

Royal Mail plc

Modern Slavery Act Statement for 2020-2021

Introduction

Royal Mail plc, operating through its subsidiary Royal Mail Group Limited (RMG), is committed to ensuring that modern slavery and human trafficking are not taking place in our own business or supply chains. Since the Modern Slavery Act 2015 came into force, we have continued to develop and improve our approach. This statement describes the steps taken by RMG and all relevant subsidiaries during our financial year ending on 29 March 2021 to tackle the risk of modern slavery and human trafficking within our group businesses and supply chains.

This statement provides information on:

- RMG's structure and supply chains;
- RMG's due diligence processes;
- Policies relevant to modern slavery and human trafficking;
- Risk assessment and management;
- Key performance indicators (KPIs) to measure effectiveness of steps being taken;
- Training on modern slavery and trafficking; and
- Collaboration with the wider community.

The RMG subsidiaries covered by this statement are:

- Royal Mail Property and Facilities Solutions Limited (PFSL), which provides a range of services (such as cleaning, lighting and heating) to Royal Mail across its national network;
- Revisecatch Ltd (trading as eCourier), which provides a same-day courier service;
- Angard Staffing Solutions Limited (Angard), which supplies flexible staffing solutions to meet Royal Mail's demands throughout the year; and
- General Logistics Systems B.V. (GLS), a group of companies operating outside the UK.

For the purpose of this statement, we use the terms 'RMG' or 'the Group' to describe our overall Group operations, including the UK subsidiaries and GLS. We use the terms Royal Mail, 'we' or 'our' to refer to our UK and international parcel and letters delivery businesses under the 'Royal Mail' and 'Parcelforce Worldwide' brands. These terms do not include Angard, eCourier and PFSL unless otherwise indicated.

In 2020-21, our risk mitigation activities included:

- Commissioning an external risk assessment for Royal Mail that included modern slavery risks;
- Continuing to monitor risks posed by third parties through third party market intelligence screening;
- 99.7% of Royal Mail managers assigned the mandatory compliance refresher training (which included modern slavery) completing it;
- Continuing to raise awareness of modern slavery and trafficking via communications and guidance;
- Modern slavery training delivery via video conferencing to relevant individuals in Royal Mail to ensure a targeted response to our risk profile; and
- Refreshed communication of our confidential employee reporting service in the UK.

Our Business

RMG consists of two principal operations: our domestic operation, Royal Mail, and our international operation, GLS. Around two thirds of our business come from Royal Mail and our UK-based subsidiaries and a third from GLS.

Royal Mail's combined letter and parcel delivery network supports the collection, sorting and delivery of parcels and letters. Parcelforce Worldwide is a leading express parcel delivery provider.

We are the UK's pre-eminent delivery company. This year we handled and delivered around 9.5 billion letters, and around 1.7 billion parcels. As the UK's sole designated Universal Service Provider, we deliver a 'one price goes anywhere' service on a range of letters and parcels to addresses across the country, six-days-a-week. It is the physical fulfilment arm of the digital economy. Royal Mail's network to support the collection, sorting and delivery of parcels and letters is unparalleled in the UK in its scale and scope.

GLS covers most operations outside the UK. It covers around 40 countries worldwide, focusing on Europe and North America, 25 through its own subsidiaries and the remainder through its network partners (including the UK).

COVID-19 Impact

Protecting our people and the communities we serve has been our top priority during the COVID-19 pandemic. The Group Global Director, Compliance & Sustainability has taken a leading role in our pandemic response and is tasked with prioritising the health and safety of the workforce and anyone else affected by our operations. To protect people working for Royal Mail:

- We were one of the first delivery companies to introduce contact free delivery;
- We changed standard ways of working to ensure, wherever possible, colleagues stay two metres apart. That included a

new rule so that only one person is in a Royal Mail delivery vehicle at any one time; and

- As the COVID-19 pandemic impacted Royal Mail and particularly its postmen and women, we faced specific challenges in sourcing large quantities of personal protective equipment. This saw the business undertaking rapid contracting exercises with new suppliers. The new suppliers were accelerated through the on-boarding process due to the urgency, but we still ensured that suitable background checks were made, including use of Royal Mail's third-party supplier due diligence solution 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.

