

Module: Introduction**Page: Introduction**

CC0.1**Introduction**

Please give a general description and introduction to your organization.

Royal Mail is the UK's designated Universal Postal Service Provider, supporting customers, businesses and communities across the country. We are the only company that has the capability to deliver a 'one-price-goes-anywhere', six-days-a-week service on a range of letters and parcels to more than 29 million addresses across the UK. In 2013-14, the Group, including Royal Mail, Parcelforce Worldwide and General Logistics Systems (GLS), our European parcels business, delivered around 1.5 billion parcels and 16.5 billion letters.

Royal Mail Group is one of the UK's largest companies and one of its best known brands. Our vision is to be recognised as the best delivery company in the UK and across Europe. We represent a key component of the UK's economic and social infrastructure. We provide services to private individuals, companies and communities. Our postmen and women are an important part of their local communities. As a business, we help generate considerable economic activity.

We employ more than 162,000 people across our Group. UK Parcels, International & Letters (UKPIL) employs approximately 148,000 people across the UK. General Logistics Systems (GLS), our European parcels business, operates one of the largest ground-based, deferred parcel delivery networks in Europe. GLS employs approximately 14,000 people in a range of frontline, operational and support roles.

In October 2013, Royal Mail successfully floated on the London Stock Exchange and was subsequently admitted into the FTSE100. More than 700,000 members of the public bought shares in Royal Mail. These investors were joined by the overwhelming majority of our people in the UK, who in total received free a ten per cent stake in our Company.

CC0.2**Reporting Year**

Please state the start and end date of the year for which you are reporting data.

The current reporting year is the latest/most recent 12-month period for which data is reported. Enter the dates of this year first.

We request data for more than one reporting period for some emission accounting questions. Please provide data for the three years prior to the current reporting year if you have not provided this information before, or if this is the first time you have answered a CDP information request. (This does not apply if you have been offered and selected the option of answering the shorter questionnaire). If you are going to provide additional years of data, please give the dates of those reporting periods here. Work backwards from the most recent reporting year.

Please enter dates in following format: day(DD)/month(MM)/year(YYYY) (i.e. 31/01/2001).

Enter Periods that will be disclosed

Mon 01 Apr 2013 - Mon 31 Mar 2014

CC0.3

Country list configuration

Please select the countries for which you will be supplying data. This selection will be carried forward to assist you in completing your response.

Select country

CC0.4

Currency selection

Please select the currency in which you would like to submit your response. All financial information contained in the response should be in this currency.

GBP(£)

CC0.6

Modules

As part of the request for information on behalf of investors, electric utilities, companies with electric utility activities or assets, companies in the automobile or auto component manufacture sectors, companies in the oil and gas industry, companies in the information technology and telecommunications sectors and companies in the food, beverage and tobacco sectors should complete supplementary questions in addition to the main questionnaire.

If you are in these sectors (according to the Global Industry Classification Standard (GICS)), the corresponding sector modules will not appear below but will automatically appear in the navigation bar when you save this page. If you want to query your classification, please email respond@cdp.net.

If you have not been presented with a sector module that you consider would be appropriate for your company to answer, please select the module below. If you wish to view the questions first, please see <https://www.cdp.net/en-US/Programmes/Pages/More-questionnaires.aspx>.

Further Information

Module: Management

Page: CC1. Governance

CC1.1

Where is the highest level of direct responsibility for climate change within your organization?

Senior Manager/Officer

CC1.1a

Please identify the position of the individual or name of the committee with this responsibility

Our Group Director of Safety, Health, Wellbeing and Sustainability has direct responsibility for climate change in Royal Mail Group. he reports directly to the Group HR Director, who sits on the Chief Executive's Committee (CEC). The CEC is responsible for all the key areas of commercial activity within Royal Mail Group. A description of the CEC and its members is available online at: <http://www.royalmailgroup.com/about-us/management-committees/chief-executives-committee-cec>.

The Group Director of Safety, Health, Wellbeing and Sustainability also Chairs the RMG Environment Governance Board, which is responsible for setting the direction for environmental activity across Royal Mail. The Environment Governance Board consists of senior managers accountable for functional areas concerned with material environmental issues.

CC1.2

Do you provide incentives for the management of climate change issues, including the attainment of targets?

Yes

CC1.2a

Please provide further details on the incentives provided for the management of climate change issues

| Who is entitled to benefit from these incentives? | The type of incentives | Incentivized performance indicator |
|--|----------------------------|--|
| Management group | Monetary reward | 1) All managers' bonuses are linked to our Corporate Balanced Scorecard performance, which consists of 12 performance indicators. One of the metrics on the Scorecard is Total UK Costs. This includes the cost of energy and fuel used to power our buildings and vehicles. We set annual targets for cost reduction and link managers' bonuses to achievement. Through this, all managers are effectively incentivised to support a reduction in the amount of energy and fuel we use. 2) Furthermore, gas and electricity budgets are devolved out to Operations and other business units to help drive local accountability, empowerment and performance improvements. 3) Until 2013, as part of our Modernisation programme, all managers' bonuses were also linked to the number of delivery offices that underwent modernisation during a year. Modernisation included removal of private and other support vehicles from our logistics operations in favour of more efficient, modern fleet. |
| Other: Unit Managers (e.g. Mail Centres, Delivery Offices, Network and Distribution) | Recognition (non-monetary) | Environmental management forms one of ten pillars in our World Class Mail (WCM) programme. WCM is a comprehensive system for the continuous improvement of efficiency, safety and quality in the workplace. All of our mail centres and delivery offices have now started their WCM journey. We rigorously audit implementation of WCM. A minimum threshold of performance must be achieved for every pillar – including the Environment pillar – in order for a site to progress through the WCM stages (from unrated, to Bronze, Silver, Gold and World Class). Audit points are awarded for carbon emissions performance as part of the assessment of the Environment Pillar. Carbon emissions performance is measured per km travelled in our Network and Distribution business unit and per 1,000 items of mail in other operations units. To drive colleague engagement in WCM and share best practice across the Group, we publish WCM achievements in internal communications and our monthly employee newspaper, Courier. |
| Other: All operational employees | Monetary reward | As part of the delivery of the modernisation programme, frontline employees in Operations receive a payment upon achievement of the full modernisation of their unit. As detailed above, modernisation includes the removal of private and other support vehicles from our operations in favour of more efficient, modern vehicles, with a resulting reduction in our Scope 1 and 3 carbon emissions. |

| Who is entitled to benefit from these incentives? | The type of incentives | Incentivized performance indicator |
|---|----------------------------|--|
| Other: World Class Mail Environment Pillar Leads | Recognition (non-monetary) | As detailed above, Environment forms one of the ten pillars of our World Class Mail programme, which drives continuous improvement in efficiency, safety and quality in the workplace. All of our mail centres and delivery offices have started their WCM journeys. As part of the implementation of the WCM programme, sites assign Environmental Pillar leads to identify and drive energy and other environmental efficiencies in their sites, in addition to setting local targets and reporting performance to the Group's Environment team. WCM success stories are highlighted in colleague communications, giving profile to those who achieve best practice. |
| Other: World Class Mail Environment Pillar Leads | Recognition (non-monetary) | In March 2014 we held our inaugural Environment Conference and Awards to share best practice from across the Group, help forge a community of environmental champions and recognise those who have made a major contribution. Award winners, and those who were highly commended, each received a trophy and non-financial prize. |
| Other: Suppliers | Monetary reward | Our Mailing House scheme incentivises mailing houses to be environmentally responsible, by providing financial incentives if their production facilities are environmentally accredited to ISO14001 or a similar standard. |

Further Information

Page: CC2. Strategy

CC2.1

Please select the option that best describes your risk management procedures with regard to climate change risks and opportunities

Integrated into multi-disciplinary company wide risk management processes

CC2.1a

Please provide further details on your risk management procedures with regard to climate change risks and opportunities

| Frequency of monitoring | To whom are results reported | Geographical areas considered | How far into the future are risks considered? | Comment |
|--------------------------------|---|---|---|--|
| Six-monthly or more frequently | Individual/Sub-set of the Board or committee appointed by the Board | The Environmental Risk Management Process covers Royal Mail UK, including Royal Mail, Parcelforce Worldwide and RM International. | 3 to 6 years | We identify risks within a 1 to 6-year timeframe, capturing both immediate and emerging risks. |

CC2.1b

Please describe how your risk and opportunity identification processes are applied at both company and asset level

Royal Mail Group's approach to risk management is documented within our Risk Management Policy. The Risk Management Committee (RMC) has overall responsibility for risks on behalf of the Board, and promotes and supports the establishment, communication and integration of risk management throughout the business. It ensures that there is a clear view of business level risks by taking:

- A "top down" / company level view of key risks that is anchored in threats to the Strategic Business Plan; and
- A "bottom up" / asset level view of risks that may have a business level implication as perceived by individual business units and central functions.

