POL00021580



**POST OFFICE LIMITED BOARD MEETING**

# MINUTES OF AN ADDITIONAL MEETING OF THE POST OFFICE LIMITED BOARD HELD ON MONDAY 27 APRIL 2020, FINSBURY DIALS, 20 FINSBURY STREET, LONDON, EC2Y 9AQ & MICROSOFT TEAMS MEETING AT 17.30 HOURS*

| | |
|---|---|
| **Present:** | |
| Tim Parker | Chairman **(TP)** |
| Tom Cooper | Non-Executive Director **(TC)** |
| Ken McCall | Senior Independent Director **(KM)** |
| Carla Stent | Non-Executive Director **(CS)** |
| Zarin Patel | Non-Executive Director **(ZP)** |
| Lisa Harrington | Non-Executive Director **(LH)** |
| Nick Read | Group Chief Executive **(NR)** |
| Al Cameron | Group Chief Financial Officer **(AC)** |
| **In attendance:** | |
| Veronica Branton | Company Secretary **(VB)** |
| Ben Foat | Group General Counsel **(BF)** |
| Richard Bussell | Linklaters **(RB)** |
| John Crozier | Linklaters **(JC)** |
| Brian Kelly | Director, Tax Treasury and Supply Chain Finance **(BK)** |
| Mark Dixon | Treasurer **(MD)** |

**Participation in the meeting was entirely remotely from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.*

**1. Welcome and Conflicts of Interest**

A quorum being present, the Chairman opened the meeting. 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.

**2. Introduction, update on today's activity and likely next steps**

IRRELEVANT

**3. Summary of position and advice, including questions and clarifications**

[redacted]

**POST OFFICE LIMITED BOARD MEETING**

[redacted]

A number of points were raised, including:

- IRRELEVANT
- Carla Stent noted the need to be careful about drawing on additional credit. Al Cameron reported that drawing on additional credit [redacted]
- CS ask about the position with the subsidiaries, whether the approach was aligned and whether as Chair of the Audit, Risk and Compliance Committee she needed to speak with the Chairs of the subsidiaries' ARCs. AC reported that all of the group had been advised of the position but that he would reinforce the messages with the whole team
- CS asked if we had stopped all discretionary spend. AC confirmed that activity that allowed cash to go out of the business had been halted except where it was absolutely essential. This meant that activity that we would like to be undertaking, such as further franchising of DMBs, had been paused. The complete position would be presented to the Board on 14 May 2020.

**4. Shareholder perspective**

Tom Cooper thanked the team for the work that had taken place over the weekend. The position was clear and we were now trying to get in place the two waivers. UKGI had already undertaken significant work with BEIS and HM Treasury to pave the way for the waivers but it was not straightforward and we might need to focus on what we did if the waivers were not in place by 1 May 2020. The overarching view was that Post Office was providing a valuable service to vulnerable customers and supporting the economy though keeping the network running. Getting the waivers in place was more about mechanics. UKGI/ BEIS had been worried about the cross default issue that would have been a potential with a standstill but waivers removed that concern.

IRRELEVANT

Zarin Patel asked whether the payments associated with the Historical Shortfalls Claims Scheme were discretionary spend. Al Cameron explained that we did not view this as discretionary spend. Nick Read concurred and noted that it was part of the settlement we had agreed in December 2019. The Scheme was on track to launch on Friday 1st May 2020. The publicity would be low key initially but all former postmasters would be written to. Tom Cooper noted that the Scheme had been approved by Ministers but that at that time we had not been sighted on the potential quantum of the claims and UKGI/ BEIS might wish to have greater involvement in approving payments.

Ken McCall asked about sequencing of creditor payments and the sums involved. AC explained that month end was always on a Sunday and that this was the reference point for the monthly agreement with BEIS with each Sunday the reference point for the security cushion position. The only substantive way we could influence whether or not we defaulted was not to pay our other creditors on a Friday. This would entail

POL00021580



**POST OFFICE LIMITED BOARD MEETING**

holding back £50m of liabilities on a Friday which we would pay on the following Monday. Following this approach every week was likely to become unsustainable. KM asked whether but would it be realistic to apply this approach on Friday 1st May 2020. AC confirmed that it was and that we were w orking on a plan should we need to do so. KM requested information on the amounts involved and the impact on the creditors.

**Action: AC**

5. **Summary and next steps**

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

- proceeding with seeking to agree a waiver on the security headroom in the event of default with BEIS to 31 May 2020
- proceeding with seeking to agree a waiver to the security cushion requirement in relation to the tripartite arrangement with BEIS and Santander documented under an inter-creditor agreement until 31 May 2020, with an option to extend to 30 June 2020.

Ben Foat reported the Board meeting convened on 30 April 2020 at 14.30 hrs to discuss the CCRC cases would not be required so the Board **AGREED** to use this time to discuss the options for avoiding a default should the waivers not have been approved by this time. The executive would advise the Board of the outcome of the waiver position as soon as it was confirmed.

**Action: Executive**

6. **Any Other Business**

There being no other business the Chairman declared the meeting over at 18.15 hours.

GRO

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21/07/2020 23:58

CHAIRMAN

09/07/2020

DATE

POL00021580

## Voting Results for Board Additional Minutes – 27.04.2020

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

| Vote Response | Count (%) |
|---|---|
| For | 1 (100%) |
| Against | 0 (0%) |
| Abstained | 0 (0%) |
| Not Cast | 0 (0%) |

### Voter Status

| Name | Vote | Voted On |
|---|---|---|
| Parker, Tim | For | 21/07/2020 23:58 |