

Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

Tel. **GRO**

Our Ref : CoSec /AL/AM

Alasdair Marnoch

GRO

14 May 2015

Dear Alasdair

Non-Executive Director of Post Office Ltd

I am writing to confirm the terms of your appointment as Non-Executive Director of Post Office Ltd (registered no 2154540) "the Company".

1. Term of Appointment

- (a) You shall serve the Company as a Non-Executive Director from 23 May 2015 to 31 July 2015. In this connection, the terms and conditions of your appointment are set out below, it being agreed that this is a contract for services and not a contract of employment.
- (b) Your appointment is subject to the provisions of the Articles of Association of the Company.

2. Remuneration

You will be paid, monthly in arrears for your services during your term of your appointment as Non-Executive Director, fees totalling £45,000 per annum (comprising £35,000 for Non-Executive Director services and £10,000 for chairing the Audit, Risk and Compliance Committee) or such higher amount as the Company may from time to time determine and notify to you in writing.

3. Expenses

Subject to the Articles, the Company shall reimburse you for all reasonable travelling, hotel and incidental expenses, which you may incur in performing your duties.

4. Powers and Duties

- (a) You shall exercise such powers and perform such duties as are appropriate to your role as Non-Executive Director of the Company.

- (b) You shall comply with all reasonable directions from, and all regulations of, the Company including, without limitation, regulations with respect to confidentiality, dealings in shares and notifications required to be made by a director to the Company or any other regulatory body under the Companies Acts, the Articles or any other regulations of the Company.
- (c) You shall comply with the additional duties set out within the Appendix annexed hereto.

5. Confidential Information

- (a) You shall not, either during the term of your appointment as a director or thereafter:
 - (ii) use to the detriment or prejudice of the group of companies of which Post Office Limited is the ultimate parent ("the Group") or divulge or communicate to any person any trade secret or any other confidential information concerning the business or affairs of the Company or the Group (except to employees or directors of the Group whose province it is to know the same) which may have come to your knowledge during the term of your appointment; or
 - (ii) use for your own purpose or for any other purposes other than those of the Group any information or knowledge of a confidential nature, which you may from time to time acquire in relation to any member of the Group. This restriction shall cease to apply to any information or knowledge, which may come into the public domain (except through your default).
- (b) During the term of your appointment as a director, you shall not be or become a director or employee or agent of any enterprise, or have or acquire any material financial interest in any enterprise, which competes or is likely to compete or has a significant business relationship with any member of the Group without the prior consent of the Board in writing (such consent not to be unreasonably withheld or delayed).
- (c) If so requested by the Company at any time during the term of your appointment, or thereafter, you shall destroy or return any information which may have been prepared by you or have come into your possession in your capacity as a director of the Company. Title and copyright in any such information shall vest in the Company.

6. Directors' and Officers' Insurance

The Company has taken out insurance cover on behalf of the Group for directors' and officers' liabilities. Full details of this cover can be obtained from the Company Secretary.

7. Termination of Appointment

Your appointment shall terminate on the earliest of:-

- (a) the date of expiry of the period specified in clause 1(a);

- (b) your ceasing to be a director for any reason pursuant to the Articles or any other applicable law.

8. Conflicts of Interest

The Company acknowledges that you may have business interests other than those of the Company. The Company has agreed that there are no conflicts apparent at present.

In the event that you become aware of any potential conflicts of interest, you would need to disclose these to the Chairman and Company Secretary as soon as they become apparent; should a conflict arise during a Board discussion, you would need to declare this interest to the Board and if necessary withdraw from that discussion.

The Board has determined you to be 'independent' according to the provisions of the UK Corporate Governance Code.

9. Review Process

The performance of individual directors and the whole Board and its Committees will be evaluated annually. If in the interim, there are any matters which cause you concern about your role on the Board please feel free to discuss them with either me or the Company Chairman.

Yours sincerely

GRO

Alwen Lyons
Company Secretary

I accept the terms of appointment as set out above.

GRO

Alasdair Marnoch

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Dated

APPENDIX – ROLE AND DUTIES

- 1.1 The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
 - (a) provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - (b) set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
 - (c) set the Company's values and standards and ensure that its obligations to its shareholders and others are understood and met.
- 1.2 As non-executive director you have the same general legal responsibilities to the Company as any other director. You are expected to perform your duties (whether statutory, fiduciary or common law) faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.
- 1.3 You shall exercise your powers in your role as a non-executive director having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006 and the UK Corporate Governance Code and associated guidance.
- 1.4 You shall have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:
 - (a) the likely consequences of any decision in the long term;
 - (b) the interests of the Company's employees;
 - (c) the need to foster the Company's business relationships with suppliers, customers and others;
 - (d) the impact of the Company's operations on the community and the environment;
 - (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
 - (f) the need to act fairly as between the members of the Company.
- 1.5 You shall have particular regard to the Financial Reporting Council's UK Corporate Governance Code and associated Guidance on Board Effectiveness in respect of the role of the Board and the role of the non-executive director.

- 1.6 In your role as a non-executive director, you shall also be required to:
- (a) constructively challenge and help develop proposals on strategy;
 - (b) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
 - (c) satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
 - (d) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
 - (e) devote time to developing and refreshing your knowledge and skills;
 - (f) uphold high standards of integrity and probity and support the executive directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
 - (g) insist on receiving high-quality information sufficiently in advance of Board meetings;
 - (h) take into account the views of shareholders and other stakeholders where appropriate;
 - (i) make sufficient time available to discharge your responsibilities effectively;
 - (j) exercise relevant powers under, and abide by, the Company's Articles of Association (Articles);
 - (k) disclose the nature and extent of any direct or indirect interest you may have in any matter being considered at a Board or committee meeting and, except as permitted under the Articles you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest;
 - (l) immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Chairman;
 - (m) exercise your powers as a director in accordance with the Company's policies and procedures and internal control framework and the Bribery Act 2010; and
 - (n) not do anything that would cause you to be disqualified from acting as a director.
- 1.7 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of the Company.

- 1.8 You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary to enable you to discharge your responsibilities as a non-executive director.