The RMC requires business units and central functions (including Joint Ventures and Subsidiaries) to complete risk identification and prioritisation exercises on an annual basis. Royal Mail Group's Risk Management team facilitate this to ensure the risk management process is applied consistently. The Environment team maintain an environmental risk register that is updated on an ongoing basis. They undertake a full review and refresh the environmental risk profile annually, and are supported in this by the Group Risk Management team. The RMC recognises that environmental risk is an inherent business risk and, as part of our risk management process, routinely monitors emerging environmental risks, including any risks on the environmental risk register that would warrant attention at Group level. Members of the Environment Governance Board also feed into the process, as well as other key internal and external stakeholders who have a good understanding of current and future environmental risks and/or particular expertise. The environmental risk register is also reviewed by the Environment Governance Board as a whole. We disclose key business risks, including any currently significant environmental risks, their potential impacts and how we manage them in our Annual Report and Accounts.

CC2.1c

How do you prioritize the risks and opportunities identified?

We use our standard Company risk identification methodology to rank environmental risks, based on probability and impact, to determine the significance and materiality of each risk. We define impact areas under the aspects of: financial, customer service, health and safety, political and reputational. Each aspect has clearly defined levels of impact to enable us to rank risks on a consistent basis, as far as possible, across the Group and across different functions.

Risks are categorised with traffic light ratings according to their probability and potential impact: risks rated as high (red) and critical (dark red) are always prioritised for action; medium (amber) risks are usually targeted for mitigation but factors such as proximity in time and whether the risk is increasing will also be taken into account when determining the priority. Low scoring risks (green) typically require no specific mitigation but their status is periodically monitored. The same methodology is applied to potential opportunities. Opportunities are reflected and ranked in the risk assessment process as consequences of risks identified. For example, we recognise the opportunity to enhance shareholder confidence and brand recognition, and to attract and retain talented new recruits, by addressing climate change risks. Through the risk assessment process, it is the role of the Environment Governance Board to identify opportunities and influence the business as appropriate.

This process provides an overview of our key risks and areas where we need to introduce mitigating actions or tighten existing controls to manage each risk. Our prioritised list of environmental risks is reviewed by our Environment Governance Board, and where necessary this prioritised list is challenged and amended to ensure it remains relevant.

CC2.1d

Please explain why you do not have a process in place for assessing and managing risks and opportunities from climate change, and whether you plan to introduce such a process in future

| Main reason for not having a process | Do you plan to introduce a process? | Comment |
|--------------------------------------|-------------------------------------|---------|
|--------------------------------------|-------------------------------------|---------|

CC2.2

Is climate change integrated into your business strategy?

Yes

CC2.2a

Please describe the process of how climate change is integrated into your business strategy and any outcomes of this process

BUSINESS STRATEGY

Royal Mail operates in highly competitive parcel and letter markets. In the liberalised postal market within which we operate, other operators are able to offer direct delivery services in easy-to-serve urban areas, without having to adhere to the same high delivery requirements and quality standards as Royal Mail does under its Universal Service Obligation (USO). At the same time, in order to deliver the USO we must maintain a high-fixed cost network, comprising people and non-people costs.

Our business strategy aims to maintain our market leading positions and target new segments and channels where we can grow. Our vision is to be recognised as the best delivery company in the UK and across Europe. As part of this, we focus on being a more efficient and flexible company. Tight cost control is key. So too is a greater focus on anticipating our customers' needs and responding flexibly to them.

We recognise that managing and reducing our environmental impacts will support the successful delivery of our business strategy. For example, managing our consumption of energy and fuel helps deliver against our Financial corporate KPIs (related to cost control, productivity and profitability). Optimising our delivery networks helps mitigate the impact of our high-cost infrastructure and the related financial and environmental cost of resource consumption. Grasping new opportunities related to climate change helps us compete more effectively, deliver customer satisfaction and retention, and drive performance against corporate Customer KPIs.

INFLUENTIAL ASPECTS

There is increasing climate change legislation, rising energy prices, and increasing investor, customer and consumer interest in our management approach and climate-related offerings. Some stakeholders challenge us to achieve, or demand, a certain standard of environmental performance. Regulatory costs, such as the cost of the CRC, also play a role. Further, climate change management represents an opportunity for increasing colleague engagement and advocacy.

For example, in 2014 Royal Mail was ranked in the top 10 most reputable companies in the UK by the Reputation Institute. Corporate citizenship, and by extension environmental responsibility, is a factor in our ranking. According to the Reputation Institute, companies with the best reputations receive significantly higher levels of support from consumers. In order to maintain our good reputation, and any strategic advantages this brings, we need to continue to demonstrate management of our environmental impacts.

Further, we recognise that good environmental performance can also help us achieve high rankings in well-recognised CR and sustainability benchmarks and indices, and, as a result, achieve higher levels of advocacy and interest amongst SRI and some mainstream investors.

SHORT TERM STRATEGY

In 2012–13 we strengthened our approach to environmental management, establishing a new Environment Governance Board (EGB) to help manage and drive our environmental performance. The EGB has undertaken a detailed materiality assessment to review our most significant impact areas, including our targets to address them. These were subsequently reviewed by the Chief Executive's Committee during the reporting period. We reconfirmed our targets for our primary impact areas

of Energy & Climate and Waste. For Energy & Climate, we have a long-term target to reduce our carbon footprint by 20% by 2020-21 against a 2004-05 baseline. Management initiatives include:

- Annual network journey optimisation and the introduction of double-deck trailers (carrying up to twice as many letters and parcels in every journey)
- Improving real time monitoring of energy use for more effective and proactive management, e.g. through upgrades to our Building Energy Management System and the installation of automatic meter reads for individual pieces of equipment
- Integrating efficiencies into new builds and refurbishments, e.g. in our Customer and You programme (upgrading enquiry offices for a more pleasant experience for customers and employees), we aim to include the installation of energy-efficient LED lighting as standard; while in new builds we look to integrate renewable technologies such as biomass boilers and solar walls.

LONG TERM STRATEGY

Since 2007-08 Royal Mail has been undergoing a major transformation programme covering every aspect of its operations, namely: collections, processing, logistics, sorting and delivery. It is one of the largest industrial transformation programmes undertaken in the UK in recent history. Consideration for climate change has been integrated into transformation from the outset. Demonstrated improvements in our carbon footprint through the replacement of less efficient vehicles formed an element in the business case for transformation. We have a long-term target to reduce our carbon footprint by 20% by 2020-21 against a 2004-05 baseline.

We have appointed Cenex, the Centre of Excellence for low carbon and fuel cell technology, to develop our Fleet Carbon Reduction Programme. This aims to identify how current and future RMG fleet profiles, coupled with opportunities for diesel/emissions reductions, will impact overall carbon emissions to 2020-21. This will incorporate a sensitivity analysis to help us understand the impact of planned and approved initiatives against those which are currently in the pipeline or in early planning.

STRATEGIC ADVANTAGE

As discussed under “the business strategy” and “influential aspects”, climate change management provides strategic advantage through cost control, improved customer satisfaction and retention, improved reputation and support from consumers, and higher levels of advocacy and interest from SRI and other investors.

SUBSTANTIAL BUSINESS DECISIONS IN THE LAST YEAR

Investments in the last year which were influenced by climate change include:

- Installation of LED lighting systems with automatic presence controls in Manchester and Mount Pleasant Mail Centres and Daventry Regional Distribution Centre, saving an estimated 1,870 MWh and over £200,000 per annum.
- Voltage optimisation at Norwich Mail Centre that led to estimated energy benefits of 53,956 kWh and £5,458 per annum.
- HGV vehicle tracking solution for our network fleet that also provides driver behaviour technology and enhanced in-cab functionality. This will increase miles per gallon performance through accurate data capture and real-time feedback on driving style.
- Trialling of new fleet to evaluate the suitability of new technologies. We have purchased three dual fuel motive units; increased our trial of longer double deck trailers from 45 to 89 to further reduce stem mileage; purchased 25 Euro VI Mercedes Sprinters; taken a Nissan ENV200 electric small van for demonstration and we also plan to take on two electric Peugeot Partner car-derived vans which will be located in our Premier Park site, Wembley.

CC2.2b

Please explain why climate change is not integrated into your business strategy

CC2.3

Do you engage in activities that could either directly or indirectly influence public policy on climate change through any of the following? (tick all that apply)

Direct engagement with policy makers
Trade associations

CC2.3a

On what issues have you been engaging directly with policy makers?

| Focus of legislation | Corporate Position | Details of engagement | Proposed legislative solution |
|----------------------|--------------------|---|--|
| Cap and trade | Support | Royal Mail participates in the Environment Agency's quarterly Carbon Reduction Commitment (CRC) Operations Liaison Group. This group reviews CRC related policy and guidance, providing members the opportunity to feedback potential issues found with the scheme and provide updates on any legislative developments. | Royal Mail will continue to engage with the Environment Agency to remain updated on developments with the CRC and provide feedback on the workings of this scheme. |

CC2.3b

Are you on the Board of any trade associations or provide funding beyond membership?

