POL00448643

POST OFFICE LIMITED BOARD MEETING
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MINUTES OF A STRATEGY SESSION OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON MONDAY 8 JULY 2024 AT 100 WOOD STREET, LONDON, EC2V 7ER AT 14:30 PM

Present:	Nigel Railton	Interim Chairman **(NR)**
	Ben Tidswell	Senior Independent Director **(BT)**
	Lorna Gratton	Non-Executive Director **(LG)**
	Saf Ismail	Non-Executive Director **(SI)** (Via Teams)
	Elliot Jacobs	Non-Executive Director **(EJ)**
	Brian Gaunt	Non-Executive Director **(BG)**
	Simon Jeffreys	Non-Executive Director **(SJ)**
	Amanda Burton	Non-Executive Director **(AB)**
	Andrew Darfoor	Non-Executive Director **(AD)**
	Nick Read	Group Chief Executive Officer **(NR)**
In attendance:	Rachel Scarrabelotti	Group Company Secretary **(RS)**
	Owen Woodley	Deputy CEO (Observer) **(OW)**
	John Dillon	Interim General Counsel – Inquiry (Observer) **(JD)**
	Neil Brocklehurst	Interim Chief Operating Officer (Observer) **(NB)**
	Preetha McCann	Interim Chief Financial Officer (Observer) **(PM)**
	Shaun Kerrison	Head of Postmaster Engagement **(SK)**
	Pete Marsh	Retail Operations Director **(PM)**
	Mark Eldridge	Postmaster Experience Director **(ME)**
	Karen McEwan	Group Chief People Officer **(KM)**
	Tim Perkins	People Director - Services **(TP)**
	Diane Wills	Public Inquiry Director **(DW)**
	Dan O'Mahoney	Inquiry Operations & Strategy Director **(DO)**
	Chris Jackson	Burges Salmon **(CJ)**
	Sarah Bell	Grant Thornton **(SB)**
Apologies:	None	

Action

1.1 Welcome and Conflicts of Interest

A quorum being present, the Chair opened the meeting. The Chair called for the Directors to disclose any conflicts of interest. The Directors 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 OW, JD, NB, PM, DW, DO and CJ as observers at the meeting. As observers, the Board was aware that all contributions made by OW, JD, NB, PM, DW, DM and CJ 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 OW, JD, NB, PM, DW, DO and CJ and that it would reach its conclusions based on a balanced and diligent assessment of all the facts available to it.

1.2 Inquiry Confidentiality Undertakings

The Board noted that PM and ME did not have confidentiality undertakings accepted by 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.

POL00448643

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

2. Postmaster and Colleague 23/24 Engagement Survey Results Deep Dive/ Culture Dashboard

PM, ME, KM and TP joined the meeting at 14:40 and SK at 14:50. Key discussion points in respect of the Postmaster 23/24 Engagement survey results were as follows:

