



Chairman's statement

This year marks a milestone in our history. The postal service is celebrating 500 years of connecting people, supporting businesses and driving innovation.

I feel privileged to join such an historic organisation at a pivotal moment in its history. On 1 September 2015, I succeeded Donald Brydon as Chairman. I would like to thank Donald for his hard work and commitment. I look forward to continuing to work with Moya and the Board as the Company continues to transform and meet the challenges that lie ahead.

Peter Long
Chairman
18 May 2016

Dividend and Free Shares

Following the Government's sale of its remaining stake in Royal Mail, the Company is now 100 per cent owned by private shareholders and institutional investors. This includes 11 per cent given to eligible colleagues for free, with a further one per cent to be allocated in due course. This helps to create alignment between the interests of our hard-working colleagues and our broad shareholder base.

Since our flotation on the London Stock Exchange in October 2013, and including our proposed final dividend, eligible full-time colleagues who have received the maximum allocation of 832 Free Shares will have received over £430 in dividend payments.

We remain committed to our progressive dividend policy. The Board recommends the payment of a final dividend of 15.1 pence per ordinary share on 29 July 2016, subject to approval by our shareholders at our 2016 Annual General Meeting (AGM). The proposed total dividend of 22.1 pence per ordinary share is a five per cent increase on the total dividend of 21.0 pence per ordinary share for 2014-15.

A responsible employer

We are proud to deliver the Universal Service to over 29 million addresses across the UK, six-days-a-week. Our contribution to the UK, as an employer and a delivery company, continues to be significant. In 2015-16, we made the fifth largest contribution to the wider UK economy of all UK corporations¹.

A recent survey² found that more than two-thirds of British adults have a favourable view of Royal Mail. This placed us at the top of all the brands featured. The survey also found that we are an important part of local communities (85 per cent), an important part of the UK economy (81 per cent), and an important part of society (83 per cent).

We want to be recognised as an industry leader in the important area of safety. We are delivering a reduction in Lost Time Accidents – one of our 14 Key Performance Indicators (KPIs) for 2015-16. We have reduced sick absence, another of our 2015-16 KPIs, with a five per cent improvement on last year (see page 18 for more information). Our aim is to build a proactive 'zero harm' safety culture.

Our focus on colleague health and wellbeing means we are one of only four companies to have achieved lead company status in the 2015 Business in the Community Wellbeing Benchmark.

¹ Comprising direct and indirect contributions. Cebr research, conducted for Royal Mail in May 2016

² Ipsos MORI Corporate Image Survey Winter 2015

A responsible company

2015-16 saw the continuation of our successful partnership with the Stroke Association, for which we have raised £1.1 million so far, including matched funding. By the end of our two-year partnership in August, we hope to have reached our target of raising £2 million to help the charity provide Life After Stroke grants of up to £300 each to help around 10,000 stroke survivors. Our colleagues always go the extra mile to help our charity partners. Every penny they raise is matched by our Company, up to a total of £2,500 per employee.

Our partnership with the charity Missing People provides additional 'eyes and ears' in the search for vulnerable individuals up and down the country. We have made our extensive Postal Digital Assistant (PDA) network available to the charity to distribute alerts for High Risk Missing People and Child Rescue Alerts. By sharing Child Rescue Alerts through our national network, we effectively doubled the number of people who received them.

Celebrating our heritage

We continue to support the Postal Museum (formerly the British Postal Museum and Archive) at an exciting time in its history. The last year has been significant for the Postal Museum; work is now underway on its renovations and the Museum and Mail Rail are due to open to the public in 2017.

We are also delighted that the Postal Museum joined us as a heritage partner for our celebrations marking 500 years of the postal service. Together, we have created an online gallery of 500 objects, people and events at www.royalmailgroup.com/500years. This gallery tells the story not only of the postal service but also of its contribution to social and political history over the last 500 years.

In this historic year for our Company, we were honoured that Her Majesty The Queen visited our delivery office in Windsor to mark our 500 year celebrations. The visit took place on 20 April 2016, the day before her 90th birthday. The occasion was made even more special by her consenting to the office being renamed The Queen Elizabeth Delivery Office.

Our Board

In addition to the stepping down of my predecessor, John Allan resigned from the Royal Mail plc Board of Directors on 30 April 2015.

I have felt very welcomed by the Board and would like to thank them for their counsel.

I also have the pleasure of working alongside Royal Mail's Chief Executive Officer, Moya Greene. Her achievements to date in transforming the Company, driving efficiency and steering Royal Mail through a period of significant change – which continues – are impressive. I look forward to continuing to work closely with Moya as we seek to create a more agile, responsive business.

As stated in last year's Annual Report and Financial Statements 2014-15, the effectiveness of the Board, its Committees, the Executive Directors, Non-Executive Directors and the Chairman (Donald Brydon) was assessed in September 2014 by an external consultancy. As such, the Company was not required to carry out an independent evaluation for this reporting year. The same company was engaged to review the effectiveness of the Board and the Remuneration Committee, since my appointment, for the year ended 27 March 2016. More details can be found in the Governance section on page 51.

Journey ahead

I am impressed by the dedication of our people to our Company and to the communities we serve. This continues to be a time of transformation, as we progress along our journey of innovation, change, and growth in new areas, while driving for increased efficiency and embedding a cost conscious culture.

Peter Long
Chairman
18 May 2016

Dow Jones



In 2015, Royal Mail plc was named as global sustainability leader in the Transportation and Transportation Infrastructure Industry in the Dow Jones Sustainability Indices for the second year running. Royal Mail is included in both the Dow Jones Sustainability World Index and Dow Jones Sustainability Europe Index.

We achieved industry-leading scores for corporate citizenship and philanthropy, tax strategy, social reporting and stakeholder engagement, ahead of around 80 other organisations in the transportation sector. This includes ground-based transportation

companies in marine, rail, trucking, freight forwarding, and logistics and infrastructure businesses.

The Dow Jones Sustainability Indices are the longest running and one of the most widely-used benchmarks in the field. They are based on the assessments by RobecoSAM, a company that specialises in sustainability investing.



The first pillar boxes in the British Isles were erected in Jersey in 1852 as a trial. The trial was considered a success and boxes began appearing across mainland Britain from 1853.

[See the inside back page to learn more.](#)

