

ROYAL MAIL PENSION PLAN STATEMENT OF COMPLIANCE WITH THE UK STEWARDSHIP CODE

Principle 1 – Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities.

The Royal Mail Pension Plan (“RMPP”) takes its responsibilities as a shareholder seriously. It seeks to adhere to the Stewardship Code, and encourages its appointed investment managers to do so too. Stewardship is seen as part of the responsibilities of share ownership, and therefore an integral part of the investment strategy.

The RMPP states in its Statement of Investment Principles (“SIP”) that it requires its investment managers to discharge their responsibilities in respect of investee companies that they invest in accordance with the UK Stewardship Code drawn up by the Financial Reporting Council.

Principle 2 – Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

The RMPP encourages the investment managers it employs to have effective policies addressing potential conflicts of interest. In respect of conflicts of interest within the RMPP, Trustee Directors are required to make declarations of conflicts of interest at the start of Trustee Board and Sub-Committee meetings.

Principle 3 – Institutional investors should monitor their investee companies.

Day-to-day responsibility for managing the RMPP’s equity holdings is delegated to appointed investment managers and the RMPP expects them to monitor companies, intervene where necessary, and report back regularly on activity undertaken. Written reports from investment managers on voting and engagement activity are received by the Trustee’s Investment Sub-Committee on a quarterly basis.

Principle 4 – Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

As highlighted above, responsibility for day-to-day interaction with companies is delegated to the RMPP's investment managers, including the escalation of engagement when necessary. Their guidelines for such activities are expected to be disclosed in their own statement of adherence to the UK Stewardship Code.

Principle 5 – Institutional investors should be willing to act collectively with other investors where appropriate.

The RMPP is signed up to United Nations Principles for Responsible Investment (UNPRI) and is currently reviewing its position on acting collectively with other investors.

Principle 6 – Institutional investors should have a clear policy on voting and disclosure of voting activity.

The RMPP's SIP states that it expects the investment managers to have suitable policies in respect of exercising voting rights. The Trustee holds the investment managers accountable for their decisions in the use of voting rights.

The voting records of investment managers are reported to the RMPP's Investment Sub-Committee every quarter.

Principle 7 – Institutional investors should report periodically on their stewardship and voting activities.

All of the RMPP's investment managers report on their stewardship and voting activities every quarter to the RMPP's Investment Sub-Committee.

The Trustee annually reviews and updates its SIP which sets out the RMPP's approach to responsible investing and assesses compliance with governance best practice.

The RMPP is considering its approach to the public disclosure and reporting of its voting and engagement activities.

Adopted by the Royal Mail Pension Plan in February 2012.