



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 28 MARCH 2023 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 13:00 PM

Present:	Henry Staunton	Chairman (Chairman)
	Tom Cooper	Non-Executive Director (TC)
	Saf Ismail	Non-Executive Director (SI) (via Teams)
	Elliot Jacobs	Non-Executive Director (EJ)
	Ben Tidswell	Senior Independent Director (BT)
	Brian Gaunt	Non-Executive Director (BG)
	Simon Jeffreys	Non-Executive Director (SJ)
	Nick Read	Group Chief Executive Officer (NR)
	Alisdair Cameron	Group Chief Finance Officer (AC)
In attendance:	Rachel Scarrabelotti	Company Secretary (RS)
	Lorna Gratton	UKGI - Observer (LG)
	Tim McInnes	Strategy and Transformation Director (TM)
	Zdravko Mladenov	Group Chief Digital and Information Officer (ZM)
	Owen Woodley	Group Chief Commercial Officer (OW)
	Neill O'Sullivan	Managing Director - Parcels and Mails (NO'S) (via Teams)
	Barbara Brannon	Product Portfolio Director (BB)
	Martin Roberts	Group Chief Retail Officer (MR)
	Martin Edwards	Network Strategy & Delivery Director (ME)
	Ben Foat	Group General Counsel (BF)
	Diane Wills	Historical Matters Legal Services and Public Inquiry Director (DW)
	Gemma Ludgate	Inquiry Operations Director (GL)
	Simon Recaldin	Historical Matters Director (SR)
	Liam Carroll	Procurement Director (LC)
Apologies:	Lisa Harrington	Non-Executive Director (LH)

Action**1. Welcome and Conflicts of Interest**

A quorum being present, the Chairman opened the meeting. The Chairman welcomed SJ to the Board and noted that this was TC's last Board meeting.

The Chairman called for the Directors to disclose any conflicts of interest. EJ reminded the Board of his ongoing conflict as a practising Postmaster, and SI noted this conflict also. The Directors otherwise declared that they had no 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.

The Board acknowledged the attendance of LG as an observer at the meeting. As an observer, the Board was aware that all contributions made by LG 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 LG and that it would reach its conclusion based on a balanced and diligent assessment of all the facts available to it.

The Chairman shared his observations on the content of Board meetings since joining and advised that he wished for the Board Agendas to be tilted to be more forward looking, with greater focus on strategic imperatives including culture. There would be an equivalent session to Agenda item 7 for each Board meeting, which would provide an



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

opportunity for different members of the executive and their reports to present. In addition, Board meetings could be timed slightly differently to allow informal meeting opportunities to introduce the Board to SLG members. Invites to attend SLG meetings would be issued to Board members, with a view to Board members attending a couple of these each year. The Chairman asked for Board members to provide feedback on these proposals, and to share any other proposals.

Inquiry Confidentiality Undertakings

The Board noted that LG, NO, BB and LC did not have confidentiality undertakings to 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 Meetings of 24 January 2023 and 9 March 2023. The Board **RESOLVED** that the Minutes of the Meeting held on 24 January 2023 be **APPROVED** as a correct record of the Meeting and be signed by the Chair.

In relation to the draft Minutes of 9 March 2023, EJ referenced page 24 of the pack, and requested an edit in the minutes to clarify the level of the NBIT demonstration he and SI had been provided with. Subject to this edit, the Board **RESOLVED** that the Minutes of the Meeting held on 9 March 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.

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

- (i) 'Appendix 1 – Update for Action 6'; and
- (ii) 'Appendix 2 – Update for Action 12 - DXC Overall Performance'.

3. Committee Reports (verbal)

3.1 Historical Remediation Committee

BT advised as follows:

- Regarding criminal cases, there was a paper requesting Board consider delegation to the HRC in respect of the PFA Triage process. BT advised that the HRC were discussing what would happen in the event that the Company indicated an appeal case would likely be conceded, if the appeal was then upheld. Given this risk, HRC's view was that we needed be very careful on the communications approach with PFAs. NR agreed that extreme caution was required and advised that he had conveyed this to the HMU team;
- In relation to OHC, on the non-pecuniary side there were a small number of cases where an ENE process would be required. In relation to pecuniary cases, consultation on the principles was in train and these would come to the HRC for consideration once in final draft form. BT queried when the Board would like to be sighted on the draft form. The Chairman advised that he was content for the Board to consider these at the conclusion of the consultation and review process. EJ referenced comments in the media that OHC cases were being progressed too slowly. BT replied that there was a period when progress was not at the rate anticipated, however there was significant momentum now. **ACTION** In respect of

