UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 27 NOVEMBER 2018 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 11.45 AM

Present:	Tim Parker	Chairman **(TP)**
	Paula Vennells	Group Chief Executive **(PV)**
	Ken McCall	Senior Independent Director **(KM)**
	Tom Cooper	Non-Executive Director **(TC)**
	Tim Franklin	Non-Executive Director **(TF)**
	Shirine Khoury-Haq	Non-Executive Director **(SK)**
	Carla Stent	Non-Executive Director **(CS)**
	Alisdair Cameron	Group Chief Financial and Operating Officer **(AC)**
In Attendance:	Jane MacLeod	Company Secretary **(JM)**
	Veronica Branton	Head of Secretariat **(VB)**
	Debbie Smith	Chief Executive - Retail **(DS)** (items 8 & 9)
	Lisa Watkins	Head of Automation **(LW)** (item 8)
	Tom Moran	Network Development Director **(TM)** (item 8)
	Andrew Goddard	MD - Payzone **(AG)** (items 8 & 9)
	Mark Siviter	MD - Mails and Retail **(MS)** (item 8)
	Martin Kearsley	Banking Director **(MK)** (item 8)
	Rob Houghton	CIO **(RH)** (items 9 & 10)
	Liz Robson	CIO – Retail **(LR)** (item 9)
	Bryan Littlefair	Security Consultant **(BL)** (item 10)
	Owen Woodley	CEO - FS&T **(OW)** (items 11-13)
	Emma Springham	Chief Marketing Officer **(ES)** (item 11)
	Chrysanthy Pispinis	Director - PO Money **(CP)** (item 12)
	William Norton	Fenchurch **(WN)** (item 12)
	Martin Edwards	MD - Digital Identity **(ME)** (item 13)
Apologies:	None	

ACTION

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. MINUTES OF PREVIOUS BOARD AND COMMITTEE MEETINGS INCLUDING STATUS REPORT

The minutes of the meeting of the Board held on 30th October 2018 were **APPROVED** and **AUTHORISED** for signature by the Chairman.

3. CEO REPORT

3.1 Paula Vennells updated the Board on a number of issues, including:

- that 27 November 2018 was likely to be our biggest home returns day. Labels to go, which enabled customers to download a QR code onto their mobile telephones and

UKGI00011866

which could be scanned in branch to produce a label, had been launched a few days before Black Friday
- DWP had informed us of the decision not to extend the POca contract in November 2021. The challenge for PO would be managing the 200-300,000 tail end customers
- a pensions workshop was being held on 28 November 2018 to help clear the audit actions
- the Telecoms Ofcom complaint figures for Q2 (April, May, June 2018) placed PO 2nd behind TalkTalk. This was linked to price increases and the number of complaints should reduce in Q3. Customer service standards were good
- we were expecting a day of action in protest against DMB franchising. We had been notified of CWU's intention to ballot for strike action on the afternoon of Christmas Eve 2018
- the letter to John Glen, City Minister, seeking support for the upcoming re-pricing of the Banking Framework between PO and 28 UK banks was noted. It was also reported that the CFOO would be having meetings with HM Treasury at executive level.

3.2 A number of issues were raised, including:
- whether there were other areas the QR concept could be applied to (e.g. queue prioritisation for Drop and Go) and whether being able to re-credit a customer's account so quickly was a unique selling point? The executive would discuss further the potential applications for the QR concept and how quickly other companies were able to refund for returns — To do: **Executive**
- TC noted that BEIS might be able to help in any conversations with DWP about managing the remaining POca accounts. It was noted that customers who were using POca as a savings account were not migrating
- a note on the regulatory scrutiny of the telecoms industry was requested. **OW**

3.3 The Board **NOTED** the CEO's report.

4. FINANCIAL PERFORMANCE REPORT

4.1 Al Cameron introduced the report and highlighted a number of issues, including:
- Telco. There had been a temporary drop in average revenue per customer (ARPU) which we were investigating.
- Cash. We were using £67m less cash in branches and having £470m cash in circulation before Christmas represented good progress. It meant that we were borrowing less in the second half of the year to do the same amount of business. We were now able to see the amount of excess cash in branches week by week. Discussions had taken place with the Bank of England to help manage our cash further and a Working Group on this would start in January 2019. The Board asked for the team to be commended on their work.

