



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 28 NOVEMBER 2023 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 11:00 AM

Present:	Henry Staunton	Chairman (Chairman)
	Lorna Gratton	Non-Executive Director (LG)
	Saf Ismail	Non-Executive Director (SI)
	Elliot Jacobs	Non-Executive Director (EJ)
	Ben Tidswell	Senior Independent Director (BT)
	Brian Gaunt	Non-Executive Director (BG)
	Simon Jeffreys	Non-Executive Director (SJ)
	Amanda Burton	Non-Executive Director (AB)
	Andrew Darfoor	Non-Executive Director (AD)
	Nick Read	Group Chief Executive Officer (NR)
In attendance:	Rachel Scarrabelotti	Company Secretary (RS)
	Owen Woodley	Deputy CEO (Observer) (OW)
	Kathryn Sherratt	Interim CFO (Observer) (KS)
	Neill O'Sullivan	Managing Director, Parcels and Mails (NO'S)
	Asha Patel	Director of Strategic Financial Planning & Analysis (AP)
	Tom Lee	Group Financial Controller (TL)
	Chris Brocklesby	Chief Transformation Officer (CB)
	Tim McInnes	Strategy and Transformation Director (TM)
	Zdravko Mladenov	Group Chief Digital Information Officer (ZM)
	Simon Recaldin	Remediation Unit Director (SR)
	Ben Foat	Group General Counsel (BF)
	Diane Wills	Public Inquiry Director (DW)
	Gemma Ludgate	Inquiry Operations Director (GL)
	Dionne Harvey	Head of IT Procurement (DH)
	David Enwright	Marketing Director (DE)
	Martin Edwards	Network Strategy & Delivery Director (ME)
	Ed Dutton	Product Portfolio Director - Financial Services, Insurance, Travel Money and Digital Identity (ED)
	William Nourse	Senior Managing Director, Fenchurch Advisory Partners (WN)
	Barbara Brannon	Product Portfolio Director, Retail & Lottery, Government & International Payments Services (BB)
	Ross Borkett	Head of Banking (RB)
	Martin Roberts	Group Chief Retail Director (MR)
	Karen McEwan	Chief People Officer (KM)
	Tim Perkins	Programme Director (TP)
Apologies:	Alisdair Cameron	Group Chief Finance Officer (AC)

Action

1. Welcome and Conflicts of Interest, Inquiry Undertakings

Welcome and Conflicts of Interest

A quorum being present, the Chairman opened the meeting. The Chairman called for the Directors to disclose any conflicts of interest. The Directors declared that they had no new 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.



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The Board acknowledged the attendance of OW and KS as observers at the meeting. As observers, the Board was aware that all contributions made by OW and KS 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 solely by a contribution made by OW or KS and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

Inquiry Confidentiality Undertakings

The Board noted that TL, DH, TP, BB, RB, NO'S, WN and DE did not have confidentiality undertakings accepted by the Inquiry in place, and that these individuals would need to be excused from the meeting should the need to discuss information confidential to the Inquiry arise.

2. Minutes and Matters Arising

TABLED and **NOTED** were draft Minutes from the Board Meeting of 31 October 2023. Subject to incorporation of the comment of EJ, that the Conflicts of Interest section be revised to state that the Directors declared they had no new conflicts of interest, the Board **RESOLVED** that the Minutes of the Meeting held on 31 October 2023 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

The Board **NOTED** the action log and status of the actions shown. **ACTION** AB queried the status of Action item 25 as a deep dive on the Swindon deal had been anticipated. OW advised that a presentation would be brought to the January 2024 Board in relation to this.

OW

3. Committee Reports (verbal)

3.1 Remediation Committee

BT advised as follows:

- The Remediation Committee had last met on 15 November and a summary note has been issued to the Board regarding the outcomes of this meeting;
- There was good progress in issuing offers including in relation to late applications to the HSS;
- On OC, delivery of the HMG upfront offer initiative, the approval of the Pecuniary claim assessment and Independent Assessor processes, in conjunction with a new ENE to clear up some issues, could lead to some significant progress being made;
- The restart of Postmaster detriment suspension payments had been approved by the Committee. LG noted the internal audit presented at ARC on the process of suspension payments had not raised any issues of concern;
- Convictions in the Magistrates Court were unable to be overturned if the appeal involved a deceased estate, whereas in the case of a deceased estate where the conviction had been in the Crown Court, an appeal could be overturned. This inconsistency was being examined.

3.2 Audit, Risk and Compliance Committee

SJ distributed a summary note and advised as follows:

- A pre meeting between ARC members and the external auditors ahead of ARC the previous day had gone smoothly. The external auditors had mentioned however



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the key person risk in finance and the heavy reliance on a small group of key people;

- ARC had considered the Group Compliance Update and the Risk Update. In relation to the Risk Update ARC noted that we were operating outside risk tolerance in a number of areas however management had provided a plan to bring key risks back into tolerance;
- On the IA programme for FY23/24 ARC noted progress made and the status of audit actions, which were being completed as quickly as possible;
- 4 updated Postmaster support policies had been approved by ARC and ARC had approved the Group Risk Management Policy for onward submission to the Board;
- ARC had approved the HMRC Fit and Proper Policy Standard;
- The Post Office Insurance ARC Chair had provided an update and it was proposed to invite the Post Office Insurance ARC Chair to attend part of the ARC on an annual basis;
- ARC had approved the FY22/23 ARA for recommendation to Board noting however that final signing remained subject to conclusion of a number of items. One of these items was settling any related party transaction disclosures and advice was being sought. SJ referenced the ARA Board sub-committee that was proposed to be formed with authority delegated to approve any further minor amendments to the FY22/23 and to sign off on the outstanding items. The members of the ARA Board sub-committee were proposed as the Chairman, SJ, NR and LG with KS as an observer;
- the Board should note the statement in the FY22/23 ARA that each of the Directors had ensured that the external auditors had been provided with all necessary information in order to conduct the audit;
- Deloitte had conducted an assurance exercise on the front part of the FY22/23 ARA. Deloitte's findings were set out in a report and finance were checking that any subsequent updates to the GY22/23 ARA were incorporated following the completion of Deloitte's review;
- PwC had provided their Audit Summary Memorandum and concluded in respect of going concern that there was sufficient evidence for the Board to rely on in order to make this assessment;
- A technical update for ARC members was to be scheduled and other Board members would be invited to attend.