Our People

RMG employs around 160,000 people across our Group; around 137,300 are in the UK and GLS employs around 21,300 people worldwide. 86% of RMG's workers are in the UK, where it is one of the largest employers. In the UK, we recognise two trade unions: the CWU and Unite/CMA. Around 87% of our Royal Mail and PFSL operational and administrative-grade employees are members of the CWU and approximately 65% of our Royal Mail and PFSL managers are members of Unite/CMA.

Flexible Resource

In Royal Mail, the largest use of flexible resource is in the hiring of additional staff to provide operations support in the Christmas period. This involves the hiring of about 20,000 casual workers each year who are directly employed and paid by Royal Mail. In addition to casual workers, year-round operations during normal years use approximately 6,000-8,000 agency staff who are recruited through and paid by staff

agencies. This rises to 12,000–15,000 in the Christmas peak. The impact of the COVID-19 pandemic during 2020–21 resulted in exceptional demand for parcels processing and delivery, and the agency staff requirement was consequently significantly higher. It was approximately 9,000–12,000 for the non-peak period, rising to 16,000–20,000 during the Christmas peak. The number of casual workers hired for Christmas 2020 was also significantly higher than normal, at about 33,000. Royal Mail provides each agency and casual worker with a copy of Our Business Standards booklet, which includes information about the confidential employee reporting service.

Generally, flexible resource provided by recruitment agencies is considered a higher risk area from a modern slavery point of view. Particular areas of concern include discrimination, wages and health and safety. RMG is committed to providing services without participating in the reduction of workers' rights, safety, security or working conditions associated with 'gig economy' labour.

Royal Mail's suppliers of flexible resource are UK-based and include major national flexible resource providers, who are required to commit to our recruitment standards. This approach ensures that workers are not charged unnecessary fees, for example for payroll services or translation services. Furthermore, workers' original identification documents, including passports, are not held by anyone other than the workers, even if done voluntarily, and resignation by workers is voluntary and without threat of punishment.

These suppliers provide large numbers of flexible workers, some of whom are not UK nationals.

GLS works with agency partners to supply labour services. Procurement of agency services is governed by its Responsible Procurement Codes.

Our Suppliers

As with many corporations, RMG recognises our biggest potential exposure to modern slavery lies within our supply chain. RMG is committed to working across its supply chains to have a positive impact on society and the environment.

The Group relies on its suppliers for all goods and materials – it is not a manufacturer, nor does it handle raw materials. Royal Mail groups suppliers into broad categories, from logistics to HR, property to print. This approach enables us to gain better insights into the risks associated within each industry and activity, and to more efficiently manage potential risks. Around 96.5% of tier one suppliers to our UK business are based in the UK, where we spent around £2.4 billion during 2020–21.

All new Royal Mail suppliers are required to comply with the Responsible Procurement Code. This is based on the ten principles of the United Nations (UN) Global Compact, promoting responsible practices across human rights, labour, environment and anti-corruption. The Responsible Procurement Code makes it clear that Royal Mail weights social, environmental and ethical factors as pass/fail elements in the contract award process. In a small number of cases where suppliers do not directly state compliance with the Responsible Procurement Code, Royal Mail assesses their own social, environmental and ethical policies and statements to confirm they operate to a comparable standard.

We consider vehicle cleaning services undertaken in the UK to be higher risk from a modern slavery point of view. 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.

Due Diligence

Establishing a risk-based due diligence framework enables RMG to better identify potential modern slavery risks in its supply chains.

The day-to-day due diligence processes vary throughout our Group to take account of the different business set-ups and operations. For example, within Royal Mail, during the invitation to tender stage or before awarding a contract, all suppliers are asked to provide insight into their corporate responsibility performance to ensure they meet the minimum standards we require. Due diligence activity is enhanced for higher risk suppliers, who are required to answer additional questions. These include in-depth questions around labour standards for categories which are potentially higher risk from a human rights and modern slavery perspective.

Royal Mail works with GAN Integrity, who provides a risk-based end-to-end due diligence solution that delivers intelligence and alerts to procurement category teams. Contract managers within the business are also made aware of relevant alerts. The solution screens suppliers identified as being in sectors with medium to high risk of corruption, human rights abuses or environmental risks. In addition, some higher risk suppliers (based on geographical location and activity) are asked to enrol with SEDEX (Supplier Ethical Data Exchange) which tracks suppliers' social, environmental and ethical performance and holds third-party audits to

ensure accurate reporting. Royal Mail uses standard contract clauses prohibiting our suppliers from engaging in modern slavery.

