managers are members of Unite CMA. In the UK around 99% of employees are covered by our agreements with these two unions.

We work closely with our unions with the aim of maintaining a productive and positive relationship, and our agreements with them are designed to support industrial stability. During the year, we lost 347 days to localised strike action, a 77% decrease from the prior year.

This year, the key focus of our relationship with our unions has been to ensure colleague safety while delivering customer services. We announced a number of measures to protect and support both

colleagues and customers during the COVID-19 pandemic. We worked closely with both our unions on our response. Our first priority was the health and wellbeing of our employees.

In 2020-21, we committed around £40 million to buying equipment such as face coverings, hand sanitiser, wipes, disposable gloves and other protective measures.

In a period of uncertainty for our people, and against a backdrop of COVID-19, we have worked with Unite CMA on a range of issues. This includes the restructuring of our UK management population.

We are committed to supporting the learning and development of colleagues who have been placed into new roles.

MOVING FORWARD

In December, we were pleased to reach an agreement with the CWU. We want to work with our unions, managers and employees to accelerate the pace of change and build a business that better reflects the delivery market and evolving demands of our customers. Our business is facing financial challenges, which have been accelerated by the COVID-19 pandemic.

We recognise the need to transform our operation from a UK-focused letters business that delivers parcels, to a parcels-led international business delivering letters in the UK.

We want to build a culture of trust at every level in the business and explore even more ways to increase the employee voice. Our business strategy requires us to be more customer focused than ever before, so we plan to build on our transformation story and engage with our people in the part they will play.

The agreement will require new ways of working, a more flexible business, greater use of technology and the insight of our workforce. This will also provide both job security and job opportunities for the future. For more information on our agreement with the CWU please see page 26 in our Annual Report and Financial Statements.

WORKING FROM HOME

In response to COVID-19 and guidance from the Government, many of our people normally based at offices had to work from home.

To understand how people were feeling and their views on returning to work, we launched a survey in August 2020. 79% of our colleagues took the opportunity to share their views.

The results showed a clear desire to adopt a more balanced approach to work, mixing both working from home and from the office. 86% said they would like to continue working from home more regularly.

The pandemic has presented us with many challenges, but also with some opportunities to reflect on how we can work differently in the future.

In February 2020, we confirmed a new working approach for our non-operational colleagues. From June 2021, colleagues will balance their time in one of our three main UK specialist support offices with working from home. We want to make the home/office balance a reality for the long term and to re-imagine our specialist support offices as engaging and inspiring work spaces that cultivate collaboration, team-building and the generation of fresh ideas.





VALUING DIVERSITY AND INCLUSION

Royal Mail believes that diversity involves more than just a workforce with representation from a wide variety of groups. It also involves giving every one of those groups a voice and valuing the contributions from all of our people. We strive to create a welcoming, inclusive, fair and respectful working environment. We continue to develop and evolve our UK diversity and inclusion strategy to create an inclusive workforce, seeking contribution from a diverse range of employees.

This year, as part of our work to define what it means to be inclusive at Royal Mail in the UK, we rolled out a programme looking at inclusive behaviours for our senior leaders. To date this programme has been delivered to over 85% of the senior leaders in the UK, with plans to deliver to the remainder of the senior leadership population.

The Board is responsible for defining the direction of our diversity and inclusivity strategy focusing on how we implement our diversity and inclusion agenda across Royal Mail, and our customer and supplier relationships.

The Royal Mail Executive Board oversees its diversity and inclusion programme and is responsible for driving culture change across the business. This year, Royal Mail held its inaugural Board-sponsored employee network celebration event, to recognise the hard work of all our colleagues and to highlight its commitment to ensuring that we have a truly inclusive workplace culture.

We recognise that Royal Mail's employee and customer base is diverse; however, this diversity is not fully represented at senior leadership level. To address this, we have a number of initiatives, including the creation of a Youth Board.

The Youth Board is made up of colleagues aged 16-30. Its objective is to enable the voice of younger colleagues to be heard and to allow them to contribute directly to the future direction of the business.

We have six Diversity & Inclusion Networks in place. They are: LGBT & Friends, BAME, Disability, Youth, Gender and Parents & Carers. Each of the networks are sponsored by a senior leader and are supported by a wide representation of volunteers across the business. They actively get involved by creating practical suggestions or actions to raise awareness, increase inclusivity and create a sense of belonging.

A DISABILITY CONFIDENT EMPLOYER

We are committed to supporting applicants and colleagues with disabilities and those with long-term health conditions at all stages of the employee cycle. This includes offering reasonable adjustments to the workplace where appropriate. Operations Managers complete Disability and Reasonable Adjustments training to ensure that they are confident and effective in supporting colleagues with disabilities. Royal Mail is proud to be part of the UK's Disability Confident scheme and to achieve Disability Confident Employer status. We support the Government's commitment to have one million more disabled people in work by 2027.

INCLUSIVE RECRUITMENT

We are committed to recruiting diverse talent so that our workforce better reflects the diversity of the communities we serve. We proactively recruit people from under-represented and socially excluded groups. In 2020, we launched a partnership with Beam, a social enterprise that upskills people living in homeless hostels and refuges and matches them with employers. We are currently working to create a number of roles available to those on the programme.

**50**

% of colleagues are over the age of 50

**4²**

% of colleagues declared they are a carer

**6²**

% of colleagues have identified themselves as lesbian, gay, bisexual or other.

**11**

% of colleagues have declared that they are from an ethnic minority background

**1²**

% of colleagues declared that their gender is different now from birth

**13²**

% of colleagues declared a disability



VALUING DIVERSITY AND INCLUSION

CONTINUED

GENDER DIVERSITY

We believe that all our people should be rewarded fairly for their work, regardless of gender. Every year, we conduct a Company-wide review of pay for men and women in our UK business.

Our Gender Pay Gap Report provides further information. Visit:

→ www.royalmailgroup.com/en/responsibility/our-people/investing-in-our-people/

This year, Royal Mail was named one of The Times Top 50 Employers for Women. Royal Mail have been listed every year, since 2014, when we were first included. We continue to deploy a range of initiatives to support female colleagues' career development and increase the number of women in management roles.

As at 1 April 2021, the proportion of women on the Board was 44%¹ and women made up 29%² of senior managers across the Group. Further information about our gender diversity profile is detailed in the table here.

29

% of our senior
managers are women



SUPPORTING WOMEN ENTREPRENEURS IN E-COMMERCE

This year, GLS Czech Republic was involved in the judging of the 6th Annual Entrepreneurial Woman project. The goal of the project is to give women coaching and financial support for their business. In addition to joining the judging panel, GLS Czech Republic donated prizes to the eWoman category for parcel transport worth CZK 15,000.



“We would like to make it easier for women to start their business by having a reliable transport partner and professional software for distributing their shipments. This will support the development of their e-shop.”



Pavel Včela,
Director GLS Czech Republic

GROUP GENDER DIVERSITY PROFILE AS AT 28 MARCH 2021

	Royal Mail		GLS		Total	
	Female	Male	Female	Male	Female	Male
Board ¹	0	2	0	1	4	5
Senior management ²	595	1,308	34	217	629	1,525
Management	1,399	4,923	2,995	3,329	5,859	9,242
Admin	1,465	990				
Operational	23,754	102,675	3,386	11,345	27,140	114,020
Total ^{3,4}	27,213	109,898	6,415	14,892	33,628	124,790

1. The Board as at 1 April 2021. Royal Mail Board numbers include both Royal Mail and Royal Mail Group employees. Total also includes Board members not classified as employees.
2. For our Corporate Responsibility reporting, we define senior managers as persons graded in bands 1-9, being employees responsible for planning, directing or controlling the activities of the Company, or a strategically significant part of it. It does not include those members of the Royal Mail plc Board who would otherwise classify as employees within bands 1-9. This definition of senior management is used each year, ensuring alignment with our people management systems and consistent comparison on data year-on-year.
3. In total, five employees have no declared gender within the Royal Mail reporting system. These employees would add an additional four employees to total operations, and one additional admin. The total headcount for Royal Mail is therefore 137,116, and overall headcount for the Group 158,423.
4. Number excludes those members of the Board who are not also employees.



VALUING DIVERSITY AND INCLUSION

CONTINUED

SUPPORTING OUR COLLEAGUES FROM AN ETHNIC MINORITY BACKGROUND

Royal Mail's ethnic profile is broadly representative of the UK population. 11% of our UK employees are from an ethnic minority background. We want to ensure that our business is a place where all our people can achieve their potential.

Career progression is a key focus as we work towards improving the representation of colleagues from ethnic minority backgrounds across all levels of our UK business.

Royal Mail is an inaugural signatory of Business in the Community's (BITC) Race at Work Charter. We participate in BITC's internal and external Mentoring Circles programme, which offers ethnic minority colleagues an opportunity to be mentored by senior colleagues within our organisation and across multiple industries.

The Board has adopted the Parker Review target for all FTSE 250 boards to have at least one director from an ethnic minority background by 2024. We are currently reviewing the targets that we have set to ensure they are right for the business moving forwards.

GLS is currently in the process of developing a GLS specific Diversity & Inclusion Programme. The aim is to become a more diverse company by promoting gender equality and ensuring an inclusive and welcoming working environment with equal treatment and the same development opportunities for all employees, including our employees with disabilities and caring responsibilities.

In the wake of the Black Lives Matter protests in the summer of 2020, we held a listening session to understand the lived experiences of black colleagues. We also held a Workplace Live session with the Chair of our BAME Network, Crispin Bacchus to better understand our colleagues perspectives.

Following these sessions, the Executive Board asked that we deliver a reverse mentoring programme so they can better understand the experiences of our frontline ethnic minority colleagues and middle managers.

SCAN ME



**Scan here to
view our Black
History Month
postbox gallery.**



CELEBRATING BLACK HISTORY MONTH

This year, to mark Black History Month, we commissioned four special edition postboxes in each UK nation to honour black Britons past and present. The idea came from employees in our BAME network.

The social media-activated postboxes featured a figure of significance to the British black community, who has also appeared on a special stamp. By scanning a QR code on the boxes, customers were taken through to a dedicated online gallery on the Royal Mail website.

For example, the box in Glasgow featured an image of Walter Tull, who had signed on to become the first black player for Rangers, before being tragically killed in action in his post within the British Army (where he was the first black officer to command troops in a regular unit). He featured in a set of stamps released in 2018 to mark the end of the First World War. The postboxes were located in special sites in London (close to the Black Cultural Archives in Brixton), Glasgow (close to Glasgow University), Cardiff (close to Cardiff City Hall) and Belfast (close to Belfast City Hall).



DEVELOPING OUR PEOPLE

Our commitment to learning and development drives results across our business. We aim to provide the tools, knowledge and resources for people to have fulfilling careers at Royal Mail and take control of their learning and development.

Across Royal Mail Group, we continue to deliver a range of learning and development programmes. These include technical health and safety, compliance and job-specific training.

In the UK, we encourage our people to use our online learning platform, Success Factors. Employees are able to access a wide variety of courses through the platform, such as Driver Certificate of Professional Competence (DCPC) modules, and interventions to help our managers to interpret and apply policy.

In 2020-21, we invested £6.8 million in training, equating to approximately 19,000 training days compared with £7.4 million in 2019-20. The level of investment reported is less than the previous year as all classroom training was paused for three months due to the COVID-19 pandemic. To prevent any further disruption we moved all managerial development courses from classroom to virtual classroom training.



I love The Fridge – it's completely different from what we had in the past! The bite-size chunks – blogs, articles, YouTube videos – give you the opportunity to learn something without having to sit down for hours.



