

# Royal Mail plc

## Modern Slavery Act Statement for 2019-2020

### Introduction

We are committed to ensuring that modern slavery and human trafficking are not taking place in our own business or supply chains. Since the Modern Slavery Act 2015 (the Act) came into force, we have continued to develop and improve our approach. In accordance with, this statement describes the steps Royal Mail plc, Royal Mail Group Limited and all other relevant subsidiaries (including GLS Group) have taken during our financial year 2019-20 ending on 31 March 2020 to tackle the risk of modern slavery and human trafficking within our group businesses and supply chains.

For the purpose of this statement, we use the terms 'Royal Mail Group' (RMG) or 'the Group' to describe our three main brands, Royal Mail, Parcelforce Worldwide and GLS. The terms 'we' or 'our' also refer to the Group. We use the term Royal Mail or Royal Mail UK and Parcels, International and Letters (Royal Mail (UKPIL)) to refer to our UK operations.

Please note that as this statement is for the financial year 2019-2020, the impact of Covid-19 on our activities is largely excluded from the scope. However, following changes to the statutory reporting requirement, as a result of the pandemic, we have delayed publication due to internal redeployments and personnel changes required to respond to the crisis. We have minimised this delay and have published within ten working days of the original, pre-Covid 19 deadline.

### This statement provides information on:

- Our structure and supply chains;
- Our due diligence processes;
- Policies in relation to modern slavery and human trafficking;
- Risk assessment and management;
- Key performance indicators (KPIs) to measure effectiveness of steps being taken;
- Training on modern slavery and trafficking; and
- Collaboration with the wider community.

### In 2019-20 our risk mitigation activities included:

- Commissioning a renewed external consultation on modern slavery risks for Royal Mail and GLS;
- Continuing to monitor risks posed by third parties through third party market intelligence screening;
- 99.7% of Royal Mail managers assigned the mandatory compliance refresher training completing it;
- Confirmation of receipt of Our Business Standards (Code of Conduct) for all new employees in GLS;
- Continuing to raise awareness of modern slavery and trafficking via communications, campaigns, training and guidance;
- Concentrated modern slavery training delivery to high-risk teams to ensure a targeted response to our risk profile;
- The roll-out by GLS of online training on "Compliance in the Supply Chain"; and
- Refreshed communication of our confidential employee reporting service in the UK.

### **Covid-19 Impact**

Although this report covers the period up to 31 March 2020, it is appropriate to mention briefly measures taken to protect individuals working either directly or indirectly for RMG during the current pandemic.

Protecting our people and the communities we serve has been our top priority. The Group Director of Compliance & Sustainability has taken a leading role in our pandemic response and is tasked with prioritising the health and safety of the workforce and anyone else affected by our operations. To protect people working for Royal Mail:

- We were one of the first delivery companies to introduce contact free delivery; and
- We changed standard ways of working to ensure, wherever possible, colleagues stay two metres apart. That includes a new rule so that only one person is in a Royal Mail delivery vehicle at any one time.

### **Our Business**

Royal Mail Group consists of two principal subsidiaries. Around two thirds of our business comes from our domestic operation, Royal Mail (UKPIL), and a third from our international operations, GLS.

Royal Mail (UKPIL) comprises our UK and international parcel and letters delivery businesses under the 'Royal Mail' and 'Parcelforce Worldwide' brands. 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 13 billion letters, and around 1.3 billion parcels. In the UK, Royal Mail (UKPIL) is the country's pre-eminent delivery company. 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 40 countries. 25 through its own subsidiaries and 15 through its network partners (including the UK.) It covers 36 countries in Europe. It operates in eight states in the Western US and Canada.

GLS covers most operations outside the UK.

### **International Presence**

In Europe, GLS is prominent in Denmark, Germany, Italy, France, and Spain. Central and Eastern European activities are concentrated in Poland, Croatia, Czechia, Hungary, Romania, Slovakia and Slovenia. In the US, GLS has 1,600 employees, 45 depots, six hubs, and a customer service centre to support more than 23,000 customers. It operates in the states of California, Arizona, Nevada, New Mexico, Oregon, Washington, Idaho and Utah. GLS Canada operates 25 depots and three hubs, with over 1,000 employees, and about 36,500 customers.

Royal Mail is part of:

- the E-parcel Group, the European national postal operator network allowing for cross-border co-operation; and
- EMS (Express Mail Service) permitting delivery across a global network including 180 countries. EMS is run by the Universal Postal Union, the United Nations Specified Agency co-ordinating international co-operation between postal operators, covering 194 countries.

