

Royal Mail plc

Modern Slavery Act Statement for 2018-19

Introduction

We are committed to ensuring that modern slavery and human trafficking are not taking place in our own business or supply chain. Over the past three years we have continued to develop and improve our approach. In accordance with Modern Slavery Act 2015, this statement describes the steps Royal Mail plc, Royal Mail Group Limited and all other relevant subsidiaries (including Angard Staffing Solutions Limited, GLS Group and Royal Mail Estates Limited) have taken during our financial year 2018-19 ending 31 March 2019 to tackle the risk of modern slavery and human trafficking within our group businesses and supply chains.

For the purpose of this statement, we use the terms 'Royal Mail Group' or 'the Group' to describe our three main brands, Royal Mail, Parcelforce Worldwide and GLS. The terms 'we' or 'our' also refer to our Group. We use the term Royal Mail to refer to our UK operations.

This statement provides insights into:

- » Our structure and supply chains
- » Policies in relation to modern slavery and human trafficking
- » Our due diligence processes
- » Risk assessment and management
- » Key performance indicators to measure effectiveness of steps being taken
- » Training on modern slavery and trafficking
- » Collaboration with the wider community

Our business

The next two sections provide insight into our business and supply chain, illustrating who we are and how we operate to reduce modern slavery and human trafficking risk.

Royal Mail Group and its subsidiaries operate in 44 countries and nation states worldwide. In the UK, our core UK and Parcels, International and Letters delivery businesses (UKPIL) operate under the Royal Mail and Parcelforce Worldwide brands. UKPIL is the country's pre-eminent delivery company. As the UK's sole designated Universal Service Provider, we deliver a 'one price

In 2018-19 our risk mitigation activities included:

- Developing and implementing risk mitigation strategies to address potential modern slavery and human trafficking risks identified in previous risk assessments and embedding the management of such risks into our continuous compliance risk monitoring programme;
- Partnering with GAN Integrity to embed in Royal Mail a new, more cohesive due diligence solution to help identify and provide better insights into higher risk suppliers;
- Establishing a new annual employee attestation process to Royal Mail's Business Standards (our Code of Conduct) to obtain personal commitments from our people;
- Continuing to raise awareness of modern slavery and trafficking via communications, campaigns, training and guidance to clearly outline our expectations of our employees across our Group;
- We have trained key people (such those in higher risk roles) on how to identify modern slavery red flags and how to respond; and
- Reviewing our whistleblowing processes in the UK to ensure it is as easy as possible for our colleagues and suppliers (including contractors) to raise concerns without fear of retaliation.

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. Parcelforce Worldwide is a leading provider of express parcel delivery services.

GLS is one of the largest ground-based deferred parcel delivery networks in Europe. GLS operates across 41 European countries and nation states through a combination of wholly owned companies and partner companies. Outside Europe, GLS operates in North America, in eight states in the Western US and Canada. GLS key strengths are in business-to-business and premium business-to-consumer markets.

Our people

We employ around 162,000 people across our Group; 143,000 are in the UK. GLS employs just over 19,000 people worldwide. 88 per cent of our workers are in the UK, where we are one of the largest employers. We promote strong labour standards in our industry with good working conditions and fair pay. At the end of this year, 99 per cent of Royal Mail staff were on permanent contracts with competitive salary and benefits, and a good pension. We work closely with our unions to agree changes to our working practices. Around 87 per cent of our operations and administrative-grade employees are members of the Communication Workers Union (CWU), and approximately 65 per cent of our managers are members of Unite/CMA. In total 98 per cent of Royal Mail employees are covered by our agreements with these two unions. Consequently, modern slavery risks directly within our business are low.

Where we do have a requirement for temporary workers we recognise that the potential modern slavery risk is increased. Temporary workers in our UK operations are provided by seven approved suppliers 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; workers original identification, 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.

Our suppliers

As with many corporations, we recognise our biggest potential exposure to modern slavery lies within our supply chain. We are committed to working across our supply chain to have a positive impact on society and the environment.

During the year Royal Mail worked with over 4,000 suppliers. We rely on our suppliers for all goods and materials, we are not a significant manufacturer, nor do we handle raw materials. We group our suppliers into broad categories, from logistics to HR, property to print. This approach enables us gain better insights into the risks associated within each industry and activity, for us to more efficiently manage potential risks. Over 90 per cent of tier one suppliers to our UK business are based in the UK, where we spent around £2.3 billion during the year.