4.2 A number of points raised, including:
- the increase in temporary branch closures and the need to monitor this figure in order to maintain the network. An update on maintaining the network was requested in two parts a) what was happening in the network; and b) the new work on franchising models. These will come back with the Retail Strategy in March. **DS**

DS

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

- an update on the number of "trapped" branches and what was happening with these was requested
- FRES and the contribution YTD. It was noted that the contribution YTD was up 27% but that this was because there had been a different accrual method during the year versus the prior year. AC and TC would discuss this issue.

To do: AC/ TC

4.3 The Board **NOTED** the Financial Performance Report.

5. CASH MANAGEMENT AND FUNDING

5.1 AC introduced the report noting that we were not planning to borrow more money than necessary; however, a large client making a payment a day late to us could lead to a £100-150m additional borrowing requirement. The delegation requested was to provide the flexibility we needed over the holiday period and until the end of the back office transformation programme. Additional borrowing would need to be approved by the CFOO and cash would be brought back in quickly at the end of the period.

5.2 The Board **APPROVED** the derogation to draw the Government Loan up to IRRELEVANT subject to the approval of the CFOO, for the period from 28 November 2018 to 24 February 2019.

In respect of the IRRELEVANT with the Secretary of State for Business, Energy and Industrial Supply ("BEIS"), the Board:

- **APPROVED** the arrangement of a IRRELEVANT with BEIS (the "Facility Agreement")
- **DELEGATED AUTHORITY** to the Chief Financial Operating Officer and other individuals named in the resolutions to carry out all tasks necessary in order to arrange such Facility Agreement
- **AUTHORISED** the arrangement and execution of the Facility Agreement and any other documents to be entered into in connection with the Facility Agreement.

The Board **APPROVED** the wording of the resolution as set out at appendix 1.

6. HEALTH & SAFETY REPORT (INCLUDING VIOLENCE AND ROBBERIES)

6.1 AC introduced the report and highlighted a number of issues:

- the reduction in accident levels was encouraging and positive measures had been taken to prevent violence. We continued to work through the audit actions. There appeared to be some correlation between violence figures – particularly as regards ATM attacks, and criminal gangs which had recently been released from prison
- additional funding had been obtained to roll out more fogging devices in branch. We would assess how successful the fogging devices were and decide whether to roll out further devices
- Mark Raymond, an ex-policeman, was our Head of Security Operations. We also worked with a supplier 'Grapevine' who provided wider security intelligence, and provided liaison with police forces.

6.2 A number of points were raised, including:

UKGI00011866

- the value of communicating the additional security measures that had been put in place[1]
- whether additional measures were required over the Christmas period. It was not thought so but we remained concerned about the volume of ATM attacks. Industry best practice was to seek to prevent theft for at least 7 minutes because the police would generally be on site within this timeframe; as well as ensuring that cash stolen from ATMs was unusable. We continued to look at what technology providers could offer, both in the UK and abroad. We would seek to operationalise the new technology when the new ATM Strategy was implemented. The Board was keen that the security strategy should overlay the ATM strategy.

6.3 The Board **NOTED** the report.

7. POSTMASTER LITIGATION – Strictly Confidential and subject To Legal Privilege (do not forward)

7.1 Jane MacLeod reported on the first phase of the common issues trial dealing with the construct of the contract. The witness statements had been filed and both sides had been cross examined on their witness statements.

Our QC had sought to ascertain the six lead claimants' understanding of their responsibilities as PMs on appointment and whether they had received a contract.

The claimants' QC had focussed on the terms they argued could be implied into the contract and on what PO had or had not done since the contract had been issued.