3.3 Remuneration Committee

AB advised as follows:

- The Remuneration Committee had met earlier in the day and Grant Thornton had attended as part of the governance review;
- Progress against the Simmons and Simmons review recommendations had been considered; progress was being made however there was still more to do;
- The revised Terms of Reference for the Remuneration Committee needed to be withdrawn from the Board Agenda;
- The DRR had been approved, however with the removal of the HSS metric from the FY22/23 STIP;
- Shareholder approval was awaited in relation to a number of previous and current schemes;
- There had been a lack of communication on historical LTIPs and NR was looking at this;
- The Remuneration Committee had agreed to a set of principles to be applied in assessing achievement of the cost challenge metric;



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- A further meeting would be scheduled for the Committee to consider the 24/25 STIP and 23/26 LTIP with the aim of obtaining Ministerial approval earlier than previously;
- The Remuneration Committee had agreed that there needed to be a remuneration policy established.

3.4 Nominations Committee

The Chairman advised as follows:

- The recruitment process for the appointment of the SID was progressing and Gatenby Sanderson had been selected as the external agency to support, given they were familiar with the Company and the Shareholder following the Chairman's appointment. The Chairman noted the desire to recruit a SID with previous senior public sector experience;
- The recruitment process for the incoming Postmaster NEDs had also been considered by the Nominations Committee and, subject to Shareholder approval, was due to also shortly commence;
- An externally facilitated Board and Committee evaluation was due and the Committee was in the process of selecting which firm would undertake this.

EJ queried the anticipated timing for the Postmaster NED recruitment exercise, particularly decision making in respect of which Postmaster NED would continue with the Board post June 2024. The Chairman advised that the materials for this decision were due to be prepared shortly.

AB raised the issue of the NED aggregate fee cap in the Company's Articles potentially being exceeded in FY24/25 given additional fees for handover periods. LG took the point and advised that the aggregate fee cap could be considered, and an approach made to the Shareholder if this needed to be adjusted.

SJ queried whether a NED should be selected for employee engagement. The Chairman advised that he would reflect on this and advised further that he was working through an exercise with RS as to how the Board Committees might be re-constituted including whether there was capacity for an ESG Committee to be established.

3.5 Investment Committee

AD advised that the Investment Committee had not met since the last Board meeting. In the meantime, J Kitcat of DBT had been invited to attend Investment Committee meetings going forward to ensure transparency for the Shareholder. The Investment Committee would be conducting deep dives into the copper stop sell and PCI projects. In relation to SPMP, the Investment Committee would have a sense of progress over the next few weeks in relation to management's response to the Accenture review.

4. CEO Report

TABLED and **NOTED** was the CEO report.

Key discussion points were as follows:

- NR spoke to the maintenance and development of the RMG relationship;
- NR outlined activity in the mails business and in the network including branch closures. SJ queried whether there was criteria for branch closure. NR advised



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that outside DMBs branch closure decisions sat with Postmasters, however the decision for the Company was whether the closing branch would be replaced, and it was the access criteria that determined whether the branch was replaced or not. If the access criteria were otherwise fulfilled, then generally branches would not be replaced. EJ queried whether there had been an increase in churn in the last months. NR advised not at present. The Chairman noted the recent minimum wage increase and queried the potential impacts of this on the network. NR advised that the previous increase in minimum wage had had a limited impact on churn. EJ shared his view that the impact may not be closures, the effect could be on service levels as Postmasters reduced staffing;

- At the Postmaster conference last week NR had been asked as to when the Company would set minimum operating standards for all Postmasters given the disparity in standards across the network. NR advised that incentives for Postmasters for compliance with back-office activities was being considered and reflected that more needed to be achieved in relation to this issue. NR further advised that promoting opportunities for peer-to-peer learnings had been raised at the conference along with how we could segment the customer base to drive trade more effectively. NR noted the positive feedback received in relation to the Postmaster conference and commented on the calibre of the content which had included Banking Framework 4 and buy in branch;
- NR had met with RBKC and those who had been involved in the Grenfell Tower Inquiry. One of NR's key learnings from the meeting was the need to engage with Postmasters in a consistent way. Currently a filter was being defined so that all communications with Postmasters went through this raising the bar on quality and improving culture;
- AB queried how the Post Office could be made relevant to the next generation. EJ referenced the recent addition of Monzo to the Banking Framework. **ACTION** SI queried the deposit limit in relation to Monzo. NR advised that he would check this with RB. **ACTION** SI shared his view that awareness in relation to the Company's relationship with Monzo needed to be increased. AB queried whether there were some targeted communications that could be undertaken for example with the universities. OW advised that he would reflect on this;
- SJ referenced the recent Fujitsu Horizon contract extension and queried the risk of a further contract extension not being in place after March 2025. LG spoke to the relationship the government had with Fujitsu. NR advised that once the SPMP approach was further defined the further contract extension requirements with Fujitsu would be known. LG queried whether CB was still proposed to act as the corporate witness in relation to one of the Inquiry's rule 9 requests. NR advised that S Oldnall was now going to act as the corporate witness.

