This report is our 21st annual ESG Report. It details Royal Mail’s environmental, social and governance performance for the financial year 2022-23, which ended on 26 March 2023. Further details on the scope of this report can be found in our ESG appendix.
**WHO WE ARE**

We deliver to around 32 million UK addresses six days a week and are one of the largest employers in the UK, with around 130,000 employees.

<table>
<thead>
<tr>
<th>OUR BRANDS</th>
<th>OUR GROUP PURPOSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Mail</td>
<td><strong>To connect customers, companies, and countries.</strong></td>
</tr>
<tr>
<td>ParcelForce</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUR GROUP ESG PRINCIPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our ESG Principles are the foundation of the wider International Distributions Services plc 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).</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Social</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUR MISSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>To own trust at the doorstep.</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OUR VALUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Be positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>about what we can achieve.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Be brilliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>for our customers.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Be part of it</th>
</tr>
</thead>
<tbody>
<tr>
<td>each one of us is responsible.</td>
</tr>
</tbody>
</table>
PROUD TO WEAR THE CROWN

PAYING TRIBUTE TO HER LATE MAJESTY QUEEN ELIZABETH

Founded in 1516, Royal Mail’s origins are uniquely linked to our country’s monarchy. The iconic ‘Machin Definitive’ image of Her Majesty, the UK’s longest-serving monarch, has featured on billions of mail items over the past 70 years.

The close relationship between the monarch and the British postal service has endured for more than 500 years, ever since King Henry VIII appointed the very first postmaster.

In 2016, we welcomed Queen Elizabeth and the Duke of Edinburgh to the delivery office in Windsor. The visit took place on the eve of her 90th birthday and Her Majesty was interested to meet the team who delivered the mail to Windsor Castle to thank them for their service. To mark the occasion, Windsor Delivery Office was renamed Queen Elizabeth Delivery Office.

We are proud to wear the crown each and every day – it is part of who we are.

In February, we revealed the image of the new definitive stamp featuring the image of King Charles III. A definitive stamp is a stamp that consists solely of the monarch’s head and either the class or value of the stamp on a plain coloured background. The image of HM The King is an adapted version of the portrait created by Martin Jennings for The Royal Mint for the obverse of the new UK coinage and shows the new monarch facing to the left. The new coin effigy was carefully adjusted and digitally re-lit to make it suitable for use on definitive stamps, with the aim of creating a worthy successor to Arnold Machin’s classic image of Her Late Majesty Queen Elizabeth.
**DIRECTOR OF CORPORATE AFFAIRS’ STATEMENT**

A year ago, we launched our Steps to Zero environment strategy to build on our position as the UK’s greenest delivery company¹ and achieve net zero by 2040. I’m pleased to report strong progress in this report, and share the great work we’ve done in our wider efforts to create a more sustainable future for our customers and the communities we serve.

I’d like to thank everyone at Royal Mail, as well as our customers, suppliers, and investors for supporting our sustainability journey this year and helping us make important progress against our goals.⁹⁹

We have the UK’s largest electric commercial van fleet in the UK with over 4,900 vans – compared with around 1,600 last year.

To support this transition, we’ve trained thousands of our posties on ‘green’ electric driving, for safety, efficiency, and confident charging management. These are just some of the skills that will underpin our transition to becoming a low-carbon business and further strengthen our electric vehicle leadership.

We’ve also made good headway across our property estate, achieving over 160GWh of energy savings which reduced gas use by over 13% compared with 2021-22. This year, almost 100% of the electricity we purchased was renewable and we continued to progress our plans for on-site solar power generation, which we’ll aim to increase further in 2023-24.

We are awaiting validation by the Science-Based Targets initiative (SBTi) of our net zero by 2040 ambition and related interim targets. This will confirm our commitment to the goals of the Paris Agreement to help limit global warming to 1.5 °C and fundamentally transform our business for the next generation.

The safety of our people and our communities is of paramount importance and remains a key material issue for our business. We have reviewed our Health and Safety policy and taken steps to introduce leading safety measures across our operations.

At the same time, we’ve continued to support our colleagues’ health through our ongoing wellbeing programme. In October, we added Help@hand to this programme, a new online platform to give our people and their immediate families free and fast direct access to GP consultations 24/7. This includes physiotherapy and mental health consultations, as well as a second opinion service on any diagnosis.

Earlier this year, we launched Royal Mail Health, a new business that will help provide patients with easier and faster access to prescription medicine, including same-day delivery in some postcodes. This exciting venture responds to key challenges facing our healthcare system and makes full use of our growing digital capabilities.

It relies on extensive partnerships and agreements with NHS trusts, hospitals, GPs, pharmacy businesses and pharmaceutical manufacturers among others, and includes an initiative to bring used medical devices back into the supply chain where they can be reused or recycled.

There’s so much we can be proud of when it comes to creating a positive social impact. In November, we announced British Heart Foundation as our national charity partner for the next four years. This exciting new partnership aims to protect heart health and save lives in our communities. We have an ambitious target to raise £2 million and train 100,000 employees in CPR. I look forward to seeing how our iconic, trusted organisations can work together.

Meanwhile, our collaboration with the British Red Cross and the Disaster Emergency Committee raised over £200,000 in their appeals for the people of Ukraine. I want to thank our employees for their incredible generosity. As a business with a true social purpose, we continue to support a range of good causes and social initiatives, nationally and at a local level.

Another priority has been to protect our relationships with our people and continue building trust across the workforce. At our Beyond event in November, we gathered 7,000 operational and non-operational managers to our new Academy facility at our Midlands Super Hub in Daventry to experience an inspiring interactive event, which made clear the important part we will all have to play to deliver on our strategic vision and transform our business into a winner.

As we reflect on a year of big achievements but also considerable challenges, we’re reminded that sustainability requires us to think and act differently than we have before. This will test all our abilities as we compete in our rapidly evolving industry, but will ultimately allow us to thrive, and play a positive role in society as we build trust at the doorstep.

Jenny Hall
Director of Corporate Affairs

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¹ Based on publicly available reported gCO₂eq per parcel from other UK parcel operators.
We are independently rated as a leading responsible business. ESG benchmarks and indices allow our investors and other stakeholders to compare our annual ESG performance and disclosure against peers and leading practices. We use the results of these assessments to develop targeted improvement plans. The plans are shared with internal stakeholders and used to guide discussion on reporting and disclosure best practice. The results are also used to inform our annual ESG materiality exercise (page 7), which incorporates the views of all our main stakeholder groups.

**WORKFORCE DISCLOSURE INITIATIVE (WDI):**

This is the first year we have taken part in the WDI. We support the WDI in its aims to improve the volume and quality of data on workforce governance structures, risk management, health and safety, and other related practices. Our first-year disclosure score was 59% against an average first-time responder score of 54%.

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**Royal Mail engaged well with the survey and responded to every single Foundation tier question, laying a really great foundation for future reporting.**

*Share Action*
STAKEHOLDER ENGAGEMENT AND MATERIALITY

The support of our stakeholders is crucial to our success and the ongoing sustainability of our business. We communicate proactively with our stakeholders to seek their views and to understand their needs and expectations.

Early in 2023, we conducted a new materiality assessment. The outcomes of the assessment help us to explore opportunities for competitive advantage and provide a broader perspective on current and future priorities.

This year, for the first time, our assessment followed a double materiality approach to incorporate both impact materiality (inside-out) and financial materiality (outside-in) in recognition of growing stakeholder expectations. This double aspect approach aims to provide a more holistic and dynamic view of an organisation’s material issues.

Our 2023 materiality issues list draws from our enterprise risk management and annual reporting processes, media analysis, ESG indices, as well as investor, industry body, and wider responsible business research studies. The resulting materiality matrix uses the qualitative and quantitative inputs from engagement with our internal and external stakeholders to identify which of these issues are the most material to our business, from both a financial and impact materiality perspective.

Further detail on how we conducted our materiality assessment is available in our ESG Appendix.
The below table sets out Royal Mail’s performance against our ESG-related key performance indicators (KPIs) aligned to our ESG principles and material issues. These KPIs are essential for the successful delivery of our business strategy and support our ESG mission.

Environmental performance is tracked year-on-year against our base-year of 2020-21. Social and Governance is year-on-year performance.

### OUR MISSION:
As we transform our business and drive towards net zero, we want to be the sustainability leader – one that is trusted by communities in every postcode, and valued by our people, customers, and wider stakeholders.

Further detail on progress against KPIs, key data and supporting programmes can be found from pages 10-49 of this report and in our ESG Appendix.

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Climate change and emissions reduction</td>
<td>12</td>
<td>Achieving net zero (%)</td>
<td>Net zero by 2040</td>
<td>-7%</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Carbon per parcel (gCO₂e)</td>
<td>Maintain the lowest recorded carbon per parcel and progress to 50gCO₂e</td>
<td>218gCO₂e</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zero-emission final mile (%)</td>
<td>100% by 2035</td>
<td>21%</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zero-emission company cars (%)</td>
<td>100% by 2030</td>
<td>50%</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Renewable electricity purchased or generated from 2022 (%)</td>
<td>100% from 2022</td>
<td>99%</td>
<td>On track</td>
</tr>
<tr>
<td>Resource efficiency</td>
<td>12</td>
<td>Water consumption (%)</td>
<td>25% reduction by 2030</td>
<td>-8%</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waste generated (%)</td>
<td>25% reduction by 2030</td>
<td>-11%</td>
<td>On track</td>
</tr>
</tbody>
</table>
## Health and safety

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Health and safety</strong></td>
<td></td>
<td><strong>Lost Time Accident Frequency Rate</strong> (per 100,000 hours worked) (number)¹</td>
<td>Reduce amount of time lost to accidents</td>
<td>0.79</td>
<td>Not achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Accident Frequency Rate</strong> (number)²</td>
<td>Reduce the number of accidents</td>
<td>2.76</td>
<td>Not achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Fatalities (number)</strong></td>
<td>Measure only</td>
<td>0 – Employees 6 – Third party</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Sickness absence (%)</strong></td>
<td>Reduce sickness absence</td>
<td>7.50</td>
<td>On track</td>
</tr>
</tbody>
</table>

¹ In the Annual Report and Financial Statements 2022-23, which was approved on 22 May 2023, both the Lost Time Accident Frequency Rate (LTAFR) and Total Accident Frequency Rate (TAFR) for 2022-23 were incorrectly stated as 0.73 and 2.56. The correct LTAFR and TA FR data is detailed in this ESG Report and is part of the external assurance undertaken by Bureau Veritas.

## Diversity, equity and inclusion

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Diversity, equity and inclusion</strong></td>
<td></td>
<td><strong>Diversity (%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– Female representation (all levels)</td>
<td></td>
<td>25% by 2025</td>
<td>20%</td>
<td>Not on track</td>
</tr>
<tr>
<td></td>
<td>– Senior female representation (levels 1-6)</td>
<td></td>
<td>33% by 2025</td>
<td>26%</td>
<td>Not on track</td>
</tr>
<tr>
<td></td>
<td>– Ethnic minority representation (all levels)</td>
<td></td>
<td>15% by 2025</td>
<td>13%</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td>– Senior ethnic minority representation (levels 1-6)</td>
<td></td>
<td>11% by 2025</td>
<td>7%</td>
<td>Not on track</td>
</tr>
<tr>
<td></td>
<td>– Youth representation (frontline)</td>
<td></td>
<td>18% by 2025</td>
<td>6%</td>
<td>Not on track</td>
</tr>
</tbody>
</table>

## Community impacts and employee engagement

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Community impacts and employee engagement</strong></td>
<td></td>
<td><strong>Total community investment (£)</strong></td>
<td>Measure only</td>
<td>£5.5 million</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Charity partner fundraising (£)</strong></td>
<td>Raise £2 million for BHF by 2026</td>
<td>£63,000</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Charity partner awareness raising (number)</strong></td>
<td>Training 100,000 employees in CPR by 2026</td>
<td>4,580</td>
<td>On track</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Improving community heart health (number)</strong></td>
<td>Training 1 million young people in CPR by 2026</td>
<td>Programme delivery due to start in September 2023</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Customer service

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer service</strong></td>
<td></td>
<td><strong>Retail First Class Quality of Service (%)</strong></td>
<td>93% delivered the next working day</td>
<td>73.7</td>
<td>Not achieved</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Customer complaints (number)</strong></td>
<td>N/A</td>
<td>715,695</td>
<td>N/A</td>
</tr>
</tbody>
</table>

## Responsible procurement

<table>
<thead>
<tr>
<th>Material issue</th>
<th>SDG</th>
<th>KPI</th>
<th>Goal</th>
<th>Performance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Responsible procurement</strong></td>
<td></td>
<td><strong>New contracts awarded to SMEs (%)</strong></td>
<td>N/A</td>
<td>37%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
As one of the UK’s leading companies and most recognised brands, we aim to lead by example in helping tackle the most pressing environmental challenges facing our world. Among these, we recognise climate change as a key global threat and a material issue for Royal Mail, which we seek to address through a comprehensive strategy that prepares our business for a low-carbon future.
Steps to Zero is our environment strategy to achieve net zero by 2040. On the journey to achieving net zero, we will reduce our average emissions per parcel to 50gCO₂e.

Our net zero and interim decarbonisation targets are being reviewed for validation by the Science-Based Targets initiative. This validation will provide confidence to our customers that we have an ambitious target which is aligned to the latest climate science, and a 1.5°C decarbonisation pathway to reduce our greenhouse gas (GHG) emissions across all Scopes.