- **ACTION** AD queried whether the survey response was representational geographically of Postmasters. The team undertook to produce a heat map of survey responses; **P Marsh/ M Eldridge/ S Kerrison**
- Further advocates to increase Postmaster participation rates in the survey were discussed and the engagement with the Voice of the Postmaster group was noted;
- The Chair shared his reflections on the survey results noting the overall decrease in Postmaster sentiment and advised that following his attendance at the recent Postmaster conference in London he felt that the initiatives being undertaken by the business were not going to change sentiment and that transformational change was required. PM noted that there were multiple initiatives in train and pockets of engagements, however agreed that the measures were not significant enough and a better overall strategy was needed in order to lead to improved remuneration for Postmasters;
- SK outlined activities that had been undertaken over the last 12 months including the pivoting of the field team to be more focused on Postmaster wellbeing, the holding of listening sessions, the establishment of new working groups and consideration being given as to how Postmasters could be more involved in decision making. Consequently the number of Postmasters who had actively engaged with the business had increased significantly in the last 12 months;
- The Chair shared his view that there were one or two things that could shift sentiment and that one of these was improved Postmaster remuneration. SI agreed with this; if remuneration was improved initially then Postmasters were likely to be more flexible on addressing other points of concern;
- PM spoke to the 3 key concerns that had come through from the FY23/24 survey being remuneration, leadership and culture;
- ME shared his view on process changes the business could make to show more respect to Postmasters in relation to remuneration, for example, by providing Postmasters with details on the annual remuneration rate increases ahead of dates for minimum pay increase announcements;
- **ACTION** LG queried whether Postmasters with branches that offered broader product sets expressed higher levels of positive sentiment in the survey. ME advised that there could be a correlation. OW noted that it would be useful to see what circumstances more positive Postmasters had such as product set and location. The team undertook to look at this. BT noted that potentially there could be a significant number of Postmasters whose product set did not increase, so the divide between those Postmasters with positive sentiment and those with negative sentiment could increase; **P Marsh/ M Eldridge/ S Kerrison**
- NB noted that since joining the business he hadn't seen any surveys that went past the Postmaster to the customer; ultimately happy customers would drive more Postmaster remuneration so how did we make the step behind the Postmaster work;
- EJ referenced the bi-annual pulse survey due for October 2024 and queried what a realistic participation rate to aim for might be. NB shared his view that one thing that we could do in the meantime was focus on disengagement rather than

POL00448643

engagement, and improving the sentiment of Postmasters who expressed the lowest levels of engagement;

- PM outlined the businesses' key strategic partners and the improved survey results for this group, noting that the survey results were compiled from a different set of questions than those asked of Postmasters. The strategic partner survey results showed good feedback on how we compared with other partners. Questions followed as to whether remuneration was a concern of this group, the motivations for strategic partners having a Post Offices, and the individuals at the strategic partner level who completed the survey;
- SI noted that the survey results for strategic partners indicated that they felt well informed and queried what the business was doing to make them feel this way. PM replied that the strategic partnership team acting like product representatives much more.

Key discussion points in respect of the <u>Employee 23/24 Engagement survey results</u> were as follows:

- TP noted that the employee engagement survey had been conducted in February/ March and that the participation rate had been 86% so there was confidence that the results were representative of employee sentiment. Engagement levels had declined along with the pride colleagues felt in working for Post Office although colleagues motivation to do their best job for the business remained high. Additionally 58% of colleagues wanted to stay with the business for the next 5 years which was a high percentage by market standards. NB queried however whether there was a correlation between the people who took no pride in working for the business however would stay regardless. TP advised that in the SLP the percentage of colleagues wishing to stay was more like 25%. OW noted that reward issues in most organisations would be the top reason to leave, however at the Post Office top motivating factors of leaving were culture and lack of intent;
- TP advised that internal communication was the number 1 thing that colleagues wished to see improved, the other was the level of openness and honesty. In most other businesses key concerns were in respect of reward or progression. The Chair agreed and shared his perspective that the issue might be the things that we were unable to communicate on for example strategy and the future given that the Company did not have a definitive strategy;
- TP noted the low level of colleague sentiment in respect of senior leaders and outlined the 2 aspects of that. Areas where colleagues had seen improvement were discussed with line managers overall having improved on 6 out of 7 measures. Importantly there had been an improvement in colleagues being held to account. The People team were not confident in line manager capabilities however within the business; although colleagues were generally happy with their line manager they did not then have confidence in senior management;
- EJ queried whether was there was a difference in survey results between those working in Directly Managed Branches ('DMBs') as opposed to head office. TP replied that the front line was happier including those who worked in DMBs and in supply chain;
- TP spoke to the survey findings in relation to diversity and equality at Post Office and noted the lack of diversity reflected in the membership of the Executive and Board;
- TP outlined the revised approach to action planning, essentially making action plans suitably tailored for different areas and having the Leadership Team drive these. The action plans would then be aligned to the People plan themes and actions tracked centrally. It was critical to deliver great communication out of the

