

Post Office Limited
("the Company")
Terms of Reference of the Group Executive

The Group Executive (GE) forms the most senior leadership team under the authority of the Group Chief Executive Officer, who is accountable to the Company Board for the day-to-day operations of the Company. Its authority is subject to the powers and duties of the Company Board, as set out in the Articles of Association and the Framework Document.

A. Purpose

1. The purpose of the Committee is to assist the Group Chief Executive Officer in the performance of his duties within the bounds of the authority as delegated to him by the Company's Board Matters Reserved for the day-to-day running of the business of the Company, including:
 - i. the development and implementation of strategy, operational plans, policies, procedures and budgets;
 - ii. the monitoring of operating and financial performance;
 - iii. the assessment and control of risk;
 - iv. the prioritisation and allocation of resources; and
 - v. monitoring competitive forces in each area of operation.

B. Duties & Responsibilities

1. The GE shall:

Objectives and Strategy

- i. **Review** and **approve for recommendation** to the Company Board the adoption of or any material variation or amendment of a Group¹ Strategic Plan² and Group Business Plan;³
- i. **Ensure** the approved Group Strategic Plan and Group Business Plan are successfully delivered, and report back to the Company Board on their delivery;
- ii. **Review** business development and **approve for recommendation** to the Company Board new areas of business⁴ or more effective ways of working;

Performance and operations

- iii. **Monitor** financial and operational progress against targets set by the Company Board;
- iv. **Review** the day-to-day policies designed to manage operational risks within the Company (*delegated to the Risk & Compliance Committee*);

¹ The Group is defined as Post Office Limited and its subsidiary undertakings: Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

² Pursuant to Article 8.1 (U) such a Group Strategic Plan (and any material variation thereof) requires approval of the Shareholder, the Department of Business, Energy and Industrial Strategy (BEIS)

³ See Section 4.2 of the Framework Document. Further, Subsidiary Company Business Plans require the review and recommendation for approval by the GE to the Company Board. Subsidiary and Group Business Plans require approval of the Shareholder.

⁴ Pursuant to Article 8.1(V), the Company Board and the Shareholder must approve any substantial alteration in the nature of business carried on by any Group Company, unless provided for within the approved Group Strategic Plan.

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- v. **Ensure** the best use of the resources available to the Group including financial, human and technological resources and that these are properly allocated and are adequate;
- vi. **Review** the performance of the Senior Leadership Population (SLP) and the performance analysis across the Group, by operating unit on a yearly basis and taking any action to improve performance;
- vii. **Review** and **approve for recommendation** to the Company Board (or relevant Board Committee, as appropriate)) any matters that require consent of the Company Board and the Shareholder for all Group Companies pursuant to the Company's Articles of Association and Framework Document;⁵
- viii. **Review** and **approve for recommendation** (where applicable) to the Company Board all papers and decisions prior to submission to the Company Board;⁶
- ix. **Ensure** Company Board decisions are implemented;

Spend Approvals

- x. **Approve for recommendation** to the Company Board, the entry into or implementation of a transaction (OPEX spend) by the Group involving actual or likely spend or liability⁷ in excess of £5,000,000 or in excess of £2,000,000 for Payzone Bill Payments Limited.
- xi. **Approve** Change Spend⁸ of under £5,000,000 for the Group (*delegated to the Investment Committee*);⁹
- xii. **Approve for recommendation** to the Company Board, Change Spend¹⁰ over £5,000,000 for the Group (or over £2,000,000 for Payzone Bill Payments Limited);

Human resources

- xiii. **Ensure** appropriate levels of authority are delegated to senior management;
- xiv. **Ensure** the provision of adequate management development and succession;

⁵ Certain matters do not require GE review and recommendation as they will be reviewed by the Risk & Compliance Committee (matters relating to audit and risk) or proceed straight to the relevant Board Committee (matters relating to accounts, appointments and remuneration). See the Board's Table of Delegated Authorities.

⁶ See the Board Table of Delegated Authorities for decisions requiring Board approval.

⁷ Non-standard unlimited liabilities and indemnities or those capped at £2m and above may be approved by Group General Counsel and the Company's Chief Financial Officer as part of the Contract Approval Process. Standard liabilities and indemnities do not require additional approvals or Board oversight. There are certain matters where there is a risk of loss or liability or a wider risk which should be escalated to the Shareholder. These instances may also come under the matters requiring Shareholder consent. Please refer to the Matters Reserved to the Board.

⁸ Change spend refers to the CAPEX & Exceptional budget, which is managed by the Group Change team. It does not include OPEX spend or contract approvals, for which the appropriate spend approvals must be considered.

⁹ Any spend of over £2,000,000 for Payzone Bill Payments Limited must be approved by the Company Board.

¹⁰ Change spend refers to the CAPEX & Exceptional budget, which is managed by the Group Change team. It does not include OPEX spend or contract approvals, for which the appropriate spend approvals must be considered.