Although this strategy builds on our position as the UK’s greenest delivery option for letters and parcels,1 we also recognise the need to go further and faster in our mission to decarbonise our business and drive wider change.

1. Based on publicly available reported gCO₂e per parcel from other UK parcel operators.

ENVIRONMENTAL MANAGEMENT:
Ensuring our ambitious strategy is supported by robust environmental management systems which aim to reduce pollution and protect nature.
## ENVIRONMENT TARGETS

### OUR AMBITIONS

#### NET ZERO BY 2040

We acknowledge that we need to decarbonise our operations and value chain to minimise our climate risks, retain customers and deliver good outcomes for our planet. We have committed to achieving net zero by 2040 and have set a series of targets to outline the current steps on this journey.

#### 500gCO₂E PER PARCEL

Understanding the emissions associated with the complete journey of a parcel through our network helps our customers make informed choices about their carbon footprint. Already the UK’s greenest delivery company, we have set ourselves an ambition to reach an average carbon footprint per parcel of 50gCO₂E for each parcel we deliver through our domestic network. This will ensure we decarbonise relative to our parcel volumes. To achieve this ambition, we need to deliver on our net zero targets alongside our wider business strategy for transformation and parcel growth.

Read more about our progress on decarbonisation in net zero deliveries on pages 15-16 and net zero operations on pages 17-18.

### TARGETS

| Reduction in Scope 1-2 emissions by 2030 | -50% | -14% |
| Reduction in Scope 3 emissions by 2030 | -25% | -1% |
| Reduction in Scope 1-3 emissions by 2040 | -90% | -7% |
| Renewable electricity purchased or generated from 2022 | 100% | 99% |
| Zero-emission final-mile by 2035 | 100% | 21% |
| Zero-emission company cars by 2030 | 100% | 50% |

### CURRENT PERFORMANCE

| Reduction in water consumption by 2030 | 25% | -8% |
| Reduction in waste volume by 2030 | 25% | -11% |

### RESOURCE EFFICIENCY

While carbon emissions remain our most material environmental impact, reducing our reliance on virgin materials and finite resources alongside improving waste management will also ensure Royal Mail delivers good outcomes for the planet while managing our supply chain risks. The following targets aim to keep Royal Mail focused on environmental goals that also protect the environment from degradation and harm.

Read more about our progress on page 19.

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1. When measured in terms of the CO₂e emissions per parcel reported by the UK parcel delivery companies who currently publicly report these.
2. This is a combined Scope 1 and 2 target using a market-based approach for Scope 2 calculations.
3. The Scope 3 emission target includes 100% of our Scope 3 emissions across all relevant and material categories.
2022-23 EMISSIONS PROFILE

EMISSIONS BY SCOPE

1,090 KtCO₂e

Scope 1: 408 KtCO₂e / 37%
Scope 2: 1 KtCO₂e / 0%
Scope 3: 682 KtCO₂e / 63%

Our direct emissions (Scope 1) and indirect emissions (Scope 2 and 3) are equally significant, recognising the need to decarbonise our fleet of around 50,000 vehicles and around 1,600 properties, alongside supply chain transport providers and other purchased goods and services.

VALUE CHAIN EMISSIONS (Scope 3)

682 KtCO₂e

Purchased goods and services: 20%
Capital goods: 2%
Fuel and energy-related activities: 17%
Upstream transportation and distribution: 41%
Waste disposal: 0%
Business travel: 1%
Employee commute: 6%
Downstream transportation and distribution: 12%

100% of our value chain (Scope 3) emissions are captured with all applicable sections presented. Upstream transportation and distribution, which includes international flights and delivery, are our most significant value chain category, followed by the impact of wider purchased goods and services. GHG inventory categories not presented have been determined to be non-applicable to our business operations. Should this change in any future reporting years, the data will be included.

EMISSIONS BY ACTIVITY

1,090 KtCO₂e

Domestic transport network: 33%
International transport network: 26%
Our estate: 9%
Domestic final mile: 13%
Our people: 4%
Other: 14%

We segment our emissions into key business activities and recognise that our international and domestic transport networks are our highest emission activities at present. Our final mile is comparatively very low for our industry due to our local delivery office presence coupled with a growing zero-emission delivery model.

1. Scope 2 emissions under market-based approach.
Royal Mail’s total emissions were 1,090KtCO2e in the year, representing an overall reduction of 7% on our base-year in 2020-21.

This emission reduction was primarily due to Scope 1 and Scope 2 emissions decreasing 14% on our base-year. This is due to a decrease in vehicle fuels, electricity, and gas consumption across our operations, half of which was a result of fleet electrification and energy management initiatives across our buildings. The remaining reduction was due to declines in workload, specifically parcel volumes, which continue to track lower than the target base-year.

Our key intensity metrics remained broadly similar to the prior year:
- Normalised per £ million revenue, emissions were 62.1tCO2e/£M compared with 63.7tCO2e/£M in 2021-22 (Scope 1 and 2 only).
- Our CO2e emissions for parcels are 218gCO2e for Royal Mail parcels and 234gCO2e for Royal Mail with Parcelforce Worldwide (PFWW). This is compared with 215 gCO2e and 231gCO2e in the prior year.

Despite significant progress made in lowering emissions overall, declines in workload and therefore parcel volumes and revenue have held our intensity metrics in line with the prior year.

In 2022-23, we reduced our estate heating by 13% compared with the previous year. This reduction was achieved through better utilisation of our energy equipment and through improved heating controls and improved local behaviours.

Alongside estate heating, we reduced our estate electricity consumption by almost 4%, despite the increased demand for electricity due to the introduction of electric vans.

We are pleased to announce that 99% of our electricity purchased and generated is renewable via purchased tariffs and Renewable Energy Guarantees of Origin (REGO) certificates. We anticipate reaching our 100% target in 2023-24 as all residual contracts have now been transferred.

Similarly, our air pollutant emissions reduced by 19% compared with the base-year. This was driven by fleet electrification, energy management practices and, to an extent, workload decline.

### 2022-23 GHG emissions summary

<table>
<thead>
<tr>
<th></th>
<th>2022-23</th>
<th>2021-22</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1</strong></td>
<td>407.6</td>
<td>483.7</td>
<td>473.2</td>
</tr>
<tr>
<td><strong>Scope 2 (location-based)</strong></td>
<td>52.5</td>
<td>58.6</td>
<td>64.1</td>
</tr>
<tr>
<td><strong>Scope 3</strong></td>
<td>681.9</td>
<td>742.6</td>
<td>686.9</td>
</tr>
<tr>
<td><strong>Total (all scopes)</strong></td>
<td>1,142.0</td>
<td>1,284.9</td>
<td>1,224.2</td>
</tr>
<tr>
<td><strong>Scope 2 (market-based)</strong></td>
<td>0.7</td>
<td>1.3</td>
<td>9.1</td>
</tr>
<tr>
<td><strong>Energy consumption '000kWh</strong></td>
<td>2,104,861</td>
<td>2,434,395</td>
<td>2,352,822</td>
</tr>
</tbody>
</table>

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. For further information on our reporting boundaries, conversion factors and calculation methodologies, please refer to our published reporting guidelines.

2. 2021-22 data for Royal Mail has been restated following the provision of data which was previously estimated.

3. We report 100% of our Scope 3 emissions across all relevant and material categories. See page 13 for a more detailed breakdown.
As the UK’s Universal Service Provider, we deliver to around 32 million addresses every day. Our final-mile delivery network, and the vehicles supporting it, is the largest in the UK. We have around 43,000 delivery and collection vans across all our parcel businesses, supported by a network of around 1,300 delivery units, with over 85,000 posties walking up to a billion steps a day. Just over half of our delivery routes are wholly or partially on foot and 21% of our delivery routes are now zero-emission.

Our final mile delivery network is the most visible part of our carbon and air pollutant footprint, representing 13% of our emission profile and 23% of air pollutant emissions.

To achieve a zero-emission final-mile we need to:
- Transition to zero-emission vehicles;
- Use our fleet efficiently to support and enhance walking routes;
- Focus on all sources of air pollution including brakes and tyres;
- Embrace innovation to re-invent our delivery model.

**NET ZERO DELIVERIES**

Our posties walk up to a billion steps a day and just over half of our delivery routes are purely on foot or via the ‘park and loop’ method. Our ‘feet on the street’ delivery model is unique to Royal Mail and has contributed significantly to keeping our emissions low when compared to our competitors. Maintaining and enhancing this model with new ways of working is an important part of our net zero strategy.

**ELECTRIC VANS – A GOOD RETURN ON INVESTMENT**

Over the past two years, we have invested significantly in deploying electric vans and the charging infrastructure to support them. At the end of 2022-23, we had the UK’s largest commercial electric van fleet of 4,725 vehicles, and by end of April 2023, this had reached 4,900. We remain focused on meeting our 5,000 electric van target within this year. Our current electric fleet operates in over 150 delivery and collection units, 17 of which are 100% electrified.

In addition to these electric vans delivering significant emission reductions, a financial review of 20% of our electric van locations showed that, on average, vehicle maintenance costs had fallen by 60% and fuel costs by 78%. Factoring in the additional investment required for an electric van and associated charging infrastructure, our electrification scheme is anticipated to break even at around four years, and therefore very likely to achieve net savings over the vehicle lifecycle of nine years.

To support our infrastructure and vehicle provision, we have trained more than 11,700 posties on ‘green’ electric driving, for safety, efficiency, and confident charging management. This is a transferable green skill that our workforce can take with them into a low-carbon future, either with personal car use or at work.

This year, we have shared our first electric impact report with our customers. The report details the delivery locations which have electric vehicles or on-foot deliveries in operation, with an estimation of the number of parcels delivered using a zero-emission method.
MICRO VEHICLES

We have continued to trial zero-emission micro vehicles and e-cargo bikes in several UK cities and towns to assess where and how they can be utilised in our network.

These vehicles have several advantages over vans and shared van delivery options, with two of these vehicles being able to replace one van and the ability to charge using standard plug sockets as opposed to more expensive charging infrastructure. This year, we trialled golf-cart style buggies on the Isles of Scilly, receiving positive feedback from the local team on both performance and operator ease.

REDUCING URBAN AIR POLLUTION

Switching to zero-emission vehicles will help reduce our air pollution contributions by approximately half. However, pollution sources, such as brake pads and tyres, will remain. As a result, we continue to explore innovations that can help to reduce air pollutants from vehicle use.

In a joint venture between Royal Mail, Transport for London (TfL) and ENSO Tyres, we have undertaken a trial of specially designed tyres. These tyres reduce particulate matter emissions and improve the range, efficiency, and longevity of our vehicles. The trial has seen the tyres being fitted onto 15 electric vans at our West London Delivery Office.

We recognise the need to be engaged and supportive of local authority plans to tackle congestion and air quality in urban centres. This year, in collaboration with Bristol City Council, we discussed with key parcel competitors, how parcel consolidation in urban centres could improve congestion and air quality. We have submitted proposals to undertake a virtual trial which will enable Bristol City Council to better understand the potential of consolidation.

UN-CREWED AERIAL VEHICLES (UAVS)

UAVs aim to reduce emissions alongside improving delivery options to islanders by avoiding commercial aircraft or boat transfer. Royal Mail has conducted four UAV trials to deliver to more remote UK locations including Cornwall and the Isles of Scilly. In April 2022, on the Shetland Islands, in partnership with Windracers, test flights for the new service saw Royal Mail deliver mail between Tingwall Airport in Lerwick to Unst – a 50-mile flight each way. Unst has a population of around 630 people and is Britain’s most northerly inhabited island.

In April 2023, we teamed up with SkyPorts, Orkney Islands Council and Loganair to provide an inter-island mail distribution service using UAVs. This service, due to be launched in summer 2023, will provide considerable benefits including timeliness of delivery time, cost and emission savings, and improved overall connectivity for island residents.

NET ZERO OPERATIONS

Our international, national, and local distribution networks support deliveries by conveying mail across the country and beyond. Around 4,000 trucks connected to 92 sorting centres, and air and rail terminals are the most significant sources of our emissions. Alongside our estate, operational emissions represent 70% of our total emission profile and 77% of air pollutants.

We aim to reduce our transport and estate emissions by:

– Transitioning to zero-emission vehicles and using alternative fuels;
– Re-designing our parcel pipeline to be more efficient and responsive to parcel volumes;
– Proposing to remove air freight in favour of road or rail transportation; and
– Focusing on energy performance, controls, and behaviours.

ROAD TRANSPORTATION

A key focus of our strategy is our road transportation fleet. More than 90% of mail in the UK is transported on road and comprises 22% of Royal Mail's total emission profile.

Zero-emission technology for trucks is developing fast and we remain committed to working with the vehicle manufacturers to co-design, trial and test this technology.

During the year, we welcomed one 19-tonne and one 16-tonne truck from DAF and Renault at our mail centre in Greenford. Both vehicle models received positive driver feedback, especially around battery regeneration and charging.

Lastly, we invested in a further 49 low-emission bio-CNG trucks, which were delivered in August 2022 to the Northwest Distribution Centre. This new order brought the bio-CNG fleet to a total of 80 trucks. Bio-CNG vehicles operate with around 80% fewer direct emissions than their diesel counterparts, therefore saving over 5,000tCO₂e in this financial year.

SHIFTING TRANSPORT MODES

Transporting mail by rail is a low-carbon option compared to road and air. Currently, around 4% of our domestic mail is transported by rail in the UK. Once operational, the Midlands Super Hub, with its own rail terminal, will enhance our rail offering by increasing the volume of parcels we convey using trains.

