

MODERN SLAVERY ACT TRANSPARENCY STATEMENT 2021/22

Post Office Limited (Post Office), Post Office Management Services Limited (POMS) & Payzone Bill Payments Limited (Payzone).

This statement is made pursuant to section 54(1) of the Act. It sets out the steps taken by Post Office, POMS & Payzone during year ending 28th March 2021 to mitigate the risks of modern slavery and human trafficking in its business and supply chains.

Post Office, POMS & Payzone are committed to combating the risk of modern slavery or human trafficking in our supply chain and business operations. We are committed to taking appropriate steps to ensure that everyone who works for Post Office in any capacity, benefits from a working environment in which their fundamental rights and freedoms are respected.

This is the fourth statement in which we report on our efforts to mitigate the risks of modern slavery in line with the requirements of the Act. Our history has seen us focus on the rights and wellbeing of the people who work for Post Office and for our suppliers for many years. Our statement provides details of our policies, our approach and the actions we have taken in the 2020/21 financial year to strengthen our programme and commitment to respect and uphold people's fundamental rights and freedoms.

OUR BUSINESS AND SUPPLY CHAIN

Post Office is the UK's largest retail network and the largest financial services chain in the UK. We have provided services for more than 370 years and currently supply a range of essential products and services to communities' right across the UK.

Our UK Government mandate is to provide at least 11,500 Post Offices, some within certain geographical, demographic and social criteria that provide a unique operational challenge for Post Office compared to other wholly commercial retail or financial institutions. We are often at the heart of the local communities, some of which can be challenging environments to operate in.

Post Office directly controls around 1% of the Network of branches which consumers will generally recognise as the larger branches often situated in the centre of towns and cities across the UK. The remainder of the branches are managed on an agency basis by independent small retailers and shop owners operating Post Office services within their own store. Business owners may own more than one shop operating Post Office services and have a range of other non-connected business interests. We also have agent managed facilities within some larger high street commercial partners, who like the smaller independent retailers, provide their own trained and friendly staff to provide our Post Office services to consumers.

Banking services

Post Office banking services are provided in Post Office branches on behalf of the customers of UK banks.

Postmasters

Postmasters can operate one or more branches. As agents they have full control over how their branches within their retail premises are run on a daily basis. All those working in an

agency Post Office branch are employed directly by the retailer. The Retailer is self-employed and typically takes on a Post Office as a valuable community service provided within their own retail business. Post Office has no direct control over the operation of these independent SME businesses but does have the ability to influence and inform. Post Office aims to support Postmasters with their Post Office operations and influence their behaviours.

Commercial partners

A large proportion of the agency network is managed by commercial partners – corporate retail organisations with familiar fascia brands who themselves have a number of high street stores.

Trade Unions

In our directly managed branch network, we work closely with the Communications Workers Union (CWU) and Unite (CMA) Communications Managers Association.

Third Party Suppliers

We also procure products and services from a range of managed suppliers, ranging from small and medium enterprises to large multinationals. Purchasing for our own managed Post Offices is controlled centrally by the Procurement team who also set the Supplier Relationship Management standards to ensure our teams maintain a consistent approach to supplier management.

OUR BELIEFS AND PRINCIPLES

Respect for the dignity of the individual and the importance of each individual's human rights form the basis of the behaviours we expect in every workplace and are communicated through our Code of Business Standards. We will not accept any form of discrimination, bullying or harassment. We require all our managers to implement policies designed to ensure equality of opportunity and inclusion for all Post Office employees.

OUR POLICIES

We operate a number of policies to ensure we are conducting business in an ethical and transparent manner. These include:

CODE OF BUSINESS STANDARDS

We have a Code of Business Standards which underpins everything we do. The Code is mandatory and extends to everyone directly employed by Post Office and is reviewed every 24 months. Although it is reviewed every 2 years, there are ad hoc changes undertaken when required, with all changes recorded in the policy on our People Hub which is available to all direct employees.