Ian Ford,
MPU Manager, South Coast

THE FRIDGE

This year we launched a new learning platform, 'The Fridge'. The platform is designed to link pieces of learning and development digitally to provide an easy to use and accessible learning platform that users can understand.

It is an essential tool to support our transformation journey. It provides the following:

- Support and resources to help managers deliver the Transformation Story and engage their teams.
- Bite-size learning and how-to guides to support managers.
- Current, accredited management and leadership development delivered digitally in an engaging and digestible way.

The Fridge is intended to be the One Stop Shop for all learning and development activity for the Group by 2023.

Key activities for next year are:

- Develop an AI-driven Coaching and Mentoring app to deliver dynamic, easily accessible support and increase connectivity for people across the Group.
- Introduce an accredited digital badging to enable user-led achievement of qualifications at a pace and structure that meets individual needs.
- Widen access to the Fridge ensuring access to technology is not a barrier.

 **The Fridge**

4.2k users since launch
in March 2021

93% engagement rate

68% uptake from the
pilot group of 1,100,
against an industry
standard of 25%





DEVELOPING OUR PEOPLE CONTINUED

BEHAVIOURAL COACHING

In January 2021, we began the development of the behavioural coaching programme that aims to support our managers in transitioning to the new ways of working, making their working lives simpler and helping them focus on things that add value to them, their teams and our customers.

We focused on three key behaviours – Prioritise, Influence and Delegate – all underpinned by Trust.

Our managers are on a tailored learning journey. This will include coach-led sessions, online resources, interactive communication campaigns and other initiatives. The aim of these is to help managers live out the three behaviours, putting learning into practice and making their life simpler to help them focus on what makes the most difference to our employees and our customers.

MANAGING PERFORMANCE AND IDENTIFYING DEVELOPMENT OPPORTUNITIES

We carry out annual performance reviews with all our managers. They make up approximately 6% of our total employee population. We have a capability framework that encourages them to carry out a skills self-assessment via our online learning platform, Success Factors.

These voluntary self-assessments help us to direct our investment in training towards the areas of greatest need.

We appraise non-managers using a different process that is better suited to their career development. We assess the skills of our frontline postmen and women against our standard operating procedures, to identify skills gaps and development opportunities. As part of this process, line managers and workplace coaches develop coaching and action plans to help all of our people improve their performance.

We are evolving the way in which we set, achieve and review our goals for 2021-22 to align more closely with the Company's ambitions and values. Functional level goals will be rolled out to increase the contribution that each function makes to the overall business and to win customer trust on the doorstep.

GLS regards employee development as a key pillar in terms of safeguarding the sustainable success of the Company and its employees.

For example, this year, GLS Germany provided 111 trainee places; the number of places has doubled in the last four years. Placements were offered in warehouse logistics, IT, and freight forwarding and logistics services. Trainees study for either the degree programme Applied Computer Science or Logistics Management alongside their placement.



We are proud that we were able to almost double the number of places within four years. This shows that GLS is an attractive employer for junior staff and that parcel logistics is an exciting and diverse industry with a future – and that young people perceive it that way.



Dr. Karl Pfaff,
Chairman of the Management Board
of GLS Germany

Germany's best trainers 2020

This year, GLS Germany was named one of 'Germany's best trainers 2020' by Capital magazine and the talent platform Ausbildung.de. GLS achieved four stars in the category training and dual studies.





INVESTING IN THE FUTURE

Each year, hundreds of apprentices, interns and graduates join and graduate from our early careers programmes. It is incredibly important to Royal Mail to ensure that those who join us have the right tools to build rewarding careers with us.

OUR APPRENTICES

In August and September 2020, we recruited 42 new apprentices across Engineering, Finance and Project Management.

This year, to ensure that our apprentices received the support they needed, we issued a pulse survey to all apprentices to understand how their training, workload and personal lives had been affected by COVID-19. In response to this survey, we worked with our apprenticeship providers to ensure that we are putting the right plans in place to support their continued learning.

This year, our Business to Business Sales Level 6 Degree Apprenticeship Programme was awarded the Princess Royal Training Award 2020 for excellence against three industry hallmarks. The award is run by the City & Guilds Foundation and is awarded to organisations who achieve excellence in the delivery of training.

We have been highlighted as a leading employer for Apprenticeship Levy transfer by the Education and Skills Funding Agency (ESFA). We have transferred over £4.1 million of our Apprenticeship Levy allowance to funding apprenticeships for our charity partners Action for Children, the North West Ambulance Service, Seashell Trust, EYC Global and SMEs via the London Progression Collaboration. We have supported 282 apprentice starts with the partners to date, and have committed to transfer a further £8.5million in the future.

OUR GRADUATES

We offer programmes in technology, logistics management and engineering. Unfortunately, due to COVID-19 our 2020 graduate recruitment intake was delayed until September 2021. To keep our new graduates engaged, several 'Keep Warm' activities were arranged. These included one-to-one phone calls from Graduates and Talent Managers, as well as webinars with Senior Sponsors.

LOOKING FORWARD

In 2021, we plan to launch The Postal Apprenticeship scheme. This is part of our plan to attract a new, young and diverse workforce as we head into the next financial year.



Association of
Apprentices

Image: Ashaan Grewal, a Level 4 Engineering apprentice, winner of Engineering and Manufacturing Apprentice of the Year in the BAME Apprenticeship Awards.

This year, Royal Mail became a Founding Partner and Advisory Board Member for the Association of Apprentices (AoA). The AoA is a newly formed, UK-wide organisation, led by apprentices for apprentices. Membership will provide our apprentices with a community where they can access information and support through online tools, resources and webinars.



The blended learning an apprenticeship offers enabled me to thrive and flourish in a safe, supportive and professional environment.



Benjamin Green,
Project Management Apprentice

PRIORITIES FOR 2021-22



Continue to support the health, safety and wellbeing of our people to reflect the evolving environment.



Put in place the next generation of Royal Mail employees by launching Postal Apprenticeships across the UK.



Enable direct conversations between all our people, building a genuine two-way conversation with them.



OUR ENVIRONMENT

Environmental considerations are a fundamental part of the way we operate. We are committed to providing sustainable solutions for our customers and communities as we deliver against our environmental ambitions. For governments, businesses and communities alike, the pandemic has led to a renewed sense of urgency around the impacts of climate change.

A HYDROGEN-FUELLED ABERDEEN

In November 2020, Royal Mail began a 12-month trial of a dual fuel hydrogen vehicle. The trial marks the first time hydrogen has been used in the Company's fleet in over 10 years. The project is with Aberdeen City Council and the EU-funded Civitas Portis Project with the aim of advancing sustainable transportation in the city. The trial will help us to understand if hydrogen could be a suitable alternative fuel for Royal Mail deliveries for larger vehicles and longer routes, where electricity may not be a viable alternative fuel.

The vehicle carries out deliveries up to 120 miles around the Altens area and is powered up to 60% by Green Hydrogen, with the remainder being powered by diesel.



6.9%

reduction in CO₂e per £1m revenue since last year



1,137

vehicles powered by electricity or alternative fuel across Royal Mail and GLS



208

gCO₂e per parcel average



100%

of parcels delivered carbon neutral by GLS in Germany and the Netherlands



OUR ENVIRONMENTAL STRATEGIES

Across the Group we aim to decarbonise our operations through the use of alternative fuel vehicles and renewable energy solutions, whilst we strive for continued efficiencies.

We continue to implement measures to reduce water usage and waste generated from our operations.

Due to the operational differences between Royal Mail in the UK and GLS across the globe, separate environmental strategies have been developed that better support each business in meeting these aims.

ROYAL MAIL – DELIVERING A CLEANER FUTURE

Environmental considerations are a fundamental part of the way Royal Mail operates in the UK. With our feet-on-the-street network of over 85,000 postmen and women in the UK, we play a key role in reducing emissions in the communities in which we work. Our environment strategy focuses on three key areas which are outlined below:



Net zero

We will have a net zero carbon business by 2050. This target will be periodically reviewed and brought forward if possible. Our net zero journey aligns with the ambition agreed during the 2015 Paris Agreement of limiting warming to less than 2 degrees Celsius.



Clean air

100% of our fleet will be powered by alternative fuel by 2050. We aim to reduce the emissions associated with our fleet to improve the air quality in the communities in which we operate.



Responsible consumption

We will reduce the waste generated and water used by 25% by 2030. To support this, we will complete a total review of purchase, distribution, use and disposal of packaging and single-use resources by 2022.

GLS – THINKGREEN

ThinkGreen aims to use resources responsibly and to reduce emissions. GLS is committed to green parcel shipping with the long-term objective of 100% emission-free deliveries. Through the implementation of targeted measures across the GLS Group, we aim to use resources as efficiently as possible and to optimise processes across the following areas:



Vehicles

GLS is increasing fuel efficiency and reducing greenhouse gas emissions. All vehicles in the fleet – i.e. those used by our transport partners and the in-house fleet of company cars – are gradually being replaced with more eco-friendly models.



Transport planning

GLS uses state-of-the-art, IT-assisted planning instruments to improve operating processes and transport routes. Journey lengths are systematically minimised through optimised route planning.



Electric Vehicles

GLS is increasingly turning to alternative delivery methods, with natural gas vehicles, battery-powered vehicles, scooters, cargo trikes and even in-line skates all used to deliver parcels. These vehicles reduce our emissions and complement our existing fleet.



Sites

GLS builds in an eco-friendly way, with environmental aspects explicitly factored into new builds, replacement buildings and extensions projects. The use of rainwater, photovoltaic technology, recyclable building material and heat pumps play a vital role.



OUR CARBON FOOTPRINT

CARBON EMISSIONS CO₂e PERFORMANCE

('000 tonnes)¹

	2020-21			2019-20		
	Total	Royal Mail	GLS	Total	Royal Mail	GLS
Scope 1	490.8	475.4	15.4	451.7	435.3	16.4
Scope 2	87.7	65.1	22.6	92.0	70.5	21.5
Scope 3	80.8	80.8		81.4	81.4	
Total	659.3	621.3	38.0	625.1	587.2	37.9
Tonnes CO ₂ e per £1m revenue		71.8			77.1	
Scope 2 (market-based)	40.1	9.3	30.8	40.5	8.3	32.2
Energy consumption '000 kWh	2,503,629	2,353,178	150,451	2,307,675	2,161,486	146,189

1. We report our carbon emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Standard. The standard classifies a company's GHG emissions into three 'scopes'. Scope 1 emissions are direct emissions from sources that are owned or controlled by Royal Mail, including combustion of fuel and operation of facilities. Scope 2 emissions are indirect emissions from the purchase of electricity, heat, steam and cooling purchased for own use. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. For Royal Mail, this includes consumption and GHGs emitted through the use of third-party road or air freight for the transportation of mail, including UK and offshore data. GLS data includes all global emissions and consumption, excluding the UK and offshore, for scopes 1 and 2. Scope 3 data is not included. Annual energy consumption (kWh) is obtained from both actual (invoices) and estimated (modelled) consumption used for our reported scope 1 and 2 carbon footprint. Where conversion of units to kWh is required, the latest conversion factors from the UK Government are used; source www.gov.uk/government/collections/government-conversion-factors-for-company-reporting.

2. 2019-20 data for Royal Mail has been restated following the provision of data which was previously estimated.

3. GLS emissions data reflects the calendar year rather than the financial year.

DECARBONISING OUR OPERATIONS

In FY2020-21, the Royal Mail UK carbon footprint increased by 5.8% compared with the previous year. This is largely due to the increased volumes, but also as a result of operational measures required during the pandemic. On a normalised basis, these emissions decreased by 6.9% per £1 million of revenue last year. The total footprint for GLS increased by 0.3% compared with the previous year. The table above sets out our Group carbon emissions and energy consumption performance for FY2020-21.