Conversely, transporting mail by air has the highest carbon footprint per tonne of any other transportation type. Currently, around 5% of our domestic mail is transported by air. Eighteen routes, equating to 30,000tCO₂e, or 50% of our current air emissions, could be removed if we achieve flexibility in delivery windows at the destination office.
POWERING OUR ESTATE

We maintain a large property portfolio, with buildings ranging in size, age, and use. Emissions from our buildings and estate currently make up 9% of our emission profile. The electrification of our fleet and our parcel growth plans are adding considerable energy needs to our estate, both in terms of new parcel sorting technology and electric charging infrastructure. Combined with our net zero ambition and ongoing efficiency improvements, energy management is a key priority for Royal Mail.

In April 2022, we switched to a 100% renewable electricity tariff backed by REGO certificates, meaning we now purchase and generate 99% renewable electricity. Market-based emissions have now also reduced by over 90% from our base-year (2020-21) as we have improved our tariff and renewable purchasing options. Our attention has now turned to purchasing renewable energy via power purchase agreements, ensuring a sustainably priced renewable electricity supply and renewable generation in the future.

During 2022, we reduced energy in our estate by 16.7GWh via an energy performance contract that aimed to tune and enhance energy equipment at 230 of our largest locations. By improved controls and processes for building heating and a campaign to drive better local behaviours around heating use, we reduced natural gas consumption by 13% and electricity by almost 4% compared with last year. The current energy performance contract will continue for a further four years and is targeting savings of 180GWh.

Solar energy can help to reduce our renewable energy costs and provide resilience to sites where operations depend on some electricity supply. Currently, solar panels are installed at nine Royal Mail sites. A solar feasibility study has surveyed 230 sites and concluded that 90 buildings have good potential to supply around 20% of Royal Mail’s current energy use. Several landlord contracts have now been agreed as we move towards installing these solar arrays in 2023 and 2024.

REDUCING WATER CONSUMPTION

Royal Mail uses almost 1.3 million m³ of water per year, primarily within our buildings (washrooms, etc.) and our vehicle washing sites, the equivalent of what 1,000 UK households would use in a year. We know that climate change and a growing population will strain water security, and playing our part to reduce consumption is important.

A total of 65 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. We are focusing on installing automatic smart meters to our water supply points this year, which will enable us to target high water-consuming sites for investment and enable responsive leak detection. This programme will support our target to achieve 25% water reduction by 2030.

CASE STUDY: AN ENERGY EFFICIENT DEPOT

Parcelforce Worldwide is moving its central London operations to Segro Park in Tottenham, one of the capital’s most sustainable industrial schemes. The relocation forms part of the company’s plans to provide a better working environment for our people and improve the overall efficiency and sustainability of its services for customers.

The building boasts a BREEAM ‘Outstanding’ rating and an energy performance certification (EPC) of A+. The building fabric is well insulated, and the energy systems are primarily fed by solar arrays into energy efficient fittings such as LED lights. Water efficiency has been built in from the beginning, including a rainwater harvesting system which connects to a landscaped area. The estate offers electric charging facilities for vehicles, and provides a pleasant, biodiverse outside space, including wildflower grasses, deciduous trees, evergreen hedge boundaries and extensive shrub planting.

“This is a great opportunity for Parcelforce Worldwide to put into place its ambitious plans for the express courier market. This is a move that will benefit the environment, our colleagues, and our customers.”

Aaron Barnes
Managing Director of Parcelforce Worldwide
We aim to eliminate materials, particularly virgin and raw resources, to reduce the waste we and our communities generate through our services. We want to close the loop between waste disposal and material production by increasing recycled content and recyclable materials in our products. As a postal operator, we understand the need to provide our customers with circular solutions, and to facilitate the emergence of rental and return business models that will be key to a low-carbon future.

During the year, we completed a full product review and have three areas of focus for our waste strategy and sustainable product plans:

- Eliminate and reduce the waste from operational products including pallets, mailbags, and parcel trolley sleeves;
- Design customer products to improve re-use, recycled content, and recyclability; and
- Build a circular service offering, enabling our customers to establish re-use loops such as rental, return to refurb, and second hand.

**OPERATIONAL PRODUCTS**

Operational products are used in our delivery network to collect, convey, and distribute mail. These products contribute approximately 30% of our waste volume, and most of these products can be replaced or improved to increase their sustainability and reduce waste. Our strategy to achieve a 25% reduction in waste by 2030 focuses on efficiencies created by cardboard parcel containment, pallets, and to a lesser extent, mailbag ties and elastic bands.

In the year, we rolled out self-tie mailbags which aim to reduce plastic waste by up to 170 tonnes in the next few years. Similarly, we have re-designed our parcel trolleys (‘yorks’) with permanent sleeving that will eliminate up to 2,000 tonnes of single-use cardboard.

**CONSUMER PRODUCTS**

Customer products are given to, or used by, our customers to send mail, for example, stamps, labels, and plastic wallets. Almost all these products are disposed of in household waste by the recipient.

A recent survey conducted by Parcelforce Worldwide found that 100% of customers surveyed were concerned about global environmental issues and wanted it to adopt a more environmentally friendly product for packaging.

In response to this survey, Parcelforce Worldwide has increased the recycled content of its plastic wallets from 30% to 84% and re-designed text and imagery to significantly reduce ink use in printing. The design also incorporates a QR code that links end-user customers to sustainability information on our Parcelforce Worldwide website. The website details more about Steps to Zero and explains how to recycle the bags to help avoid any ending in landfill. Following a successful trial, this wallet will be widely distributed to customers, phasing out the prior stock over time.

**WASTE MANAGEMENT**

In the year, we generated 35,703 tonnes of waste, a total reduction of 11% against our base-year. This is a positive step towards achieving a 25% reduction in waste volumes by 2030.

In addition to reducing our waste overall, we have recycled, re-used, or diverted 99% of our waste, a slight improvement from 97% in 2021-22.

In the year, hazardous waste has increased around 200 tonnes to 3.8% of our total waste tonnage. This is due to a proactive programme of interceptor cleaning, which will reduce the possibility of watercourse pollution across our estate.

**WHAT DOES CIRCULAR MEAN?**

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

To achieve a further 14% waste reduction, our focus is on operational products, such as cardboard parcel containment, pallets, and to a lesser extent, mailbag ties and elastic bands.

The remainder of this target will be achieved through a combination of initiatives, including:

- Driving performance in our waste supply chain;
- Improving our waste data and communication of waste use;
- Embedding a positive waste culture, alongside targets within the workforce; and
- Tackling waste streams from catering.
COLLABORATING FOR ACTION

Royal Mail recognises that achieving net zero and supporting climate ambition more broadly will require profound industry change through close collaboration and partnerships. Therefore, this pillar of our strategy is focused on collaborating with our peers, empowering our workforce to live low-carbon lives, engaging with government/NGOs on climate action and influencing our supply chain to decarbonise.

INDUSTRY STANDARDISATION ON CARBON REPORTING

We aim to align our per parcel and per letter emissions calculations to the highest global standards. We support the use of certified CO2e product labelling for parcels to ensure our customers feel confident about the CO2e quoted and can make better informed decisions about their parcel carrier when shopping online. Royal Mail will evolve its per item reporting as our digital capabilities mature.

Standardised and more transparent carbon footprint reporting is a key development across the global postal community. Around 12% of our emission profile is due to delivery of our exported mail outside the UK. We will champion change through postal organisations such as the Kahala Postal Group and International Post Corporation, persuading national postal operators to join sustainability reporting and benchmarking systems. These groups give us a platform to share best practice and industry-specific help to other posts, including guidance on electric vehicle roll-outs and sustainable packaging innovation.

EMPLOYEE TRAVEL

In 2021, we announced plans to ensure that all employee vehicles leased through our company-wide car scheme are electric by 2030. This initiative, ‘Roadmap 2025’, will mean only electric company cars will be possible to order from 2025. Roadmap 2025 extends to our wider workforce who want to use a salary sacrifice scheme to lease a car. To reinforce this commitment to change, we have removed hybrid and diesel/petrol options for managers who require a car for work travel (job-needs-car) and have set a reimbursement rate for mileage based on an electric-only tariff.

Despite a year with high electric car prices and long lead times, the enthusiasm for switching to an electric company car is still strong. We now have more than 1,330 electric company cars in the fleet plus another 370 on order. When these cars are delivered, around 50% of our company car fleet will be electric. This year, we converted 65 job-need-cars to electric, meaning that all job-need-cars are now hybrid or electric.

In addition to Beyond, we ran an internal communications programme covering everything from climate conferences, environment week and green competitions to video footage of our new vehicles and energy performance plans. We have also added content on our strategy into Royal Mail manager inductions for all new starters.

GOVERNMENT AND NGO ACTION

This year, we formally committed, through our Environment and Energy policy, to champion a climate transition in line with the Paris agreement, seeking to limit global warming to 1.5°C and to avoid exceeding 2°C.

We have been an active campaigner working with the Government and others to realise our net zero ambitions together. For example, continued government support is needed to help companies such as Royal Mail electrify their fleets, incentivising the production of electric vehicles and making charging infrastructure easier to install and more widely available.

As part of this, we have regular meetings with political stakeholders in Westminster and Whitehall, the devolved bodies and local government in which we cover our policy positions and promote our environmental credentials. We respond regularly to central and devolved government policy consultations covering net zero, transport, and energy, among others. We are also members of a number of industry bodies, including the UK Electric Fleet Coalition (UKEFC), working with them to promote joint positions to support the sector’s transition to net zero.

INFLUENCING OUR SUPPLY CHAIN

We use our tender and contract management process to champion increased environmental support from our supply chain. This year, alongside standard environment terms for our supply base, we have included biodiversity requirements within a new tender for groundworks and integrated performance targets to help us reduce waste and improve recycling. We recognise the need to evolve our supply chain practices, gathering more information from our key suppliers, both on emissions and climate risk, and to set a clear strategy for delivering our science-based Scope 3 target in 2030.
ENVIRONMENTAL MANAGEMENT

Our environmental management is recognised as the foundation upon which we can deliver our Steps to Zero ambitions, enabling us to track, maintain and continually improve our environmental performance. Our Environment and Energy policy defines the priorities for good environmental management, detailing how we manage the environmental aspects of our operations, products, and services to prevent negative impacts.

Our environmental management system has been developed and maintained in line with the BS EN ISO 14001:2015 standard. Our Parcelforce Worldwide operational sites and head office are all certified to BS EN ISO 14001:2015.

Our most common and significant pollution incidents are spills from fuelling infrastructure, vehicle spills, and littering both on and off-site. Our focus is on site condition, design, security, and workforce culture to prevent such events from occurring or minimising the impact of a spill if it does occur.

Royal Mail operates the largest commercial fleet in the UK and therefore uses significant volumes of fuel. We take precautions to ensure this fuel is handled safely and responsibly, including emergency planning, staff training, tank inspections, and CCTV and alarm system installations that can help deter theft. Where spills do occur, we have robust procedures in place based on the severity and scale of the spill, which prioritise containment and clean-up actions, and procedures for liaising with environment agencies or local authorities as applicable.

Royal Mail Group Limited has not received any environmental enforcement actions in the past five years. We continually improve our environmental management and work with regulators when appropriate.

LITTER AND LOCAL WASTE MANAGEMENT

Throughout the year, we worked with environmental action groups and local authorities to address any issues related to waste management. We worked closely with an environmental action group that identified litter escaping from one of our sites by clearing the litter and adding preventative measures to stop litter escaping from the site in future. In a small number of instances, local authorities made us aware of waste being improperly disposed of in public bins, which we have promptly corrected and taken steps to ensure such cases do not repeat.

Our Environment and Energy policy is signed by the Royal Mail CEO and reviewed annually by the IDS ESG Committee. The policy can be viewed on the IDS Group website.

BIODIVERSITY

We aim to safeguard local biodiversity across our operational footprint to ensure these areas remains as undisturbed as possible. We also recognise that across the Royal Mail estate, we have opportunities to help protect local biodiversity by managing our estate in a way that benefits both flora and fauna diversity. These aims are now reflected in our updated Environment and Energy policy.

In the UK, bees are facing many threats including habitat loss, climate change, toxic pesticides and disease. The interaction between these makes an unpredictable future for bees and many other pollinators. These threats have led to nearly 1 in 10 of Europe’s wild bee species facing extinction. Recognising the important role bees play in our ecosystem, our policy is to remove hives on our estate and in our post boxes, where practicable for safety, via live removals with local beekeepers, ensuring they are relocated and rehomed.

We have entered a new landscape and groundworks contract for 2023-24 which includes building data and responding to biodiversity opportunities. The contractor is required to evaluate the current level of biodiversity across our estate and identify potential areas for improvement and enhancement. This contract will play a significant role in building a clearer picture of our biodiversity status and enable us to develop plans and goals.
As one of the UK’s largest employers, we are proud to be an integral, visible part of UK communities. Our people and our communities are at the heart of what we do. We believe that building trust with our people will lead to trust at the doorstep with our customers. In 2022-23, Royal Mail contributed £3.3 million directly to good causes and schemes.
Royal Mail is a truly national company. We have a presence in every community across the UK, connecting customers and businesses, and increasing prosperity. We have been fulfilling this role for over 500 years. Our heritage provides a unique opportunity to educate and inspire. This year, we have worked on refining our social value priorities and our overarching ambition:

**OUR ECONOMIC IMPACT**

In 2021-22, we commissioned the Centre for Economics and Business Research (Cebr) to carry out an impact assessment of our UK business to quantify our contribution to the UK economy. Cebr research found that we make a significant contribution to social inclusion through the vital employment and earnings that we provide. Our employment follows the contours of the population; where there are more people, we provide more jobs.