A significant volume of evidence had been tabled. Much of this evidence was not relevant to the construct of the contract but as previously reported we had not been successful in our application to have inadmissible evidence struck out. Strictly, the only admissible evidence was that which was known by both parties at the time the contract came into force.

Each side would have two days in the final week of hearing to present their closing arguments. Should either side appeal the judgment, it could take between 6 and 10 months to hear the appeal. JM noted that she expected the Horizon trial to go ahead even if the common issues trial went to appeal; however an appeal could impact on the timelines for the breach trial which had already moved from May 2019 to October 2019.

JM anticipated the commons issues trial judgement could be issued before Christmas or in early January 2019 but did not know at this stage whether we would receive a draft in advance of the formal judgement being issued. Urgent consideration would need to be given as to whether there were grounds for appeal. JM noted that an adverse finding would have ramifications for a much wider group than just claimants.

It was noted that the court expected the parties to attempt mediation as part of the trial process and the Judge had originally flagged that he expected us to enter mediation following receipt of the Common Issues judgment. As a result the legal team were considering who we might wish to have appointed as mediator. There would be some "red

VB: meeting to be set up ir

[1] For example, stickers on vans stating that no money or goods were left inside the vehicle had been shown to reduce the incidents of theft.

UKGI00011866

lines" for us in any mediation process and we proposed to discuss these with the Board Sub-committee in January 2019. **January 2019**

Press coverage had been relatively limited to date. We anticipated the judge criticising some PO behaviour in his judgement and receiving some adverse publicity as a result of this.

We were preparing for the Horizon trial which would start on 11 March 2019 and Post Office would be represented by Antony de Garr Robinson QC. Witness statements had been filed by the claimants, and both experts' reports were due to be filed in Court shortly.

7.2 It was suggested that we should discuss the circumstances in which we might consider appealing the judgement on the common issues trial with the lawyers at BEIS. **JM**

The Board thanked Jane MacLeod for her work on the case.

8. RETAIL UPDATE

8.1 Debbie Smith provided an overview of the retail update which included a demonstration of Self Service Kiosk (SSK) prototypes, progress with the Royal Mail negotiations, the operation of Payzone in its first phase post acquisition and progress with Banking Framework 2.

8.2 **Self-Service Kiosk (SSK) prototypes**

Lisa Watkins explained the purpose of the new SSKs and showed the Board a number of potential models.

The focus was on simple mails and post. Management were looking at how agents' remuneration could be restructured through automation, thereby improving the economics of their operation, as well as meeting customer needs. We wanted to move quickly to high volume, low complexity options that could also work for Payzone outlets. More of the customer journey needed to start on-line and we were continuing to have this conversation with RM.

A number of questions were asked, including:

- Why was this just a Mails solution? It was reported that it was possible to do more to automate cash services but that there was not currently one solution for both mails and cash. Operating a closed cash system would be too expensive for us currently at scale. We could consider whether it was appropriate to introduce closed cash systems to a small number of branches that dealt with high volumes of cash
- Had we looked at the demographic of our customers and what worked best for them? We could pilot machines but we also recognised that not all our customers would want or be able to use a machine. The machines we were considering could have elements added or taken away
- Would we lease machines to PMs? Yes.

It was noted that helping franchisees to manage their franchise needed to be part of our remit and part of the success of this would be to roll out SSKs which could continue to be adapted over time with elements added or removed and with software updates.

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

8.3 Royal Mail Negotiations

Mark Siviter updated the Board on the negotiations with RM and its recent personnel changes.

RM had issued its financial results, including a profit warning. The market had reacted adversely because RM was not meeting its efficiency target of 3%. RM had spent £IRRELEVANT on its US acquisition and there was a margin squeeze in its international business. RM had already agreed a deal with the unions. However, RM's share of the parcels market had increased by 5-6% and that drove returns for PO. Parcelforce had moved over to the GLS parcel side of the business and might become a separate legal entity.