### **Our people**

We employ around 160,000 people across our Group; 141,500 are in the UK. GLS employs around 19,000 people worldwide. 88 per cent of our workers are in the UK, where we are one of the largest employers. We promote strong labour standards in our industry with good working conditions and fair pay. We work closely with our unions to agree changes to our working practices. Around 89 per cent of UK operations and administrative-grade employees are members of the

Communication Workers Union (CWU), and managers are covered by the Unite/CMA union. In total 98 per cent of Royal Mail employees are covered by our agreements with these two unions.

RMG is committed to providing services without participating in the reduction of workers' rights, safety, security and working conditions. associated with 'gig economy' labour.

### **Seasonal Labour**

In the UK, the largest use of seasonal labour is in the hiring of additional staff to assist with additional operations support in the Christmas period. This involves the hiring of about 20,000 casual workers directly employed by Royal Mail. In addition to casual workers, year-round operations use approximately 6,000-8,000 agency staff, rising to 12,000 – 15,000 in the Christmas peak across all suppliers. Royal Mail provides each temporary worker with a copy of Our Business Standards booklet, which includes information about the confidential employee reporting service. Temporary workers in our UK operations are provided by seven approved suppliers 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; workers original identification, 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.

GLS works with agency partners to supply labour services. Procurement of agency services is governed by Responsible Procurement Codes.

### **Our suppliers**

As with many corporations, we recognise our biggest potential exposure to modern slavery lies within our supply chain. We are committed to working across our supply chain to have a positive impact on society and the environment.

We rely on our suppliers for all goods and materials – we are not a significant manufacturer, nor do we 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 per cent of tier one suppliers to our UK business are based in the UK, where we spent around £2.3 billion during the year.

We use standard contract clauses prohibiting our suppliers from engaging in modern slavery. All Royal Mail suppliers are required to comply with the Responsible Procurement Code of Conduct which is based on the ten principles of the United Nations (UN) Global Compact promoting responsible practices across human rights, labour, environment and anti-corruption. The Code makes it clear that Royal Mail weights social, environmental and ethical factors as pass/fail elements in the contract award process.

Royal Mail standard contract terms include an obligation for suppliers to “have and maintain in place throughout the term of this Agreement appropriate procedures, standards or policies with the aim of ensuring compliance with the Relevant Requirements and that slavery and human trafficking is not taking place in its own business or any part of its supply chain, and shall ensure that such procedures, standards or policies are provided to all relevant staff and enforced in an appropriate manner”.

## Due Diligence

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

Royal Mail pre-screens potential suppliers before asking them to participate in a tender or awarding them a contract. This ensures that potential suppliers meet the minimum standards we require on a range of corporate responsibility issues. Royal Mail works with GAN Integrity, who provide a simple to use risk-based end-to-end due diligence process that provides intelligence and alerts to procurement teams and contract managers. The solution screens suppliers in sectors with medium to high risk of corruption, human rights abuses, or environmental risks. Due diligence activity is enhanced for higher risk suppliers.

The day-to-day due diligence processes vary throughout our Group to take account of the different business set-ups and operations. For example, at Royal Mail during the invitation to tender stage, all suppliers are asked to provide insight into their corporate responsibility performance. Suppliers from higher risk categories are required to answer additional questions, which focus on higher-risk areas for each supplier category. These include in-depth questions around labour standards for categories which are potentially higher risk from a human rights and modern slavery perspective. Royal Mail also uses a Supplier Management Portal to assess whether existing suppliers are meeting the ethical, social and environmental (ESG) requirements in their contracts. Suppliers designated higher risk provide relevant performance evidence to the portal which we review via supplier performance dashboards. In addition, some higher risk suppliers (based on geographical location and activity), are asked to enrol with SEDEX which tracks suppliers' ESG performance and holds third-party audits to ensure accurate reporting.

