

Grant Thornton Governance and Board Effectiveness Reviews: recommendations tracker
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	UK Corporate Governance Code Principles	Recommendation	Status
Priority Actions			
1.	Board Leadership and Company Purpose See GT Governance Review, Page 9 and further observations/ recommendations at #1(a)	Establish a Group strategy/ambition for POL to frame, prioritise, and guide governance design, decision-making structures, and inform culture and performance management. Key will be the need to:	
2.		<ul style="list-style-type: none"> Frame for the Shareholder what POL is about (purpose), where it wants to get to (strategy and vision) and how it is going to meet its aims. 	<ul style="list-style-type: none"> The Board has agreed the commissioning of a Strategic Review by Teneo – the final outputs from which are expected to be provided circa October 2024. In the meantime, POL's intent to 2025, annual business plan and 2024/25 Outcomes remain relevant, including to inform objective setting and the performance management framework
3.		<ul style="list-style-type: none"> Ensure the right balance and clarity around POL's future commercial ambition and its social purpose. 	<ul style="list-style-type: none"> Board focus will be informed by the outputs of the Strategic review and the POHIT Inquiry.
4.	Division of Responsibilities See GT Governance Review, Page 9 and further observations/ recommendations at #2(a)	Clarify the role of the Shareholder versus the Board, including the setting of objectives for POL. Key will be the need to:	
5.		<ul style="list-style-type: none"> Review and update foundational governance documentation to enhance clarity, aligning with connected guidelines such as "Managing Public Money", and clearly defining principles impacting day-to-day operational approvals between POL and the Shareholder. 	<ul style="list-style-type: none"> UKGI currently updating the Shareholder Framework Document in Government's new standard template. The updates will clarify POL's CEO role in relation to MPM and the AO role - in line with best practice. UKGI are looking to have the revised Shareholder Framework Document in place ahead of the commencement of P7 of the Inquiry. MPM and AO briefing note and training being developed with UKGI. Note anticipated to be issued at the end of June/ beginning of July and training to be scheduled for September 2024.
6.		<ul style="list-style-type: none"> Address any duplication between the Articles of Association, the Shareholder Framework Document, and Funding Agreement. 	<ul style="list-style-type: none"> See above – while UKGI has said that amendments to the Shareholder Framework Document are unlikely to give rise to subsequent changes to AoA, a review will be undertaken.
7.		<ul style="list-style-type: none"> Clarify the achievability of Matters Reserved for the Board and 	<ul style="list-style-type: none"> To be considered as part of the review of governance documentation.

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8.		<ul style="list-style-type: none"> address any points of contention with the Shareholder. 	
		<ul style="list-style-type: none"> Evaluate whether an alternative governance or capital structure can deliver better outcomes for all stakeholders, based on shared objectives and market-wide sentiment. 	<ul style="list-style-type: none"> See #1 above on Strategic Review.
9.	Composition, Succession and Evaluation See GT Governance Review, Page 10 and further observations/recommendations at #3(a)	Strengthen succession planning and ensuring effective management of the people agenda. Key will be the need to:	
10.		<ul style="list-style-type: none"> Manage the composition of the Board to maintain a strong decision-making body and agree key criteria for assessing the required composition, including by: <ul style="list-style-type: none"> considering the operational horizons of the historic Horizon IT Inquiry, the continuing transformation to stabilize the operational platform, and the future strategic options; and evaluating the skills and experience gaps in technology, digital transformation, government relations, and franchise expertise. 	<ul style="list-style-type: none"> Skills matrix review of NEDs has been undertaken. Upcoming NED recruitment is being informed by the skills matrix and the prevailing context within which POL is operating and the future outlook. Progress against the succession planning actions to be delegated to NomCo.
11.		<ul style="list-style-type: none"> Build out L&D across the Board, including by: <ul style="list-style-type: none"> considering strategic priorities, principal risks, and skills matrices to supplement any succession planning work. 	<ul style="list-style-type: none"> To be informed by the skills matrix review and outputs from the Strategic Review.
12.		<ul style="list-style-type: none"> Evaluate and develop the Postmaster NED role, formalise Postmaster rotations and review the selection process. 	<ul style="list-style-type: none"> Under consideration as part of the current Postmaster NED recruitment.
13.		<ul style="list-style-type: none"> Ensure NomCo has the capacity to deliver against its wider ToR, including by: <ul style="list-style-type: none"> considering the membership of NomCo to align with market norms, comprising the Chairs of the Board and Committees. 	<ul style="list-style-type: none"> NomCo membership extended to ARC & Remco Chairs and the Interim Chair. Progress against the succession planning actions to be delegated to NomCo.
14.		<ul style="list-style-type: none"> Agree the ownership of the People agenda between Board and Committees, and improve monitoring in areas such as culture and wider ED&I. 	<ul style="list-style-type: none"> New Culture Dashboard being developed and is due to be reviewed at the Board Strategy Away day in July and periodically thereafter.
15.		<ul style="list-style-type: none"> Address governance issues at Remco, including by: <ul style="list-style-type: none"> reviewing the balance of membership and independence; considering reward design and suitability of current award schemes. 	<ul style="list-style-type: none"> Action plan is being tracked separately at RemCo.

