

Royal Mail plc

Modern Slavery Act Statement for 2017-18

General principles

Modern slavery refers to any activity that impinges human freedom through servitude, forced and compulsory labour, and human trafficking. Royal Mail Group is committed to playing its part in helping to prevent any incidence of modern slavery in its business and supply chains. We expect the same level of commitment from all of our business partners, suppliers and contractors, and to do the same within their respective supply chains.

In accordance with the Modern Slavery Act (MSA), this statement describes the steps that Royal Mail Group has taken during the financial year 2017-18 to mitigate the risk of modern slavery and human trafficking taking place in our business operations or supply chain. To demonstrate our commitment, in 2017-18 our actions focused primarily on:

- assessing modern slavery and human trafficking risks within our business and supply chains;
- developing risk mitigation strategies in line with the individual risk profiles of the businesses within the Group;
- reviewing our approach to due diligence and ongoing monitoring of those contracted to perform work on our behalf; and
- raising awareness via communications, training and guidance to clearly outline our expectations of our employees.

Our operations and networks

Royal Mail plc operates in 43 countries around the world. In the UK, we operate under the 'Royal Mail' and 'Parcelforce Worldwide' brands. Royal Mail is the UK's pre-eminent delivery company.

Parcelforce Worldwide is a leading provider of express parcel services. Royal Mail and Parcelforce Worldwide employ more than 141,000 people across the UK.

'General Logistics Systems' (GLS) is our overseas parcel business. It operates one of the largest ground-based parcel delivery networks in Europe and, following recent acquisitions, in eight states in the western US. GLS employs around 18,000 people across a range of operational and support roles.

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

Our approach to responsible business

Around 90 percent of our employees are based in the UK. The majority of our employees, including our Royal Mail drivers, are on permanent contracts. They are paid above the legal minimum and receive additional benefits such as paid holiday, sick pay, and pension payments. All Royal Mail and Parcelforce Worldwide employees are paid above the Living Wage.

Our overarching business policies set out our approach to responsible business conduct. These include:

- **United Nations Global Compact.** Royal Mail Group has been a signatory of the United Nations Global Compact since 2005.

Membership in the Compact means we prohibit labour abuses, such as forced labour and child labour, as well as corruption and bribery. Our annual Corporate Responsibility Report meets our United Nations Global Compact Communication on Progress requirements. Our latest report can be accessed at the following address: www.royalmailgroup.com/responsibility/cr-reports.

- **Our Corporate Responsibility Policy.** This sets out Royal Mail's commitment to responsible business conduct and playing our part in the fight against modern slavery and human trafficking. It details our support of the United Nations Global Compact, the United Nations Universal Declaration of Human Rights and the International Labour Organization Fundamental Conventions. It is published at the following address: www.royalmailgroup.com/responsibility/policies.
- **Our Business Standards.** These set out the standards of behaviour we expect of our employees. They commit employees to doing the right thing – following the law, operating in line with our values, and set out a prohibition against use of forced labour, child labour or human trafficking in any part of its business operations. Employees who do not adhere to our standards may face disciplinary action.

In addition, Royal Mail Group's responsible procurement policies seek to commit our business partners, including suppliers, agencies and contractors, to act in accordance with our key business values and standards. These include:

- **Responsible Procurement Codes.** We have dedicated Codes for our suppliers (for copies see the [Royal Mail](http://www.royalmailgroup.com) and [GLS](http://www.gls.com) websites). Our new GLS Code was published in 2018. Both Codes set out the

standards of ethical conduct that we expect from our suppliers. They require all suppliers to adhere to the United Nations Universal Declaration of Human Rights, act in accordance with the Ten Principles of the UN Global Compact, and adopt and apply standards consistent with Royal Mail Group's internal standards on social, ethical and environmental issues. These include provisions against labour abuses, such as forced labour, slavery and child labour. We reserve the right to terminate contracts with suppliers that do not adhere to our Codes.

- In the UK, we share our [Values Brochure](#) with our suppliers. It sets out our values and explains our ambition to attract the best suppliers and subcontractors. It aims to share, support and deploy our values throughout our supply chains. It also encourages our suppliers to manage risk effectively and promote fairness and diversity.