Yes

CC2.3c

Please enter the details of those trade associations that are likely to take a position on climate change legislation

| Trade association | Is your position on climate change consistent with theirs? | Please explain the trade association's position | How have you, or are you attempting to, influence the position? |
|--|--|--|---|
| International Postal Corporation (IPC) | Consistent | Royal Mail has a position on IPC's Board. Under the IPC's Sustainability Programme, IPC is working to systematically address the impacts of global climate change and collaborating to reduce carbon emissions across the sector through the IPC Environmental Measurement and Monitoring System (EMMS). IPC believes that through the knowledge sharing and positive action, the entire postal industry will be able to lower its environmental impacts, thereby addressing stakeholder concerns about its contribution to greenhouse gas emissions. IPC and the participating member posts set as their goals an ambitious challenge to cut the global postal sector's carbon emissions by 20%, and to continue expansion of the global postal sustainability programme to extend its impact as widely as possible across the world. | As a member we annually submit carbon data to IPC as a contributor to their Environmental Measurement and Monitoring System (EMMS) programme. This helps to share knowledge, encourage positive action and improve carbon management proficiency. |
| PostEurop | Consistent | Royal Mail has a position on the Management Board of PostEurop. We are a member of PostEurop's Environment Working Group, which reports into the Corporate Responsibility Committee. The purpose of this group is to provide a platform for cooperation and learning amongst postal operators to increase environmental awareness and performance through shared research and action. It also aims to ensure compliance with European environmental legislation. | We support clear measurement and reporting of carbon emissions. PostEurop has signed a co-operation agreement with International Postal Corporation on May 2013 in the area of carbon emissions measurement and now also receives the collected EMMS data from IPC. |

CC2.3d

Do you publically disclose a list of all the research organizations that you fund?

CC2.3e

Do you fund any research organizations to produce or disseminate public work on climate change?

CC2.3f

Please describe the work and how it aligns with your own strategy on climate change

CC2.3g

Please provide details of the other engagement activities that you undertake

CC2.3h

What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our climate change strategy and engagement programme is managed by the Company's Environment team, with involvement of members of the Environment Governance Board, which also provides oversight. This ensures consistent alignment across our engagement activities.

CC2.3i

Please explain why you do not engage with policy makers

Further Information

Page: CC3. Targets and Initiatives

CC3.1

Did you have an emissions reduction target that was active (ongoing or reached completion) in the reporting year?

Absolute target

CC3.1a

Please provide details of your absolute target

| ID | Scope | % of emissions in scope | % reduction from base year | Base year | Base year emissions (metric tonnes CO2e) | Target year | Comment |
|------|-------------|-------------------------|----------------------------|-----------|--|-------------|---|
| Abs1 | Scope 1+2+3 | 100% | 20% | 2004 | 873117 | 2020 | The target covers all Royal Mail UK based operations (Royal Mail and Parcelforce Worldwide). This represents 94% coverage by FTE and 82% coverage by revenue. Our target is a 20% reduction by 2020-21, against a baseline of 2004-05. Base year emissions are CO2 rather than CO2e. This is therefore likely to represent a slightly more stretching target. In 2013-14, we achieved a 3.5% year on year reduction in CO2e in the UK, reaching 19% reduction against our target. This year, with a focus on improving transparency and measurement, we have included Scope 1 and 2 emissions from our European business, GLS, in our carbon emissions reporting. GLS emissions are not currently part of our target. |

CC3.1b

Please provide details of your intensity target

| ID | Scope | % of emissions in scope | % reduction from base year | Metric | Base year | Normalized base year emissions | Target year | Comment |
|----|-------|-------------------------|----------------------------|--------|-----------|--------------------------------|-------------|---------|
|----|-------|-------------------------|----------------------------|--------|-----------|--------------------------------|-------------|---------|

CC3.1c

Please also indicate what change in absolute emissions this intensity target reflects

| ID | Direction of change anticipated in absolute Scope 1+2 emissions at target completion? | % change anticipated in absolute Scope 1+2 emissions | Direction of change anticipated in absolute Scope 3 emissions at target completion? | % change anticipated in absolute Scope 3 emissions | Comment |
|----|---|--|---|--|---------|
| | | | | | |

CC3.1d

For all of your targets, please provide details on the progress made in the reporting year

| ID | % complete (time) | % complete (emissions) | Comment |
|------|-------------------|------------------------|---|
| Abs1 | 56% | 96% | In 2013-14 we achieved a 3.5% year on year reduction in our UK target, bringing our total reduction against our baseline year to 19%. |

CC3.1e

Please explain (i) why you do not have a target; and (ii) forecast how your emissions will change over the next five years

CC3.2

Does the use of your goods and/or services directly enable GHG emissions to be avoided by a third party?

Yes

CC3.2a

Please provide details of how the use of your goods and/or services directly enable GHG emissions to be avoided by a third party

Due to the nature of our delivery network, and our ability to drive environmental efficiencies at scale, we enable customers to avoid some GHG emissions which may otherwise be associated with their business activities. Our customers have access to a single, wide-reaching logistics network, which enables them to benefit from efficiencies driven by our optimisation of the delivery of their products as well as our investment in technological advances; all of which has a positive environmental benefit.

In recent years we have seen increased customer demand for parcel delivery, driven by a growth in online retailing. Last year, our overall revenue growth was driven by increases in parcel revenue in both our UK operations and GLS. Despite this, our overall UK carbon emissions reduced by 3.7% per £1 million of revenue compared with the previous year. We achieved this by purchasing fuel efficient vehicles; driving efficiency in our existing fleet; investing in energy efficient technologies across our property estate; and considering environmental impacts in the design and development of new products, services and strategies. Our customers' downstream carbon footprints benefit from this and we believe that environmental efficiencies would be greater than if customers each operated their own delivery networks.

CC3.3

Did you have emissions reduction initiatives that were active within the reporting year (this can include those in the planning and implementation phases)

Yes

CC3.3a

Please identify the total number of projects at each stage of development, and for those in the implementation stages, the estimated CO₂e savings

| Stage of development | Number of projects | Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *) |
|----------------------|--------------------|--|
| Under investigation | 6 | |
| To be implemented* | 1 | 6840 |

| Stage of development | Number of projects | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---------------------------|--------------------|--|
| Implementation commenced* | 1 | 6917 |
| Implemented* | 4 | 858 |
| Not to be implemented | 1 | |

CC3.3b

For those initiatives implemented in the reporting year, please provide details in the table below

| Activity type | Description of activity | Estimated annual CO2e savings (metric tonnes CO2e) | Annual monetary savings (unit currency - as specified in CC0.4) | Investment required (unit currency - as specified in CC0.4) | Payback period | Estimated lifetime of the initiative, years | Comment |
|--------------------------------------|--|--|---|---|----------------|---|--|
| Energy efficiency: Building services | The installation of a LED lighting system with automatic presence controls has been commissioned within the Sorting Hall of RMG Manchester Mail Centre. Scope type: Scope 2. Voluntary | 344 | 88112 | 510000 | 4-10 years | Indefinite | The Energy Conservation Measure (ECM) consists of the installation of Phillips LED fittings as well as Twin Fluorescent fittings and presence lighting controls. |
| Energy efficiency: Building services | The installation of a LED lighting system with automatic presence controls at Daventry RDC Scope type: Scope 2. Voluntary | 109 | 26328 | 205000 | 4-10 years | Indefinite | The ECM consists of the installation of LED fittings as well as Twin Fluorescent fittings and presence lighting controls. |
| Energy efficiency: | Voltage optimization at Norwich Mail Centre Scope type: Scope 2. | 24 | 5458 | 60000 | 11-15 years | Indefinite | The ECM consists of the installation of a voltage |

| Activity type | Description of activity | Estimated annual CO2e savings (metric tonnes CO2e) | Annual monetary savings (unit currency - as specified in CC0.4) | Investment required (unit currency - as specified in CC0.4) | Payback period | Estimated lifetime of the initiative, years | Comment |
|--------------------------------------|---|--|---|---|----------------|---|--|
| Building services | Voluntary | | | | | | optimisation unit and incorporates harmonic suppression; commissioned in September 2013. |
| Energy efficiency: Building services | Replacement of existing fluorescent lighting within the first and second floor Sorting Halls at Mount Pleasant Mail Centre. Scope 2. Voluntary | 381 | 88243 | 675000 | 4-10 years | Indefinite | LED fittings across both floors. Due to the absence of pre-ECM installation drawings and the absence of verified quantity of pre-ECM light fittings, the baseline has been established utilising recognised energy benchmarks. |
| Transportation: fleet | Roll out telemetry for HGVs in the network that will provide driver behaviour technology and enhanced in-cab functionality. This will increase miles per gallon (MPG) performance through accurate data capture and real-time feedback on driving style. Scope type: Scope 1. Voluntary | 6917 | 3900000 | 4900000 | 1-3 years | 7 years | Pilot programme completed. Roll out of telemetry programme due to commence mid-2014. |