GLS operates a dedicated Business Partner Approval Process. Potential suppliers with either a spend greater than 10,000€ or with an intended relationship longer than three months are checked to ensure there are no negative workers' rights indicators before a business relationship can be started. Once a business partner is approved, standard terms and conditions include a section specifically mandating compliance by suppliers with all applicable laws, aimed at combating any form of modern slavery.

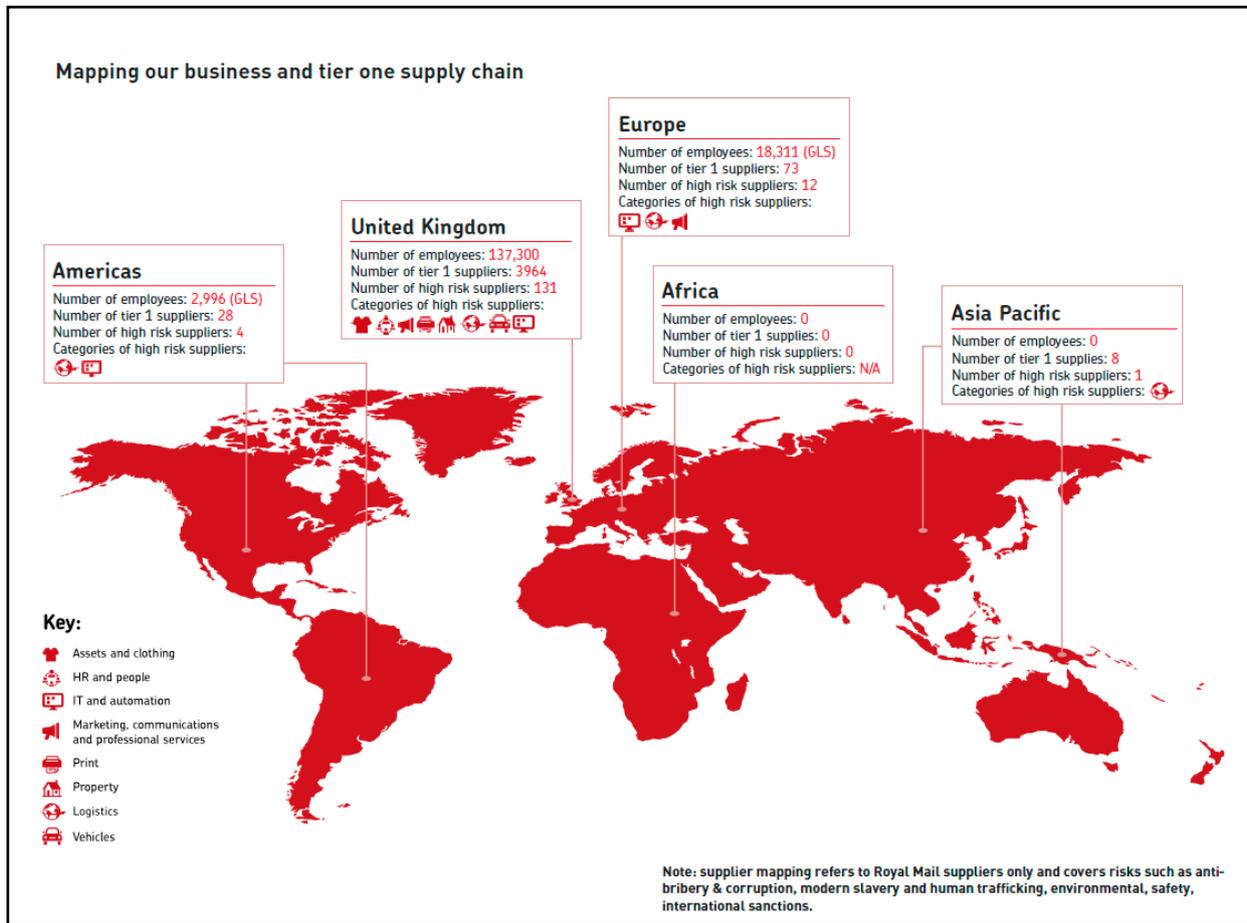
Royal Mail Due Diligence Figures 2020-21

