Building trust at the doorstep
Royal Mail
Environment, Social and Governance Report 2021-22
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**Steps to Zero p10**

Our environment strategy update establishes our ambition to achieve Net Zero by 2040 and deliver average parcel emissions of 50gCO₂e.

**Safe and healthy work environment p23**

We aim to ensure our working environment is conducive to the health and safety of our people.

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Our mission is to own trust at the doorstep by building a culture based on trust.

**Social impact p36**

We seek to be an integral, valued and trusted part of every community we serve.

**Diversity, equality and inclusion p28**

Our new Diversity, Equality and Inclusion (DEI) strategy updates our ambitions for DEI to ensure we reflect the broad diversity of the communities we serve.
In FY2021-22 Royal Mail continued to make strong progress in addressing our most important environmental, social and governance (ESG) issues.

### Environment
- **1,229.6m**
  - Total tonnes CO₂e emissions
- **205g CO₂e**
  - Average per parcel delivered for our Royal Mail UK business
- **1,588**
  - Electric delivery vans in fleet
- **100%**
  - Renewable electricity at all locations

### Social
- **7.2%**
  - Improvement in our total accident frequency rate compared with FY2020-21
- **97,000**
  - Colleagues took part in our 2022 Big Trust Survey
- **£13 million**
  - Transferred through our Apprenticeship Levy since 2019
- **1 million**
  - Users of Online Safe Spaces since September 2021

### Governance
- **31%**
  - Of new contracts awarded to SMEs
- **99.8%**
  - Of managers completed annual compliance training
- **98%**
  - Of information rights requests were responded to within one month
- **44,000**
  - Attacks from fraudulent websites disrupted since early 2021

### ESG performance
- **Global leader – 99th percentile**
  - Dow Jones Sustainability Index (DJSI)
- **B rating**
  - CDP
- **AA leader**
  - MSCI
- **89th percentile**
  - FTSE4Good
- **Gold**
  - EcoVadis
Welcome to Royal Mail’s first stand-alone Environment, Social and Governance (ESG) Report for the UK business. We’re really proud to showcase the work we’re doing to help create a greener and more sustainable future, and the more sustainable solutions we’re providing to our customers and communities, as we transform the business for the next generations.

It has been an exceptional year in our approach to tackling climate change and reducing our environmental impact. Our new Steps to Zero environment strategy which is outlined in this report, includes our commitment to build on our lead as the greenest1 parcel delivery company in the UK by reducing our average emissions per parcel from 205gCO2e to 50gCO2e on our journey to becoming a net zero emissions business by 2040, based on the latest climate science. This ambition hugely accelerates our actions towards the goals of the Paris Agreement and UN Framework Convention on Climate Change.

It also puts environmental considerations at the heart of how we operate, and will drive transformational change across our business in the years ahead. Steps to Zero focuses strongly on replacing diesel in our fleet with electric vehicles, reducing air freight in favour of transport by rail and continuing to invest in renewables to power our operations. But it doesn’t stop at carbon – we also want to cut waste pollution by reducing our use of plastic and recycling more than ever before.

To deliver on this plan, we’ve begun building key initiatives and driving the change through our business. Our 50gCO2e parcel ambition, roughly the same emissions as it takes to make a cup of tea2 with milk, is a new way for us to respond to the way customers are starting to decide which delivery company to use, providing them with personalised information on the emissions of their parcel delivery via the Royal Mail App. Tangible metrics like this help us to better track our progress in a more meaningful way for our customers – and make us accountable for our performance. Our 90,000 posties, who are our ‘feet on the street’, are a major contributor to keeping our emissions low. Thanks to them, our final mile delivery profile is radically different to those of other UK operators, and it also means we can find ways to leverage this advantage even further. For example, we’re looking at ways to trial more sustainable, city-friendly deliveries such as multi-modal delivery routing systems, which could help us increase our foot-based deliveries of larger parcels in urban areas.

But whatever we do, we know we can’t achieve our goals by acting alone. Everyone has a part to play in tackling climate change, so we also want to team up with others – customers, communities, manufacturers and NGOs – to help drive faster change and innovation. This includes using our scale and reputation to send a clear message to policymakers about the urgent need to make EV charging infrastructure more affordable and readily accessible.

Alongside these plans, we must remember that climate change isn’t the only sustainability issue that Royal Mail and its stakeholders care about. To own trust at the doorstep, we also have to continue building strong relationships with our people and make sure we create an environment in which everyone feels respected and is able to thrive. Our updated ESG strategy also includes an enhanced Diversity, Equality and Inclusion approach with new initiatives and targeted policies.

I’m also extremely proud of the integral part we’ve played in our nation’s fight against the COVID-19 pandemic.
Who we are

We are an international business that provides postal and delivery services across our extensive networks. We deliver to more than 31 million UK addresses six days a week and are one of the largest employers in the UK, with around 140,000 employees.

Our brands

Royal Mail is the UK’s sole designated Universal Service Provider, delivering a 'one-price-goes-anywhere' service on a range of letters and parcels.

Parcelforce Worldwide is the trusted express parcel delivery company for business and consumer parcels, delivering across the UK and worldwide.

Our mission

To own trust at the doorstep.

Our values

Our values underpin everything we do. We focus on our customers and on providing reliable and convenient value-for-money services. We want our people to be proud to work for our businesses.

Be positive about what we can achieve.
Be brilliant for our customers.
Be part of it each one of us is responsible.

Our Group purpose

To connect customers, companies and countries.

140,000 employees
1,300 Customer service points
42,500 Delivery vans

Royal Mail parcel/letter revenue split %

56% 44%

£8,514m FY 2021-22
Our material issues

Royal Mail assesses materiality to better understand the topics our stakeholders deem relevant, where we can have the most impact and how we can enhance our efforts. Every two years we undertake a robust assessment to formally engage with both our internal and external stakeholders, and this process is used to inform our strategy and our reporting.

In addition, we consider potential financial or reputation risks and opportunities, alignment with business strategy and any regulatory requirements for each issue area assessed. We use the outcome of these assessments to inform our ESG strategic priorities and the content of our reporting.

We recognise that all issues identified are important to the various groups consulted. We have taken their feedback and highlighted the following areas as those most material for our business in terms of either risk, opportunity or potential to make a significant contribution.

Decarbonising our business
Leading the transition to a low-carbon economy.

Employee engagement, culture and wellbeing
Building a trusting, inclusive and customer-focused culture in which our employees are proud to work for Royal Mail.

Health and safety
Ensuring a safe and healthy work environment for our people, while considering the safety of our customers and other members of the public.

Customer service
How we deliver fast, convenient and environmentally sustainable services, with great quality of service at affordable prices for our customers and communities.

Diversity, equality and inclusion
Having a workforce that reflects the broad diversity of the communities we serve and help us to build trust on the doorstep with our customers.

Contribution to society
Contributing to wider society, with due consideration for employment, support for small businesses and other value chain partners, and supporting social mobility.

Royal Mail identified a total of 20 issues for assessment.

To further assess the materiality of our selected topics, we reviewed the results of external research surveys, social media analyses, and other external documentation and trend reports across the ESG space.

Royal Mail will remain focused on the issues that are most important to its stakeholders, and on those areas where it can have the most significant impact and positive influence on society and the environment. Collating all feedback from stakeholders, we aggregated the rankings and the discussion areas to develop a matrix identifying the issues most material for our external stakeholders and then internally for Royal Mail. Finally, we reviewed the resulting matrix and applied an impact lens focusing on the potential impacts on the business, wider society and the environment.

Our process

1. Issues identification
We monitor ESG issues through a number of channels including stakeholder conversations, media and industry group activities. ESG topics are also included in our risks and opportunities assessments and the review of our Group principal risks and uncertainties. Material topics were also derived from reviews of various external sources including the UN Global Compact, ESG benchmarking surveys, and assessment of potential forthcoming legislation and policy.
Royal Mail identified a total of 20 issues for assessment.

2. Engaging stakeholders
We conducted interviews with key internal and external stakeholder groups. We also consulted internal subject matter experts and function leads, employees, and representatives from customers, investors, charities, suppliers, regulators and non-governmental organisations (NGOs). Interviewees were asked to provide feedback on the topics they deemed most material to Royal Mail and to discuss any future topics/trends they believed the business should consider.

3. Research
To further assess the materiality of our selected topics, we reviewed the results of external research surveys, social media analyses, and other external documentation and trend reports across the ESG space.

4. Priority ranking
Royal Mail will remain focused on the issues that are most important to its stakeholders, and on those areas where it can have the most significant impact and positive influence on society and the environment. Collating all feedback from stakeholders, we aggregated the rankings and the discussion areas to develop a matrix identifying the issues most material for our external stakeholders and then internally for Royal Mail. Finally, we reviewed the resulting matrix and applied an impact lens focusing on the potential impacts on the business, wider society and the environment.
ESG Principles

Our ESG Principles are the foundation of our wider business strategy to create stakeholder value and achieve sustainable growth. They focus on the topics identified by our stakeholders as being material while supporting a number of the United Nations Sustainable Development Goals (UN SDGs).

Environment

We aim to operate in an environmentally responsible way, reducing the impacts associated with our operations, and playing our part in the transition to a low-carbon future. Steps to Zero is our environment plan to help tackle climate change and become a Net Zero business by 2040.

Social

We aim to deliver economic and social benefits for our people, our customers and the communities we serve. As the UK’s Universal Service Provider, we are in a unique position to play an active part in the UK economy. We seek to be an active, valued and trusted part of every community, through national employment opportunities, community investment and the services we provide.

Governance

We endeavour to act with integrity and transparency in the interest of our stakeholders, ensuring we have effective mechanisms in place to deliver our business operations in a responsible manner. Our stakeholders trust us to deliver for them. Maintaining that trust, and operating with integrity, are fundamental to protecting our valued place in society.
In FY2021-22, Royal Mail updated key parts of its ESG strategy to ensure it continues to address its most important material topics and support its ESG Principles. Previously structured within a broad Corporate Responsibility programme, we now apply a new ESG format that helps us focus our efforts across a range of areas in which our stakeholders’ expectations are rapidly changing.

Key highlights of the FY2021-22 strategy update include a revised ambition to achieve net zero emissions across our business by no later than 2040, reduce our emissions per parcel to 50gCO₂e and to transform our operations and behaviours by embracing circularity. We have also enhanced our Diversity, Equality and Inclusion strategy with new initiatives and targeted policies to support under represented groups.

In this context, we have established the following ESG priorities around which we are building key initiatives, metrics and targets that will make our performance measurable, so that we can be held accountable to our stakeholders.

**Environmental considerations** are fundamental to the way we do business, with decarbonisation ranking as our most material stakeholder issue in our 2022 materiality assessment. As such, decarbonisation is the key focus of our Steps to Zero environment strategy, as well as scaling our impact beyond our business and in our communities.

**We serve society by connecting customers, companies and countries and aim to be an integral, valued and trusted part of every community that our service reaches.**

Our business is a major UK employer, with one in every 175 people in the UK being employed by Royal Mail, and the seventh largest business contributor to the UK economy. Social issues are also materially important to our stakeholders, including our approach to engagement, wellbeing, health and safety, diversity, equality and inclusion.

**Maintaining the trust of our stakeholders is critical to our business success.**

Our frameworks and controls help us to manage our business integrity and ethics, guide employees to do the right thing at all times, and protect our customers and employees privacy and personal information. We recognise that our impact also extends beyond our direct business operations; embedding high standards of social and environmental conduct across our supply chain is essential for us to operate responsibly.

**Strategic priorities**

**Environment**

— Net zero deliveries
— Net zero operations
— Making circular happen
— Collaborating for action

**Social**

— Create a safe and healthy work environment
— Build a culture based on trust
— Create an inclusive and diverse workplace
— Provide protection and good value to our customers
— Support our local communities
— Uphold and protect human rights in our business

**Governance**

— Conduct our business in an honest, fair and ethical way
— Ensure effective ESG governance
— Effectively manage our ESG risks and opportunities
— Work to eliminate criminal activity that uses the postal system
— Ensure the protection of all personal data to maintain our customers’ trust
— Embed high standards of social, ethical and environmental conduct in our supply chain
The future of our business depends not only on the decisions and actions we take, but also on the world around us and our ability to adapt. As one of the UK’s leading companies and most recognised brands, it is vital we play our part and lead by example to help tackle the environmental challenges that are facing our world.

In FY2021-22, building on our position as the UK’s greenest delivery option for letters and parcels (based on reported gCO₂e per parcel), we have launched a new ‘Steps to Zero’ environment strategy that brings forward our Net Zero ambition to 2040.

Our Royal Mail business is already the UK’s greenest option for letters and parcels. Our ambition is to reach 50gCO₂e on average per each parcel we deliver. Our current average is 205gCO₂e per parcel, which is already less than half the average reported in our industry.

50gCO₂e per parcel delivered
Royal Mail’s new ambition

Net Zero by 2040
Across scopes 1, 2 and 3 and aligned to 1.5°C pathway
### Environment

#### Accelerating our ambition

**Steps to Zero**, our new environment strategy, recognises the urgency of addressing climate change in the decade ahead.

We are taking decisive steps to help tackle the global climate emergency and prepare our business for a low-carbon future. **Steps to Zero**

We are taking decisive steps to help tackle the global climate emergency and prepare our business for a low-carbon future. **Steps to Zero**, our new environment strategy, recognises the urgency of addressing climate change in the decade ahead.

Royal Mail is already the UK’s greenest option for letters and parcels1 but we know we need to go much further and faster in decarbonising our business and driving wider change. With **Steps to Zero**, we accelerate our net zero ambition and align it to the latest climate science, and a 1.5°C decarbonisation pathway to reduce our greenhouse gas (GHG) emissions (scopes 1, 2 and 3).

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1 Based on reported CO₂e per parcel.

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13% of our emissions are from final-mile deliveries. We have the UK’s largest electric fleet of any major UK parcel operator, with around 1,600 electric vans in service today and 5,500 expected by spring 2023.

In addition, our 90,000 posties walk over a billion steps each day, delivering to over 31 million addresses. This helps to make Royal Mail’s average emissions per parcel 205gCO₂e, which is around half the 300-500gCO₂e average of our UK competitors.

At the same time, we are trialling alternative low and zero-emission delivery options, and working with others to further optimise our on-foot deliveries.

72% of our emissions are from our operations, including our transport networks and buildings. Our plans include measures to reduce consumption and increase renewables.

For example, we have already committed to purchasing or generating 100% renewable electricity across our business from 2022.

We are also reducing the use of domestic air freight while increasing our use of rail.

Lastly, we are trialling new low and zero-emission vehicle technologies for heavier vehicles, and getting ready to embrace them when they are available to deploy at scale.

We aim to transform our operations and behaviours to embrace circularity by enabling re-use models and reducing single use items.

We are currently undertaking a complete review of our packaging and single-use items. This will enable us to develop a new plan of action that will include increasing our use of recycled content and more sustainably designed products.

In terms of waste, we are focusing on reducing our current volumes by 15% by 2025 and 25% by 2030.

We will use our size, scale and reputation to play a positive role in leading and championing sustainability, and driving industry change through partnerships and collaborations.

We are also calling for industry-wide, standardised reporting on CO₂e per parcel, so that customers can make more meaningful and informed choices about their carbon footprints.

Lastly, we want to send a clear message to policymakers about the urgent need to champion electric vehicle adoption and charging infrastructure.
Net Zero by 2040

Our Net Zero by 2040 ambition is aligned to the latest climate science and a 1.5°C decarbonisation pathway. We have recently committed to the Science-Based Target initiative’s (SBTi) Net-Zero Standard and we will work to validate our interim targets in 2022.