All Royal Mail suppliers are required to comply with our Responsible Procurement Code of Conduct which is based on the ten principles of the United Nations (UN) Global Compact promoting responsible practices across human rights, labour, environment and anti-corruption. In 2018-19 we revised the Code to make it clear that Royal Mail weights social, environmental and ethical factors as pass/fail elements in the contract award process.

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. They are built on internationally recognised commitments, declarations, standards and codes, including; the United Nations (UN) Global Compact, the UN Universal Declaration of Human Rights, and the International Labour Organisations Fundamental Conventions.

All our policies are publicly available on our Corporate websites:

Royal Mail: www.royalmail.group.com/en/responsibility/policies-and-reports.

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

Policy	Scope	Availability and awareness
Our business standards	Incorporating our company values, the business standards set the behaviours expected of our employees. Committing employees to do the right thing, following the law, acting honourably and treating each other with respect. Sets a prohibition against the use of forced labour, child labour or human trafficking in our business operations. Employees who do not adhere to our standards may face disciplinary action	All new employees receive a copy of the Business Standards. Communicated to all UK employees every three years, or whenever there is a change. 2018-19 relevant Royal Mail employees completed annual compliance refresher training that included attesting that they maintain our standards.
Corporate Responsibility (CR) policy	Royal Mail's commitment to responsible business conduct. Details our support of the UN Global Compact, the U N Universal Declaration of Human Rights and the International Labour Organisations Fundamental Conventions	Available to view on both our intranet and external website
Responsible Procurement Codes (including supplemental Supplier Values Brochures)	Sets out the social, ethical and environmental standards we expect from our suppliers. All Royal Mail suppliers are required to comply with our Responsible Procurement Code. In 2018-19 the UK Code was revised to make it clear that Royal Mail weights social, environmental, ethical factors as pass/fail elements in the contract award process.	We require suppliers to comply with our Code of Conduct and to communicate the Code in full to all relevant employees within their organisations.
Anti-bribery and corruption	Our policy, based on the UK Bribery Act, sets out the standards of behaviour we expect to minimise the risk of bribery and corruption in our business and supply chain.	Available to our employees through our intranet and publicly on our website. We ensure employees understand through both online and face-to-face training, including annual mandatory compliance refresher training to all employees, a compliance e-learning course which includes anti-bribery and corruption for all new starters, leading with integrity training for managers, specific training for business units identified as higher risk due to their interaction with third parties.
Recruitment policies	We are committed to recruiting employees based on merit, in line with the Equality and Fairness and Recruitment policies. We have a number of additional policies to support fair recruitment including in our UK operations a Recruitment vetting policy and Right to Work Guide.	Available for employees via our intranet.

Embedding our Business Standards

Engaging our employees around our Business Standards helps us to develop and maintain a safe, ethical and fair workplace. During the year, we launched a video campaign promoting the importance of the Business Standards. The videos contain clear guidance on how to incorporate the standards into daily situations and routines at work, focussing on different elements, such as how to live our values and how to raise concerns. They are available to employees on-demand through Royal Mail's intranet. They were also communicated to frontline employees at tailored 'Listen and Learn' sessions. We use our internal communications channels, including WhatsApp and the intranet to share regular updates and reminders on our business standards throughout the year.

Due Diligence

Establishing a risk based due diligence framework enables us to better identify potential modern slavery risks in our supply chains. We pre-screen potential suppliers before asking them to participate in a tender or awarding them a contract. This ensures that potential suppliers meet the minimum standards we require on a range of Corporate Responsibility issues. Due diligence activity is enhanced for higher risk suppliers. The day to day due diligence processes vary throughout our Group to take account of the different business set-ups and operations.

For example, at Royal Mail during the invitation to tender stage, all suppliers are asked to provide insight into their Corporate Responsibility performance. Suppliers from higher risk categories are required to answer additional questions, which focus on higher-risk areas for each supplier category. These include in-depth questions around labour standards for categories which are potentially higher risk from a human rights

and modern slavery perspective. We also use a Supplier Management Portal to assess whether existing suppliers are meeting the ethical, social and environmental (ESG) requirements in their contracts. We use standard contract clauses prohibiting our suppliers from engaging in modern slavery. Suppliers that we have classified as higher risk from a modern slavery perspective provide relevant performance evidence to the portal which we review via supplier performance dashboards. In addition, some higher risk suppliers (based on geographical location and activity), are asked to enrol with SEDEX which tracks suppliers' ESG performance, and holds third-party audits to ensure accurate reporting.

