

Royal Mail plc

Modern Slavery Act Statement for 2021-2022

Introduction

Royal Mail plc is committed to ensuring that modern slavery and human trafficking (together modern slavery) are not taking place in our own business or supply chains. Since the Modern Slavery Act 2015 came into force, we have continued to develop and improve our approach. This statement describes the steps taken by all relevant subsidiaries during our financial year ending on 27 March 2022 to tackle the risk of modern slavery within our group businesses and supply chains.

This statement is made pursuant to the Modern Slavery Act 2015 and provides information on Royal Mail plc's:

- Business, people, structure and supply chains;
- Due diligence processes;
- Policies relevant to modern slavery;
- Risk assessment and management;
- Key performance indicators (KPIs) and other measures to measure effectiveness of steps being taken;
- Training and communications on modern slavery; and
- Collaboration with the wider community.

Royal Mail plc is structured with two principal subsidiaries: Royal Mail Group Limited (Royal Mail), which is its UK operation, and General Logistics Systems B.V. (GLS), the holding company for a group of companies operating outside the UK. Additional Royal Mail subsidiaries covered by this statement are:

- Royal Mail Property and Facilities Solutions Limited (PFSL), which provides a range of facilities management services (such as property maintenance, cleaning, lighting and heating) to Royal Mail across its national network;
- Revisecatch Ltd (trading as eCourier), which provides a same-day courier service; and
- Angard Staffing Solutions Limited (Angard), which supplies flexible staffing solutions to meet Royal Mail's demands throughout the year

For the purpose of this statement, we use the terms 'Royal Mail Group' or 'the Group' to describe our overall Group operations, including the UK subsidiaries and GLS. We use the terms 'Royal Mail', 'we' or 'our' to refer to our UK and international parcel and letters delivery businesses under the 'Royal Mail' and 'Parcelforce Worldwide' brands. These terms

In 2021-22, our risk mitigation activities included:

- Continuing to monitor risks across Royal Mail Group posed by our supply chains through our detailed due diligence and screening processes, site audits and risk assessments;
- Mandatory training across the Group on modern slavery for all managers and more targeted training for relevant teams;
- Continuing to raise awareness across the Group of modern slavery via communications and guidance;
- Including training on modern slavery in Royal Mail's mandatory compliance induction for all managers from 1 April 2021; and
- A focus on raising awareness of and increasing trust in the Royal Mail confidential Speak Up helpline in the UK, leading to a significant increase in reports in 2021-22.

do not include Angard, eCourier and PFSL unless otherwise indicated.

Our Business

Royal Mail Group consists of two principal operations: our domestic operation, Royal Mail, and our international operation, GLS. Around two thirds of our revenue come from Royal Mail and our UK-based subsidiaries and one third from GLS.

Royal Mail's combined letter and parcel delivery network supports the collection, sorting and delivery of parcels and letters. Parcelforce Worldwide is a leading express parcel delivery provider.

We are the UK's pre-eminent delivery company. This year we handled and delivered around 7.9 billion letters, and around 1.5 billion parcels. As the UK's sole designated Universal Service Provider, we deliver a 'one price goes anywhere' service on a range of letters and parcels to addresses across the country, six-days-a-week. It is the physical fulfilment arm of the digital economy. Royal Mail's network to support the collection, sorting and delivery of parcels and letters is unparalleled in the UK in its scale and scope.

GLS covers most operations outside the UK. It covers around 40 countries worldwide, focusing on Europe and North America, 25 through its own subsidiaries and the remainder through its network partners (including the UK).

COVID-19 Impact

In 2021-22, we continued to prioritise protecting our people and the communities we serve in the context of the challenges brought about by Covid-19. We changed standard ways of working to reduce in person contact where appropriate; this included the introduction of Royal Mail's hybrid working model for non-operational colleagues which meant reducing the requirement for colleagues to travel into the office. We also continued to maintain a non-contact 'signed

for' delivery process to protect our colleagues and our customers alike.

Since the lifting of restrictions, we continue to monitor UK devolved nation advice and ensure that protective equipment remains available for all colleagues. All workplaces now have an updated risk assessment which reflects UK government guidance on reducing the spread of respiratory infections – including Covid-19 – in the workplace.

Our People

162,000 people are employed across our Group; around 140,000 (86%) are in the UK, where it is one of the largest employers. These people are geographically spread across the whole of the UK in order to deliver mail to every address in the UK. GLS employs around 22,325 people in the countries where it operates. Royal Mail and GLS employees are divided up into the Board, senior managers, managers, administrative employees and operational employees, who make up the vast majority of the workforce (for example, 129,000 out of a total of 140,000 employees in Royal Mail).