CC3.3c

What methods do you use to drive investment in emissions reduction activities?

| Method | Comment |
|---|--|
| Financial optimization calculations | All trials related to investment in vehicle technology are monitored and managed via our Acquisitions and Disposals Steering Group. This is a cross-function business forum that meets quarterly to review all issues relating to acquisitions and disposals. Each year it undertakes relevant trial activity to assess potential benefits of new technology available in the fleet market. During 2013-14, we trialled auto-adjust roof deflectors and 3 duel fuel motive (tractor) units to establish potential benefits of application across the Group. |
| Internal finance mechanisms | Annual financial business planning includes a review of year on year requirements for energy reduction considering the changes within the estate and the investment required to refurbish existing buildings. The vast majority of gas and electricity budgets are devolved out to Operations and other business units to help drive local accountability, empowerment and performance improvements. We have a focussed approach to energy efficiency within our refurbishment programmes and continue to stretch ourselves in delivering optimum solutions. |
| Other | Annual network review, optimising the network across road, rail and air. Focus on minimising air transport and driving investment in double deck and extra-long double deck trailers to reduce mileage travelled. |
| Employee engagement | Environmental management forms one of ten pillars in our World Class Mail (WCM) programme. WCM is a comprehensive system for the continuous improvement of efficiency, safety and quality in the workplace. It aims to embed high performance as standard, provides opportunities for enhancing employees' training and skills, and aims to generate a sense of pride and opportunity in the workplace. Environment Pillar Leads are tasked with identifying and driving energy and other environmental efficiencies at site level; with regular reporting on performance. We rigorously audit the implementation of WCM programmes across the business to help celebrate the success of all those involved. Achievements and best practices are shared across the group through our internal communications channels, such as on www.myroyalmail.com and through our monthly newspaper, the Courier. |
| Compliance with regulatory requirements/standards | Royal Mail is deploying a major investment project to replace F-Gas A/C units to be compliant with the F-Gas regulations. This is ongoing until December 2014. |

CC3.3d

If you do not have any emissions reduction initiatives, please explain why not

Further Information

Page: CC4. Communication

CC4.1

Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s)

| Publication | Page/Section reference | Attach the document |
|---|---|---|
| In mainstream financial reports (complete) | 2013-14 Annual Report and Accounts, pages 36-37 | https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/CC4.1/Annual Report and Accounts 2013-14.pdf |
| In voluntary communications (underway) – previous year attached | Environment chapter, pages 64-69, 2012-13 CR Report | https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/CC4.1/2012-13 RMG CR Report online.pdf |

Further Information

Module: Risks and Opportunities

Page: CC5. Climate Change Risks

CC5.1

Have you identified any climate change risks that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Risks driven by changes in regulation
- Risks driven by changes in physical climate parameters
- Risks driven by changes in other climate-related developments

CC5.1a

Please describe your risks driven by changes in regulation

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------|--|----------------------------|--------------|------------------|------------|---------------------|--|--|---|
| Carbon taxes | Ineffective management and sub-optimal reporting of our carbon footprint could lead to increased costs under the CRC. Failure to comply would result in financial penalties applied by the Environment Agency and publication of non-compliance. There is also risk of increasing costs as a result of ineffective management of our carbon footprint, with the carbon levy applied per tonne of carbon emitted. | Increased operational cost | 1 to 3 years | Direct | Unlikely | Low-medium | Non compliance with CRC reporting could result in fines of up to £10 million | We have developed a clear management and reporting framework for the collection and reporting of our carbon footprint. We have focused efforts on reducing our carbon emissions to continue to drive down costs, with a 20% reduction target by 2020-21, compared with a 2004-05 baseline. This includes, for example, improvements to our Building Energy Management System to drive a 1% year-on-year reduction in energy use at our top 100 energy consuming sites. In our fleet, we undertake annual network reviews to reduce mileage; we have introduced double deck trailers that carry up to twice | Administration, management and reporting costs for carbon footprint reporting. Individual capital costs for efficiency initiatives that will be recouped in payback periods, such as those provided in section 3.3b, e.g. £500,000 for LED lighting installation at Daventry. |

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--|--|----------------------------|--------------|------------------|------------|---------------------|--|--|---|
| | | | | | | | | as many letters and parcels in every journey; we are addressing driver behaviour to improve efficiencies; and we encourage customers to optimise parcel packaging, ensuring that our vehicles carry optimised loads rather than "empty air" due to superfluous packaging. | |
| Uncertainty surrounding new regulation | Local highways may introduce further congestion methods/air pollution action plans (e.g. like the London Low Emission Zone) leading to a risk of increased costs and a requirement to upgrade our fleet. | Increased operational cost | 1 to 3 years | Direct | Likely | Medium | Potential increase in operational costs and fleet upgrades - actual financial costs have not been quantified | We undertake regular review of policy developments. We have a policy manager and we work closely with the associations such as the Freight Transport Association; we subsequently measure possible impact on our fleet. We also work closely with manufacturers to determine the best approach. Proposed | Costs are calculated at the time of any change based on our current fleet. We build these costs into our annual reviews. We also look for opportunities to reduce costs where we can, for example through our annual network reviews and increased use of double deck trailers. |

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|-------------|-------------|------------------|-----------|------------------|------------|---------------------|----------------------------------|--|--------------------|
| | | | | | | | | and new regulation, and any required changes to fleet, are discussed at the Acquisitions and Disposals Steering Group. | |

CC5.1b

Please describe your risks that are driven by change in physical climate parameters

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|---|---|----------------------------|-----------|------------------|------------------------|---------------------|--|--|---|
| Change in precipitation extremes and droughts | As a result of climate change, there may be an increase in occurrences of flooding and other weather-related changes that may lead to an increased risk of building damage (mail, stock, equipment, property) and | Increased operational cost | >6 years | Direct | About as likely as not | Low | Potential financial implications associated with repair of assets, temporary relocation costs, increased need for flood mitigation and protection measures, disruption to service and health and | We have assessed the flood risk to sites utilising the Environment Agency flood risk maps in order to identify sites at risk. Where a significant risk is identified preventive measures are put in place. Flood risk assessments are carried out as standard when | Costs associated with undertaking site flood risk assessments and implementing protection measures in identified areas of risk. Administrative costs associated with keeping our people informed, e.g. of safe driving in different weather conditions. Iterative |

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|-------------|--|------------------|-----------|---------------------|------------|---------------------|----------------------------------|--|--|
| | increased health and safety risks to our people. | | | | | | safety risks to our people. | assessing potential new building locations. Sites share a site specific flood emergency plan as part of the site log book. We have a Severe Weather tool which is available to operational units to help decide whether vehicles should be allowed out during poor weather conditions. We provide driver safety material to our people, e.g. as part of our Road Safety Week, we provided information on safe driving in various conditions including snow, fog, heavy rains, flood and ice. We regularly review and adjust uniforms to ensure they are appropriate to weather conditions. We deploy snow shoe spikes for operational staff and we have improved the quality and water | uniform reviews to ensure that the clothing we provide our employees is appropriate to the weather conditions. |

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|-------------|-------------|------------------|-----------|---------------------|------------|------------------------|--|-------------------------|-----------------------|
| | | | | | | | | resistance of uniforms. | |

CC5.1c

Please describe your risks that are driven by changes in other climate-related developments

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated Financial Implications | Management method | Cost of management |
|-------------|---|--|-----------|---------------------|------------------------|------------------------|--|---|---|
| Reputation | Ineffective management of climate-related issues may lead to brand and reputational damage with impacts such as loss of customers and investors; and reduced employee loyalty and engagement. In 2014 Royal Mail was ranked in the top 10 most reputable companies in the UK by the Reputation Institute. Corporate | Other: Brand and reputational damage leading to impacts such as loss of customers and investors; and reduced employee loyalty and engagement | >6 years | Direct | About as likely as not | Medium | Royal Mail is one of the best known brands in the UK. Potential risks include: a loss of business if we are unable to meet customer expectations; damage to consumer trust; and higher costs due to reduced employee loyalty and engagement. | We continue to strengthen our reporting, monitoring and management of our own environmental impacts. We have set a 20% target for carbon footprint reduction by 2020-21 and we are on track to meet this. We undertake site flood risk assessments for all new buildings to ensure that they are adequately protected from flooding. We keep informed of, and | Costs associated with continuing to identify and deploy environmental efficiencies across the business, with clear reporting on progress and management |

| Risk driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated Financial Implications | Management method | Cost of management |
|-------------|--|------------------|-----------|------------------|------------|---------------------|----------------------------------|--|--------------------|
| | <p>citizenship, and by extension environmental responsibility, is a factor in our ranking. According to the Reputation Institute, companies with the best reputations receive significantly higher levels of support from consumers. In order to maintain our good reputation, and any strategic advantages this brings, we need to continue to demonstrate management of our environmental impacts.</p> | | | | | | | <p>respond to, the latest legislation and regulations on climate change.</p> | |