The GLS Group operates a dedicated Business Partner Approval Process. Potential suppliers which are either used with a spend greater than 10,000€, or with an intended

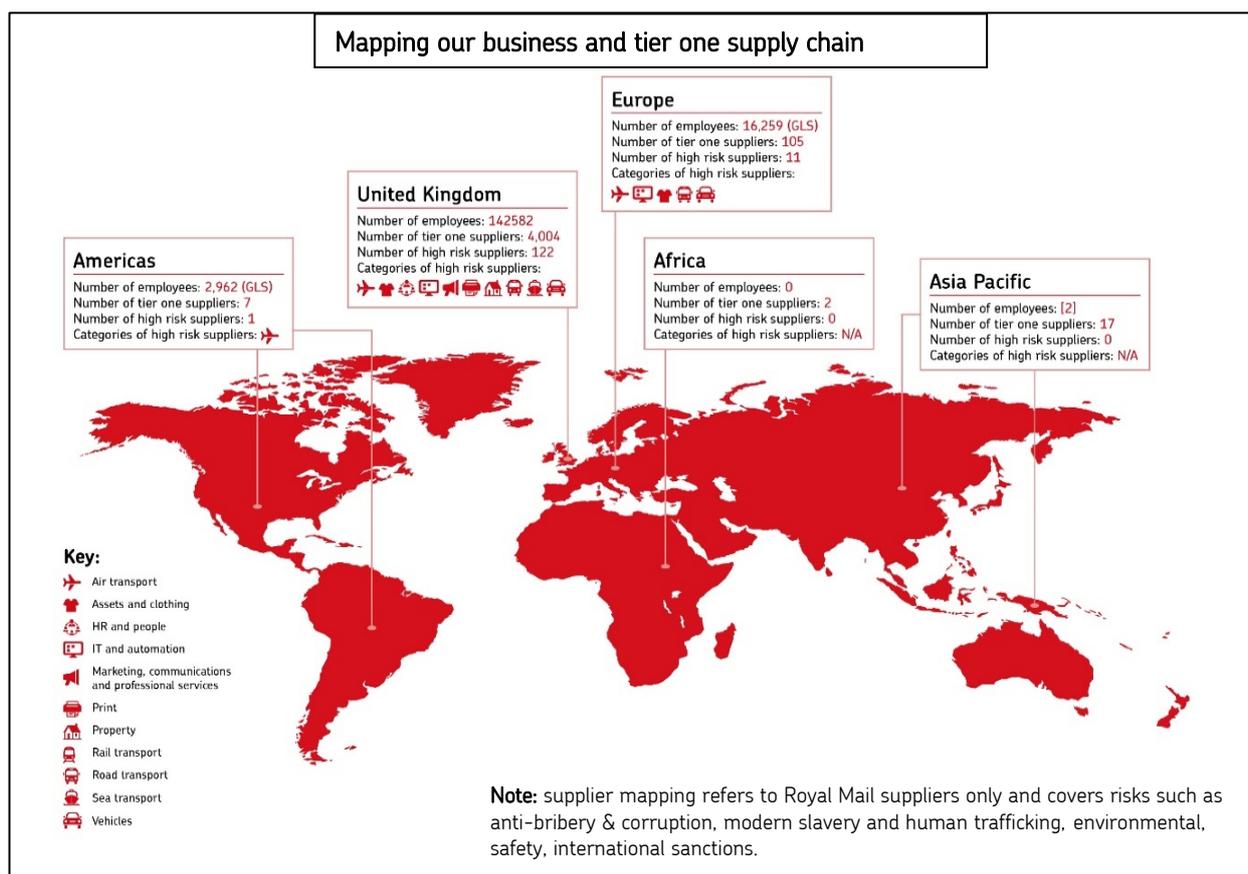
relationship longer than 3 months, are checked to ensure there are no indicators of disregard of workers' rights before a business relationship can be started. Once a business partner is approved, standard terms and conditions include a section covering compliance by suppliers.

### Royal Mail Due Diligence figures 2019-20

- **15 on-site audits completed in 2019-20;**
- **100% of high-risk suppliers monitored by GAN Integrity;**
- **29 high risk suppliers' active on SEDEX.**

### Auditing second-tier suppliers

Royal Mail uses audits to verify that its suppliers or sub-contractors comply with its Responsible Procurement Code. The audits use the Sedex Members Ethical Trade Audit (SMETA) Reporting Framework to assess a number of areas including management systems and code implementation, safety and hygienic conditions, freely chosen



employment, child labour, living wage, benefits and working hours. The audits are completed by a third-party auditor and include a site visit/tour and both group and individual worker interviews. During 2019-20, a programme of on-site audits took place with 15 sub-contractors. The results, including remediation plans, and evidence of completion were reported via Sedex, or directly through the Supplier Management Portal.