NR/RB

OW

NO joined the meeting at 12:07. Key discussion points were as follows:

- NO spoke to the RMG H1 results and potential implications for the Company noting the change to being much more of an acceptance business and the operational branch changes that could flow from this as well as impacts on the customer;
- RMG continued to undertake activities to disintermediate us however we were now offering tracked products through Evri and DPD and we would soon be able to offer tracked 24 and 48 in branch;
- RMG were targeting large customers; our counter to this was Drop and Go. We needed to refresh this offering however with alternative carriers. SJ queried providing some sort of literature or QR code to our customers to advise them of the alternative carriers we had partnered with and further queried how



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Postmasters could be further incentivised. NO advised that the team were speaking with Evri and DPD about this and allowing Postmasters to offer discounts for large customers at the carrier's cost. BG noted the market growth was in small users and advised that offering discounts could assist with driving volume.

ACTION BG asked SI and EJ for which carrier they would wish to see a discount applied. EJ and SI agreed RMG as that was where the volume was. NO undertook to look into this;

NO

- AD noted the volume of business with RMG and queried views on the USO and the reformation of this. NO advised that RMG had built a network based on much higher volumes and Saturday deliveries were expensive for RMG. NR contributed that a percentage of customers were indifferent to the continuance of Saturday deliveries and referenced the contraction of USO mail delivery obligations in other countries. AB queried how this could impact the Post Office and what steps were being taken to maintain our relevance to RMG. NO advised the implementation of the mails strategy and buy in branch. AD questioned whether this would just keep us steady. NO shared his view that there would be change to increased acceptance. In addition, we had made some strides in our relationship with RMG and by introducing other carriers this might incentivise RMG to do more with us;
- AD noted RMG's comment around improving digital capability and reforming their network, and queried what Post Office was doing on digital capability. NO noted the development and launch of the online aggregator on that the Post Office was very unique in that a customer could start their journey online and complete in branch; this could not be done generally with RMG given their service centres were so sparse;
- SI queried pricing for RMG tracked 24/ 48. NO advised that pricing would be the same in branch and online, although not the RMG online pricing. SI queried volume levels for RMG tracked 24/ 28. NO replied that these were increasing;
- BG congratulated the mails team on the progress made in implementing the mails strategy over the past 12 months.

NO left the meeting at 12:33.

5. Finance

5.1 Financial Performance Report

AP joined the meeting at 12:33.

TABLED and **NOTED** was the P7 Financial Performance Overview. Key discussion points were as follows:

- KS advised that performance remained strong at the revenue line however there were challenges at the cost line;
- KS noted that variable Postmaster remuneration continued to be positive moving up to 52%;
- KS advised that performance for the months up to P7 were encouraging and the business was hopeful of good trading over the festive period;
- AB queried why staff numbers were higher than forecast. KS replied that this was due to DMBs that had not been closed as expected with the programme commencing later in the year. NR advised that whilst the Company would like to exit all DMBs the process was convoluted and slow. EJ queried the payback period. NR replied. OW noted the strength of the business case. **ACTION** LG queried why the DMB exits could not be brought forward and completed earlier in



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order to achieve the savings. KS advised that she would speak with MR as to what was practically possible. **KS/ MR**

AP left the meeting at 12:40.

6. FY22/23 ARA

TL joined the meeting at 12:42.

TABLED and NOTED were the following papers:

- (i) 'FY22/23 ARA Update paper';
- (ii) **IRRELEVANT**
- (iii) **IRRELEVANT**
- (iv) **IRRELEVANT**
- (v) 'FY 2022-23 ARA v2.5';
- (vi) **IRRELEVANT**
- (vii) 'Santander ICA Waiver Signed';
- (viii) 'DBT WCF Waiver Letter Signed';
- (ix) 'Accountable Person ARC Report';
- (x) 'FY2022-23 Audit - PwC Report';
- (xi) 'FY2022-23 Audit – Deloitte Review';
- (xii) 'Executive Declarations – ARC Report and Appendices'; and
- (xiii) 'Legal briefing note - Implications of filing accounts late'.

Key discussion points were as follows:

- KS spoke to the paper 'FY22/23 ARA Update' noting the assurance activities that had been undertaken in relation to the FY22/23 ARA ('ARA'), advising that the ARA had been considered at ARC the previous day and noting that the Shareholder Letter of Support was awaited. KS also noted that a non-adjusting balance sheet event for PPR had been agreed for PwC and that there were no matters on which management disagreed with the external auditors. The auditor opinion was unqualified however there were many disclosures in respect of the going concern basis. KS called for questions;
- BT noted the statutory cap on funding for the Company and queried where altering this sat in relation to the timing for critical path activities. KS replied and TL agreed that this issue would not be resolved ahead of the anticipated timing for signing the ARA and that this was rather a current year issue. LG outlined the secondary legislation that would be required in order to amend the statutory cap on funding for the Company;
- BT queried the status of the IR 35 tax risks. TL shared his view that the risk was not remote and that was why it had been disclosed in the ARA as a contingent liability;
- **ACTION** AB queried whether the publishing of the ARA might be likely to trigger concerns in the supply chain. KS advised that previously certain information in relation to the ARA had been shared with suppliers. AB requested that similarly following publication of the ARA that engagement was had with suppliers;
- EJ shared his view that KS and TL had done a great job on the ARA and SJ advised that this sentiment had been echoed by the ARC;

KS



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BF – joined the meeting at 12:55.