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

Many of the decisions the Group makes could impact our colleagues and it is therefore important that we engage with them and understand their views. As our people are pivotal to our long-term success, it is also important that they understand our strategy and objectives and have an opportunity to share their insights, particularly about our customers who they engage with daily. Maria da Cunha is the Designated Non-Executive

Director for engagement with the workforce and has held this role since January 2021. While the continued pandemic has prevented travel to GLS' operations, Maria has held five virtual Employee Voice Forums with GLS colleagues, and seven face-to-face Employee Voice Forums with Royal Mail colleagues. Colleagues from operational and central functions, including delivery, fleet and engineering, property and facility solutions and our Parcelforce business participated in these forums. Maria submits a periodic written report to the Board covering key observations and themes arising from her discussions.

Permanent Resource

We believe Royal Mail provides the best 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 2021-22, UK postmen and women on average earned 25% more than the UK National Living Wage. Pre-employment checks, such as right to work and DBS checks, are carried out for all employees.

Flexible Resource

The greatest risks of modern slavery exist for workers not in permanent employment, primarily agency and casual workers. Royal Mail recruits workers through agency arrangements to provide additional support with increases in volume or unexpected high levels of sickness absence. The largest use of flexible resource is to provide support to the operations function during our peak periods, the most significant of which is Christmas.

During the Christmas peak period in 2021-22, nearly 20,000 additional casual workers were recruited; of these, 13,000 were directly employed and paid by Royal Mail and the rest were agency workers. Following the lifting of Covid-19 restrictions, the operations function used around 13,000 agency staff per week in non-peak periods, who are recruited through

and paid by staff agencies, including those supplied by Angard.

Throughout 2021-2022, the impact of Covid-19 meant that the demand for flexible resource in Royal Mail remained high, and this fluctuated as various further strains (such as Omicron) emerged or restrictions were lifted. As we came out of the pandemic towards the end of the year, volumes of flexible resource stabilised but remain higher than pre-pandemic volumes.

Generally, flexible resource provided by recruitment agencies is considered a higher risk area from a modern slavery perspective. In addition, some of these workers are not UK nationals, which we recognise presents an increased risk of modern slavery. Particular areas of concern include discrimination, wages and health and safety. Royal Mail is committed to providing services without participating in the reduction of workers' rights, safety, security or working conditions associated with 'gig economy' labour.

Royal Mail's suppliers of flexible resource are UK-based and include major national providers, who are required to commit to our recruitment standards. This approach ensures that workers are not charged unnecessary fees, for example for payroll services or translation services. Furthermore, workers' original identification documents, including passports, are not held by anyone other than the workers, even if done voluntarily, and resignation by workers is voluntary and without threat of punishment. 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.

All temporary workers receive the National Living Wage or the National Minimum Wage as appropriate to age.

GLS works with agency partners to supply labour services. Procurement of agency

services is governed by its Business Partner Approval Process.

Our Suppliers

As with many corporations, Royal Mail Group recognises our biggest potential exposure to modern slavery lies within our supply chains. It is committed to working across its supply chains to have a positive impact on society and the environment.

The Group relies on its suppliers for all goods and materials – it is not a manufacturer, nor does it handle raw materials. Royal Mail groups suppliers into broad categories, from logistics to HR, property to print. This approach enables us to gain better insights into the risks associated within each industry and activity, and to more efficiently manage potential risks. Around 97.8% of tier one suppliers to our UK business are based in the UK, where we spent around £3.17 billion during 2021-22. Although our suppliers are mostly UK-based, their workforces can be located around the world. For example, a supplier of air freight services will have workers located in all countries in which they operate.

Royal Mail has a small number of suppliers across Europe. Outside Europe, it has a small number of suppliers in Australia, Canada, China (including Hong Kong) and Singapore, plus 14 in the US.

Royal Mail is aware that large, unpredictable or last-minute changes in demand can impact suppliers and in turn increase the risk of modern slavery in their workforces. We therefore work collaboratively with suppliers to minimise the risk of this happening. Royal Mail also works with internal stakeholders to promote better ways of working with suppliers and forecasting of demand.

Failure to pay supplier invoices on time can lead to increased pressure on suppliers leading to a higher risk of modern slavery in our supplier chains. We therefore strive to ensure the timely payment of supplier

invoices, in line with our policy setting out our standard payment terms. However, we take a flexible approach, in particular in relation to small and medium-sized suppliers, enabling faster payment where appropriate. 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.

All new Royal Mail suppliers are required to comply with the Responsible Procurement Code (see below). In a small number of cases where suppliers do not directly state compliance with the Responsible Procurement Code, Royal Mail assesses their own social, environmental and ethical policies and statements to confirm they operate to a comparable standard.