Our decarbonisation levers
To reduce our GHG emissions (scopes 1, 2 and 3) in the coming years, we will focus on the following initiatives:

- Decarbonise our operations by only purchasing or generating 100% renewable electricity
- Deploy electric delivery vans at pace to enhance and support our ‘on-foot’ delivery model
- Maximise our use of rail to reduce domestic flights and road freight
- Optimise our road distribution network and explore use of transitional alternative fuels
- Increase the efficiency of our buildings, reducing electricity consumption and heat wherever possible

To 2040 our targets are:

<table>
<thead>
<tr>
<th>GHG emissions¹</th>
<th>90% reduction in scope 1, 2, and 3 emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable electricity</td>
<td>100% by 2022</td>
</tr>
<tr>
<td>Delivery vehicles</td>
<td>100% zero emission by 2035</td>
</tr>
<tr>
<td>Company cars</td>
<td>100% zero emission by 2030</td>
</tr>
</tbody>
</table>

We commit to publishing ‘Steps to Zero’, our low-carbon transition plan in summer 2022 which will provide detail on the scale of this transition.

We will achieve this target by increasing our use of low- and zero-emission transport alternatives, including rail, while minimising the use of domestic air freight. We will also decarbonise our network and buildings.

¹ We report our carbon emissions in line with the Greenhouse Gas (GHG) Protocol Corporate Standard. The standard classifies a company’s GHG emissions into three scopes. Scope 1 emissions are direct emissions from sources that are owned or controlled, including combustion of fuel and operation of facilities. Scope 2 emissions are indirect emissions from the purchase of electricity, heat, steam and cooling purchased for own use. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. We use the latest conversion factors from the UK Government (source: www.gov.uk/government/collections/government-conversion-factors-for-company-reporting).

50gCO₂ per parcel
In addition to our net zero ambition, our Royal Mail business wants to demonstrate the progress we are making on decarbonising our deliveries to customers. To do this, we have set ourselves the ambition to reach a target average of 50gCO₂ per parcel delivered through our domestic network. This represents a reduction of c.75% against our current average of 205gCO₂ per parcel, which is already less than the half the 300-500gCO₂ per parcel average that is reported across our industry.

We want to shift the debate away from ‘green’ logos and number of electric vehicles, and towards a measure that incorporates all the emissions associated with the journey of a parcel through our UK network.

We believe that for our customers, emissions per parcel is a more easily understood way of describing our ambitions than terms such as net zero or carbon neutral.
Our emissions

Our GHG emissions are depicted here by scope and by source.

- **Corporate/other 10%**: The emissions associated with staff, IT and other corporate activities (e.g. consultancy)
- **Consumer products 5%**: The purchase and supply of stamps, labels and packaging
- **Our estate 17%**: Include the emissions from building heat, cooling and power
- **International transport 23%**: The distribution of mail internationally by road, rail or air and the emissions of delivery at destination
- **Domestic final miles 13%**: The emissions associated with the final-mile delivery of mail in the UK
- **Domestic transport networks 32%**: The distribution of mail in the UK over road, rail, air and sea (both direct and third-party)

**FY2021-22 GHG emission profile**

- **By source**
  - Corporate/other
  - Consumer products
  - Our estate
  - International transport
  - Domestic final miles
  - Domestic transport networks

- **By scope**
  - **Scope 1**
    - Corporate/other 10%
  - **Scope 2**
    - Consumer products 5%
    - Our estate 17%
  - **Scope 3**
    - International transport 23%
    - Domestic final miles 13%
    - Domestic transport networks 32%

**Improving our emissions reporting**

This year Royal Mail has increased the reporting of its value chain scope 3 emission reporting. The FY2021-22 data includes all relevant scope 3 categories of GHG emissions, as set out in the GHG Protocol.

These additional categories account for 626KtCO₂e, which is a considerable portion of the total 1,230KtCO₂e reported in the year. Without this increased reporting, Royal Mail’s total emissions in the year would have been 604KtCO₂e.

Our four largest value chain categories represent over 50% of the total in this year. These are upstream transport and distribution (20%), downstream transportation and distribution (9%), purchased goods and services (13%) and fuel and energy related activities (10%). Further details on our value chain emissions approach can be found in our ESG reporting criteria.
Our performance

In FY2021-22, our total UK carbon footprint decreased by 2% ‘like for like’ from 613KtCO₂e in the previous year to 604KtCO₂e. This is due mainly to a reduction in vehicle fuel use as a result of lower volumes during the peak period than the previous year and the deployment of almost 1,300 electric delivery vans. Normalised per £m revenue emissions remained the same as the prior year.

Our total energy consumption (2,345MkWh) remains broadly similar to the prior year, despite estate electricity and gas consumption which fell by 2%.

Emissions per item delivered

This year, the average emissions per parcel for Royal Mail (including Parcelforce) was 221gCO₂e, an increase of 6% on the prior year (207gCO₂e). For Royal Mail UK, (excluding Parcelforce) we are reporting average emissions per parcel and letters for the first time, which are 205gCO₂e and 25gCO₂e respectively.

In FY2020-21, our per parcel emissions were 193gCO₂e, which means our per parcel emissions have increased by 7% this year. The increase is as a result of lower parcel volumes, despite emissions from parcel emissions being lower overall.

FY 2021-22 GHG emissions summary

<table>
<thead>
<tr>
<th>CO₂e ('000 tonnes)</th>
<th>FY2021-22</th>
<th>FY2020-21</th>
<th>FY2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>468.5</td>
<td>473.2</td>
<td>453.3</td>
</tr>
<tr>
<td>Scope 2 (location-based)</td>
<td>59.1</td>
<td>64.1</td>
<td>70.5</td>
</tr>
<tr>
<td>Scope 3³</td>
<td>702.0</td>
<td>76.0</td>
<td>81.4</td>
</tr>
<tr>
<td>Total (all scopes)</td>
<td>1,229.6</td>
<td>613.3</td>
<td>587.2</td>
</tr>
<tr>
<td>Scope 2 (market-based)</td>
<td>8.2</td>
<td>9.1</td>
<td>8.3</td>
</tr>
<tr>
<td>Energy consumption '000 kWh</td>
<td>2,345,913</td>
<td>2,352,822</td>
<td>2,161,486</td>
</tr>
</tbody>
</table>

1. We report our carbon emissions to the GHG Protocol Corporate Standard, which classifies a company’s emissions into three ‘scopes’. Scope 1 emissions are direct emissions from sources that are owned or controlled by Royal Mail, including the combustion of fuel and operation of facilities. Scope 2 emissions are indirect emissions from the purchase of electricity, heat, steam and cooling for own use. Scope 3 emissions are all other indirect emissions that occur in a company’s value chain and are voluntary to report. Royal Mail reports all its scope 3 emissions including purchased goods and services, capital goods, fuel and energy related activities, upstream and downstream transportation and distribution, employee commute, business travel, waste disposal, end-of-life treatment of sold products and investments.

2. FY2020-21 data for Royal Mail has been restated following the provision of data which was previously estimated.

3. Royal Mail has increased its scope 3 emissions reporting to cover 100% of GHG emissions across all value chain categories. This has increased scope 3 emissions reported by 626KtCO₂e from 76.1KtCO₂e to 702.9KtCO₂e. This increase is not reflective of operational changes and is entirely down to increase reporting scope. ‘Like-for-like’ comparisons consider this difference and compares to the prior year data without the newly reported categories.
**Final-mile deliveries**

Our final-mile deliveries by posties and delivery vehicles are the visible part of our environmental footprint. As the UK’s Universal Service Provider, we are required to deliver to every community across the UK.

To support our operations we maintain large fleet of around 42,500 delivery vehicles, which represent 13% of our emission profile. We aim to reduce these emissions on our journey to net zero by:

— Electrifying our delivery fleet
— Optimising our use of on-foot deliveries
— Using innovation to assess and implement new delivery models
— Increasing the efficiency of our deliveries and the fuel used

We recognise the impact that poor air quality can have on the communities in which we operate. Investing in electric vehicles also plays a vital role in reducing air pollutants in the areas we serve.

**1 billion steps a day**

Our posties make a huge contribution in keeping our emissions low. They take on average over a billion steps a day while delivering to up to 31 million addresses. This makes our final-mile delivery routes unique compared with other UK parcel operators.

**1,588 electric vans**

For Royal Mail, approximately two thirds of our deliveries are made purely by foot or through a ‘park and loop’ method which is largely on foot. Part of our zero-emission delivery plan looks at how we can enhance and build on our on-foot delivery model.

For example, during the year we partnered with Ford to trial more sustainable, city-friendly deliveries through the use of its multi-modal delivery routing software, Mode:Link. The trial in Manchester aimed to examine whether the software could help us to increase foot-based deliveries of larger parcels in urban areas.

The software identified safe, convenient locations for the handover of parcels to postmen and women who were making deliveries to a mix of high-rise, business and residential buildings. Posties used a smartphone app that provided the location of a van to pick up more parcels for delivery. This trial reduced mileage by 33% and van numbers by 50%, which helped reduce delivery emissions and relieve congestion in the city centre.

We have continued to trial this software in more locations and on a wider scale, to help us optimise our fleet and keep our on-foot deliveries in motion.

**Our ‘feet on the street’**

Royal Mail is the first delivery company in the UK to include the estimated carbon footprint for a parcel based on its journey, in its tracking app. This tool is available for both Parcelforce and Royal Mail customers.

**Royal Mail app emissions first**
**Electric van deployment**

The move to electric vans across our delivery fleet helps us to reduce the emissions of our final-mile deliveries even further. We have continued to add more electric vans to our fleet, and expect to have around 5,500 in operation by spring 2023, compared to around 1,600 in operation at year end FY2021-22.

This rapid rollout has made Royal Mail the UK’s parcel operator with the most electric delivery vehicles. We also continue to review the technology and suitability of larger electric panel vans for our Parcelforce business.

**Innovation for deliveries**

We have also continued to trial and deploy alternative fuel, advanced technology and new vehicle delivery concepts that offer low or zero-emission benefits. Trials help Royal Mail explore new ways to help reduce our operational footprint and inform our future purchasing decisions.

In September, Royal Mail trialled 12 fully electric micro vehicles in a number of UK cities and towns. Roughly the size of a golf buggy or quad bike, the vehicles are being assessed in residential areas as a potential lower-carbon alternative to larger vans which are typically shared by two posties. The vehicles have been designed to more than accommodate a daily round’s worth of letters and small parcels. The vehicles are charged using a standard three-pin plug, which helps make charging more flexible. Going forward, we will continue to assess the viability of micro vehicles and cargo bikes as suitable transport modes for our deliveries.

Following a successful drone delivery trial in 2021, additional trial routes have been implemented, including flights to the Orkney Islands and the Isle of Mull. Drones offer lower-emission delivery solutions and improve reliability of current island mail services which can be affected by bad weather.

There are plans for a partnership that will focus on establishing more than 50 new postal drone routes over the next three years, subject to Civil Aviation Authority (CAA) approval. Longer term, the ambition is to deploy a fleet of more than 500 Royal Mail-Windracers drones supporting deliveries across the UK. Royal Mail is committed to working with the CAA to support its drone ambitions.

In addition, we are looking at innovations that can help make our vehicles more efficient. In a joint venture between Royal Mail, Transport for London (TfL) and ENSO Tyres, as part of the London FreightLab innovation challenge, we have embarked on a trial of specially designed tyres which can help reduce particulate matter emissions and improve the range, efficiency and longevity of our vehicles. The trial has seen the tyres being fitted onto 15 EVs at our West London Delivery Office.

In May 2021, Royal Mail announced its first all-electric delivery office in Bristol. In less than a year the office has reported a 37% reduction in maintenance costs and a 73% reduction in fuel cost (diesel versus electric) while expecting to have reduced its fleet emissions by c.29tCO₂e a year.

Factoring in additional vehicle costs and the installation of charging infrastructure, this electrification project is expected to create a significant return on investment over three years, and is likely to achieve net savings over its lifecycle of between eight and nine years.

This analysis enables Royal Mail to proceed more confidently with up-front investment in fleet electrification. During FY2021-22, the business has continued to roll out the installation of charging infrastructure to support the rollout of EVs coming into its fleet.

**Net zero deliveries**

Electric vans delivering a speedy return on investment

In May 2021, Royal Mail announced its first all-electric delivery office in Bristol. In less than a year the office has reported a 37% reduction in maintenance costs and a 73% reduction in fuel cost (diesel versus electric) while expecting to have reduced its fleet emissions by c.29tCO₂e a year.

Factoring in additional vehicle costs and the installation of charging infrastructure, this electrification project is expected to create a significant return on investment over three years, and is likely to achieve net savings over its lifecycle of between eight and nine years.

This analysis enables Royal Mail to proceed more confidently with up-front investment in fleet electrification. During FY2021-22, the business has continued to roll out the installation of charging infrastructure to support the rollout of EVs coming into its fleet.
The second pillar of Steps to Zero focuses on our operations. This includes our domestic and international transport networks (owned and third-party) including rail and air freight and the emissions associated with running our building estate. These emissions represent 72% of our total emissions profile.

Road transportation
A large portion of our mail is distributed by road, making up 27% of our emission profile, and is therefore a key focus of our decarbonisation journey. This is an area where there are considerable challenges surrounding the mass deployment of low and zero-emission HGVs that are suitable for our operational needs and range requirements.

Our short-term focus for HGVs is low-carbon alternative fuels, which help reduce our fleet emissions until zero-emission vehicles are deployable at scale. This year Royal Mail operated 31 bio-compressed natural gas (bio-CNG) HGVs which has helped reduce diesel consumption by Approximately 690,000 litres, and direct emissions by around 85%, compared with their diesel equivalent. A further 49 bio-CNG vehicles are on order for delivery in FY2022-23.

Increasing our use of rail
We are exploring options to further maximise our use of rail further, especially where it can be deployed to reduce domestic air freight. Our new Midlands Hub, which has an integrated rail facility, will mark a step change in our use of rail.

Reducing air freight
We are aiming to reduce the use of domestic air freight and, where possible, replacing it with low and zero-emission alternatives. We are also looking at the viable use of lower-emission fuels as these become deployable at greater scale.

In the year, our air conveyance supplier, West Atlantic, began trials of Sustainable Air Fuel (SAF) which will be used on a number of the flights operated for Royal Mail. SAF can provide a reduction of up to 80% in carbon emissions over the lifecycle of the fuel compared with the traditional jet fuel it replaces, depending on the sustainable feedstock used, production method and the supply chain to the airport.

Employee travel
During the year Royal Mail announced plans to ensure all its company cars will be electric by 2030. The initiative, called Roadmap 2025, will see only electric passenger vehicles being available to order from 2025. This electrification campaign will also extend to postmen and women who seek to buy their vehicles through the salary sacrifice scheme MyDrive.

To reinforce the commitment to change, the Company will only pay business mileage reimbursement at an appropriate electric vehicle rate.
Building energy

We maintain a large property portfolio with buildings ranging in size, age and use. Emissions from our buildings and estate currently make up 17% of our emission profile. The electrification of our fleet and our parcel growth plans are adding considerable energy needs to our estate, in terms of both new parcel sorting machines and EV charging infrastructure. This, coupled with increasing energy prices and our net zero ambition, have made energy management a key priority for Royal Mail.

In April 2022, Royal Mail switched to a 100% renewable electricity tariff with EDF Energy, backed by Renewable Energy Guarantees of Origin (REGO) certificates. This is expected to reduce our market-based emissions by around 9,000tC02e. In addition to reducing the emissions impact of our building estate, the purchase of 100% renewable energy will maximise carbon reductions resulting from the electrification of our fleet.

Currently, solar panels are installed at seven Royal Mail sites and a solar feasibility study undertaken in 2021 identified around 230 additional sites that have the potential to supply around 20% of Royal Mail’s current energy use. The study will be progressed in the coming year, identifying funding and leaseholder solutions to secure these installations where possible.