- AD queried the proposed application to extend the filing date for the ARA at Companies House KS spoke through the process of laying in Parliament ahead of filing at Companies House and advised that the anticipated approach was to lay then file by mid-January. **ACTION** Discussion followed with the Directors expressing a strong preference for the ARA to be laid in Parliament and filed at Companies House in December ahead of the Companies House filing deadline. KS advised that she would take this away;

IRRELEVANT

A. The Board **RESOLVED** to **NOTE**:

- i. the significant judgements and estimates included in the draft Post Office Limited ("POL") Group Annual Report and Consolidated Accounts ("ARA") for the year ended 26 March 2023 ("FY22/23") since it was presented to ARC on 7/11/23 and 27/11/23;
- ii. the assurance activities undertaken on the ARA including by Deloitte, TB Cardew and Pinsent Masons;
- iii. the anticipated ARA signing date of 11 December 2023 with a proposed date to lay the ARA in Parliament in December 2023;
- iv. the recommendation from the Audit, Risk and Compliance Committee that the Board approve the ARA;
- v. the due diligence the Board has undertaken in relation to relevant matters in line with the statutory responsibilities of Directors ahead of approving the ARA including in relation to the preparation of the financial statements on a going concern basis having taken into account, among other things:
 - The draft Letter of Support from DBT;
 - The Funding Submission made to DBT in respect of SPMP dated 2 October 2023;
 - The Funding Submission made to DBT in respect of RMU/ Inquiry dated 1 September 2023;
 - The Funding Agreement between the Company and DBT for the period 2022 – 2025;
 - The Working Capital Facility Waiver Letter dated 23 November 2023;
 - The Intercreditor Agreement Waiver Letter dated 23 November 2023;
 - The NatWest Waiver Letter dated 17 November 2023;
 - HSS Funding Commitment Letter from DBT dated 11 March 2021 as further amended on 7 April 2022, 3 October 2022, 16 May 2023 and 16 November 2023;
 - Suspension Pay Funding Commitment Letter from DBT dated 12 January 2023 as further amended on 22 November 2023;
 - PPR Funding Commitment Letter from DBT dated 2 November 2023;
 - OHC Funding Commitment Letters from DBT dated 20 December 2021 and 22 July 2021;
 - The Company's 3-year plan;



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- HMRC Assessment for tax liabilities arising from funding received by the Company from DBT;

IRRELEVANT

- Accountable Person ARC Report;
- FY22/23 Audit – PwC Report;
- Executive Declarations – ARC Report and Appendices.

B. The Board **RESOLVED** that the ARA be and is hereby **APPROVED** subject to:

- (a) The completion of the external audit and submission of the final External Audit Report;
- (b) The receipt of a signed Letter of Support;
- (c) No indication having been received that the Competition and Market Authority that the proposed subsidies constituted by the DBT funding commitments (as set out in the funding submissions referred to above) do not comply with the Subsidy Control Act 2022;
- (d) satisfactory disclosures being settled in respect of any related party transactions for the Company.

C. The Board **RESOLVED** that the form of the Management Representation Letter to the External Auditor as per the form tabled be and is hereby **APPROVED**.

D. The Board **RESOLVED** to **AUTHORISE** (subject to the satisfaction of the items listed in B above):

- (a) The Chair of the Board to sign the Chairman’s Statement;
- (b) N Read to sign the Chief Executive Officer’s Statement;
- (c) Any one Director to sign the Strategic Report, Consolidated Balance Sheet, the Company Balance Sheet and the Management Letter of Representation;
- (d) The Chair of the Remuneration Committee to sign the Remuneration Report;
- (e) Any one Director or the Company Secretary to sign the Director’s Report;
- (f) The Company Secretary to file the ARA at Companies House following confirmation from the Shareholder that the ARA has been laid before Parliament;

E. The Board **RESOLVED** to **APPROVE** the delegation of authority to a Board ARA Sub-Committee, comprising Henry Staunton (as Chair), Nick Read, Lorna Gratton and Simon Jeffreys to:

- **APPROVE** any minor amendments, variations or additions to the ARA as against the version tabled;
- **APPROVE** any minor amendments, variations or additions to the Management Representation Letter as against the version tabled;
- **APPROVE** any minor amendments, variations or additions to the Letter of Support as against the version tabled;
- and
- Provide **CONFIRMATION** to the Board that items (B) (a) – (d) above have been satisfied ahead of signing of the ARA.



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TL and BF left the meeting at 13:06. A recess was taken with the meeting re-commencing at 13:30.

7. Transforming Technology

7.1 Strategic Platform Modernisation Programme (SPMP) Update (Verbal)

CB and TM joined the meeting at 13:30. Key discussion points were as follows:

- CB outlined progress on R2 delivery noting that many of the Directors had attended a R2 demonstration in the proving room at Wood Street. There were 2 defects that needed to be resolved before R2 went live and approval was also required from RMG which may not be provided until after Christmas, given the RMG Christmas freeze. Following this banking would then be turned on for the 2 test branches in April next year;
- CB advised that the Accenture review findings were being considered. Some of the recommendations would need to be adapted as the programme was already underway. The team were meeting every 2 weeks to review progress as against the recommendations; so far, the vision had been confirmed, the scope re-issued, and the organisational design undertaken with advertising currently ongoing for 4 SPMP leadership roles given the desire to have Company employees in the critical SPMP leadership roles. In the meantime, additional support from Accenture would be sought;
- The programme was operating within the funding envelope and even with the additional support from Accenture it was thought that the programme could continue to operate within budget;
- CB along with representatives from DBT had attended a HMT funding committee meeting. LG spoke through the process and advised that this could be slightly delayed;
- CB noted that the programme had been onboarded as a tier 1 major project and that J Kitcat, the DBT CISO, would be attending the Steering Committee going forward;
- CB outlined work being undertaken in respect of the next funding request for the programme and that a draft business case for this would need to be ready by the end of February 2024. There was significant work to be undertaken on the release plan that would then need to be fed into the business case. CB advised that more limited optionality might be included in the funding request. EJ noted that whilst there would be comprises the programme needed to deliver so the Company was fit for the future. CB took the point and noted the provision of a second device and SSKs would also need to be worked through as part of the funding request;
- CB noted that a government working group had been joined to assist in co-ordinating the Fujitsu relationship. A further extension beyond March 2025 was being considered and CB had provided Fujitsu with guidance as to a further term of 5 years and pricing as between when Horizon was live and then when it was being decommissioned. SJ queried whether any other companies used Horizon. CB replied that Horizon was customised solely for Post Office use. LG queried how confident CB felt on proposing a 5-year extension with Fujitsu. CB advised that the 5 years would be for the period post March 2025, so CB felt reasonably confident;
- EJ referenced the next funding request which was proposed to cover programme activities through to the Spring of 2026 and queried the potential impacts of the general election in the intervening period. LG shared her views;
- AD queried whether CB felt that he was getting to grips with what CB needed in terms of wider organisational support. CB advised that he was getting closer to