- 100% of Royal Mail higher-risk suppliers monitored daily by GAN Integrity against all risks including modern slavery
- 38 of the higher-risk suppliers active on SEDEX
- 16 on-site audits completed

Auditing Second-tier Suppliers

Royal Mail uses audits to verify that its suppliers or sub-contractors comply with its Responsible Procurement Code. The audits use the SEDEX Members Ethical Trade Audit (SMETA) Reporting Framework or the Business Social Compliance Initiative (BSCI) standards to assess suppliers in a number of areas, including management systems and code implementation, safety and hygiene conditions, freely chosen employment, use of child labour, living wage, benefits and working hours. The audits are completed by a third-party auditor and include a site visit/tour and both group and individual worker interviews. During 2020-2021, a programme of on-site audits took place with 16 sub-contractors. The results, including remediation plans and evidence of completion, were reported via SEDEX or directly to Royal Mail.

Findings from the audit were typically health and safety related and included findings on inadequate safety signs and labelling and



noise testing. Where suppliers/sub-contractors fail to comply with the requirement to submit to an audit and/or carry out corrective actions, they are given an opportunity to rectify this. Where these requirements are not met, we may cease to use the supplier/sub-contractor.

Policies in relation to Modern Slavery and Human Trafficking

Policies in our Group set out our expectations and commitments to our people, business partners, suppliers and customers. Royal Mail maintains a Policy Governance Framework to ensure that all policy requirements internally are verified as meeting the requirements of both the law and the risk appetite of the business. It identifies subject matter experts in each policy area as policy owners.

Relevant policies for modern slavery and human trafficking prevention include:

- Corporate Responsibility policy;
- Our Business Standards;
- Responsible Procurement Code;
- Anti-bribery and Corruption policy; and

- Equality and Fairness and Recruitment policies.

Corporate Responsibility Policy

This is a Group-wide 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 Organisation's Fundamental Conventions.

Our Business Standards

Our Business Standards (which serve as our Code of Conduct) incorporate our values and the behaviours expected of all our people in RMG, committing everyone to doing the right thing. This includes following the law and Group processes (including the processes we have in place to address modern slavery risks), acting honourably and treating one another with respect. Employees who do not adhere to these standards may face disciplinary action.

Embedding Our Business Standards

We develop and maintain a safe, ethical and fair workplace through seeking active employee engagement with Our Business Standards. The document is always available to all Royal Mail employees with access to Royal Mail's intranet and myroyalmail.com, as well as being available on our corporate internet site. The standards are communicated to all employees regularly and a home mailing is sent to frontline colleagues every three years. In addition, the document is reviewed annually, and any changes communicated at that time, using Royal Mail's internal communications channels. GLS makes its Code of Business Standards (which is aligned to Royal Mail's document) available to all employees internally in the local language and on all GLS country entity home pages. Angard has its own version of Our Business Standards, which is available to Angard employees on its website. The PFSL Business Standards is available on its internal intranet site for employees.

Responsible Procurement Code

This document sets out the social, ethical and environmental standards expected from all Royal Mail suppliers. The Responsible Procurement Code also includes a supplemental supplier's values brochure, which sets out Royal Mail's expectations on suppliers to comply with its business values. All Royal Mail and Angard suppliers (and all PFSL suppliers with a procurement contract) are required to comply with it. There is an explicit prohibition on the use of forced labour, child labour or human trafficking in our business operations.

The GLS Business Partner Approval Process and Supplier Code of Conduct are aligned with the Responsible Procurement Code.

Anti-bribery and Corruption Policy

Our policy sets out the Group-wide standards of behaviour we expect to ensure the integrity of the supply chain and to reduce the risk of bribery and corruption across our UK business. It highlights 'red flags' that are also potential indicators of modern slavery, such as cash payments; unusual payments to a third party; or any close ties to public officials. GLS has its own, aligned anti-bribery and corruption policy.

Royal Mail has a compliance e-learning course on bribery and corruption prevention for all new manager-level joiners and specific face-to-face/video conference training for business

units or teams identified as higher risk due to their interaction with third parties or their roles. Bribery is also covered in our annual compliance refresher training.