IRRELEVANT

IRRELEVANT

The discussions had started well but changes at RM had affected their focus initially. RM was keen to negotiate a long-term deal[3], with timescales agreed by Christmas and an outline of the deal agreed by the end of March 2019. RM wanted to be in a position to announce that the negotiations were progressing well or be able to indicate the shape of the deal.

RM had proposed taking the IRRELEVANT. PO wished to IRRELEVANT but would consider how the arrangement could be re-balanced, for example, by IRRELEVANT

IRRELEVANT issues we had raised and how they could relax this while protecting their brand. They shared our desire to avoid confusion in the market between the roles played by PO and RM. RM had accepted that PO was an online retailer and would like to be included in our growth in this market.

8.4 Payzone

Andrew Goddard provided an overview of the Payzone business 23 days after the completion of the acquisition. The completion process had been smooth and we were now focussed on the first 100 day plan. Employees, bill payment clients and retailers had all reacted positively to PO ownership. We were aware of some customer dissatisfaction with the service offered by Paypoint but did not fully understand Paypoint's strategy currently. Winning clients was vital for us as we wanted to drive volumes through the network. We had around 14,000 contracts but only about 11,500 were active. EPOS integration would be a key enabler to extending our service.

---

[2] IRRELEVANT

[3] IRRELEVANT

UKGI00011866

EBITDAS figures were slightly better than expected but the risk we had identified with transport fee incomes being delayed had proved correct. Rail franchisees were being compelled to move away from paper tickets so this business would start to flow through in due course.

Completion accounts were due to be received in the week of 10th December 2018. Payzone had a capable finance team in place.

8.5 **Banking Framework 2**

Al Cameron and Martin Kearsley updated the Board on the discussions that had been taking place with the banks on Banking Framework 2 and the new rate card. Presentations had been made to 15 banks, and in some instances there had been two meetings. In addition to the IRRELEVANT we had discussed developing a longer term relationship, IRRELEVANT The reaction to the IRRELEVANT IRRELEVANT bank had all indicated that they wished to participate in Banking Framework 2.

We would need to consider the IRRELEVANT IRRELEVANT for example, we already knew that IRRELEVANT IRRELEVANT The complex structure of the banks also meant that IRRELEVANT IRRELEVANT the Banking Framework; this meant that IRRELEVANT and we IRRELEVANT on Banking Framework 2.

The banks had requested an extension of the period in which they could decide whether or not to participate in Banking Framework 2. They wished to extend the decision period until the end of May 2019 and we were minded to offer an extension until the end of March 2019. We had devised a process that would IRRELEVANT as well as the banks. The IRRELEVANT

The proposed extension and the IRRELEVANT discussed. It was noted that the banks would be focussing IRRELEVANT IRRELEVANT over the next quarter. The Board **APPROVED** an extension of the period in which the banks could decide whether or not to participate in Banking Framework 2 until the end of March 2019.

9. COMPLIANCE WITH PCI-DSS

9.1 Rob Houghton and Liz Robson joined the meeting.

Post Office had to date been unable to obtain Payment Card Industry (PCI) 'Record of Compliance ('ROC'). Without a RoC Post Office was technically in breach of contractual arrangements with banking and payment partners. This could be material in the event of a data breach. Nevertheless, the issue was caused by a failure to prove compliance within a number of our outsourcers, rather than a failure to meet security standards. Our branch security was robust and we could evidence this.

PCI Standards continued to increase and we had previously satisfied our PCI auditors. However HNGA which was supplied and managed by Computacenter and multiple

UKGI00011866

systems managed by Fujitsu, were now in scope and there was significant remediation work required by both Computacenter and Fujitsu. We expected that Fujitsu would be able to demonstrate compliance in due course however the challenge lay with Computacenter who were seeking to argue that PCI compliance was not a contractual obligation.