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this and was hopeful of shortly concluding the recruitment for a CISO. CB spoke through the current organisational structure and advised that J Smyth was to leave the business at Christmas and S Oldnall would take over. An interim delivery director was in place, so ZM could focus on other issues.

TM and CB left the meeting at 14:00.

7.2 Branch Hub – Funding Request

TABLED and **NOTED** was a paper, 'Branch Hub 2.0 - Funding Request'.

ZM joined the meeting at 14:01 and spoke to the paper and the approval sought. NR noted the success of the project. EJ agreed and shared his view that the introduction of Branch Hub had been 'game changing' for Postmasters. LG queried what proportion of Postmasters were using this regularly. ZM replied that approximately 60% of Postmasters used this every week and that 90% of Postmasters were registered as users. EJ advised that Postmaster's staff used this also and this allowed staff to undertake a number of activities rather than all issues coming back to the Postmaster. OW contributed that the challenge was to get more Postmasters using the data to drive sales. SI noted that some Postmasters experienced log-in difficulties and suggested that if this was streamlined this could increase the proportion of Postmasters who were regularly using Branch Hub.

The Board **RESOLVED** that additional funding for the Branch Hub 2.0 programme in the amount of **IRRELEVANT** to be applied to the programme activities as set out in the paper be and is hereby **APPROVED**.

ZM left the meeting at 14:06.

8. Rebuilding Trust

8.1 RU Update

DW and GL joined the meeting at 14:08. SR joined the meeting at 14:10.

TABLED and **NOTED** were the following papers:

- (i) 'Remediation Unit Programme Update'; and
- (ii) 'RU Finance Update'.

SR spoke to the paper outlining progress in relation to OC including the commencement of delivery of the HMG upfront offer initiative and that the RU team were well placed to receive pecuniary claims with the pecuniary claim assessment and independent assessor processes now in place. The first HSS tax top up letters had been issued to claimants in October and one final offer remained in respect of the original applications made to the HSS.

SR noted risks in relation to the RU budget. AD queried whether SR thought the RU budget would be exceeded. SR advised that he was concerned about his particularly in relation to costs for disclosure.



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8.2 Horizon Shortfall Scheme (HSS) Funding Commitment Extension

TABLED and **NOTED** was a paper, 'HSS Funding Commitment Extension'.

SR spoke to the paper, confirming that government funding had been extended until March 2025 for original and late HSS applications and that a scheme closure date had been set of September 2024. SR advised that there was a risk that if applications were not concluded by March 2025, then Post Office would be liable for these claims.

8.3 Suspension Remuneration Review (SRR) Funding Commitment Extension

TABLED and **NOTED** was a paper, 'SRR Funding Commitment Extension'.

SR spoke to the paper, advising that funding for SRR had been extended from March 2024 to March 2025.

8.4 Disclosure of Potential Future Appellant(s) (PFA) Data

TABLED and **NOTED** was a paper, 'Disclosure of PFA Data externally'.

SR spoke to the PFA exercise and what had been achieved. SR outlined the identification of 333 cases where the conviction did not appear unsafe although further information could change that position, however, on the evidence held, the Company could not properly concede these appeals. This information had been shared with the DBT Advisory Committee and the RU team were working with the communications team as to how this information might be communicated.

GLO Disclosure contract

SR noted the draft contract between DBT and the Company which would provide for the arrangements and fees in respect of the GLO disclosure exercise. SR noted that the contract was 'boiler plate' and heavily in favour of DBT including an indemnity which would cover DBT potentially for their own breach. In terms of improving on the contract terms, SR advised that he thought all avenues had been exhausted. The Group Executive had requested that SR confirm that there was insurance in place should the indemnity be called on, that SR speak to BT on the contract and that SR also speak to LG. SR had undertaken all of these activities. BT agreed that the form of the draft contract was very poor however thought that the contractual risk was small and containable as against the risk of not being paid for the disclosure exercise. LG contributed that she was optimistic that the draft contract would be settled and advised that DBT may be able to offer a matching indemnity to the Company. BT advised that if better terms could be achieved then of course that would be positive, however suggested that otherwise the contract as drafted be accepted. KS noted that concluding the contract was time critical as the year end results assumed receipt of these disclosure exercise monies.

SR left the meeting at 14:28.

8.5 Inquiry Update

TABLED and **NOTED** were the following papers:

- (i) 'Post Office Horizon IT Inquiry: Update'; and
- (ii) 'Post Office Horizon IT Inquiry – Appendices'.



