

## Reward Policy

Royal Mail Group is committed to rewarding employees fairly. This policy outlines the various aspects of pay that make up part of our reward offering, with information on where to go for further details.

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### Getting help

**Contact your manager if you have any queries about this policy.**

Managers can obtain advice by:

Calling the HR Services Advice Centre on 0845 6060603 / 5456 7100

Managers working for Parcelforce Worldwide should call 0845 6042787 / 5456 4747

For web access go to:  
<https://www.psp.royalmailgroup.com>



# Reward Policy

## Overview

This policy applies to all employees of Royal Mail Group Ltd unless stated otherwise within the policy, although certain elements of the reward offering may not be applicable to everyone. 'Royal Mail Group Ltd' will be referred to as 'Royal Mail Group'.

This policy is effective from 23 September 2013.

This policy does not form part of contracts of employment. Royal Mail reserves the right to amend this policy from time to time. However, some elements of the reward offering are contractual as detailed in employees' contracts of employment.

## Policy statement

Royal Mail Group is committed to making our employees feel valued through our competitive and flexible reward offering. We have a just and fair approach to reward.

### Equality of opportunity

The consideration of all elements of reward, including pay, allowances and benefits, is intended to be fair, transparent and consistent with *the Equality and Fairness Policy*.

## Guiding principles

We are committed to:

- Being open and honest in respect of our reward offering
- Communicating the reward offering available to our employees
- Supporting performance across our business
- Rewarding our employees to attract and retain high quality people
- Promoting equality of opportunity in all aspects of reward
- The reward offering is affordable and is dependent upon performance as reflected in the Business Scorecard

## Our approach to reward

### How Royal Mail Group's reward offering is managed

Our reward offering is made up of the following elements:



This policy provides an overview of the elements which make up the pay and allowances component of our reward offering, including details on where to go for additional information. There is a separate policy for recognition and an overview guide for employee benefits. Further reward information can be found in the Reward Guide.

### **Pay and allowances**

Pay consists primarily of basic pay and, depending upon grades and/or business areas, some employees may be entitled to elements of variable pay (e.g. bonuses).

Pay information is detailed in this policy, as well as some mechanisms in place which relate to pay, for example overtime, advances of pay etc.

### **Basic pay**

Initial basic rates of pay will be detailed in the contract of employment.

The basic rate of pay, or salary, is the primary contributor to the Royal Mail Group total reward package.

An employee's basic pay is based on a pay rate which is specific both to grade and the business area of Royal Mail Group. Pay rates are the subject of collective bargaining with our recognised unions, with the exception of senior management grades.

For managers, below the senior leadership population, working in some specialist areas, basic pay is based upon Broadbanding, which is a pay framework made up of pay bands rather than grades and employee pay is determined using the same factors as for senior managers on personal contract terms.

### **Allowances**

Some employees of Royal Mail Group may be eligible for certain allowances depending on their grade, the hours they work and any additional responsibilities that they undertake.

Detailed information concerning Royal Mail Group's various allowances can be found on the HR pages on the intranet or, if applicable, the Policy and Information site.

Alternatively, please refer to your manager in the first instance to find out more information on allowances or the contact details set out in the 'Getting Help' section on the front page of this policy.

### **Variable pay**

Some employees may be entitled to elements of variable pay depending upon their grade and/or business area. These primarily take the form of a bonus. Bonus arrangements are central to the principle of supporting business performance.

For managers in Royal Mail Group, there is one main bonus plan featuring a Corporate Scorecard which managers may be entitled to participate in. There are some variations to the main plan in Sales.

For other grades in Royal Mail Group, there are different bonus schemes in which employees may be able to participate, depending upon which business area they work in.

### **Compensating employees for**

The nature of Royal Mail Group's business makes occasional overtime working necessary beyond an employee's normal contractual hours. If an employee is

## **extra work**

required by their manager to work overtime, the employee will be compensated for their additional work.

Overtime rates of pay can be found on the Policy and Information Intranet site.

## **Advance of pay**

There are two scenarios when an advance of pay may be available:

- Processing errors – where an employee has either not been paid or has been underpaid in error, an advance (emergency payment) may be paid. The underpayment will be corrected in the next payroll cycle and the advance recovered in full
- Transition from weekly to monthly pay – where an employee is changing from weekly to monthly pay they may request this facility to reduce the impact of the change

Advances of pay are not available for welfare and/or distress payments. Where an employee has a welfare or financial problem they should contact First Class Support, the independent advice and assistance service for all Royal Mail Group employees on freephone 0800 6888777.

All advances of pay will be recovered in full in the next available pay period.