SR



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

the pecuniary principles, AC requested that the Board be engaged on these ahead of final consideration. In relation to the PFA Triage process, AC advised that whilst he agreed with a cautious approach in communications, AC was of the view that correspondence should be issued to the 34 PFA's identified as potentially Horizon cases, ahead of the Inquiry compensation hearing in April. BT replied that only 3 of these cases had been signed off by senior counsel, the view was that correspondence would be issued to these PFA's as early as sensibly possible;

- On HSS 99% of offers had been issued, with 23 cases remaining;
- There was an Inquiry Compensation hearing on 27 April, which would assist to drive progress. Whilst there might be adverse publicity ahead of this our response would be to set out factually what had occurred. NR shared his view that the focus of the Inquiry Compensation Hearing on 27 April would likely be on the shareholder and the GLO scheme. A discussion followed on potential principles in relation to the GLO scheme and possible inconsistencies with the HSS;
- In respect of attendance at the Inquiry, EJ noted that he was surprised that no personnel from the shareholder were in attendance. NR advised that management had been very clear that senior members of the Company needed to attend, in order to bring back the key messages and learnings.

3.2 Audit, Risk and Compliance Committee

SJ advised as follows:

- The Risk report and dashboard had been considered, and the commercial Risk appetite statements and HARM table agreed. Two additional risks previously within tolerance had moved outside of appetite;
- The results of 2 IA Reports were considered, with SPM delivery flagged as a major risk;
- The position in respect of data was discussed, and the proposal to include a request for additional funding in this regard;
- A Cyber security playbook was being worked on with Deloitte;
- An NBIT technical assurance strategy update had been provided;
- There was a banking deep dive. The PwC audit for banking partners was discussed;
- The Law and Trends Legal risk review highlighted data and contract management as areas of risk;
- Potential impacts of the BEIS White paper on restoring trust in Audit and Corporate Governance were considered; and
- The Committee has approved changes to the Cyber and Information Security Policy, and the Health & Safety Policy.

The Chairman raised the observations from the PwC audit for banking partners and queried whether a sufficiently robust response had been provided on these. Discussion followed, including in relation to Smart IDs, and the removal of biometrics from NBIT given funding constraints, as well as alternative partner options for the banks.

3.3 Remuneration Committee

Noting the Chair of the Remuneration Committee was an apology, the update was held over until the next meeting.

3.4 Nominations Committee

**POST OFFICE LIMITED BOARD MEETING**
Strictly Confidential**2.1**

The Chairman advised that short biographies of the two proposed independent Non-Executive Directors had been circulated and requested that Board members speak with him if they wished to raise any issues. The Chairman thanked Board colleagues for their input into the process.

4. CEO Report

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

Key discussion points were as follows:

- NR noted the Company's expected financial year end results, proposals for improvements to Postmaster remuneration, and significant concerns in respect of RMG in relation to commercial viability and further industrial action;
- In relation to NBIT, NR advised that significant work would continue over the next 6 weeks, in order to provide the Board with confidence in the rollout plan and the integrated nature of this. There was inadequate internal capacity to resource the NBIT rollout, resolve historical matters, and deal with the significant decline in the mails and parcels business. Replacement of the core mails business was not occurring at the speed that we needed it to if we were to sustain Postmaster remuneration;
- NR was extremely concerned that due to inadequate funding the Company was struggling to meet statutory requirements in respect of data and cyber security;
- In reply to EJ's concerns in relation to PUDO, NR agreed that the rollout was ambitious, and that the sooner we could be seen as an integrated carrier the better. EJ raised the issue of once daily collections from partner carriers and potential space constraints. SI agreed with this and shared his view that collections needed to be more frequent. NR advised recruitment was ongoing to secure the correct contract and operational managers for the business;
- NR noted the resumption of international mail services and commented that the ICDC issued had been well resolved. SI queried why the successful resolution of the ICDC issue had not been publicised by the Company and area managers and advised to Postmasters, this was a positive news story and could have been attended to via a memo in Horizon;
- NR spoke about FCA imposed deposit levels, a recent meeting with LINK in relation to additional banking hubs and cash action, and the possibility of offering more enhanced banking operations in branch, although this would take time. M Kearsley was due to retire in the Autumn so management would need to reflect on the role requirements and initiate recruitment;
- In respect of the calculation of Post Offices on 31 March 2023, this would be the first time Drop and Collects were included;
- The Postmaster survey had been issued. EJ queried what K Secretan had undertaken with the Company's strategic partners that was not then being replicated for our Postmasters and thought that there could be some learnings in there. NR agreed with this. A discussion followed as to whether K Secretan would return to her role as Strategic Partner director, and if not, whether an internal successor was likely;
- Leadership capability in the technology space was a major risk; ZM did not have the necessary senior support around him. NR advised that the design of executive was being reviewed and thought given to whether this was separated out, so that there was a team that managed the past, one for the business today, and one for the future, and the operations of the company would then be aligned around this. BG noted the quality of the management NR had and queried how much of the