It requires all of us to act ethically and comply with legal requirements at all times, putting our principles into practice in everything we do. The Code of Business Standards was updated during the 2018 financial year to include references to Modern Slavery.

WHISTLEBLOWING

We operate a Whistleblowing Policy so that all Post Office employees know how to raise concerns regarding wrongdoing or dangerous practices. The policy was updated during the 2019 financial year to include references to concerns about Modern Slavery.

There are a number of ways people can report any concerns regarding slavery or human trafficking within Post Office, by either contacting the Whistleblowing Officer or via our anonymous external confidential reporting service 'Speak Up' which is regularly communicated to all employees, suppliers and contractors. This is overseen by our General Counsel (Whistleblowing Officer). Every report submitted is assessed and investigated.

RECRUITMENT & ONBOARDING POLICY

Our recruitment and on-boarding policy for Post Office employees sets out the overarching principles and controls to be followed and applied to ensure that personnel resourcing is conducted in a fair, open and transparent manner, including conducting eligibility to work in the UK checks for all employees.

DUE DILLIGENCE PROCEDURES IN RELATION TO SLAVERY AND HUMAN TRAFFICKING IN OUR BUSINESS AND SUPPLY CHAIN.

Post Office/POMS/Payzone employs solely within the UK.

Our recruitment procedures ensure that all prospective employees are legally entitled to work in the UK. All successful applicants must produce, on their first day, one of the following: their original passport, driving license or birth certificate. Additionally, to comply with the Asylum and Immigration Act 1996 requirements, if they are from a non-European Economic Area (EEA) country, evidence of a right to reside and work in the UK must be produced.

We carry out reasonable and practical due diligence in the sourcing of goods and services and ensuring that the Act's obligations form part of the procurement process. As part of this process we have conducted a review of the criteria used by Post Office to evaluate whether suppliers meet Post Office's minimum tendering requirements. We have also reviewed our standard form procurement contracts to ensure that they make explicit reference to the Act, as well as covering other areas of company information, policies and procedures. This enables the procurement team to assist Business Units to identify and assess any potential risks relating to the goods or services being procured.

IDENTIFYING, ASSESSING AND MANAGING RISK

WHERE ARE THE RISKS OF MODERN SLAVERY AT Post Office/POMS/Payzone

Post Office understands that our procurement of goods and services from third parties carry with it the risk of modern slavery and human trafficking.

We understand that a potential for risk of modern slavery sits within our agency network as there are a large number of people employed by independent retailers acting as Postmasters (including commercial partners) who are not direct employees of Post Office, POMS or Payzone.

GOVERNANCE

We have a cross-functional steering group through which we develop and coordinate our approach to addressing modern slavery risks within our operations and supply chain. This group consists of expertise from the legal, procurement, compliance and operational functions in Post Office.

TRAINING

We provide annual Compliance Awareness Training to all our employees and postmasters, which is tailored to ensure an appropriate level of understanding of issues such as modern slavery and the Act's requirements.

WHAT DID WE DO THIS YEAR

Proposals from 2020/21 Statement

Deploy a supplier evaluation audit via our Procure-to-Pay system, using a risk based selection methodology, with the aim of auditing 10 suppliers from the highest risk categories.

Produce a set of robust guidelines on how different parts of Post Office business should report suspicions of Modern Slavery and how these should be investigated.

Continue to raise awareness of Modern Slavery across Post Office supply chain and branch network in both directly managed and agency branches.

Progress on 2020/21 proposals

Through our Procure-to-Pay system we have completed 11 audits with our suppliers.

Our audits have not uncovered any concerns that required further investigation and will continue to monitor.

Our Group Investigations Policy (GIP) was approved by the Audit and Risk Committee in January 2021 with this setting out the minimum standard for any investigations across post Office group.

We have defined our Whistle Blowing process as the (but not limited to) main channel to receive notifications of possible risk of Modern Slavery.

We have developed an interim process with our branch network field team which states the immediate action that is needed to quickly investigate any report of potential risk of Modern Slavery.

We continue to reiterate to all suppliers, their obligations to Modern Slavery mitigation.

