

Corporate governance

Chairman's introduction



Index	Page
Chairman's introduction	42
Board of Directors	43
Chief Executive's Committee	47
Statement of corporate governance	49
Audit and Risk Committee report	52
Nomination Committee report	57
Pensions Committee report	58
Directors' remuneration report	60
Directors' report	81

Compliance with the UK Corporate Governance Code, September 2014 (the Code) and its statement of requirements

The following sections explain how the Company applies the main principles set out in the Code, issued by the Financial Reporting Council (FRC), as required by the Listing Rules of the Financial Conduct Authority (FCA) and how it meets other relevant requirements including provisions of the Disclosure and Transparency Rules of the FCA. Both Codes are publicly available at the website of the FRC (www.frc.org.uk).

The Board considers that the Company complied with the full provisions of the Code during the year.

Dear Shareholder

I am pleased to present Royal Mail's corporate governance report for the year ended 27 March 2016. I joined the Company on 18 June 2015 as a Non-Executive Director and succeeded Donald Brydon as Chairman on 1 September 2015. I would like to extend my thanks and appreciation to Donald for all that he did for Royal Mail during his tenure.

The Board of the Company is committed to ensuring that it provides effective leadership and promotes uncompromising ethical standards. The Board believes that good corporate governance will contribute to better company performance as it helps a board discharge its duties in the best interests of shareholders. One of the ways in which the Board achieves this is by requiring that good governance principles and practices are adhered to throughout the Company. This report aims to provide shareholders with an understanding of the arrangements we undertake in order to maintain the highest standards of corporate governance across the business, which we consider to be essential for the long-term success of the Company.

It is the role of the Board to provide leadership to the Company. I lead the Board in reviewing long-term strategy, monitoring, supporting and, where required, challenging the executive team, whose job it is to manage the Company successfully day to day, driving performance of the business and creating value for our shareholders and other stakeholders. For the Board to be effective in discharging its responsibilities, it must maintain a level of independence and objectivity, the correct balance of experience and skills and have sufficient knowledge of the operations of the business.

The Board has continued to review its governance framework and has adjusted, where necessary, the roles, structure and accountabilities of its mechanisms of governance. During the year, the governance structure below the Board and primary committee level was again reviewed to ensure the correct and accurate flow of information and responsibility.

The following pages of this report explain, in greater detail, the structure and processes

in place to ensure good governance and set out the operations of the Board's primary committees. I am pleased to endorse this report, which I believe provides an insight into how, through its actions, the Board and its committees have fulfilled their governance responsibilities and worked to ensure that strong governance practices remain embedded across the Group.

Peter Long
Chairman
18 May 2016