Assessment of modern slavery and human trafficking risks

We have undertaken several risk assessments to better understand our risk profile and inform our approach to mitigating modern slavery and human trafficking risks in our business and supply chain. Overall responsibility for the oversight of risk management is by our Risk Management Committee and our Audit and Risk Committee. These act on behalf of the Board.

In 2015-16, we conducted a review of our business against the UN Guiding Principles on Business and Human Rights, which identified our risk of human rights violations is relatively low. However, we recognise that human rights violations, including forced labour and trafficking, can occur in all sectors and countries, and as a responsible business are committed to playing our part to help eliminate it.

In 2017-18, to better understand the risk profiles in Royal Mail and GLS, we conducted additional risk assessments and engaged the support from external compliance experts. The findings enabled us to customise our strategies to mitigate identified risks.

Mitigating risk

We conducted cross-functional workshops to review risk levels of modern slavery in our UK operation and supply chain. The workshops contained scenarios on modern slavery risks. The managers who attended were provided documentation to take back to their teams to raise awareness. Any risks identified during the workshops had mitigating actions put in place. For example, we identified our uniform suppliers as higher risk counter-parties based on the prevalent risks in the textile industry and the geographic location of several sub-contractors. Our remediation plan now also looks beyond our immediate supplier, and aims to mitigate risks further down the supply chain.

Modern slavery workshops were also conducted by GLS. The workshops identified areas of potential risk within its central functions and countries of operation. We are currently developing training for GLS country managers and those working within higher risk roles to raise awareness on supply chain risks and how to mitigate them effectively.

Our supply chain

Royal Mail works with approximately 5,000 suppliers annually. Around 96 percent of these suppliers are based in the UK where they are bound by the same stringent laws protecting human rights as we are. We ensure that all our suppliers commit to complying with our Responsible Procurement Code. During 2017-18, we updated the Code to make it clearer that we expect our suppliers to allow all employees freedom to join an

employee representative body, and we expect them to implement and enforce effective systems and controls to ensure that slavery and human trafficking do not take place anywhere in our supply chain.

The money that we spend with our suppliers, and the way we manage our relationships with them, have a major influence on our contribution to the economy, our relationships with our customers, and our impact on the environment. We will never knowingly accept products or services from suppliers who exploit people or the natural resources within their environment.

Due diligence and supply chain controls

Our due diligence and supply chain controls aim to ensure that we only engage with business partners and suppliers that are reputable and share our commitment to playing our part in the fight against modern slavery and human trafficking.

At Royal Mail we pre-screen all potential suppliers before asking them to participate in a tender or awarding them a contract. This pre-screening ensures that the potential suppliers meet minimum threshold standards on a range of Corporate Responsibility issues, including modern slavery. Our supplier on-boarding process requires all potential business partners and suppliers to confirm their compliance with applicable local labour and employment laws, including all anti-slavery and anti-trafficking legislation, the MSA or equivalent national legislation.

We perform independent due diligence screening of selected higher-risk business partners and suppliers. As part of our commitment to continuously improve existing processes and

controls, in 2017-18 we reviewed the effectiveness of our due diligence screening programme and a project was commenced to address the findings of that review. Our primary focus is on enhancing the quality and effectiveness of the programme, in particular by increasing the effectiveness of screening during on-boarding stages and continued monitoring through external screening solutions.

In the UK, we monitor suppliers' adherence to our Responsible Procurement Code through our Supplier Management Portal. Our critical suppliers provide evidence of performance and compliance by uploading accreditations, certifications and reports to the portal. We ask any suppliers identified as having a high sustainability risk to enrol with SEDEX - one of the world's largest collaborative platforms for sourcing independent and standardized audit reports on multi-tier suppliers.

Our contract terms also require suppliers to comply with all applicable local laws, including applicable modern slavery and human trafficking laws. Should any instances of modern slavery or human trafficking come to light, contracts with the relevant supplier may be terminated. We have not had any such incidences, that we are aware of, in our supply chain to date, but we do take a firm line when our supplier codes are not complied with. In 2017-18, Royal Mail ended a relationship with a key supplier of operational equipment. They had failed to provide the transparent reporting on Corporate Responsibility performance that we require. Despite no specific evidence of non-compliance being found, we switched to an alternative supplier that meets our requirements on transparency.