- £3.2 billion contributed through procurement of goods and services
- £11.8 billion of gross value added by Royal Mail
- £2 billion contributed in taxes to HM Revenue and Customs
- £6.5 billion directly contributed to the UK economy by Royal Mail
- Seventh-largest contribution to the UK economy of any UK company

**SOCIAL VALUE**

Royal Mail is a truly national company. We have a presence in every community across the UK, connecting customers and businesses, and increasing prosperity. We have been fulfilling this role for over 500 years. Our heritage provides a unique opportunity to educate and inspire. This year, we have worked on refining our social value priorities and our overarching ambition:

**PEOPLE AT THE HEART:**

We seek to make positive sustainable impact on our people and our communities through our social, environment and economic impact. Our social impact is delivered through our core business operations, with a focus on improving the lives of our people and our communities on a national and local scale. Our progress against our five areas can be found throughout this report and in our ESG KPI table on pages 8-9.

Our Environment strategy, Steps to Zero, complements these priorities.

Further details can be found on pages 10-21.

**OPERATING WITH INTEGRITY**

Taking Steps to Zero

**PEOPLE AT THE HEART**

- **TO ENSURE A HEALTHY, SAFE, DIVERSE AND INCLUSIVE WORKFORCE**
- **DEVELOP THE NEXT GENERATION OF TALENT**
- **PROTECT HUMAN RIGHTS**
- **PUT CUSTOMERS AT THE CENTRE OF OUR OPERATION**
- **INVEST IN OUR COMMUNITIES**

7th largest contribution to the UK economy of any UK company
2022-23 HIGHLIGHTS

TAKING OUR PEOPLE BEYOND

In October, we brought together approximately 7,000 managers from all business functions across 28 sessions at our new Academy at the Midlands Super Hub in Daventry. The Beyond event was a significant investment in our leaders. Hosted and delivered by members of our Executive Board and Senior Leaders, the aim of the event was to reinvigorate and empower our managers. We provided them with visibility of our strategic plan for a successful future and the key role part everyone has to play. Beyond was designed to bring our future vision to life for all our managers. The interactive half-day experience looked at many different themes including our new Royal Mail Health business, our environmental ambitions, the future of the Universal Service Obligation and developing an experimental mindset.

Following the event, feedback showed that 85% of people agreed that they understood the role that they can play in supporting the transformation of Royal Mail.

Read more about The Academy on page 34.

HEALTHY HEARTS

We launched our new National Charity Partnership with British Heart Foundation in February this year.

Read more about our life-saving partnership on pages 36-37.

OUR RESPONSE TO UK AND OVERSEAS DISASTERS

February marked one year since the start of the war in Ukraine. Throughout 2022-23 our people continued to support our fundraising appeal for British Red Cross. In total, including match funding from Royal Mail, our people raised just over £217,000.

In addition to the Ukraine appeal, we continued to work with the Disaster Emergency Committee (DEC) to support its appeals for the floods in Pakistan and, more recently, the earthquakes in Turkey and Syria. Our people generously raised over £6,000 for the earthquake appeal. Royal Mail will be matching this total when the appeal ends in 2023-24.

For over ten years, we have provided the DEC with a free PO Box service to help direct donations through the post. In 2022-23, the DEC directly raised a combined total of £199 million, with 9.4% (equivalent to £18.9 million) being received via the PO Box.

£217,000 raised for British Red Cross

THE QUEEN’S BATON

In July, we sponsored the Birmingham 2022 Commonwealth Games as the Official Postal and Parcel Delivery Services Provider. As part of the sponsorship, Royal Mail exclusively delivered all official Birmingham 2022 merchandise from the Games’ website.

As an Official Sponsor of the Birmingham 2022 Queen’s Baton Relay, we helped plan and coordinate the movement of the Queen’s Baton, facilitating the delivery of Baton Kit Cases to Commonwealth nations and territories. We also unveiled five special postboxes across the UK in Birmingham, London, Edinburgh, Cardiff and Belfast.

Read more about The Academy on page 34.
We are committed to ensuring a workplace where everyone is free from injury, with good physical and mental health. In addition, we understand as one of the largest employers in the UK, with one of the largest fleet of vehicles, we have a duty to ensure the health, safety and wellbeing of the communities we operate in. Health and Safety remains high in our list of material issues.

**OUR 2022-23 SAFETY PROGRAMME**

This year, we reviewed our Health and Safety policy and reiterated our commitment to operate in a safe and healthy manner, and to go above and beyond to create a strong health and safety culture. In 2022-23, we took the step to move from lagging to leading safety measures and introduced closure of corrective audit actions as a measure.

In line with the new measures, we introduced a new risk-based audit methodology supported by next-day managerial coaching to ensure the actions are fully understood and compliance can be maintained. In doing so, we aim to reinforce the importance of compliance to standards as a foundation for improving safety culture and safety performance.

Off-site risks present a daily challenge for our delivery employees. This year, we deployed a new off-site risk assessment system which helps us improve the way we manage significant off-site risks for delivery postal workers, e.g. the risk of dog attacks. As well as being easier to use, the system also enables us to share information with colleagues via our postal digital assistants (PDAs), ensuring that anyone going to an address if it’s not safe enough to deliver to.

In autumn 2022, we carried out a full review of the safety function to determine the structure and resources needed to deliver a full audit programme for 2022-23 and maintain health and safety support across all our sites. This investment will double the size of the field safety team and enable us to focus on improving standards.

Upskilling managers has remained a key priority for the field safety team. As part of a wider training programme, managers in the delivery function undertook a combination of classroom and web-based training in key safety topics such as risk management, culture, inspection, and accident investigation. In the full year, 2,198 delivery managers completed an assessment to determine their learning needs. Of these, 1,599 participated in the training programme.

As part of our transformation, supporting the business with the safety management of change programmes is a key strand of activity for the safety team. This year, we deployed new parcel sortation machines in 13 mail centres across the country. Risk assessments are carried out for new operations and processes.

In 2022-23, our lost time accident frequency rate (LTAFR) increased by 46% when compared with the previous year, from 0.54 to 0.79. This year, our total accident frequency rate (TAFR) also increased by 22% from 2.26 to 2.76. We also found that our RIDDOR (Reporting of Injuries, Diseases, Dangerous Occurrences Regulations) specified injuries of 29%.

This was driven by an increase in falls outdoors when working off-site and an increase in dog attacks. Our most common accident types are slips/trips and animal attacks. This year, the number of both types of accidents increased compared with the prior year by 24% and 14% respectively. In July, we delivered our 10th annual Dog Awareness Week campaign. This campaign provides an opportunity to not only continue educating our customers but also raise awareness with our own employees on how to avoid dog attacks. In 2023-24, we intend to run some additional social media campaigns outside of Dog Awareness Week to reach more customers.

The new Off-site Risk Assessment system will continue to be a key tool to help manage significant off-site hazards – this includes action up to and including suspension of delivery to an address if it’s not safe enough to deliver to.

We plan to create a short film to remind colleagues about typical hazards that they might encounter when working off-site and how to deal with the changing nature of hazards on delivery.

Road safety is one of our most significant risks. Royal Mail carefully 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% to 13.4 compared with the previous year. However, it is with great regret that we report that six people tragically lost their lives in accidents involving Royal Mail vehicles over the last year.

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 liaise closely with the Police where necessary and carry out a detailed investigation to establish the root cause(s) and, where possible, determine what lessons can be learned. Findings of serious and fatal incidents are also shared with relevant Board members.

This year, there has been a strong focus on improving compliance to vehicle checks through the launch of a simplified checklist on our PDA devices. February 2023 marked the 10th anniversary of our partnership with road safety charity, Brake. In November 2022, we supported its annual road safety week ‘Safe Roads for All’, raising awareness of vulnerable road users with our drivers.

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1. In the Annual Report and Financial Statements 2022-23, which was approved on 22 May 2023, both the Lost Time Accident Frequency Rate (LTAFR) and Total Accident Frequency rate for 2022-23 were incorrectly stated as 0.73% and 2.56. The data detailed in this report is correct. This change does not affect the assurance process undertaken by Bureau Veritas for LTAFR.

2. All third parties, not employees of Royal Mail.
OUR COLLEAGUE WELLBEING PROGRAMME

Supporting the wellbeing of our people plays a major role in our people strategy. It boosts workplace morale and demonstrates the value we attach to our people. We have an extensive range of programmes and tools in place to support colleagues.

We focus our attention on the issues having most impact on our colleagues, in either the short or long term. Practical guidance for all colleagues is provided in our three main health and wellbeing programmes:

- ‘Feeling First Class’ to improve proactive health ownership across physical, mental, social, and financial wellbeing
- ‘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

This year, we have enhanced our programme by introducing new wellbeing support for colleagues. In October, we launched Help@hand, a new confidential wellbeing platform which provides all colleagues and their immediate family with fast, free, direct access to health and wellbeing support. These services are accessible to all colleagues at Royal Mail. Help@hand includes an online GP service with an unlimited number of free video consultations with private GPs available 24/7, 365 days a year. The service also provides physiotherapy and mental health consultations for colleagues and their partners, as well as a medical second opinion service for any diagnosis received, and easy access to our Employee Assistance Programme (EAP). Our EAP is there for any life, money, or wellbeing issues, and remains available 24/7 for all colleagues through the free, independent, and confidential helpline and online services.

We have also introduced a Long COVID Rehabilitation programme to support the emotional and physical impact of long COVID, and introduced a Cancer Assist programme to support colleagues through their cancer journey.

Our Let’s Talk Menopause programme continues to support colleagues through the menopause, and most recently, have introduced menopause cafes providing a safe space for colleagues to share experiences.

During the year, we relaunched our wellbeing Ambassador programme and now have more than 700 Ambassadors across the business. Both Ambassadors and managers have dedicated zones on our new Wellbeing Hub. Our Wellbeing Hub is our ‘one stop shop’ for everything related to health and wellbeing, and is easily accessible to all colleagues on any device as well as on our internal People App.

FIGHTING FLU

In 2022-23, we delivered our annual free flu vaccination programme to protect and support colleagues against seasonal flu. This year, 130 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 for use at supermarkets/pharmacies across the UK. This offer was taken up by 10% of colleagues.

725 local volunteer health and wellbeing ambassadors across Royal Mail
OUR JOURNEY TO SUPPORT VICTIMS OF DOMESTIC ABUSE

In 2021-22, 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). OSS provides support, advice, and helpful contact numbers for those experiencing or at risk of domestic abuse, via a discrete portal that leaves no internet history trace and provides quick exit options for the person seeking information. This service is available to our people and our customers on RoyalMail.com.

OSS is now live on 65 UK websites and we estimate that approximately 1.7 million users have accessed support. We continue to support Hestia with the development of OSS and volunteering via our Women’s and Allies network. More information on the network’s activities this year can be found on page 33.

As one of the largest UK employers, we acknowledge that a large percentage of our workforce may be affected by domestic abuse. In 2022-23, we made a commitment to further support our people by becoming a member of Employers Initiative for Domestic Abuse (EIDA). EIDA supports employers to take action against domestic abuse. We look forward to working with EIDA and will report on our progress in 2023-24.

1. Approximately one in five adults aged 16 years and over (10.4 million) have experienced domestic abuse since the age of 16 years. Domestic abuse in England and Wales overview: November 2022, ONS.

SUPPORTING FEMALE HEALTH AT ROYAL MAIL

We are committed to supporting the health and wellbeing of our female colleagues. In 2021-22, we launched our Let’s Talk Menopause campaign.

There are approximately, 16,500 female colleagues who are likely to be experiencing menopausal and perimenopausal symptoms. This year, we expanded the campaign through a dedicated working group and introduced a volunteer support role ‘Meno-Mates’. Volunteers are tasked with raising awareness, listening and signposting colleagues to support while normalising menopause conversations.

Volunteers have introduced menopause cafes providing a safe space for colleagues to share experiences.

To support this, we have further simplified our menopause workplace support guidance. Menopause awareness e-learning is available for managers and ‘Meno-Mates’ to access from home or work. Colleagues can access counselling, support articles/programmes and a comprehensive menopause toolkit.
**PRIORITIES FOR 2023-24**

- To improve compliance to standards and identify areas for improvement through our programme of safety audit and managerial coaching
- Continue to develop our core health and wellbeing proposition, making it simple to access resources and support
- Launch an improved occupational health service providing timely and effective health and wellbeing services

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**1. PROVIDING HEALTHCARE DIRECT TO HOMES**

Royal Mail Health recognises the importance of all patients being able to receive medicine as easily as possible, and so has created an extensive set of agreements and partnerships. In online pharmacy we have launched a joint app with Pharmacy2U and work in deep partnership with other companies such as Lloyds Direct. In community pharmacy, our investment in Charac allows us to help create digital capabilities for independent pharmacies and their customers. In 2023 and beyond, we will be creating a number of changes that will help us make access to medicine even easier, faster, and safer.