BUILDINGS

We maintain a large property portfolio with buildings ranging in size, age and use. Climate change, legislation and stakeholder expectations as well as uncertainty around the future of energy prices and energy demand mean that energy management is a key priority for us.

In the UK, energy used to operate our buildings this year made up approximately 23% of our total carbon footprint. Overall, our emissions from buildings increased by 1%. Our total electricity consumption decreased by 1.2%, and our gas consumption increased by 8.1%. The changes in consumption this year were due to a number of factors. Our operational sites

were open for longer, with many buildings operating with altered heating and ventilation regimes to address health and safety measures to help prevent the spread of COVID-19.

Across our UK property estate, we power our buildings with electricity that is fully backed by low carbon generation. This includes nuclear generation, which is considered a low carbon source of energy compared with fossil fuel equivalents. In addition, we have solar panels installed at seven of our sites. Solar panels at our Chelmsford Mail Centre generated 87,440 kWh last year. We continue to look for opportunities for self-generation across our estate.

Last year, we developed the UK property energy strategy to support the delivery of the Royal Mail net zero ambition. As part of this, we implemented energy performance optimisation trials at our Manchester Mail Centre and Princess Royal Regional Distribution Centre sites. The trials, which included the adjustment of boiler operation times and other building management system settings, delivered carbon savings of 61tCO₂e over a four-month period. We are currently seeking to roll an optimisation contract out over 230 of our largest and highest energy consuming sites.

We continue to review and implement short-term payback initiatives identified during the Energy Savings Opportunities Scheme (ESOS) audits. One key area includes the investment of £3.6 million to replace 81 gas boilers across 55 sites with more efficient systems.

We have also continued to roll out the environmental reporting system, Greenstone, which enables colleagues to view the energy, waste and water performance on their sites.

Construction of Royal Mail's second parcel hub is underway in the Midlands, UK. Scheduled for launch in 2023, the 840,000 square-foot facility will have capacity to process over one million parcels per day.

We have been working with the developer and contractor to ensure that the building shell and fitout will be carbon neutral once built.



OUR CARBON FOOTPRINT CONTINUED



We will compensate for the unavoidable carbon through a scheme to preserve rainforest, biodiversity and local communities in South America.

GLS continues to install solar panels on new sites across the GLS operations, including the new European Eco Hub in Essen, Germany. The site is powered by photovoltaic systems with battery storage. In addition the site has emission-free cooling and heating systems installed.

To support biodiversity, the site incorporates a 1,800m² green roof and biotope for protected species including newts, frogs and toads.

The facility will serve as a blueprint for future GLS sites. Furthermore, the change to LED lighting is taking place in many countries. All GLS locations in Germany (more than 70) are powered via the purchase of 100% renewable electricity.

FLEET

Efficiency management of our fleet is essential as our parcel operations grow. We are committed to taking action to reduce our emissions and improve air quality in the communities in which we operate. We are progressively moving to low emission and alternative fuel vehicles and working towards zero tailpipe emissions.

Nearly two-thirds of our emissions stem from our vehicles and transport. Improving our fleet fuel efficiency is therefore a key part of delivering our carbon reduction targets.

Lowest reported gCO₂e

per parcel of any major
UK delivery company

During FY2020-21 fuel used in our UK fleet increased by 14.7%, resulting in a 9.3% increase in associated emissions. This was due to additional vehicles hired and increased use of our delivery vehicles as a result of volume increases and changes to operations as a result of the pandemic. Additionally, our larger trunking fleet saw increased mileage due to the increase in parcel volumes. In order to improve our fleet efficiency and reduce our environmental impact we are currently focused on three key areas:

1

Improving fuel efficiency through driver behaviour and driving styles.

We use telemetry to influence driver behaviour and encourage more fuel-efficient and safer driving styles. We also use this data to inform our driver training. Telemetry has been shown to reduce idling times by around 5%, both saving fuel and reducing our emissions. Since 2019 we have invested £3.6 million in telemetry devices, with the system now installed on 78% of our UK-based light commercial vehicles and in 81% of our entire fleet. Over the last year, telemetry has helped us save approximately 565,000 litres of diesel, equating to 1,440 tonnes of CO₂e across our delivery and collection vehicles.

2

Trialling and deploying alternative fuel, advanced technology and new vehicle/delivery concepts.

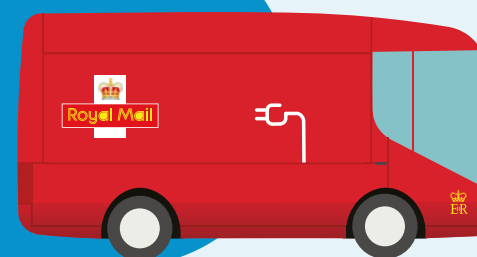
The Royal Mail Fleet Engineering Team are exploring the use of solar technology to improve fuel efficiency and reduce vehicle maintenance costs. Solar panels fitted to vans and HGV trailers charge vehicle batteries to drive the alternator – instead of the engine. In addition to the reduction in fuel consumption, we have seen a reduction in trailer breakdowns caused by flat batteries and deck failure for those fitted with the technology. To date, 10 trucks, 178 trailers and one van have been fitted with the solar panel technology and a further 258 are on order.

3

Ensuring an efficient transport network.

We maximise capacity by loading mail items as efficiently as possible into our vans and HGV trailers. Using double-deck trailers delivers a 4% fuel efficiency improvement when compared to single-deck trailers whilst also providing a greater load capacity. In the UK, we continue to replace single-deck trailers with double-deck models. Over the last year we have introduced 374 double-deck trailers to our HGV fleet, bringing our total to 1,644, representing 55% of our HGV trailers.

Within GLS, 10 long trucks were introduced from the Dutch hub in Utrecht. Due to the significantly higher loading capacity of these vehicles, a distance of 18,000 km can be saved every month.





OUR CLEAN AIR AMBITIONS

We recognise the impact that poor air quality can have in the communities in which we operate. Investing in electric and alternative fuel vehicles plays a vital role in achieving our environmental ambitions and having a greater impact on improving air quality in the communities in which we operate.

As the Universal Service Provider in the UK, Royal Mail maintains a large fleet of 50,845 vehicles to ensure that we are able to reach every community across the country. Our final mile delivery network is unique in that 63% is delivered either purely by foot, or through a park and loop method which is also largely foot based. This keeps our overall emissions and contribution to urban congestion lower than other delivery companies.

In GLS, the transport of parcels is the core process of our business. Around 22,200 delivery vehicles and 3,300 line-haul vehicles are used for this every day. We are constantly reducing the resulting emissions by modernising the fleet in cooperation with our transport partners.

ELECTRIFYING OUR FLEET

Royal Mail continues to operate and invest in the electrification of its delivery and collection fleet, with an additional 121 vehicles currently on order.

During the year, we joined the steering committee of the UK Electric Fleet Coalition, working with other UK fleet operators to support the acceleration to electric vehicles. In addition, we have joined the Electric Vehicle (EV) Fleets Accelerator group, whose goal is to use electric fleets as a catalyst to accelerate the conversion to EV's so helping Electrify the UK.

We will continue to roll out more electric vehicles within our fleet over the coming years.



TRANSITIONING TO ALTERNATIVE FUELS

Shown to reduce CO₂e by around 85% in comparison to average diesel emissions, Bio-CNG fuel can significantly lower the emissions associated with our larger HGV fleet. In the UK this year we invested £2.8 million to introduce 29 additional HGVs fueled by Bio-CNG into our fleet. To date, the use of our existing Bio-CNG vehicles has saved 50,869 liters of diesel.

We plan to continue increasing the number of Bio-CNG HGVs in our fleet as we replace older diesel equivalents.

INVESTING IN ALTERNATIVE FUEL VEHICLES

In total, Royal Mail Group owns/operates 1,137 alternative fuel vehicles – outlined below. We continue to invest and roll out alternative fuel vehicles across our fleet.

505

Electric

149

Cargo bike/trike

258

CNG

96

LPG

38

Hybrid

91

LNG



GLS PARTNERS WITH CUSTOMER FOR ZERO EMISSION DELIVERY

GLS continues to roll out electrically powered vehicles and bicycles. Thanks to a partnership with GLS Enterprise S.r.l., fashion brand H&M can offer a new sustainable shipping option for those who buy online and request delivery in the centre of Milan. Customers who choose this mode of shipment will, in fact, have the guarantee that orders will be taken from the H&M warehouse and delivered to some areas of the centre of Milan only through the use of eBikes, eVans, eScooters and bicycles.



OUR CLEAN AIR AMBITIONS CONTINUED

Royal Mail has partnered with London Electric Vehicle Company (LEVC) on the development of its electric van. Over the last year we have trialled both the Taxi Van prototype as well as the VN5 Production Van across Birmingham, Derby, Leeds, Edinburgh and Bristol. During this trial we drove 8,191 miles fully powered by the London Electric Vehicle Company fleet.

ZERO TAILPIPE EMISSIONS OFFICES, TOWNS AND CITIES

GLS continues to make progress on electric vehicles, charging infrastructure, and city logistics concepts, including inner-city carbon-free delivery. Today, GLS already serve more than 60 inner cities with carbon-free delivery methods, including eBikes, eVans and eScooters.



GLS is engaged with a cross-company operation, Mikrodepot am Ostwall, for the climate-friendly delivery of courier, express and parcel services in the city of Dortmund. Alongside UPS, DPD and Amazon, the joint and thus space-saving operation of a microdepot is an example of cooperative emission-free delivery traffic in other municipalities as well.

In May 2021, Royal Mail opened its first delivery office with an all-electric fleet. The site in Bristol has been installed with six double electric charging posts which will charge the 23 delivery and collection vans from the site.

Bristol was selected as the first delivery office due to the city's plans for a Clean Air Zone. We will be considering other delivery offices across the UK in the coming months.

OUR COMPANY CARS

Within Royal Mail we continue to roll out electric vehicles across our company car fleet. Since the introduction of EVs on the scheme, 42 drivers have chosen an EV (out of 695). We have seen an increase in the interest in moving to an EV, with 67% of new car orders now for EVs. We continue to review and revise our company car policy, and available vehicles in order to support the delivery of our environmental ambitions.

Electric and hybrid vehicles are also available as company cars in GLS; there are 25 EVs and 47 vehicles with hybrid drives across the Group. 86% of company cars also comply with the Euro 6 standard.

In seven Italian depots, GLS Italy converted the vehicle fleet of the entire management and sales staff to EVs. 11 out of 15 cars are now electrically powered, with the remainder due to be replaced by EVs by the end of 2020.



RESPONSIBLE CONSUMPTION

We are committed to reducing our waste and driving behaviours to a circular economy approach.

We manage our waste in accordance with the waste hierarchy (Prevention, Re-use, Recycle). During FY2020-21, Royal Mail generated 39,924 tonnes of waste, an increase of 3% from the prior year. The increase is attributed to increased cardboard and pallets associated with the increased volume in parcels over the period.

We are committed to reducing the amount of waste sent to landfill by Royal Mail. This year, less than 3% of waste went to landfill.

Around 1.5% of the waste we generated during the year was considered hazardous. This waste stems from vehicle and building maintenance and cleaning products used in our buildings.

Over the last year the total amount of waste the Group reused or recycled was 31,109 tonnes, making up 76% of total waste produced. During this time, Royal Mail set new targets for responsible consumption with a focus on resource procurement, storage, material flows through the business and on improved waste segregation, reuse and recycling. We are targeting a 15% reduction in total waste generated and water consumed by 2025, and a total review of the purchase, distribution, use and disposal of packaging and single-use resources by FY2021-22.