We had concluded that the most effective way to obtain a RoC was to move as much of the estate out of scope of PCI as possible. This could be achieved by having point-to-point Encryption and Network Segmentation as this removed all of Computacenter's data centres and much of the Horizon Network from the scope, allowing us to securely manage a smaller estate with robust controls. As point-to-point encryption was rolled out to branches our risk would begin to reduce but we would not be fully compliant until it was in place in all branches.

We had received enquiries from payment services customers and banks about the current status of Post Office's RoC. We were informing those concerned that we had a secure private network and providing details of the controls in place but confirming that we were not currently PCI compliant. We were having twice weekly conversations with Barclays. The joint Compliance committee established under the Banking Framework had been briefed the previous week and a conversation would take place with HSBC the following week. PO relationship managers were having conversations with bill payment clients.

9.2 A number of points were raised, including:

- that we should take care to refer to the customer position when reporting on compliance and IT security issues
- whether we were prioritising the rollout to branches so that those which had a high level of transactions received point-to-point encryption first?
- whether the estimated costs of obtaining PCI compliance through point-to-point encryption had been broken down and challenged? It was reported that the original cost estimate had been around £10m and had been reported to the ARC. These figures had subsequently been reviewed, tested and challenged and as result, the cost estimate had now reduced to £8.631m. A number of options had been considered and various risks had needed to be balanced. It was **AGREED** that it would be helpful to see the bridge between the original figures considered at the ARC, the figures included in the Board paper and the breakdown of these figures. **RH/ LR**

9.3 The Board **APPROVED:**

- the approach to compliance with PCI-DSS set out in the paper and the business case to move to an encrypted design and update the existing pin pad estate
- the funding request of £8.631 million of which £1.855 million was for 2018/19
- delegation of authority to the CEO - Retail to oversee operational deployment and approve drawdown of £6.77 million in 2019/20.

While full delegation was approved, the Board asked that relevant issues be flagged to them as we worked to achieve PCI compliance.

10. SECURITY STRATEGY

10.1 Bryan Littlefair and Rob Houghton introduced the report.

UKGI00011866

PO's digital footprint was expanding rapidly and PO needed to make sure that it had an appropriate security strategy in place to reflect the services it now offered. Hacking attacks were prevalent across the industry, with a number of recent high profile breaches. Some of these breaches could have been prevented and the susceptibility of the organisation was often more significant than the sophistication of the attack as hacking services could be procured on-line at modest cost, so the barrier to entry was low. There was also a new strain of "super" malware which encrypted all company data, aiming to cause maximum disruption. The introduction of GDPR laws had increased fine levels for firms which failed to comply with data protection requirements.

It was reported that the branch network was secure but that a "red team review" had been undertaken recently using a team of external ethical hackers to attack the PO's systems via a phishing attempt. Although the ultimate goal had not been accessed, the exercise demonstrated that much more needed to be done to develop a security culture within Post Office. We had also tested the strength of employees' passwords and had re-enforced the key IT security issues with colleagues.

10.2 A number of points were raised, including that:

- the paper had assumed knowledge of technical IT issues and had not spelt out acronyms. Papers should be adapted to their audience
- the paper was not sufficiency clear or granular. We needed to be clear which actions remained open from the previous IT security audit. We needed to be sure that the assurances provided to the ARC on information security were robust. We needed to be clear about our risks, that we were mitigating these quickly enough, were getting accurate and regular reporting and third party testing
- we needed IT security systems in place that could detect attacks on or infiltration of our systems. We could not guarantee that an individual would not open the wrong email but should be able to detect attacks
- we needed to be confident about third parties' management of our customers' data, especially where this included personal data, as was the case with Digidentity.

10.3 After discussion, the Board concluded that the paper should be withdrawn because there were elements that appeared to be inaccurate. The Board **AGREED** that:

- another third party review should be commissioned and the reviewer would be charged with identifying gaps and producing a strategy to close those gaps **RH/**
- Shirine Khoury-Haq would discuss the wider issues and review requirements with the IT team **SK-H**
- the output from the review and its recommendations should set out our priorities, our short term and long term actions, determine our risk appetite and consider the costs associated with closing gaps identified. A paper should then be produced for the Board.