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

potential restructuring of the executive was a result of this. NR advised that the business had too much to achieve at present; even if NR had the best team in the world, he would still not be adequately resourced;

- TC queried whether a decision could be taken to reduce product set. NR noted the implications for the NBIT rollout and advised that this was one of the questions that K Secretan had been asked to consider. EJ agreed that descoping as far as possible should occur in order to deliver NBIT, however queried whether products could be moved to other devices so as to sustain them, along with Postmaster remuneration. AC noted that the analysis on product profitability was due to be revisited. On additional devices AC noted that whilst these could assist in de-risking NBIT, that there would be a significant cost involved with this additional infrastructure, and that the products would then need to be transitioned to NBIT at some point;
- The duration, cost and risks of extending with Fujitsu were discussed;
- BT referenced the staff engagement survey and requested an update on action planning as against this. **ACTION** The Chairman requested a session on the staff engagement survey and succession be scheduled for the Board ahead of one of the upcoming Board dinners.

NR

TM joined the meeting at 14:57 to update the Board on draft proposals in respect of the upcoming Board Strategy Day. Key discussion points were as follows:

- TM advised that the Board Strategy Day could encompass a visit from the Minister, examining the shape of the business post NBIT and the conclusion of historical matters, and what the commercial proposition could look like for Postmasters in the coming year;
- SI shared his view that the digital space and what could be achieved with Yoti, and Western Union could be considered, as well as what more could be done on international mails. SI advised that he would like to then see some solid dates for implementation;
- AC suggested that paths to commercial sustainability be considered. TC agreed with this;
- TC queried whether the Banking Framework 4 could be a subject for discussion;
- The DBT Policy review was discussed, and the role of HM Treasury. SJ queried whether a 3-way conversation between UKGI, DBT and HM Treasury would assist. LG agreed that it could, and that UKGI would try to meet with DBT and Treasury in the next few weeks to establish better working relationships;
- BT noted that aspects of the franchise arrangement with Postmasters did not work quite the way that they should and asked whether this could be spoken about at the Board Strategy Day. NR agreed with this.

5. Finance

5.1 FY2023/24 Budget

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

- (i) 'FY 2023/24 Budget';
- (ii) 'FY 2023/24 Budget – Appendices';
- (iii) '2023-24 FTE Progression' and
- (iv) 'Postmaster Remuneration increases for 2023/24'.

Key discussion points were as follows:



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

- AC noted the significant increase in the volatility of the Company's results, that, outside NBIT and HMU, FTE was reducing, and that profitability was expected to reduce significantly;
- AC advised that the Budget proposed was very similar to the version provided previously, however providing additional Postmaster remuneration through additional savings the Group Executive had identified;
- The Chairman queried the Budget in relation to mails and whether a change was required to account for the possible financial deterioration of RMG and also additional RMG industrial action. AC advised that his recommendation was not to amend the Budget in this respect;
- TC referenced change spend, noting that half of the NBIT change spend was in the Budget for the FY23/24. If the Board approved the Budget, there were some large moving parts. AC agreed with this; if higher costs were encountered for NBIT and the Inquiry management would expect some grace. The Chairman took the point and advised that the Budget would need to be refined as further information was received.

The Board **RESOLVED** to **APPROVE** the FY23/24 Budget and **RESOLVED** to **RECOMMEND** the FY23/24 Budget to the Shareholder for approval.

ME joined the meeting at 16:05 and outlined proposals for increasing Postmaster remuneration. Key discussion points were as follows:

- EJ requested further details on the proposed 20% increase to banking deposit remuneration. ME replied that the proposal related to both the ad valorem and volume-based rates. EJ confirmed that he was supportive of the measures proposed;
- In relation to the targeted support proposed, SI queried how many branches would benefit from this. ME replied that there were circa 600 branches and outlined the criteria for inclusion;
- TC shared his view that the proposals looked sensible, however queried the targeted branch support; if the branches selected were not benefitting from banking as they had banks nearby was the solution to provide these branches with assistance, or to look at changing the branch format. ME replied that these branches did need to remain in situ for when the surrounding bank branches closed, and that it was more cost effective to maintain these branches rather than re-opening them. TC queried whether these branches were profitable. ME replied that they were and that these branches had significant mails volumes. TC queried how much of the targeted assistance would go to strategic partners. ME replied that this would be about half, however the assistance would also be about securing a new contractual relationship;
- **ACTION** ME advised that the plan was to announce the proposals to the network on Thursday. SI asked if ME could share the draft communication with SI.

