



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF AN ADDITIONAL MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON MONDAY 29 APRIL 2024 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 16:45 PM¹

Present:	Ben Tidswell	Senior Independent Director and Nominated Chair of the meeting (BT)
	Lorna Gratton	Non-Executive Director (LG) (until 18:30)
	Saf Ismail	Non-Executive Director (SI)
	Elliot Jacobs	Non-Executive Director (EJ)
	Brian Gaunt	Non-Executive Director (BG)
	Simon Jeffreys	Non-Executive Director (SJ)
	Amanda Burton	Non-Executive Director (AB)
	Andrew Darfoor	Non-Executive Director (AD) (until 18:00)
	Nick Read	Group Chief Executive Officer (NR)
In attendance:	Rachel Scarrabelotti	Company Secretary (RS)
	Owen Woodley	Deputy CEO (Observer) (OW)
	Chrysanthy Pispinis	Chief of Staff (CP)
	Karen McEwan	Group Chief People Officer (KM)
	Nicola Marriott	HR Director (NM)
	Charlotte Cool	Corporate Affairs Director – Interim (CC)
Apologies:	Alisdair Cameron	Group Chief Finance Officer (AC)
	Kathryn Sherratt	Interim Group Chief Finance Officer (KS)

Action

1.1 Nomination of Chair²

As provided for under paragraph 23 of the Articles of Association, the Board nominated BT to preside as Chair of the meeting.

1.2 Welcome and Conflicts of Interest

A quorum being present, the Chair opened the meeting. The Chair called for the Directors to disclose any conflicts of interest. EJ reminded the Board of his and SI's potential for conflict as Postmasters. The Directors otherwise declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

The Chair invited CC to introduce herself and welcomed CC to the Company.

The Board acknowledged the attendance of OW as an observer at the meeting. As an observer, the Board was aware that all contributions made by OW to the meeting were observations only, and did not constitute advice, recommendations, directions or instructions. The Board confirmed that it would take due care not to be unduly influenced

¹ Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.

² This meeting is an addition to the scheduled meetings so standard items such as minutes and matters arising have been carried over to the meeting on 04 June 2024.



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solely by contributions made by OW and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

1.3 Inquiry Confidentiality Undertakings

The Chair noted that CC did not have a confidentiality undertaking accepted by the Inquiry in place and asked Board Members and other attendees to be conscious of this and to advise the Chair if they needed any assistance on this point.

2. Past Roles Review

TABLED and **NOTED** was a paper, 'Employee Review Categories April 24'.

Key discussion points were as follows:

- NR introduced the matter noting the time the strategic executive group had devoted in the past few days to considering this issue;
- NR summarised the new categorisations and employee populations under review:
 - In respect of category one, comprising 5 current employees due to give evidence at the Inquiry within Phases 5 and 6, a consistent approach was required in respect of these individuals ahead of and after the Inquiry to prevent conflicts arising;
 - The second category (previously known as Past Roles) involved reviewing all current employees within the Remediation Unit prioritising those who undertook activity relating to the subject matter of the Inquiry in past roles;
 - the third category included and expanded on the scope of Project Phoenix and would focus on addressing any misconduct allegations arising against current employees as a result of evidence given at the Inquiry in later Phases, in addition to evidence provided at the Human Impact Hearings. NR outlined the population and noted that the population could increase with other current employees potentially coming within scope for investigation as a result of the evidence heard in Phases 5 and 6;
- NR emphasised the need for a consistent and fair approach as well as acting quickly. NR also noted the volume of documents disclosed to the Inquiry and that these potentially could be utilised to assist with consistency of approach;
- NM advised that she wished to provide the Board with an update on the current status, work undertaken to date and take the Board through proposed next steps. NM reiterated the 3 categories and the employee populations within these. NM spoke through the work undertaken in relation to Project Phoenix noting the evidence collation and review process which had involved consideration of in excess of 95,000 documents. There had been delays as the ACI team wished to engage with the Postmasters who had provided evidence at the Human Impact Hearings that had led to the current employee misconduct allegations. These meetings had taken a significant amount of time to arrange, and it was not until February 2024 that the first meeting with an affected Postmaster had occurred;
- SI queried why S Bradshaw had not been suspended. NM advised that the approach taken was to let the misconduct process and the investigation reach conclusion; to suspend otherwise was considered very high risk from an employment law perspective. SI expressed his views on this approach and advised that he was receiving comments in from Postmasters who were concerned that S Bradshaw remained in the business. SI shared his view that this was a cultural issue and that the Company could not move on until individuals in this category exited the business. NM took the point however advised that in the ongoing investigation into S Bradshaw no evidence had been found to support the