Water reduction plans

We are committed to reducing our water use by 25% by 2030. Our water consumption is largely for domestic purposes, such as washroom facilities, and vehicle and equipment cleaning. During the year, Royal Mail used 1,305,660m³ of water, an 8% decrease from the previous year, which has been delivered through the implementation of water efficiency measures alongside data monitoring.

A total of 19 of Royal Mail’s high-water-consuming locations have been fitted with water saving measures including aerating taps, urinal controls and low-flow shower heads this year. In FY2022-23, a further 65 locations will be surveyed with plans to implement additional water efficiency improvements throughout our estate.

New Midlands Hub

Scheduled to launch in 2023, the 840,000 square foot facility will have the capacity to process over 1 million parcels a day. The site has installed solar panels on the roof and along a wall of this new building which can generate 900MWh of electricity. This is enough to run the site in daylight hours under standard conditions.

The Midlands Hub also has its own rail terminal transporting mail from the site, which will help is to significantly increase our modal share of rail in 2023.
Our Steps to Zero plan also focuses on the adoption of a circular economy approach to enable a reduction in the volume of waste disposed by our customers and our own operations, reduce our overall use of new materials and provide services that promote a circular economy.

**Royal Mail's targets are:**

- **25% reduction in the volume of waste generated by FY2030-31**
- **FY2022-23** to undertake a complete review of packaging and single use resources by 2022-23

Royal Mail can be more circular by:
- Reducing and reusing operational products which add to our waste streams, such as cardboard, wooden pallets and uniforms
- Providing our customers with products that can be reused, that have high recycled content and limit material use
- Enabling the return of products through our network for reuse or refurbishment by the producer

**Creating a circular system**

A circular system aims to keep products and materials in use for longer, reducing waste and new material volumes. This is opposed to a linear system where you purchase, use and then dispose of a product which puts pressure on global resources and increases waste.

- **Raw materials**
- **1. Design and manufacturing by suppliers**
- **2. Input of recycled content**
- **3. Repair of our assets**
- **4. Recycle**
- **5. Residual waste**
- **Reuse in our network**
**Reviewing our packaging and single-use resources**

Introducing recycled and reused materials into products at manufacture reduces the use of new material and supports a circular economy. Royal Mail provides over 41 million bags to its customers each year, most of which will enter the waste system at end of life. During the year, we reviewed the options available, which included the use of alternative materials, and an increase in the use of recycled content, and an increase in the number of elastic bands we use and the number that end up littered. Elastic band reuse will continue to be a focus in FY2022-23 with an awareness campaign that includes Royal Mail TV guidance, a video series for Royal Mail colleagues. Additionally, we plan to trial elastic band alternatives such as self-gripping straps which was a suggestion by one of our posties.

**Driving circular thinking throughout our operations**

Fabric ‘sleeves’ are used in our sorting centres to transfer mail safely within trolleys and on trucks and can last up to 10 years with our circular repair system, to extend their lifetime as much as possible. In addition, we purchase approximately 2 million cardboard sleeves a year, primarily during peak periods. We have redesigned these to reduce cardboard material by 5%, increase recycled content to over 85% and be 100% recyclable. Furthermore, the cardboard sleeves can be reused several times before they are recycled. We continue to explore improvements to reduce the number we purchase.

We currently use mail bags across the operation that require single-use cable ties to securely seal and last year, we purchased some 95 million cable ties for this purpose. We have recently reviewed a number of alternatives, and plan to trial ‘self-seal’ mail bags to transport mail through our network. This has the potential to divert up to 174 tonnes of single-use plastic waste a year from our operations.

**Reducing our use of elastic bands**

Elastic bands are used to hold bundles of mail together. Royal Mail recognises that the littering of elastic bands on streets of the UK is a potential risk to wildlife and the environment. Royal Mail has steadily reduced elastic band usage by over 30% in the last five years, purchasing around 304 million bands in FY2021-22, compared with 437 million in FY2017-18.

We know there is still potential to further reduce the number of elastic bands we use and the number that end up littered. Elastic band reuse will continue to be a focus in FY2022-23 with an awareness campaign that includes Royal Mail TV guidance, a video series for Royal Mail colleagues. Additionally, we plan to trial elastic band alternatives such as self-gripping straps which was a suggestion by one of our posties.

**Working to reduce our waste**

Whilst Royal Mail continues to explore how it can further reduce the volume of waste produced by opting for more reusable solutions, waste is still produced.

During FY2021-22, Royal Mail generated just over 40,000 tonnes of waste, 77% of which was recycled. Total diversion from landfill was 98%. Last year, the volume of waste and recycling was broadly similar. Of the volume recycled, 4,700 tonnes was bailed cardboard which has generated revenues that offset bailing costs. Around 3% of the waste we generated in the year was considered hazardous. This waste stems from vehicle and building maintenance and cleaning products used in our buildings. We dispose of all hazardous waste responsibly.

The largest four waste types are wooden pallets (26%), general waste (21%), mixed recyclables (18%) and bailed cardboard (12%). Together these waste types make up 77% of total waste tonnage and will be key areas of focus for reduction.

**Parcel Collect**

Royal Mail launched Parcel Collect, our parcel pick-up service. Since its launch in October 2020 the service has gained momentum and has processed over five million parcels. This service helps to lower emissions, as posties collect during their daily rounds which adds no additional trips but removes the need for customers to make a journey to drop off their parcel.

In November 2021, Royal Mail enhanced its popular Parcel Collect service with posties delivering pre-printed postage labels to customers who need them. This makes Parcel Collect even more convenient and accessible, and supports customers without a printer. Additionally we improved the booking process through the new Royal Mail app.
In FY2021-22 we collaborated with Kahala Postal Group to encourage its members to join an international Sustainability Measurement and Management System led by the International Post Corporation (IPC) and have been active in developing a global postal Science Based Target to the new Net-Zero Standard.

This year we joined the UK Electric Fleets Coalition which advocates for the acceleration of electric vehicle transition in the UK. We supported a position statement in late 2021, urging the UK Government to agree on ambitious policy frameworks to address the barriers to electric vehicle uptake and to allow businesses to lead the transition. Specifically, we asked for a more rapid phase out of fossil fuel vehicles and for greater incentives to shift demand to electric vehicles.

Shortly before COP26 in 2021, Royal Mail supported the UK Government campaign 'Together for our planet' to create awareness of and action for climate change, helping small businesses to set a net zero pledge. We promoted this through our supply chain to SMEs, and on social media channels, and hosted a free webinar with other supporting organisations.

In FY2022-23 Royal Mail will continue to partner with other organisations, and use its size, scale and reputation to champion change.
Environment

Environmental management

Our Environment Policy sets out how we manage the environmental impacts of our operations, products and services, and reflects our key strategic objectives.

Our policy requires that we manage environmental risks to prevent pollution and minimise our impact on the environment. We also include a commitment to continual environmental performance improvement. The full Environment policy can be found here:


Royal Mail’s environmental management system has been developed and maintained in line with the BS EN ISO 14001:2015 standard. This helps our departments and sites identify and manage relevant environmental risks and legal requirements. All Parcelforce Worldwide operational sites and head office are certified to BS EN ISO 14001:2015.

Storing fuel responsibly

With the largest vehicle fleet in the UK, Royal Mail uses a significant amount of fuel and despite all the precautions taken there is still a risk that fuel spills can occur if equipment leaks or vehicles are damaged. Additionally, there is a risk that fuel thefts from our sites or vehicles could cause a spill. This year we have focused on reducing fuel spills and improving our response. Our fuel storage tanks for the fleet are now all fitted with theft alarms to alert us if a theft takes place and a training video specific for operations colleagues has been produced with manager training rollout due in mid-2022.

Promoting sustainable choices

In FY2021-22 Royal Mail engaged staff with educational and awareness campaigns including the COP26 #onestepgreener campaign. This was designed to encourage the uptake of more sustainable lifestyle choices, such as low-carbon diets and cycling to work by our workforce. Daily communications reminded colleagues of ways they could make a stronger environmental impact and demonstrated Royal Mail’s efforts from a corporate perspective. The campaign engaged our staff and improved interaction online.

Over the next year we will continue developing these campaigns and encourage colleagues to get involved via our internal communication platforms and our Courier magazine that everyone at Royal Mail receives in the post.
As the UK’s Universal Service Provider, we are in a unique position to have a positive impact on society at scale.

Our new Diversity, Equality and Inclusion strategy sets out our focus on building a fit and healthy workforce that reflects the broad diversity of the communities we serve. We have set new all-Company targets for female representation, ethnic minority representation and young people.

We want to build our reputation as the best employer with a safe, inclusive, fair and accessible workplace where everyone can grow, develop and succeed.

33% senior female managers by 2025

15% ethnic minority representation at all levels by 2025

This year we worked with the Centre for Economics and Business Research (Cebr) to commission new research to look at the impact of Royal Mail’s national employment opportunities on social inclusion. Social inclusion looks at bridging the disparities between individuals and communities in terms of access to and opportunities for services, jobs and infrastructure.

See page 36
A safe and healthy work environment

We want to create a safe and healthy working environment for our people. Our goal is to ensure a workplace where everyone is free from injury, with good physical and mental health.

We recognise the impact of the COVID-19 pandemic on our people and continue to provide ongoing and evolving support. Throughout FY2021-22, we kept our policies and COVID-19 risk controls under constant review to ensure we maintained compliance with government guidance and minimised the risk to colleagues, particularly during the peak period of December. This year, our level of sickness absence was 8.0% compared with 8.5% in the prior year. While this slight reduction was due to a lower level of COVID-related absences, very high absence levels as a result of the pandemic continued through the year, particularly during our peak period of January 2022 due to the rise in Omicron cases.

Our Health and Safety policy outlines our commitment to our people. We implement the policy through our integrated Safety, Health and Environment (SHE) management system. This provides the framework for managing risk, improving performance and maintaining a safe, healthy and environmentally responsible workplace.

As part of our strategy to continually increase compliance with our health and safety standards, we maintained a programme of audits to identify areas for improvement. During the year, 1,119 of our units were audited and all units that were required to improve were provided with a clear action plan to address compliance gaps. This has resulted in a significant increase in compliance. We also reviewed our safety compliance tasks and took steps to streamline and simplify where possible.

Upskilling and empowering our managers to manage their health and safety risks is a key pillar of our approach.

As part of our ongoing training programme, we launched a programme of managerial upskilling in our delivery function. The training covered key safety topics such as risk management, culture, inspection, and accident investigation.

The sessions were delivered by our (SHE) field team with 155 delivery managers in attendance.

Our performance

We strive to improve our performance each year, and monitor our key safety metrics with monthly reporting to the Board and quarterly reporting to the ESG Committee. In FY2021-22, our lost time accident frequency rate (LTAFR) increased by 38.5% when compared with the previous year, from 0.39 to 0.54.

Whilst absence associated with accidents increased, the number of most severe incidents decreased by 10%. This year, our total accident frequency rate (TAFR) improved by 7.2% from 2.43 to 2.26. Monitoring TAFR allows all our teams to focus on creating a safer workplace.

In line with our strategic aim of 'Transforming through technology', we have invested in a new off-site risk assessment system to help us improve the way we manage significant off-site risks for delivery postal workers, e.g. the risk of dog attacks, via our postal digital assistants (PDAs). After a successful trial in November 2021, the system was launched nationally in April 2022.

Our most common accident types are slips/trips and animal attacks. This year, the number of both types of accidents decreased compared with the prior year by 17.9% and 1.9% respectively. We have been delivering a Dog Safety Awareness Week each year for 10 years. The campaign appeals to dog owners to ensure they understand the often devastating impact of dog attacks on our delivery colleagues and encourage them to take proper measures to ensure their pets pose no threat to postal workers through responsible dog ownership.

Driving is another significant risk area for colleagues. We are working hard to reduce the number of collisions colleagues are involved in. All road traffic accidents are investigated by a manager. Serious and fatal accidents are investigated by a safety professional and these incidents have a separate protocol which guides our investigations, reports and the actions we take.

We regret to report that three people tragically lost their lives in accidents involving Royal Mail vehicles over the last year. An employee died in a road traffic collision and two third parties died in two other incidents. All accidents are thoroughly investigated to determine root causes and identify the lessons learnt. All investigations and findings are shared with relevant Board members.

Royal Mail also monitors and reports its road traffic collisions frequency rate (RTCFR) as a key safety performance metric. This year, we reduced our RTCFR by 2.7% compared with the previous year. In the year, we ran 16 comprehensive road safety campaigns drivers and developed the ‘Drive 360’ driver behaviour programme, which focuses on the use of telemetry and driver coaching to encourage safer and more fuel-efficient driving styles. Telemetry is fitted in many of our Royal Mail vehicles and has also been successfully trialled in some of our Parcelforce fleet this year.

As our business grows and transforms, the safety team has been involved in assessing new buildings, machinery and vehicles. Our electric vehicle fleet has grown rapidly and we have been working hard to ensure our people’s safety as we deploy them into the operation. To read more about our electric fleet please see page 15.
Our focus on health and wellbeing

Supporting the health of our people plays a major role in our people strategy. We have an extensive range of programmes and tools in place to support our employees’ health. We focus our attention on the issues having most impact on our employees, in either the short or long term.

This means placing most emphasis on: respiratory issues, including flu and cold symptoms; musculoskeletal injuries; and mental health.

We continue to promote all aspects of health and wellbeing and provide practical guidance for all employees including through our three main health and wellbeing programmes:

— ‘Feeling First Class’ to improve proactive health ownership
— ‘Stamp Out Aches and Pains’ to improve awareness of musculoskeletal health
— ‘Because Healthy Minds Matter’ to reduce stigma, normalise conversations and signpost to support for mental health

Health and wellbeing programme updates

Winter health and free flu vaccination campaign

This year, as an enhancement to our annual free flu vaccination programme, 110 of our largest sites were able to run an on-site flu clinic. In addition, all Royal Mail employees were given a digital vaccination voucher which could be redeemed at one of 4,000 participating supermarkets/pharmacies across the UK. Overall, take-up for this scheme increased 30% compared with the previous year.

Improved stress toolkit and mental health e-learning

In the past year we have enhanced our existing portfolio of health and wellbeing support. In July 2021 we added the Group Stress Risk Assessment Tool to our ‘Stress Toolkit’ and in October 2021 we launched our second mental health e-learning product. The e-learning is designed to help managers better support their teams in common workplace situations.

Health and wellbeing ambassadors

We now have over 700 local volunteer health and wellbeing ambassadors across the business. Our ambassadors provide confidential peer-to-peer support and help signpost colleagues to any help or information they might need to stay safe and well.

Enhanced menopause support

At Royal Mail we currently have around 16,500 women who are likely to be experiencing menopausal and perimenopausal symptoms, which is why menopause support matters to us. We have enhanced the support available through the activity of a diverse working group. To strengthen our commitment to a step change in menopause support, Royal Mail has signed the Wellbeing of Women Menopause Workplace pledge supported by Royal Patron HRH The Countess of Wessex. Through our campaign Let’s Talk Menopause, we want to get the conversation going, raise awareness and make a difference to colleagues.

We have set up a dedicated group on our Workplace forum where colleagues can network, share ideas and access resources. We have started to introduce a volunteer role ‘Meno-Mates’, local volunteers to help to raise awareness, listen and signpost colleagues to support while normalising menopause conversations. We have also further simplified and made clearer our menopause guidance and programmes and a comprehensive menopause toolkit. Menopause awareness e-learning is available for managers and ‘Meno-Mates’ to access from home or work. Royal Mail is now one of the founding members of the menopause charity GenM which offers access to resources. We have supportive policy approaches in place.