SI

ME left the meeting at 16:15.

5.2 Financial Performance Report

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

- 'P11 – Performance Overview'; and
- 'Period 11 (February) 22/23 Financial Performance Review – Supporting Slide Deck'.



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

Key discussion points were as follows:

- AC noted the BOI incentive true-up, mails performance was in line with forecast, deposit levels had dipped which was concerning and bill payments were performing strongly;
- Variable Postmaster remuneration was below budget. Given a forecast of trading profit ahead of budget, a decision had been taken by the Group Executive to provide [IRRELEVANT] if this to Postmasters by way of targeted support. The NSFP had been advised of this approach last week;
- Security headroom had dropped significant due to the continued redemption of energy scheme vouchers. AC detailed the security headroom formula as set out in the working capital facility agreement with the shareholder;
- BT noted branch cash fraud and queried what the plan was to address this. AC advised that fraud in some branches was identified last summer and that the retail team had been checking for further instances. AC further advised that fraud matters went through the same accounting line as Postmaster losses. Last year [IRRELEVANT] was provisioned for these losses; this year it [IRRELEVANT] EY had been engaged to review the data. Management was acutely aware of the issue and were continuing to work through this. BT referenced the CIJ dashboard and noted that transaction corrections were shown as red and queried whether these issues were linked. AC replied that transaction corrections did not cover stamps accounting and the other retail button; once we had the collated data from EY management could then look at how this could be utilised;
- SI shared his view that a other retail button ought to be included as part of NBIT and saw this as being important in terms of providing a joined-up customer experience for the customer experience. AC replied that a other retail button was not currently included in the NBIT scope and cautioned against making NBIT more complex by adding scope. In the meantime, the use of the other retail button remained an issue;
- In relation to Postmaster losses, AC advised that when a Postmaster activated the dispute button, that the Postmaster was supposed to speak with the support centre in relation to the discrepancy. The problem was that Postmaster often did not then speak to the service centre, so an internal investigation was not then commenced. [REDACTED] SI advised that he would be happy to be involved in looking at the process around this from a Postmaster perspective.

6. Transforming Technology

ZM joined at the meeting at 16:17.

6.1 DBT Gateway Review Report

TABLED and **NOTED** was a report, 'DBT Gateway Review of SPMP/NBIT'.

ZM spoke to the paper, advising that whilst we had done well in the DBT Review, that the report was not all positive, and had provided the team with many things to think about. The Chairman shared his view that the amber result was good given the scale of the project.

6.2 Global Payments Extension



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

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

- (i) 'Global Payments – Extension November 2023 **IRRELEVANT**'; and
- (ii) 'Global Payments Extension - Legal Risk Note'.

ZM spoke to the paper. LG queried whether NBIT was being designed so that Global Payments would need to be retained as our supplier. ZM advised that once Horizon was retired, we could choose another service provider.

The Board **RESOLVED** to **APPROVE**:

- (i) an increased spend to the maximum amount of **IRRELEVANT** extension period;
- (ii) exercise of notice to extend the contract be issued no later than 8 September 2023; and
- (iii) the delegation of authority to any Director or the Company Secretary to sign and issue the notice of extension.

6.3 Branch Hub 2.0

TABLED and **NOTED** was a report, 'Branch Hub 2.0 – Funding Request'.

ZM spoke to the paper. TC queried the number of Postmasters accessing Branch Hub. ZM replied that circa 94% of Postmasters had signed up to Branch Hub and adoption figures were increasing. EJ advised that his staff members liked Branch Hub and provided practical examples of the utility of Branch Hub. TC queried whether Branch Hub had been delivered on time and within budget. ZM replied that it had been.

The Board **RESOLVED** to **APPROVE** **IRRELEVANT** additional funding for activities in relation to Branch Hub 2.0 as set out in the paper for the period from March 2023 to December 2023.

6.4 Fujitsu Data Centre extension

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

- (i) 'Fujitsu Data Centre and Central Network Services - 1 year extension'; and
- (ii) 'Legal Risk Note – Fujitsu Data Centre'.

ZM outlined the paper and the request, noting that subsequent approval would likely be sought to extend these services with Fujitsu for a further year. ZM pointed out that by extending the contract for the services for the current 1 year proposed, that we were in effect committing to investment in various capital projects. EJ queried whether an additional year's extension beyond that currently sought would add additional costs. ZM replied that whilst it could, the current level of capital investment proposed would take us some way. BT queried who was due to undertake the proposed capital works. ZM replied that Fujitsu would be completing most of the works. BT shared his concern that we were exposed in respect of the additional potential year of service.