As part of its tendering activity, Royal Mail requires suppliers to attest to and evidence their compliance with the International Labour Organisation (ILO)'s Fundamental Conventions, for example by providing industry-recognised assessments and audits. Where this is not confirmed, we seek to independently confirm their compliance by looking at the supplier's policies and standards.

Suppliers are also required to confirm that they comply with these Conventions as part of our supplier selection process. Where a supplier does not meet the required standards and any remedial action is found to be inadequate, Royal Mail will not contract with that supplier or will terminate our dealings with them. Although Royal Mail has previously had instances where this has been necessary, this has not been required with any supplier or sub-contractor in 2021-22.

We consider vehicle cleaning services undertaken in the UK to be higher risk from a modern slavery point of view. We contracted with a new entrant to the vehicle cleaning market, 'Dropless' in 2020 and they continue to provide a waterless cleaning service to Royal Mail sites in the south east of England. Dropless has signed up to the declaration for vehicle washing service providers Royal Mail has developed, covering worker safety and rights. A requirement to sign up to this declaration has been introduced for new suppliers and retrospectively added to existing suppliers at contract renewal.

We recognise that this solution does not work for all vehicles at all locations and so we continue to seek out other alternative compliant methods of vehicle washing, from both a modern slavery and environmental perspective.

Suppliers of cleaning services and of goods such as uniforms, rubber bands and mail bags have also been identified as high risk, as they are industries using low-skilled labour. For these high-risk suppliers, our risk mitigation plan looks to mitigate risks further down the supply chain via independent assurance (including through the Supplier Ethical Data Exchange or SEDEX).

We will continue to focus on assessing supply chains risks in relation to modern slavery and are exploring options for certification of third-party suppliers for correct employment standards.

Due Diligence

Establishing a risk-based due diligence framework enables the Group to better identify potential modern slavery risks in its supply chains.

The day-to-day due diligence processes vary throughout our Group to take account of the different business set-ups and operations. Within Royal Mail, during the invitation to tender stage or before awarding a contract, all suppliers are asked to provide insight into

their corporate responsibility performance by completing a detailed supplier due diligence questionnaire. This is to ensure they meet the minimum standards we require. Due diligence activity is enhanced for high-risk suppliers, who are required to answer additional questions. These include in-depth questions around labour standards for categories which are potentially high risk from a human rights and modern slavery perspective.

The Royal Mail Procurement team has developed a modern slavery heatmap that provides an unadjusted and adjusted risk marking at a category level and the mitigations that are relevant to individual suppliers. This is reviewed and updated every year by senior Procurement managers. The heatmap is used to identify high risk categories of supplier through location and sector. Risk heatmaps allow us to determine where in Royal Mail Group the most severe risks exist and the effectiveness of our prevention measures. They enable us to customise our mitigation strategies for identified risks.

If modern slavery concerns are identified about a particular supplier, we may require them to provide a site audit, either through SEDEX or independently. If remedial actions are identified in an audit, those must be completed by the supplier prior to contract or, if identified as part of ongoing monitoring, in accordance with a remediation plan. The timeline for this will depend on the severity of the risks identified. In the event of a failure to complete remediation activity to Royal Mail's satisfaction, suppliers are removed from our supply chain. Although we have previously done this, we have not had to take this action in 2021-22.

Royal Mail work with GAN Integrity, who provides a risk-based end-to-end due diligence solution that delivers intelligence and alerts to procurement category teams. Contract managers within the business are also made aware of relevant alerts. Where appropriate, the contract manager will work