CC5.1d

Please explain why you do not consider your company to be exposed to risks driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1e

Please explain why you do not consider your company to be exposed to risks driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC5.1f

Please explain why you do not consider your company to be exposed to risks driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Page: CC6. Climate Change Opportunities

CC6.1

Have you identified any climate change opportunities that have the potential to generate a substantive change in your business operations, revenue or expenditure? Tick all that apply

- Opportunities driven by changes in regulation
- Opportunities driven by changes in physical climate parameters
- Opportunities driven by changes in other climate-related developments

CC6.1a

Please describe your opportunities that are driven by changes in regulation

| Opportunity driver | Description | Potential impact | Timeframe | Direct/Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|----------------------|---|---|--------------|-----------------|------------|---------------------|--|--|----------------------|
| Voluntary agreements | We work with the Direct Marketing Association (DMA) to improve our Sustainable and Responsible Advertising Mail Products and Sustainable Door to Door products. These are voluntary specifications that seek to minimise the carbon and other environmental footprints of direct mail through encouraging waste reduction and the use of sustainable material in campaigns. We have worked with WRAP (Waste Resource Action Programme) and Defra to agree a | Increased demand for existing products/services | 1 to 3 years | Direct | Likely | Medium | There is the opportunity to increase revenue generated from sustainable advertising mail products. Projected figures are confidential. | This product is managed through a designated 'Sustainable Mail and Responsible Mail' product manager. Close working with the DMA, Defra and WRAP to agree replacement standards for PAS 20/20. | Administrative costs |

| Opportunity driver | Description | Potential impact | Timeframe | Direct/Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------|--|------------------|-----------|-----------------|------------|---------------------|----------------------------------|-------------------|--------------------|
| | replacement standard for the environmental performance specification PAS 20/20. There is therefore an opportunity to increase the growth and interest in sustainable products and services | | | | | | | | |

CC6.1b

Please describe the opportunities that are driven by changes in physical climate parameters

| Opportunity driver | Description | Potential impact | Timeframe | Direct/Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------------------------|--|---------------------------|--------------|-----------------|------------|---------------------|---|--|---|
| Change in mean (average) temperature | As a result of milder winters there is an opportunity to reduce heating and fuel expenditure | Reduced operational costs | 1 to 3 years | Direct | Likely | Medium | Royal Mail spends tens of millions per annum on gas and electricity usage. A significant volume of this is used for heating and | We continue to review our energy performance at our largest sites and optimise our Building Energy Management System via our bureau. We have | Opportunities will be realised through on-going deployment of the Building Energy Management System, as |

| Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------|-------------|------------------|-----------|------------------|------------|---------------------|---|--|---|
| | | | | | | | cooling buildings. Milder winters will result in lower heating bills and, due to the size of our estate, represent a significant cost saving. | undertaken pilots at a number of our sites to implement monitoring and targeting via real time online systems. These provide instantaneous information to our plant and environment managers in order to proactively manage energy efficiency. Opportunities to expand this approach are currently being explored. | already contracted for. Costs are commercially sensitive. |

CC6.1c

Please describe the opportunities that are driven by changes in other climate-related developments

| Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------|--|---|--------------|------------------|------------------------|---------------------|---|---|--|
| Reputation | In 2014 Royal Mail was ranked in the top 10 most reputable companies in the UK by the Reputation | Increased demand for existing products/services | 1 to 3 years | Direct | About as likely as not | Medium | Good environmental performance and management will support inclusion in SRI | We have a carbon target of 20% reduction in emissions by 2020-21 against a 2004-05 baseline. As | Costs associated with continuing to identify and deploy environmental efficiencies |

| Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------|---|------------------|-----------|------------------|------------|---------------------|---|---|---|
| | <p>Institute. Corporate citizenship, and by extension environmental responsibility, is a factor in our ranking. According to the Reputation Institute, companies with the best reputations receive significantly higher levels of support from consumers. In order to maintain our good reputation, and any strategic advantages this brings, we need to continue to demonstrate management of our environmental impacts. Good environmental performance can help us achieve high rankings in well-recognised CR and sustainability benchmarks and indices, and, as a</p> | | | | | | <p>indices and investor advocacy. Good environmental performance is also a contributing factor to winning contracts with customers.</p> | <p>previously described, we target continued performance improvements across our fleet and building estate to reduce costs.</p> | <p>across the business, with clear reporting on progress and management</p> |

| Opportunity driver | Description | Potential impact | Timeframe | Direct/ Indirect | Likelihood | Magnitude of impact | Estimated financial implications | Management method | Cost of management |
|--------------------|---|------------------|-----------|------------------|------------|---------------------|----------------------------------|-------------------|--------------------|
| | result, achieve higher levels of advocacy and interest amongst SRI and some mainstream investors. Customers are increasingly aware of, and concerned with, potential impacts in their supply chains. Demonstrating effective management of climate change risks can assist in the award of competitive tenders. | | | | | | | | |

CC6.1d

Please explain why you do not consider your company to be exposed to opportunities driven by changes in regulation that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1e

Please explain why you do not consider your company to be exposed to opportunities driven by physical climate parameters that have the potential to generate a substantive change in your business operations, revenue or expenditure

CC6.1f

Please explain why you do not consider your company to be exposed to opportunities driven by changes in other climate-related developments that have the potential to generate a substantive change in your business operations, revenue or expenditure

Further Information

Module: GHG Emissions Accounting, Energy and Fuel Use, and Trading

Page: CC7. Emissions Methodology

CC7.1

Please provide your base year and base year emissions (Scopes 1 and 2)

| Base year | Scope 1 Base year emissions (metric tonnes CO2e) | Scope 2 Base year emissions (metric tonnes CO2e) |
|-----------------------------------|---|---|
| Thu 01 Apr 2004 - Thu 31 Mar 2005 | 571725.2 | 172105.8 |

CC7.2

Please give the name of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

Please select the published methodologies that you use

| |
|--|
| Defra Voluntary Reporting Guidelines |
| The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) |

CC7.2a

If you have selected "Other" in CC7.2 please provide details of the standard, protocol or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions

CC7.3

Please give the source for the global warming potentials you have used

| Gas | Reference |
|-----|--|
| CO2 | IPCC Second Assessment Report (SAR - 100 year) |
| CH4 | IPCC Second Assessment Report (SAR - 100 year) |
| N2O | IPCC Second Assessment Report (SAR - 100 year) |

| Gas | Reference |
|------|--|
| HFCs | IPCC Second Assessment Report (SAR - 100 year) |
| PFCs | IPCC Second Assessment Report (SAR - 100 year) |

CC7.4

Please give the emissions factors you have applied and their origin; alternatively, please attach an Excel spreadsheet with this data at the bottom of this page

| Fuel/Material/Energy | Emission Factor | Unit | Reference |
|--|-----------------|--|---|
| Other: see attached UK Government Conversion Factors for Company Reporting | | Other: see attached UK Government Conversion Factors for Company Reporting | see attached UK Government Conversion Factors for Company Reporting |

Further Information

Attachments

[https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/InvestorCDP2014/CC7.EmissionsMethodology/DCFCarbonFactors_2013.xls](https://www.cdp.net/sites/2014/04/16004/Investor%20CDP%202014/Shared%20Documents/Attachments/InvestorCDP2014/CC7.EmissionsMethodology/DCFCarbonFactors_2013.xls)

Page: CC8. Emissions Data - (1 Apr 2013 - 31 Mar 2014)

CC8.1

Please select the boundary you are using for your Scope 1 and 2 greenhouse gas inventory

Financial control

CC8.2

Please provide your gross global Scope 1 emissions figures in metric tonnes CO2e

473102

CC8.3

Please provide your gross global Scope 2 emissions figures in metric tonnes CO2e

149739

CC8.4

Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

CC8.4a

Please provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure

| Source | Relevance of Scope 1 emissions from this source | Relevance of Scope 2 emissions excluded from this source | Explain why the source is excluded |
|--|---|--|--|
| Fugitive emissions from air-conditioning in vehicles | Emissions are not relevant | No emissions from this source | Associated emissions are not considered to be material, with an estimated contribution of less than 0.5% to overall emissions. |