Temporary workers

The vast majority of Royal Mail employees are employed on permanent contracts, except where there is a short-term need. Where we do have a requirement for temporary workers within our operation, these are provided by seven approved suppliers, all of which are based in the UK. These recruitment agencies are required to commit to our recruitment standards. In particular, we expect our recruitment agencies to ensure that:

- agency workers are not charged unnecessary fees, for example for payroll services or translation services;
- worker's original identification, including passports, are not be held by anyone other than the worker, even if done voluntarily; and,
- resignation by workers is voluntary and without threat of punishment.

Recruitment agencies are also contractually required to adhere to applicable vetting standards, which include proof of identity, proof of right to work, and provision of training, as well as various levels of security checks.

In the UK, performance against vetting standards is tracked and assessed by our HR security services team and through the Supplier Management Portal. This helps to ensure that temporary workers are legitimately employed and reduces the risk of forced labour and trafficking occurring. We run quarterly business reviews for recruitment agencies, which cover adherence to vetting standards, and agencies are audited periodically, with the results reported to our Mail Integrity Group.

Whenever GLS uses temporary workers, the employment of such staff must be in line with applicable local laws. Any partner companies acting on behalf of GLS are required to act lawfully and reject discrimination, bribery and corruption.

Training

Providing training to raise awareness of risks within our business and supply chains is a key element of our efforts to eliminate modern slavery and associated risks from our business and supply chains. Our focus is on teams working in higher-risk environments. For example, our Royal Mail procurement team completed training on modern slavery risks and the new legal requirements in 2017.

To demonstrate our ongoing commitment, during 2017-18 we developed at Group level a customised online training course on modern slavery, in particular on how to spot red flags and escalate potential wrongdoing. In the UK, training was rolled out in May 2018. The course captures our businesses risk profiles and ties back to potential red flags identified during our risk assessments. It will be made available to a wider group of employees, including procurement and contract managers, depot managers and compliance teams in the Group. We are also planning to launch the course in GLS later this year following some further customisation.

Every year, we also run a training and communications initiative in the UK focused solely on ethics and compliance. In 2017-18, we launched "Leading with Integrity", an initiative that encourages our people to discuss the importance of our values, helps managers identify ethical and compliance risks, and supports them in making the best ethical and commercial decisions. This included consideration of the modern slavery and human trafficking risk within our business and supply chains. As part of the launch of the initiative, we rolled out an online compliance and ethics game that tested colleagues in a variety of real life scenarios. Almost 5,000 colleagues played, raising

£2,000 for our charity partner, Action for Children, in the process.

Whistleblowing

Royal Mail's whistleblowing helpline, 'Speak Up' allows employees, including contractors and temporary workers, to raise concerns about serious wrongdoing anonymously. This includes any concerns relating to modern slavery and human trafficking within the business or our supply chains. In 2017-18, we encouraged our suppliers and business partners, and their employees, to raise any concerns they may have via our 'Speak Up' helpline.

Our whistleblowing policy makes it clear that whistle-blowers must not suffer any detrimental treatment as a result of raising a concern. We take this promise seriously. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment.

The whistleblowing system is promoted via our intranet and compliance training, and is also communicated externally through our Business Standards and Responsible Procurement Code and on our external websites. In 2018, we ran a dedicated Speak-up campaign in the UK to remind our staff that they have the right to speak up without the fear of retaliation.

GLS also operates a whistleblowing system to enable employees, business partners and third parties to report, in confidence, any concerns that they have about criminal acts or other serious offences.

Collaboration

As with many corporations, we recognise our biggest exposure to modern slavery isn't within our own business, but rather it is in our supply chains. We believe only if the business community works together as one, can we effectively raise awareness and

combat modern slavery and human trafficking and associated risks. If you are interested in partnering with us, please contact us at group.compliance@royalmail.com.

Approval of this statement

This statement covers 28 March 2017 to 26 March 2018 and was approved by the Board of Directors on 18 September 2018.



Stuart Simpson