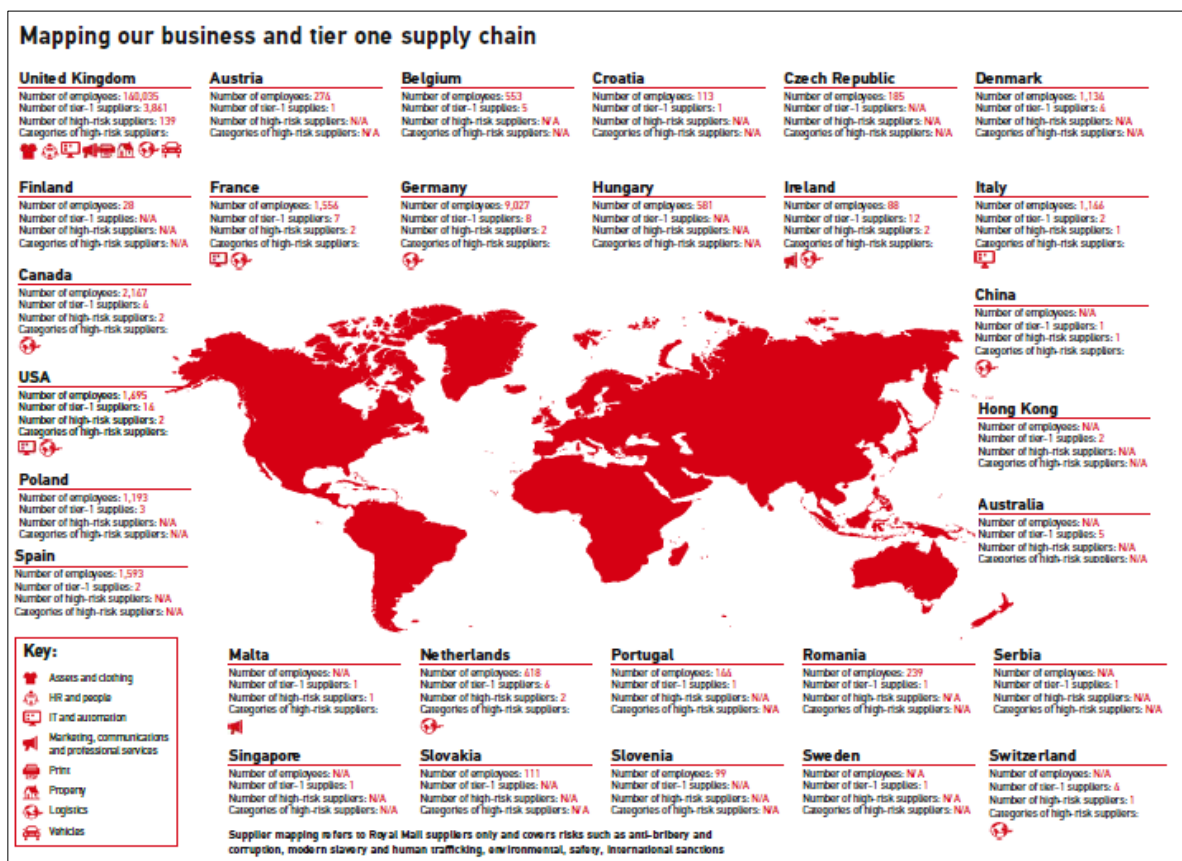
with the Procurement team to put in place suitable remedial actions. The solution screens suppliers identified as being in sectors with medium to high risk of corruption, human rights abuses or environmental risks. In addition, some high-risk suppliers (based on geographical location and activity) are asked to enrol with SEDEX which tracks suppliers' social, environmental and ethical performance and holds third-party audits to ensure accurate reporting. High-risk suppliers are monitored on an ongoing basis.

Royal Mail also uses standard contract clauses in our standard Master Purchase Agreement – our preferred means of contracting, wherever commercially feasible – and in Purchase Order terms issued to suppliers, prohibiting our suppliers from engaging in modern slavery.

In 2021-22, the Royal Mail Procurement and Compliance & Ethics teams worked together to develop a 'red flag' checklist for various risks relating to third parties, such as bribery, modern slavery and financial risks. The checklist identifies red flags that may indicate a potential issue with a supplier and possible

mitigations to put in place. This ensures issues are being dealt with in a consistent manner.

GLS operates a dedicated Business Partner Approval Process. Potential suppliers with either a spend greater than 10,000€ or with an intended relationship longer than three months are checked to ensure there are no negative workers' rights indicators before a business relationship can be started. Where appropriate GLS contracts, including standard terms and conditions, include a section specifically mandating compliance by suppliers with all applicable laws, aimed at combating any form of modern slavery. If a supplier does not meet GLS's required standards and this is not remedied, GLS will not contract with that supplier. Existing suppliers are reviewed at least every three years as part of the Business Partner Approval Process. If the required standards are no longer being met, GLS will put in place appropriate measures, up to and including contract termination.



Royal Mail Due Diligence Figures 2021-22

- 100% of Royal Mail high-risk suppliers monitored daily by GAN Integrity against all risks including modern slavery
- 40 of the high-risk tier one and tier two suppliers are registered on SEDEX, allowing access to self-assessments and/or third-party audits
- 18 on-site audits of tier one and tier two suppliers and sub-contractors completed

Auditing Suppliers

Royal Mail employs audits using a risk-based approach to verify that its first tier suppliers or second tier suppliers (sub-contractors) comply with its Responsible Procurement Code. The suppliers are responsible for commissioning an audit when required by Royal Mail. The audits must use the SEDEX Members Ethical Trade Audit (SMETA) Reporting Framework or the Business Social Compliance Initiative (BSCI) standards to assess the suppliers in a number of areas, including management systems and code implementation, safety and hygiene conditions, freely chosen employment, use of child labour, living wage, benefits and working hours.