Recruitment Policies

We are committed to recruiting employees based on merit, in line with our Equality and Fairness and Recruitment policies. We have a number of additional policies to support fair recruitment, including in the UK a Recruitment Vetting policy, a Right to Work Guide and a Managers Guide to Diversity. These are communicated internally through the various company intranet sites.

Angard has its own Equality and Fairness and Recruitment policies, which are publicly available on its internet site.

Availability of Policies

All policies referred to in this document are publicly available on the following corporate websites as appropriate (with the exception of the Royal Mail Recruitment policy and the GLS Business Partner Approval process which are available internally):

Royal Mail:

<https://www.royalmailgroup.com/en/responsibility/policies-and-reports>

Angard:
<https://angardstaffing.co.uk/help-centre/angard-policy-guides/>

GLS:
<https://gls-group.eu/EU/en/compliance>

All GLS policies are available to all employees with computer access and colleagues have to attest to having received them. GLS tracks this both per country and across the whole of GLS. Operational employees have access to the policies in paper format at their place of work.

Risk Assessments and Management

RMG conducts risk assessments to better understand the risk profile of its business and supply chains, enabling targeted risk mitigation activities. Risk assessment for modern slavery risk in RMG is divided into two distinct activities: ongoing risk assessment and periodic external risk assessment. Ultimate responsibility for the oversight of risk management is with the Audit and Risk Committee (ARC). This acts on behalf of the Royal Mail plc Board.

Ongoing Risk Assessment

Royal Mail has built questions relating to modern slavery risks into its ongoing compliance risk assessment process. These risk assessments track a business area's risk profile, which is made up of a variety of compliance risks within business units and associated mitigation activities. The central Compliance & Ethics team engages with the relevant business teams to assess and verify conclusions and follow-up mitigation activity. This process is completed by compliance business leads and is supported by biannual attestations from senior Compliance and Ethics Champions across Royal Mail.

In addition, GLS conducts comprehensive annual compliance risk assessments, tracking compliance risks, including modern slavery risks, across all GLS entities and assigning appropriate mitigation activities. Completion of these are tracked by both a central GLS

Corporate Compliance team and GLS Group Audit.

Periodic External Risk Assessment

An external compliance consultant, Spark Compliance Consulting, carried out a detailed modern slavery risk assessment for Royal Mail and GLS in conjunction with our Procurement function in February 2020. It assessed risk based on our categorisation of our suppliers. The risk assessment report has been reviewed and updated in 2021 for Royal Mail as part of an internal review. In addition, Spark Compliance Consulting carried out a comprehensive compliance risk environment evaluation in November 2020, which included modern slavery risks in Royal Mail.

These internal and external assessments concluded that the risk of human rights violations in the majority of areas of our business and supply chains is low. However, there are certain categories of supplier that represent a higher risk. These categories were assessed as having good controls in place, moving these risks downwards.

Across RMG, risk assessment is based on the prevalent risks in the relevant industry and the geographic location of several sub-contractors. Suppliers of office cleaning services and of goods such as uniforms, rubber bands and mail bags are identified as higher risk, as they are industries using low-skilled labour. For these higher-risk suppliers, our risk mitigation plan looks to mitigate risks further down the supply chain via independent assurance (including SEDEX). Another modern slavery external risk assessment is due to be completed during 2021-2022.

Risk heat-maps allow us to determine where in Royal Mail and GLS the most severe risks exist and the effectiveness of our prevention measures. They enable us to customise our mitigation strategies for identified risks.

Confidential Employee Reporting Service

The Royal Mail confidential 'Speak Up' helpline allows all of our UK people, including contractors, temporary workers, suppliers, business partners and their employees, as well as members of the public, to raise concerns about wrongdoing confidentially and anonymously if they wish. It is available 24 hours a day, 365 days a year.

The Royal Mail Speak Up helpline transferred to a new provider in March 2021. This move was supported by a comprehensive communications campaign to ensure our employees were aware of the new details, using a variety of internal channels, such as emails from senior people, the internal Royal Mail newspaper and our Operations TV screens. The campaign highlighted how to raise any concerns, including modern slavery concerns, providing reassurance that the business will take action and protect against any form of retaliation, to encourage reporting.