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Key discussion points were as follows:

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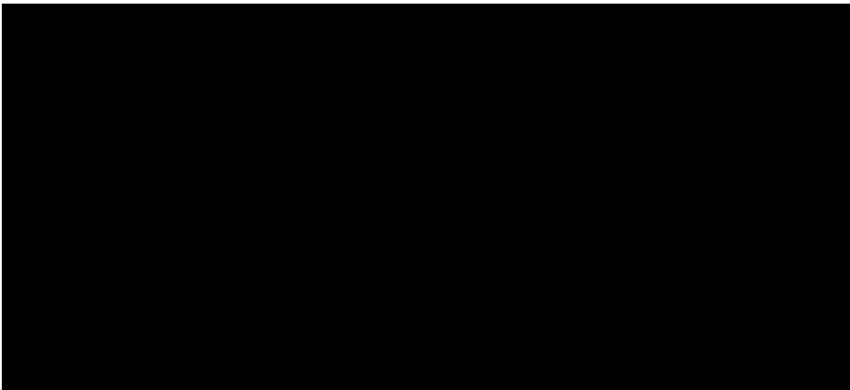
8.6 Phase 4 – Closing Submissions

TABLED and **NOTED** was a paper, 'Phase 4 – Closing Submissions'.

Key discussion points were as follows:



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The Board **RESOLVED** that, in the event that consideration of the list of topics for the Phase 4 closing submissions could not be brought to a periodic scheduled Board meeting, the **DELEGATION** of authority to N Read, and O Woodley in N Read's absence, to finalise the list of topics for Phase 4 closing submissions be and is hereby **APPROVED**.

8.7 Inquiry SteerCo Terms of References

TABLED and **NOTED** were the following papers:

- (i) 'Inquiry SteerCo ToR and Matrix - Report';
- (ii) 'Appendix 1 – Inquiry SteerCo Terms of References - Clean';
- (iii) 'Appendix 1 – Inquiry SteerCo Terms of References – Tracked Changes';
- (iv) 'Appendix 2 – Delegated Authorities Matrix'; and
- (v) 'Appendix 3 – Programme Structure'.

8.8 Contract value extension - BSff

TABLED and **NOTED** was a paper, 'Additional spend under the compliant Direct award Contract to Burges Salmon'.

GL spoke to the paper outlining the increase in the BSff run rate, the reasons for this, and the increase in contract value requested. SJ queried whether the proposed increase would be considered compliant from a procurement perspective. GL advised that it was.

The Board **RESOLVED** that a modification of the direct award contract to BSff of increasing the contract value by £7.5m, with a total maximum contract value of £22.5m, for the activities as set out in the paper, be and is hereby **APPROVED**.

DW and GL left the meeting at 15:12.

9. Procurement

9.1 Procurement Requests

NR spoke to the revised approach to be introduced for procurement matters with business owners to be presenting rather than procurement as such. KS advised that a new form of paper that would be presented to the Board, led by business owners and fed contributed to by legal where necessary.

DH, DE, CB, ME and MR joined the meeting at 15:15.



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TABLED and **NOTED** were the following papers:

- (i) 'Procurement Report'; and
- (ii) 'Legal Risk Note - SPMP Development Partner DCF Extension'.

Customer Database & Marketing Services

DE spoke to the paper and outlined the request. BT queried the transactions which had been used to build up the customer database and also queried how extensive the customer database could potentially be. MR replied. AD queried how complicated a switch between suppliers might be. DE advised that it would be quite a complicated data migration process; whilst lifting and shifting the data was reasonably straight forward it was all the connections that needed to be rebuild that was more intensive and the cost for this could be circa [IRRELEVANT]. BT queried whether the current supplier may re-tender; DE advised that this was anticipated.

The Board **RESOLVED**:

- (i) that the sourcing strategy as set out in the paper to undertake the procurement for the provision of a Customer Database supplier for the Company with a maximum contract value of [IRRELEVANT] [IRRELEVANT] and is hereby **APPROVED**;
- (ii) the **DELEGATION of AUTHORITY** to the Group Executive to determine the contract award and finalisation of contract be and is hereby **APPROVED**; and
- (iii) any authorised signatories of the Company be **AUTHORISED** to sign the resulting contract and any ancillary documents.

SPMP Development Partner

DH spoke to the paper. CB detailed the optionality that was requested around how we engaged with our suppliers.

The Board **RESOLVED**:

- (i) that the revised short- and long-term sourcing strategies as set out in the paper for ongoing SPMP development partner support with a maximum contract value of [IRRELEVANT] be and are hereby **APPROVED**;
- (ii) the **DELEGATION of AUTHORITY** to the Group Executive to determine the contract award and finalisation of contract be and is hereby **APPROVED**; and
- (iii) any authorised signatories of the Company be **AUTHORISED** to sign the resulting contract and any ancillary documents.

Self Service Kiosks for Mails Automation

It was **NOTED** that the contents of the paper so far as it related to WH Smith plc had been removed from the Board pack issued to the Chairman. DH and ME spoke to the paper. LG queried the extent of the approval sought and whether this was solely in relation to the sourcing strategy at this point. ME replied that it was. LG further queried whether a direct award was anticipated. DH advised that she did not think so. LG asked, if a direct award with a different supplier was made, whether there would be additional work required in order to ensure compatibility with Horizon. CB confirmed that this would be the case. Discussion followed as to Postmasters and strategic partners self-funding access to SSKs.

The Board **RESOLVED** that the sourcing strategy for the procurement of Self-Service Kiosks for mails automation as set out in the paper with a maximum contract value of [IRRELEVANT] [IRRELEVANT] be and is hereby **APPROVED**.



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DH, DE, CB, ME and MR left the meeting at 15:36.

10. Requests with Presentation

10.1 Bank of Ireland FS Joint Venture Agreement

ED and WN joined the meeting at 15:39.

TABLED and **NOTED** were the following papers:

- (i) 'Bank of Ireland FS Joint Venture Agreement - Report';
- (ii) 'Appendix 1 - Fenchurch Deck - Project Hobby';
- (iii) 'BOI - Additional Termination Briefing'; and
- (iv) 'Legal Risk Note'.

