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NC14/27 – 14/35

POST OFFICE LIMITED
(Company no. 2154540)

Minutes of a meeting of the Nominations Committee held on 2 July 2014 at 148 Old Street, London EC1V 9HQ

Present:

Alice Perkins	Chairman
Neil McCausland	Senior Independent Director
Virginia Holmes	Non-Executive Director

In attendance:

Paula Vennells	Chief Executive
Neil Hayward	Group People Director
Alwen Lyons	Company Secretary
Deborah Loudon	Saxton Bampfylde (Minute 14/30 and 14/31)
Amelia Black	Saxton Bampfylde (Minute 14/30 14/31)

NC14/27 **INTRODUCTION**

A quorum being present, the Chairman opened the meeting.

NC14/28 **MINUTES OF LAST MEETING AND MATTERS ARISING**

(a) The minutes of the Committee meetings held on 13 May 2014 were approved for signature by the Chair.

NC14/29 **GENERAL COUNSEL RECRUITMENT**

(a) The CEO and Neil Hayward provided a verbal update on the progress to date with the General Counsel recruitment.

The Committee discussed the proposed external candidate, Jane MacLeod (JM), and the feedback from her Hay assessment.

Neil Hayward recognised that the report highlighted areas for development but thought that JM was a good enough candidate to appoint.

Virginia Holmes reported on her meeting with JM and it was agreed that although JM has strong corporate finance knowledge her lack of financial services domain knowledge was a concern. It was agreed that to deliver the significant FS plan the Business would need a strong General Counsel with specific FS expertise.

The Committee agreed that the Business should try once more to persuade Chris Aujard to join the Business or extend his interim contract for an additional year to take his contract to March 2016.

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ACTION: Virginia Holmes — Virginia Holmes offered to meet Chris Aujard to discuss the external FS jobs market. She would seek to understand if he had any appetite to take on the General Counsel role on a permanent basis or to extend his contact.

ACTION: Neil Hayward — It was agreed that any decisions would be deferred until after this discussion with Chris Aujard, then the Committee would consider whether to appoint JM or go back to out to the market with another search.

NC14/30 NON-EXECUTIVE DIRECTOR RECRUITMENT

(a) The Committee welcomed Deborah Loudon and Amelia Black, Saxton Bampfylde (SB), to the meeting and received an update on the search for an additional Non-Executive Director (NED).

(b) The Committee discussed a list of possible candidates

(c) It was agreed that a candidate with a blend of government experience and commercial expertise would be best for the role but that core government expertise was paramount.

ACTION: Deborah Loudon/ NomCo

(d) Deborah Loudon promised to provide an updated list of possible candidates by mid-August after which the Committee would be convened by conference call to discuss the candidates. The Chairman would then meet three or four of the selected candidates.

NC14/31 POST OFFICE MANAGEMENT SERVICES LIMITED NON-EXECUTIVE DIRECTOR RECRUITMENT

ACTION: Neil Hayward/ Virginia Holmes

(a) The Chairman asked if SB had the expertise to undertake a search for the NED with FS domain knowledge who would be the Chairman of the Post Office Management Services subsidiary. Deborah Loudon explained that this was not her area of expertise but that she would recommend Sarah Orwin to lead such a search. Neil Hayward agreed to provide a role profile and job description for SB to consider, and then for Sarah Orwin to meet Virginia Holmes.

(b) Deborah Loudon and Amelia Black left the meeting.

NC14/32 TOP LEVEL ORGANISATION REVIEW

(a) Neil Hayward presented the design principles for the revised new organisational structure to the meeting. He suggested that discussion focus first on the getting the right model before considering the people involved.

(b) The Committee discussed the proposed structure specifically;

- the reporting lines for Business Transformation and Digital

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(CDO) and the possible temporary nature of these roles;
- the position of IT within Digital, as there was a consensus that this fitted better within Finance & Operations;
- the recognition that with IT in Finance & Operations this made the function very large;
- the possibility of a Sales and Operations Director with support for the role and additional Sales capability;
- it was recognised that Operations may be best split between Sales and Finance;
- the Strategy role in Commercial should be badged as commercial strategy and the question of a Strategy Director reporting directly to the CEO should be revisited.
- the need to retain FS as a separate pillar.

(c) Neil Hayward thanked the Committee for their input and agreed to revisit the organisational structure with the CEO.

(d) The Committee discussed the people implications of any changes.

(e) It was recognised that with the significant IT programme which she is delivering, any structural changes could make Lesley Sewell is a flight risk to the Business and Neil Hayward agreed to consider the approach to this alongside the additional money agreed by the Remuneration Committee.

NC14/33 **BOARD EFFECTIVENESS**

(a) The Chairman reminded the Committee of the Board effectiveness review carried out during the summer of 2013.

ACTION: Chairman

(b) The Committee agreed that the Chairman should discuss the next Board effectiveness review with the Shareholder Executive (ShEx) and recommend a similar internal process.

(c) If ShEx are supportive, a similar internal review would be undertaken by the Chairman early in 2015 including a review of the Chairman by the Neil McCausland, Senior Independent Director.

NC14/34 **ANY OTHER BUSINESS AND DATE OF NEXT MEETING**

(a) The next meeting of the Committee was scheduled for 11.00 - 13.00, 22 October 2014

NC14/35 **CLOSE**

(a) There being no further business, the meeting was closed.