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16.	General: MI, transparency, agenda & minutes etc See GT Governance Review, Page 11	Review underlying processes. Key will be the need to:	
17.		<ul style="list-style-type: none"> Review rolling agendas to ensure sufficient balance between historical, operational, forward looking and strategic matters. 	<ul style="list-style-type: none"> Board focus will be informed by the outputs of the Strategic review and the POHIT Inquiry.
18.		<ul style="list-style-type: none"> Provide greater oversight of the work of NomCo and RemCo, with time allocated for full updates and debates on delivery against ToRs to assess whether elements of the people agenda need to be picked up at Board. 	<ul style="list-style-type: none"> Updates on the work of NomCo and RemCo are standing agenda items on the POL Board Agenda and time is allocated for Committee Chairs to provide verbal updates. Additionally, all NEDs have been provided with access to NomCo and RemCo materials to ensure transparency and equivalent access across NEDs.
19.		<ul style="list-style-type: none"> Consider regular informal get-togethers to allow for unstructured discussion and building of trust and engagement. 	<ul style="list-style-type: none"> NED only sessions are regularly held. Additionally, Board dinners have been reinstated.
20.		<ul style="list-style-type: none"> Ensure higher-quality Board papers, with simplified and streamlined content, and overhaul MI and consider dashboards for measurement and insights, including by: <ul style="list-style-type: none"> considering the use of training / AI tools and potentially shutting down the reading room; and empowering the Secretariat to reject papers which do not meet standards for the board. 	<ul style="list-style-type: none"> Interim Chair has requested shorter, sharper and more strategically focused Board papers; the 'Reading Room' will no longer be used. Board paper template being updated and will provide guidance to authors on ensuring the right focus for Board decision-making/strategic responsibilities. Additional Dashboard reporting will be provided to the Board from July in respect of cultural metrics and Whistleblowing and Investigations. The Secretariat are empowered to return papers to authors that do not meet the guidelines.
21.		<ul style="list-style-type: none"> Maintain the discipline around actions and the matters arising to ensure proper oversight, accountability and delivery. 	<ul style="list-style-type: none"> Ongoing
22.		<ul style="list-style-type: none"> Assess satisfaction with current minutes accuracy and style, and if satisfactory, continue with consistent reviews and approvals. 	<ul style="list-style-type: none"> Similarly to papers the narrative style of minutes is being reviewed and a more concise format may be adopted for Board and Committees with the agreement of the directors.
23.		<ul style="list-style-type: none"> Promote transparency by allowing all NEDs to access content from Board and Committee meetings. 	<ul style="list-style-type: none"> Access in Diligent has been updated.
24.		<ul style="list-style-type: none"> Ensure decisions are not being taken outside of the formal governance structure and without proper debate. 	<ul style="list-style-type: none"> Ongoing