Collaborating with Alzheimer’s Research UK and the British Heart Foundation

We work with a number of UK health charities to ensure we are providing colleagues with the most up-to-date information and research. During September 2021, we worked with Alzheimer’s Research UK – using the Royal Mail Think Brain Health hub and Think Brain Health e-learning to raise awareness and promote the ways our people can reduce personal risk of developing dementia. We continue to work with Alzheimer’s Research UK and provide permanent access to the Think Brain Health hub as an additional valuable resource to support colleagues with their health and wellbeing.

In February, as part of National Heart Health Month and in partnership with the British Heart Foundation, we launched a trial of RevivR, a digital cardiopulmonary resuscitation (CPR) training tool. As one of the largest employers in the UK, we were asked to participate in the testing phase of the launch to help the British Heart Foundation perfect its training tool. As one of the largest employers in the UK, we were asked to participate in the testing phase of the launch to help the British Heart Foundation perfect its training tool. The training provides people with the necessary skills to give lifesaving CPR and feel confident about using a defibrillator. The free, easy to use, digital training tool teaches users the essential elements of CPR in just 15 minutes.
Our people strategy

Royal Mail is an iconic heritage brand, and our people have been at the heart of who we are and what we do for over 500 years.

Our culture is special because it is based on trust. If we all feel trusted and trust in others, we learn faster, and find better ways to work together and accomplish more. We also know that it leads to stronger ‘trust at the doorstep’ which is critical for our growth.

This year, our people once again have performed at their best. It is testament to them and our culture of trust that we have served our customers and communities with dedication, passion and care, while maintaining an unwavering focus on health and safety.

Drawing on these foundations, we are building a renewed and reinvigorated workplace that prepares us for the future and will help us achieve our ambition to become the ‘best company to work for’. We are working hard to create an environment in which our people can thrive and be valued for who they are and what the value they bring to Royal Mail.

In doing so, they will also embody our values that provide the essential framework through which we behave towards each other and our customers.

These values also underpin the key aims of our people strategy, which are as follows:

— Aim higher on safety: Going even further to protect the safety of our people
— Build trust with our colleagues: Engaging our workforce more openly and honestly, with a modern and relevant value proposition for Royal Mail, underpinned by trust
— Invest in and build capability: Investing in workforce training, leadership and succession to foster the best talent in the appropriate role
— Unlock pace and productivity: Streamlining and simplifying our processes to ensure our people can be their best and in doing so create a performance-driven culture where everyone is focused on delivering more for our customers
— Create a next generation workforce: Future-proofing our workforce for the Royal Mail of tomorrow, through investing in diversity and generational change, and ensuring our people and fully equipped to work healthily and happily

The commitment and adaptability of our colleagues has been extraordinary and we would like to express our gratitude to everyone for their exceptional service during this year and for truly living the Royal Mail values every day.
Building our culture based on trust

We want to own ‘trust at the doorstep’ by being brilliant for customers, having trusted relationships everywhere and growing our business.

The last 12 months have seen us continue to build on our agenda of Trust. Owning trust at the doorstep is our mission and to achieve this we must continue to build better relationships with our people – helping shape and support the reinvention of Royal Mail for future generations.

As we continue to improve our culture, we maintain the pride our employees have in working for Royal Mail and the camaraderie they share, but we also create an environment where:

— Greater numbers of our employees feel valued and respected
— There are better lines of communication between managers and employees
— Employees feel listened to and their feedback is actioned
— Our processes are simpler and easier
— Our people have the tools they need to do the job effectively
— Employees take responsibility and accountability for their work
— Performance management is recognised and embraced as a key lever for business success

Key activities this year included:

— A ‘Day In The Life Of’ – eradicating activities and consolidating policies for frontline managers that steal time and allowing them to be brilliant for their people and customers
— Building a Royal Mail Academy to train and invest in managers, starting with frontline operational managers, by equipping them with the right suite of skills to do the job effectively
— Designing and executing an apprenticeship programme to bring in the next generation; focusing on talent to ensure we have the right skills and drivers in our employees to achieve our business aims; giving our people the right tools to be successful
— Repairing trade union relationships and executing key Pathway to Change activities to promote fairness and efficiency in our offices. Further information on the above activities provided throughout this chapter.

Measuring our progress

We measure our progress primarily through our Trust survey which replaced our annual Employee survey in FY2021-22. This saw us run our first Big Trust Survey with over 66,000 colleagues taking part, almost 50% of our workforce.

Understanding what matters most to them has given us a great starting point to build upon both locally and nationally and we have kept the dialogue going through our monthly Trust Check-in programme.

This year, accessed digitally, colleagues have been asked to complete a short questionnaire designed to measure trust and other key areas of activity including their perceptions of transformation activity. We saw over 14,000 delivery colleagues use their handheld scanners (PDAs) to take part.

Running over a six-month period we have re-surveyed every colleague to test progress and over 97,000 colleagues have shared their views as part of this approach.

Big Trust Survey 2022 results

Our Trust Score has seen a significant increase from 62 to 68 in a year, with participation in the Big Trust survey growing from 48% to 69%.

Next steps

Too few of our colleagues report that they have seen action taken as a result of their feedback – acting on feedback is what matters most and this is a key area of focus for us.

Our trade union partners play an active role in supporting great local action plans and with their support we have developed additional support and upskilling to ensure conversations happen locally with greater visibility and involvement in making change happen. This will be measured through our monthly Trust Check-in approach that will start in the summer.
Social

Working together

An ongoing communication programme around our corporate action plan activity has kept our colleagues updated on progress with the opportunity to follow up on any specific questions through weekly direct access to the Executive Board.

We have seen good progress and, more importantly, so have our people. From building trust in senior leadership, feeling involved in decision making and more open and honest communication – we have seen performance improve.

The real focus from our employee listening programme, however, remains making change at a local team level and over 2,000 action plans have been developed with the support of our colleagues and trade unions. 61% of our people have been developed with the support of our DEI community with colleagues from across the country to help shape our strategy for 2022 and beyond. We recognise that it is really important to set targets for inclusion as well as our demographic diversity which will be done for Q1 in FY2022-23.

Effective communication

We work hard to ensure there are direct lines of communication between managers and employees. We use a number of channels to communicate with our employees: face to face through group briefings, written – through our award-winning magazine Courier – and digitally through a number of platforms including email, intranet and Workplace by Meta.

Since launching our online collaboration tool, Workplace by Meta, at the end of March 2021, more than 45,000 (30%) of colleagues have joined. More colleagues are actively engaging in the Trust conversation on Workplace, improving both openness and transparency in our communication across the Company. Workplace gives everyone at Royal Mail a voice, and creates opportunities to share ideas, solve problems and have conversations.

Our unions

In the UK we recognise two trade unions: the CWU and Unite/CMA. Around 89% of our operational and administrative-grade employees are members of the CWU and approximately 65% of our managers are members of Unite/CMA.

We estimate that approximately 99% of employees are covered by our agreements with these two unions.

We work closely with our unions with the aim of maintaining a productive and positive relationship, and our agreements with them are designed to support industrial stability. During the year, we lost 174 days to localised strike action, a 50% decrease from the prior year.

This year, the key focus for our relationship with both Unite/CMA and the CWU has been to ensure colleague safety while delivering customer services. The COVID-19 pandemic brought major changes in customer demand which had a big impact on every one of our operating sites and required the Company, colleagues and unions to respond.

At the same time, we have worked with the unions to secure the financial position of the company and create the foundations for future success. With Unite/CMA we negotiated and agreed the Unite/CMA Transformation Agreement which outlined our future ways of working. We also consulted on a substantial restructure of the management team and achieved a significant reduction in numbers via voluntary redundancy schemes. With the CWU we continue to work to deploy the Pathway to Change agreement with the structural deployment of around 1,800 revisions throughout our network.

In FY2022-23 we will continue negotiations with both Unite/CMA and the CWU on respective pay deals.

Dignity and respect in the workplace

Royal Mail is dedicated to ensuring a workplace where everyone feels respected and able to succeed. In FY2021/22 we saw a 25% increase in bullying and harassment complaints compared to the year before. This increase is largely attributed to greater awareness of our policy created through more extensive communications activity. Importantly, the number of complaints upheld was lower at 30.7%, compared to 45.5% in FY2020-21. This year, 79.6% of all cases referred to our internal mediation team were successfully resolved.

Notwithstanding, we are working to improve our investigations and appeals processes. In 2021, we worked with our unions to refresh our Stop Bullying and Harassment policy. The policy sets out our formal procedures, how to raise concerns and the support available for resolving issues. We also implemented a new software tool for our managers to provide additional guidance in completing investigations. Lastly, we updated our bullying and harassment approach to ensure appeals are heard outside of the direct reporting line so that our people can raise concerns without fear of retaliation.

Going forward, we continue to work with our unions on the approach to raising concerns at work and will introduce some dedicated roles in HR with a view to hearing complaints in a more timely manner.
Our Diversity, Equality and Inclusion ambition

Our DEI ambition, strategy and roadmap directly support our business strategy of having a fit and healthy workforce that reflects the broad diversity of the communities we serve and builds trust on the doorstep with our customers. We want to build our reputation for having an inclusive, fair and accessible workplace where everyone can grow, develop and succeed, making us the best employer in every village, town and city.

Our focus in FY2021-22 has been to clarify our DEI ambition, our strategy and our roadmap, whilst continuing to deliver existing projects. This year we have worked hand-in-hand with more than 100 colleagues via our ‘future focus’ workshops to listen to the voices of our colleagues at all levels and from all parts of the business. We wanted to involve them in creating our DEI ambition and to build trust and support for a redoubling of our combined efforts to deliver ambition for FY2022-23 and beyond.

Diversity
We are open to everyone, regardless of individual differences people have or identify with personally and professionally.

Equality
Our frameworks, policies and processes enable opportunity, access, participation and contribution that are fair and inclusive to all groups/individuals.

Inclusion
We have a reputation for having an inclusive and accessible environment where everyone is valued, feels they belong, is valued for their contribution and can grow, develop and succeed.

In line with our refreshed DEI ambition, we have agreed several new all-Company targets for female representation (all levels), senior manager ethnic minority representation (levels 1-6) and young people (frontline employees below level 6). We have also agreed additional demographic targets with our RM UK Executive Board for Female (levels 1-6) and ethnic minority representation (all levels). Our current representation vs our new targets can be seen below. All DEI targets are to March 2025.

Gender pay gap
We believe that all our people should be rewarded fairly for their work, regardless of gender. We have a well-established gender-balanced shortlisting process for our posties, this year we introduced this for senior level recruitment and developed a gender decoder to ensure our advertising is free from bias. Every year, we conduct a Company-wide review of pay for men and women in our UK business. We are pleased to report that the total average pay for male and female employees continues to be broadly the same, with the pay gap (on a mean basis) narrowing from the same period in 2020. Our 2021 Gender Pay Gap Report provides further information.


The Times Top 50 Employers for Women
The Times Top 50 Employers for Women highlights the organisations that are transforming what it means to be a woman in the workplace. For each employer, gender equality is central, and their innovations to achieve it remarkable. In 2021, we were listed as a Times Top 50 Employer for Women for the eighth consecutive year, in recognition of our efforts to improve the gender balance in the organisation.

Our DEI networks

Over the last year we have worked closely with our employee network groups and now have seven national networks, bringing together and galvanising all DEI activity and passion across the business. Senior leaders and representatives from our seven national networks meet quarterly as part of the One Royal Mail DEI Action Group.

Women’s National Steering Group
The Women’s National Steering Group exists to promote inclusivity and create a sense of community, celebrate success and create an open and safe space to talk about issues experienced by female colleagues.

2021-22 proud moments:
- Director of Corporate Affairs, Jenny Hall, joined the steering group as the Executive Sponsor.
- everywoman membership increased by 15% to 2,030 members.
- Celebrating International Women’s Day with an online event to celebrate our new partnership with GenM and nominations for this year’s everywoman Transport and Logistics Awards.

LGBTQ+ & Friends
The goal of the LGBTQ+ network group is to champion and celebrate Royal Mail Group as the best LGBTQ+ employer and a recognisable LGBTQ+ hero within the community, and to celebrate a workforce who are free to be themselves.

2021-22 proud moments:
- Celebrated Bi Visibility Day by raising the Bi flag at nine Royal Mail buildings across all four nations.
- Spotlighted some of our LGBTQ+ SME customers throughout the month through a series of case studies across Royal Mail social media platforms.
- Hosted a virtual event to mark Transgender Day of Remembrance in November.

Disability & Friends
The Disability & Friends network group is for anyone interested in disability inclusion, to engage in a conversation or ask for help. Royal Mail is proud to be part of the UK’s Disability Confident scheme and to achieve Disability Confident employer status.

2021-22 proud moments:
- Partnering with the Business Disability Forum to provide free access to resources for all Royal Mail employees.
- Receiving Disability Confidence Accreditation Level 2 from the Department for Work and Pensions.
- Launch of virtual coffee mornings for the group via Workplace.

Parents and Carers
The network was created to enable employees with caring responsibilities to work effectively on a day-to-day basis whilst fulfilling their caring responsibilities and to promote a culture of inclusiveness.

2021-22 proud moments:
- Developed relationships with Employers for Carers, Working Families and Carers UK to provide subject matter experts.
- Hosted a benchmarking event with carers groups from 12 different businesses in conjunction with Carers UK.
- Marked Carers Week in June, raising awareness of the support available to colleagues across the business.

Embrace
Embrace aims to create a positive and uplifting work environment, where everyone feels at ease, is treated fairly and can access opportunities to realise their full potential.

2021-22 proud moments:
- A brand refresh of the network relaunching as Embrace with over 1,000 members.
- Worked with our recruitment colleagues to increase applications from ethnic minority communities including more inclusive language and images in job advertisements.
- Celebrated Black History Month with a communications campaign profiling key Black figures from history and sharing colleagues personal stories throughout October.

Youth
The Youth national network brings together the work of the Youth Board and the Youth & Friends network.

2021-22 proud moments:
- Launched a youth feedback board and Youth & Friends steering group – inclusive of frontline employees.
- Conducted an Early Careers Survey for ‘connected’ under 30s.
- Developed a Development Value Proposition for early careers with The Smarty Train.
Looking ahead

We have an exciting and ambitious DEI strategy that makes the most of our heritage and our geographical reach. Whilst our key area of focus is to build an inclusive environment that will enable us to recruit and retain the best diverse talent at Royal Mail, we are going further than this. As well as looking internally, we are committed to driving positive societal change by spearheading DEI collaborations with large, national customers and other stakeholders to work together for the benefit of our broader society and the communities in which we operate.

We have developed five strategic pillars to drive the progress required to increase our diversity and develop an accessible and inclusive culture for everyone. Our strategy makes the most of our rich heritage, our geographical scope and our access to customers and stakeholders.

- **Increasing diversity**: Increasing the diversity of leadership and talent across Royal Mail at all levels.
- **Generational transformation**: Transforming our generational profile by spearheading the biggest ever growth in entry level opportunities.
- **A force for good**: Partnering with our big, national customers we will lead the way in social mobility and make progressive societal change within our broader communities.
- **An inclusive environment**: An environment of inclusion, fairness and accessibility for all, where everyone is valued for their contribution and can grow, develop and succeed.
- **Vibrant national networks**: Vibrant and inclusive national networks, open to everyone, creating trust, challenge and progress.
Learning and development

Our commitment to learning and development drives results across our business. We offer learning and development opportunities to colleagues at all levels of our organisation. We aim to provide the tools, knowledge and resources for people to have fulfilling careers at Royal Mail. In FY2021-22, we invested £6 million in training, equivalent to 23,000 training days compared with 19,000 in FY2020-21.

The Academy
This year we rebranded our learning offer to ‘The Academy’. Royal Mail is on an ambitious transformation journey and the Academy plays a critical role in this. The purpose of the Academy is to:

- Build the future-ready leadership we need at every level
- Fuel Royal Mail’s business transformation, and be a critical component in the strategy
- Create a new culture of growth, innovation and learning for Royal Mail
- Boost Royal Mail’s reputation as an employer of choice

The Academy will create a culture of learning, connection and possibility. It is designed to develop the next generation of talent who will continue to re-invent Royal Mail and make an impact to our customers and the communities we serve.