The audits must be completed by a SEDEX-accredited third-party auditor and include a site visit/tour (which may be unannounced) and both group and individual worker interviews on site. During 2021-2022, a programme of on-site audits took place with 18 suppliers and sub-contractors. The results of these audits, including remediation plans and evidence of completion of remedial actions, were reported via SEDEX or directly to Royal Mail.

Findings from the audits during 2021-22 were predominantly health and safety related and included findings on inadequate safety signs and labelling and noise testing. In some locations, first aid boxes were insufficiently stocked, and this was therefore rectified in the remediation plan.

Where suppliers or sub-contractors fail to comply with the requirement to submit to an audit and/or carry out corrective actions, they are given an opportunity to rectify this. Where these requirements are not met, we may cease to use the supplier or sub-contractor.

Policies in relation to Modern Slavery and Human Trafficking

Policies in our Group set out our expectations and commitments to our people, business partners, suppliers and customers.

Relevant policies for modern slavery prevention include policies on:

- Environmental, social and governance (ESG) matters;
- Responsible procurement;
- The prevention of bribery and corruption; and
- Speaking up (whistleblowing);

together with Our Business Standards, (which serve as our Code of Conduct).

The ESG policy statement and bribery and corruption and Speak Up policies are all overseen by the Board. The Royal Mail Responsible Procurement Code is approved by the Procurement Director.

ESG Policy Statement

This Group-wide policy statement 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 ILO's Fundamental Conventions, which are fundamental to ensuring there is no modern slavery in our supply chains.

Our Business Standards

Our Business Standards incorporate our company values and outline the standards of behaviour we expect to see in all our people in Royal Mail and PFSL. This includes following the law and Group processes (including the processes we have in place to address modern slavery risks), acting honourably and treating one another with respect. Our Business Standards encourage our colleagues to help

build the right culture by applying good judgement, understanding and following our policies, procedures and processes, being honest and speaking up when things don't seem quite right. Employees who do not adhere to these standards may face disciplinary action up to and including dismissal. It was updated in 2021-22 to include a new section specifically on modern slavery and encouraged colleagues to be aware and mindful of the signs of modern slavery both at work when out in the community delivering mail and outside of work. As Royal Mail serves the community, we are in a unique position to look out for these signs.

GLS has its own Code of Business Standards (the GLS Code, which is aligned to Royal Mail's document). This outlines the values and behaviours GLS expects from its employees and business partners.

Responsible Procurement

The Royal Mail Responsible Procurement Code sets out the social, ethical and environmental standards expected from all Royal Mail suppliers. This is based on the ten principles of the United Nations (UN) Global Compact and requires our suppliers to comply with internationally recognised standards of the ILO covering human and labour rights. The Responsible Procurement Code makes it

clear that Royal Mail weights social, environmental and ethical factors as pass/fail elements in the contract award process. The Code also includes a supplemental supplier's values brochure, which sets out Royal Mail's expectations on suppliers to comply with its business values. All Royal Mail and Angard suppliers (and all PFSL suppliers with a procurement contract) are required to comply with it. There is an explicit prohibition in the Code on the use of forced labour, child labour or human trafficking in our business operations.

The GLS Business Partner Approval Process and Supplier Code of Conduct (which sets out the standards GLS expects of its suppliers and is also based on the UN Global Compact Principles framework) cover the modern slavery aspects that are included in the Responsible Procurement Code. The GLS Business Partner Approval Process Guideline is made available to all employees and the Supplier Code of Conduct is available on all GLS country entity home pages.

Prevention of Bribery and Corruption

Our policy sets out the standards of behaviour we expect to ensure the integrity of the supply chains and to reduce the risk of bribery and corruption across our business. The guidance associated with the policy highlights 'red flags'

Embedding Our Business Standards

We develop and maintain a safe, ethical and fair workplace by seeking active employee engagement with Our Business Standards. The document is reviewed on an annual basis and any changes are communicated to colleagues. Our Business Standards are accessible online 24/7 to all Royal Mail employees via the Royal Mail intranet, myroyalmail.com and the Royal Mail People App. It is also available to view externally via the Royal Mail Group corporate website. Our Business Standards are a standard part of our induction programmes with all new joiners receiving access to the document as part of their induction material. We communicate Our Business Standards to all employees regularly via managers and through our internal communication channels. In addition, in 2021-22 we sent an abridged version of Our Business Standards as a home mailing to all frontline colleagues (c.129,000 colleagues). Royal Mail also provides each agency and casual worker with a copy of Our Business Standards.