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**2. HEALTHIER NATION, HEALTHIER PLANET**

There is an inextricable link between our human health and that of our planet – in Royal Mail Health, this means we are focused on delivering market-changing programmes, working with partners, to support industry progress towards net zero. Through this, in partnership with Novo Nordisk, we have designed a system with environmental focus to tackle plastic waste, called 'PenCycle', using the Royal Mail network to bring used medical devices back into the supply chain, to be recycled and reused, creating circularity at the end-of-life for these devices.

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**3. BEING PART OF HEALTHCARE CHANGE IN THE UK**

Royal Mail Health already supports many cornerstones of the UK health sector, with partnerships across NHS trusts, hospitals, GP practices, pharmacies, and pharmaceutical retailers and manufacturers. With a complex set of prevailing headwinds, the UK healthcare system will be subject to change in the coming years – a change for which Royal Mail Health is already developing new capabilities. These will build on much of the outstanding work we already do in medicine delivery, diagnostics, device management, script logistics, and health and wellbeing delivery.

"With the extensive change we foresee to the health sector in the UK, we believe there is no one better placed than Royal Mail to be able to help. Our unique level of trust with patients allows us to play a pivotal role in helping create change that benefits patients – better delivery, better social care, and better clinician support."

**Stefan Kulik**
Managing Director of Royal Mail Health
We are committed to preserving the trust members of the public have in our hard-working employees. From the moment our employees join us, to each delivery at the doorstep, we believe that a strong foundation of trust will deliver a high level of customer service.

We know from our employee research that colleagues join us because they want to be part of a team that has national reach but a local connection: a company that has a real social purpose that is valued by the communities we serve, and where no matter what your role is, you are part of team that delivers for its customers.

Delivering for our customers is in our DNA. During a turbulent year, we have focused on keeping the mail moving through industrial action. We acknowledge that our employee relations climate has been challenging. We have worked hard throughout to engage and maintain the relationships we have with our people. Our focus was to stay connected, keeping the lines of communication open and answer the tough questions being asked.

LISTENING TO OUR PEOPLE

Hearing from our colleagues and keeping the conversations going has been even more important than ever. We conduct monthly check-in surveys with our employees. Whilst levels of participation have fluctuated over the last six months, more than 50,000 colleagues have checked in to let us know how things are going locally and to give their thoughts on the bigger business issues. Encouragingly, we have seen an improvement in the strength of relationships at local management level and within teams. However, levels of pride in working for Royal Mail have dropped during our industrial dispute. In 2023-24, we have plans to deliver a programme of belonging and pride that will underpin our transformation.

At the time of publishing, the annual Big Trust survey was not open. Results for the survey will be published on the IDS Group website and our ESG data pack will be updated when results are available.

Our annual Company Trust and Engagement plan was built to address the disconnect with our people and centres on three key areas: Managerial Engagement, Wellbeing, and Recognition.

For many of our managers, there has been a significant period of uncertainty and organisational change. The impact of this was evident in the 2022-23 management Trust and Engagement scores. Reconnecting with the leaders of our organisation, giving them a reason to believe in our future, and winning back hearts and minds was a top priority for our Company plan.

In addition to our employee research activity, we have a number of other colleague listening programmes. These include our quarterly People Panels and Non-Executive Director sponsored Employee Voice Forum. This year, the forum has focused on hearing from a wide range of employee communities including Cleaners, Fleet Technicians and Engineers, as well as colleagues from our larger teams in Parcelforce and Royal Mail. We want to make sure everyone at Royal Mail is listened to.

18 years

Average tenure for Royal Mail employees

Shine recognition remains our core recognition platform. During the year, we expanded both the functionality and reach of the platform. More than 800 trainee managers and 1,400 non-operational managers were recognised via the platform for their critical role in maintaining business operations throughout industrial action.

In December, we introduced a new long service award that recognises milestone tenure for over 8,000 colleagues annually. We are incredibly proud that the average tenure for Royal Mail employees is 18 years. The corporate award features a new modernised card and nostalgic, celebratory film, alongside a focus on bringing the celebration to life locally. Congratulations cards for our 250 postal apprentices passing their end point assessments, and 200 first peak survival kits for our new postal apprentice cohort (both developed in conjunction with the Youth Board) saw a more intergenerational approach to recognition introduced, with career milestones also celebrated for those graduating from the Driver Academy.
I am really proud of everything we’ve achieved over the last 12 months especially against the backdrop of a challenging year. The reinvention of Royal Mail for the next 500 years continues at pace with our people firmly at the heart of everything we do.

Zareena Brown
Chief People Officer

REWARDING OUR PEOPLE FAIRLY

We believe that all our people should be rewarded fairly for their work, regardless of gender. Each year, we conduct a Company-wide review to calculate our gender pay gap between men and women. We are pleased to report that, for 2022, the total average pay for male and female employees continues to be broadly the same, with the mean pay gap now at 1.4% and 3.1% in favour of male employees when measured on a median basis. Further information can be found in our 2022 Gender Pay Gap Report on the IDS Group website.

WORKING WITH OUR UNIONS

A productive and cooperative working relationship with our unions is a core part of our strategy. We recognise two unions: the Communication Workers Union (CWU) and Unite/CMA. Around 91% of our operational and administrative grade employees are members of CWU. Around 99% of our people are covered by agreements with these two unions.

In 2022-23, CWU balloted its members on industrial action on three occasions. We were disappointed that CWU members voted in favour of industrial action.

During the year, we lost 1,194,255 days to industrial action. More information on our industrial dispute can be found in the IDS Annual Report & Financial Statements page 25 on the IDS Group website.

SUPPORTING EMPLOYEES AND THEIR FAMILIES

The Rowland Hill Fund supports current and former Royal Mail employees who fall on hard times, including those dealing with sudden illness or long-term sickness, disability, or financial challenges. During 2022-23, the fund provided 355 grants totalling over £300,000 to help with essential spending.
Our Diversity, Equity, and Inclusion (DEI) ambition supports 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. The Royal Mail Executive Board oversees our DEI programme and is responsible for driving culture change across the business. The ESG Committee monitors our performance in this area.

For Royal Mail, diversity includes, but is not limited to, the following characteristics: age, disability, marital or civil partnership status, pregnancy or maternity status, race, ethnicity and national origin, religion/faith or belief, sex or gender identity, and sexual orientation.

Our focus in 2022-23 was to build on our DEI ambition, taking active steps to progress against our commitments and make tangible progress against our targets. 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 strategic priorities are:

\[ \begin{align*}
\text{– Increasing Diversity:} & \quad \text{We will create a workforce that reflects the diversity of the society we live in, where everyone feels included, valued, and can contribute} \\
\text{– Generational Transformation:} & \quad \text{We will spearhead the biggest ever growth in entry level opportunities, using the strength of our brand and EVP, our network of geographical locations, and our variety of job roles to attract the next generation to their first jobs with Royal Mail} \\
\end{align*} \]

**A Force for Good:** We will make the most of our size and organisational power to spearhead collaboration with external partners for greater good

**An Inclusive Environment:** We will create an environment where colleagues feel like they can belong and contribute

**Vibrant National Networks:** We will work hand in hand with our vibrant national networks, supercharging their reach

DEI is a key driver to our business success, and the delivery of our action plan will require strong accountability from our colleagues and leaders, and our ability to identify opportunities for integration of DEI within our business processes. I am excited about our opportunity to make a real difference to our colleagues, customers, and our communities.

Winnie Annan-Forson
Head of DEI

**PROGRESS AGAINST OUR TARGETS**

In February 2022, we agreed a set of all Company DEI targets. Our current representation versus our targets can be seen below. All DEI targets are to March 2025.

<table>
<thead>
<tr>
<th>Position at 27 March 2023 (%)</th>
<th>Target position March 2025 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female representation (all levels)</td>
<td>20%</td>
</tr>
<tr>
<td>Female representation (levels 1-6)</td>
<td>26%</td>
</tr>
<tr>
<td>Ethnic minority (all levels)</td>
<td>13%</td>
</tr>
<tr>
<td>Ethnic minority representation (levels 1-6)</td>
<td>7%</td>
</tr>
<tr>
<td>Youth representation (frontline below level 6)</td>
<td>6%</td>
</tr>
</tbody>
</table>

The composition of our IDS Group Board aligns with the ambitions set by the Parker Review and the FTSE Women Leaders Review, as well as those announced by the Financial Conduct Authority. Further information can be found in the IDS Annual Report & Financial Statements.
FOR THE PEOPLE

In September, as part of our objective to attract more diverse candidates, we launched our ‘For the People’ media campaign, with increased representation, specifically with a focus on our frontline roles. Since launch, the campaign continues to drive diversity into our recruitment process, supporting a 55% increase in applications from Under 30s, 59% in Females and 37% in underrepresented ethnic minority backgrounds.

A DISABILITY CONFIDENT EMPLOYER

We remain committed to supporting disabled applicants and colleagues at all stages of the employment cycle. We provide training, career development, and promotion opportunities. 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 to have achieved Disability Confident employer status.

WORKING IN PARTNERSHIP

During the year, we formed a new partnership with diversity champions, DIAL Global. In May 2022, we took part in the DIAL Global summit. Zareena Brown, our Chief People Officer, and Pooja Bagga, IT Operations Director, took part in panel sessions discussing equity and inclusion issues, actions, and trends from around the world. In October, we were proud to feature three of our networks – Youth, EmbRace and Women & Allies – in its global diversity industry magazine ‘Moving the Dial’.

We continue to be a silver everywoman corporate partner, providing access to the everywoman network to all Royal Mail colleagues across the UK. The everywoman network provides engaging digital tools, access to female role models, and quality learning resources. Our partnership has been instrumental in our ambition to attract, retain, and develop our female talent pipeline. It gives colleagues access to the crucial training and development required to enable them to own and drive their careers, giving them confidence to pursue opportunities within the business. The everywoman in Transport & Logistics Awards play an important role in highlighting success stories in our industry, shifting perceptions and creating role models to inspire future female talent. This year, five Royal Mail female colleagues were shortlisted and celebrated as runners-up across various categories.

CASE STUDY: CROSS-ORGANISATIONAL MENTORING

As part of our commitment to develop Black and Ethnically Diverse colleagues, Royal Mail colleagues participate in a Cross-Organisational Mentoring Circles programme led by Business in the Community (BITC). Supported by our EmbRace network leaders internally, the initiative brings together peer-level mentees from Black and Ethnically Diverse backgrounds across different organisations and sectors, to maximise their full potential and to facilitate career progression.

“I enjoyed having the opportunity to be a participant of the BITC Mentoring Programme. I learnt so much from my group, and it was nice to meet people from outside of the company. I’ve implemented some of the things I learnt in my work as a leader in my site. I am looking forward to more colleagues from Royal Mail being a part of this programme.”

Danish Mushtaq
Customer Operations Manager, Maidenhead
Women & Allies
This year, the Women & Allies network adopted Hestia as the network’s charity partner. The network has focused on promoting Online Safe Spaces with our customers and supported two key off-site family fun days for residents at Hestia’s London refuges. On 8 March, Royal Mail celebrated International Women’s Day: 56 events led by the network were hosted all over the UK to honour women’s rights and achievements at Royal Mail.

Parents and Carers
In August, Parents and Carers hosted a National Breastfeeding Week virtual event in partnership with the Women & Allies network, with speakers from the Executive Board and a leading lactation consultant.

LGBTQ+ & Friends
In July, Royal Mail released a set of eight, vibrantly illustrated stamps, issued to mark the 50th anniversary of the UK’s first Pride rally, which took place on 1 July 1972. Issued exactly 50 years to the day, the stamps celebrated the march that took place from Trafalgar Square to Hyde Park, which was the first to bear the name ‘Gay Pride Rally’. The march was inspired by events in the USA, where the first Pride events had taken place to commemorate the anniversary of the Stonewall riots in New York. The stamps, specially commissioned by Royal Mail, were art directed by NB Studio and illustrated by award-winning artist Sofie Birkin. Her illustrations have featured in campaigns for brands such as Nike and Apple. Royal Mail worked with journalist and published author Amelia Abraham on the stamp issue and consulted with Royal Mail’s internal LGBTQ+ & Friends network. Additionally, the network raised over £2,000 for charities Mermaids and AKT as part of pride month.

Disability & Friends
In 2022-23, Disability & Friends worked with the Business Disability Forum to review employee experience for those with a disability and update our neurodiversity diversity learning materials and campaigns.

Embrace
During the year, Embrace celebrated Ramadan, Southeast Asia and Black History Months and other cultural and race-related key dates with colleagues through a series of internal communication campaigns. In February, the network hosted an online event to mark Holocaust Memorial Day on Workplace Live with special guest, Harry Spiro BEM, a Holocaust Survivor.

Youth
This year, the network was influential in shaping the Next Generation strategy for Royal Mail, as well as hosting the first Youth Hackathon. More than 100 of our Under-30 colleagues came together to solve a range of business challenges and present their solutions to senior leaders.
DEVELOPING SKILLS WITH THE ACADEMY

We are committed to recruiting and retaining diverse talent so that our workforce better reflects the diversity of the communities we serve. In 2022-23, we invested £8.4 million in learning and development, equivalent to 30,000 days.

In July, we launched The Academy. The Academy is designed to develop the next generation of leadership talent. The Academy will equip managers with industry-leading skills to accelerate the business’s transformation to better meet the changing demands of our customers. We want to create a new culture of growth, innovation and learning for Royal Mail. Our employees can access The Academy virtually, digitally and ‘on the job’ through the classroom at our new training centre in Daventry. The Academy training centre is located at Royal Mail’s new Midlands Super Hub, which when it becomes operational in 2023-24 will process more than 1 million parcels a day. The centre provides an inspirational environment for employees to collaborate and learn in person. The Daventry site will be supported by five new satellite learning centres in Edinburgh, Warrington, Bristol, Gatwick, and Oxford.