Our GLS Group operates a dedicated Business Partner Approval Process. Potential suppliers which are either used with a spend greater than 10,000€, or with an intended relationship longer than 3 months, are checked to ensure there are no indicators of disregard of workers' rights before a business relationship can be started.

In January 2019 Royal Mail onboarded a new due diligence solution, GAN Integrity, providing a simple to use risk-based end-to-end due diligence process that provides intelligence and alerts to our procurement teams and contract managers. The solution screens suppliers in sectors with medium to high risk of corruption, human rights abuses, or environmental risks. To date, we have onboarded our highest modern slavery and human trafficking

risk suppliers onto the solution. We continue to roll out and embed the solution within our contract management processes to capture a wider set of suppliers and customers.

Risk Assessments and Management

We conduct risk assessments to better understand the risk profile of our business and supply chain, enabling targeted risk mitigation activities. Overall responsibility for the oversight of risk management is by our Risk Management Committee and our Audit and Risk Committee. These act on behalf of the Board.

Since 2016 we have undertaken several assessments to better understand our risk profile and inform our approach to mitigating modern slavery and human trafficking risks. For example, during 2017-18, we conducted in-depth cross-functional workshops to review risk levels for modern slavery in our operation and supply chain. These were supported by external compliance experts. The workshops included scenarios illustrating modern slavery risks and provided guidance on how to raise concerns. The findings enabled us to customise our mitigation strategies for identified risks.

Our assessments concluded that our overall risk of human rights violations in our business is low. However, we recognise that human rights violations, including forced labour and trafficking can occur in all sectors and countries. As a responsible business we are committed to playing our part to help eliminate them.

Whistleblowing

Our confidential helplines 'Speak Up', allow all of our people, including contractors, temporary workers, suppliers, business partners and their employees, to raise concerns about serious wrongdoing anonymously, and available to all employees 24 hours a day, 365 days a year. Our whistleblowing policy makes it clear that whistle-blowers must not suffer any detrimental treatment as a result of raising a concern.

During 2018-19 we reviewed the effectiveness of our whistleblowing processes in our UK operations, particularly the ease by which concerns can be raised. We focused on simplifying the process to encourage more people to take advantage of Speak Up. As part of that review we simplified our Speak Up policy, which was approved by our Board in May 2019.

Our Speak Up helplines are promoted via the intranet and compliance training, and communicated externally through our business standards, Responsible Procurement Codes and on our external websites. In 2018, we ran five Speak-up campaigns in our UK operations to remind our staff that they have the right to speak up without the fear of retaliation, and to encourage them to raise any concerns relating to modern slavery and human trafficking within the business or our supplier chains. We have further campaigns planned for 2019-20.



**14 on-site audits
completed in 2018-19**



**100% of high risk suppliers
monitored by GAN Integrity**



**31 high risk suppliers'
active on SEDEX**

For example, when assessing our supply chain, based on the prevalent risks in the textile industry and the geographic location of several sub-contractors, we identified our uniform suppliers as higher-risk. We also consider some of our suppliers of operational equipment and rubber bands/mail bags as higher-risk due to modern slavery risks triggered by low skilled manufacturing in China.

For these higher-risk suppliers, our risk mitigation plan now looks to mitigate risks further down the supply chain via independent assurance (see below).

We also consider office and vehicle cleaning services undertaken in the UK to be higher-risk. Royal Mail has a large fleet of vehicles. During 2018-19, we considered how to mitigate potential modern slavery risks posed by companies that clean our vehicles. We are in discussion with a third-party accreditation scheme to support the assessment of mobile vehicle washing contractors and providers under the areas of recruitment practices, environmental controls and quality.

During 2018-19, Royal Mail built modern slavery risk profiles 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. Our central Compliance team engages with the relevant business teams on a risk based approach to assess and verify conclusions and follow-up mitigation activity. This process is run quarterly by compliance business leads and is supported by biannual attestations from our senior executive Compliance Champions. In January 2019, we also conducted annual risk assessment reviews with our UK subsidiaries and moved them onto a more comprehensive risk assessment process.

In addition, our GLS Group entities conduct comprehensive annual compliance risk assessments, tracking compliance risks, including modern slavery risks, across all countries GLS is active and assigning appropriate mitigation activities. Completion of these are tracked by both a central GLS Corporate Compliance team and GLS Group Audit.