The GLS Code of Business Standards is communicated to all employees internally in their local language and is available on all GLS country entity home pages. Angard has its own version of Our Business Standards, which is available to Angard employees on its website. PFSL also adhere to the Group's Business Standards which are available on its internal intranet site for employees.

that are also potential indicators of modern slavery, such as cash payments; unusual payments to a third party; or any close ties to public officials.

Royal Mail has a mandatory compliance e-learning course on bribery and corruption for all new manager-level joiners and specific face-to-face/video conference training for business units or teams identified as higher risk due to their interaction with third parties or their roles. In 2021-22, bribery and corruption were included in nine training sessions with our Customer Experience, Finance, International, Legal & Compliance, Procurement, Property, Regulation, Revenue Integrity and Wholesale teams. Bribery and corruption were also covered in our 2021 annual compliance refresher training completed by Royal Mail and PFSL managers.

GLS has an anti-bribery policy, which is communicated to all employees. It sets out its approach to minimising the risk of bribery and corruption taking place in any part of its business. The policy applies worldwide, wherever GLS employees do business.

Speaking Up (Whistleblowing)

The Royal Mail policy was updated in June 2021 to provide more detail on the Speak Up process from start to finish, to increase transparency and therefore trust in the process. It provides assurance around confidentiality of the process and explicitly states that retaliation in any form against a person making a report is not tolerated. Concerns around modern slavery issues can be made to the Speak Up helpline.

GLS operates a dedicated Whistleblowing Helpline that is available for reporting allegations of criminal acts or similar serious offences. GLS encourages employees, business partners and third parties to report, in confidence, any concerns they have.

Availability of Policies

All policies referred to in this document are publicly available on the following corporate websites as appropriate (with the exception of

the GLS Anti-Bribery Policy, the GLS Business Partner Approval Process and the GLS Speak-up Policy, which are available internally):

Royal Mail:

<https://www.royalmailgroup.com/en/sustainability/governance/policies/>

Angard:

<https://www.angardstaffing.co.uk/policies/>

GLS:

<https://gls-group.eu/GROUP/en/about-us/our-codes-of-conduct>

All GLS policies are available to all employees with computer access and colleagues have to attest to having received and understood them. GLS tracks this both per country and across the whole of GLS. Operational employees have access to the policies in paper format at their place of work.

Risk Assessments and Management

Royal Mail Group conducts risk assessments to better understand the risk profile of its business and supply chains, enabling targeted risk mitigation activities. Ultimate responsibility for the oversight of risk management is with the Audit and Risk Committee (ARC). This acts on behalf of the Royal Mail plc Board.

Ongoing Risk Assessment

Royal Mail has developed a new ongoing compliance risk assessment process covering its UK business. These risk assessments track a business area's risk profile, which is made up of a variety of compliance risks within business units, such as bribery, competition law and modern slavery. It also tracks whether associated controls and mitigation activities are being effectively implemented. The outcome of a risk assessment determines whether a business area is treated as higher or lower risk, which in turn determines how often this risk assessment is completed (every six months for higher-risk teams and every 12 months for lower risk teams). The central Compliance & Ethics team engages with the

relevant business units to assess and verify conclusions and follow-up mitigation activity. This process is completed by compliance leads and is supported by regular attestations from senior Compliance & Ethics Champions in each business unit across Royal Mail.

In relation to modern slavery risks, each business unit is asked to confirm that Royal Mail recruitment processes are followed when recruiting new workers (including flexible resource) and procurement processes are followed when onboarding new suppliers and third parties, as these are critical controls to ensure modern slavery are not taking place in our business or supply chains. Material instances of non-compliance are followed up on if appropriate by the Compliance & Ethics team, although this has not been necessary in 2021-22.

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

These assessments concluded that the risk of human rights violations in the majority of areas of our business and supply chains is low. However, there are certain categories of supplier that represent a higher risk based on sector or location (see Our Suppliers above).

Confidential Employee Reporting

The Royal Mail confidential 'Speak Up' helpline allows all our UK people, including contractors, temporary workers, suppliers, business partners and their employees, as well as members of the public, to raise concerns about wrongdoing confidentially and anonymously if they wish. It is available 24 hours a day, 365 days a year. Employees are encouraged to report modern slavery concerns to the helpline.

All reports received are triaged to assess whether they are in scope or not and the seriousness of the report, to ensure reports are escalated as appropriate.

Where there is sufficient information to investigate a report, it is allocated to an investigator in the relevant part of Royal Mail (e.g., HR, Security, Health & Safety etc) for investigation. All investigation reports are then reviewed to ensure the allegations have been fully investigated to the required standard. The reporter is informed if their report has been upheld or not and the reasons for that. Where possible, remedial actions are shared with the reporter (but no confidential personal information is shared). A quarterly report is provided to the ARC on key Speak Up metrics and a detailed review is provided at the end of the financial year, identifying themes and trends.