In August, The Academy launched the Diamonds Programme aimed at developing a diverse set of senior leaders from across the business. In the 2022-23 cohort, 43% of participants of the programme are female, supporting our ambition to progress female leaders within the business. The selected managers will benefit from targeted development assessments, career guidance and tailored support. The programme will help them grow as leaders and deliver our ambitious programme of change.

TARGETED LEARNING

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 our people develop their skills and improve their performance. We continue to evolve the way in which we set, achieve, and review our goals to align with the Company’s ambitions and values. In 2022-23, we changed the process for our delivery operations management by providing all first line operational managers with an individual learning scorecard. We developed a series of ‘development discovery tools’ to allow managers to identify their own technical capability gaps against three core areas: Safety, Quality and Resourcing to Workload. Based on the results of the self-assessment, colleagues were then recommended bespoke and appropriate learning modules. At the end of the year, 78% of the target population of around 2,300 managers had completed the learning assessment.

During the year, we also introduced a new workshop for our first line managers: Delivering Success. The workshop introduces a management toolkit focusing on confidence and techniques for leading others. This programme has been deployed to a targeted audience selected on the basis of largest capability gaps. So far, we have delivered the programme to two cohorts of managers, with more than 130 colleagues attending this year.

NEW AND DIVERSE TALENT

As part of our commitment to bringing in new and diverse talent to Royal Mail, we have developed a varied outreach programme and several pre-employment programmes. Every year, we welcome hundreds of apprentices, interns, and graduates as part of our early careers schemes. Royal Mail remains active in shaping the early careers agenda through membership of the Good & Fair Employer’s Club. We have pledged to never 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.

£8.4 million
invested in learning and development
OUR PROGRAMMES THIS YEAR

In 2022-23, 393 colleagues joined our apprenticeship programmes, 70.48% of which were part of an early careers scheme. In total for 2022-23, the number of those enrolled on an apprenticeship was 845. At year end, 257 apprentices had successfully completed their apprenticeship. Royal Mail is proud to have achieved a consistent retention rate on our programmes of 73%, 14% higher than the national average.

In September, we launched a Sales Traineeship scheme open to young people aged between 16 and 18 years of age. The 12-week work programme aims to develop skills viewed as an asset to potential future employers. The intention is that those who successfully complete the scheme may be given the opportunity to join Royal Mail as a Sales apprentice in the future.

In September, six Engineering interns joined our Innovation team, whose sole purpose is to help transform Royal Mail by anticipating and leveraging tomorrow’s technology today. Our interns have supported the delivery of existing projects, as well as helping to shape new ones. Examples include further developing solutions in robotics to help automate processes and improve the efficiency of mail movement, as well as considering the use of drones for mail sorting and delivery.

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 transferred a total of £12.8 million, including a contribution of £2.8 million in 2022-23. We focus on supporting charities, third-sector organisations and requests that have a positive impact on individual lives and communities. This year, we have agreed to support the Northwest Ambulance Service with 44 Level 6 Paramedic degree apprenticeships.

Our support for these apprenticeships will run over three years to the value of £1 million. This contribution supports our ambition to train a nation of lifesavers via our partnership with British Heart Foundation.

DIVERSIFYING OUR OUTREACH

In 2022-23, we partnered with organisations including Careermap, Pathway CTM and National Apprenticeship Shows to increase and diversify our outreach activity with schools and colleges. During the year, we delivered two events involving 143 students, of which 49% were first generation university students, 30% received free school meals and 70% were from an ethnic minority background. We also hosted three virtual events at the Northwest National Apprenticeship Show, with more than 500 attendees.

NATIONAL APPRENTICESHIP AWARDS 2022

This year, we were awarded the Amazon Award for Macro Employer of the Year – Regional Winner (Northwest) and Highly Commended in the National Finals. We were awarded this due to our retention of apprentices significantly above the national rate and national target. Our strategic approach was highlighted alongside opportunities for attraction and social mobility.

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PRIORITIES FOR 2023-24

- Focus on increasing Under-30’s talent through a range of new approaches to the graduate scheme and current apprenticeship pathways
- Expanding our work towards building diversity, improving social mobility, and creating more entry points into Royal Mail
- Focus on the development and implementation of new learning programmes, setting the stage for a learning culture that nurtures and develops the very best Royal Mail leaders of the future

PROTECTING HEART HEALTH AND SAVING LIVES IN OUR COMMUNITIES

Our aim is to become one of the most trusted companies in the UK. We are committed to measuring and evaluating our business’s impact on our communities and look for ways in which we can make a positive impact on society.

In 2022-23, Royal Mail contributed £3.3 million directly to good causes and schemes for disadvantaged groups. This included our Articles for the Blind service. The service enables blind and partially sighted individuals to be sent items, such as talking books, mobility aids and relief maps, free of charge. Our total community investment for 2022-23 was £5.5 million.

Our Community Investment (CI) strategy:

- Leverage our greatest asset: our people
- Drive colleague advocacy for Royal Mail and our CI programme
- Leverage our National Scale
- Unlock potential through education
- Maximise our CI spend through an innovative programme and communicate this programme both internally and externally
- Utilise our local presence

Maximise our unique position as one of the most local and national companies in the UK

SELECTING A NEW NATIONAL CHARITY PARTNER

Earlier this year, we began the process of looking for a new national charity partner to deliver a community programme that is focused on heart health. After inviting charities to apply, we invited our colleagues to vote for their preferred partner from a shortlist of three charities. Each shortlisted charity was screened using our GAN Integrity software which we use to ensure we are working with suppliers or partners that support our ESG ambitions. In November, we announced the winner as British Heart Foundation (BHF). We will be working with BHF from 2022 to 2026.

Our partnership with BHF will be a key element of our CI programme over the next four years. The programme will harness Royal Mail’s collective size for the benefit of a national cause. We will use our workforce, our assets, and our fundraising potential to create a partnership that will make a significant impact on society.
We are thrilled to be announced as Royal Mail’s national charity partner and want to say a heartfelt thank you to all colleagues who voted for us to win this prestigious partnership. Our new Community Hearts Programme with Royal Mail will support people across the UK to better manage their conditions, no matter who they are or where they live.

Dr Charmaine Griffiths
Chief Executive of British Heart Foundation

**OUR KEY OBJECTIVES**

The partnership with BHF will be one of the largest corporate charity partnerships for heart health in the UK. The partnership covers a number of key pillars: employee health, community health, volunteering and pro-bono support, and fundraising. We will be reporting our progress against the following pillars:

1. **Aim to raise £2 million through events, campaigns and payroll giving to deliver the Community Hearts Programme**

2. **Inform and support our colleagues to reduce their risk of heart and circulatory diseases, and support them at work and at home**

3. **Inform and support our communities to help improve the heart health of the nation and the emergency response to cardiac arrest in communities across the UK**

4. **Utilise our trusted brands, assets, and expertise to help fund BHF’s life-saving work**

**WHY IS HEART HEALTH IMPORTANT?**

We are committed to promoting good physical and mental health, and ensuring our people have access to a range of services that support their wellbeing, both at work and at home.

Poor heart health can result from lots of factors. These can include poor diet, lack of exercise, and uncontrolled blood pressure. They can increase the risk of heart and circulatory conditions such as coronary heart disease, heart attacks and stroke.

Positive heart health is incredibly important to Royal Mail as poor heart health is one of the leading causes of workplace absence. The demographic of our workforce reflects those who may be more at risk of developing heart and circulatory diseases, as we have many staff over the age of 45. The risk of developing many heart and circulatory diseases, such as coronary heart disease or stroke, increases with age. In the UK, these conditions are most common in people over 45, and these risk factors can have a serious impact at any age.¹

Many of us will witness a cardiac arrest in our lifetime. There are over 30,000 out-of-hospital cardiac arrests every year in the UK, but currently less than one in ten survives.² Immediate CPR and defibrillation can more than double the chances of survival. By training our people in CPR, we will help them to potentially save the lives of not just their Royal Mail colleagues, but also their loved ones.

As a business, we want to help ensure that the younger generation – who will be our employees and leaders of the future – and our wider communities are supported to understand the risks of poor heart health and are able to respond in a cardiac arrest emergency.

**OUR PROGRESS SO FAR³**

1. **Aim to raise £2 million through events, campaigns and payroll giving to deliver the Community Hearts Programme**

2. **Inform and support our colleagues to reduce their risk of heart and circulatory diseases, and support them at work and at home**

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4. **Utilise our trusted brands, assets, and expertise to help fund BHF’s life-saving work**

The partnership with BHF will be one of the largest corporate charity partnerships for heart health in the UK. The partnership covers a number of key pillars: employee health, community health, volunteering and pro-bono support, and fundraising. We will be reporting our progress against the following pillars:

- Deliver CPR training for 1 million young people
- Fund hundreds of Community defibrillators
- Develop accessible heart health information for the nation

In February, we launched our partnership and celebrated Heart Month with fundraising events across the business. During the month, teams raised just over £10,000.

RevivR is BHF’s digital CPR training tool, which provides people with the necessary skills to give life-saving 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. In early 2022, Royal Mail was involved in testing the training with our safety team. At the 2022 Heart Hero awards, BHF awarded Royal Mail, Tesco, and Travelodge with a Special Recognition award for our involvement in the development of RevivR. So far, we have trained 4,580 employees in CPR. We are aiming to train 100,000 Royal Mail employees over the next four years.

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³. British Heart Foundation was announced as the winners in November 2022. The partnership officially launched in February 2023.
SUPPORTING OUR LOCAL COMMUNITIES

Royal Mail makes a difference to the lives of millions of people. We keep communities connected and link businesses with their customers. Our posties are the eyes and ears of communities, and they can make an important contribution to the areas in which they live and serve. We develop strategic partnerships that leverage this local presence, for example, our partnership with Missing People.

Getting our people engaged and energised is a key factor in the successful delivery of our community investment programme. High levels of engagement translate into a more significant difference to the community. With such a large workforce, all our community investment initiatives are supported by a broad range of communications distributed via multiple channels.

We recognise that our people have issues and causes important to them and important in their local community. We empower them to support these causes through our payroll giving, and our community support scheme. In 2022-23, Royal Mail contributed £157,000 in match funding and grants.

Our payroll giving scheme which holds the Gold Payroll Giving Quality Mark Award provides a tax-efficient way for employees to support charities and community organisations. Our people have contributed over £67 million since our payroll giving scheme began in 1989. During 2022-23, 27,000 colleagues gave money through payroll giving and donated £2.2 million for hundreds of charities.

Volunteering plays an important role in helping to build an engaged and committed workforce. It also allows our employees to forge important relationships in the communities where they work. We offer grants of up to £400 to help employees meet the costs of volunteering in their local communities.

£400
Grants to help employees meet the costs of volunteering in their local communities

£67 million
Contributed by our people since our payroll giving scheme began in 1989

CASE STUDY: A CHRISTMAS COLLECTION

In December, the community team at Medway Mail Centre supported local charity, Demelza, with a Christmas tree collection fundraiser. Demelza offers support for families and end of life care through its network of hospices. The Medway team used Royal Mail vans to collect used Christmas trees from homes across Kent. Collectively, the hospices raised over £80,000.

“In these tough times, people do not necessarily have money to donate so if they want to donate time, it’s an easy way to help and it’s very rewarding.”

Tim Hyde
Community Champion
MISSING PEOPLE

Royal Mail has been partnering with Missing People for almost 10 years. We support the charity by sending out alerts of vulnerable missing people to our posties’ handheld devices. Someone is reported missing every 90 seconds in the UK.¹ Our people are our feet on the street and are a vital part of the search effort.

Missing People supports people affected by a disappearance via a free, confidential helpline and can launch a publicity appeal to help bring missing people home. In 2022-23, our donation was focused on increasing support through the helpline particularly around Christmas.

Missing People’s helpline responds to approximately 1,000 enquiries every month. Although the majority of issues are around going missing, the team does receive sightings of missing people, individuals wanting to self-harm, and reports of domestic abuse. These issues plus many more can drive people to disappear. Its teams are trained in supporting and signposting vulnerable people the services they need. In 2023, Missing People will be sharing its expertise with our customer service teams so that our teams can better support vulnerable customers of Royal Mail.

This year marks the 30-year anniversary of Missing People. We will be working with the charity through 2023 on a number of other initiatives to celebrate and raise awareness around the issue of missing.

1. Missingpeople.org

SUPPORT FOR LOCAL BUSINESSES

The Universal Service Obligation ensures depth of coverage, value for money and convenience for SMEs wherever they are based in the UK. SMEs benefit from greater flexibility using our Click & Drop and Parcel Collect services. Parcel Collect offers parcels to be collected from a customer’s home.

Since the launch of Parcel Collect in 2020, c.20 million items have been collected. A poll of 3,000 adults, commissioned by Royal Mail Parcel Collect, found that one in four claims their side hustle is their main source of income, with 41% having plans to develop their side hustle into their main source of income.²

To further enhance our support for smaller businesses, we announced that Royal Mail International services, including Royal Mail International Tracked & Signed, Royal Mail International Signed and Royal Mail International Standard, are now available on eBay. Through offering these services, Royal Mail and eBay are making it as easy as possible for sellers to export to Europe and the rest of the world, opening new markets and customers to help increase sales volumes.