During the year, we convened a Responsible Consumption Steering Group, sponsored by the Director of Property and Facilities Services, to develop the action plan for activities in this area.

To support the further development and implementation of the responsible consumption strategy, Royal Mail has signed up to the Ellen MacArthur Foundation Circulytics benchmarking tool. The use of the tool will assist us in defining our roadmap towards a more circular approach.

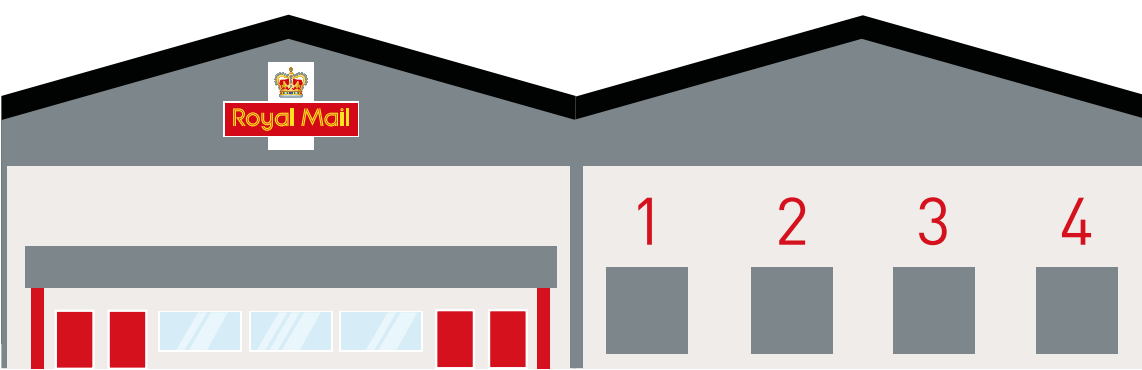
REUSE AND RECYCLING

- We baled 5,657 tonnes of cardboard during the course of the year. Baling ensures that more good-quality, usable material is fed into recycling as a raw material. In total, 99.8% of our cardboard packaging was recycled. A recent project within Royal Mail International sites at Heathrow, Atherstone and Feltham saw the reuse of cardboard boxes, instead of them being sent for recycling after first use. The project has resulted in over 600 tonnes of cardboard being reused over the course of the year, saving over 3,000 trees, 2 million kWh of energy and 18 million litres of water. As part of this programme, 485 trees have been planted one for every time we place a cardboard box order, and 202 tonnes of carbon sequestered.
- Our Green Parts programme removes all reusable parts from end-of-life vehicles, for reuse within the business or for resale to others. During 2020-21, green parts were reused within the business, saving an estimated £1.3 million.
- During the year, we distributed new internal recycling bins and consistent signage across our delivery offices to encourage improved segregation of waste. A dedicated environment week was held in January 2021 to raise awareness of the new system.

- GLS Italy replaced traditional wooden pallets with the use of Greenypack packaging, made up of 100% recycled material from common waste from polygrouped products. The Plastic Second Life materials used to create the Greenypack pallets are certified in compliance with Green Public Procurement (GPP) as environmentally preferable materials. In addition to their environmental credentials, the pallets are hygienic, robust and do not require additional treatments for export.

ELASTIC BANDS

We use elastic bands to keep bundles of mail together. This year, we used around 331 tonnes of elastic bands. We recognise that the littering of elastic bands is a potential threat to wildlife and the environment, and a cost to our business. We continue to actively manage their use. We highlight best practice for colleagues in reusing elastic bands through our communication channels, to avoid unintended littering. This year, one of our environment weeks included the 'Great Elastic Band Challenge', in which colleagues were encouraged to provide their suggestions for reducing or eliminating elastic band waste and littering. Further work is due in 2021-22, to trial some of the best ideas provided. This will be managed by a working group of the waste resource efficiency group.





RESPONSIBLE CONSUMPTION

CONTINUED



To read more about our involvement in The Queen's Green Canopy go to:

→ www.royalmailgroup.com/en/responsibility/our-environment/managing-our-environmental-impacts/the-queens-green-canopy

PLANTING TREES FOR HER MAJESTY THE QUEEN'S JUBILEE

The Queen's Green Canopy (QGC) is a unique, UK-wide tree planting initiative created to mark Her Majesty's Platinum Jubilee in 2022, by inviting people to "Plant a Tree for the Jubilee." With a focus on planting sustainably, the QGC will encourage the planting of trees to create a legacy in honour of The Queen's leadership of the Nation, which will benefit future generations.

Royal Mail is proud to be the Founding Platinum Supporter of The QGC. To mark the launch, Royal Mail has planted mature trees across all nations of the UK at four Royal Mail sites. The trees can be found at mail centres and delivery offices in Belfast, Portsmouth, Swansea and Glasgow. At each site our people were involved in decisions around where the tree should be planted and volunteered to support the landscaping team prepare the ground.

The QGC will encourage everyone to learn more about the best way to plant trees so that they survive and flourish for years to come. Trees and hedgerows must be planted with care, at the right time of year, in the right place and with species that are not prone to prevailing tree diseases. The QGC initiative will encourage planting during the official planting season, October to March, to optimise the chance of trees surviving and flourishing.

DRIVING MAIL SUSTAINABILITY

We have continued our work with the publishing industry in response to continued demand to reduce its consumption of single-use plastic as the material to wrap subscription magazines sent through Royal Mail. An increasing number of titles have now migrated to paperwrap. This not only provides a recyclable wrap, but also helps publishers to access our Mailmark options and attract the lowest postage prices.

WATER CONSUMPTION

We are committed to reducing our water use. We mainly use water for domestic purposes, such as washroom facilities, vehicle and equipment cleaning.

During the year, Royal Mail used 1,318,889m³ of water, a 7% decrease from the previous year. This was due to further strengthening of our data reporting, the identification and repair of leaks, and the implementation of water efficiency measures at our Chorley and Exeter sites. Water efficiency surveys have been undertaken at 19 of our properties, with costed recommendations provided for implementation during FY2021-22.



MANAGING OUR ENVIRONMENTAL IMPACTS

Our Environment Policy sets out how we manage the environmental impacts of our operations, products and services, and reflects our key strategic objectives. It is available online:

→ www.royalmailgroup.com/en/responsibility/policies-and-reports/

Royal Mail's environmental management system has been maintained in line with the BS EN ISO 14001 Management systems standard. Supporting procedures and guidance documents enable our sites to appropriately manage identified environmental aspects and associated impacts, as well as legal and other compliance requirements.

Fourteen sites within our UK operations are certified to the ISO 14001 environmental management standard including some of our largest processing and distribution sites, and Royal Mail Head Office. All Parcelforce Worldwide operational sites and head office are also certified to ISO 14001. We will continue to review our ISO 14001 coverage and certification to ensure it remains appropriate for our business operations.

GLS has worked further on its environmental management system, which is also certified according to ISO 14001 across Europe.

DETERMINING THE RISKS OUR BUSINESS FACES FROM CLIMATE CHANGE

In 2018-19 Royal Mail committed to implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We recognise climate change as one of the world's biggest threats, and one which poses particular risks and opportunities for business. Identifying these risks and opportunities enables us to enhance the resilience of the business and take advantage of the opportunities that it may offer. We have continued to implement the TCFD recommendations including a review of our strategy and associated metrics and targets, and ensuring that we have appropriate governance and risk management processes in place.

The Board oversees the management of climate-related opportunities and risks. It is supported by the Risk Management Committee and the Audit and Risk Committee. The management of climate-related risk is integrated into the Company's overarching risk management framework.

Environmental risk management

Environment and Sustainability is listed as one of the Group's principal risks, given its major significance internally and externally.

The underlying Environment Risk and Opportunity Register is maintained by the business. In line with TCFD recommendations, we consider physical climate impacts, including flooding, transitional risks and regulatory actions designed to limit global warming. We also consider potential opportunities presented by environmental issues such as climate change.

Business units' risk profiles are reviewed on a regular basis and inform the Group level environment risk as overseen by the Risk Management Committee.

Environmental risks and opportunities captured at a Business Unit (BU) level are consolidated into the Environmental Risk and Opportunity Register and risks identified are reflected in BU risk profiles, as appropriate.

Where climate-related risks and opportunities are identified, individual BUs are required to factor the actual and potential impacts into their strategy and financial planning, and develop mitigation plans as necessary.

Further information on our risk management framework as well as the processes to identify, assess and manage risks can be found in our Annual Report and Financial Statements:

→ www.royalmailgroup.com/en/investors/annual-reports/





MANAGING OUR ENVIRONMENTAL IMPACTS CONTINUED

UNDERTAKING SCENARIO ANALYSIS TO MEET TCFD REQUIREMENTS

We continue to determine our climate risks and opportunities based on our operations, our locations and our legal obligations. During 2020-21 we worked with PwC to better understand how the potential long-term impacts of climate change could impact our business.

We have conducted a qualitative climate change risk and opportunity assessment to understand the different climate issues that could impact the business in the future under different scenarios.

In line with TCFD recommendations, we have also conducted a quantitative review of different climate scenarios from peer reviewed and publicly available third-party sources. These scenarios were from the Network for Greening the Financial System (NGFS) and are summarised below:

- Rapid scenario (1.5°C): A rapid transition to a global low-carbon economy. In this scenario transition risks are maximised and physical risks, although present are relatively low.
- Orderly scenario (<2°C): A long-term orderly transition to a low-carbon economy. Climate action policies are introduced early and become gradually more stringent. Physical risks are present but relatively low, and transition risks are moderate-high.

- Disorderly scenario (2-3°C): A sudden disorderly transition to a low-carbon economy. In this scenario climate policies are not introduced until 2030. Emissions reductions are sharper than in the orderly scenario to limit warming to the same target. Physical risks rise and transition risks are maximised.
- No transition scenario (>4°C): Failed transition to a low carbon economy. Only current policies are implemented, and Nationally Determined Contributions are not met. Emissions grow leading to severe physical risks and irreversible changes. There are limited transition risks associated.

We assessed the climate-related risks and opportunities with the highest potential to impact the business under the range of scenarios outlined below.

Transition risks and opportunities

We are exposed to a number of risks associated with a shift to a low-carbon economy, in particular the introduction of a carbon tax which would increase the cost of running the large commercial vehicle fleet and property estate. The ban on the sale of petrol and diesel vehicles, and low emissions zones requiring alternative fuel vehicles may impact the business' ability to continue holding older fleet. There is a risk this will lead to reputational damage if peers/competitors transition more successfully in the low-carbon economy and provide clean delivery mechanisms faster than the Group.

While we recognise these risks, the opportunity around the transition is also significant to the Group. We are playing a key role in delivering the low-carbon transition by investing in electric and other alternative fuel vehicles to meet increasing demand for clean delivery mechanisms and new products and services.

Physical Risks

We recognise the risks arising from physical change in climate, in particular the potential impacts of extreme weather events and chronic changes in the physical environment which could impact our operations, our employees and our facilities and equipment. We already assess our sites for flood risk as part of our due diligence and business continuity processes, including the use of routing tools to divert mail. In addition, we have implemented a flood alert system across 700 of our sites to strengthen forecast capabilities to invoke business continuity arrangements.

During a recent extreme weather event our site in Worksop, UK was flooded. This event had a widespread impact on our network,

and resulted in repair costs, adaptation investments, service delays and reductions in productivity. This is an example of the type of extreme weather events that are predicted to occur more frequently and at a higher intensity due to climate change.