### **Further information**

Further information on types of payments and how to make an application can be found in the guidance document on the Policy and Information Intranet site.

## **Correcting overpayments**

All employees and ex-employees of Royal Mail Group are expected to notify Royal Mail Group immediately if they become aware of an overpayment in their pay.

### **Recovery of overpayments**

- Overpayments will be recovered on an individual basis
- In the case of overpayments of less than £25 (pro rated for part time employees), HR Services will notify the employee that the amount will automatically be deducted in their next weekly pay. For monthly employees any amount up to £100 will be deducted
- Where larger amounts are involved, a repayment plan will be put into effect. This does not have to be agreed by the employee but should take into account personal circumstances
- Where there is both an overpayment and an underpayment, one will be offset against the other as appropriate
- Where an overpaid employee receives a lump sum payment, e.g. bonus, Royal Mail Group retains the right to recover against these payments

Any overpayments identified as involving suspected fraud or contributory negligence will be dealt with under the appropriate policy.

### **Recovery after death or leaving Royal Mail Group**

Recovery of overpayments will not normally take place in cases where an employee has died.

In instances where an employee has left the business, Royal Mail Group will seek to recover any overpayment. As soon as an overpayment has been identified HR

Services will notify the ex-employee. Debt recovery will be used in instances where reasonable efforts have been made and failed to reach agreement.

When an employee leaves the business, Royal Mail Group will recover outstanding monies owed from the employee's final pay to repay the overpayment.

The Reward Guide contains further details concerning the process for recovering overpayments.

### **Paying employees when they are promoted**

When employees are promoted they will be advised of the new rate and the date when future increases will apply within a reasonable timescale.

An employee's new salary or pay, for both permanent and temporary promotions, will be determined by the grade they have been promoted to and the business area in which they work. Where an employee is temporarily promoted into a senior manager role, the temporary promotion does not attract the benefits of the higher graded temporary role.

For more information in respect of payments following promotion, please refer to the detailed guidance document on the HR pages on the intranet.

### **Working in a higher grade (substitution)**

Where an employee of a higher grade is absent from work for any reason, cover will be found, often in the form of an employee 'stepping up' to the higher grade on a temporary basis (substitution). Being a substitute can be a positive opportunity for learning and skill development. Substitution for some grades is covered by collective union agreements.

Employees should be selected to substitute based solely on their performance, skills and development needs, and a consistent, transparent and fair process should be followed when selecting who is given the opportunity.

#### **Implications for pay**

The employee who is substituting in the employee's higher grade may be paid at the rate equivalent to the higher grade that they are temporarily undertaking.

Substitution payments are always non-pensionable and only payable for a minimum period of one working day. For all substitution into or within senior management roles, payment is only made for continuous periods of 22 days or more. For substitution into Delivery Office Manager (DOM) roles the DOM allowance is only paid for continuous periods of substitution of at least one month.

#### **Longer term**

If the period of substitution is expected to last longer than 13 weeks, this should be treated as a temporary promotion and normal resourcing arrangements should apply. Additionally, if the job being covered is vacant, then temporary promotion is generally appropriate in any event.

Any substitutions will need to be reviewed by the manager to determine whether the job needs to be covered and must be authorised by the manager with the appropriate documentation returned.

For more information in respect of substitutions and the payments made during this time, please refer to the guidance documents.

## **Benefits**

At Royal Mail Group, our aim is to provide a reward package which attracts and retains employees. Employees enjoy a wide range of benefits that can help with a range of family expenses.

Full details of the benefits available to employees, including pensions, can be found in the *Benefits Overview* on the HR pages of the intranet.

## **Recognition**

Royal Mail Group is committed to recognising our employees' contribution to our business and making our employees feel valued.

To recognise these valuable contributions, we have various recognition awards that may be made to employees over the course of their career at Royal Mail Group. Full details of how we recognise our employees' contributions to the business can be found in the *Recognition Policy*.

## **Where to go for further information**

The 'Getting help' box on the front page of this policy tells you where to find more information.

There are also detailed guides in respect of many of the aspects detailed in this policy. Where this is the case this has been highlighted and employees can access these guides on the HR pages on the intranet (non-PSP users) and if applicable the *Policy and Information site* on PSP.

In the event of any inconsistency between this policy and the supporting documentation the terms of this policy take precedence.

## **Forms**

You can find all reward related forms on the Policy & Information site on PSP.

## **Related documents**

You may find it useful to read the following documents, located on the *HR pages on the intranet* (non-PSP users) and the *Policy and Information site on PSP*, in conjunction with this policy:

- *Recognition Policy*
- *Overview of Employee Benefits*
- *Reward Guide*
- *Business Travel and Expenses Policy*