The Board **RESOLVED** to **APPROVE**:

- i. An amendment to the Horizon Agreement to extend data centre operations and core network services for a further period of 1 year (1st April 2023 to 31st March 2024) to the value of **IRRELEVANT**;



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

- ii. An increase the overall budget for the Data Centre Fortification Programme to **IRRELEVANT** (from the **IRRELEVANT** already approved) and to provide delegated authority to IADG for the remaining drawdown; and
- iii. Authorise any Director, the Company Secretary, or an Authorised Signatory to execute the contract extension.

6.5 Fujitsu Horizon IP

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

- (i) 'Fujitsu Horizon IPR Licence Purchase'; and
- (ii) 'Fujitsu Horizon IPR - Change Work Order'.

ZM spoke to the paper and advised that if a decision was taken to inhouse the supply of Horizon then we would need this IP. EJ queried the accounting treating and whether the expense would be included in the Company's FY22/23 annual report and accounts. AC replied, detailing the anticipated accounting treatment and advising that this item would be included in the Company's FY22/23 annual report and accounts.

The Board **RESOLVED** to **APPROVE** a **IRRELEVANT** drawdown for the Fujitsu Perpetual IPR licence, with payment no later than 31st March 2023 pursuant to Clauses 30.19.1 and 30.19.5 of the Current Horizon Agreement.

ZM left the meeting at 16:35.

7. Improving Branch Profitability

7.1 Mails Strategy Update

OW joined the meeting at 16:38, and NO at 16:40.

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

- (i) 'Mails Strategy Background'; and
- (ii) 'Progress update on execution of our Mails Strategy'.

Key discussion points were as follows:

- OW outlined the paper, noting trends post Covid, RMG's IA issue, the possibility that RMG would look to have their USO reduced, and the success of the Evri trial;
- NO spoke to the paper in detail, noting the Evri trial, the interim solution for international mail, progress on the interim online platform, and the strengthening of the mails team recently with some strong recruits.
- In relation to the online platform, EJ queried plans to ensure that Postmasters did not feel isolated from this. OW replied that the remuneration team were looking at this, given the mails market was moving online;
- LG queried whether the mails strategy had delivered less than anticipated. OW replied that some of the volumes had been lower in relation to PUDO. LG further queried whether the remuneration forecast under the strategy had been received. OW replied that it had;
- BG queried the scope of the PUDO rollout. NO advised that he thought around 4,000 branches would be required. BG commented that carriers would not wish to pickups from 11, 500 branches. OW advised that the way this was currently



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

working was that carriers were looking to use our network to fill gaps in their network;

- EJ raised the issue of once daily collections and the impact on branch space and queried whether the current segregation for RMG products could be removed. NO advised that the team were aware of the space issue and working through this;
- LG queried the anticipated percentage of customers dropping off that had purchased online. OW advised that he thought the majority of transactions would still take place in branch, and that it would take time for the move online;
- BG noted that the proposals were in relation to domestic and queried the rollout for international. NO replied that this was proposed partnering with Evri and DPD;
- EJ shared his view, that, by selling products other than RMG, it would help customers to understand that we were not RMG and thought that this could present an opportunity for strong marketing. OW noted that whilst there was not a large budget for marketing here, the communication would be critical. EJ pointed out that there would be circa 4,000 shop windows that could be utilised;
- OW suggested that it could be useful at the July strategy day to revisit the Mails strategy;
- EJ queried when a demonstration version of the online platform would be available. NO replied that the design was anticipated to be completed in the next few weeks, ready for launch at the end of June. **ACTION** OW advised that a link to the online platform could be circulated to the Board once available. BG asked OW and NO to consider how the Trust Pilot rating associated with the site was managed;
- In relation to implementation of the online aggregators SI suggested that the team look to locate Postmasters who had space and could absorb greater volumes. **ACTION** SI queried Evri integrated on Horizon, and whether Postmasters would then still have the benefit of the Evri device. NO advised that he would come back to SI on this;
- EJ contributed that he had seen an uplift in retail trading as a result of the Evri trial;
- NR requested that there be an immersion session for the Board on the mail's strategy at the June Board.

OW

NO

OW/NO

NO left the meeting at 17:16. SJ left the meeting at 17:17.

7.2 DVLA Contract

BB joined the meeting at 17:17.

TABLED and **NOTED** was a report, 'Update on DVLA contract negotiations'.

OW spoke to the paper. BB outlined the 4 options which included ceasing the service come Friday, or alternatively an extension period of 90 days, 12 months, or 2 years. The Chair asked BB for her view as to what she anticipated would happen. BB replied. EJ congratulated BB on her negotiations with the DVLA.

BB left the meeting at 17:22.

7.3 Network Strategy Update

**POST OFFICE LIMITED BOARD MEETING**
Strictly Confidential**2.1**

MR and ME joined the meeting at 17:22.