Ensuring our people have the right equipment to deal with all weather conditions is an important element of our health and safety approach. We use a severe weather risk assessment approach to identify and manage extremes. We regularly review and adjust uniforms to ensure they are appropriate for changing weather conditions, for example snowshoe spikes for operations staff, and improved water resistance of uniforms.

Future analysis

We continue to analyse our climate risks and opportunities using the four scenarios outlined. We will explore the risks and opportunities identified in further detail, conducting more granular quantitative climate change scenario analysis to gain further insight into the potential materiality of these issues.

PRIORITIES FOR 2021-22



Review our single-use plastic distribution, use and disposal.



Complete scenario analysis and report in line with TCFD recommendations.



Trial and deploy new technology to reduce the impact of our fleet.



OUR COMMUNITIES

We are a valued and trusted part of our communities.

Delivering economic and social benefits to the communities we serve is one of the key objectives of our CR strategy. We use our core business competencies, people and brand to benefit good causes.



WORKING WITH ACTION FOR CHILDREN



Our four-year partnership with Action for Children spans across all three areas of our Community Investment strategy. Over the course of the partnership Royal Mail has contributed over £2 million through fundraising, volunteering, pro bono support, and benefits in kind. Funds raised went towards the development and roll out of the Blues Programme – a preventative mental health programme for young people.

Read more about our partnership on page 45.

Image taken before COVID-19 restrictions were in place

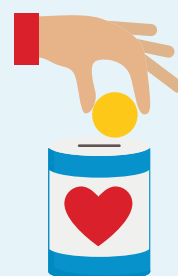
£7.2m

of community investment in 2020-21



£2.3m

raised by UK colleagues for hundreds of charities and good causes



£64.5m

raised through Payroll Giving since 1989



26

organisations partnered with Online Safe Spaces



OUR SOCIAL AND ECONOMIC IMPACT

£2.8 billion¹

contributed to the UK economy through our spend on goods and services.



1 in every 172¹

people employed by Royal Mail in the UK

£11.7 billion¹

of gross value added by Royal Mail



71,500¹

jobs are indirectly supported by Royal Mail in the wider economy

£6.3 billion¹

directly contributed to the UK economy by Royal Mail



6th¹

largest contribution to the UK economy of any UK company

£2 billion¹

contributed in taxes to HM Revenue and Customs

Delivering economic and social benefits to the communities we serve is one of the key objectives of our CR strategy.

We use our core business competencies, people and brand to benefit good causes. We also make a significant contribution to social inclusion by providing employment opportunities in areas where there are fewer job opportunities.

As the provider of the UK's Universal Postal Service, Royal Mail is in a unique position to play an integral part in the UK's economy. In 2020-21, we made the 6th¹ largest contribution to the UK economy of any UK corporation.

We make a major social and economic contribution through our support for e-commerce. We deliver a significant proportion of items purchased online in the UK. The digital economy is crucial to the UK's economic future. UK residents spend more money online per person than any other major European country.

1. We commission the Centre for Economics and Business Research (Cebr) to carry out regular impact assessments of our UK business. We used 2020-21 financial performance data to quantify our contribution to the UK economy. Cebr's methodology can be found on our website at: → www.royalmailgroup.com/en/responsibility/policies-and-reports/

SUPPORTING COMMUNITIES THROUGH COVID-19

Keeping communities connected is core to what we do. Throughout the lockdowns in 2020-21, not only did we continue to provide our customers with our core service, but we supported local communities where we could.

Our people worked hard to lift spirits, check in on those most isolated and raise money for organisations close to their hearts. This year our people in the UK raised and donated over £2.3 million for charities and good causes.

We are incredibly proud of our people and thank them for all their efforts this year.

ARTICLES FOR THE BLIND

Articles for the Blind is a free postage service for blind and partially sighted people. It delivers audio and electronic media, as well as magnifying glasses and mobility aids, with no charge. We have provided this service for over 50 years. This year, we delivered approximately 18 million items free of charge. This represents an investment by Royal Mail of around £1.8 million.

OUR COMMUNITY INVESTMENT STRATEGY

We build on the economic and social impacts of our operations by investing in strategic partnerships and finding ways to use our heritage and business assets to contribute to society. Our Community Investment strategy has three priorities: to leverage our national scale, use our local presence and unlock potential through education. We support causes where we can make a significant impact in society.

Our progress against each element of our strategy can be found on pages 46-48.

Our charity partnership with Action for Children encompasses all three elements of our strategy. More information can be found on page 45.



LEVERAGE OUR NATIONAL SCALE



USE OUR LOCAL PRESENCE



UNLOCK POTENTIAL THROUGH EDUCATION



OUR CHARITY PARTNERSHIP WITH ACTION FOR CHILDREN



Action for Children and Royal Mail have worked in partnership over the last four years. We worked hard to ensure that young people across the UK have access to early intervention mental health support through the Blues Programme.

The Blues Programme is an internationally recognised² preventative mental health programme for young people aged 13-19. Royal Mail's funding has enabled Action for Children to deliver the Blues Programme in 149 schools to 5,523 young people. It remains the cornerstone of Action for Children's mental health provision. The £2 million funds raised will continue to fund the delivery of Blues Programmes in schools across the Wirral and in Worcester during 2021. We anticipate the programme will reach a further 500 young people.

£2m

raised through fundraising activities, Payroll Giving, and matched funding donations.



5,523

young people have taken part in the Blues programme to date.

400 hours

hours given in pro-bono support.



1,100 hours

of volunteer support at Action for Children services and events.

£864,000

of apprenticeship levy funding pledged by Royal Mail to support qualifications for Action for Children frontline social care staff.



Gift in kind logistical support provided for Action for Children's Bye Night event in 2018 and 2019.

PRO BONO SUPPORT

Over the last three years, Royal Mail's Data Science Team has supported Action for Children with a project to expand its supporter base. The work involved detailed data analysis to understand how and how much supporters donate to Action for Children. The team at Royal Mail analysed six years of gift data to suggest behaviour-led learnings and recommendations. The insight provided by Royal Mail has enabled the charity to make data-driven decisions about which activities to invest in and inform its supporter journey strategy moving forward.



I am incredibly proud that over the past four years we have worked in partnership with Action for Children, to help prevent young people from developing depression and other mental health problems. Throughout the partnership, employees across the business have taken part in a huge range of fundraising activities as well as donating their time to support Action for Children.



Simon Thompson,
CEO, Royal Mail

CAN'T TALK WRITE

In April 2020, together with Action for Children and The Prince's Trust, we launched an online toolkit. The toolkit was designed to support young people aged 11-18 with their emotional wellbeing by putting pen to paper to support their mental health during and beyond the current pandemic. Since its launch, the toolkit has continued to be popular, with webpage views across partner websites of 12,000 and resources downloaded over 5,000 times. The toolkit is available to download here:

→ www.royalmailgroup.com/en/responsibility/education

Comfortable
Proud
Inspired
Satisfied
Motivated
Excited

2. The Blues Programme has been certified by BluePrints:
→ www.blueprintsprograms.org/programs/91499999/blues-program/print/

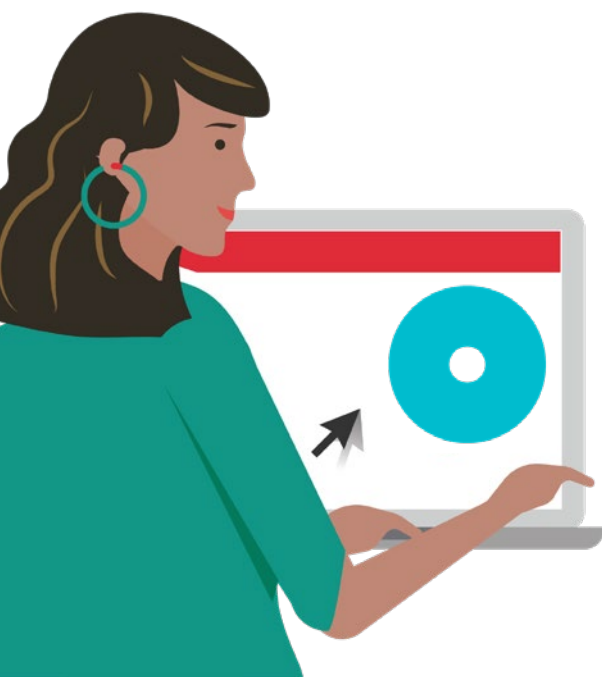


LEVERAGE OUR NATIONAL SCALE



ONLINE SAFE SPACES

In response to a reported increase in domestic abuse during the COVID-19 pandemic, Royal Mail, in partnership with the charity, Hestia, created Online Safe Spaces (OSS). Lockdown restrictions in the UK, made it more difficult for women and men to seek support or leave their abuser during lockdown. Over three quarters of survivors surveyed by Women's Aid found that those living with an abuser said they felt they could not leave because of the pandemic.³



The Online Safe Spaces service provides support, advice and helpful contact numbers for those experiencing, or at risk of domestic abuse.

The discreet portal which was developed in-house by our Parcelforce IT team, opens in a pop-up window, which can be installed on both internal and external websites. It leaves no internet history trace and provides quick exit options for the person seeking information.

We worked in partnership with Hestia's national UK SAYS NO MORE campaign and abuse experts from the University of Bristol to develop the service. UK SAYS NO MORE seeks to unite and strengthen a diverse community of members of the public and organisations nationwide to actively take a stand against domestic abuse and sexual violence.

OSS in action

→ please visit
www.royalmail.com scroll to
the bottom of the page and
click on the blue OSS symbol.

3. This report can be found at: → www.womensaid.org.uk/wp-content/uploads/2020/08/A-Perfect-Storm-August-2020-1.pdf

Since the launch in September 2020, OSS is live on 26 UK company websites, with partners including Post Office, eBay, Dentons, Thames Water, BT and National Rail. We estimate that over 230,000 users have accessed OSS to date.



Businesses have a unique role to play in breaking the silence around domestic abuse and ensuring victims can access the help and support they need. Lockdown restrictions due to COVID-19 have provided an opportunity for businesses to step up their response to domestic abuse for their staff and customers through digital platforms. We are delighted to work with Royal Mail to provide the first online safe space to offer a vital lifeline to victims of domestic abuse.



Lyndsey Dearlove,
Head of Domestic Abuse
Prevention, Hestia



DISASTERS EMERGENCY COMMITTEE

For more than 30 years, Royal Mail has supported the Disasters Emergency Committee (DEC) with a dedicated PO Box. DEC appeals are launched in response to overwhelming humanitarian crises.

In July 2020, the DEC launched the Coronavirus Appeal. Seven places were prioritised as needing urgent support: Yemen and Syria in the Middle East; Somalia, South Sudan and the Democratic Republic of Congo in Africa; and Afghanistan in Asia; as well as Rohingya refugees in Bangladesh.