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allegations and there was no evidence to date of gross misconduct. The Chair pointed out that there was the evidence the Postmasters had provided in the Human Impact Hearings, so cautioned against the position of stating there was no evidence to support the allegations. The Chair noted that the investigations being conducted were internal and queried if there should be external assurance conducted to validate the approach taken;

- SI referenced the meetings with Postmasters who had made allegations against S Bradshaw and queried the level of explanation provided regarding the investigation process. NM noted employer's duties to protect an employee; in light of this the approach advised to Postmasters had been more general. SI queried whether the process could be simplified. NM advised that engagement had been had with Postmasters via their legal advisors as this is how the Postmasters had advised that they wished to be engaged with. SI queried whether there was a time scale for conclusion of the investigations. NM replied that the team had not wished to push too hard given the sensitives for Postmasters in re-counting events. That said, engagement with all the Postmasters who had made allegations in relation to S Bradshaw were due to be completed by end of June. The team were similarly looking to complete meetings with Postmasters in relation to other cases;
- LG queried whether there was another approach that could be considered for employees within category 3. Rather than allegations of misconduct could the manner of the way these employees provided evidence at the Inquiry be considered and whether this was in line with Post Office's current culture and values. NM took the point and advised that the exercise could be widened to include the way evidence was provided by these witnesses at the Inquiry;
- AB raised the lack of external communication, noting the significant amount of work that had been undertaken on these issues, and queried whether some communication could be made. The Chair took the point however suggested that this point be considered later in the meeting as part of the overall actions;
- The Chair asked NM to provide an overview of category two. NM spoke through the category outlining the work that had been undertaken to assess for conflicts arising from roles associated with the activity covered by the Inquiry and current roles and detailed the employee population that this work had identified. NM noted proposed re-structuring however this had not been actioned due to the need to retain the workforce given the high number of new applications to the HSS;
- NM spoke to the position on C Richards explaining that whilst presence at an earlier event had come to light, the activity undertaken would not have picked this up as it assessed only past roles in relation to certain activities. The Chair noted that the risk analysis undertaken in relation to employees in the Remediation Unit would not have picked this up;
- NM outlined the position in relation to R Williams and advised that R Williams had been removed from the Remediation Unit approximately 12 months ago. A revised approach in respect of R Williams was being considered. Discussion followed as to the consistency of approach;
- There was discussion between EJ and NR regarding potential employee suspensions pending the end of the Inquiry, then carrying out investigations;
- Noting the point made by AB, EJ queried whether the external communications on this issue could be to the effect that a plan had been endorsed to address these issues;
- Discussion moved to the proposed approach for employees within category 1 with NM outlining the proposals. Caution needed to be applied so as not to impact on



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any other employees due to give evidence at the Inquiry, so if an investigation was required following an employee having given evidence, the employee may be suspended, and the investigation would commence after the conclusion of the Inquiry. **ACTION** AB questioned whether there were learnings from other inquiries that could be taken on the approach to employees within category one. The Chair thought that there was merit in considering other approaches and asked that this be looked at;