Key discussion points were as follows:

- OW and ED spoke to the paper and the manner in which negotiations had progressed;
- WN noted the upcoming mutual termination provisions and the intention to continue with a revised agreement with BOI albeit with BOI exiting unsecured personal loans. Changes were also proposed to the agreement to make it easier for both parties to terminate in 5 years' time. WN outlined why BOI wished to continue the relationship noting their interest in deposits and the security associated with the Post Office brand;
- The Chairman queried potential partners for the Company for personal loans. ED advised that the procurement perspective in relation to this was being examined and that as soon as permitted, options would be explored as rapidly as possible;
- BT queried what the position might be like in 5 years' time and also queried, if we did not settle negotiations with BOI, what sort of deal might be achieved in the open market. In relation to BT's initial query, ED spoke to the Post Office's brand power, the 'stickiness' of funds, and shared his view that he thought the value of the relationship would remain. WN agreed with this and advised that his instinct was that people would always come to the Post Office and that the attractiveness of the Post Office would not change. BT reiterated his second query and whether we were potentially trading at a discount if we continued with BOI. ED and OW outlined the benefits of remaining with BOI and that these attributes had been used to benchmark against other deals, which were not assessed as being as beneficial;
- AD noted that the value of deposits was currently in decline and queried the expected trend. ED and OW noted BOI expectations that there would be growth in deposit values and that BOI had made a statement to their regulator in this regard.

The Board **RESOLVED**:

- (i) That the amendments to the Bank of Ireland Financial Services Joint Venture Agreement 2019 with the Company as set out in the paper be and are hereby **APPROVED**; and
- (ii) the Company's Deputy CEO be **AUTHORISED** to sign the resulting amending contract.

ED and WN left the meeting at 15:58.



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10.2 ATMs – Funding Request

BB and RB joined the meeting at 16:00.

TABLED and **NOTED** was a paper, 'ATM Strategy'.

Key discussion points were as follows:

- RB spoke to the paper outlining the increase in costs and what was driving this;
- **ACTION** SI queried whether the ATMs were cash issuing only. RB advised that the team were looking at proposals for these to be for cash taking as well; RB
- LG noted the learnings and information acquired from undertaking the programme and queried how this could be worked into the planning for NBIT rollout. BB replied that this had been undertaken. LG advised that her understanding was that the information and learnings had been incorporated on a risk increment basis. **ACTION** KS noted the potential cost benefits and efficiencies associated with centrally capturing learnings from programmes and advised that she would take this away for consideration. AD contributed that the Investment Committee would look at this also and whether lessons learnt had been embedded into the business; KS
- EJ noted that when the programme was presented to Board originally it was on the basis of a 9 month roll out; the rollout had still not been completed and it was 18 months later. This was a concern particularly ahead of planning for NBIT rollout. OW advised that the rollout had been painful early on and that the team had learnt lessons;
- AB noted that the supplier had been unable to achieve the original deadline for rollout and queried whether that was due to issues with the supplier or the Company. RB replied that this was due to issues with the supplier. AB queried the consequences. RB spoke to contractual provisions and advised that the supplier had been pushed as far as possible to complete the programme working on a wider rollout scale. **ACTION** RB advised that he would prepare a note on the contractual provisions for under performance as against the contract SLAs; RB
- LG queried whether the requested increase in costs was in the budget. RB replied that it was. LG queried further whether there was something to be done to improve cost forecasting. BB spoke to this and the need for more early signalling. AD advised that in the future programmes of this nature should be coming to the Investment Committee first, ahead of coming to Board, including in respect of any anticipated cost increases.

The Board **RESOLVED** that additional ATM estate hardware refresh programme costs of IRRELEVANT for the activities as set out in the paper be and are hereby **APPROVED**.

BB and RB left the meeting at 16:15.

10.3 Network Performance Report

ME and MR joined the meeting at 16:15.

TABLED and **NOTED** were the following papers:

- (i) 'Network Performance Cover Report';
- (ii) 'Annual Network Report v4.0'; and
- (iii) 'POL KPI - PWC Assurance Audit'.



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The Board **RESOLVED**:

- (i) That the Post Office Network Performance Report 2023 in the form tabled, noting the inclusion of photos and formatting will be subsequently undertaken, be and is hereby **APPROVED**; and
- (ii) That the Post Office Network Performance Report 2023 be sent for laying in Parliament with the ARA.

10.4 Hard to Place – Scheme extension

TABLED and **NOTED** were the following papers:

- (i) 'Hard-to-Place Branches – Scheme Extension'; and
- (ii) 'Hard-to-Place Branches – Legal Advice Note – Privileged and Confidential'.

Key discussion points were as follows:

- ME spoke to the paper and outlined the history of the scheme and the compensation available for those Postmasters who wished to exit. The Board had approved a new approach in March 2023. Given the premise of drawing the scheme to a close and in light of lobbying from the NFSP, it was proposed to extend the period for replacements until 31 March 2024;
- LG queried the magnitude of the legal risk. [REDACTED]
- LG queried whether, as a cost constrained business, the extension should be considered. ME replied that if a hard line was taken it would increase the risk of the NFSP taking action. MR shared his view that he did not think we should take on the risk of this challenge;
- There was discussion around the proposed extended deadline comprising the final deadline. ME noted that the extension would apply to the 44 Postmasters in the scheme who had no current known interest from alternative retailers, as well as the 11 Postmasters who had a potential replacement in train, although it was not anticipated that the circumstances of the 44 Postmasters would change;
- BT queried the potential additional costs associated with the extension. ME replied that this was anticipated to be the 26 months payment to 11 Postmasters. KS noted the risk around additional costs for additional Postmasters. BT agreed that the potential exposure could be higher although this seemed to be low risk.