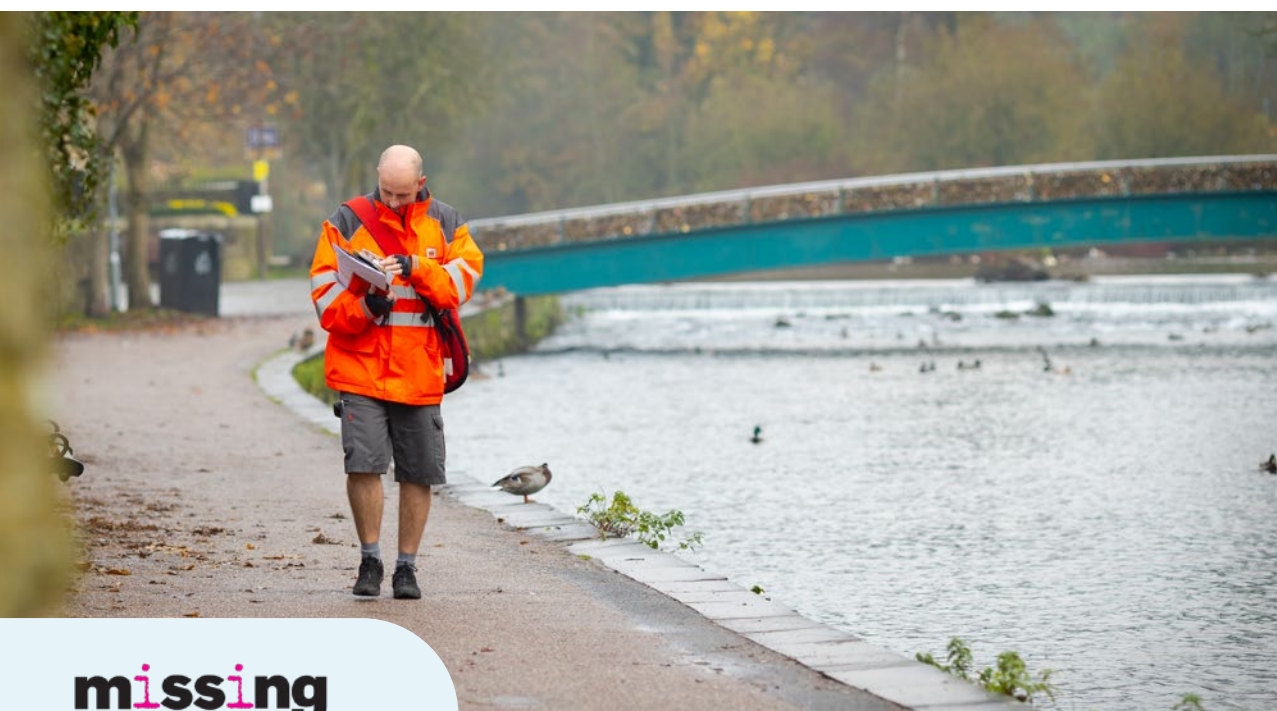
By March 2021, the UK public had donated £38 million to this appeal. Approximately 20% of this total was via postal donations through the Royal Mail PO Box.

To date, the monies raised have funded a range of support areas:

- Delivering PPE to healthcare workers.
- Emergency cash grants to people whose livelihoods have been disrupted.
- Installing additional water points so people can wash their hands.



USE OUR LOCAL PRESENCE



**missing
people**

WORKING WITH MISSING PEOPLE

Our people are present in every community across the UK; as such we are uniquely placed to support in the search for missing people.

We have been supporters of the charity Missing People since 2014, following a suggestion from one of our postmen.

We are able to support the search for missing people, through alerts sent to our postmen and women via their handheld scanners (PDAs).

The system means we are able to issue alerts for high-risk missing people to our colleagues in the most relevant locations as soon as possible after the person is reported missing.

In addition, alerts are placed on our company website MyRoyalMail, and on television screens at our sites.

This year, in response to the increased number of people thinking about going missing during the lockdown in the UK, Royal Mail made a donation to the charity to support increased staffing of the helpline over the Christmas period. During that time, Missing People helped 357 children, adults and families via their Helpline and Online Chat.

Missing People believes that a number of factors resulting from the UK lockdowns – including exploitation, unsafe situations and anxiety – alongside new financial difficulties, are now resulting in a surge of high-risk disappearances. Research from the University of Liverpool found that during the first lockdown, missing adults were nearly twice as likely to come to harm as they were in 2019.⁴

In addition to our continued support, we were able to promote the vital work of the charity through our Mother's Day campaign launched in March. Four digitally activated postboxes featured a video of a beneficiary of the charity speaking about her mother who went missing in 2013.



Royal Mail are present in every community in the UK and are therefore uniquely placed to support in the search for missing people. Last year was such a difficult year for businesses and charities, so for us to have the Royal Mail as a friend in tough times, supporting our helpline and sharing alerts for missing people, has been truly inspiring.



Jo Youle,
Missing People



4. This report can be found at: → [https://researchportal.port.ac.uk/portal/en/publications/the-impact-of-covid19-lockdown-restrictions-on-missing-person-reports\[8f6fda76-697f-4b09-b0b7-d4688de6de61\].html](https://researchportal.port.ac.uk/portal/en/publications/the-impact-of-covid19-lockdown-restrictions-on-missing-person-reports[8f6fda76-697f-4b09-b0b7-d4688de6de61].html)



UNLOCKING POTENTIAL THROUGH EDUCATION

A core pillar of our Community Investment strategy is 'Unlocking potential through education'.

Our future as a business, just like that of every other business in the UK, depends on having well-educated and enterprising young people to recruit. These leaders of tomorrow bring with them fresh ideas and inspiration. Royal Mail has a particular interest in literacy levels among young people, encouraging confidence in reading, writing and creativity. We also promote knowledge about the postal system's rich heritage and how it has shaped the modern world.



SIGNATORY OF THE NATIONAL LITERACY PLEDGE

Royal Mail is committed to working together with other businesses, and across sectors, to raise literacy levels in the UK as a practical way to deliver this element of our strategy. As such, Royal Mail is a supporter of the National Literacy Trust's 'Vision for Literacy' pledge. The pledge calls on UK businesses to join the national literacy campaign to help close the nation's literacy gap and boost social mobility. Low levels of literacy undermine the



UK's economic competitiveness, costing the taxpayer £2.5 billion every year.⁵

An example of our pledge activities this year was the celebration of World Book Day. We commissioned five special postboxes across the UK, honouring British authors and illustrators including Cressida Cowell, Nathan Bryon and Dapo Adeola (pictured above). Each postbox was digitally activated, containing a QR code linking through to free content, including online readings.



World Book Day aims to ensure that children from all backgrounds can benefit from the improved life chances reading for pleasure offers. The challenges presented by the coronavirus pandemic mean this mission is now more important than ever, and we're delighted to team up with Royal Mail to recognise the amazing contribution these authors have made.



Cassie Chadderton,
CEO of World Book Day



Photo credit: The Postal Museum

POSTAL MUSEUM

We work closely with The Postal Museum to promote the integral role that our service has played in social history. As part of our education programme, we worked with The Postal Museum to create a number of resources linked to our heritage to support the learning of children aged 5-11. These are available to download on the education page of our website:

→ <https://www.royalmailgroup.com/en/responsibility/education>

This year we supported the museum with the launch of its virtual learning programmes whilst the museum remained closed. Letter-writing packs themed around The Jolly Postman were designed to inspire children to write for pleasure and to experience the unique connection created through sending and receiving letters.

5. This report can be found at: → https://readingrecovery.org/wp-content/uploads/2016/12/long_term_costs_of_literacy_difficulties_2nd_edition_2009.pdf



SUPPORT FOR OUR POSTAL COMMUNITY



ROWLAND HILL FUND

The Rowland Hill Fund is Royal Mail's in-house charity. The Fund offers financial grants to current and former Royal Mail employees facing homelessness, life-changing health challenges or unexpected financial difficulties.

During the year, the Fund supported 487 beneficiaries with grants totalling £824,000. This year, Royal Mail provided an additional donation of £750,000 to the Fund to provide short-term support for employees experiencing difficulties associated with the COVID-19 pandemic.

We worked with the Fund to ensure that all employees were aware of the support it provides.

Southampton delivery driver Alan Read's 14-year-old daughter, Halle, needed treatment for severe and painful scoliosis. Halle currently relies on special braces and core strengthening exercises, not provided on the NHS. Alan was referred to the Rowland Hill Fund by his Welfare Manager.

The Fund was able to support Alan's family with financial support for household bills as Halle's treatment continues. For more information see:

→ www.rowlandhillfund.org

Alan's daughter has also received valuable support from the Post Office Orphans Benevolent Institution (POOBI). More information on POOBI can be found here:

→ <https://poobi.org/>



The Fund lifts a weight off our shoulders. We'd have struggled without the help. I would recommend it wholeheartedly to colleagues.



Alan Read,
Royal Mail employee

GLS

GLS national subsidiaries support numerous charitable projects by organising both regional and nationwide initiatives. These include free parcel shipping for aid organisations and the sponsorship of foundations for people with developmental or physical disabilities. At a local level, the depots provide financial support to many nursery schools, hospitals, hospices and other charitable institutions.

In December, GLS Ireland was appointed the official delivery partner of Volunteer Ireland. In the last 12 months, supporting communities has reached a new level of importance. GLS Ireland joined Volunteer Ireland in celebrating, appreciating and saying thank you to volunteers from all over the country. GLS provided free delivery services for the Volunteer Ireland Award ceremony and delivered all awards.



We fully support and celebrate both the work of Volunteer Ireland and the commitment of volunteers all over this country. We are proud to do our part for this year's ceremony by making sure that every winner receives their award on time. Being involved in the awards allows us to reflect on ourselves and be more conscious of the communities we are part of.



Sven Krüger,
Managing Director GLS Ireland

PRIORITIES FOR 2021-22



Review our community investment strategy, including our partnerships, to identify key societal issues for focus from 2022.



Continue to drive employee engagement by supporting our employees' fundraising and volunteering efforts.



Deliver on our plans to support the National Literacy Trust pledge, promoting the importance of literacy in the UK.



COMPLIANCE & ETHICS

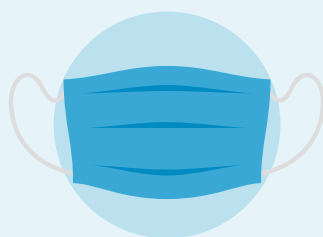
We are committed to operating with integrity and transparency to protect our valued role in society. We do this by embedding high standards of social, ethical and environmental conduct across our business and our supply chain.

PROTECTING OUR COLLEAGUES

As the pandemic began to impact Royal Mail at the beginning of 2020, we faced particular challenges in sourcing large quantities of PPE for our colleagues. We undertook rapid contracting exercises with new suppliers while at the same time maintaining our responsible due diligence processes. We contracted with credible suppliers to deliver the PPE we needed and that met our health and safety standards.

76m

items of PPE
procured



34%

of new contracts
awarded to SMEs



£2.4bn

spent on procurement
in the 2020-21
financial year



99.7%

of managers
completed annual
compliance training



OUR BUSINESS STANDARDS

Our customers trust us to deliver for them. Maintaining their trust – and the trust of all our stakeholders – is fundamental to our success. That is why we are committed to operating with integrity to safeguard our reputation and protect our valued place in society.

Our approach to responsible business conduct is set out through our wide-ranging business policies, some of which you can find illustrated to the right.

BUSINESS POLICIES

Our policies are written and implemented in three different ways: at Group level, in Royal Mail and in GLS. This is to reflect the differing Group-wide policies and frameworks that exist.

ROYAL MAIL GROUP POLICIES AND FRAMEWORKS

GROUP WIDE POLICIES

- Group Corporate Responsibility Policy: Our Group CR Policy sets out our strategy, governance and commitments, including our support for the United Nations (UN) Global Compact and Universal Declaration of Human Rights.
- Group Environment Policy: Group wide commitment to management of our environmental impacts.
- Group Health and Safety Policy: Group wide commitment to managing health and safety risks.
- Group Anti-Bribery and Corruption Policy¹: Group wide policy outlining our zero-tolerance approach, setting the standards of behaviour expected.