Raising awareness of the Speak Up helpline and increasing transparency around the process has been a key focus in Royal Mail in 2021-22. Initiatives include:

- Quarterly updates to the business on key metrics such as the number of reports received, anonymous reporting levels and substantiation rates, together with anonymised case studies;
- A mandatory e-learning for c.9,300 managers on Speak Up and Leading with Integrity, designed to help managers develop a Speak Up culture in their teams and train them on how to deal with and escalate concerns raised to them. This module is now included in the updated suite of mandatory manager compliance induction training e-learning that launched on 1 April 2021; and
- Improved reporting to the ARC on Speak Up, setting out more insight and actions.

These initiatives have led to an 82% increase in the number of Speak Up reports received in 2021-22, compared to the previous year. This demonstrates increased awareness and trust in the Speak Up process. We received one

report related to modern slavery. We engaged with the Gangmasters and Labour Abuse Authority, who carried out a site visit, but the allegation was not upheld.

The GLS confidential reporting service is open to all, including people outside GLS. The Royal Mail and GLS misconduct reporting policies (Speak Up Policies) make it clear that people making disclosures must not suffer any detrimental treatment as a result of raising a concern.

As with the Royal Mail process, all reports received are triaged to assess whether they are in scope or not, and the seriousness of the report. All potentially significant reports are reviewed by the GLS Investigation Committee to determine the appropriate approach, which may be at country-level or at GLS Group-level.

The Group confidential reporting helplines are promoted via the intranet and compliance training, and communicated externally through Our Business Standards, Responsible Procurement Codes and on our external websites.

In addition to the Speak Up helplines, colleagues can speak up about modern slavery concerns through a variety of other mechanisms including:

- Informal conversations with managers;
- Talking to HR or Compliance teams; or
- Raising an issue with a member of the management board.

Training and Communications

Royal Mail Group provides training to raise awareness of risks within our business and supply chains. Learning how to escalate concerns is a key element of its efforts to eliminate modern slavery and associated risks from our business and supply chains.

Employees complete various training programmes, to ensure they understand our approach and expected behaviours. These include mandatory induction training and annual compliance refresher training.

In 2021-2022, Royal Mail has concentrated on improving awareness of modern slavery risks in the business and its supply chains and how to report concerns. Specific actions we have taken include:

- Updating the mandatory compliance induction training for all new managers joining Royal Mail to include modern slavery from 1 April 2021, specifically modern slavery risks, dealing with third parties, red flags and escalation of concerns, highlighting situations that might arise at Royal Mail. The other induction topics covered are bribery, corruption, facilitation of tax evasion, sanctions, speak up and leading with integrity, certain regulatory obligations and competition law;
- Delivering targeted training on modern slavery to colleagues with procurement or supply chain management responsibilities and to managers in our flexible resourcing team and flexible resource supplier companies, over and above the annual compliance refresher training that is mandated for all Royal Mail managers, educating them on the signs of modern slavery to look out for and how to report concerns;
- Circulating communications across Royal Mail in relation to modern slavery, including posters and a specific awareness communication for Anti-Modern Slavery Day (18 October 2021), highlighting its prevalence in society and examples of it taking place; and
- Publishing an updated compliance guide including information on modern slavery for operational colleagues, providing details of modern slavery warning signs to look out for when delivering mail and how to report concerns.

GLS has a targeted training approach, including the following:

- An online training module on Compliance in the Supply Chains (covering bribery risks and modern slavery), which has been rolled out to all GLS employees with

purchasing responsibility and/or oversight of suppliers in depots. GLS has an average on-time completion rate for this training of 96%; and

- Face-to-face training on modern slavery risks for specific focus groups (i.e., those GLS employees most likely to make relevant purchasing decisions or to encounter modern slavery red flags in the course of their duties).

Effectiveness in ensuring modern slavery is absent from our business and supply chains

Royal Mail Group is committed to continuous improvement in its modern slavery prevention measures. It does this through:

- A pan-Royal Mail modern slavery working group chaired by the Compliance & Ethics team. They meet bi-monthly, to share best practice and look at innovative ways to improve our activity in relation to modern slavery both within our business and our supply chains. Actions are created and monitored to track performance;
- Verifying the effectiveness of compliance controls in our business units through the ongoing Group risk assessment processes;
- Reporting material compliance risks and incidents to the relevant Royal Mail ARC or GLS ARC as appropriate. No material risks in relation to modern slavery were reported to either body in 2021-22; and
- Reviewing the results of Royal Mail on-site supply chains audit programmes to ensure corrective actions are implemented.