CC8.5

Please estimate the level of uncertainty of the total gross global Scope 1 and 2 emissions figures that you have supplied and specify the sources of uncertainty in your data gathering, handling and calculations

| Scope 1 emissions: Uncertainty range | Scope 1 emissions: Main sources of uncertainty | Scope 1 emissions: Please expand on the uncertainty in your data | Scope 2 emissions: Uncertainty range | Scope 2 emissions: Main sources of uncertainty | Scope 2 emissions: Please expand on the uncertainty in your data |
|---|---|---|---|---|---|
| More than 2% but less than or equal to 5% | Assumptions Extrapolation Metering/ Measurement Constraints | Royal Mail has used the GHG Protocol's Uncertainty Calculation Tool in order to quantify our cumulated Scope 1 uncertainty range. As per the guidance, the "2% to 5%" range represents uncertainty in the activity data and does not include uncertainties associated with published emission factors. Uncertainties in the data include extrapolations for end of year data, necessary in order to meet reporting timeframes, i.e. 1) natural gas combustion extrapolation – February and March 2014 natural gas data for less than 25% of sites was estimated based on an average of previous month's data. 2) Liquid fuels combustion extrapolation – vehicle fuel data for March 2014 was estimated based on an | More than 2% but less than or equal to 5% | Assumptions Extrapolation Metering/ Measurement Constraints | Royal Mail has used the GHG Protocol's Uncertainty Calculation Tool in order to quantify our cumulated Scope 2 uncertainty range. As per the guidance, the "2% to 5%" range represents uncertainty in the activity data and does not include uncertainties associated with published emission factors. Uncertainties in the data include extrapolations for end of year data, necessary in order to meet reporting timeframes: extrapolations for February and March 2014 electricity data for less than 25% of sites was estimated based on an average of previous month's data. |

| Scope 1 emissions: Uncertainty range | Scope 1 emissions: Main sources of uncertainty | Scope 1 emissions: Please expand on the uncertainty in your data | Scope 2 emissions: Uncertainty range | Scope 2 emissions: Main sources of uncertainty | Scope 2 emissions: Please expand on the uncertainty in your data |
|--------------------------------------|--|--|--------------------------------------|--|--|
| | | average of previous month's data. | | | |

CC8.6

Please indicate the verification/assurance status that applies to your reported Scope 1 emissions

Third party verification or assurance complete

CC8.6a

Please provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements

| Type of verification or assurance | Attach the statement | Page/section reference | Relevant standard | Proportion of reported Scope 1 emissions verified (%) |
|-----------------------------------|---|------------------------|-------------------|---|
| Limited assurance | https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/CC8.6a/EY_2013-14 CR Performance Indicators_assurance statement_FINAL v2.pdf | Pages 1-3 | ISAE3000 | 100 |

CC8.6b

Please provide further details of the regulatory regime to which you are complying that specifies the use of Continuous Emissions Monitoring Systems (CEMS)

| Regulation | % of emissions covered by the system | Compliance period | Evidence of submission |
|------------|--------------------------------------|-------------------|------------------------|
|------------|--------------------------------------|-------------------|------------------------|

CC8.7

Please indicate the verification/assurance status that applies to your reported Scope 2 emissions

Third party verification or assurance complete

CC8.7a

Please provide further details of the verification/assurance undertaken for your Scope 2 emissions, and attach the relevant statements

| Type of verification or assurance | Attach the statement | Page/Section reference | Relevant standard | Proportion of Scope 2 emissions verified (%) |
|-----------------------------------|---|------------------------|-------------------|--|
| Limited assurance | https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/CC8.7a/EY_2013-14 CR Performance Indicators_assurance statement_FINAL v2.pdf | Pages 1-3 | ISAE3000 | 100 |

CC8.8

Please identify if any data points other than emissions figures have been verified as part of the third party verification work undertaken

| Additional data points verified | Comment |
|--|---|
| Year on year change in emissions (Scope 1) | Independent assurance covers 2013/14 scope 1 and 2 carbon emissions for UKPIL and GLS and year on year change, compared to 2012/13. |
| Year on year change in emissions (Scope 2) | Independent assurance covers 2013/14 scope 1 and 2 carbon emissions for UKPIL and GLS and year on year change, compared to 2012/13. |
| Year on year change in emissions (Scope 1 and 2) | Independent assurance covers 2013/14 scope 1 and 2 carbon emissions for UKPIL and GLS and year on year change, compared to 2012/13. |
| Year on year emissions intensity figure | Independent assurance covers 2013/14 scope 1 and 2 carbon emissions for UKPIL and GLS and year on year change, compared to 2012/13. |

CC8.9

Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

Yes

CC8.9a

Please provide the emissions from biologically sequestered carbon relevant to your organization in metric tonnes CO2

0

Further Information

Re: CC8.9a - In 2013-14, we utilised 183 m3 of woodchip for biomass boilers. Under the 2013 Defra emission factors, this has zero associated emissions.

CC9.1

Do you have Scope 1 emissions sources in more than one country?

Yes

CC9.1a

Please break down your total gross global Scope 1 emissions by country/region

| Country/Region | Scope 1 metric tonnes CO2e |
|----------------|----------------------------|
| United Kingdom | 457644 |
| Europe | 15458 |

CC9.2

Please indicate which other Scope 1 emissions breakdowns you are able to provide (tick all that apply)

By activity

CC9.2a

Please break down your total gross global Scope 1 emissions by business division

| Business division | Scope 1 emissions (metric tonnes CO2e) |
|-------------------|--|
|-------------------|--|

CC9.2b

Please break down your total gross global Scope 1 emissions by facility

| Facility | Scope 1 emissions (metric tonnes CO2e) | Latitude | Longitude |
|----------|--|----------|-----------|
|----------|--|----------|-----------|

CC9.2c

Please break down your total gross global Scope 1 emissions by GHG type

| GHG type | Scope 1 emissions (metric tonnes CO2e) |
|----------|--|
|----------|--|

CC9.2d

Please break down your total gross global Scope 1 emissions by activity

| Activity | Scope 1 emissions (metric tonnes CO2e) |
|---|--|
| Business road (mail) | 363224 |
| Building (natural gas, heating oil, refrigerants) | 109878 |

CC9.2e

Please break down your total gross global Scope 1 emissions by legal structure

| Legal structure | Scope 1 emissions (metric tonnes CO2e) |
|-----------------|--|
|-----------------|--|

Further Information

Page: CC10. Scope 2 Emissions Breakdown - (1 Apr 2013 - 31 Mar 2014)

CC10.1

Do you have Scope 2 emissions sources in more than one country?

Yes

CC10.1a

Please break down your total gross global Scope 2 emissions and energy consumption by country/region

| Country/Region | Scope 2 metric tonnes CO2e | Purchased and consumed electricity, heat, steam or cooling (MWh) | Purchased and consumed low carbon electricity, heat, steam or cooling accounted for CC8.3 (MWh) |
|----------------|----------------------------|--|---|
| United Kingdom | 132592 | 279140 | |
| Europe | 17147 | 50164 | |

CC10.2

Please indicate which other Scope 2 emissions breakdowns you are able to provide (tick all that apply)

By activity

CC10.2a

Please break down your total gross global Scope 2 emissions by business division

| Business division | Scope 2 emissions (metric tonnes CO2e) |
|-------------------|--|
| | |

CC10.2b

Please break down your total gross global Scope 2 emissions by facility

| Facility | Scope 2 emissions (metric tonnes CO2e) |
|----------|--|
| | |

CC10.2c

Please break down your total gross global Scope 2 emissions by activity

| Activity | Scope 2 emissions (metric tonnes CO2e) |
|----------------------|--|
| Business rail (mail) | 8241 |
| Grid electricity | 141048 |
| GLS District Heating | 450 |

CC10.2d

Please break down your total gross global Scope 2 emissions by legal structure

| Legal structure | Scope 2 emissions (metric tonnes CO2e) |
|-----------------|--|
| | |

Further Information

Page: CC11. Energy

CC11.1

What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

CC11.2

Please state how much fuel, electricity, heat, steam, and cooling in MWh your organization has purchased and consumed during the reporting year

| Energy type | MWh |
|-------------|--------|
| Fuel | 198118 |
| Electricity | 327226 |
| Heat | 2079 |
| Steam | 0 |
| Cooling | 0 |

CC11.3

Please complete the table by breaking down the total "Fuel" figure entered above by fuel type

| Fuels | MWh |
|----------------------------------|---------|
| Natural gas | 565409 |
| Liquefied petroleum gas (LPG) | 3682 |
| Kerosene | 276 |
| Diesel/Gas oil | 14640 |
| Other: Diesel for motor vehicles | 1395179 |
| Motor gasoline | 1413 |
| Other: Coal | 589 |

CC11.4

Please provide details of the electricity, heat, steam or cooling amounts that were accounted at a low carbon emission factor in the Scope 2 figure reported in CC8.3

| Basis for applying a low carbon emission factor | MWh associated with low carbon electricity, heat, steam or cooling | Comment |
|---|--|---------|
| No purchases or generation of low carbon electricity, heat, steam or cooling accounted with a low carbon emissions factor | | |

Further Information

Page: CC12. Emissions Performance

CC12.1

How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to the previous year?

