



POST OFFICE LIMITED BOARD REPORT

Title:	Amendments to the Articles of Association	Meeting Date:	01 March 2024
Author:	Alison Hoyland, Deputy Company Secretary Christian Spelzini, Head of Legal Corporate, Banking and FS	Sponsor:	Rachel Scarrabelotti, Group Company Secretary

Input Sought: Approval

The Board is asked to:

- i. Approve amendments to the following Articles of Association (AoA):
 - Article 8.1(AA)(a)(v)¹
 - Article 63²

A tracked changed version of the AoA is attached at **Appendix 1**.

- ii. Approve and authorise the Company Secretary to submit a special resolution in the form contained at **Appendix 2**, to request Shareholder consent to the amendments.

Executive Summary

1. Shareholder consent: Leases/hire purchase

The POL Board and POL's sole shareholder approved the adoption of a new set of AoA on 19 March 2020. One of the Articles included in the new AoA (Article 8.1(AA)(a)(v)) required POL to obtain approval from its shareholder in respect of any amounts outstanding under any arrangement entered into in the ordinary course of its business for the leasing or hire purchase of any assets, which would, in accordance with GAAP, be treated as a balance sheet liability.

Shortly before the adoption of the new Articles, the accounting standards, in particular IFRS 16, had changed such that a lessee was required to recognise nearly all leases on the balance sheet which will reflect their right to use an asset for a period of time. The impact of this change is that technically in the vast majority of cases POL would be required to seek DBT approval prior to entering into a lease or hire purchase of assets. Upon identifying this issue, the point was raised with UKGI and DBT and they accepted that this was not the intention of the Article. On 8 February 2023, UKGI confirmed that *'BEIS (now DBT) does not intend to bring a claim for a breach of Article 8.1(AA)(a)(v), whether retrospectively or otherwise, while we agree an appropriate amendment to the Articles.'*

UKGI and DBT have now confirmed that they are happy to remove this Article.

2. Resolutions in Writing

¹ Article 8.1(AA) provides for Shareholder consent in relation to borrowing; sub-paragraph (a)(v) provides that amounts outstanding certain from lease or hire purchase arrangements shall be taken into account as money borrowed.

² Article 63 provides for resolutions in writing to be signed by all Directors.



Under POL's current AoA, a Written Resolution can only be passed if signed by all Directors. The Board's inability to conduct business this way currently, due to the availability of all Directors, has highlighted the limitations of this requirement.

It is proposed, therefore, that the AoA be amended to provide for Written Resolutions for Board business to be passed if signed by 75% of Directors, to allow for efficient and effective decision-making. It is not proposed to change the Written Resolution provisions for Committee business, where all members of the Committee will be required to sign a Written Resolution to pass the business.

The proposed amendment has been discussed informally with UKGI colleagues, who are supportive of the amendment.



Appendix 1 – Tracked changes version of the Articles of Association

Appended.

Appendix 2 – Shareholder Special Resolution

Appended.