Auditing second-tier suppliers

Royal Mail uses audits to verify that our suppliers or sub-contractors comply with our responsible Procurement code. During 2018-19, 14 factory audits were completed on higher risk, mainly second-tier suppliers that manufacture uniforms and operational equipment. Using the Sedex Members Ethical Trade Audit (SMETA) Reporting Framework to assess a number of areas including, management systems and code implementation, safety and hygienic conditions, freely chosen employment, child labour, living wage, benefits and working hours. The audits are completed by a third-party auditor and include site visit/tour and both group and individual worker interviews. Results, including remediation plans and evidence of completion are reported via the SEDEX platform, or directly through our Supplier Management Portal.

Findings from the audits were typically health and safety related, and included findings on inadequate safety signs and labelling, noise testing and one finding of overtime hours going over the prescribed level. Where suppliers / subcontractors fail to comply with the requirement to conduct audits and/or corrective actions, we give them an opportunity to rectify. Where this is not possible, we may cease to use the supplier / subcontractor.

Effectiveness

We measure the effectiveness of our mitigation controls via a wide variety of channels and performance indicators, such as:

- Our ongoing risk assessment processes verify the effectiveness of compliance controls in our business units and subsidiaries. Feedback informs risk mitigation activity.
- Our independent Speak Up helplines provide our colleagues and suppliers with a confidential channel to raise unethical behaviour and incidents without fear of retaliation.
- Royal Mail's annual Culture and Ethics survey is a confidential forum for our colleagues to share their views on levels of compliance support and experiences of speaking up.
- Compliance reports to Royal Mail Group's Audit and Risk Committee ('ARC') on an exception basis raising material compliance risks and incidents.
- Mandatory training – our completion rate target is 95%, which we consistently meet. More importantly, 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.
- Reviewing the results of our on-site supply chain audit programmes to ensure corrective actions are implemented.

Training

We provide training to raise awareness of risks within our business and supply chains. Learning how to escalate concerns is a key element of our efforts to eliminate modern slavery and associated risks from our business and supply chains. Our focus is on teams working in higher-risk environments, such as our Royal Mail procurement team and contract managers. New starters in these teams continue to receive training on modern slavery risks and the new legal requirements.

In May 2018 we launched a new customised online modern slavery training course to individuals in higher risk teams (such as our Procurement team), focusing on how to spot red flags and escalate potential wrong-doing. The course captures our businesses risk profiles and ties back to potential red flags identified during our risk assessments. It was made available to a wider group of employees,

including contract managers and depot managers in the UK and compliance teams across the Group. It was also assigned to our UK subsidiaries for the first time in 2018. In April 2019, training for GLS depot managers was launched.

Every year Royal Mail runs an annual compliance refresher, which tests existing compliance knowledge and provides a training recap, with both including scenarios and questions on modern slavery. Last year, this included a new attestation to our Business Standards. In the UK, our annual ethics and compliance initiative "Leading with Integrity" encourages our people to discuss the importance of our values, helps managers identify ethical and compliance risks, and supports them in doing business ethically and in alignment with our values. As part of that initiative we ran a training academy event for compliance leads in our Group. The academy included consideration of the modern slavery and human trafficking risk within our business and supply chains. In addition, we trained all compliance leads on how to more effectively discuss these matters in team meetings and build awareness into day-to-day communications with colleagues.

As part of our general awareness raising activities, we ran an UK awareness campaign on Anti-slavery day on 18 October 2018. In addition, we ran several Speak Up campaigns to highlight how to raise concerns and provide assurance that the business will take action and protect against retaliation.

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. Set out below are some of the areas where we collaborate with the business community.

We are a member of the Greater Manchester Modern Slavery Business Network, which launched in 2018. The network brings together the police, general public, local authorities, charity STOP THE TRAFFIK and other agencies to protect the vulnerable, and safeguard those at risk from becoming victims, or perpetrators. Collaborating and sharing best practice amongst national organisations allows us to seek feedback on the effectiveness of our mitigation measures; learn

about what works well for other organisations; and to coordinate with their efforts in the fight against modern slavery and human trafficking.

We also engage with our customers to ensure they are aware of the steps we have taken to ensure that modern slavery risks are identified and mitigated within our own business and within our supply chain. We are currently supporting a new multi-industry initiative on Respecting Human Rights in the Logistics Sector, led by retailers with support from the British Retail Consortium and Shift. The initiative seeks to better understand the pressures placed on those involved in final mile delivery in the UK.

If you are interested in partnering with us, please contact us at group.compliance@royalmail.com

Approval of this statement

This statement covers 26 March 2018 to 31 March 2019 and was approved by the Board of Directors on 24th September.

A handwritten signature in black ink, appearing to read 'Rico Back', written over a faint rectangular box.

Rico Back
Group CEO