Our employees can access the Academy through the classroom, virtually, digitally and ‘on the job’ with learning content to support an upskill in leadership capability as well as practical support to help people complete their roles to the best of their ability. The Academy is focused predominantly on frontline leaders.

A formal launch is planned for September 2022 with a view to opening up the Academy to all employees by the end of 2023.

Managing performance
We carry out annual performance reviews with all our managers. We appraise non-managers using a different process that is better suited to their career development.

We assess the skills of our frontline employees (our posties) against our standard operating procedures, to identify skills gaps and development opportunities. As part of this process, line managers and workplace coaches develop coaching and action plans to help all of our people improve their performance. We continue to evolve the way in which we set, achieve and review our goals to align more closely with the Company’s ambitions and values.

A Disability Confident employer
We remain committed to supporting disabled applicants and colleagues at all stages of the employee cycle. We provide training, career development and promotion opportunities, while our operations managers complete Disability and Reasonable Adjustments training to ensure that they are confident and effective in supporting colleagues with disabilities.

We provide support and training for colleagues with existing disabilities and for those who have become disabled during their employment. Royal Mail is proud to be part of the UK’s Disability Confident scheme and achieved Disability Confident employer status.
Early careers

We are committed to recruiting diverse talent so that our workforce better reflects the diversity of the communities we serve. Every year we welcome hundreds of apprentices, interns and graduates join as part of our early careers programmes.

This year, we focused on developing an action plan to attract and retain the next generation of postal workers.

Pre-employment programmes

As part of our commitment to bringing in new talent to Royal Mail we are looking at a number of pre-employment programmes to support those looking to start a career with us. Programmes include work experience and industrial placements.

In 2021 we hosted our first digital industry placements for T Level students partnering with Oldham College. T Levels are the equivalent of three A Levels but focus on subject areas that are aligned to developing key skills for business and industry.

Part of the qualification is an industry placement which gives students the opportunity to apply their learning in a workplace setting and contextualise some of the taught theory. Oldham College digital students were placed in various operational settings to experience how technology is driving and supporting our business for a period of 10 weeks.

We plan to extend the scheme in FY2022-23 to include new T Levels launched in September 2021 e.g. Engineering, Finance, Digital Media Production and Management & Business Administration. T Levels form an important source of talent acquisition for our early careers initiatives and introduce Royal Mail to the 16 -18 age group as an interesting and future-focused employer that can offer a huge range of career opportunities.

Apprenticeships

In 2021, we launched our new entry level Postal Apprenticeship scheme. The programme is committed to increasing social mobility and helping to provide opportunities to those who have been impacted by the pandemic and the challenging and often difficult circumstances that resulted. The programme has been constructed to give those with little or no experience of work a real start. This year we are increasing the number of apprentices joining the scheme.

This year, as part of National Apprenticeship Week, Minister for Small Business, Consumer and Labour Markets, Paul Scully MP, visited South East Distribution Centre in Kent to meet with some of our apprentices (Image above).

We also offer an engineering management degree apprenticeship in partnership with the University of Central Lancashire. The degree is a blend of leadership and technical development for future senior engineering leaders. In September 2021, all 10 of our first Engineering Degree Apprentices completed their Apprenticeship with Distinctions and First Class Honours.

As one of the UK’s largest employers, we continue to support the Apprenticeship Levy transfer programme by the Education and Skills Funding Agency (ESFA). Since 2019 we have committed to supporting partners with Levy transfers totalling £13,234,016. We focus on supporting charities, third-sector organisations and requests that have a positive impact on individual lives and communities. Partners this year have included Anthony Nolan, the London Ambulance Service and the AllBright Group.

£13 million transferred through our Apprenticeship Levy since 2019

As an active member of the Good & Fair Employer’s Club we have pledged never to charge exit fees from any of our early careers programmes and further to cease to trade with suppliers who do engage in this practice. We strongly believe that to financially disadvantage young people at the beginning of their career is not an acceptable practice.
Career development

We are committed to investing in our employees, equipping them with the skills they need to deliver our business strategy. We aim to offer them fulfilling careers, and opportunities for continuous development in the workplace through the provision of a wide range of learning and development initiatives.

The LGV apprenticeship

Delivered in partnership with System Group, the large goods vehicle (LGV) apprenticeship programme is designed for people with one to two years’ driving experience to give the opportunity to train as an LGV driver for Royal Mail. The programme is designed to be a mix of both in-the-cab and classroom training delivered through our external partner and supported by qualified Royal Mail driver coaches. It will also teach best practice, road safety and customer service.

The driving academy

Royal Mail already runs the largest fleet of LGVs in the UK within the logistics industry. The Academy includes a dedicated LGV driver apprenticeship scheme with the first cohort of approximately 20 apprentices. Based in locations across the UK, apprentices will start on a £20,000pa salary for the duration of the 13-month programme, with the opportunity to enhance earnings as their experience grows. It leverages the government’s Skills Bootcamps to enable training for over 500 Royal Mail colleagues to reskill and become HGV or MGV drivers. The Academy also provides vital refresher training to ensure all our drivers have first class skills and are safe and legal.

Driver career path programme for MGV drivers

We also introduced a programme called ‘Driver Career Path’ which offers two training pathways:

- Car to Manned Ground Vehicle (MGV) Pathway is a 12-week course designed to offer current Royal Mail employees with a car licence a route to an MGV licence
- MGV to LGV Pathway is a four-week course designed to offer existing Royal Mail employees with an MGV licence a route to an LGV licence

This programme is designed to introduce a pipeline of qualified LGV and MGV drivers who are road ready in a more intensive programme than the apprenticeship. Our aim in FY2022-23 is to move 500 existing employees into driving roles as they become available.

Senior leadership development

We deliver a number of senior leadership opportunities through both our apprenticeship programme and higher education programmes. For example, we work with Corndel and Imperial College London to deliver a senior leadership apprenticeship with the University of Reading, Henley Business School and Cranfield University to deliver a senior leader Executive MBA, MSc in Management and a Future Leaders MSc programme designed for graduates and future talent who will be future executives. These programmes are designed to support managers to make a smooth transition from middle to senior roles. Each programme is tailored to each individual’s career path.

Case study

Everyone starts somewhere. For Katie Murray, that was on stage as a ballet dancer before she made her way to Royal Mail, she wanted a job that would keep her fit. After gaining experience in all aspects of delivery and collections, Katie stepped into a trainee manager role before becoming a customer operations manager (COM). She joined the Youth Board to work with like-minded people to try and achieve change at a greater pace.

The Youth Board is a group of our younger employees from all areas of the business who have come together to give us a different perspective on business challenges. We created the Youth Board to help us reinvent Royal Mail for the next generation.

Looking forward

Earlier this year, we commissioned research with Pathway CTM and The Smarty Train to look at values and perceptions of the future talent. The outcome of this work has produced an exciting agenda for future talent development and the launch of Project Next Generation.

Our focus for FY2022-23 onwards is to address workforce gaps in skills and capability, continue to focus on generational and positive diversity change and enable more flexibility for our workforce in the way that they work.
Protecting our customers

As the Universal Service Provider and a responsible business, we have an obligation to ensure that our products and services are available and accessible to all. During the year we have worked on a number of new products, projects, and cost changes to our services to support our customers.

Redirection cost changes for those on Universal Credit

In November, we announced a change in cost for our redirection service for customers on Universal Credit. These included customers receiving Child Tax Credit, Housing Benefit, Income Support, income-based Jobseeker’s Allowance (JSA), income-related Employment and Support Allowance (ESA) and Working Tax Credit. The initiative builds on discounted rates already in place for customers on income-based JSA and Pension Credit. From 29 November, customers saw their discount increase and brought in line with the new concession prices. To support the rollout, we are launching a new dedicated phone line for customers receiving Universal Credit and Pension Credit when they apply for the new discounted redirection rates.

Free redirection service for victims of domestic abuse (Fresh Start)

In July, as part of our continued partnership with crisis charity Hestia, we launched a new initiative with fellow corporate partners of the charity: HSBC UK and Uber. The Fresh Start initiative provides potentially life-saving support to victims of domestic abuse in 27 London refuges. As part of our commitment we provided free redirection for women and children in London refuges to their new address. Further information on this and our wider partnership with Hestia is provided on page 38.

Stamp out scams

During the pandemic, there has been a sharp increase in phishing scams as fraudsters take advantage of large numbers of people staying at home. Royal Mail works hard to prevent and detect fraud, working with UK law enforcement agencies, Trading Standards and other organisations to share information and support robust proactive action against scams. We report any offending sites and suspicious numbers to the appropriate authorities as soon as we are made aware of them. In addition, Royal Mail’s security team is working behind the scenes with law enforcement agencies to provide as much intelligence as they can in helping to track the fraudsters.

As well as providing useful help via our customer services channels, customers looking for additional advice on how to spot a fake notification can do so by visiting our website for examples of scams and get advice on taking appropriate action. The website now provides even more helpful guidance on how to avoid falling victim to scammers.

We have also implemented a mechanism for members of the public to report suspicious emails or texts they receive – the email address and the content of the email/text is analysed and if they are found to contain any malicious links (not already identified by the cyber crime disruption service) they are taken down.

To tackle the increasing rise of malicious and fraudulent websites targeting Royal Mail and Parcelforce, we have recently partnered with a new vendor to implement a cyber crime disruption service. This service is able to monitor, detect and take down these malicious and fraudulent websites and does so on a huge scale. Since the launch in February 2021, nearly 40,000 attacks have been disrupted.

Further information on protecting our customers from cyber crime and protecting their data is provided on page 52.
Owning trust with our customers

Understanding and responding to our customers’ expectations is an integral part of how Royal Mail does business. While we work hard to get everything right, there are times when problems arise.

Addressing and fixing these issues is an important part of being easy to do business with. This year, we received 662,600 complaints. This is a 7.6% increase compared with last year. The increase was driven by a number of factors including the significant impact of the COVID-19 pandemic and a higher number of redirection complaints due to a more buoyant housing market.

This year we deployed many changes to improve the customer experience for both account customers and consumers; for example:

— We continue to offer greater flexibility to customers who need to contact us by phone. This year, we extended our Customer Experience contact centre opening hours, meaning that our lines are open 20 hours per week more than last year, including additional hours on Saturdays and Sundays
— For account customers we simplified the claims process to make it easier to submit a claim and faster to resolve an issue
— We improved the process for business customers ordering mail supplies by simplifying access and navigation of the ‘shop’ and via an easy to use Smartform to contact us

— For our international posters we helped them to prepare for the EU VAT e-commerce changes in July by creating a dedicated website. As part of this we developed a robot to assist with international claim handling

Quality of Service

At the start of the year we set out plans to get back to consistently achieving our regulatory quality of service targets, which had been suspended for part of the pandemic in recognition of the challenges Royal Mail had to face with COVID-related absence, and the introduction of more social distancing across our operation. We are disappointed to say we have not achieved this. We have faced some challenges in recruitment due to a buoyant job market as well as coping with the change of traffic mix in our operation, with more parcels and fewer letters versus pre-pandemic. Further, COVID-19 had a more prolonged impact on our business than we had expected, with high levels of absence during the ‘pingdemic’ in July and the rise of Omicron in particular.

At the peak of Omicron, absence levels were double what we would expect to see at that time of the year pre-pandemic, with over 15,000 people off sick in January 2022. Although we took immediate steps to restore a comprehensive service, which involved recruiting additional temporary staff and establishing a specialised dedicated Delivery task force to provide targeted support to the most impacted offices, our Full Year Quality of Service results were disappointing, at 81.8% for First Class and 95.4% for Second Class.

We are delivering a good service in most delivery offices, but there are a small number where the quality performance is disproportionately impacting overall numbers. We have over 1,200 delivery offices, and around 4% are responsible for around 23% of delayed items.

The experience of the past 12 months has shown that we need to change our model in Delivery. As a first step, we have reduced the leadership layers from 8 to 5 to remove bureaucracy and push decision making close to the customer so we can act with speed. This has reduced the maximum team size from 56 to 44, with two thirds of delivery offices having fewer than 35 people per manager.

Providing value for money

Our stakeholders rank customer service as a material issue for our business. For stakeholders, customer service is one of the determining factors in choosing Royal Mail as a provider. In March, we announced that the price of our Letter First and Second Class stamps increased to 95p and 68p respectively. We considered these pricing changes very carefully in light of the long-term structural decline in letter usage and rising inflation. Letter volumes have declined by more than 60% since their peak in FY2004-05, and around 20% since the start of the pandemic.

Overall, these changes are broadly in line with inflation and are necessary to ensure the one-price-goes-anywhere Universal Service remains sustainable. The Universal Service Obligation requires Royal Mail to deliver letters to 31 million home and business addresses across the UK six days a week at the same price. Royal Mail’s stamp prices remain among the best value in Europe compared with other postal operators. Royal Mail research shows that the European average price for First Class letters (0-100g) is £1.36.

Supporting SMEs

Our goal is to create a more agile customer-focused parcel business centred on three key priorities: Customer, Trust and Growth. We will continue to provide a UK-wide trusted service that is focused on the customer. Providing the Universal Service means that we are able to provide the depth of coverage, value for money convenience to help support small medium-sized enterprises (SMEs) wherever they are based in the country. SMEs benefit from greater flexibility using Parcel Collect and Click & Drop as well as discounted prices for purchasing postage online. We help SMEs compete with larger businesses while giving consumers greater choice.

This year we continued to build support for our SME community through our SME hub. The hub provides advice and guidance for SMEs online to help them grow their business. In February, our business Instagram account celebrated LGBTQ+ History Month by sharing content by our LGBTQ+ owned SME customers. We gave business owners the chance to share information about their business and the importance of LGBT History Month.

“Royal Mail’s commitment to the environment really meshes with our values. Having a partner that shares our values is key. It is incredibly important that our parcels are delivered by people that we trust.”

Bruce Halai-Carter
Co-founder Ethical Stationery
Royal Mail seeks to be an integral, valued and trusted part of every community that our service reaches. Our main contribution to communities is our social and economic impact. As the provider of the UK’s Universal Postal Service, Royal Mail is in a unique position to play an integral part in the UK’s economy. We make the seventh largest contribution of any UK-based company to the UK economy.

We build on the economic and social impacts of our operations by investing in strategic partnerships and finding ways to use our heritage and business assets to contribute to society. This year, to further investigate our impact on local communities we commissioned the Centre for Economics and Business Research (Cebr) to look at Royal Mail’s role in supporting social inclusion. Assessing our impact on social inclusion involved looking at disparities between individuals and communities in terms of access to and opportunities for services, jobs and infrastructure.

The study found that Royal Mail disproportionately employs individuals in Local Authority Regions that face high deprivation rates. 32.4% of all Royal Mail employees work in Local Authority Regions that fall within the bottom two deciles for deprivation, which is an increase of 2.3% on previous analysis. Deprivation in this context includes a weighted rank for each Local Authority Region on income, education, employment, health, crime rates, barriers to housing and general living environment.

Further information on the above study, its methodology and other data provided by Cebr can be found here: https://www.royalmailgroup.com/en/sustainability/reporting-and-performance.

1 Articles for the Blind is a free postage service for blind and partially sighted people. It delivers audio and electronic media, as well as magnifying glasses and mobility aids, with no charge. We have provided this service for over 50 years. This year, we delivered approximately 1.4 million items free of charge. This represents an investment by Royal Mail of around £1.5 million.