“...We are delighted to play a pivotal role in making that possible, supporting the nation’s small businesses and side hustlers. We aspire to make our services as convenient as possible so everyone can manage their business from home, removing the need to trek heavy parcels to the local drop off point whenever they make a deserved sale.”

Nick Landon
Chief Commercial Officer
UNLOCKING POTENTIAL THROUGH EDUCATION

We have a long-standing commitment to helping young people develop across the UK’s communities. We work with The Postal Museum and National Literacy Trust to deliver initiatives supporting literacy in the UK.

We focus on developing 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.

In January, to celebrate National Storytelling week, we worked with National Literacy Trust to launch a story writing competition. We asked children across the UK to write a story about a magical postbox. The winner of the competition was gifted national book tokens and the winning story was announced on our social channels by children’s author, Cerrie Burnell.

Over the last two years, Royal Mail has supported the virtual delivery of The Postal Museum’s Jolly Postman – Once Upon A Bicycle programme. Virtual delivery has meant that schools across the UK are able to access the programme. Our funding enabled The Postal Museum to reach schools and students for whom cost is a significant barrier. Between March 2022 and March 2023, 2,000 pupils were given the chance to take part for free. Approximately 30% of the schools involved were from areas that have been prioritised by Arts Council England and/or are in the most deprived areas of England, as measured by the Indices of Multiple Deprivation.

“’We’re delighted that Royal Mail is part of Digital Day this year. Addressing the digital skills gap and inspiring the next generation of tech and digital talent is incredibly important. We were blown away by the brilliant entries and the creativity and enthusiasm of the students involved.’

Sonia Sudhakar
Managing Director, Marketing and Digital

CASE STUDY: THE DIGITAL DOORSTEP

During the year, we worked with our technology partner, EPAM, to support BIMA’s annual Digital Day. BIMA is the UK’s digital & tech trade body. The day aims to help plug the UK digital skills gap and inspire students to explore a career in the digital world. This year, Royal Mail was involved in setting one of the challenges for students. The challenges are grounded in real-world problems – such as accessibility, inclusivity, and sustainability. The challenges are designed to help students understand how digital technology can positively impact day-to-day lives. We asked students to create the ‘Digital Doorstep’ of the future for everyone: young, old, unable to afford travel, living with a disability or at a higher risk in crowded environments. In November, 10,000 students took part in Digital Day, with 50% of completing the Royal Mail challenge.

5,000 students took part in our Digital Doorstep challenge
OPERATING WITH INTEGRITY

Trust is fundamental to our business due to our role as the provider of the Universal Service in the UK, and to our position at the heart of communities. Royal Mail is committed to conducting its business honestly, fairly, and ethically at all times. We have a robust framework in place to ensure we act compliantly and ethically.
COMPLIANCE AND ETHICS

We are committed to operating with integrity to safeguard our reputation and protect our valued place in society.

We have a suite of clear, easy to understand policies and guidance documents. They inform employees of what is expected of them and where they can get help when required. These documents have been simplified this year to make it easier for employees to understand what is expected of them. Following simplification, we have made our People procedures easily accessible to all colleagues by hosting them on our People App. This is an application any colleague can download onto their personal or work phones. Our key policies can be found in our ESG Appendix.

DOING THE RIGHT THING

Our compliance and ethics programme ensures employees are trained to make ethical decisions and trusted to make the right decision. Each business unit or subsidiary 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 own, 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 our compliance framework, including through active participation in the compliance coordinator network.

To be a successful company and win the trust of our colleagues and customers, it is extremely important for us to have a strong ethical culture. Following on from our culture survey launched last year, we have introduced a shorter, more focused pulse survey to allow us to track key aspects of the ethical culture. The survey allows us to see where we have improved or where further work is needed.

This year, we found that awareness of how to report concerns and comfort in raising concerns remained high. We saw a big increase in the number of colleagues who felt they received recognition. However, there was a small increase in the number of people observing misconduct and a drop in the percentage of people reporting that conduct. To combat this, we have continued to raise awareness of the Speak Up helpline and the confidentiality of the process. Results of the survey 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.

TAILORED COMPLIANCE TRAINING

In September 2022, we trialled five different versions of our annual compliance refresher training. Versions were adapted to employee business area, the level of risk they face in their role, and the types of activities they are involved in. For example, tailored content and assessment questions that were relevant, engaging and reflected operational activities were created for our operational teams. We want to ensure employees feel the training is relevant to their role and not just a tick box activity. We are pleased to confirm that, in 2022-23, the overall completion rate for our compliance training was 99.2%.

"To be a successful company and win the trust of our colleagues and customers, it is extremely important for us to have a strong ethical culture."

Daniel Quy
AGC Competition, Regulation & Compliance

99.2% overall completion rate for annual compliance training

1. Training included versions for our subsidiary companies, which are not subject to the same regulatory obligations as Royal Mail.
ETHICAL BUSINESS CONDUCT

Bribery, corruption, and tax evasion are contrary to everything that we and our brand stand for. We have a strict zero tolerance policy towards bribery and corruption, as set out in our Ethical Business policy. All managers joining Royal Mail are required to complete compliance induction training within three weeks of joining the business and thereafter, annual refresher training. Additionally, more focused training is also provided in higher-risk areas.

This year, we introduced a new online register for registering in advance attendance at trade association meetings or other industry events attended by Royal Mail competitors. This change has helped us to more effectively mitigate the competition law risks around attending meetings with competitors.

PRIORITIES FOR 2023-24

- Develop a new Compliance & Ethics portal, where Royal Mail users can find guidance and other supporting materials, complete our various risk registers, and request additional support from our specialist team.
- Deploy a revised risk assessment process, which will allow us to identify and evaluate emerging risks and, crucially, deploy controls and solutions more quickly.

Key Speak Up initiatives this year:
- Launched a new retaliation monitoring programme as part of the Speak Up process, to identify early any potential retaliation for reporters who face a higher risk of retaliation when making a report.
- Introduced updates to Speak Up reporters every 30 days, to keep them informed about progress on their report, and KPIs to monitor the performance of the end-to-end Speak Up process.
- Launched investigations guidance for all Speak Up investigators, to ensure consistent investigation standards across Royal Mail.

SPEAKING UP

Royal Mail is dedicated to ensuring a workplace where everyone feels safe, respected, and able to succeed. 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. Our Speak Up (Reporting) policy encourages everyone to immediately report any actual or suspected wrongdoing in the Company (whether historic, ongoing, or likely to happen in the future) through an appropriate channel. Our confidential Speak Up helpline is available 24/7 every day of the year to current and former employees, contractors, temporary workers, our subsidiaries, and suppliers and members of the public.

This year, we received a total of 834 reports compared with 747 last year. We believe this is due to a continued focus on developing a strong Speak Up culture, which has increased trust in the process and means that people are more confident to speak up, as well as a rise in industrial action-related reports.

Work-related grievances and bullying and harassment concerns are managed through our Grievance policy and Stop Bullying & Harassment policy. In 2022-23, we saw a 38% increase in bullying and harassment concerns compared with the prior year. This is due to the many concerns raised during the period of industrial dispute, which has lasted for most of this year.

Importantly, the number of concerns upheld was higher at 39% compared with 30.7% in 2021-22.

We aim to resolve disputes using in-house mediation where possible. This year, 93% of the issues referred, citing bullying & harassment, were successfully resolved through those mediations.

In May 2022, we introduced a team of 41 People Case Support Managers to independently address bullying and harassment concerns and grievance issues raised in our delivery and collections business areas. This has helped to ensure consistency with hearing cases in line with our People policy and procedures. These managers have been trained in all our employee relations areas to enable them to deal with formal investigations in a timely and consistent manner. This dedicated resource has resulted in a 41% reduction in average case length compared with 2021-22.

Our new case management software that was launched last year continues to support managers by providing step-by-step guidance on completing investigations to encourage resolution of concerns in a timelier manner.

What kind of difference can I make?
PROTECTING HUMAN RIGHTS AND FIGHTING AGAINST MODERN SLAVERY

We are committed to upholding and protecting 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. Royal Mail is 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.

We believe Royal Mail provides the best employment terms and conditions in our industry in the UK. Labour standards and human rights appear in the top five material issues for our business. Fair employment conditions are the foundations of how we do business. We offer permanent employees’ a competitive salary, and benefits including paid holiday and a good pension. In 2022-23, UK postie’s basic pay was 33% more than the UK National Living Wage (NLW) for the same period. All temporary workers receive the NLW, with the majority receiving hourly pay above the Real Living Wage.

IDENTIFYING RISKS

Our compliance risk assessments include questions on human rights and modern slavery. The identified risk of human rights violations in our business has been assessed as being low. Our focus has been on agency, contract, and supply chain workers, where human rights issues are most likely to potentially arise. Potential issues could include forced labour, sub standard working conditions, fair wages, discrimination, freedom of association and collective bargaining, health and safety, and privacy.

As a responsible business, we are committed to playing our part to help eliminate these risks. To prevent these issues, we closely monitor our supply chain and customers by systematically carrying out detailed due diligence and screening processes, site audits and risk assessments.

In 2022-23, our assessments found that no incidents regarding human rights took place.

Concerns related to modern slavery or concerns about human rights violations can be raised by anyone, internal or external, confidentially to our Speak Up helpline available 24 hours a day, 7 days a week.

RAISING AWARENESS

Royal Mail is committed to ensuring that modern slavery and human trafficking are not taking place in our own business or supply chains. During the year, we updated our People policy to include a statement on modern slavery and supplier companies.

As one of the UK’s largest employers we understand the importance of raising awareness of the risks of modern slavery to our people and the public. On 18 October, we marked Anti-Slavery Day by launching an internal communications campaign and sharing links to our Modern Slavery Statement and to our Modern Slavery posters. These were designed the previous year in partnership with the charity Unseen, who work to stamp out modern slavery in the UK.
WORKING COLLABORATIVELY WITH OUR SUPPLY CHAIN

We are committed to playing our part in helping to prevent any incidence of modern slavery or human trafficking in our business and supply chain. We employ the vast majority, 98%, of people who work for Royal Mail on permanent contracts, except where there is a short-term need. Where we do have a requirement for temporary workers, these are provided by six approved suppliers, all of these are based in the UK.

We have specific expectations for supplier behaviour in certain fields. 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 we can effectively raise awareness and combat modern slavery and human trafficking, and associated risks.

CASE STUDY: CLOSING THE DOOR ON EXPLOITATION

For most of our 85,000 plus posties, their daily round will go without a hitch. However, serving every UK city, town, village, and street means our frontline teams often get a glimpse into the lives of the vulnerable – adults and children who are being neglected, abused, or even exploited by criminals. This year, we worked with Devon and Cornwall police to support their ‘Spot the Signs’ campaign. In March, we issued a pull-out poster in our internal magazine, Courier, as part of a wider campaign to provide guidance on what our posties should look out for and how to report anything suspicious.

“No other organisation has Royal Mail’s scale and scope. Your posties have a presence on every street, every day. We all have that instinct, that gut feeling when something isn’t quite right. I hope that, by talking about this, Royal Mail colleagues will know the best way to act on it.”

Assistant Chief Constable
Steve Parker
Devon and Cornwall Police

Further information on the actions we have taken to tackle modern slavery risks in our business and supply chain is available in our Modern Slavery Statement which can be found on our IDS Group website.

98% employees on permanent contracts
WORKING RESPONSIBLY WITH OUR SUPPLIERS

Our procurement vision is to deliver value to our business and our stakeholders whilst protecting them from risks. We are 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 almost 4,000 suppliers annually. Each has the ability to help create positive economic, social, and environmental opportunities in the communities we serve.

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

Our ESG expectations for our suppliers are defined in our Sustainable Procurement Code (formally Responsible Procurement Code), most recently updated in March 2023. 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. The most recent update includes additional guidance to suppliers over conflicts of interest, anti-bribery, and recruitment practices. In addition, supplier guidance and links to assist in the prevention of modern slavery have been added. If we find that a supplier is failing to meet our standards, and any remedial action is found to be inadequate, we will terminate our dealings with them.

During 2022-23, Royal Mail took the decision not to renew one of our contracts with a flexible resource provider – though no actual breaches of the Code were identified, the supplier had demonstrated a number of shortfalls in its vetting process for workers, which were not remediated to Royal Mail’s satisfaction. This presented an unacceptable risk for future use of the supplier, in what is recognised as a higher risk category.

Where non-compliances were found, these typically related to lack of documentation and were dealt with via remediation plans and tracked through supplier quarterly business reviews and other management meetings.

MAINTAINING RESPONSIBLE PROCUREMENT

During 2022-23, we provided targeted training for colleagues with procurement or supply chain management responsibilities. This training was in addition to the annual compliance refresher training that is mandated for all Royal Mail managers. Training included product circularity (building in recycling and re-use), data protection and data transfers, and information security. For all new starters in Procurement, we provide a training module on Responsible Procurement. In January 2023, we ran a full DOI (Declaration of Interest) process. We will further develop this in 2022-23 with a view to rolling it out to other functions in Royal Mail.

SUPPLY CHAIN DIVERSITY

We group our suppliers into nine broad categories, from logistics to HR, property to print. 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; this requirement is highlighted in our Responsible Procurement Code for suppliers.

Our commitment to diversity in our supply chain includes providing opportunities to SMEs (small and medium enterprises). Where commercially viable, we structure our contracts to maximise competition from businesses of all sizes, including breaking larger requirements into ‘lots’. In 2022-23, we awarded 37% of our new contracts to SMEs compared with 31% in the previous year.