It monitors the effectiveness of mitigation activities via a wide variety of channels and performance indicators set out below.

Effectiveness of Supply Chain Processes

We monitor the effectiveness of our procurement processes using a number of indicators. These include:

- The number of Royal Mail suppliers and sub-contractors on the SEDEX platform (currently 40);
- The number of on-site audits completed (18); and
- The percentage of Royal Mail's high-risk suppliers that are monitored and screened through the GAN Integrity platform (100%).

Looking forwards, Royal Mail has set a target to have 50 of its high-risk suppliers and subcontractors reporting self-assessments or third-party sustainability audits via SEDEX by the end of 2022-23. Royal Mail is working with SEDEX to expand coverage, including launching an on-boarding support programme to identify and sign-up more suppliers.

Training effectiveness

Royal Mail has a target of 95% completion of its mandatory compliance training within three weeks of being allocated it. In 2021-22:

- 95% of Royal Mail, PFSL and Angard managers completed the annual mandatory compliance refresher training within three weeks. This training included information on modern slavery, employee obligations to comply with business policies on the use of approved suppliers, the risks in our supply chains and how to raise concerns. Completion stood at 99.7% at the end of 2021-22. Managers are required to attest to Our Business Standards as part of this training;
- 97% completed the Speak Up and Leading with Integrity mandatory training within three weeks; and
- 86% of new managers completed all four induction training modules within three weeks. Overall completion of all modules in 2021-22 stands at 99%.

Royal Mail measures effectiveness of the programme by assessing whether our people understood their training and run diagnostics to determine additional training needs for higher risk teams. In May 2022, a follow-up questionnaire was sent to everyone who

completed the annual compliance refresher training in 2021, to test knowledge retention and understanding. The results of this questionnaire will be used to target further training and communications.

In GLS, the target is 95% of relevant employees having completed the necessary training within mandated time limits. In 2021-22, this target was achieved.

Effectiveness of our Speak Up helplines

Royal Mail benchmarks its Speak Up process using publicly available benchmarks¹. In 2021-22:

- Royal Mail's total number of reports received was above the UK benchmark for a company of its size for the first time, which is very positive;
- Its substantiation rates (i.e., the percentage of investigated reports that were upheld or partially upheld) were also in line with the UK benchmark; and
- Its average report closure times were longer than the UK benchmark. This is an area of focus for Royal Mail in 2022-23. Additional resource has been allocated to the Speak Up team to bring report closure times more in line with benchmarks.

GLS benchmarks its Speak Up data against benchmarks provided by its Speak Up platform provider.

Collaboration

We believe only if the business community works together as one can we effectively raise awareness and combat modern slavery and associated risks.

This year, Royal Mail continued its participation in the Greater Manchester Modern Slavery Business Network, a network of businesses of all sizes in the North West of England who normally come together several times a year to share best practice and discuss challenges and solutions to tackling

modern slavery. Among the themes for this year's meeting in December 2021 was a focus on educating suppliers' employees on modern slavery. This is currently being progressed by Royal Mail's Procurement team who are looking at how we can include signposting to modern slavery material for our suppliers for their employees to access. Due to COVID-19, this year's meeting was again held as an online event for the second year running.

We also worked in collaboration with the charity Unseen, which is working to stamp out modern slavery, to launch a series of awareness raising materials: a poster educating our workforce on the signs of modern slavery to look out for and how to report concerns and another aimed specifically at victims of modern slavery signposting them to the Modern Slavery and Exploitation helpline. The posters are displayed in our Mail Centres where the majority of our flexible workforce work.

This year for the first time, Royal Mail produced a bespoke postmark in partnership with the charity Anti-Slavery International, to support and raise awareness of modern slavery on 18 October, Anti-Slavery Day. The postmark depicted the Anti-Slavery International logo and was titled "Stamping Out Modern Slavery" and "Anti-Slavery Day 18th October". The postmark was applied to stamped mail due for delivery on 18 October.

Royal Mail also regularly responds to due diligence requests from customers making them aware of the steps taken to identify and mitigate risks including modern slavery risks within our own business and within our supply chains.

If you are interested in partnering with Royal Mail to reduce the impact of modern slavery within our supply chains, please contact us at group.compliance@royalmail.com.

¹ [Navex 2021 Regional Whistleblowing Benchmark Report](#).

Approval of this Statement

This statement covers 29 March 2021 to 27 March 2022 and was approved by the Board of Directors on 6 July 2022.

Keith Williams
Chairman



Signature

Date of signature 6 July 2022