NM

- NM detailed the proposed approaches in relation to the different employee populations within category 2 noting the benefits and risks involved. For the 23 'red' employees, it was proposed that a preferencing exercise was run to understand the appetite for voluntary redundancy or re-deployment. If neither of these options were taken a forced change in employment would be affected or as a last resort the employee would be dismissed. In respect of the 54 non red employees that were employed between 1999 and 2017 the proposal was to preference for voluntary redundancy along with re-deployment, trying to obtain re-deployment as much as possible. NM noted the potential impact of this approach on the workload of the Remediation Unit and the disruption that could follow on the timing for compensation payments to Postmasters. NM further noted the prospect of seeking feedback to understand the preferences of this group which could then be built into the approach to try to mitigate the impact on the Remediation Unit. The team could then return and advise further the proposed approach. BT clarified that the Board was not being asked to commit to the entire proposal until the team had further data on this point. SI queried whether re-deployment was appropriate for 'red' individuals within this population as opposed to exiting these individuals from the business. EJ agreed with SI that re-deployment was not appropriate for individuals classified as 'red'. There was discussion regarding how the proposed approach would be executed with EJ querying whether the exercise could be conducted at one time and once and the Chair querying the continuation of this population in the business during the consultation period. NM reminded the Board that there were no allegations of wrongdoing in respect of the 'red' population within the Remediation Unit and that this group were 'red' only because they undertook roles historically linked to the subject of the Inquiry;

- **ACTION** AD queried the potential costs of the voluntary redundancies and advised that the Board would need to be advised of this. The Chair summarised the discussion: subject to AD's query as to cost and the budget funding this, the preference was to exit the 23 individuals who had been assessed as 'red' and that otherwise there was support from the Board as to the proposed approach to the category two population generally;

NM

- **ACTION** NM advised that there were also approximately 115 employees who were not employed in the Remediation Unit who held roles in the past related to activities covered by the Inquiry which may come into scope and be constituted as 'red' for exactly the same reason as the 23 in the Remediation Unit. The Chair requested that once analysis had been undertaken that the team return to the Board and explain the profile further. EJ queried the criteria for a 'red' classification. NM advised that the only reason for a RAG rating of red was that between 1999 and 2017 the employee undertook a role the subject of the Inquiry and again reiterated that there were no allegations of wrongdoing in respect of this group. LG shared her preference that employees who were within the wider business who were found to be 'red' be offered voluntary redundancy. SI agreed with LG and the Chair confirmed that there were no objections to this approach;

NM



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- Discussion moved to category 3 and the proposed approaches. NM spoke to the recommendation to continue through the case reviews under Phoenix including escalating into the misconduct process where appropriate. The Chair queried how investigations could be continued at this time in relation to this population when the Inquiry was ongoing and noted the concern discussed in relation to category 1 in this regard. NM replied that the distinction here was that the population were not being investigated as witnesses. The Chair replied that he thought there was a consistency point and the recommendation outlined would make communications more difficult and undermine the approach of not investigating others until the end of the Inquiry. NR took the point. LG queried whether some members of this group were categorised as 'red'. NM replied that there was one individual so far although KM noted that there could be others;
- Information arising from the Inquiry in respect of T Marshall and M Corfield was discussed. SI shared the concerns expressed by Postmasters of T Marshall remaining in her current post. The Chair shared his expectation that these employees would come out of the business at this time, if the material warranted that. SI agreed with this as did OW and it was confirmed to LG that T Marshall coming out of the business was presently being considered. OW confirmed that if there were issues employees would be taken out of the business until the end of the Inquiry;
- **ACTION** The Chair turned to discussing next steps and the need for a front footed message explaining the approach. NR advised that would not be straightforward to construct however undertook to revert with a draft for the Board's consideration within the next day. The Chair noted the pieces of correspondence where replies on this issue were needed and that these might offer vehicles for communication. The Chair emphasised the desire of the Board for action and communication. SI offered his support to review the draft communication to Postmasters and advised that different content might be required for the different stakeholder groups;
- In relation to the materials emerging at the Inquiry where employees had been named, AB queried whether any conversations had been had as to their expectations; these employees could wish to leave. OW took the point however shared his concern of the perception if subsequent evidence of misconduct was found and we had entered settlement agreements with these employees. AB pointed out that claw back could be considered.