Increased

CC12.1a

Please identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year

| Reason | Emissions value (percentage) | Direction of change | Comment |
|--------------------------------|------------------------------|---------------------|---|
| Emissions reduction activities | 3.6 | Decrease | Emissions reductions have been achieved through effective management of our buildings and fleet. For buildings, we continue to optimise and upgrade our Building Energy Management System (BEMS) to enable real-time monitoring of energy use. We have set a target to reduce energy consumption by one per cent year-on-year across our top 100 energy consuming sites; we continue to integrate energy efficiency elements in |

| Reason | Emissions value (percentage) | Direction of change | Comment |
|---|------------------------------|---------------------|--|
| | | | sites, such as the LED lighting and voltage optimisation installations at Manchester, Daventry, Mount Pleasant and Norwich. In our fleet, we undertake annual network reviews to reduce mileage; we have introduced double deck trailers that carry up to twice as many letters and parcels in every journey; we are addressing driver behaviour to improve efficiencies; and we encourage customers to optimise parcel packaging, ensuring that our vehicles carry optimised loads rather than “empty air” due to superfluous packaging. In the interests of increased transparency and oversight of our carbon footprint, we have this year included our European parcel service, GLS, in our reporting boundary. The inclusion of GLS represents a 5.3% addition compared with our 2012-13 Scope 1 and 2 carbon footprint. Combined with our emissions reduction activities, this change in boundary has resulted in a net 1.7% increase in absolute emissions compared with 2012-13. |
| Divestment | | | |
| Acquisitions | | | |
| Mergers | | | |
| Change in output | | | |
| Change in methodology | | | |
| Change in boundary | 5.3 | Increase | In the interests of increasing transparency and oversight of our carbon footprint, we have this year included our European parcel business, GLS, in our reporting boundary. The inclusion of GLS represents a 5.3% addition compared with our 2012-13 Scope 1 and 2 carbon footprint. Combined with our emissions reduction activities, this change in boundary has resulted in a net 1.7% increase in absolute emissions compared with 2012-13. |
| Change in physical operating conditions | | | |
| Unidentified | | | |
| Other | | | |

CC12.2

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per unit currency total revenue

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Reason for change |
|------------------|--------------------|--------------------|-----------------------------|--|---|
| 0.000066 | metric tonnes CO2e | unit total revenue | 16.3 | Decrease | There are two primary reasons for the emissions reduction: 1) Emissions reduction activities contributed to the overall decrease; and 2) intensity decreases occurred due to the inclusion of GLS footprint and revenue in our reporting in 2013-14. Emission reduction activities contributed to a 3.9% decrease in intensity in our UK (Scope 1 and 2) footprint. For buildings, we continue to optimise and upgrade our Building Energy Management System (BEMS) to enable real-time monitoring of energy use. We have set a target to reduce energy consumption by one per cent year-on-year across our top 100 energy consuming sites; we continue to integrate energy efficiency elements in sites, such as the LED lighting and voltage optimisation installations at Manchester and Norwich Mail Centres. In our fleet, we undertake annual network reviews to reduce mileage; we have introduced double deck trailers that carry up to twice as many letters and parcels in every journey; we are addressing driver behaviour to improve efficiencies; and we encourage customers to optimise parcel packaging, ensuring that our vehicles carry optimised loads rather than "empty air" due to superfluous packaging. |

CC12.3

Please describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tonnes CO2e per full time equivalent (FTE) employee

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Reason for change |
|------------------|------------------|--------------------|-----------------------------|--|---|
| 3.79 | metric tonnes | FTE employee | 4 | Decrease | Reasons for the change in our emissions intensity ratio are: 1) Emissions reduction activities, as previously noted. On a like for like basis, our UK emissions reduction |

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Reason for change |
|------------------|------------------|--------------------|-----------------------------|--|--|
| | CO2e | | | | activities translated into a 3.7% decrease in our FTE employee intensity metric. 2) Changes to the calculation of FTE employee numbers. The standard working week of UK operational employees has reduced from 40 hours to 39 hours, thus the FTE calculation has been revised to match. Under the previous 40-hour week calculations, our intensity metric would show a year on year decrease of 2.1% (including the GLS addition to boundary). 3) The inclusion of GLS footprint and associated FTE in our reporting boundary. |

CC12.4

Please provide an additional intensity (normalized) metric that is appropriate to your business operations

| Intensity figure | Metric numerator | Metric denominator | % change from previous year | Direction of change from previous year | Reason for change |
|------------------|--------------------|-------------------------|-----------------------------|--|---|
| 13.49 | metric tonnes CO2e | Other: per road vehicle | 11 | Decrease | Emission reduction activities have resulted in a reduction in carbon footprint in the UK. Savings have been delivered through our management of both buildings and fleet, as previously discussed. As an integrated element of our transformation programme, we have focused on replacing less efficient private and larger support vehicles with newer, more efficient fleet. Partnered with our other initiatives, such as optimising our networks, we have effectively managed increasing fleet numbers in the UK (12% increase) such that associated carbon emissions (scope 1+3 road vehicle emissions) have remained flat year on year. |

Further Information

Page: CC13. Emissions Trading

CC13.1

Do you participate in any emissions trading schemes?

No, and we do not currently anticipate doing so in the next 2 years

CC13.1a

Please complete the following table for each of the emission trading schemes in which you participate

| Scheme name | Period for which data is supplied | Allowances allocated | Allowances purchased | Verified emissions in metric tonnes CO2e | Details of ownership |
|-------------|-----------------------------------|----------------------|----------------------|--|----------------------|
| | | | | | |

CC13.1b

What is your strategy for complying with the schemes in which you participate or anticipate participating?

CC13.2

Has your organization originated any project-based carbon credits or purchased any within the reporting period?

Yes

CC13.2a

Please provide details on the project-based carbon credits originated or purchased by your organization in the reporting period

| Credit origination or credit purchase | Project type | Project identification | Verified to which standard | Number of credits (metric tonnes of CO2e) | Number of credits (metric tonnes CO2e): Risk adjusted volume | Credits cancelled | Purpose, e.g. compliance |
|---------------------------------------|--------------|--|---------------------------------|---|--|-------------------|--------------------------|
| Credit Purchase | Forests | CO2-compensation is done via PrimaKlima which bought certificates (10.000 t CO2 / Verified Carbon Units, VCUs) of past pre-financed and realised forest rehabilitation measures on Borneo/Malaysia. Those VCUs confirm the already occurred carbon sequestration on the project-areas. By purchasing and retiring of the certificates the target-compensation is directly fulfilled. The sales return obliges PrimaKlima to set new afforestation in motion or to acquire new certificates. http://www.prima-klima-weltweit.de/englisch_2010/klimaschutz/projekte-deutschland-ausland.php?projekt=malaysiaplusb#malaysiaplusb | VCS (Voluntary Carbon Standard) | 585 | | Yes | Voluntary Offsetting |

Further Information

Page: **CC14. Scope 3 Emissions**

CC14.1

Please account for your organization's Scope 3 emissions, disclosing and explaining any exclusions

| Sources of Scope 3 emissions | Evaluation status | metric tonnes CO2e | Emissions calculation methodology | Percentage of emissions calculated using primary data | Explanation |
|---|------------------------------------|--------------------|--|---|--|
| Purchased goods and services | Relevant, not yet calculated | | | | |
| Capital goods | Relevant, not yet calculated | | | | |
| Fuel-and-energy-related activities (not included in Scope 1 or 2) | Relevant, calculated | 10632 | Defra Voluntary Reporting Guidelines: Activity data in kWh was predominantly sourced from meter readings. The emission factor for transmission and distribution losses was taken from the UK Government Conversion Factors for Company Reporting 2013. | | This emissions figure relates to the line losses that resulted from transmission and distribution of electricity generated for Royal Mail's consumption during the reporting period. This does not include related GLS emissions. |
| Upstream transportation and distribution | Relevant, calculated | 80271 | Defra Voluntary Reporting Guidelines: Aviation fuel activity data was provided in litres by contractors. Emission factor for jet fuel was taken from the UK Government Conversion Factors for Company Reporting 2013. | | This emissions figure relates to transportation of mail between our operations during the reporting year in vehicles not owned or controlled by Royal Mail, e.g. air mail. This does not include related GLS emissions. |
| Waste generated in operations | Not relevant, explanation provided | | | | This category is not relevant to our operations under the GHG Corporate Value Chain Scope 3 Accounting and Reporting Standard, e.g. by size, influence, risk or stakeholder criticality. |
| Business travel | Relevant, calculated | 12622 | Defra Voluntary Reporting Guidelines: Activity data in distance travelled was provided by our travel management partner. Business travel emission factors were taken from the UK Government Conversion Factors for Company Reporting 2013. | | This emissions figure relates to transportation of employees for business-related activities during the reporting year in employee vehicles not owned or controlled by Royal Mail, as well as by air, rail and ferry. This does not include related GLS emissions. |
| Employee commuting | Relevant, not yet calculated | | | | |
| Upstream leased assets | Not relevant, explanation provided | | | | Not applicable – relevant leased assets are included in Scopes 1 and 2. |