For our Postmasters:

- We highlighted the publication of our Modern Slavery Statement and re-issued our Guidance on Modern Slavery awareness, specifically for this population.

Across our branch network we re-issued our guidance on Modern Slavery awareness for Postmasters through our branch Network field teams and communication channels.

For POL Employees, we issued specific communications covering:

- Anti-slavery day - What is Post Office doing?
- Post Office procurement processes help fight modern slavery
- Modern Slavery Training

This year we extended the Modern Slavery training to include all management grade POL employees with the training made mandatory for completion.

Re-deploy specific, annual Modern Slavery awareness training to our field teams to enable them to robustly spot signs of Modern Slavery on an ongoing basis

- We achieved a 97.87% participant completion rate against a target of 95% and new joiners of now receive this training as standard.
- We also surveyed colleagues who completed the Modern Slavery training and found that, after receiving a 79.3% response rate to the survey;
- 99.5% of candidates understood the learning objectives.
- 80.5% agreed that they will be able to apply the training to their role.

A re-design of the training was necessary to make it relevant for our new Postmaster audience.

Make Modern Slavery

Training mandatory as part of the on-boarding process for new Postmasters.

We completed the re-design and ran a complete review of all training we provide to new postmasters.

We have confirmed that Modern Slavery training will form part of the new onboarding learning journey going forward. We engaged “Good Values”, a Corporate Responsibility Agency helping companies to develop, embed and monitor CR strategies within their business to minimise risk and create maximum impact and returns from their CR strategy.

We asked “Good Values” to provide:

Engage an independent expert to validate the robustness of our Modern Slavery actions.

- An independent assessment of the Post Office’s progress in implementing actions to minimise the risk of modern slavery in their business and supply chains; and
- To provide recommendations on additional actions they should consider implementing around the MS agenda going forward.

Good Values remarked;

- The PO has made good quality progress in its journey of implementing the MS Act statutory recommendations within its business areas.
- Feedback indicates people are taking the training seriously and that the key learning points of the training are being met.
- The Modern Slavery Steering Group has evolved well over the last year. Its members are more focussed on delivering the actions required and working collectively together.

WHAT COMMITMENTS ARE WE MAKING TO TACKLE MODERN SLAVERY IN THE YEAR AHEAD

As part of our initiative to identify and mitigate risk throughout 2021/22 we are committed to:

1. Increase the number of proactive “Modern Slavery observations” our Field Team make across the year, monitoring and investigating any findings as appropriate.
2. For our branch network field team, develop a process of investigation in line with our Group Investigations Policy, for any findings of the observations conducted by our Field Team.
3. Continue to communicate across Post Office, our supply chain, both directly managed and agency branches and our suppliers, to raise awareness of Modern Slavery, its identifying factors and importance.
4. Define the POL remediation actions/policy for situations if forced labour/ human trafficking is ever discovered in the post office network or business activities.
5. Continue to deploy our supplier evaluation audit via our Procure-to-Pay system, using a risk-based selection methodology, with the aim of auditing a minimum of 10 suppliers from the highest risk categories.
6. Review, update and deploy our annual, targeted, Modern Slavery awareness training. Expanding this out to cover all Post Office employees supporting them to robustly spot the signs of Modern Slavery.
7. Review and update the mandatory Modern Slavery Training which forms part of the on-boarding process for new Postmasters.

REMEDATION PROCESSES

If you have any concerns about the issues raised in this statement or if you think you have identified signs of Modern Slavery, then please contact us on the below contacts:

- Post Office’s Whistleblowing Officer: whistleblowing@postoffice.co.uk
- The Government’s Modern Slavery Helpline on 0800 0121 700.

We encourage any individual who has concerns about unethical behaviour in any part of our business or operations to speak up and to do so without fear of retaliation. We will review all

instances of non-compliance, on a case-by-case basis and will implement appropriate remedial action.

REVIEW

This statement shall be reviewed and published annually.

Alistair Cameron
Chief Finance Officer
16 August 2021