ROYAL MAIL POLICIES AND FRAMEWORKS

- Our Business Standards: Outlines the values and standards of behaviour we expect from our people.
- Responsible Procurement Code: Based on the Ten Principles of the United Nations (UN) Global Compact, the code sets out the social, ethical and environment conduct we expect from our suppliers.
- Equality and Fairness Policy: Our principles and approach to promoting equality, diversity and fairness.
- Corporate Balanced Scorecard: Links the remuneration of managers to Royal Mail's performance against financial, safety and Quality of Service targets.

GLS POLICIES AND FRAMEWORKS

- Code of Business Standards: Outlines the values and standards of behaviour we expect.
- Supplier Code of Conduct: Sets out expectations of our suppliers, business partners and contractors. Based on the Ten Principles of the UN Global Compact.

All employees have access to our policies and guidance via the intranet or our communications channel, MyRoyalMail. All colleagues are required to undertake training that is tailored to their role in the business. Managers are also required to complete annual mandatory compliance refresher training which includes an attestation of Our Business Standards. Our Business Standards have recently been reviewed and will be shortly relaunched to all our frontline colleagues.

This year, 99.7% of Royal Mail managers assigned the annual compliance training completed it.

CONFIDENTIAL EMPLOYEE REPORTING

Colleagues, contractors, agency and casual workers, suppliers and business partners of Royal Mail Group are encouraged to report any suspected breach to policies through our confidential Speak Up system. Reports can be made anonymously meaning that our stakeholders do not

have to worry about any potentially negative impacts on them occurring due to being honest and speaking up.

In the UK, we have a Speak Up helpline available via phone or online. This year there were 410 reports made to this helpline. Each report is triaged and, if appropriate, investigated. If substantiated, remedial actions may be put in place. In addition to this, GLS has its own dedicated confidential reporting system in place.

1. From May 2021, the Royal Mail Group policy excludes GLS who has its own aligned policy.



OUR BUSINESS STANDARDS

CONTINUED

DATA PROTECTION AND PRIVACY

Royal Mail Group is committed to respecting our customers' and employees' privacy and protecting their personal information in line with data protection laws.

The Group has an ongoing privacy programme to support compliance with the requirements of data protection law and the UK General Data Protection Regulation (UK GDPR). To support this commitment, Royal Mail Group has an appointed Data Protection Officer (DPO).

Communicating transparently and meeting the requirements of the data protection and privacy laws of every country and territory we operate in is of the utmost importance to us. Royal Mail's DPO chairs the International Postal Corporation's (IPC) Data Protection Oversight Committee, cooperating with other international postal operators who are part of the IPC on matters involving data protection and information security.

Like most organisations in the past year, Royal Mail Group has faced various new challenges as a result of the COVID-19 pandemic including staff absences and self-isolation. Despite the pressures this placed on our people, we have remained committed to transparency and fulfilling individuals' information rights. We continue to respond to subject access requests and other information rights exercised by customers and members of the public – with 98% of information rights requests responded to within the 30 day timeframe that regulation sets out.

Ensuring that our customers trust us with their data, and are aware, for example, of how it is used and managed when it is in our care is extremely important to us. Our privacy notices are available on our websites.

Our UK policy has achieved the 'Crystal Mark' approval from the Plain English Campaign, meaning that it is clear and free from misleading information or jargon. GLS' privacy notices are available in 17 different languages.

You can find our privacy notices at:

→ www.royalmailgroup.com/en/site/privacy-notice

→ www.gls-group.eu/GROUP/en/privacy-policy-group

MAINTAINING CYBER SECURITY

During this time of increased global volatility, cyber threats are persistent and are becoming more sophisticated. There is a concern that adversaries may identify and exploit new routes into the system to compromise operations or information systems.

This year, the Royal Mail Cyber Security team and our service providers have shifted our priorities to support emerging and current needs, including remote work and business resilience.

We have been working hard to tailor our UK cyber security to our specific business and customer needs to ensure that we defend against cyber-attacks with proactive, focused, industry-relevant threat intelligence.

The broad cyber security knowledge and deep industry expertise within Royal Mail have allowed us to develop a cyber-resilient business, to protect our business and customers from end-to-end. We are able to operate under persistent threats and sophisticated attacks, enabling us to embrace disruption safely, strengthen customer trust and boost shareholder value. We understand the importance of security in the organisation. Our senior leaders communicate its importance to our people on a regular basis.



OUR APPROACH TO LOBBYING AND POLITICAL ENGAGEMENT

Royal Mail Group is a politically neutral organisation. As a matter of policy, we do not make donations to any political party. We engage with politicians and other stakeholders to ensure they understand the value that our service provides, and the relevant issues for our industry. More information on our approach to responsible political engagement is available at:

→ www.royalmailgroup.com/en/responsibility/our-approach/stakeholder-engagement/





RESPONSIBLE PROCUREMENT

We have thousands of suppliers who each have the ability to help create positive economic, social and environmental opportunities in the communities we serve. We are committed to embedding high standards of social, ethical and environmental conduct across our supply chain as this is an essential way in which we operate.

COMPLIANCE AND CONDUCT

Our procurement vision is to deliver value to our business and its stakeholders whilst protecting them from risks. One of the ways we achieve this is by setting clear environmental, social and ethical expectations for our suppliers which are illustrated in our Responsible Procurement Code of Conduct.

Our Code requires our suppliers to comply with internationally recognised standards, such as the UN Global Compact Principles on topics covering human and labour rights, anti-corruption and environmental protection.

The GLS Supplier Code is based on the same UN framework. GLS expects suppliers to respect the standards laid out in the Code, implement them using appropriate measures, and adhere to them in their business activities. They must take appropriate measures to ensure that the standards are met by their own supply chain. The Code is available to view at:

→ www.gls-group.eu/GROUP/en/about-us/our-code-of-conduct



ACHIEVING PROCUREMENT BEST PRACTICE

Whilst ensuring our suppliers adhere to the highest codes of conduct, it is vital that we do the same.

This year, we provided training for colleagues with procurement or supply chain responsibilities. The training ensured understanding of our approach, specifically covering what to check when considering a new supplier (including modern slavery red flags, and anti-bribery and Royal Mail License Compliance obligations). In addition, the Leading with Integrity programme was rolled out, which aims to show new managers how to build a culture of compliance and ethics within their team.

Due diligence is undertaken on all new suppliers. This includes an assessment of their compliance and labour standards to ensure they meet our standards set out in our Responsible Business Code of Conduct.

We ensure that risks, opportunities and objectives related to corporate responsibility are included within the strategies for each of our supplier categories.

For example, during 2020 we awarded a new mailbags contract to an SME supplier, to cover the significant increase in demand as a result of the growth in our parcels activity. As part of the selection process, the supplier was confirmed as having registered on the Business Social Compliance Initiative, providing us with assurance that the mailbags are manufactured in accordance with Royal Mail's ethical standards.

Another aspect of responsible procurement is the timely payment of suppliers. Our Payment Practices report (most recently published in October 2020) shows a steady reduction in the percentage of invoices paid in over 61 days, down to 8%. We continue to work with suppliers to help them present invoices in the correct, most easily processed format. We have also rolled out a Purchasing Card option for suppliers in FY2020-21, working with BAML (Bank of America Merrill Lynch).

For more information on our supplier categories and FY2020-21 supplier spend, see our 2020-21 Non-Financial Data Pack

→ www.royalmailgroup.com/en/responsibility/policies-and-reports/





RESPONSIBLE PROCUREMENT

CONTINUED

ASSESSING SUPPLY CHAIN RISK

Engaging new suppliers poses potential reputational, financial or legal risks to the Group. The level of risk is therefore assessed during the on-boarding of new suppliers using a number of factors.

We prescreen all potential suppliers before asking them to participate in a tender. During invitation to tender we ask additional questions about their CR performance.

Risks associated with the supplier are assessed based on the geography, size, business sector and scope, and recorded on the Procurement Risk Register. Risks are reviewed weekly to assess whether additional risk mitigation measures are required. Critical risks may be escalated to the Board or Board members for approval.

Our Procurement Risk Register outlines our most critical supply chain risks as well as the risks most relevant to each of our supplier categories. The risks we have identified that are most prominent to ensuring responsible business operations are the following: reputation, probity, compliance (legal and regulatory), safety, environmental and materials provenance and equality, fairness and diversity. We regularly review the Register to ensure that we are identifying new risks and setting out mitigating actions.

During the last year, no contracts or subcontractors were removed due to their CR performance.

SUPPLY CHAIN DIVERSITY

Our commitment to equality, diversity and fairness extends through our supply chain. We expect all our suppliers to maintain an inclusive workplace and one free from discrimination or harassment. Our commitment to diversity in our supply chain includes supporting SMEs. Where commercially viable, we structure our contracts into smaller lots to maximise competition from businesses of all sizes. During the last financial year we awarded 34% of our new contracts to SMEs.

IDENTIFYING SUPPLIER RISKS

The large majority of new suppliers state their compliance with Royal Mail's Responsible Procurement Code, which aligns to the UN Global Compact Principles. Where suppliers do not confirm compliance with our code, we undertake additional screening by reviewing the supplier's own policies and business standards – where available, and undertake additional screening through the GAN Integrity screening service.

This service provides us with information related to previous investigations that may have been conducted on a supplier as well as any convictions or adverse press.

In some cases, we may require third-party audits. During FY2020-21, a programme of on-site audits took place with 16 subcontractors. The results, including the remediation plans and evidence of

completion were reported via the Supplier Ethical Data Exchange (Sedex) platform. Sedex allows us to track our suppliers ESG performance as well as conduct third-party audits to ensure their accuracy of disclosure.

Our target was to have 50 of our high-risk suppliers and subcontractors reporting self-assessments or third-party sustainability audits via Sedex by the end of FY2020-21. As of this date, we have 38 suppliers active on the system, compared with 29 at the end of the FY2019-20. We are working with Sedex to expand coverage across our high-risk suppliers and expect to meet our target of 50 this year. Royal Mail does not contract with any sanctioned entities. We monitor all suppliers against the UK Treasury sanctions list with updates checked daily.

In the event that a supplier fails to meet our standards, we take decisive action such as removing them from our supply chain. During the last year, supplier performance complied with the required standards.

GLS expects the same high standards of ethical practice in its supply chain that it follows in its own business. Every GLS employee involved in selecting business partners and suppliers is responsible for ensuring that the appropriate processes are followed. All GLS suppliers are expected to comply with its Supplier Code of Conduct.

As the COVID-19 pandemic impacted Royal Mail and particularly its postmen and women, we faced particular challenges in sourcing large quantities of PPE. This saw the business undertaking rapid contracting exercises with new suppliers.

At the beginning of the pandemic in early 2020, new contracts were set up with DCC clothing, Southgate Packaging, Paragon Print, Gamma, Cromwell Tools and Euro Car Parts. These new suppliers were accelerated through the on-boarding process due to the urgency the pandemic caused, but we still ensured that suitable background checks were made, including use of GAN Integrity where specific risks were identified.

To reduce the risk of receiving unsuitable products or experiencing delays to delivery, we selected suppliers with track records in the field and avoided the flood of new market entrants keen to exploit the excess demand. We were aware of and guarded against 'fake' companies, for example by checking Companies House for any companies with a very recent company creation date.





COMBATTING MODERN SLAVERY AND HUMAN TRAFFICKING

Royal Mail Group is committed to playing its part to uphold and protect human rights in our business and across our supply chain globally. We obey the laws, rules and regulations of every country in which we operate. We are committed to implementing the UN Guiding Principles on Business and Human Rights, as well as the UN Declaration of Human Rights and the International Labour Organization Fundamental Conventions within both our business and our supply chain. These cover freedom of association, the abolition of forced labour, equality and the elimination of child labour, and are set out in our Responsible Procurement Code of Conduct. If we find that a supplier is failing to meet our standards, and any remedial action is found to be inadequate, we would terminate our dealings with them.