2 We commission the Centre for Economics and Business Research (Cebr) to carry out regular impact assessments of our UK business. We used 2021-22 financial performance data to quantify our contribution to the UK economy.
Continuing to support our communities through the pandemic

Throughout FY2021-22 Royal Mail have been an integral part of the nation’s fight against the COVID-19 pandemic. We worked closely with the Government, pharmacy companies and NHS trusts across the UK by delivering test kits, prescriptions and vaccination and hospital appointment letters. Royal Mail has been a key partner for the Government’s COVID-19 testing programme since the start of the pandemic, delivering and collecting test kits across the UK since April 2020. Our responses for every Invitation to Tender issued by the Health Security Agency have been successfully won by our sales team. This has seen Royal Mail deliver and return in excess of 150 million PCR test kits plus c.100 million 7-pack kits of Lateral Flow Devices.

The COVID-19 pandemic has intensified existing social and economic challenges, and created many new ones. We understand that we have an important role to play in the recovery of local communities and economies, particularly by supporting the health of those affected by the virus. Please see page 34 for further information on how we are supporting our customers.

Honouring the heroes of the coronavirus pandemic... on stamps

In 2021, we launched a competition for children across the UK to design a stamp to celebrate their ‘heroes of the pandemic’. Entries were submitted from 7,479 schools. The competition received 606,049 entries, securing a Guinness World Records title for the largest postage stamp design competition. The designs received celebrated a wide range of heroes, including NHS workers, mums, dads, carers, refuse collectors, cleaning staff, teachers, supermarket workers, public transport staff, delivery drivers and, indeed, our posties.

Stamp competition

In September, Royal Mail were recognised at the CIR Annual Business Awards winning the ‘Resilient Workforce’ award. Our submission highlighted putting our employees at the heart of continuity planning as the business responded to the challenge of COVID-19 and keeping our business safe.

The final selection of eight designs was chosen by His Royal Highness The Prince of Wales. The Prince has previously chaired the judging panels for stamp design competitions run by Royal Mail in 2013 and 2017. As with all Special Stamps issued by Royal Mail, the final eight stamps were sent to Her Majesty The Queen for approval before they were printed and issued.
Our community investment strategy

We support causes where we can make a significant impact in society and use our core business competencies, people and brand to benefit good causes. Our community investment strategy focuses on the following strategic themes:

- **Leveraging our national scale**
- **Using our local presence**
- **Unlocking potential through education**

Further details on how we deliver on these strategic priorities is provided on pages 38 to 44.

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**Online Safe Spaces and Fresh Start**

In September 2020, in response to a reported increase in domestic abuse during the COVID-19 pandemic, Royal Mail, in partnership with the charity Hestia, created Online Safe Spaces (OSS).

The OSS service provides support, advice and helpful contact numbers for those experiencing, or at risk of, domestic abuse. The discreet portal, which was developed in-house by our Parcelforce IT team, opens in a pop-up window which can be installed on both internal and external websites. It leaves no internet history trace and provides quick exit options for the person seeking information.

To date the portal is now live on 64 UK company websites including the Post Office, Thames Water, Network Rail and British Gas. We estimate that the number of users has reached 1 million since launch. OSS supports the UK SAYS NO MORE campaign which unites and strengthens a diverse community of members of the public and organisations nationwide to actively take a stand against domestic abuse and sexual violence.

In July we continued our support for Hestia in partnership with Uber and HSBC UK to launch ‘Fresh Start’. The initiative aims to help women and children staying at Hestia’s domestic abuse refuges in gaining financial independence and the security to flee domestic abuse safely and save lives. Hestia currently provide support in 27 refuges across 11 London boroughs.

**The offer gives victims:**
- Free redirection: They will also be able to ensure post is redirected from their previous address to their new accommodation, free of charge and in confidence with Royal Mail
- Free rides: Access to rides with the payments covered by Uber to a Hestia refuge in London
- A new bank account: Once in safe accommodation, victims can take control of their finances and open a basic bank account through HSBC UK’s No Fixed Address service

Fresh Start has been launched as a 12-month trial in London with a view to investigate whether the initiative can be rolled out nationally.

“The ‘Fresh Start’ initiative with Royal Mail, HSBC UK and Uber will address these practical hurdles by removing the added pressures of fleeing abuse and allow women and children to recover from their trauma. When businesses come together, we know it can save lives.”

Nahar Choudhury
Regional Director of Operations at Hestia
Leveraging our national scale

Supporting the people of Ukraine

The Russian invasion of Ukraine is causing a humanitarian emergency on a scale not seen in Europe since the Second World War. The conflict has already caused an increase in the cost of energy, shipping and some Commodities, exacerbating the negative economic consequences of the COVID-19 pandemic. In addition to supporting the DEC with our PO Box service, we launched an internal fundraiser for the British Red Cross and matched all employee donations. At the end of March, our incredibly generous colleagues had donated over £60,000, with match giving applied the total was £120,000. The fundraising appeal will continue in to FY2022-23.

To further enhance our support for the people of Ukraine we worked closely with the Ukrainian Embassy about their specific needs and how we could provide logistics support. So far, we have supported with vehicles travelling to Poland as part of the Ukrainian Embassy’s aid effort carrying food donated by British Army suppliers. The first truck arrived in Poland w/c 7 March. We have pledged further support with up to five trucks a day for 30 days transporting essential food products, representing an investment of c.£0.5 million.

Our support has also extended to the CWU Humanitarian Aid charity in the North West region which is working with the aid charity Caritas, providing the charity with one of our trucks to aid its support for Ukraine refugees.

Update on our Charity of the Year programme

A successful Charity of the Year programme incorporates all elements of our community investment strategy, providing a multi-year partnership with one charity to provide a unifying cause for employees with opportunity to raise both awareness and significant funds for one proposition/cause.

Following a pause in FY2020-21, due to the COVID-19 pandemic, we are pleased to announce that we will be looking to appoint a new partner in FY2022-23. We look forward to sharing the progress of our partnership in our FY2022-23 report.
Employees are encouraged to support charitable causes that are important to them. In larger or more geographically diverse businesses, charitable giving and fundraising can be a powerful tool for uniting colleagues (and customers) behind a common cause.

**Missing People**

Our people are present in every community across the UK; as such we are uniquely placed to support in the search for missing people. We have been supporters of the charity Missing People since 2014. We support the search for missing people, through location specific alerts sent to our posties via their handheld scanners (PDAs).

**FY2021-22 partnership highlights**

In December, we supported Missing People’s, ‘Home for Christmas’ campaign with a donation towards the Helpline over Christmas. In that time, Missing People was able to support 512 children, adults and families via its Helpline and Online Chat. In addition, our employees raised £2,600 from our annual stamp enlargement auction to support the charity.

To further support the campaign, we ran a 12-hour social media takeover with Missing People. Missing People took over Royal Mail’s Instagram and Facebook pages with access to over 57.5k followers. The aim was to raise awareness around the issue of missing people, what Missing People does as a charity and to celebrate our partnership.

“We are so grateful to you – our fantastic long-term friends at Royal Mail for the wonderful partnership that we have. I love it that our mission – to be a lifeline when someone disappears – meets your mission to have a positive relationship with your customers, your people and your communities – what a match!”

Jo Youle, CEO, Missing People
Supporting our local communities

Our volunteering grants are allocated to units rather than individuals. Earlier this year the security team applied for a volunteering grant to fund team member Danny Gates’ volunteering work as an emergency blood courier in his spare time. Royal Mail is incredibly proud of the work our people do for their community both in and outside of work. The volunteering grant gave Danny the means to cover fuel expenses for this vital role.

“Danny is now awaiting the arrival of a new bike and enrolment into the Blood Bikers, where he plans to give up a few weekends and evening every month in order to support this worthy cause, helped in no small part by Royal Mail’s sponsorship.”

Derek Pratt
Head of Protective Security

Payroll Giving Week

To celebrate Payroll Giving Week 2022 we launched a month-long promotion to offer to match new sign-ups to the scheme. Royal Mail has one of the largest Payroll Giving schemes in the UK with 32,000 donating both weekly and monthly. In FY2021-22, our employees donated a total of over £2 million via Payroll Giving.

“Royal Mail’s support of Barnardo’s through Payroll Giving has enabled us to support thousands of children and young people. Over the last three years, Royal Mail employees have donated over £250,000, which has allowed us to provide life-changing support for those who rely on us most, whether that be young carers, those who have been exploited or those leaving care.”

Terry Stokes
Senior Workplace Giving Manager, Barnardo’s
Unlocking potential through education

Royal Mail is committed to helping raise literacy levels in the UK. As such, Royal Mail is a supporter of World Book Day and the National Literacy Trust’s ‘Vision for Literacy’ Business Pledge. The pledge calls on UK businesses to join the national literacy campaign to help close the nation’s literacy gap and boost social mobility.

Our future as a business, just like that of every other business in the UK, depends on having well-educated and enterprising young people to recruit. These leaders of tomorrow bring with them fresh ideas and inspiration. Royal Mail has a particular interest in literacy levels among young people, encouraging confidence in reading, writing and creativity. For over 50 years we have been providing a free postal service for children to write a letter to Father Christmas through our ‘Letters to Santa’ campaign.

To raise awareness of our support internally, we selected the National Literacy Trust as the beneficiary for this year’s Graduate Challenge. From February to April, our graduates across all business areas in Royal Mail were tasked with creating an awareness campaign for the charity and raising £300 per person. Funds raised will be used to provide books for children across the UK.

In addition, this year we have worked with The Postal Museum and Puffin Books to roll out the Museum’s The Jolly Postman virtual learning sessions to schools across the country. Our support has ensured that for 2022, the sessions will be free for schools to attend. In addition, to celebrate 30 years of the The Jolly Christmas Postman, we worked with Puffin Books to run a competition on social media for children to win a collection of Janet and Allan Ahlberg books and organised a special reading of the book to children at St Helen’s Catholic Primary School in Newham by postie of 30 years, Mark Smith.

2,430 free places for children to join the virtual The Jolly Postman sessions
Unlocking potential through education

World Book Day

This year, to celebrate World Book Day’s 25th anniversary, we commissioned four special postboxes across the UK, celebrating authors and illustrators from all four nations of the UK.

The postboxes each had their own unique design, using special anniversary artwork by World Book Day illustrator, Allen Fatimaharan, celebrating the work of the authors and illustrators featured on each postbox. The postboxes were decorated with lines from books by authors including Greg James and Chris Smith, Nadiya Hussain, Dara McAnulty and Martin Waddell and images by Harry Potter front cover illustrator Jonny Duddle.

Prince’s Trust

The Prince’s Trust

This year we were pleased to support The Prince’s Trust Team programme, a full-time 12-week initiative offering work experience, qualifications, practical skills, community projects and a residential week to 16-25 year olds. The programme aims to increase confidence, motivation and skills and as a result enables young people to move into employment, education or training.

The Team programme attracts some of the hardest to reach young people across the UK, with participants aged 16-25. Last year, 51% of young people participating in Team had a mental health need and 17% were experiencing homelessness.

This year with our support, 81 young people have completed the Team programme, including young people such as Team 8 in Hemel Hempstead.

Lenny the Letter for the new generation

In February, we started work on the reinvention of one of Royal Mail’s most iconic characters; Lenny the Letter. Lenny has been telling the story of Royal Mail to school children for over 10 years. This year, in line with our transformation plans, we have reimagined Lenny and introduced a friend, Penny the Parcel. The journey of a letter and parcel will be told through a short animation that can be shown in schools alongside a suite of resources designed to enhance literacy skills. As part of the rebrand we involved our people in the reinvention process, from voicing the characters to bringing Lenny and Penny to life on school visits via interactive resources. The animation will be available free to schools later in 2022.
Social

Human rights

Royal Mail is committed to playing its part to uphold and protect human rights in our business and across our supply chain globally.

We obey the laws, rules and regulations of every country in which we operate. We are committed to implementing the UN Guiding Principles on Business and Human Rights, as well as the UN Declaration of Human Rights and the International Labour Organization’s Fundamental Conventions within both our business and our supply chain.

These cover:

1. Freedom of association
2. The abolition of forced labour
3. Equality and the elimination of child labour

They are set out in our Responsible Procurement Code of Conduct which suppliers are required to sign up to. Read more about our responsible procurement practices on pages 53 to 54.

We believe Royal Mail provides the best employment terms and conditions in our industry in the UK. Fair employment conditions are the foundations of how we do business. We offer permanent employees a competitive salary, National Insurance contributions, paid holiday and a good pension. In FY2021-22, UK postmen and women on average earned 25% more than the UK National Living Wage (NLW). All temporary workers receive the National Living Wage, with the majority receiving hourly pay above the Real Living Wage.

Royal Mail recruits workers through agency arrangements to provide additional support with increases in volume or unexpected high levels of sickness absence. During FY2021-22 we recruited 39,900 additional temporary workers to support the business.
Reducing modern slavery risks in our supply chain

Our Group-wide ESG Policy outlines our commitment to responsible business conduct, and details our support of the UN Global Compact, the UN Universal Declaration of Human Rights and the International Labour Organization’s Fundamental Conventions. We have specific expectations for supplier behaviour in certain fields. For example, we require our recruitment contracts to commit to our recruitment standards. The standards ensure that workers are not charged unnecessary fees, workers’ identification documents are not held by anyone, even if done so voluntarily, and that resignation by workers is voluntary and without the threat of punishment. We require that recruitment agents also adhere to applicable vetting standards for the workers they supply to work at Royal Mail sites or to access our systems, including proof of right to work, proof of appropriate training, and various security checks. We will continue to focus on assessing supply chain risks in relation to modern slavery and human trafficking and are exploring options for certification of third-party suppliers for correct employment standards and signposting them to modern day slavery training materials. We believe that only if the business community works together as one can we effectively raise awareness and combat modern slavery and human trafficking and associated risks.

Our Code of Conduct

Our environmental, social and ethical expectations for our suppliers are defined in our Responsible Procurement Code of Conduct. Our Code requires our suppliers to comply with internationally recognised standards and is based on the UN Global Compact Principles covering human and labour rights, anti-corruption and environmental protection.

If we find that a supplier is failing to meet our standards, and any remedial action is found to be inadequate, we would terminate our dealings with them. During FY2021-22, no contracts or subcontractor agreements were terminated.

Procurement best practice at Royal Mail

Whilst ensuring our suppliers adhere to the highest standards, it is vital that we do the same. Procurement and contract managers work with our suppliers day to day supporting them to meet our business requirements, including our environmental, social and ethical objectives.

During FY2021-22, we provided targeted training for colleagues with procurement or supply chain management responsibilities over and above the annual compliance refresher training that is mandated for all Royal Mail managers. Targeted training was undertaken with our compliance and ethics team to provide additional support for those managing these risks.

In addition, the Royal Mail tax team provided refresher training to support procurement managers in identifying and mitigating tax risks relating to our suppliers.

We strive to ensure the timely payment of our suppliers. Our Payment Practices report (most recently published in October 2021) shows a steady reduction in the percentage of invoices paid in over 61 days, down to 2%. We continue to work with suppliers to help them present invoices in the correct, most easily processed format. We have also rolled out a purchasing card solution and other supplier financing options for suppliers, working with Bank of America Merrill Lynch and NatWest Bank.

For more information on our supplier categories and FY2021-22 supplier spend, see our FY2021-22 ESG data pack.

Operating with integrity is fundamental to protecting our trusted place in society. Our approach to responsible business conduct is set out through our wide-ranging business policies.

Customers, investors, governments and a growing number of other stakeholder groups increasingly require companies to have, and execute, an ESG strategy which is supported by robust and credible ambitions and targets.

In line with this expectation, this year we developed Group-wide ESG Principles which set out our key vision and commitments across the E, S and G areas and our overarching commitment to the UN Sustainable Development Goals. Read more on the principles at page 7.

99.8% completion rate of annual compliance training

98% of information rights requests responded to within a one-month timeframe
ESG governance framework

Our ESG governance framework defines key responsibilities and committees used to identify and manage key risks and opportunities.