POST OFFICE

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Strategic Review in respect of the future of the organisation and also on the culture point and significant improvements to the survey results for 24/25 were being aimed for. **ACTION** TP committed to undertake some benchmarking of the FY23/24 employee survey results as against employee survey results for other purpose led organisations. AD queried the consequences if the revised employee survey targets were not met and queried who was accountable and whether there was a link through to reward. NR replied that it was the CEO who was accountable and AB advised that improvement in the employee survey results was linked with reward; **K McEwan/ T Perkins**

- BT raised the issue of the percentage of senior women who had received an unwanted comment. A zero tolerance approach needed to be established – BT queried where was this reflected. TP advised that this was included in the action plan for senior women;
- TP moved to speak to the Culture Dashboard and outlined the way the indicators had been devised. The Culture Dashboard was due to be provided to the Board twice a year and presented to the Executive every 2 months. The results of Postmaster and Employee pulse and full surveys would be presented at the same time along with any work completed by Group Assurance on culture. Of the 27 indicators, TP advised that different weightings might be applied. Discussion followed as to how the indicators would align with strategy and the need for benchmarking of the indicators.

PM, ME, KM and TP left the meeting at 16:20.

3. Grant Thornton Governance Review Recommendation Planning

SB joined the meeting at 16:24. The Chair asked BT to lead the session . BT suggested that the Board work through the priority actions as set out in the draft Action Tracker. Comments were as follows:

NB: Actions in this section have been incorporated into the Actions Tracker rather than the Matters Arising Schedule

- Item 1 – The Board reflected that this item was largely driven by the outcomes of the Strategic Review. SB queried, in the intervening time, how the Board wished to treat the Chair's objectives letter and whether this still included the provision of 11,500 branches. LG advised that the Chair's objectives letter remained in draft however still included the requirement for 11,500 branches and the Chair noted that the optimum network branch provision would be advised via the strategic review. DW suggested that the action set against the second part of the recommendation be amended to make it clear that the Board were being informed by themes arising incrementally from the Inquiry;
- Item 2 - LG noted that the draft revised Shareholder Relationship Framework Document had been provided to RS and C Spelzini and requested that any concerns in respect of clarity be called out to UKGI and DBT. LG advised further that the draft Shareholder Relationship Framework Document was accompanied by a draft Delegation Letter, the purpose of which was to make clear any delegations of authority between the Shareholder and the Company. BT queried who would be assisting with the exercise. RS advised her expectation that she would be closely involved in this with C Spelzini and that external legal support may be sought. The Chair requested that the revised Framework Document be tested against the outputs of the Strategic Review. LG took the point however advised that UKGI wished for the revised Framework Document and Delegation Letter to be settled by the end of the summer;
- Item 3 – AB queried whether the actions in this section should look at Director Inductions particularly for the Postmaster Directors and suggested that this be

POL00448643

picked up with SI and EJ. EJ shared his reflections that the Director Induction programme had not been tailored sufficiently for Postmasters NEDs and that specific training was needed in respect of conflicts and corporate governance generally. BT noted that the recommendations and actions in Item 3 would be the responsibility of the Nominations Committee so suggested that meeting times may need to be extended in order to ensure sufficient Nominations Committee oversight of these matters;

- Item 4 – the recommendations and status were discussed;
- Item 1(a) – it was felt that this was duplicative of the earlier actions. It was requested that the next draft of the Actions Tracker reference back specifically to the actions above and that the items the Remuneration Committee were tracking be added to the tracker.

Generally the Board requested that columns be added to the Action Tracker for timeframes and assigning action owners, colour coding be applied to show which items could proceed in the interim and which were part of the Strategic Review, that the Action Tracker for operational matters be mapped to the Board Action Tracker and that reporting on the Tracker be provided on a monthly basis. The Chair invited all Board members to feedback any further comments on the draft table to RS.

4. Any Other Business

There being no other business the Chair declared the meeting closed at 17:00.

---------------------------------- Chair

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