

TERMS OF REFERENCE**REMUNERATION SUB-COMMITTEE**

PURPOSE	The Remuneration Sub-Committee (RemCom) is responsible for determining senior level remuneration, including rates of base salary, bonus and incentive schemes and pension provision (in line with the principles established by the Pensions Sub-Committee). Note: the remuneration of Executive Directors must be approved by the Shareholder Executive, which also sets Non-Executive Directors' fees
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Senior Independent Director	Neil McCausland
MEMBERS	Post Office Chairman Non-Executive Director	Alice Perkins Virginia Holmes
OTHER ATTENDEES	HR Director External remuneration consultant (as required)	Pauline Holroyd
SECRETARIAT	Company Secretary (Assistant Company Secretary when Company Secretary's remuneration is under discussion)	Alwen Lyons (Helen Perkins)

QUORUM	Two directors. For the avoidance of doubt, no individual may participate in discussion or determination of their own remuneration package.
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FREQUENCY	At least three meetings will be held each year.
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AREAS OF CONTROL :

- Setting Reward Principles to ensure fair dealing in remuneration decisions across the Company, taking into account relative scales of pay throughout the Company
- Reviewing overall pay and reward policies across the Company and the annual rate of change, delegating authority for decisions below ExCo to appropriate levels of management
- Consideration of any changes in the remuneration package of members of the Executive Committee or the Company Secretary
- Recommendation of material changes in the remuneration of any executive director and the Chief Executive
- Reviewing incentive and bonus arrangements for all senior management levels including the introduction, extension or amendment of any Long Term Incentive schemes
- Ensuring that performance appraisal systems are in place, including an annual review of the performance of each member of the Executive Committee and each executive director
- Determining the main constituents of remuneration packages for executives, to include base salary, benefits in kind, bonus and incentives and pension provision, in line with the recommendations of the Pensions Sub-Committee

SPECIFIC POWERS & AUTHORITIES :

- Approval of the framework and broad policy for remuneration of the Chief Executive, any other executive directors, Executive Committee members and the Company Secretary
- Approval of individual packages (for new hires) and changes to the existing packages of Executive Committee members and the Company Secretary
- Settling the terms under which the employment contract of any executive director, any member of the Executive Committee or the Company Secretary may be terminated, such that the Company controls termination payments and appropriate mitigation can be secured
- Commissioning of external consultants as required to produce comparative studies, new proposals on incentive arrangements or to benchmark remuneration and responsibilities for senior roles, up to a financial level to be determined by the Board
- Approval, on behalf of the Board, of awards under Long Term Incentive Plans established by the Company
- Approval, on behalf of the Board, of the general design of any other performance related pay arrangements operated throughout the Company and the total annual pay elements under such arrangements, arranging for audit of such arrangements from time to time to provide independent assurance
- Approval, on behalf of the Board, of general pay mandates for “across the board” annual pay increases
- Communication with ShEx to seek approval for proposed changes to remuneration and awards under annual bonus and long term incentive schemes for the Chief Executive and any executive director
- Recommendation to the Board of awards under annual bonus incentive schemes for the Company Secretary and Executive Committee members
- Annual review of the effectiveness of the remuneration framework in recruiting and retaining talent (working with the Nominations

Committee)

- Annual review of the effectiveness of the Remuneration Sub-Committee
- Reporting on remuneration as required by law and/or by ShEx

REPORTING :

- The Remuneration Sub-Committee will work closely with, and have unrestricted access to, the HR Directorate within POL
- The Remuneration Sub-Committee will report regularly to the Board. Minutes of each meeting will not be circulated to the Board but will be available for inspection by Board members on request to the Assistant Company Secretary. If a conflict of interest exists, the Assistant Company Secretary will consult with the Chairman and may restrict information, providing only such details as would permit a sufficient general understanding of any matter considered by the Committee.