The Board **RESOLVED** that **AUTHORITY** be **DELEGATED** to N Read to make a decision as to whether to approve an extension to the Hard-to-Place Scheme deadline to 31 March 2024 for any prospective replacement Postmasters to formally have commenced the on-boarding process.

MR and ME left the meeting at 16:28.

11. Noting Items with Presentation

11.1 Commercial Contracts Update including Mails and Banking Framework 4

BB, NO'S and RB joined the meeting at 16:29.

TABLED and **NOTED** were the following papers:

- (i) 'Commercial Contracts Update';
- (ii) 'Banking Framework 4 - Approach and Market Assessment'; and



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(iii) 'Full Market Assessment'.

Key discussion points were as follows:

- BG queried whether the Evri contract prevented the formation of relationships with other international carriers. NO replied that it did not;
- **ACTION** AD asked what additional digital strategies were being considered. NO advised that he would need to come back on this however outlined the work being undertaken with marketplace players to drive volume. NO left the meeting at 16:33; NO
- OW spoke to the approach leading up to Banking Framework 4 and engagement with the government ahead of this. BT noted the importance of preserving access to cash. NR agreed and referenced the election year; the Post Office could be a key part of election strategies;
- **ACTION** EJ queried the anticipated additional value to Postmasters and the Company of Banking Framework 4. RB advised that the team would come back on this in January. RB noted that both the Company's and Postmasters cost bases had increased significantly and that automation available to assist Postmasters in managing their cost base was being considered. **ACTION** In terms of providing note counters, the team would come back on this; there was a growing part of the network where cash handling had increased. The intention was to seek investment from the banks on this as well as investment for the supply chain as well. AB noted that some of the directors had visited a cash centre yesterday and the view from the visit was that the cash centre teams thought they could achieve more. RB
RB

BB and RB left the meeting at 16:45.

11.2 Ethos Programme

KM and TP joined the meeting at 16:46.

TABLED and **NOTED** was a paper, 'Ethos and People Programme Update'.

Key discussion points were as follows:

- OW spoke to the paper, the different activities underway and the importance of joining up activities under the Ethos Programme;
- TP referenced the employee Pulse survey, the work with the IBE, the implementation of 360-degree feedback for leaders as part of their performance review, the work with GT on ED&I and the development of training for all employees in respect of restorative justice. The strategic people plan was being developed and was scheduled for presentation at January Board and the GT governance review was due at this time. In Spring 2024 the full employee and Postmaster surveys would be conducted, and the employee conference was scheduled for April;
- AD queried whether there was a sense of the culture we were striving to get to. TP outlined the current cultural framework and spoke to the different components. An exercise would be conducted where GE went through the components to test whether they were allowing us to achieve against the ambition we were trying to get to. OW noted that a number of cultural initiatives had been launched over the last few years however what was needed was to define the golden thread running through these. KM advised that the ambition was to make Post Office a great place to work where people felt included, were paid fairly, and



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had opportunities to progress. OW noted the desire also for the business to be much more commercially driven;

- **ACTION** OW noted work in relation to executive accountabilities was on-going and advised that this would be reported back on to the Board in March;
- BT noted that whilst the cultural architecture may not be perfect it was better to work against an imperfect framework and make progress. KM contributed that management knew a lot of things already that employees wanted. AB advised that this then needed to be coupled with actions on performance. KM agreed, both aspects would be included in the approach.

OW

KM and TP left the meeting at 17:00.

11.3 Health & Safety Report

TABLED and **NOTED** was a paper, 'Health & Safety Monthly Report'.

12. Governance Items

12.1 Remuneration Committee Terms of References (ToR)

TABLED and **NOTED** was the following paper and materials:

- (i) 'Remuneration Committee Terms of Reference Review - Report';
- (ii) 'RemCo ToR - Clean'; and
- (iii) 'RemCo ToR – Tracked Changes'.

This paper and materials were withdrawn.

12.2 Matters Reserved to the Board

TABLED and **NOTED** were the following papers:

- (i) 'Amendments to the Matters Reserved to the Board';
- (ii) 'Matters Reserved to the Board - Clean'; and
- (iii) 'Matters Reserved to the Board – Tracked Changes'.

RS spoke to the paper and the requested revisions to the Matters Reserved to the Board. There was discussion as to exclusion of VAT from the NR's delegated spend limit. EJ queried whether the exclusion of VAT should also apply to the Payzone Limited delegated spend limit, RS advised that it should.

Subject to the amendment noted above, the Board **RESOLVED**:

- (i) the addition of the Deputy Company Secretary to the Authorised Signatories list as set out in the paper be and is hereby **APPROVED**;
- (ii) the delegation of authority to the Deputy Company Secretary to authenticate the affixing of the common seal of the Company be and is hereby **APPROVED**;
- (iii) amendments to the Matters Reserved to the Board in the form tabled be and are hereby **APPROVED**; and
- (iv) the removal from the Remuneration Committee's delegated authority Section C paragraph 8 (xxii) in the Matters Reserved to the Board be and is hereby **APPROVED**.



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12.3 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2224 - 2228 in the Register of Sealings.

12.4 Future Meeting Dates

The future meeting dates were **NOTED**.

12.5 Forward Agenda

The Forward Agenda was **NOTED. ACTION** The Chairman asked that presentation of additional commercial items be added to the Agenda including a session on Digital.

OW

13. Any Other Business

The Board discussed the scheduling of Board and Committee meetings and agreed that ARC meetings should continue to be held in person, however the week prior to Board meetings, Remuneration Committee meetings need not follow the scheduling of Board meetings and could be held via Teams, and meetings of the Nominations Committee could remain as scheduled. **ACTION** RS to arrange revised meeting dates and times.

RS

There being no other business the Chairman declared the meeting closed at 17:09.

14. Date of next scheduled meeting

30 January 2024 9:00 – 17:30.

Chairman

Date