11. MARKETING UPDATE (INCLUDING PO INSURANCE)

11.1 Emma Springham and Owen Woodley joined the meeting. OW reported that the creation of a digital unit and a group marketing function had been announced since the last Board Meeting. This was to consolidate responsibilities and bring end-to-end ownership and control as well as putting the customer at the centre of our strategy.

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

ES provided an overview of the current marketing approach, the data challenges and the changes that were being made:

- we had a complex data system and a price-led proposition which fed into central programmes
- the approach was product led and we had opportunities to create product bundles to achieve more cross sales
- most marketing spend currently was used for affiliates and aggregates and paid search optimisation. By focussing on customer value maximisation (CVM) we could develop our one-to-one market
- the Brands customer database was run externally and was currently non-compliant. There was scope to capture more relevant customer data and to understand our conversion rates better. We needed to understand the cost per channel and the conversation rate to know what to spend and when
- we spent less on marketing than optimal because we could not get "under the skin" of the figures
- we had some top line campaigns such as "back to school" and Christmas and employed media agencies to buy marketing space as efficiently as possible
- we were starting to do "test and learn", measuring a marketing approach end-to-end, for example with Black Friday returns. We needed to measure marketing effectiveness in a consistent way and be more commercial in assessing who was going to buy and what was going to make them spend
- we did not focus on life events at the moment but would start to do so and had data to help us do so
- we had last looked at our ratings for relevancy and trust as a brand two years ago and would do so again in the New Year when it would be interesting to see how much impact our services in the digital arena had made on perceptions of the brand. We wanted to be more disruptive as a brand and be diverse in our marketing and advertising (for example, we had used PMs in our Christmas campaign). It needed to be simple and easy to see what you could do through PO while standing out in the market. There was also scope to join up more with RM. We were using customer panels and wanted to use social influencers more
- Year-on-year growth for insurance had been significant but margin growth was behind plan. Much of the insurance marketing spend was through affiliates and aggregates. Search Engine Optimisation was not being used currently.

11.2 A number of points were raised including:

- whether we were using social media to understand people's life events? It was reported that we were not doing so currently but that this would be an important channel
- whether the marketing team had the skills needed? It was reported that training and upskilling was needed and was taking place but there were nevertheless some missing skills. The team had been "top heavy" and some senior staff were being replaced by junior staff who could execute work at pace. Costs would be neutral as possible.

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

12. BoI negotiations

12.1 Chrysanthy Pispinis and William Norton (Fenchurch) joined the meeting. OW updated the Board on the negotiations with BoI. A proposal had been received from BoI on 5 November 2018. Their position on IRRELEVANT but not sufficiently far. They had accepted some of our proposals on IRRELEVANT We were fully engaged in the dialogue and both parties wished to conclude the negotiations soon. We had responded to the BoI proposals to explain which elements would not be acceptable to us; these were:

- IRRELEVANT
- IRRELEVANT

Proposals would be brought to the Board in January 2019. The paper would include the shape of a future deal with BoI and the alternative of an IRRELEVANT, including the IRRELEVANT

12.2 A number of points were raised and answered by OW, CP and WN, including:

- IRRELEVANT
- IRRELEVANT
- IRRELEVANT
- IRRELEVANT

It was noted that the Board would need clarity on the minimum requirements for the deal, how much risk sharing we were prepared to consider and in which areas (e.g. FX?) as well

UKGI00011866

as the alternative options. A Board discussion might be needed in advance of the January 2019 meeting.

13. CONTRACTS

13.1 **Digidentity**

Martin Edwards joined the meeting and introduced the report. Digidentity had been a good partner, including decreasing their prices following the Government's price drop. Extending the contract with them for a year would be helpful for continuity but we would undertake a wider market review in the New Year. It was noted that Digidentity would begin to lose money towards the end of the contract and were vulnerable to volume risk.