**PLC Board**
The Royal Mail plc Board receives regular updates on ESG activities. Maria da Cunha is the designated Non-Executive Director for engagement with the workforce.

**ESG Committee**
The ESG Committee oversees the Group’s ESG agenda and monitors the Group’s performance across a number of key metrics. The ESG Committee is Chaired by Rita Griffin, Non-Executive Director. Other membership also includes Non-Executive Directors, Maria da Cunha, Baroness Hogg, Shashi Verma and Lynne Peacock, the CEOs of Royal Mail and GLS, members of the Executive Board with areas of ESG responsibility, and the ESG teams for both Royal Mail and GLS. 


**Executive Sponsor**
John Crosse, Investor Relations Director, has been appointed as the Group level sponsor for ESG. The Executive Sponsor reports directly to the Royal Mail PLC Chairman.

**Royal Mail Executive Board**
The Chief Executive Officer has overall responsibility for ESG within Royal Mail. Individual members of the Executive Board are responsible for strands of ESG activity, as follows:

- Jenny Hall, Director of Corporate Affairs, is responsible for shaping and implementing the Royal Mail ESG strategy, including the environment and community investment strategies.
- Zareena Brown, Chief People Officer, is responsible for the employees strands of our ESG strategy. Including culture and engagement, diversity, equality and inclusion.
- Grant McPherson, Chief Operating Officer, is responsible for health and safety, environment and ensuring the implementation of ESG-related strategies across the operation and fleet.

**Royal Mail ESG team**
The team drives the development, implementation and reporting of the Royal Mail ESG strategy and performance.

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1 Lynne Peacock joined the ESG Committee on 1 February 2022. Subject to her re-appointment to the Board at our forthcoming AGM, Lynne will succeed Rita as Chair of the ESG Committee at the conclusion of the AGM and, at the same time, step down as Chair of the Remuneration Committee.
Managing ESG risks

Our effective risk management processes promote a sound control environment, in which we seek to identify, assess and manage risks that could impact our business.

Overview of processes and controls
Royal Mail’s management of ESG risks is part of the overall risk management framework of Royal Mail Group, in which the Board has overall responsibility for ensuring sound procedures. The Board delegates responsibility for reviewing the effectiveness of risk controls to its Audit and Risk Committee, Risk Management Committee and Finance Committee. The Royal Mail management team is responsible for the management of specific operational risks and developing actions to mitigate their impact.

To read more about Royal Mail’s risk management framework, appetite, and the measures that are in place to identify, analyse and mitigate risks, see pages 52 to 63 of the Royal Mail plc Annual Report and Financial Statements.

Principal ESG risks and uncertainties
Detailed below are risks we consider with regard to the environment, and to health and safety. These risks could threaten our business model, the execution of our strategy and the creation of sustainable value for our stakeholders. For a full list of risks facing Royal Mail, please refer to pages 52 to 63 of the Royal Mail plc Annual Report and Financial Statements.

Environment and sustainability
As our customers and stakeholders seek to adapt to climate change, demand is increasing for more sustainable products and services. The cost of operations could increase as we adapt to government and regulatory changes, and there is also a risk of reputational damage and/or loss of revenue if we do not meet stakeholder expectations. Furthermore, an increase in the frequency of extreme weather events may result in disruption to our operations and impact our ability to meet customer expectations, the Universal Service Obligation or other contractual requirements.

Risk status: remained stable during the year
Demonstrating leadership on ESG issues is essential if Royal Mail is to achieve competitive advantage, create value and deliver on its strategy. We are increasing our focus in this area, and in the year we updated Royal Mail’s environment strategy.

See pages 9 to 19

Actions to mitigate
— Executing enhanced Royal Mail environment strategy that includes an accelerated net zero ambition.
— Investing in low and zero-emission vehicles and installing efficient equipment across our property estate.
— Investing in innovative technologies, such as telemetry, and driver training programmes, to improve operational efficiency and reduce our fuel consumption.
— Engaging our people in our efforts to become more efficient and reduce our use of natural resources.
— Reducing our energy and water consumption and reducing the amount of waste we generate.

See our TCFD statement on pages 46 to 51

Health, safety and wellbeing
A health and safety incident or global health crisis could result in the serious injury, ill health or death of our people or members of the public. An incident may lead to criminal prosecution or fines by the enforcing authority or civil action by the injured party resulting in large financial losses and/or reputational damage. Failure to manage the health and wellbeing of our people could lead to reputational damage, loss of employee goodwill and financial losses through increased sickness absence, lower productivity, and failure to deliver the Universal Service Obligation, civil action or criminal prosecution.

Risk status: increased in the year
The health, safety and wellbeing of our people, customers and members of the public is of paramount importance. A large proportion of our people spend most of their time working outdoors, on foot or driving, where the environment is unpredictable and more difficult to control. In addition, the pandemic has had an adverse effect on employee absence, and resulting infection rates, isolation and delays for routine health procedures. As a result, the overall risk has increased.

Actions to mitigate
— Extensive employee health and wellbeing policies and programmes to support absence and return to workplace.
— Streamlining and simplifying our health and safety systems to enhance their effectiveness.
— Measures to protect and support our employees through the pandemic, ensuring necessary safety precautions and provision of wellbeing support.
— Communications to employees through dedicated, comprehensive multi-media campaigns.

See our Health and Safety policy at www.royalmailgroup.com/en/sustainability/governance/policies
Understanding climate risks and opportunities

We recognise that climate change is a key global threat, and so we aim to better understand and manage our climate-related risks and opportunities. Identifying these risks and opportunities enables us to enhance the resilience of the business and take advantage of the opportunities they may also offer.

In FY2021-22 we continued to review our business strategies to address the most important environmental issues, and the wider ESG agenda, and worked towards ensuring these topics are embedded into our governance and risk management processes.

Governance

We have established clear roles and responsibilities for ESG topics within the management structure of Royal Mail, and are working to ensure Board and senior management oversight of specific climate-related risks and opportunities together with mechanisms to ensure management is informed about these matters. To date, the Board has delegated specific ESG-related responsibilities to its Committees:

- Audit and Risk Committee
- ESG Committee
- Remuneration Committee

While the executive leadership and their functions oversee day-to-day management, the Royal Mail Risk Management Committee will work to further identify climate-related risks and oversees strategic plans to mitigate them. In addition, there will be a cross-functional working group that ensures proper discussion and interpretation of these risks and oversees our compliance with the Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

Assessing climate risks

Where climate-related risks and opportunities are identified, individual business units will be required to factor the actual and potential impacts into their strategy and financial planning, and develop mitigation plans as necessary. The TCFD working group will consider physical climate risks, transition risks and regulatory actions designed to limit global warming, as well as potential opportunities, such as partnering and supporting our customers in the delivery of their own environmental ambitions.

Identifying climate risks and opportunities

Royal Mail has begun to apply a three-step approach to identify and analyse the impacts of climate-related risks on the business in different scenarios to support its business planning:

1) It will hold discussions with representatives from across the business to identify risks in key areas of our operations, supply chain and markets.
2) Map the impact pathways of the material climate risks identified.
3) Assess the scale of the climate risks and opportunities for the business.

In FY2021-22 we worked with external specialists to better understand the long-term impacts of climate change on our business. This included a qualitative climate change risk and opportunity assessment to understand how different climate issues could impact the business under different scenarios and time horizons.

Based on this analysis, we came to the following conclusions:

- The relative materiality of climate-related risks and opportunities varies across Royal Mail Group’s business areas.
- Extreme weather events considered to be a material physical risk, based on internal stakeholder engagement, but less material than transition risks.
- A ban on the sale of petrol and diesel vehicles is the most material transition risk, based on internal stakeholder engagement.
- Our products and services will have to respond to shifts in customer demand.

Transition opportunities

Climate change also offers significant commercial opportunities. As consumer demand for more ethical business practices and products continues to grow, we can create more sustainable delivery mechanisms and ‘greener’ products and services. We can also achieve important savings through a greater use of renewable energy.

There are also significant opportunities for Royal Mail in financial markets and through collaboration with key external partners. As investor expectations continue to shift in favour of businesses that take decisive action to tackle the threat of climate change, we have the opportunity to differentiate by taking a leadership role with regard to ESG more broadly. At the same time, the transition of our fleet to low and zero-emission vehicles such as EVs will offer new opportunities for partnerships with a wide range of companies, including competitors and energy providers.

For more information on how the Royal Mail identifies, manages and monitors risks (including climate-related risks) please read our TCFD statement in full, please refer to page 49 of the Royal Mail plc Annual Report.
Business standards and policies

Key policies

Our approach to responsible business conduct is set out through our wide-ranging business policies.

- **ESG policy (Group):** Our policy statement sets out our commitment to making a positive contribution to society and is aligned to our Group ESG Principles.

- **Business Standards:** Outline values and standards of behaviour we expect from our people.

- **Health and Safety policy:** Our commitment to managing health and safety risks, removing or reducing the likelihood of injury or harm to employees or others.

- **Environment policy:** Our approach to continual improvement of our environmental performance and reporting openly and transparently on our environmental programmes and performance.

- **People policy:** A single policy statement which sets out our overarching commitment to colleagues throughout their employment with Royal Mail.

- **Responsible Procurement Code of Conduct:** Based on the Ten Principles of the UN Global Compact, the Code sets out the social, ethical and environment conduct we expect from our suppliers.

- **Policy for the Prevention of Bribery Corruption and the Facilitation of Tax Evasion:** Sets out our approach to minimising the risk of bribery and corruption taking place in any part of our business.

Our Business Standards

Maintaining the trust of our stakeholders is critical to our business success. We are committed to operating with integrity and the highest of ethical standards to protect our valued place in society. Our overarching business policies set out our approach to responsible business conduct and integrity.

We regularly engage our employees around our Business Standards through our internal communications channels, and the full version of our Business Standards is available online, on both our internal and external websites. All new UK employees receive a copy of the standards and these are discussed during employee inductions within the first eight weeks of joining. This year we communicated our Business Standards to all UK frontline employees with a home mailing leaflet. For managers, we issue annual refresher training which includes an attestation to confirm that they agree to comply with our Business Standards.

All other key policies can be found at: [www.royalmailgroup.com/en/sustainability/governance/policies](http://www.royalmailgroup.com/en/sustainability/governance/policies)

Our approach to lobbying and political engagement

Royal Mail is a politically neutral organisation. As a matter of policy we do not make donations to any political party. We engage with politicians and other stakeholders to ensure they understand the value that our service provides and the relevant issues for our industry. More information on our approach to responsible political engagement is available at:

Compliance and ethics

Royal Mail is committed to conducting its business honestly, fairly and ethically at all times. As a result, compliance and ethics are a core part of how we do business.

We have a robust framework in place to ensure we act compliantly and ethically. We have a suite of clear, easy to understand policies and guidance documents, which inform employees of what is expected of them and where they can get help when required. Our programme ensures employees are trained to make ethical decisions and trusted to make the right decision in situations not covered by the guidance. These include requirements to register gifts, hospitality, sponsorship or donations, conflicts of interest or attendance at industry events with competitors in advance.

All managers joining Royal Mail are required to complete compliance induction training within three weeks of joining the business and thereafter annual refresher training. This is targeted based on the area of business they work in and includes an attestation to our Business Standards. The completion rate for this annual training for FY2021-2022 was 99.8%. All teams are required to complete the declaration once a year and higher-risk teams are required to complete this twice a year.

Our Compliance and Ethics network

Each business unit has a compliance and ethics champion and a coordinator. The champion’s role is to promote a culture of compliance and ethics, establish the appropriate ‘tone from the top’ and identify and mitigate relevant risks in their business area. The role of the coordinator is to support the champion and the compliance and ethics function to effectively implement the compliance framework. This includes ensuring mandatory training is completed on time, circulating communications, attending regular update sessions and taking part in the rolling risk assessment process that runs continuously in Royal Mail.

The framework is supported by a programme of assurance, continuous improvement and audit to provide comfort that the framework is fit for purpose and effective.

A strong, ethical culture

One of our key areas of focus is ensuring we have a strong, ethical culture, where people feel empowered to do the right thing and can raise concerns without fear of retaliation.

Key initiatives launched this year have included:

— A Compliance and Ethics Stars recognition programme where individuals across the business can be nominated for a prize if they have done the right thing.

— Mandatory online e-learning for all managers on speaking up and leading with integrity. This has been the compliance and ethics team’s most successful training to date, with an overall completion rate of 99.8% and rated 4.3 out of 5.

— An ethical culture survey held in June 2021, to measure culture across the business. The results have been broken down by business unit and presented to teams to provide a detailed understanding of the culture in their teams. Using the comments provided by respondents, key themes and actions have been identified and are being implemented. The survey is supported by pulse surveys approximately every six months to help track any changes in culture.

At the end of FY2020-21, we launched a new, improved Speak Up helpline (available by phone or online). The helpline is available 24 hours a day, seven days a week and is available to current and former employees, contractors, temporary workers, our subsidiaries and suppliers and members of the public. Using a third-party platform means reports are handled securely and confidentially and can be made anonymously if desired. All reports are triaged and investigated where appropriate. Reporters receive feedback on their report to help them understand what action has been taken.

The launch was supported by a communications campaign across the business to raise awareness of the new helpline and the importance of speaking up. This ongoing focus has led to a significant and sustained increase in the number of reports being received each month. This year, 747 reports have been received, compared with 411 last year. This increase in reports demonstrates that the continued focus on developing a strong Speak Up culture has increased trust in the process and people are more confident to speak up without fear of retaliation. Each report is valued as it provides a potential opportunity for us to improve our processes, how we do things and our culture.

FY2020-21 number of reports has been restated.
Mail integrity

Transparency is a key part of how Royal Mail operates. We are committed to fair and open dialogue with all our stakeholders. We work closely with the relevant authorities, our employees and industry partners to eliminate criminal activity that uses the postal system. We strive to ensure the protection of all personal data to maintain our customers’ trust, and confidence from our regulators.

Data protection and privacy

Royal Mail is committed to respecting our customers’ and employees’ privacy and protecting their personal information in line with data protection laws. Communicating transparently and meeting the requirements of the data protection and privacy laws of every country and territory we operate in is of the utmost importance to us.

We have an ongoing privacy management programme to support compliance with the requirements of data protection law and the UK General Data Protection Regulation (UK GDPR). To support this commitment, Royal Mail Group has an appointed Data Protection Officer (DPO) and dedicated data protection team. Royal Mail’s DPO chairs the International Post Corporation’s (IPC) Data Protection Oversight Committee, cooperating with other international postal operators who are part of the IPC on matters involving data protection and information security.

Like most organisations, Royal Mail continues to face challenges as a result of the COVID-19 pandemic, including staff absences and self-isolation. Despite the pressures this placed on our people, we have remained committed to transparency and fulfilling individuals’ information rights. We continue to respond to subject access requests and other information rights exercised by customers and members of the public – with 98% of information rights requests responded to within a one-month timeframe that the regulation sets out.

Our dedicated Data Protection and Information/Cyber Security awareness and education programme (Think Secure) deploys business-wide and functional bespoke education and awareness campaigns designed to provide training throughout the year to raise awareness of the privacy and cyber security threats we face as a business, equipping employees with the tools and know-how to protect against them. The programme is underpinned by our Data Protection and Information Security policies which have been adapted to reflect changes in new ways of working across the Business in response to the pandemic. All employees are mandated to complete annual refresher training which includes an attestation of policy understanding and adherence.

Our UK privacy notice has achieved the ‘Crystal Mark’ approval from the Plain English Campaign, meaning that it is clear and free from misleading information or jargon.

We strive to ensure the protection of all personal data we hold through our privacy by design practices, so that we maintain our customers’ trust, and confidence from our regulators, when we innovate and use information in new ways to improve our service offerings.