NR/CC

The Board **RESOLVED** that:

- (i) The proposed approach as set out in the paper in relation to category 1 employees be and is hereby **APPROVED**;
- (ii) Subject to the Board being provided with details of and being satisfied as to costs and funding, the proposed approach as set out in the paper in relation to category 2 employees be and is hereby **APPROVED** save that the 23 employees with the red categorisation would in preference exit the business rather than be re-deployed; and
- (iii) The proposed approach as set out in the paper in relation to category 3 employees be and is hereby **APPROVED** however with any investigations conducted following the conclusion of the Inquiry.

NW, KW and CC left the meeting at 18:12.

3. Draft Grant Thornton Governance Report



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CP joined the meeting at 18:13. Key discussion points were as follows:

- The Chair shared his view that there was some scope for adjustments in the report which remained in draft, including taking out some of the detail in the report and refining the recommendations;
- When asked by the Chair, no Board members indicated that they disagreed with the findings in the draft report;
- The Chair provided his further comments on the draft report being that the assessment of compliance with the UK Corporate Governance Code was not helpful including the presentation of this and that inclusion of the alternative governance model was similarly not helpful. Also the draft report was now outdated in many respects. The Chair advised he was aware that some board members had some comments on the committee sections of the draft report;
- EJ queried whether the Board was clear as to the objectives of the draft report. The Chair advised that he thought the conclusions reached in the draft report were helpful and correct however the Board needed to consider the best way to make sure the contents of draft report were helpful particularly for key stakeholders including the Shareholder and Postmasters;
- The Chair asked CP for her views. CP advised that she thought it was right to separate the findings from the recommendations; the Board could disagree with the recommendations however it was important that the Board determined the approach and established the recommendations they supported and those they did not along with a clear rationale as to why. The Chair shared his view that the recommendations needed to be properly aired with the Board; some of the recommendations were unrealistic while others were good;
- LG advised that she would send her comments on the draft report to the Chair. LG queried the evidential basis of some sections of the draft report and shared her view that the draft report could be more practical. LG agreed that the alternative structure section could be removed from the draft report and suggested instead a recommendation be inserted for the Company to speak to the Shareholder in respect of this point. LG also thought GT had not taken the context in certain parts of the report, given the corporate governance model applied to the Company was common across government;
- SJ advised that he agreed with LG's comments. Additionally SJ noted that some of the recommendations were being attended to already, however the draft report did not acknowledge this;
- **ACTION** The Chair asked Board members to provide their thoughts on the draft report in a note to the Chair and asked SJ to cover the sections in the draft report on ARC and AB for the Remuneration Committee and the Chair would ask AD to do the same for IC. The Chair asked that CP and RS then provide the feedback to GT. CP noted this however expressed concern that this approach would mean that the actions in the draft report would not be progressed. The Chair shared his view that the feedback to GT would likely be very specific and more around presentation, given that the Board did not disagree with the findings;
- **ACTION** AB advised that she was not quite clear on the history in respect of how and why the report was commissioned. CP advised that a note could be prepared for the Board in respect of this, however noted that the former Chair had provided support for the activity. LG left the meeting at 18:30.

**Board
Members**

CP/RS

4. Any Other Business



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The Chair advised that he was hopeful of an announcement being made very soon in respect of the Shareholder's selection of an Interim Chair. Discussion followed as to potential interactions with the Interim Chair ahead of formal appointment.

There being no other business the Chair declared the meeting closed at 18:34.

5. Date of next scheduled meeting

4 June 2024 11:15 – 17:00.

Ben Tidswell

04/07/2024 11:22
Senior Independent Director

Voting Results for POL Board Minutes from 29.04.2024 (approved on 04.06.2024)

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

Vote Response	Count (%)
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

Voter Status

Name	Vote	Voted On
Tidswell, Ben	For	04/07/2024 11:22