| Sources of Scope 3 emissions | Evaluation status | metric tonnes CO2e | Emissions calculation methodology | Percentage of emissions calculated using primary data | Explanation |
|--|------------------------------------|--------------------|---|---|--|
| Downstream transportation and distribution | Relevant, calculated | 11407 | Defra Voluntary Reporting Guidelines: Activity data in miles travelled was sourced from current data on authorised private cars on delivery and the estimated average distance of a delivery round. PFW owner-driver and courier fuel consumption activity data was estimated based on fuel expenditure data from financial systems. Emission factor for average car (unknown fuel) was taken from the UK Government Conversion Factors for Company Reporting 2013. | | This emissions figure relates to transportation of mail between our operations and the end consumer during the reporting year in vehicles not owned or controlled by Royal Mail. This does not include related GLS emissions. |
| Processing of sold products | Not relevant, explanation provided | | | | This category is not relevant to our operations under the GHG Corporate Value Chain Scope 3 Accounting and Reporting Standard. We do not offer intermediate products for further processing. |
| Use of sold products | Not relevant, explanation provided | | | | As a provider of transportation services, this category is not relevant to our operations under the GHG Corporate Value Chain Scope 3 Accounting and Reporting Standard. |
| End of life treatment of sold products | Not relevant, explanation provided | | | | As a provider of transportation services, this category is not relevant to our operations under the GHG Corporate Value Chain Scope 3 Accounting and Reporting Standard. |
| Downstream leased assets | Not relevant, explanation provided | | | | This category is not relevant to our operations under the GHG Corporate Value Chain Scope 3 Accounting and Reporting Standard. We estimate that associated emissions would be in the order of 0.5% of total UK CO2e emissions. |
| Franchises | Relevant, not yet calculated | | | | |

| Sources of Scope 3 emissions | Evaluation status | metric tonnes CO2e | Emissions calculation methodology | Percentage of emissions calculated using primary data | Explanation |
|------------------------------|------------------------------------|--------------------|-----------------------------------|---|---|
| Investments | Not relevant, explanation provided | | | | Not applicable to our business |
| Other (upstream) | Not relevant, explanation provided | | | | Not applicable – previous 15 categories provide full coverage |
| Other (downstream) | Not relevant, explanation provided | | | | Not applicable – previous 15 categories provide full coverage |

CC14.2

Please indicate the verification/assurance status that applies to your reported Scope 3 emissions

Third party verification or assurance complete

CC14.2a

Please provide further details of the verification/assurance undertaken, and attach the relevant statements

| Type of verification or assurance | Attach the statement | Page/Section reference | Relevant standard | Proportion of Scope 3 emissions verified (%) |
|-----------------------------------|----------------------|------------------------|-------------------|--|
|-----------------------------------|----------------------|------------------------|-------------------|--|

| Type of verification or assurance | Attach the statement | Page/Section reference | Relevant standard | Proportion of Scope 3 emissions verified (%) |
|-----------------------------------|---|------------------------|-------------------|--|
| Limited assurance | https://www.cdp.net/sites/2014/04/16004/Investor CDP 2014/Shared Documents/Attachments/CC14.2a/EY_2013-14 CR Performance Indicators_assurance statement_FINAL v2.pdf | 1-3 | ISAE3000 | 79 |

CC14.3

Are you able to compare your Scope 3 emissions for the reporting year with those for the previous year for any sources?

Yes

CC14.3a

Please identify the reasons for any change in your Scope 3 emissions and for each of them specify how your emissions compare to the previous year

| Sources of Scope 3 emissions | Reason for change | Emissions value (percentage) | Direction of change | Comment |
|--|---------------------|------------------------------|---------------------|---|
| Fuel- and energy-related activities (not | Emissions reduction | 3.1 | Decrease | This Scope 3 element represents transmission losses associated with purchased electricity. Reductions are seen as a result of our efforts to effectively manage our |

| Sources of Scope 3 emissions | Reason for change | Emissions value (percentage) | Direction of change | Comment |
|--|--------------------------------|------------------------------|---------------------|---|
| included in Scopes 1 or 2) | activities | | | building estate electricity consumption, For example, in our buildings, we continue to optimise and upgrade our Building Energy Management System (BEMS) to enable real-time monitoring of energy use. We have set a target to reduce energy consumption by one per cent year-on-year across our top 100 energy consuming sites; we continue to integrate energy efficiency elements in sites, such as the LED lighting and voltage optimisation installations at Manchester, Daventry, Mount Pleasant and Norwich. |
| Business travel | Emissions reduction activities | 13.5 | Decrease | We continue to encourage decrease in travel by road in favour of more efficient means, such as rail. Our business travel by road (excluding mail) – making up the majority of business travel emissions – reduced by 22.5%; while we conversely saw an increase in rail travel emissions. |
| Downstream transportation and distribution | Emissions reduction activities | 10 | Decrease | We have targeted the reduction in use of private vehicles, which can be less efficient than our own fleet. |
| Upstream transportation & distribution | Change in boundary | 0.5 | Increase | Includes additional flights at Christmas that had previously not been reported. |

CC14.4

Do you engage with any of the elements of your value chain on GHG emissions and climate change strategies? (Tick all that apply)

Yes, our suppliers
Yes, our customers

CC14.4a

Please give details of methods of engagement, your strategy for prioritizing engagements and measures of success

Our business has a role to play in working with customers and suppliers to minimise our collective environmental impacts. We have the potential to reach over 6,300 suppliers, and engage with over 1.4 million businesses across the UK.

Our procurement of vehicles is one example of our ongoing work with suppliers to manage our environmental impacts. We have regular meetings with our panel of vehicle suppliers to understand the currently available technology, identify trends and share our business requirements. For example, we discuss the impact of the new European legislation on Heavy Goods Vehicles (Euro 6) that aims to reduce vehicle emissions; the benefit of aerodynamic kit on our fleet; and the benefit of expanding start/stop engine technology into our core UK light fleet, being used at Parcelforce Worldwide.

We remain committed to working with the Direct Marketing Association to help meet the Government's environmental targets for direct marketing and incentivise environmental responsibility among suppliers. This also helps our customers meet their own sustainability goals.

MEASURING SUCCESS

- We procure vehicles using Whole Life Cost (WLC) as a financial model to help show the true cost of running a vehicle, incorporating all costs rather than purchase cost. There are many elements to running a vehicle and by taking them all into consideration we are able to make better and more cost efficient choices. Decisions include, and are therefore influenced by, the likely fuel expenditure of the vehicles.
- We encourage business customers to optimise parcel packaging. This ensures that our vehicles carry maximum loads rather than "empty air" due to superfluous packaging. This promotes fuel efficiency and represents a cost saving to both the customer and Royal Mail.
- Our Mailing House scheme incentivises mailing houses to be environmentally responsible, providing financial incentives if production facilities are environmentally accredited to ISO14001. We track the number of mailing houses signed up to the scheme. In 2013-14, 105 mailing houses had achieved the standard.

During 2013-14, we worked with the Direct Marketing Association (DMA) to improve our Sustainable and Responsible Advertising Mail Products and Sustainable Door to Door products. These are voluntary specifications that seek to minimise the carbon and other environmental footprints of direct mail by encouraging waste reduction and the use of sustainable material in campaigns. We have updated the specifications to reflect current household recycling rules and improve customer accreditation and auditing procedures, and we have specified the inclusion of a national recycling symbol to increase public awareness of which direct mail material can be recycled. As part of this process, we have worked with WRAP (Waste Resource Action Programme) and Defra to agree a replacement standard for the environmental performance specification PAS 20/20. We plan to introduce these changes jointly with the DMA from April 2015.

CC14.4b

To give a sense of scale of this engagement, please give the number of suppliers with whom you are engaging and the proportion of your total spend that they represent

| Number of suppliers | % of total spend | Comment |
|---------------------|------------------|---------|
|---------------------|------------------|---------|

CC14.4c

If you have data on your suppliers' GHG emissions and climate change strategies, please explain how you make use of that data

| How you make use of the data | Please give details |
|------------------------------|---------------------|
| We do not have any data | |

CC14.4d

Please explain why you do not engage with any elements of your value chain on GHG emissions and climate change strategies, and any plans you have to develop an engagement strategy in the future

Further Information

Module: Sign Off

Page: CC15. Sign Off

CC15.1

Please provide the following information for the person that has signed off (approved) your CDP climate change response

| Name | Job title | Corresponding job category |
|----------------|---|----------------------------|
| Lily Heinemann | Head of Corporate Responsibility and Community Investment | Business unit manager |

Further Information

CDP 2014 Investor CDP 2014 Information Request