TABLED and **NOTED** was a report, 'Update on network strategy implementation'.

MR spoke to the paper outlining the approval sought. MR noted that there had been interest from strategic partners as to DMB franchising opportunities and that DMB exits could potentially be via this relationship. EJ noted that the paper referenced 20 DMB's and queried the position if strategic partners wanted more. NR replied that this would be contingent on funding. BT queried how many DMB exits were included in the budget. AC advised that there were 20.

The Board **RESOLVED** to **APPROVE**:

- (i) the exit of up to 20 DMBs in FY 2023/24 at a cost of **IRRELEVANT**
- (ii) the delegation of authority to GE to approve the final business case for each exit.

MR and ME left the meeting at 17:29.

8. Rebuilding Trust**8.1 Inquiry Update**

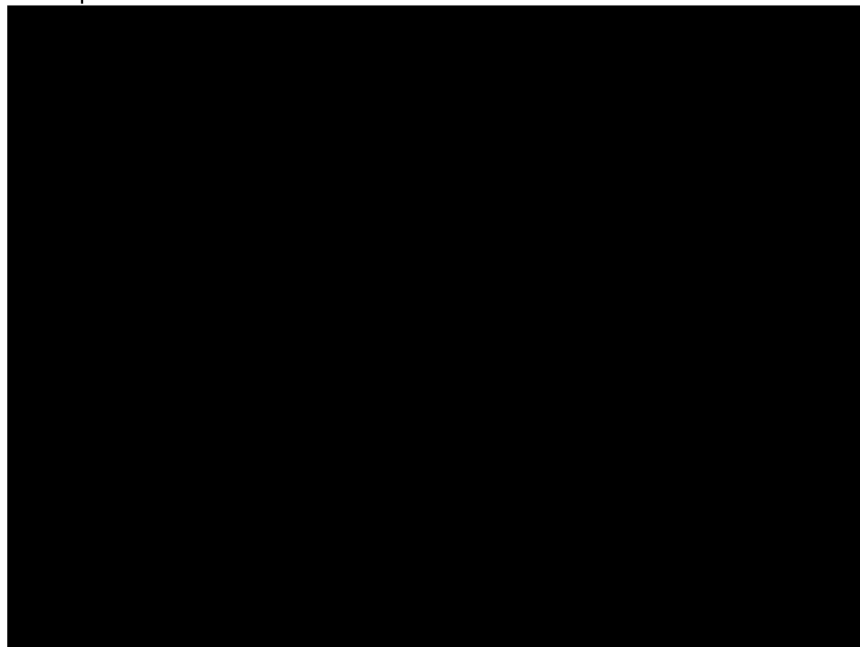
BF, DW and GL joined the meeting at 17:30. LG left the meeting at 17:30 in the absence of acceptance of LG's Inquiry confidentiality undertaking.

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

- (i) 'Post Office Horizon IT Inquiry: Update';
- (ii) 'Post Office Horizon IT Inquiry – Appendices'; and
- (iii) 'Briefing Note on the Inquiry's confidentiality undertakings'.

Key discussion points were as follows:

-
-
-
-



**POST OFFICE LIMITED BOARD MEETING**
*Strictly Confidential***2.1****8.2 Inquiry Budget FY 2023/24**

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

- (i) 'Inquiry FY23/24 Budget and Appointment of Legal Representative'; and
- (ii) 'Inquiry Supporting Financial Pack'.

Key discussion points were as follows:

- LG outlined the paper, noting the change in assumptions around the Inquiry timetable. One result of the timetable change was that HSF would remain on the record for longer than what we had anticipated. [REDACTED]

- [REDACTED]

- BT queried the request to regularise the position in relation to the FY22/23 Inquiry spend. LG replied that the spend had been reported in the Inquiry budget, however there was no specific drawdown approval in relation to [REDACTED] of this spend;
- TC advised that he was not agreeable to approving the Inquiry or the HMU drawdown requests and outlined his reasons. BT noted that the HRC had not considered the HMU budget. [REDACTED]

GL

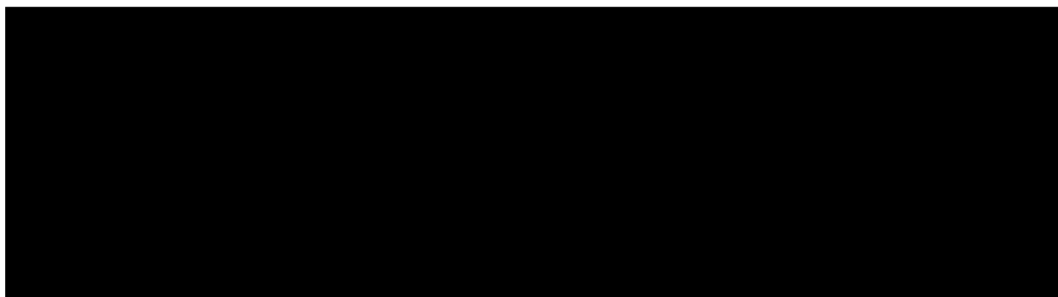
ACTION AC requested that the underlying work in relation to the assumptions contained in the Inquiry budget be circulated.