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- xv. **Determine** and **ensure** the implementation of appropriate remuneration structures within the business below the responsibilities of the Remuneration Committee;

Business structure and risk management

- xvi. **Ensure** the implementation of policies and processes to embed sound risk management practices and positive risk culture in all Group activities (*delegated to the Risk & Compliance Committee*);
- xvii. **Review** the Company and structure of the Group and make recommendations for change;
- xviii. **Ensure** the control, co-ordination and monitoring within the Group of risk and internal controls (*delegated to the Risk & Compliance Committee*);
- xix. **Ensure** compliance with relevant legislation and regulations (*delegated to the Risk & Compliance Committee*);
- xx. **Ensure** the safeguarding of the integrity of management information and financial reporting systems (*delegated to the Risk & Compliance Committee*);

2. GE members will be expected to:

- i. Champion and role model the values and behaviours of the Group;
- ii. Attend all GE meetings or arrange appropriate representation if absence is unavoidable;
- iii. Review all material circulated to GE and clarify as necessary their own understanding of key issues facing the Group;
- iv. Work collaboratively to achieve the agreed key objectives;
- v. Highlight, discuss and resolve operational issues which threaten business success;
- vi. Promote employee engagement;
- vii. Discuss and review improvements to ways of working to ensure the best use of resources available to the Group;
- viii. Raise matters or concern or difficulty with fellow GE members and seek their input with the aim of resolving difficulties at an early stage;
- ix. Contribute to setting the agenda for GE meetings to focus on the priorities for the business as a whole;
- x. Provide constructive challenge to other members of GE on matters due to go forward to the Company Board;
- xi. Complete actions within the timescales set by the Company Board;
- xii. Be accountable for the actions and financial performance of their area of responsibility;
- xiii. Act within the delegated authority and spend approval limits set by the Group Chief Executive Officer (as delegated to him by the Company Board) and in accordance with the applicable internal policies and processes;
- xiv. Communicate through their own reporting lines, as appropriate, GE decisions and requests; and
- xv. Attend GE sub-committees of which they are members and ensure that those sub-committees deliver to the mandate agreed by the GE.

C. Reporting Responsibilities

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3. The GE shall ensure the timely and appropriate reporting to the Company Board and the timely cascade of information to the SLP and to the Group.
4. The Chair will provide a report to each Company Board meeting on the most significant matters facing the organisation in the short to medium term ("the CEO Report").

D. Delegation to Committees

5. GE may establish sub-committees or steering committees which shall investigate or deal with particular matters and report back to GE on a regular basis, but no such action shall constitute delegation by GE of its responsibility for operational performance and mitigation of operational risk.
6. The standing committees of the GE are:
 - i. The Risk & Compliance Committee;
 - ii. The Investment Committee;
 - iii. Operations Board;
 - iv. Customer Meeting; and
 - v. Trading Performance Meeting.
7. The GE has authority to establish additional sub-committees or steering committees of the GE from time to time.
8. The GE shall review reports from GE sub-committees and monitor the performance against the sub-committee mandate and terms of reference.

E. Authority

9. The GE has authority to deal with operational matters and expenditure up to £5,000,000 under the authority delegated to the Group Chief Executive Officer by the Company Board. This authority is subject to the Matters Reserved to the Board and Shareholder for its decision and any applicable internal policies and processes. The Company Board retains legal responsibility for the activities of the Company as a corporate entity.

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F. Composition and Governance

Membership

10. The GE shall consist of:
 - i. Group Chief Executive Officer (Chair)
 - ii. Group Chief Financial Officer
 - iii. Group Chief Operating Officer
 - iv. Group Chief Commercial Officer
 - v. Group Chief Information Officer
 - vi. Group Chief People Officer
 - vii. Group Corporate Affairs and Communications Director
 - viii. Group General Counsel
 - ix. Retail and Franchise Network Director
11. Members of GE may send a nominee to deputise on their behalf with prior approval of the Chair.

Quorum

12. Quorum shall be three members of GE of whom at least one must be either the Group Chief Executive Officer or the Group Chief Financial Officer.

Committee Secretary

13. The Company Secretary, or his or her nominee, shall act as Secretary to the GE and shall attend all meetings to keep minutes and record actions.

Frequency

14. The GE shall meet monthly for substantive decision matters, with weekly tactical meetings.

Governance

15. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
16. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
17. In exceptional circumstances, written requests for approval by GE may be circulated by email, if agreed by the Group Chief Executive Officer.
18. Meetings for the GE will be convened by the Secretary in consultation with the Chair. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, three working days in advance of the meeting date.
19. Minutes of each GE meeting will be circulated to all members of the GE.
20. The attendance of other Group employees for part or the whole of any GE meeting shall be solely at the discretion of the Chair.

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G. Annual Review and Approval

22. The GE will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the GE for approval (notwithstanding amendments approved by the GE whenever so required).

Approved by:	Date:	Version:	Effective from:
Group Executive	December 2016	1.0	December 2016
Group Executive	November 2020	2.0	November 2020