Findings from the audits were typically health and safety related, and included findings on inadequate safety signs and labelling, noise testing and one finding of overtime hours going over the prescribed level. Where suppliers/sub-contractors fail to comply with the requirement to conduct audits and/or carry out corrective actions, we give them an opportunity to rectify. Where this is not possible, we may cease to use the supplier/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. They are built on internationally recognised commitments, declarations, standards and codes, including the United Nations (UN) Global Compact, the UN Universal Declaration of Human Rights, and the International Labour Organisations Fundamental Conventions.

In 2019, Royal Mail implemented the Policy Governance Framework to ensure that all policy requirements internally were verified as meeting the requirements of both the law and the risk appetite of the business. It identified subject matter experts in each policy areas as policy owners, and imposed obligations on them for ensuring policies are reviewed annually, with KPIs for effectiveness of implementation agreed with a dedicated Policy Governance Team.

All policies referred to in this document are publicly available on our Corporate websites:

Royal Mail:  
<https://www.royalmailgroup.com/en/responsibility/policies-and-reports>; and

GLS Group: <https://gls-group.eu/EU/en/compliance>

Relevant Royal Mail policies for modern slavery and human trafficking prevention include:

- Our Business Standards;
- Corporate Responsibility (CR) policy;
- Responsible Procurement Codes (including supplemental Supplier Values Brochures);
- Anti-bribery and corruption policy; and
- Recruitment policies.

### Our Business Standards

This document incorporates our company values and set out the behaviours expected of our employees, committing everyone to doing the right thing, following the law, acting honourably and treating one another with respect. There is an explicit prohibition on the use of forced labour, child labour, or human trafficking in our business operations. Employees who do not adhere to these standards may face disciplinary action.

This is Royal Mail's commitment to responsible business conduct, and details its support of the UN Global Compact, the UN Universal Declaration of Human Rights and the International Labour Organisation's Fundamental Conventions.

### Responsible Procurement Codes (including supplemental Supplier Values Brochures)

This document sets out the social, ethical and environmental standards expected from all suppliers. All Royal Mail suppliers are required to comply. The Code makes clear that in assessing potential suppliers, social, environmental and ethical factors are 'pass/fail' in the contract award process. All suppliers are required to communicate the Code in full to all relevant employees in their organisations.

### Anti-Bribery & Corruption Policy

This document sets out the standards of behaviour we expect to ensure the integrity of the supply chain and to reduce the risk of corruption. We ensure employees understand through both online and face-to-face training, including annual mandatory compliance refresher training to all

### Embedding Our Business Standards

Our business standards are the standards of behaviour we expect to see in all of our people at Royal Mail Group. It's about doing the right thing, following the law, acting honourably and treating others with respect. We develop and maintain a safe, ethical and fair workplace through seeking active employee engagement with 'Our Business Standards', which serve as our Code of Conduct. In 2020, Our Business Standards were updated and refreshed. The Royal Mail annual mandatory compliance training includes information about modern slavery, RMG obligations and the risks in our supply chain. Managers are required to attest to the standards set out in Our Business Standards. This e-learning focusses on different elements, such as how to live our values and how to raise concerns. GLS makes its Code of Business Standards available to all employees internally in the local language and has also placed the document on its external websites; the Code of Business Standards will be provided once again to every employee with computer access in 2020/21.

The Royal Mail Our Business Standards document is always available to employees on-demand through Royal Mail's intranet and myroyalmail.com. They are communicated to all employees every three years, including a mailing to frontline employees. In addition, the document is reviewed annually and any changes communicated at that time. Royal Mail (UKPIL) uses its internal communications channels, including WhatsApp and the intranet to share regular updates and reminders on our business standards throughout the year.

**Corporate Responsibility (CR) policy**

employees, a compliance e-learning course which includes anti-bribery and corruption

for all new starters, leading with integrity training for managers, and specific training for business units identified as higher risk due to their interaction with third parties.

### **Recruitment policies**

We are committed to recruiting employees based on merit, in line with our Equality and Fairness and Recruitment policies. We have a number of additional policies to support fair recruitment including in the UK a Recruitment vetting policy and Right to Work Guide. These are communicated internally through the intranet.

### **Risk Assessments and Management**

Risk assessment for modern slavery risk in RMG is divided into two distinct activities: ongoing risk assessment and periodic external risk assessment.

#### **Ongoing Risk Assessment**

During 2019-20, Royal Mail built modern slavery risk profiles into its ongoing compliance risk assessment process. These risk assessments track a business area's risk profile, which is made up of a variety of compliance risks within business units and associated mitigation activities. The central Compliance & Ethics team engages with the relevant business teams on a risk-based approach to assess and verify conclusions and follow-up mitigation activity. This process is run quarterly by compliance business leads and is supported by biannual attestations from senior executive Compliance Champions.