The Board **RESOLVED** to **APPROVE**:

- (i) HSF continue as the Company's legal representative for Phase 4 of the Inquiry, with Burges Salmon (with Field Fisher) to be appointed as the Company's legal representative for Phases 5, 6 and 7 of the Inquiry;
- (ii) A total spend of [REDACTED] in respect of the Inquiry for FY22/23; and
- (iii) The delegation of authority to the HRC to consider the proposed drawdown schedule for the HMU for FY23/24.

BG left the meeting at 17:52.

8.3 Waiver of Legal Privilege

**POST OFFICE LIMITED BOARD MEETING**
*Strictly Confidential***2.1**

The Board **RESOLVED** to **APPROVE** the extension of the Company's existing waiver of legal privilege for the purpose of the Inquiry to include the disclosure of certain factual pieces of legal advice in response to the Inquiry's request under Rule 9 no. 31:

- (i) as set out in option 2 of the paper; and
- (ii) in relation to additional materials as set out in option 3 of the paper if the Inquiry wished to be provided with these additional materials.

GL and DW left the meeting at 18:05.

8.4 HMU Update

SR joined the meeting at 18:05 and LG re-joined the meeting.

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

- (i) 'Historical Matters Programme Update'; and
- (ii) 'HMBU Finance Update'.

SR spoke to the paper. Key discussion points were as follows:

- SR detailed the emergence of the tax issue in relation to the HSS and possible implications and risks;
- SR advised that DBT funding for applications to HSS was due to expire on 31 March 2023, so in the absence of an extension period from DBT for this funding, it would seem that no further offers could be made to the remaining applicants in the HSS. BT suggested that offers be made now to remaining applicants based on the best information we had and noted that the financial risk was small. The Board agreed with this approach. In respect of OHC funding, SR advised a response on this was not anticipated from DBT until next week. AC noted that submissions for the Inquiry Compensation hearing on 27 April were due next week, and a statement may need to be included that HSS and OHC funding was not in place. NR advised that he would advise C Creswell of this;
- SR raised the draft OHC pecuniary principles. BT referenced the earlier discussion of the Board and advised SR that the draft principles could be returned to the Board for consideration following the consultation process. AC noted also the Board's earlier discussion as to the aim to issue correspondence to the PTA's identified as part of the Triage process ahead of 27 April;
- In respect of Postmaster Detriment suspension payments, SR detailed the number of offers that had been issued;
- SR spoke to the GLO disclosure exercise.

8.5 HMU Budget FY 23/24



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

TABLED and **NOTED** was a report, 'Historical Matters - HMU Funding Request'. BT noted that the Board had determined earlier in the meeting to delegate to HRC authority to consider the proposed drawdown schedule for the HMU for FY23/24.

8.6 PFA Triage Outcomes and Next Steps

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

- (i) 'PFA Triage Outcomes and Next Steps';
- (ii) 'Appendix 1 - PFA TRIAGE ADVICE - BANGAY, Davinder';
- (iii) 'Appendix 2 - PFA TRIAGE ADVICE - BESWICK, Andrew'; and
- (iv) 'Appendix 3 - PFA TRIAGE ADVICE - HAVERLEY, Clive'.

SR spoke to the paper. Following discussion, the Board **RESOLVED** to **APPROVE** the delegation of authority to the HRC to consider and take decisions in respect of all matters relating to the PFA Triage.

SR raised the requirement for some additional HSS CAPS that required Board approval covering Malicious Prosecution for Civil Proceedings. BT advised that these were an adjustment to existing principles which required clarity to include the Civil aspect for Panel to make appropriate awards. BT confirmed that these had been considered carefully at HRC, approved by HRC, and both he and TC were comfortable. TC confirmed this.

The Board **RESOLVED** to **APPROVE** the HSS CAP adjustments accordingly.

SR and BF left the meeting at 18:22.

9. Procurement

LC joined the meeting at 18:23.

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

- (i) 'Procurement Report';
- (ii) 'NBIT Second Device software POL & Payzone - Legal Risk Note';
- (iii) 'Verizon Contract Extension - Legal Advice Note';
- (iv) 'Verizon Contract Extension - Legal Risk Note';
- (v) 'Darwin - Legal Risk Note';
- (vi) 'Self Service Kiosks with Insight & NCR - Legal Risk Note'; and
- (vii) 'Creative Services with Ogilvy and Mather - Legal Risk Note'.