Further detail on our supplier categories and spend in each category for 2022-23 can be found in our ESG data pack.

CASE STUDY: SUPPORTING SMES IN OUR SUPPLY CHAIN

Dawleys is a valued Royal Mail supplier and is a SME based in Ross-on-Wye. The business is a specialist provider of data and customer services, primarily the business customer database maintenance, data cleansing and response capture service. Over an extended period, Dawleys has also worked with Royal Mail to develop and run a Business Referrals Programme. The scheme delivers three key initiatives: Leads to Success (the scheme run for our Parcelforce Operations staff), Watch&Win (for Royal Mail Operations and Customer Experience staff) and Ask&Win (for leads being passed between Royal Mail Sales and Parcelforce Sales).

Working with SMEs gives benefits to all parties. Royal Mail gains access to specialist knowledge whilst the SME benefits from an increase in its profile working with a large business such as Royal Mail. In the case of Dawleys, the supplier also supports our wider environmental and information security goals, being ISO accredited for ISO27001, ISO9001 and ISO14001.
IDENTIFYING AND ASSESSING RISK IN OUR SUPPLY CHAIN

Risks associated with the supplier are assessed based on the geography, size, business sector and scope, and recorded on the key governance documents relating to contracting – the sourcing plan and the recommendation to award. We ensure that risks, opportunities, and objectives related to our ESG agenda are included within the strategies for each of our supplier categories. The primary ESG risks associated with our supply chain are:

- Compliance (legal and regulatory)
- Reputational
- Probit
- Safety
- Environmental and material use
- Fairness and diversity

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.

We do not contract with sanctioned entities. 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. During 2022-23, no suppliers were found to have been in breach of sanctions. The scale of checks on new and existing suppliers has been stepped up in response to sanctions being progressively tightened as a result of the Russia-Ukraine conflict.

We regularly review the risk profile to ensure that we are identifying new risks and setting out mitigating actions, including an annual review of our Modern Slavery risk profile. During 2022-23, we have seen a continuing rise in external supply chain risks, particularly for the global elements of our supply chain. The Russia/Ukraine conflict and after-effects of Brexit have resulted in resource bottlenecks for many commodities and manufactured products. To manage this, a sustainability and supply chain group regularly reviews risks and opportunities, and identifies mitigation activities to be agreed and implemented.

MANAGING HIGH RISK SUPPLIERS

After a contract is awarded, we put supplier management plans in place to address any further risks that are identified. For some suppliers, we may require third-party audits. During 2022-23, 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 or directly to Royal Mail. Sedex allows us to track our suppliers’ ESG performance as well as conduct third-party audits to ensure their accuracy of disclosure. We also make use of the Sedex ‘RADAR’ risk identification tool and the Sedex e-learning modules for Procurement managers.

Our target was to have 50 of our high-risk suppliers and subcontractors reporting self-assessments or third-party sustainability audits via Sedex by the end of 2022-23. To date, we have 63 suppliers active on the system. We are working with Sedex to expand coverage across our high-risk suppliers.

NEW SUPPLIERS

Due diligence is undertaken on all new suppliers engaged via Procurement. Engagement of new suppliers poses potential reputational, financial and legal risks to Royal Mail. We are increasingly aware of risks around cyber security and privacy – whether of customers or employees. This year, we added a new requirement for vehicle washing companies to sign up to our declaration covering worker safety and rights, and retrospectively added this to existing suppliers at contract renewal.

The level of risk for each of these factors is therefore assessed during the onboarding of new suppliers using a number of methods. We screen all potential suppliers before asking them to participate in a tender. During the year, we made significant improvements in the supplier profiling questions relating to information security and privacy. During the invitation to tender stage, depending on the supplier risk profile, we ask additional questions about suppliers’ ESG performance. This includes a declaration of their compliance and labour standards to ensure they meet our standards set out in the Sustainable Procurement Code. The large majority of new suppliers directly state their compliance with Royal Mail’s Sustainable Procurement Code.

Where suppliers do not directly confirm compliance with our code, we undertake additional screening by reviewing the supplier’s own policies and business standards to assess whether they objectively comply with the Sustainable Procurement Code. In these cases, we also undertake additional checks via the GAN Integrity screening service.

If 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 2022-23, all contracted suppliers complied with the required standards, but as noted above, one supplier was rejected for contract renewal because of concerns around its vetting effectiveness. A number of bidders were removed from the tendering process due to their inability to demonstrate compliance.

PRIORITIES FOR 2023-24

- Define and agree the approach for Scope 3 carbon measurement and management with the ESG Board
- Build knowledge and capacity within the Contract Manager community and extend the Declaration of Interest process to relevant teams/individuals outside Procurement
- Review and develop the Procurement ESG strategy

0 suppliers in breach of sanctions
A TRUSTED, ACCESSIBLE SERVICE

Operating transparently strengthens Royal Mail’s brand. We are committed to clear and open communication with our stakeholders. Important areas of transparency for our business include our approach to undeliverable mail, delivery exceptions, and quality of service. Customer service and service responsibility ranked as two of the five most important material issues to Royal Mail in this year’s materiality assessment. We continue to measure our customer satisfaction. Our results for 2022-23 can be found in our ESG data pack.

The postal industry regulator Ofcom sets the UK’s quality of service targets, which are some of the highest of any major European country. Delivering mail on time and in good condition is an essential part of the Universal Service. We are the only UK postal services company to have postcode area targets. We publish our performance against them quarterly. Our latest results can be found on the IDS Group website.

In March, we announced that First-Class and Second-Class stamp prices would increase by 15p to £1.10p and by 7p to 75p respectively. These changes have been subject to careful consideration by Royal Mail in light of the 25% drop in letter volumes since the pandemic, increasing costs and the highest inflation rates for a generation. We appreciated that many companies and households are facing a challenging economic environment. We are committed to providing good value for money and maintaining a high quality of service.

We work hard to ensure our products and services are accessible. Our Articles for the Blind scheme 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.

During 2022-23, we delivered around 960,000 items free of charge. This represents an investment by Royal Mail of £1.1 million.

In 2018, Royal Mail introduced a concessionary rate Redirection scheme, giving customers on Pension Credit and Job Seekers Allowance significant discounts on our Redirection service. We undertook extensive consumer research to better understand what our customers want and expect from the service. As a result, in November 2021, we expanded the concessionary rate scheme, increasing accessibility through widening qualifying benefits and channels, reducing price, and promoting the service to both general and targeted campaigns.

We have worked hard to increase awareness of this new scheme. We redesigned our website to make it clearer to customers. We have undertaken extensive marketing to help increase awareness through digital, direct mail and social media channels. We have also worked with third parties such as the Department for Work and Pensions to help promote the scheme to a targeted audience. In 2022-23, we received a total of 4,700 applications. Since the relaunch in November 2021, we have received 5,400 applications for concessionary Redirections.

We will continue to monitor the take-up. As awareness grows, we expect the number of applications to continue to increase.

MAIL INTEGRITY

We take the security of our customers’ mail very seriously. We have robust approaches to the security of mail and are committed to maintaining our high standards in meeting and exceeding the expectations of our customers. The security and integrity of mail services is regulated by Ofcom, and we comply with the Mail Integrity Code of Practice to safeguard the confidentiality of mail and information conveyed. This can be found here: www.ofcom.org.uk/postal-services/information-for-the-postal-industry/conditions

Ensuring our people are aware of the need for data protection, security, and integrity of mail forms a central part of recruitment, induction, training, and daily activities. Our vetting standards extend to suppliers. We work closely with the relevant authorities, our employees and industry partners to eliminate criminal activity that uses the postal system.

Last year, to tackle the increase in malicious websites targeting our customers, we partnered with a specialist third party to implement a cyber-crime disruption service. Since its launch in February 2021, over 44,000 attacks have been disrupted.

To combat the rise in courier-related scams targeting Royal Mail customers, we continue to promote our ‘Stamp Out Scams’ campaign for our customers. Our Cyber Security experts have streamlined the takedown service and created guidance on how to determine if an email, text, or phone call is from Royal Mail, and how to report it if not. As part of this campaign, we created an awareness video for customers and posters were deployed in all our Customer Service Points.

Royal Mail is signed up to the MEF SMS Sender ID Protection Registry to protect legitimate sender IDs and to help block fraudulent SMS texts and protect our customers. This year, we collaborated on the NCSC/Which? Industry Working Group to help tackle SMS scams and adopt communications best practice.

RESOLVING ISSUES

We handle billions of mail items every year, serving customers across the UK and the world. While we work hard to get everything right, there are times when problems arise. Addressing and fixing these issues is very important to us. We take complaints seriously. We have developed a ‘root cause’ approach to dealing with them. This helps us to resolve customer issues while identifying and addressing the underlying causes. This year, we received 715,695 complaints. This is an increase of 8% compared with 2021-22. The increase was a consequence of our quality of service results.
CASE STUDY: CULTURE AI

This year, we began working with Culture AI. Culture AI offers a non-traditional approach towards cybersecurity training and, instead, focuses on measuring and improving our people’s behaviours.

The system allows us to:
1. Identify cyber risks and behaviours
2. Understand risks and behaviours
3. Empower our employees to behave securely
4. Reduce risky behaviours
5. Automate workflows when risky behaviours happen
6. Triage employee security incidents before they become breaches

We began by seeking to understand our human risk of phishing attacks – do our employees understand enough about recognising phishing attacks, and what to do when they spot one. By deploying 29,000 Phishing Simulation tests to 16,000 IT (Information Technology) employees, we were able to quantify our Phish Prone risk as 13%. The average phish prone percentage across all industries and sizes currently stands at 37.9%.

With the use of Culture AI, we aim to create an environment where appropriate cyber behaviour becomes standard practice, ensuring Royal Mail can operate securely. Through the development and delivery of unique learning and teachable moments, we will be able to better manage the human element of cybersecurity and have visibility of our people’s beliefs and values towards protecting Royal Mail Group Limited information assets and technology.

We have recently appointed a Head of Cyber Culture and Behavioural Change. A strategy and programme of events has been developed. This is underpinned by a new Education and Awareness policy, and enabled phishing simulation activity for all IT user employees in March 2023.
DATA PROTECTION AND PRIVACY

Communicating transparently about our use of data and meeting the requirements of the data protection and privacy regulations is of the utmost importance to us. We strive to ensure the protection of all personal data to maintain our customers’ trust, and confidence from our regulators. We respect our customers’ and employees’ privacy and protect their personal information in line with data protection laws. We are committed to transparency and fulfilling individuals’ subject access requests and other information rights and continue to respond to 98% of the requests exercised by customers and members of the public within a one-month timeframe set out by the regulation.

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) and enable continuous privacy automation and transformation. To support this commitment, Royal Mail has an appointed Data Protection Officer (DPO) and dedicated data protection team. Royal Mail’s DPO is a member of the International Post Corporation’s (IPC) Data Protection Oversight Committee, cooperating with other IPC members on matters involving data protection and information security.

This year, we have partnered with Damar Training to support the Data Protection and Information Governance Practitioner apprenticeship with two privacy apprentices having joined the privacy function for a two-year period.

Our Data Protection and Privacy policy and information security positioning statement can be found here: www.royalmail.com/gdpr. Our UK privacy notice maintains it’s ‘Crystal Mark seal of approval from the Plain English Campaign. This means that it is clear and free from misleading information or jargon.

THINK SECURE

Our dedicated Data Protection and Information and Cyber Security awareness and education programme (Think Secure) deploys business-wide and functional bespoke education and awareness campaigns. These are 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 and focuses on key controls and behaviours for all employees to adopt. All employees are mandated to complete annual refresher training which includes an attestation understanding and adherence of this policy.

The success of the program is testament to the Data Protection and Cyber teams close working relationship, shared vision to protect Royal Mail’s data and estate, and identification of synergies – presenting one voice to the business. To do this effectively, Cyber and Privacy are a key alliance presenting one voice to the business. To do this effectively, Cyber and Privacy are a key alliance, shared vision to protect Royal Mail’s data and estate, and identification of synergies – presenting one voice to the business. To do this effectively, Cyber and Privacy are a key alliance, presenting one voice to the business.

The project required an in-depth privacy assessment process utilising a ‘privacy by design’ approach in relation to data minimisation, access controls for users and controlling the use of personal data. Existing processes and supporting data were largely paper-based and the reporting platforms available could only be accessed through a desk-based PC. The project removed manual activities and enabled operational managers and coaches to make quicker operational decisions and visualise and report key elements of their daily tasks to better improve performance.

 Engagement from the project team allowed us to ensure that privacy by design requirements were being considered. As well as providing improvements in operations, the project also allows for better governance of data by replacing older processes and applications.

Lorna Fearn
Privacy Assessments Manager

CASE STUDY: DATA PROTECTION IN ACTION

During the year, we ran a programme to reduce and simplify Operational Manager administrative tasks. This was partially delivered through the creation of the Customer Operations Manager (COM) Cockpit, a dedicated Power Platform App.

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Lorna Fearn
Privacy Assessments Manager

PRIORITIES FOR 2023-24

- Enhancing a privacy conscious culture through well-integrated regular business wide training and awareness to support understanding and transparency of business data, drive more informed decision making, and further protect customer and colleague’s valuable data
- Enabling transformation and opportunities by continuing to drive the importance that privacy is baked into transformation and steps are taken to get data protection right the first time
- Protecting and enabling Royal Mail by continuing to strategically mature our cyber capabilities across all security domains