

ROLE OF THE ROYAL MAIL GROUP PLC COMPLIANCE OFFICER - STATEMENT BY POSTCOMM

As required by Condition 13 of the Licence issued by Postcomm, Royal Mail has appointed a Compliance Officer with responsibility for certain tasks set out in the Licence. Postcomm regards the compliance officer as an essential element of the regulatory framework and considers that it would be helpful to set out in this note its view on the key aspects of the Compliance Officer's role.

The Licence envisages, and Postcomm expects, the Compliance Officer to play an active role in the areas for which he has responsibility under the Licence. This requires the Compliance Officer to have the requisite corporate authority and the resources necessary to perform the role effectively. In Postcomm's view, the compliance officer needs to take a prominent role within the company seeking to influence appropriate corporate behaviour and any necessary change in corporate culture to reflect the new regulatory system brought about by the Postal Services Act 2000. After consultation with Postcomm, Royal Mail has appointed Jonathan Evans, who is also Royal Mail Group plc's Company Secretary, as its Compliance Officer. In his wider role as Company Secretary, Jonathan Evans is also responsible for corporate governance.

The Relevant Conditions of the Licence in respect of which the Compliance Officer has a role to play concern the promotion of effective competition between postal operators (Conditions 9-12) and the provision of information (Conditions 16 & 17). These provisions cover:

- Access arrangements (Conditions 9 & 10);
- The competition provisions (Condition 11);
- The notification of certain specified matters on competition, mergers, takeovers and change of control (Conditions 11 & 12);
- The provision of information to Postcomm and Postwatch (Conditions 16 & 17).

Condition 13 requires the Compliance Officer to do the following;

- Establish procedures for ensuring compliance
 - (a) with Conditions 9 – 12,
 - (b) with any requirements to provide information under Conditions 16 and 17, and
 - (c) with the requirement upon Royal Mail to take all reasonable precautions against risk of failure to comply with the Relevant Conditions;
- Investigate third party allegations of contraventions of Conditions 9 – 12 or of breaches of the established procedures described above; and

- Provide advice within Royal Mail Group plc (and to related persons) for facilitating compliance with Conditions 9 – 12 and the procedures described above.

Royal Mail is required to provide and publish a comprehensive annual report on the Compliance Officer's activities.

The Compliance Officer is therefore responsible for ensuring that these important elements of the regulatory framework are properly met. These tasks require the Compliance Officer to be vigilant in ensuring that Royal Mail properly discharges its responsibilities under the Relevant Conditions.

Royal Mail's Licence requires it to have appropriate procedures in place and to be able to demonstrate that these procedures and systems are effective in meeting the requirements of Condition 13 of the Licence. As part of these procedures, the Compliance Officer must have access to such appropriate staff and facilities as he reasonably requires in order to enable him to undertake the functions required under Condition 13. Postcomm and Royal Mail intend to review these procedures on a regular basis.

In addition, the Compliance Officer must ensure that processes are in place for the recording of notifications of alleged breaches of the relevant requirements as well as for the investigation of each such notification.

Postcomm expects the Compliance Officer to be active in providing advice to Royal Mail (and related persons) and to satisfy himself that Royal Mail is taking steps to promulgate within the company (and related persons) a clear understanding of these licence requirements. The Compliance Officer is available to third parties to deal with any representations of alleged contraventions of the Relevant Conditions, and welcomes informal contact with others who have an interest in Royal Mail's competitive behaviour.

Contact details for Royal Mail's appointed Compliance Officer are:

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