Our privacy notice can be found at:

Visit: www.royalmailgroup.com/en/site/privacy-notice

Malicious and fraudulent websites

This year, to tackle the increasing rise of malicious and fraudulent websites targeting Royal Mail and Parcelforce we have partnered with a new vendor to implement a cyber crime disruption service. This service is able to monitor, detect and take down these malicious and fraudulent websites and does so on a huge scale – since it launched in February 2021 over 44,000 attacks have been disrupted. We have also implemented a mechanism for members of the public to report suspicious emails or texts they receive.

We have also signed up to the MEF SMS Sender ID Protection Registry. This is a collaborative initiative involving mobile network operators, aggregators, banks and other organisations from various sectors. The initiative enables us to protect our legitimate sender IDs (a name for the sender of the message, such as ‘RoyalMail’), whilst helping to block fraudulent SMS texts.

Scam mail

Royal Mail never knowingly delivers scam mail. We urge customers to contact us if they are concerned about anything they have received. We offer freepost, telephone and online services for potential victims, or concerned relatives, to bring items to our attention. We work closely with our customers, the National Trading Standards Scams Team (NTSST), local and national law enforcement agencies in a coordinated response to stop scam mail.
Responsible procurement

Our procurement vision is to deliver value to our business and our stakeholders whilst protecting them from risks. Royal Mail is committed to embedding high standards of social, ethical and environmental conduct across our supply chain as this is an essential way in which we operate. We use over 4,000 suppliers annually. Each has the ability to help create positive economic, social and environmental opportunities in the communities we serve.

New uniform

In June this year, following a successful trial, we launched the rollout of an entirely new uniform for our postmen and women, designed to better suit contemporary delivery rounds. This is the first change to Royal Mail’s uniform in over 10 years. Our uniform is synonymous with the work we do and helps us deliver that all-important trust on the doorstep with our customers.

The design journey for our new performance range began in 2018, with extensive research taking place. We invited colleagues to have their say at uniform roadshows across the country and feedback sessions alongside our uniform supplier, Dimensions, and the CWU. It was particularly important that the new range be suitable for our female colleagues. We looked at fit and colour to boost confidence in our female frontline workers.

Our uniform has been developed using the latest fabrics and garment technology to provide maximum comfort and safety. We worked with a leading bio-mechanist to feed into the designs and understand the relationship between clothes and how the body moves – crucial in the work our frontline colleagues do. It is designed to keep our people safe, be better prepared for all weather conditions and tasks and look professional to represent the Company in the best possible way.

With a change in uniform comes the risk of an increase in waste. We have been working with Dimensions to ensure that we reduce this where possible. We encourage colleagues to return any items that are unwanted or worn directly to Dimensions. Items are then recycled with RACE recycling and often used as fibre for insulation.

Supply chain diversity

Our commitment to equality, diversity and fairness extends through our supply chain. We expect all our suppliers to maintain an inclusive workplace and one free from discrimination or harassment. Our commitment to diversity in our supply chain includes supporting SMEs.

Where commercially viable, we structure our contracts to maximise competition from businesses of all sizes, including breaking larger requirements into ‘lots’. In FY2021-22 we awarded 31% of our new contracts to SMEs.

In 2021, we awarded a contract to specialist audit firm – EEVS – the UK’s leading provider of performance assurance, verification and advisory services for commercial energy efficiency schemes. This contract forms part of our new programme to deliver energy savings across our property portfolio.

The five-year contract supports Royal Mail’s net zero ambition and will see the delivery of 50GWh of energy savings across 230 of the largest sites in Royal Mail’s property portfolio – with a focus on optimising plant and equipment to minimise waste. EEVS will assure the programme, providing independent verification of the savings achieved over the five years, in accordance with the International Performance Measurement and Verification Protocol (IPMVP), with the EEVS-assured figures used to determine Royal Mail’s end of year performance against the guarantee.
### Onboarding new suppliers

**Due diligence is undertaken on all new suppliers. Engaging new suppliers poses potential reputational, financial or legal risks to the Group. The level of risk is therefore assessed during the onboarding of new suppliers using a number of factors.**

We screen all potential suppliers before asking them to participate in a tender. During the invitation to tender stage, depending on the supplier risk profile, we ask additional questions about their ESG performance. This includes a declaration of their compliance and labour standards to ensure they meet our standards set out in our Responsible Procurement Code of Conduct.

The large majority of new suppliers state their compliance with Royal Mail’s Responsible Procurement Code. Where suppliers do not confirm compliance with our code, we undertake additional screening by reviewing the supplier’s own policies and business standards, – where available, and undertake additional screening through the GAN Integrity screening service.

In the event that a supplier fails to meet our standards, we take decisive action starting with the agreement of time-limited and specific remediation activities and moving up to removal from our supply chain if poor performance continues. During FY2021-22, all contracted suppliers complied with the required standards.

#### Identifying supplier risks

Risks associated with the supplier are assessed based on the geography, size, business sector and scope, and recorded on the Procurement Risk Register. We ensure that risks, opportunities and objectives related to our ESG agenda are included within the strategies for each of our supplier categories.

We categorise risks that affect responsible business by the following:

- **Reputation**
- **Probit**
- **Compliance (legal and regulatory)**
- **Safety**
- **Environmental and materials**
- **Fairness and diversity**

We regularly review the risk profile to ensure that we are identifying new risks and setting out mitigating actions.

During FY2021-22, we have seen a significant rise in external supply chain risks and assurance of supply particularly for the global elements of our supply chain. Both the continuing effects of the COVID-19 pandemic and Brexit have resulted in resource bottlenecks for many commodities and manufactured products. To manage this, a supply chain risk report is provided regularly to the Executive Board, giving the high-level visibility needed for mitigation activities to be agreed and implemented.

#### Managing high-risk suppliers

The GAN Integrity supplier screening service provides us with information related to previous investigations that may have been conducted, as well as any convictions or adverse press reports. In 2022 we expanded the scope of our GAN contract to allow full screening of up to 500 suppliers, an increase from the previous total of 150. The GAN Integrity service is also used to monitor all suppliers against the UK Treasury sanctions list, and EU and US sanctions databases, with updates checked daily.

For some suppliers, we may require third-party audits. During FY2021-22, a programme of on-site audits took place with 11 subcontractors. The results, including the remediation plans and evidence of completion, were reported via the Supplier Ethical Data Exchange (Sedex) platform. Sedex allows us to track our suppliers’ ESG performance as well as conduct third-party audits to ensure their accuracy of disclosure.

Our target is to have 50 of our high-risk suppliers and subcontractors reporting self-assessments or third-party sustainability audits via Sedex by the end of FY2022-23. To date, we have 40 suppliers active on the system. We are working with Sedex to expand coverage across our high-risk suppliers and have taken up the offer of an onboarding support programme to identify and sign up more suppliers.
Independent Limited Assurance Report to the Directors of Royal Mail plc

The Board of Directors of Royal Mail plc ("Royal Mail") engaged us to obtain limited assurance on selected environmental and people metrics for the year ended 27 March 2022 (together the “Subject Matter Information”) as defined below and marked with the symbol † on pages 33 to 40 in Royal Mail’s Annual Report and Accounts for the year ended 27 March 2022 (the “Report”).

Our assurance conclusion does not extend to information in respect of earlier periods or to any other information included in, or linked from, the Report including any images, audio files or videos.

Our limited assurance conclusion

Based on the procedures we have performed, as described under the ‘Summary of work performed as the basis for our assurance conclusion’ and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information included in the Annual Report and Accounts, for the year ended 27 March 2022, has not been prepared, in all material respects, in accordance with the Reporting Criteria as laid out on the Royal Mail website and referenced below.

Subject Matter Information and Reporting Criteria

The Subject Matter Information needs to be read and understood together with the “Reporting Criteria”, which Royal Mail is solely responsible for selecting and applying. The Subject Matter Information, marked with the symbol † on page 33 to 40 of Royal Mail’s Annual Report and Accounts for the year ended 27 March 2022 and the Reporting Criteria are as set out below:

People

<table>
<thead>
<tr>
<th>People</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of fatalities – Employees (Royal Mail)</td>
<td>1</td>
</tr>
<tr>
<td>Total number of fatalities – Third parties (Royal Mail)</td>
<td>2</td>
</tr>
<tr>
<td>Lost time accident frequency rate (per 100,000 hours worked) (Royal Mail)</td>
<td>0.54</td>
</tr>
<tr>
<td>Sickness Absence (Royal Mail)</td>
<td>7.98%</td>
</tr>
<tr>
<td>Total number of fatalities (GLS)</td>
<td>19</td>
</tr>
<tr>
<td>Lost time accident frequency rate (per 100,000 hours worked) (GLS)</td>
<td>2.28</td>
</tr>
<tr>
<td>Sickness Absence (GLS)</td>
<td>4.98%</td>
</tr>
</tbody>
</table>

Gender diversity

<table>
<thead>
<tr>
<th>Gender diversity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Mail female</td>
<td></td>
</tr>
<tr>
<td>Royal Mail male</td>
<td></td>
</tr>
<tr>
<td>Royal Mail plc Board</td>
<td>4</td>
</tr>
<tr>
<td>Senior Management</td>
<td>1,430</td>
</tr>
<tr>
<td>Management</td>
<td>1,543</td>
</tr>
<tr>
<td>Administrative</td>
<td>24,987</td>
</tr>
<tr>
<td>Operational</td>
<td>4,537</td>
</tr>
</tbody>
</table>

Ethnicity distribution

<table>
<thead>
<tr>
<th>Ethnicity distribution</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian</td>
<td>0</td>
</tr>
<tr>
<td>Black</td>
<td>0</td>
</tr>
<tr>
<td>Chinese</td>
<td>0</td>
</tr>
<tr>
<td>Mixed</td>
<td>4</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
<tr>
<td>Royal Mail plc Board</td>
<td></td>
</tr>
<tr>
<td>Senior Management</td>
<td>85</td>
</tr>
<tr>
<td>Management</td>
<td>474</td>
</tr>
<tr>
<td>Administrative</td>
<td>158</td>
</tr>
<tr>
<td>Operational</td>
<td>9,021</td>
</tr>
</tbody>
</table>

Environment

<table>
<thead>
<tr>
<th>Environment</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1: 468,489</td>
<td></td>
</tr>
<tr>
<td>Scope 2 (location based): 59,088</td>
<td></td>
</tr>
<tr>
<td>Renewable electricity purchased (kWh) (Royal Mail)</td>
<td>701,988</td>
</tr>
<tr>
<td>Renewable electricity generated (kWh) (Royal Mail)</td>
<td>4,268,418</td>
</tr>
<tr>
<td>Total waste generated (‘000 tonnes) (Royal Mail)</td>
<td>82,527</td>
</tr>
<tr>
<td>Total water consumption (‘000 m³) (Royal Mail)</td>
<td>39,048</td>
</tr>
<tr>
<td>Total number of fatalities – Royal Mail</td>
<td>19</td>
</tr>
<tr>
<td>Total number of fatalities – Third parties (Royal Mail)</td>
<td>2</td>
</tr>
<tr>
<td>Lost time accident frequency rate (per 100,000 hours worked) (Royal Mail)</td>
<td>0.54</td>
</tr>
<tr>
<td>Sickness Absence (Royal Mail)</td>
<td>7.98%</td>
</tr>
<tr>
<td>Total water consumption (‘000 m³) (Royal Mail)</td>
<td>1,305,660</td>
</tr>
</tbody>
</table>

Inherent limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, evaluation and measurement techniques that can affect comparability between entities and over time.

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

Responsibilities of Royal Mail’s directors

The Directors of Royal Mail are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to Royal Mail and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors’ responsibility, which provides accurate, balanced reflection of Royal Mail’s performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.
Independent Limited Assurance Report to the Directors of Royal Mail plc

Continued

Our responsibilities
We are responsible for:

– planning and performing the engagement to obtain limited assurance about whether the Subject Matter Information is free from material misstatement, whether due to fraud or error;

– forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and

– reporting our conclusion to the Directors of Royal Mail.

Professional standards applied
We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board.

Our independence and quality control
We have complied with the Institute of Chartered Accountants in England and Wales Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards).

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of work performed as the basis for our assurance conclusion
In carrying out our limited assurance engagement we:

– considered the suitability in the circumstances of Royal Mail’s use of the Reporting Criteria, as the basis for preparing the Subject Matter Information;

– through inquiries with Royal Mail’s management, including the Corporate Responsibility (‘CR’) team and those with responsibility for CR management and group CR reporting obtained an understanding of Royal Mail’s control environment, processes and systems relevant to the preparation of the Subject Matter Information;

– evaluated whether Royal Mail’s methods for developing estimates are appropriate and had been consistently applied;

– undertook site visits at 3 of Royal Mail’s sites; we selected these sites based on their inherent risk and materiality to the group, unexpected fluctuations in the site Subject Matter Information since the prior period, and sites not visited in the prior period;

– performed limited substantive testing on a selective basis of the Subject Matter Information to check that underlying information had been appropriately evaluated or measured, recorded, collated and reported;

– performed analytical procedures by comparing year on year movements and trends and made inquiries of management to obtain explanations for significant differences we identified; and

– considered the disclosure and presentation of the Subject Matter Information.

Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities, testing the data on which the estimates are based or separately developing our own estimates against which to evaluate Royal Mail’s estimates.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Other information
The other information comprises all of the information in the Report other than the Subject Matter Information and our assurance report.

The directors are responsible for the other information. As explained above, our assurance conclusion does not extend to the other information and, accordingly, we do not express any form of assurance thereon. In connection with our assurance of the Subject Matter Information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Subject Matter Information or our knowledge obtained during the assurance engagement, or otherwise appears to contain a material misstatement of fact. If we identify an apparent material inconsistency or material misstatement of fact, we are required to perform procedures to conclude whether there is a material misstatement of the Subject Matter Information or a material misstatement of the other information, and to take appropriate actions in the circumstances.

Use and distribution of our report
This report, including our conclusion, has been prepared solely for the Board of Directors of Royal Mail in accordance with the agreements between us dated 27 January 2022 and 9 May 2022 (the “agreements”). Our report must not be made available to any other party save as set out in the agreements. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Board of Directors and Royal Mail for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP Chartered Accountants
London
18 May 2022
Scope and reporting standards

Our report
This is our 20th annual ESG Report. It details Royal Mail’s social, environmental and ethical performance for the financial year 2021-22, which ended on 27 March 2022.

Aspects of this report have been assured by PwC. This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Comprehensive option. This report covers our UK business, which includes the brands Royal Mail and Parcelforce Worldwide. Royal Mail employs 86% of Royal Mail Group’s employees and contributes 67% of the Group’s revenue.

GLS Group publishes a separate sustainability report, which can be found at:

Our website
This report provides a high-level overview of our ESG programme and strategy, key governance tools, and information on our performance and activity throughout FY2021-2022. The report also provides an overview of our TCFD performance. Further detail, as well as additional case studies and performance data, can be found on our website.

Accessing the report
We have printed a limited number of hard copies of this report, in order to minimise waste. This report is available to download on our website at. The online version of this report has been reviewed to ensure that it is accessible to those with disabilities, for example for use with assistive software.

Reporting standards
Aspects of this report have been assured by PwC. We appreciate this independent verification of, and opinion on, our material data points and assertions, which are incorporated within our reported activity for the year. This comprehensive assurance process takes place throughout the year. It includes the sampling of key data points, testing of the systems and processes used to collect the data, interviews with senior managers, and a number of site visits to gain a strong understanding of the business and how our policies and processes are operationalised.

PwC’s independent assurance statement is available on pages 55 to 56 of this report. Full definitions of the key performance indicators (KPIs) included within PwC’s assurance are available in our Reporting Criteria, which can be accessed on our website at:

We are a signatory to the United Nations Global Compact. We work to meet its Principles. This report meets our United Nations Global Compact Communication on Progress requirements.

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