

# RMG TAKEOVER BID



Dear Colleague

We are writing to update you on the Royal Mail Group takeover bid, providing you with relevant information and explaining how the CWU is dealing with the overall situation and its impact on our members and the future of the company.

## NEXT STEPS UNDER THE RULES OF THE TAKEOVER CODE

At the time of writing this communication, we understand the formal takeover bid offer from EP Group (VESA) was due to be published on the 26th June.

This will then trigger a period of time, normally around a month (although this can be extended) for shareholders to respond to the offer.

For the offer to be accepted it will need at least 75% of shareholders voting in favour - with EP Group's 27.6% stake counting towards the 75% threshold figure.

The potential outcomes of this stage of the takeover process are set out below:

1. EP Group successfully undertakes a full takeover of Royal Mail and GLS, making IDS a private limited company.
2. EP Group successfully undertakes a majority takeover of Royal Mail and GLS, meaning IDS remains a publicly traded company.
3. EP Group is unsuccessful in their bid to takeover Royal Mail.

In the event that the Shareholders support the takeover bid, there are several important hurdles that EP Group must still overcome before they can be confirmed as the new owner of the Royal Mail Group. This includes the takeover being scrutinised by the government, as Royal Mail is seen as a crucial part of the UK's infrastructure. This means it must be cleared under the National Security and Investment Act. It is also likely to be scrutinised by EU regulators, regarding the operation of GLS in the EU and the Competition and Markets Authority.

From discussing this with our lawyers, we can predict that the likely timeline for the takeover to be completed, if it goes ahead, is between late 2024 and early 2025.

## THE CWU POSITION

The union has made it clear that it cannot be right for an overseas equity investor to own Royal Mail in its entirety. Despite Daniel Kretinsky's public statements, there remains legitimate concerns over EP Groups future intentions and whether or not they are a serious long-term investor – or will revert to an asset stripping approach.

However, we are also equally clear that we cannot support the current RMG Board who, in our view, have deliberately run the company into the ground and it is their actions over a number of years that has made Royal Mail vulnerable to this type of bid. This includes their gross mismanagement of the company finances, the Q of S and resourcing shambles they created and their attacks on the workforce and the union. We are in no doubt that the current Board will always prioritise short-term financial gain – with no serious strategy to get the workforce on board and grow the business.

The truth is privatisation has failed Royal Mail, the workforce and our customers. The CWU believe in a publicly owned Royal Mail and we will never give up on this being our ultimate goal. But we must also recognise that renationalisation is highly unlikely in the immediate political and economic environment.

The union has a duty to protect our members' jobs and this means we must engage with the potential new owners and deal with the reality of the circumstances in front of us here and now. All of the above is why the CWU is calling for a new ownership model and a completely different governance structure that will give workers and customers a greater say over the future direction of the company.

We are calling on whoever owns Royal Mail to now give postal workers a very significant ownership stake in the business. This can be achieved through a collective trust that will give the workforce a meaningful voice in the future.

We are also making it clear to EP Group that we want to negotiate separate and stronger protections and guarantees for the workforce, rather than the weak contractual obligations negotiated between the Royal Mail Group Board and EP Group.

Additionally, in putting forward a new governance approach, we are focusing on a radical change to the way Royal Mail operates in making key strategic decisions and the day to day running of the business. The current Board structures are dysfunctional and the managerial culture must change from top to bottom. The only way Royal Mail can be successful is for the workforce to have a greater say over how the operation is run at all levels and in every office.

As part of our determination to leverage this moment to bring about positive change, we have been in discussion with the Labour Party. The following is an extract from the Labour Manifesto on the future of Royal Mail;

*"Royal Mail remains a key part of the UK's infrastructure. Labour will ensure that any proposed takeover is robustly scrutinised and that appropriate guarantees are forthcoming that protect the interests of the workforce, customers and the United Kingdom, including the need to maintain a comprehensive universal service obligation. Labour will also explore new business and governance models for Royal Mail so that workers and customers who rely on Royal Mail services can have a stronger voice in the governance and strategic direction of the company."*

To move our objectives forward, we have had two meetings recently with EP Group and it has been agreed that CWU will meet their owner Daniel Kretinsky shortly after the General Election.

Both parties have agreed to continue discussions and in the coming weeks, we will provide you with more detail on what we want and what we need our members to do to support the best possible outcome for the workforce.

We will also continue to discuss with the Labour Party and hopefully a Labour government, implementation of the commitments they made in the Manifesto. Whatever happens in the shareholder vote, there will be further opportunities to seriously influence the outcome of this takeover bid.

**Finally, this is a huge moment for postal workers, the company and the country and it is crucial that we stand together and take whatever steps are necessary to protect jobs, improve the working lives of our members and ensure that the Royal Mail Group has a successful future.**

Yours sincerely

Dave Ward.

Dave ward  
General Secretary

Martin Walsh  
Deputy General Secretary (Postal)