In January 2019, we also conducted annual risk assessment reviews with our UK subsidiaries and moved them onto a more comprehensive risk assessment process. In addition, our GLS Group entities conduct comprehensive annual compliance risk assessments, tracking compliance risks, including modern slavery risks, across all countries GLS is active and assigning appropriate mitigation activities. Completion of these are tracked by both a central GLS Corporate Compliance team and GLS Group Audit.

We conduct risk assessments to better understand the risk profile of our business and supply chain, enabling targeted risk mitigation activities. Overall responsibility for the oversight of risk management is with the Risk Management Committee and the Audit and Risk Committee (ARC). These act on behalf of the Board.

#### **Periodic external risk assessment**

Since 2016 we have undertaken two external assessments to better understand our risk profile and inform our approach to mitigating modern slavery and human trafficking risks. During 2017-18, we conducted in-depth cross-functional workshops to review risk levels for modern slavery in our operation and supply chain. The workshops included scenarios illustrating modern slavery risks and provided guidance on how to raise concerns. These were supported by an external compliance expert, Kristy Grant-Hart from Spark Compliance Consulting, and were refreshed in 2019-2020. The Risk Assessment report produced by Spark Compliance Consulting in conjunction with our Procurement function in February 2020 has categorised our suppliers of goods, services and recruitment agencies, and provided us with a hierarchy of risk. A risk heat-map allows us to determine where in Royal Mail the most severe risks exist, and the effectiveness of our prevention measures. It enabled us to customise our mitigation strategies for identified risks.

Our assessments concluded that our overall risk of human rights violations in our business is low. However, we recognise that human rights violations, including forced labour and trafficking, can occur in all sectors and countries. As a responsible business we are committed to playing our part to help eliminate them.

Across RMG, risk assessment is based on the prevalent risks in the relevant industry and the geographic location of several sub-contractors. Suppliers of goods such as uniforms, rubber bands/mail bags as higher-risk. These are identified as industries using low-skilled labour for manufacturing in China. For these higher-risk suppliers, our risk

mitigation plan now looks to mitigate risks further down the supply chain via independent assurance (see below). We also consider office and vehicle cleaning services undertaken in the UK to be higher-risk. Royal Mail has a large fleet of vehicles. During 2019-20, we considered how to mitigate potential modern slavery risks posed by companies that clean Royal Mail vehicles. We have created a detailed compliance question set and declaration for use with vehicle wash suppliers, that covers modern slavery and a number of other areas. The first supplier signed up to this declaration in 2019-20 (Dropless).

### **Confidential Employee Reporting Service**

Our confidential helplines 'Speak Up', allow all of our Royal Mail people, including contractors, temporary workers, suppliers, business partners and their employees, to raise concerns about serious wrongdoing anonymously. It is available to all employees 24 hours a day, 365 days a year. The GLS confidential employee reporting service is open to all, including external persons. Our 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.

During 2019-20 following an update and streamlining of our Royal Mail Speak Up policy and processes, we undertook a publicity refresh, ensuring that Royal Mail (UKPIL) employees had access to information about Speak Up. A dedicated communications exercise involving posters in all locations, use of internal channels such as e-mails from senior people, and our dedicated video and audio communications publicised the line.

Royal Mail Speak Up helplines are promoted via the intranet and compliance training, and communicated externally through Our Business Standards, Responsible Procurement Codes and on our external websites.

Standard terms and conditions for suppliers require them to promptly notify Royal Mail of any breach of the MSA or if they receive a communication from any person alleging breach of the MSA in relation to the

performance of services or provision of goods to Royal Mail.

### **Effectiveness**

We are committed to continuous improvement in our modern slavery prevention measures. In 2019-20, we have concentrated on improving effectiveness measures and monitoring. Effectiveness measures were part of the external risk assessment supplied by Spark Compliance Consulting, which are being incorporated into a new Compliance & Ethics Risk Assessment process, which will generate KPIs for effectiveness in the financial year 2020-21. The effectiveness of mitigation controls is measured via a wide variety of channels and performance indicators, such as:

- Our ongoing risk assessment processes verify the effectiveness of compliance controls in our business units and subsidiaries. Feedback informs risk mitigation activity;
- Royal Mail's independent Speak Up helplines provide colleagues and suppliers with a confidential channel to raise unethical behaviour and incidents without fear of retaliation;
- Royal Mail's annual culture and ethics survey is a confidential forum for our colleagues to share their views on levels of compliance support and experiences of speaking up;
- Compliance reports to Royal Mail Group's ARC on an exceptions basis raising material compliance risks and incidents;
- 99.7% of Royal Mail managers assigned the mandatory compliance refresher training completed it. This included attesting that they comply with Our Business Standards. We measure effectiveness of the programme by assessing whether our people understood their training and run diagnostics to determine additional training needs for higher risk teams; and
- Reviewing the results of Royal Mail (UKPIL) on-site supply chain audit programmes to ensure corrective actions are implemented.