The GLS confidential reporting service is open to all, including people outside GLS. Our misconduct reporting policies (Speak Up policies) make it clear that people making disclosures must not suffer any detrimental treatment as a result of raising a concern.

The RMG confidential reporting helplines are promoted via the intranet and compliance training, and communicated externally through Our Business Standards, Responsible Procurement Codes and on our external websites.

Effectiveness

RMG is committed to continuous improvement in its modern slavery prevention measures.

RMG continues to monitor the effectiveness of mitigation activities via a wide variety of channels and performance indicators, such as:

- The ongoing RMG risk assessment processes verify the effectiveness of

compliance controls in our business units. Feedback informs risk mitigation activity;

- RMG's independent confidential reporting helplines provide colleagues and suppliers with a confidential channel to raise unethical behaviour and incidents without fear of retaliation and anonymously if they wish;
- Material compliance risks and incidents are reported to the relevant Royal Mail ARC or GLS ARC as appropriate;
- 99.7% of Royal Mail managers assigned the mandatory compliance refresher training completed it. This included information on modern slavery, RMG obligations and the risks in our supply chain, as well as how to live our values and how to raise concerns. Managers are required to attest to the standards set out in Our Business Standards as part of this training. We measure effectiveness of the programme by assessing whether our people understood their training and run diagnostics to determine additional training needs for higher risk teams; and
- Reviewing the results of Royal Mail on-site supply chain audit programmes to ensure corrective actions are implemented.

Training

RMG provides training to raise awareness of risks within our business and supply chains. Learning how to escalate concerns is a key element of its efforts to eliminate modern slavery and associated risks from our business and supply chains.

Employees complete various training programmes, to ensure they understand our approach and expected behaviours. These include mandatory induction training and annual compliance refresher training.

In 2020-2021, Royal Mail has concentrated on improving awareness of modern slavery issues. Specific actions we have taken include:

- In January 2021, the Corporate Social Responsibility Committee (a sub-

committee of the Royal Mail plc Board) received training on modern slavery to ensure members were fully up to date on the issue. The training was also attended by the Chairman and Chief Executive Officer of Royal Mail and the Chief Executive Officer of GLS;

- Providing specialist training targeting employees with specific responsibilities, such as the procurement team. We maintain a customised online modern slavery training course for individuals in higher risk teams, focusing on how to spot red flags and escalate potential wrongdoing;
- Circulating regular communications across Royal Mail in relation to modern slavery, including a case study and a specific communication for Anti-Modern Slavery Day (18 October 2020);
- Publishing modern slavery prevention guidance for our employees and a compliance guide including information on modern slavery for operational colleagues. The documents provide details of modern slavery warning signs to look out for and how to report concerns; and
- Including a new section on modern slavery in the mandatory compliance induction training for all new manager-level joiners to Royal Mail from 1 April 2021.

GLS has a targeted training approach, including the following:

- An online training module on Compliance in the Supply Chain (covering bribery risks and modern slavery), which has been rolled out to all GLS employees with purchasing responsibility and/or oversight of suppliers in depots. GLS has an average on-time completion rate for this training of 99%; and
- Face-to-face training on modern slavery risks for specific focus groups (i.e. those GLS employees most likely to make relevant purchasing decisions or to encounter modern slavery red flags in the course of their duties).

Collaboration

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.

This year, Royal Mail continued its participation in the Greater Manchester Modern Slavery Business Network, a network of businesses of all sizes in the North West of England who come together several times a year to share best practice and discuss challenges and solutions to tackling modern slavery. Among the themes for this year's meetings was a focus on the COVID-19 pandemic and its impact on modern slavery. Due to COVID-19, this year's meetings were held as online events.

Royal Mail engages with customers to ensure they are aware of the steps taken to identify and mitigate modern slavery risks within our own business and within our supply chain. If you are interested in partnering with Royal Mail to reduce the impact of modern slavery within our supply chains, please contact us at group.compliance@royalmail.com.

Approval of this Statement

This statement covers 1 April 2020 to 29 March 2021 and was approved by the Board of Directors on 13 July 2021

Keith Williams
Chairman



Signature

Date of signature 13 July 2021