Not only do we comply with the Modern Slavery Act 2015 and publish a statement in response to it, but we actively look for ways to help protect human rights. We recently attended the Greater Manchester Modern Slavery Business Network to discuss the challenges in the logistics sector posed by COVID-19 and the change in legal status for EU citizens in the UK on 1 January 2021. We will continue to focus on assessing supply chain risks in relation to modern slavery and human trafficking and consider exploring options for certification of third-party suppliers for correct employment standards.

We have specific expectations for supplier behaviour in certain fields. For example, we require our recruitment contracts to commit to our recruitment standards. The standards ensure that workers are not charged unnecessary fees, workers' identification documents are not held by anyone, even if done so voluntarily, and that resignation by workers is voluntary and without the threat of punishment.

Suppliers are also required to adhere to applicable vetting standards for the workers they supply to work at Royal Mail sites or to access our systems, including proof of right to work, proof of appropriate training, and various security checks.



PRIORITIES FOR 2021-22



Provide training on CR-related supply chain and procurement issues within compliance training for all internal contract managers.



Work to update the current suite of supplier policies and standards, including the Contract Management Policy, Responsible Procurement Code and Vetting Standards.



Increase the number of high-risk suppliers and subcontractors reporting self-assessments or third-party sustainability audits via Sedex or an alternative route.

REDUCING MODERN SLAVERY RISKS AND ENVIRONMENTAL IMPACT IN OUR SUPPLY CHAIN

We believe only if the business community works together as one can we effectively raise awareness and combat modern slavery and human trafficking and associated risks.

The Group wide Corporate Responsibility Policy contains a commitment to responsible business conduct, and details its support of the UN Global Compact, the UN Universal Declaration of Human Rights and the International Labour Organization's Fundamental Conventions.

We consider vehicle cleaning services undertaken in the UK to be higher risk.

Last year, we contracted with a new entrant to the vehicle cleaning market, 'Dropless'. The company provides a waterless cleaning service, which avoids wastewater disposal. Dropless has signed up to the declaration for vehicle washing service providers we developed covering worker safety and rights. Their services have also proved useful when additional cleaning of vehicles has been required for COVID-19 safety reasons. Currently the service is provided in the London/M25 area but with future scope to be rolled out to other UK regions.

We recognise that this solution does not work for all vehicles at all locations and so we continue to seek out other alternative compliant methods of vehicle washing, from both a modern slavery and environmental perspective.

You can find a copy of our most recent Modern Slavery Act 2015 Statement at → www.royalmailgroup.com



INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF ROYAL MAIL PLC

The Board of Directors of Royal Mail plc ("Royal Mail") engaged us to provide limited assurance on the information described below and set out in Royal Mail's Corporate Responsibility Report and the website¹ → www.royalmailgroup.com/en/responsibility/policies-and-reports/ for the year ended 28 March 2021 (the "Report").

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 28 March 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria. This conclusion is to be read in the context of what we say in the remainder of our report.

SELECTED INFORMATION

The scope of our work was limited to assurance over the information for the year ended 28 March 2021 which is summarised in the table below (the "Selected Information").

Royal Mail's internal reporting guidelines for measuring, recording and reporting the Selected Information (the "Reporting Criteria") are set out in Royal Mail's criteria document, 20 20-21 Reporting criteria available at

→ www.royalmailgroup.com/en/responsibility/policies-and-reports/

Selected Information	Value
People	
Total number of fatalities (Royal Mail)	7
Lost time accident frequency rate (per 100,000 hours worked) (Royal Mail)	0.39
Sickness Absence (Royal Mail)	8.5%
Total number of fatalities (GLS)	24
Lost time accident frequency rate (per 100,000 hours worked) (GLS)	2.44
Sickness Absence (GLS)	4.79%

Diversity (Royal Mail)

Gender diversity (headcount)	Royal Mail female	Royal Mail male
Royal Mail plc Board	4	5
Senior Management	595	1,308
Management	1,399	4,923
Administrative	1,465	990
Operational	23,754	102,675

Ethnicity distribution (headcount)	Asian	Black	Chinese	Mixed	Other	White
Royal Mail plc Board	0	0	0	0	0	0
Senior Management	83	15	4	21	401	1369
Management	479	204	17	72	553	4990
Administrative	153	46	13	19	159	2065
Operational	8537	4361	237	1187	16379	95615

1. The maintenance and integrity of Royal Mail's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on Royal Mail's website.

Environment

Scope 1 and 2 carbon emissions ('000 tonnes of carbon dioxide equivalent) Royal Mail & GLS	Scope 1: 490.8 Scope 2: 87.7
Business Scope 3 reported carbon emissions ('000 tonnes of carbon dioxide equivalent) Royal Mail	80.8
Total waste generated (tonnes) Royal Mail	39,924
Total waste reused/recycled (tonnes) Royal Mail	31,019
Total water consumption (m3) Royal Mail	1,318,889

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) 'Assurance Engagements other than Audits or Reviews of Historical Financial Information', and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 'Assurance engagements on greenhouse gas statements', issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



Our Independence and quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and which is at least as demanding as Parts 1, 3 and 4B of the IESBA Code of Ethics.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by a team with experience in sustainability reporting and assurance.



INDEPENDENT LIMITED ASSURANCE REPORT TO THE DIRECTORS OF ROYAL MAIL PLC

CONTINUED

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which Royal Mail is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 28 March 2021.

Work done

In respect of the Selected Information, we are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we

- made enquiries of Royal Mail's management, including the Corporate Responsibility (CR) team and those with responsibility for CR management and group CR reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information. This included analysing 3 sites to understand the key processes and controls for reporting site performance data to the group CR team;

- performed limited substantive testing on a selective basis of the Selected Information at corporate head to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

ROYAL MAIL'S RESPONSIBILITIES

The Directors of Royal Mail are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria;
- reporting the Stakeholder Engagement description in the Report; and
- the content of the Report.

OUR RESPONSIBILITIES

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of Royal Mail.

This report, including our conclusions, has been prepared solely for the Board of Directors of Royal Mail in accordance with the agreement between us dated 22 December 2020, in order to assist the Directors in reporting Royal Mail's corporate responsibility performance and activities. We permit this report to be disclosed in the Corporate Responsibility Report 2021 for the year ended 28 March 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and Royal Mail for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

London

18 May 2021



KPIs

OUR PERFORMANCE

Our CR-related key performance indicators (KPIs) include relevant metrics from our Corporate Balanced Scorecard (CBS) and additional KPIs that are essential for the successful delivery of our business strategy.

Customers

KPI	2020-21	2019-20	2018-19
First Class Retail Quality of Service (%)	74.7	92.8	91.8
Mean business customer satisfaction ¹ (score) ²	75.3	79.8	78.0
Customer complaints (number)	615,892	567,536	582,984

People

KPI	2020-21	2019-20	2018-19
Employee engagement ²	67	61	60
Lost time Accident Frequency Rate (per 100,000 hours worked)	0.39	0.38	0.49
Reduction in road traffic collisions (%) ³	5.7	2.5	5.3

Communities

KPI	2020-21	2019-20	2018-19
Charity partner fundraising (£) ⁴	363,165	528,750	845,185
Colleague community engagement (donations from employees) (£ million) ⁵	2.3	2.8	3.1
Managers trained on mental health (number) ⁶	12	678	912

Environment

KPI	2020-21	2019-20	2018-19
Royal Mail total carbon emissions ('000 tonnes)	659.3	594.9	606.4
Water consumption ('000m ³)	1,318.8	1,419.4	1,697.9
Waste reused or recycled ('000 tonnes)	31.1	29.3	28.7

Compliance and Ethics

KPI	2020-21	2019-20	2018-19
Managers trained on anti-corruption policies and procedures (%)	99.7	99.7	100
Breaches to Business Standards	2,801	2,787	2,473
High risk suppliers reporting through Sedex ⁷	38	29	31

1. A change in research partner in 2019-20 means the results are not comparable to previous years.

2. Our 2019-2020 Employee Survey response rate was significantly impacted by the COVID-19 national lockdown. The results are not comparable to previous years due to the sample size of respondents. This score is out of 100.

3. Road traffic collisions per 1,000 vehicles.

4. These figures include all funds raised and donated for beneficiary charities of our charity partnership programme.

5. Colleague support for charities through payroll giving, matched giving and fundraising.

6. Due to COVID-19, this training was paused from April-December 2020.

7. Number of high risk suppliers and sub-contractors reporting self-assessments or third-party sustainability audits via Sedex, or directly via our Supplier Management Portal.



SCOPE AND REPORTING STANDARDS

SCOPE OF THE REPORT

This is our 19th annual Corporate Responsibility Report. It details our non-financial (social, environmental and ethical) performance for the financial year 2020-21, which ended on 31 March 2021. Aspects of this report have been assured by PwC. This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Comprehensive option.

This report mainly covers our UK business, which includes Royal Mail and Parcelforce (Royal Mail). It employs 86% of Royal Mail Group's employees and contributes 68% of the Group's revenue. We continue to expand the coverage of the GLS business throughout the report. GLS represents 14% of our employees and 32% of our revenue. In addition to the content within this report, GLS publishes a standalone CR report which can be found at → www.gls-group.eu/GROUP/en/our-responsibility

We use the terms 'the Group' or 'Royal Mail Group' to describe the three main brands that form Royal Mail plc – Royal Mail, Parcelforce Worldwide and GLS. We use the term 'Royal Mail' to describe activity in Royal Mail and Parcelforce Worldwide. For activity in GLS, we use the term 'GLS'.

ACCESSING THE REPORT

We have printed a limited number of hard copies of this report, in order to minimise waste. This report is available to download on our website at:

→ www.royalmailgroup.com/en/responsibility/policies-and-reports

The online version of this report has been reviewed to ensure that it is accessible to those with disabilities, for example for use with assistive software.

OUR WEBSITE

This report provides a high level overview of our CR programme and strategy, key governance tools, and information on our performance and activity throughout 2020-21. Further detail, as well as additional case studies and performance data, can be found on our website.

→ www.royalmailgroup.com/responsibility

Email:

→ corporateresponsibility@royalmail.com

REPORTING STANDARDS

Aspects of this report have been assured by PwC. We appreciate this independent verification of, and opinion on, our material data points and assertions, which are incorporated within our reported activity for the year. This comprehensive assurance process takes place throughout the year. It includes the sampling of key data points, testing of the systems and processes used to collect the data, interviews with senior managers, and a number of site visits to gain a strong understanding of the business and how our policies and processes are operationalised. PwC's independent assurance statement is available on pages 56 to 57 of this report.

Unlike in previous years, some material information from 2020-21 was included in the 2019-20 report. This is because we sought to detail our response to the COVID-19 pandemic and the impact it has had on our business and customers at the time of publication in October 2020.

Full definitions of the key performance indicators (KPIs) included within PwC's assurance are available in our Reporting Criteria, which can be accessed on our website at: → www.royalmailgroup.com/en/responsibility/policies-and-reports

We are a signatory to the United Nations Global Compact. We work to meet its Principles. This report meets our United Nations Global Compact Communication on Progress requirements.

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Royal Mail plc, registered in England and Wales, number 08680755, registered office: 185 Farringdon Road, London, EC1A 1AA

Parcelforce Worldwide is a trading name of Royal Mail Group Limited. Parcelforce Worldwide is a GLS network partner.



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Consultancy, design and production
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