POL00448727

POST OFFICE LIMITED REMUNERATION COMMITTEE MEETING
Strictly Confidential

MINUTES OF AN ADDITIONAL MEETING OF THE NOMINATIONS AND REMUNERATION COMMITTEES OF POST OFFICE LIMITED HELD ON THURSDAY 19 NOVEMBER 2020 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 5.00 PM[1]

Present:	
Ken McCall	Chairman – Remuneration Committee **(KM)**
Tim Parker	Chairman – Nominations Committee & PO Limited **(TP)**
Tom Cooper	Non-Executive Director **(TC)**
Lisa Harrington	Non-Executive Director **(LH)**
In attendance:	
Lisa Cherry	Group Chief People Officer **(LC)**
Nick Read	Group Chief Executive Officer **(NR)**
Ben Foat	Group General Counsel **(BF)**
Veronica Branton	Company Secretary **(VB)**

Action

1. Welcome and Conflicts of Interest

A quorum being present, Tim Parker 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. Removal of Alisdair Cameron as Chief Financial Officer of Post Office Limited

Nick Read introduced the decision item which was seeking the Nominations Committee's approval to the removal of Alisdair Cameron, Chief Financial Officer (CFO), from the Board of Post Office Limited and termination of his employment at Post Office Limited and the Remuneration Committee's consideration of the options for the enacting these decisions.

Lisa Cherry explained that the removal of Alisdair Cameron from the Board required Ministerial approval.

The Nominations Committee **APPROVED** the removal of Alisdair Cameron as the Chief Financial Officer on the POL Board, once approval had been sought from the Secretary of State, and to the termination of his contract of employment as an employee of Post Office Limited.

Lisa Cherry reported that the proposals had been drafted with input from UKGI. The options for enacting the termination of the CFO's contract of employment were set out in the paper and a note setting out the legal risks had been provided by Linklaters.

Ben Foat advised that following the Nominations Committee's approval of the removal of the CFO from the Board of POL and the termination of his contract of employment as an employee of POL, he needed to make the Nominations and Remuneration Committees and the CEO aware of a matter that was necessary to inform the approach they decided to take to terminate the CFO's contract and any exit arrangements that might be agreed. On 2nd August 2019, Alisdair Cameron, then the Interim Chief Executive Officer of POL, had purported to make a protected disclosure via email to Ben Foat as General Counsel of POL. In this disclosure, Alisdair Cameron had raised how POL dealt with the remming in and out of stocks and stamps which had come to his attention through visits to the Little Milton

[1] Participation in the meeting was entirely via Microsoft Teams 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.

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Post Office branch. AC had specified that he did not wish to use the whistleblowing channel to make this disclosure. Ben Foat did not have permission to disclose the issue at the time but had conducted an investigation. To protect the company it had been necessary to not disclose the purported protected disclosure to the CEO or the Nominations Committee in advance of its decision to remove the CFO so that this matter could not have influenced its decision or be linked to it. The Nominations Committee could now make an informed decision on the best approach to execute its decision to remove the CFO and the Remuneration Committee the best approach to a settlement, which might include:

1) conducting due process before the removal so as to mitigate the risk of an unfair dismissal claim
2) seeking an exemption from BEIS on the £95k exit cap to limit the company's exposure to a claim of unfair dismissal
3) seeking to reach a settlement agreement with Alisdair Cameron, as set out in the paper presented to the Committee.

Ken McCall asked about the circumstances of the purported protected disclosure. Ben Foat explained that Alisdair Cameron was asserting that there were discrepancies around the remming in procedures for stocks and stamps and was asserting that POL was not complying with its legal obligation in respect of stocks and stamps. [redacted]

Lisa Cherry outlined the options set out in the paper and the financial and reputational issues associated with each. The options were to terminate the contract under 'Some other substantial reason' (SOSR) or to enter into 'without prejudice' discussions and come to a mutual agreement to end the employment relationship through a settlement agreement. The recommendation was to seek to agree a settlement agreement but in a way which conformed with the 95k exit cap. We hoped that this approach would allow us to achieve amicable terms and a smooth handover process. The ministerial approval process might take some time and we could not proceed with recruitment in advance of this.

The options and the considerations linked to these were discussed in detail. The Remuneration Committee **RESOLVED** to **APPROVE** entering into 'without prejudice' discussions with Alisdair Cameron with the objective of reaching a mutual agreement to end the employment relationship through a settlement agreement. The Remuneration Committee **DELEGATED AUTHORITY** to the Group Chief Executive Officer and the Group Chief People Officer to negotiate a settlement agreement up to £316,000, in line with contractual entitlements, but with due regard to meeting the requirements of the £95k exit cap, having checked BEIS/ HM Treasury upper payment limits and having sought approval for the settlement sum. In addition, an exemption to the £95k exit cap should be sought from HM Treasury. The Remuneration Committee **AGREED** the following approach:

- Tim Parker would have the initial conversation with Alisdair Cameron to relay the decision to terminate his contract as Chief Financial Officer of POL **Action:** TP
- Nick Read, Lisa Cherry and Ben Foat would discuss the approach to the negotiations further following the points raised in discussion about how they should be conducted **Action:** NR/ LC/ BF
- further consideration would be given to the right sequencing of the steps and decisions required, including:
    - when in the process to seek agreement to the settlement sum from BEIS/ HMT, understanding where they might have concerns or reservations and what their

upper payment limit would be. We needed to set out the costs associated with unfair dismissal and so forth to set the payment approval sought in context
- ensuring than the interim replacement could be on hand to step in straight away
- the figures provided for BEIS/ HMT would include the potential STIP/ LTIP sum of £85k which would apply if the target were reduced from £110m to £50m for the 2019/20 financial year and that target was met. The Remuneration Committee **AGREED** that the target should be the revised sum of £50m.[I don't believe this has been agreed yet. We've reminded Lisa that the number needs to be set and she is planning to set up a meeting in Jan. 50m seems low given POL is likely to make 33m this year so the number needs to be discussed] It was noted that the STIP/LTIP sum did not form part of the 95k exit cap and that good leaver status could only be awarded at the discretion of the Remuneration Committee, except in cases of genuine redundancy. It was noted that the payment of any STIP/ LTIP sum for 2020/21 and future years was at the Remuneration Committee's discretion. There was a contractual entitlement for there to be an STIP Scheme, and one had not been launched in 2020/21, but there was no contractual entitlement for payments to be made.

Action: VB/ LC

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Next steps would be discussed under any other business at the Remuneration Committee on 24th November 2020 and any documents pertinent to the discussion would be provided as a single document.

3. **Date of next meeting:** 24th November 2020.