## Training

We provide training to raise awareness of risks within our business and supply chains. Learning how to escalate concerns is a key element of our efforts to eliminate modern slavery and associated risks from our business and supply chains. Our focus is on teams working in higher-risk environments, such as our Royal Mail and GLS procurement teams and contract managers. New starters in these teams continue to receive training on modern slavery risks and the new legal requirements. GLS has rolled out a dedicated “Compliance in the Supply Chain” online training for GLS employees with purchasing responsibility and/or supervisory functions towards suppliers. The training has been rolled out in all operative entities in the local language. We maintain a customised online modern slavery training course to individuals in higher risk teams (such as our Procurement teams), focusing on how to spot red flags and escalate potential wrong-doing. The course captures our businesses risk profiles and ties back to potential red flags identified during our risk assessments. Training for populations in Royal Mail and GLS was made available to a wider group of employees, including contract managers and depot managers in the UK and compliance teams across the Group.

Every year Royal Mail (UKPIL) runs a mandatory compliance refresher, which tests existing compliance knowledge and provides a training recap, with both including scenarios and questions on modern slavery. This includes attestation to Our Business Standards. Our employees complete training programmes tailored to their roles, to ensure they understand our approach and expected behaviours. These include mandatory annual compliance training, mandatory induction training, and specialist training for employees with specific responsibilities. For example, this year we provided training for Procurement team members and GLS employees with supplier management responsibilities. The training covered specific items to check when considering a new supplier, including modern slavery red flags. As part of that initiative we ran a training academy event for compliance leads in Royal Mail (UKPIL). The academy

included consideration of the modern slavery and human trafficking risk within our business and supply chains. In addition, we trained all compliance leads on how to more effectively discuss these matters in team meetings and build awareness into day-to-day communications with colleagues. In addition, we ran several Speak Up campaigns to highlight how to raise concerns and provide assurance that the business will take action and protect against retaliation.

## Collaboration

We believe only if the business community works together as one, can we effectively raise awareness and combat modern slavery and human trafficking and associated risks. Set out below are some of the areas where we collaborate with the business community.

In 2019, Royal Mail (UKPIL) participated in Respecting Human Rights in the Logistics Sector, led by retailers with support from the British Retail Consortium and Shift.

Collaborating and sharing best practice amongst national organisations allows Royal Mail (UKPIL) to seek feedback on the effectiveness of our mitigation measures; learn about what works well for other organisations; and to coordinate with their efforts in the fight against modern slavery and human trafficking. Royal Mail (UKPIL) also engages with its customers to ensure they are aware of the steps taken to identify and mitigate modern slavery risks within our own business and within our supply chain. Royal Mail (UKPIL) has engaged most recently with Marks and Spencer to deliver this.

We believe that our position in the UK as the Universal Service Provider makes us a leader in our industry. We actively look for ways to help protect human rights, working in partnership with our customers, suppliers and other stakeholders. This year, we continued our discussions with Shift Project and the British Retail Consortium (BRC) as part of their “Respecting human rights in the logistics sector” project. The project seeks to deepen retailers’ understanding of the pressures placed on the final mile delivery and the potential impact on those working in the

industry. Along with Shift Project and BRC, we met with several retailers to hold detailed discussions on our approach to human rights, health, safety and wellbeing, labour standards, and our workforce terms and conditions. We will continue dialogue in this area to support the project, share best practice and demonstrate how Royal Mail differs in its approach to others in the sector.

Royal Mail is actively seeking to reduce the pressures placed on those involved in final mile delivery in the UK. If you are interested in partnering with us, please contact us at [group.compliance@royalmail.com](mailto:group.compliance@royalmail.com)

### **Approval of this statement**

This statement covers 1 April 2019 to 31 March 2020 and was approved by the Board of Directors on 7<sup>th</sup> October 2020.

A handwritten signature in black ink, appearing to read 'Keith Williams'.

**Keith Williams**  
**Chairman**