13.2 The Board **APPROVED** the signing of a 12 month contract extension with Digidentity. The anticipated contract value over the next 12 months was around £5m (based on current Verify forecasts).

14. ITEMS FOR NOTING

14.1 **Sealings**

The Board **RESOLVED** that the affixing of the Common Seal of the Company to the documents set out against items numbered 1711 to 1728 inclusive in the seal register was confirmed.

14.2 **Future Meeting Dates**

The future meeting dates were **NOTED.** It was **AGREED** that meeting dates would also be emailed to non PO email addresses. **VB**

14.3 **Forward Agenda**

The forward agenda was **NOTED.**

15. VERBAL UPDATES FROM COMMITTEES

15.1 **Remuneration Committee**

Ken McCall reported that PwC had produced year end benchmarking for CEO and CFOO roles amongst PO's comparator groups. The position was broadly unchanged but we would look at the data again in Q1 2019. PwC had also provided data on market trends and salary increases. Finally, PwC had reported on changes to the UK Corporate Governance Code[4] in relation to Remuneration Committee responsibilities. The Committee's terms of reference would be revised to reflect new responsibilities where it had been decided to adopt these. There would be an extension of disclosure in some areas such as CEO pay ratios and KM might attend some staff engagement events to enable employee views to be fed back to the Board.

15.2 **Nominations Committee**

[4] The Code applies to listed companies.

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Tim Parker reported that the Board evaluation questionnaire would be issued on 28 November 2018 for completion in mid-December. A discussion on the Chairman's performance would be led by Ken McCall, Senior Independent Director, after the January 2019 Board Meeting. The timetable would be circulated to Board Members. **VB**

The meeting closed at 4.00 pm.

GRO

Chairman

29.01.2019

Date

UKGI00011866

POST OFFICE LIMITED BOARD MEETING
Strictly Confidential

Appendix 1

Form of Resolution – item 5. Cash Management and Funding

For the purposes of the form of resolution, below, the following definitions apply:

a) "**Transaction**" - a committed short-term credit facility arrangement for up to £50 million between Post Office Limited (the "**Company**") and the Secretary of State for Business, Energy and Industrial Strategy (the "**Facility Agreement**").

b) "**Transaction Documents**"

- the Facility Agreement and any additional documentation required to be entered into in connection with the Transaction; and
- such other documents necessary to bring the Transaction into effect.

Form of Resolution

IT WAS RESOLVED that:

1. it would be most likely to promote the success of the Company for the benefit of its members as a whole to enter into the proposed Transaction;

2. the performance by the Company of its obligations under each of the Transaction Documents, and the related terms and transactions contemplated by the Transaction Documents, be and is hereby approved and the Company shall execute and, in the case of any document to be entered into as a deed deliver, the Transaction Documents, subject to the necessary consent of the Special Shareholder being in place as required under the Company's Articles of Association;

3. the Chief Executive Officer ("**CEO**") or the Chief Financial and Operating Officer ("**CFOO**"), or the Head of Treasury (acting individually) be and is hereby authorised, for and on behalf of the Company, to agree the terms of the Transaction Documents as they shall deem appropriate; the CEO, CFOO, Company Secretary or any authorised signatory of the Company be and is hereby authorised to sign, seal, execute and deliver all Transaction Documents in accordance with the Company's normal execution processes as previously approved by the Board;

4. the CEO or CFOO (acting individually) be and is hereby authorised to do all acts and things so as to carry into effect the purposes of the resolutions passed at this meeting and/or to enter into any such other documents and to give any communication or take any other action required (including signing and/or despatching all

UKGI00011866

documents and notices, including, any notice or request to draw down under the Facility Agreement, to be signed and/or despatched) on behalf of the Company in connection with the Transaction and to agree such amendments, variations or modifications to the Transaction Documents or such notices, communications or other documents as such person may in his or her absolute discretion think fit.