Following discussion, the Board **RESOLVED** to **APPROVE**:

- (i) The extension of support for network services with Verizon for an additional period of 3 years commencing 21 May 2025 up to a maximum cost of IRRELEVANT for the extension period, and the delegation of authority to any authorised signatory of the Company to sign the contract extension;
- (ii) Subject to shareholder approval, a contract award to iForce Group to provide the Post Office National Stock Centre for a term of 10 years with a contract value of IRRELEVANT, the delegation of authority to the Group Executive to finalise the contract terms, and the delegation of authority to any authorised signatory of the Company to sign the resulting contract;
- (iii) Management be authorised to seek shareholder approval in relation to the transaction contemplated at (ii) above;



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2.1

- (iv) The extension of support for Self Service Kiosks with Insight for a [IRRELEVANT] term with an optional one-year extension up to a maximum cost of [IRRELEVANT] for the [IRRELEVANT] year period;
- (v) The extension of the Ogilvy and Mather contract for Creative and Production services for a 4-month period with an optional 3-month extension with a maximum cost of [IRRELEVANT] for the 7-month extension period and the delegation of authority to any authorised signatory of the Company to sign the contract extension;
- (vi) A procurement be conducted via the Crown Commercial Services Vehicle Lease and Fleet Management framework for the next contract for the Company car scheme, with a contract term [IRRELEVANT] and up to a value of [IRRELEVANT] with authority delegated to GE to make the contract award and finalise the contract terms, and the delegation of authority to any authorised signatory of the Company to sign the resulting contract.

ACTION The direct award of NBIT second device software delivery including legacy pre-payment transaction processing and associated services to Payzone Bill Payments for a contract period from April to December 2023 with a maximum value of [IRRELEVANT] with authority delegated to GE to finalise the contract terms, and the delegation of authority of any authorised signatory of the Company to sign the resulting contract, was declined by the Board, with the Board **NOTING** that the award may be compliant under R32(c) PCR2015 and requesting LC investigate this regulatory exemption.

LC

LC left the meeting at 18:29. BT left the meeting at 18:29.

10. Noting Papers with no Presentation

10.1 Health & Safety Report

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

10.2 Common Issues Judgment (CIJ) Dashboard and Technology Dashboard

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

- (i) 'CIJ Dashboard P9 Cover Paper';
- (ii) 'CIJ Dashboard P9'; and
- (iii) 'Technology GE sub-committee Dashboard'.

10.3 NFSP Grant Framework Agreement

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

- (i) 'NFSP Grant Framework Agreement'; and
- (ii) 'NFSP Grant Framework Agreement - Legal Briefing Note'.

The Board **NOTED** GE approval of entry into the NFSP Grant Framework Agreement on 15 March 2023 and **NOTED** the contents of the NFSP Grant Framework Agreement.

11. Noting and Governance Items

11.1 Annual Governance Report

**POST OFFICE LIMITED BOARD MEETING**
Strictly Confidential**2.1**

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

- (i) 'Annual Governance Report';
- (ii) 'Matters Reserved to the Board (MRB)';
- (iii) 'Appendix to the MRB - Current and Proposed Market Standard Unlimited Liabilities';
- (iv) 'Delegated Authorities';
- (v) 'Nominations Committee Terms of Reference review';
- (vi) 'Nominations Committee Terms of References';
- (vii) 'Audit, Risk and Compliance Committee (ARC) Terms of References – Clean';
- (viii) 'ARC Terms of References – Tracked Changes';
- (ix) 'Remuneration Committee Terms of Reference review';
- (x) 'Remuneration Committee Terms of References – Clean';
- (xi) 'Remuneration Committee Terms of References – Tracked Changes';
- (xii) 'Conflicts of Interest Policy'; and
- (xiii) 'Register of Interests'.

The Board **RESOLVED** to **APPROVE**:

- (i) Changes to the Authorised Signatories list as set out in the Annual Governance Report;
- (ii) The amended form of the Remuneration Committee Terms of Reference as set out in the paper; and
- (iii) The amended form of the Audit, Risk & Compliance Committee Terms of Reference as set out in the paper.

11.2 Sealings Report

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items numbered 2170 – 2181 inclusive in the Seals Register.

11.3 Future Meeting Dates

The future meeting dates were **NOTED**.

11.4 Forward Agenda

The Forward Agenda was **NOTED**.

12. Any Other Business

There being no further business the Chairman declared the meeting closed at 18:30.

13. Date of next scheduled meeting

6 June 2023 12:30 – 17:30.

Chairman

Date