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Further underlying observations/recommendations		
1 (a)	Board Leadership and Company Purpose See GT Governance Review, Page 16 and Appendix 3	<p>Consider and address the need to:</p> <ul style="list-style-type: none"> • Agree strategic design principles/resolve the lack of a single set of metrics and KPIs linked to strategy. • Resolve the lack of ownership of culture at the Board level • Develop a rolling five-to-ten-year funding facility with shorter budgeting cycles feeding in for long-term strategic investment/planning. • Rebalance the over reliance on Shareholder input. • Ensure timely agreement of reward structures. • Improve trust levels between Executive and Board members, including by agreeing a common ambition and improving informal engagement (eg dinners, off-site visits). • Ensure the Board and SEG work collectively to unify and drive clarity through culturally aligned measures of performance. <p>Additional considerations arising from the Board Effectiveness Review</p> <ul style="list-style-type: none"> • On POL's longer-term future – as part of the discussions at the strategy away day in July, identify responsibilities for achieving collective ambition, confirming accountability, and considering wider market dynamics (i.e. market failure and ESG).
2(a)	Division of Responsibilities See GT Governance Review, Page 17 and Appendix 4	<p>Consider and address the need to:</p> <ul style="list-style-type: none"> • Clarify Board and Shareholder roles and responsibilities, including in relation to: <ul style="list-style-type: none"> – setting POL's purpose; and – setting POL's objectives. <p>Additional considerations arising from the Board Effectiveness Review</p> <ul style="list-style-type: none"> • Chair to manage and navigate conflicts of interest to ensure open debate of topics at Board. • Consider increasing capacity at the Secretariat level to act as a strategic conduit between the Board and Executives. • Board to be robust in pushing back decisions to the executive management that fall within their remit.

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3(a)	Composition, Succession and Evaluation See GT Governance Review, Page 20 and Appendix 5	<p>Consider and address the need to:</p> <ul style="list-style-type: none"> Mitigate risks to corporate memory, fill skill gaps, and address lack of diversity. Resolve the absence of a permanent CFO. Progress the actions/recommendations from the last Board Effectiveness Review. Develop a structured rolling 12-month agenda at RemCo to focus on effective and timely agreement and communication of future reward schemes. <p>Additional considerations arising from the Board Effectiveness Review</p> <ul style="list-style-type: none"> Build skills matrices considering not just technical skills such as gaps in technology, digital transformation, government relations, and franchise expertise at Board, but wider attributes such as experience in crisis management, transformation, strategy, and EDI. 	<ul style="list-style-type: none"> Green-highlighted recommendations will be addressed by the above actions. Grey-highlighted recommendations are subject to a separate action plan being tracked at RemCo. Interim CFO has been appointed, pending the recruitment of a permanent CFO. The previous permanent CFO has now resigned as a director of the POL Board. Progress against the succession planning actions to be delegated to NomCo.
4(a)	Audit, Risk and Internal Control See GT Governance Review, Page 21 and included at Appendix 6	<p>Consider and address the need to:</p> <ul style="list-style-type: none"> Ensure ARC agendas adequately provide for sufficient focus on risk matters (possibly consider having separate Audit and Risk committees). Ensure the attendance at ARC provides a balance of representation and allows for the right focus of discussions. Provide sufficient time at ARC for executives to engage in technical risk discussions and ensure the current capability and skillset of the ARC allows for such interactions. Ensure ARC takes proactive steps to better embed the Internal Controls Framework and address the practical adherence to documentation. Ensure ARC is proactive in its preparation for the new UK Code coming into force in 2025 and 2026 and to attest positively to the effectiveness of the internal controls and compliance with regulatory requirements. 	<ul style="list-style-type: none"> Splitting Audit and Risk Committees has been considered and rejected by the Board in the past year, will reconsider. Additional capacity for considering investment risk created with the formation of the Investment Committee. Will continue to monitor. The ARC Chair has confirmed that the following will be added to upcoming ARC agenda: <ul style="list-style-type: none"> ARC attendance, balance of representation, capability and time for executive contribution. The steps to better embed the Internal Controls Framework and address the practical adherence to documentation (alongside monitoring the work being done by Group Assurance under the new interim arrangement combining reporting lines for second and third lines). Preparation for the new UK Code coming into force in 2025 and 2026 – after which discussions will be held at Board on the pace of adoption of emerging best practice. Progress against the action plan to be delegated to ARC.
5(a)	Remuneration See GT	Consider and address the need to:	<ul style="list-style-type: none"> Separate action plan being tracked at RemCo.

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	Governance Review, Page 22 and Appendix 7	<ul style="list-style-type: none">• Clarify governance and accountability around reward design and decision making at RemCo and as between RemCo, the Board and the Shareholder.• Simplify the overall remuneration philosophy.• Resolve concerns about information accuracy/MI.• Develop a structured rolling 12-month agenda for Remco to focus on effective and timely agreement and communication of future reward schemes and address wider aspects of RemCo's ToR.	
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