

Independent Assurance Statement to the management of Royal Mail Group plc

We have performed a limited assurance engagement on selected performance data and statements presented in the Royal Mail Group plc (RMG) Corporate Responsibility Report 2015-16 (the Report).

Respective responsibilities

RMG's management are responsible for the collection and presentation of the information within the Report. Management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with management's instructions, is to carry out a 'limited level' assurance engagement on selected data and performance claims in the Report ("the subject matter information"). We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and to meet the requirements of a Type 2 assurance engagement as defined by AA1000AS (2008)¹. The criteria we have used to evaluate the Report ("the Criteria") include the AA1000AS (2008) assurance principles of Inclusivity, Materiality and Responsiveness; and, for selected data, RMG's own criteria as set out in the Report.

In order to form our conclusions we undertook the steps outlined below:

1. Interviewed a selection of RMG management and reviewed company-level documents to understand the progress made in the area of corporate responsibility during the reporting period and test the coverage of topics within the Report.
2. Conducted site visits to a customer contact centre, a mail centre and Parcelforce site to understand how corporate responsibility is being managed at site-level.
3. Reviewed the RMG approach to stakeholder engagement through interviews with employees with responsibility for managing engagement activities at group and site levels, and reviewed selected associated documentation.
4. Reviewed the RMG process for determining material issues to be included within the Report.
5. Reviewed the coverage of key issues within the Report against the key issues raised in external media reports and the corporate responsibility reports of RMG's peers, as well as the topics discussed on our site visits and by the RMG Board and Chief Executive Committee.
6. Interviewed staff responsible for data reporting and carried out the following activities to review selected Customer, People, Community and Environment data (listed below):
 - i. Reviewed the guidance on data reporting, key processes and quality assurance performed.
 - ii. Selected a sample of data points from across the business and sought documentary evidence to support the data.
 - iii. Conducted a walk-through of data reported from a sample of sites to test consolidation.
 - iv. Reviewed any explanations provided for significant variances.
 - v. Reviewed the Report for the appropriate presentation of the data including limitations and assumptions.

¹ The 2008 edition of AccountAbility's AA1000 assurance standard.

Our review of data processes was limited to the following selected data sets:

Topic	Selected Data
Customer	<ul style="list-style-type: none"> Number of customer complaints
People	<ul style="list-style-type: none"> Total number of fatalities Lost time accident frequency rate Breaches to the code of conduct
Community	<ul style="list-style-type: none"> Total amount contributed by Royal Mail (£) Total amount raised by employees (£)
Environment	<ul style="list-style-type: none"> Scope 1 and 2 carbon emissions (tonnes of carbon dioxide equivalent) UKPIL Scope 3 carbon emissions from: i) Transmission and distribution losses associated with electricity use; ii) Air freight; and iii) business travel; and iv) mail in private vehicles (tonnes of carbon dioxide equivalent) Direct energy consumption by primary source (GJ) Indirect energy consumption by primary source (GJ) Total waste to landfill (tonnes) Total waste diverted from landfill (tonnes) Total water consumption (m³)

7. Reviewed information or explanation about selected data, statements and assertions regarding the corporate responsibility performance of RMG.

The limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE3000 Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on RMG's controls for managing and reporting corporate responsibility information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at RMG beyond those used for selected corporate responsibility data (as presented in the table above).

We have only sought evidence to support the 2015/2016 performance data. We do not provide conclusions on any other data from prior years.

With the exception of the carbon data for General Logistics Systems BV (GLS) our review was of UKPIL data only. The other worksteps described above covering management interviews, our site visit and materiality review only covered UKPIL operations.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Inclusivity

Has RMG been engaging with stakeholders across the business to develop its response to corporate responsibility issues?

- We are not aware of any key stakeholder groups that have been excluded from dialogue.

- We are not aware of any matters that would lead us to conclude that RMG has not applied the inclusivity principle in developing its response to corporate responsibility issues.

Materiality

Has RMG provided a balanced representation of key topics concerning the corporate responsibility performance of RMG?

- We are not aware of any key topics concerning the corporate responsibility performance of RMG which have been excluded from the Report.
- Nothing has come to our attention that causes us to believe that RMG management has not applied its processes for determining material issues to be included in the Report.

Responsiveness

Has RMG responded to stakeholder concerns?

- We are not aware of any matters that would lead us to conclude that RMG has not applied the responsiveness principle in considering the matters to be reported.

Completeness and accuracy of performance information

- We are not aware of any material reporting units that have been omitted from the stated scope of the company-level corporate responsibility data.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated properly from company-level systems.
- We are not aware of any errors that would materially affect the data as presented in the Report.

How plausible are the statements and claims within the Report?

- We have reviewed information or explanation on selected statements regarding RMG's corporate responsibility activities presented in the Report and we are not aware of any misstatements in the assertions made.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to RMG management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- RMG has strong oversight of its environmental data and we continue to see improvement in the reporting processes and controls used within RMG to collate consumption data and produce environmental footprint reports. We did identify some errors in the natural gas and water data being captured and collated, and RMG corrected these data quality issues. We encourage RMG to continue strengthening data controls in the future.
- RMG continues to report on its environmental strategy this year and its four focus areas of: climate and energy; waste; water; and customers and suppliers. Whilst RMG has a long-term carbon emissions target, the Report only describes broad aims for the other focus areas and its activities to deliver against them, such as the monitoring of sites with unusually high water consumption. In future years, RMG should consider clearly defining targets to be achieved for these other focus areas and measuring progress towards them with quantitative metrics.
- RMG continues to improve its data management tools and underlying processes for gathering, analysing and reporting CR data across its GLS operations. Currently, GLS data is reported separately for carbon and employee diversity KPIs. RMG is working on various GLS health and safety initiatives and is gathering health and safety data for this business. In order to provide a comprehensive understanding of health and safety performance across the group, we would encourage RMG to further broaden the scope of the Report by including GLS health and safety data next year.



Our independence and competence

With the exception of this work, we have provided no other services relating to RMG's approach to sustainability reporting. We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1². Our assurance team has been drawn from our UK Climate Change and Sustainability Services team, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP, London

1st June 2016

² Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)